



Passive Income: Earn Almost \$7/Day With Big Bank Dividends

Description

Canadian investors interested in [dividend investing](#) have never fared better than with Canada's top banking stocks as part of their investment portfolios for reliable income-generating assets. Canadian bank stocks are core holdings for many investors, whether you are a risk-averse investor who wants to play it safe or an investor looking for reliable blue-chip stocks to balance your portfolio.

Canadian banks have maintained their shareholder dividends through some of the toughest operating environments. The last two global financial disasters saw the top Canadian bank stocks continue sharing profits with their investors. Regulators enact restrictions that force Canadian banks to halt dividend hikes to protect the financial system, just like during the COVID-19 pandemic.

Over a year and a half after the Office of the Superintendent of Financial Institutions (OSFI) enacted restrictions, the Canadian regulator has given Canadian banks the [go-ahead to resume share buybacks and dividend hikes](#). Canadian banks have been quick to pounce on the opportunity.

Today, I will discuss two top bank stocks that you could consider adding to your portfolio to generate a substantial daily passive income through shareholder dividends alone.

Royal Bank of Canada

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is a \$185.09 billion market capitalization bank that is the biggest bank stock in the country by market capitalization. The bank recently released its quarterly earnings report and its earnings for fiscal 2021 that ended on October 31, 2021.

The bank's financials have been through the roof off the back of a strong year for Canadian bank stocks. It announced an 11% dividend hike along with a plan to buy back around 45 million common shares.

The bank stock is trading for \$129.73 per share at writing, and it boasts a juicy 3.70% dividend yield. The provisions for loan losses that the bank set aside are coming in handy for its share repurchase plan and dividend hike. It is likely that the dividend-paying bank stock will also delve into new

acquisitions with its extra liquidity in the coming months.

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is a \$104.31 billion market capitalization bank that could present a rare growth opportunity for investors interested in the Canadian Big Six Banks. Scotiabank stock passed through the final earnings season for fiscal 2021 with flying colors, delivering adjusted net earnings of \$2.71 billion, up from \$1.93 billion in the same period last year.

The bank's domestic operations posted adjusted earnings growth of 60% year-over-year as it benefitted from a massive drop in provisions for loan losses like its peers. At writing, Scotiabank stock is trading for \$85.80 per share, and it boasts a juicy 4.66% dividend yield. Provided that its operations in the Latin American markets prove to be profitable in the coming years, the bank stock could provide you with significant wealth growth through substantial capital gains.

Foolish takeaway

Suppose that you invest \$30,000 in RBC stock and Scotiabank stock each at current levels. It could help you earn \$1,110 and \$1,398, respectively, per year through shareholder dividends. Your [daily dividend income](#) from both bank stocks would translate to almost \$7, purely through dividend payouts.

Investing in the shares of these two bank stocks could provide you with a substantial passive income stream that could line your account balance with more cash each year. Reinvesting through a dividend reinvestment plan could help you unlock the power of compounding to boost your wealth growth.

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Author

adamothonman

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