



## 3 Banking Stocks That Can Make You Rich

### Description

Canadian banks have performed so well in the past and have grown rich over the years. Prospective investors are now asking whether investing in bank stocks can make them rich too. I suppose the response to the question is yes. Many wealthy Canadian investors own stocks of one or more of the nation's Big Five Banks.

I won't second guess their stock picks, but I wouldn't be surprised if the stocks are those of **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)), **Toronto Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) and **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)).

I've spent innumerable times comparing the banks. The result of my due diligence affirms that any one or all [three banks can make an investor truly rich](#). The stocks can be your stepping stone to riches in the same way that previous investors became well-off.

### Formidable banking institutions

After more than 15 years since its founding, Royal Bank of Canada, or RBC, is one of the established global banks. Market capitalization has grown to a massive \$151.3 billion. The bank is now operating in 50 countries and providing various financial services to clients.

RBC's average revenue growth for the last three years is 6.43%. Despite the challenging environment in the last fiscal year, the bank managed to record net income of \$12.4 billion on total revenue of \$41.3 billion. The earnings year-on-year is testament to the bank's strong client-driven revenue growth.

Toronto Dominion Bank, or TD, closely follows RBC in terms of market capitalization. TD was established in 1855 and operated nine years earlier than RBC. A group of merchants and millers formed the bank that's presently an [industry titan](#) with a market capitalization of \$140.4 billion.

TD's average annual earnings growth in the last decade is 11.0%, although management gave a guidance of 7.0% annual earnings growth in the coming years. The forecast is understandable given the current situation of the global financial markets. Both the Canadian and U.S. retail business

segments have strong profits.

Bank of Nova Scotia, or Scotiabank, is older than both RBC and TD. The institution opened in 1832 and is now an \$87.2 billion world-class bank. Both top-line and bottom-line revenues are just as solid. Earnings-per-share has grown 9% yearly in the last 10 years due to management's long-term guidance.

## Wealth is in the dividends

All three banks are among the top 30 Canadian blue-chip stocks. The companies in this elite group are large, financially healthy, and firmly established. Canadian banks, in particular, are very stable and can endure market crashes and economic slowdowns.

Blue chip stocks are known to offer growth potential in capital gains as well as in dividends. Generally, the way to amass wealth in stock investing is through dividend payments. Scotiabank currently pays the highest dividend, at 4.76%, followed by RBC and TD with yields of 3.73% and 3.57%, respectively.

The banks' dividend yield level and payout histories are good gauges of safe and sound investments. If you're starting to implement a 20-year investment plan and purchase bank stocks today, you'll be extremely rich by 2040.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:RY (Royal Bank of Canada)
6. TSX:TD (The Toronto-Dominion Bank)

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