



3 Impressive Reasons Why You Should Invest in Scotiabank (TSX:BNS)

Description

Despite the economic uncertainty after the 2008 recession, the [Canadian banking sector](#) has done relatively well. Most of the international banks of Canada don't limit its operations in the country.

By the end of last year, **Scotiabank** ([TSX:BNS](#))([NYSE:BNS](#)) announced the sale of its banking operations in nine Caribbean countries. The increasing regulatory complexities allow the bank to obtain a free space to focus on large-scale markets.

By diversifying its operations in places like Mexico, Peru, Chile, and Colombia, the company has shown tremendous potential for growth.

Here are three reasons why you should invest in Scotiabank:

Large global footprint

One reason that you should invest in the bank is that it has an extensive global outreach. Growth in the international segment has increased earnings for the bank.

Currently, the bank has reported revenues of \$23 billion for the nine months ended on July 31, 2019, which is \$2 billion more than the figure recorded in the same period last year. The increase is also fuelled by stability in the banking sector.

The attractive dividend

Another reason why experts rate the stock highly is due to the high dividend the stock offers. The company has a dividend yield of 4.72%. The dividend has the potential to rise to 6-8% as the revenue stream from diversified operations will enhance the earning potential.

Additionally, the aim for further growth can lead to a reduction in expenses, which may increase the dividend yield for the investors.

Shielded from the U.S. and China trade war

The U.S. and China trade war has had an impact on the global supply chain. Scotiabank's reliance on the Pacific Trade Alliance shielded it from the economic downturns of our neighbouring country and its friend in East Asia.

Scotiabank has invested in Chile, which has substantial economic potential as it is home to the largest copper reserves in the world. The growing demand for electric cars means that the Chilean economy is expected to grow alongside the transition to eco-friendly vehicles.

As the countries in the Pacific Alliance depend on each other for trade and revenue, they remain unaffected by the trade war. The decision to invest in these countries is a strategic one, as the bank forecasts [twice](#) the growth after investment in the Pacific Alliance.

The current standing of the bank is pretty impressive too. A beta of 1.27 is an indicator of the stability of the stock, which is generally associated with the Canadian banking sector.

The market cap of \$92.84 billion is expected to increase, given the growing scale of operations.

Foolish takeaway

Given the plan to enhance the scale of operations, I expect the stock value of the bank to increase further. By the end of November 11, 2019, the stock value of the bank had increased by 16.3% in 2019.

The stability in the Canadian banking system is robust enough to withstand all kinds of political turmoil happening at the global stage. If you're looking for a company that will likely increase the return of dividends with enhanced capital growth and stability, this is the bank you need to watch.

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