Want to Retire Wealthy? Buy This 1 Stock Today!

Description

I'm not big on investing in banks. The reason being, I believe that better capital gains and dividends can be achieved by investing in other stocks that are slightly riskier but provide a much better return on investment.

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That said, **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) is an exception in my books, with a dividend yield of 4.81% coupled with gains of 1,100% since its IPO in 1995.

There are a myriad of bank stocks on the **TSX** so you may be curious as to why I am recommending Bank of Nova Scotia, known as Scotiabank. The reason is two-fold. It is one of two Canadian banks with an online subsidiary and its net income is on an upward trajectory.

Online subsidiary

If you haven't already noticed, banks in the 21st century are very different from banks in the 20th century.

The time-sensitivity of Millennials and Generation Z have put pressure on banks to offer more services through non-traditional methods such as websites and apps.

There are currently two Canadian banks that have subsidiaries dedicated to wooing the young generation, and they are Scotiabank and **CIBC**.

Scotiabank wholly owns Tangerine, which is a subsidiary geared toward younger people. In fact, Tangerine is the official sponsor of the Toronto Raptors, who won the NBA Championships in 2019 (not to brag or anything).

CIBC wholly owns Simplii Financial, which it purchased from **Loblaws** in 2017. The acquisition made CIBC the second Canadian bank with a subsidiary devoted to online banking.

This matters immensely for investors, as online banking will play a major factor in determining the future success of banks and companies such as **TD, RBC,** and **BMO** have yet to distinguish themselves in this market.

Increasing net income

From fiscal 2015 to fiscal 2018, the Scotiabank's net income increased from $7 billion to $8.5 billion. This is an important metric for investors as it indicates the ability for the bank to convert top-line revenues into profit.

Net income is an important indicator of the health of a company and is a key driver of its share price. Interestingly, even in the thick of the 2007-2008 recession, Scotiabank's net income declined 14.8%, compared to the 33.8% drop experienced by RBC.

As Scotiabank has become more profitable, its investors have been generously rewarded with a share price that has increased 62% in the past 10 years.

Summary

Admittedly, bank stocks may not be sexy but Scotiabank definitely delivers a solid return on investment. For those of you looking to plan your retirement, BNS is a stock that is poised to deliver stellar returns 20 and 30 years down the road.

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With its wholly owned subsidiary Tangerine, Scotiabank is poised to benefit from the younger generations that prefer to do banking strictly online. The fact that CIBC is the only other Canadian bank with an online banking subsidiary suggests that Scotiabank is well positioned to become a leader in the online banking sphere.

Its increasing net income should also offer investors assurance that money put in Scotiabank will be safe for many decades to come, despite the ebb and flows of the economy.

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