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**Consultancy Name: RevolEdge Solutions**

**Client Company: The Bank of Nova Scotia (Scotiabank)**

**Team:**

**Amaan Shaikh - Project Manager (Phase 1)**

**Reeny Susan Roy - Team Leader (Phase 1)**

**Bhavya Jain - Business Analyst**

**Jainam Shah - Business Analyst**

**Dinesh Kumar - Business Analyst**

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# **RACI Matrix for the Initial Phase (before the first deliverable)**

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# **Team Roles and Responsibilities**

|  |  |  |
| --- | --- | --- |
| Team Member Name | Role | Responsibilities |
| Amaan Ishtiyaque Shaikh | Project Manager | Supervising the project, ensuring completion of work by team members, resource allocation, and making decisions on project direction. |
| Reeny Susan Roy | Team Lead | Setting the goals for the project, delegating tasks, planning the project timeline, and setting deadlines for tasks. |
| Jainam Saurin Shah | Business Analyst | Doing research, analyzing data, identifying pain points, developing solutions, and budgeting. |
| Bhavya Jain | Business Analyst | Doing research, analyzing data, identifying pain points, developing solutions, and budgeting. |
| Dinesh Kumar | Business Analyst | Doing research, analyzing data, identifying pain points, developing solutions, and budgeting. |

# **Team Contract**

**10 September 2023**

**Project Name: Capstone**

**Project Team Members' Names and Sign-off:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** | **Roles** | **Position** | **Date of Sign-off** |
| **Amaan Shaikh** | Project Manager | Phase 1 Lead | 10 September, 2023 |
| **Reeny Susan Roy** | Team Leader | Phase 1 Coordinator | 10 September, 2023 |
| **Dinesh Kumar** | Business Analyst | Team Member | 10 September, 2023 |
| **Jainam Shah** | Business Analyst | Team Member | 10 September, 2023 |
| **Bhavya Jain** | Business Analyst | Team Member | 10 September, 2023 |

**Code of Conduct:**

The Project Team vows to:

* Maintain a commitment to honesty and integrity, refraining from any actions that could jeopardize the project or the team's standing.
* Show respect for each team member's ideas, contributions, and feedback, fostering an atmosphere of trust and cooperation.
* Prioritize the team's objectives over individual interests, ensuring that decisions are made in the project's best interest.

**Participation:**

The Project Team commits:

* Make sure to participate and contribute in all team meetings, discussions, and activities, making everyone feel included.
* Always be on time and well prepared for meetings, completing any preparations beforehand.
* Inspire one another, understanding that each team member plays a role in the project's overall success.

**Communication:**

The Project Team will make sure to:

* Keep the lines of communication open, transparent, and clear to make sure that everyone on the team is aware of any updates, changes, or decisions.
* Deal with conflicts or disagreements promptly and in a manner so they don't impede the project's advancement.
* Proactively seek feedback. Be open to using it as a means of improvement.

**Problem Solving:**

The Project Team aspires to:

* Approach challenges with a solution-oriented mindset, focusing on finding the best possible solution rather than assigning blame.
* Collaborate and brainstorm collectively, leveraging the diverse skills and perspectives of the team.
* Document and review lessons learned from challenges faced, ensuring the continuous growth and development of the team.

**Meeting Guidelines:**

The Project Team agrees to:

* Stick to the pre-defined agenda for every meeting, ensuring that discussions remain focused and productive.
* Designate a meeting facilitator and note-taker for each meeting to ensure structure and documentation.
* Respect each other's speaking time, avoid interruptions, and ensure every voice is heard.

# **Overview**

The Bank of Nova Scotia, known as Scotiabank, is one of the leading banks in Canada, with its headquarters in Toronto, Ontario. Scotiabank is the third-largest Canadian bank in terms of market capitalization and deposits. The bank offers a variety of products and services comprising personal banking, commercial banking, wealth management, and investment banking. Operating in four lines of business, Scotiabank has over 90,000 employees and trades on the Toronto Stock Exchange (TSX: BNS) and the New York Stock Exchange (NYSE: BNS) (Scotiabank, n.d., para. 1).

On February 1, 2023, Scott Thomson became Scotiabank's Chief Executive Officer and President (Scotiabank, n.d.).

Scotiabank made a mark in digital banking by receiving the Digital Transformation Award 2023 for developing Scotiabank's AI-driven chatbot (Scotiabank, 2022, p. 7). The bank was also awarded Digital Bank of the Year for Latin America and the Caribbean 2022 (Scotiabank, 2022, p. 7).

Scotiabank has four major lines of business:

* **Canadian Banking**

Driven by the purpose: "For every future," Scotiabank is committed to serving customers by providing numerous banking solutions. The Canadian Banking business at Scotiabank offers financial advice, banking products, and services to retail, small business, and commercial banking customers (Scotiabank, n.d., para. 6).

Retail banking involves financial services, solutions, and products like debit cards, credit cards, mortgages, chequing accounts, personal loans, and automotive financial solutions (Scotiabank, n.d., para. 7). Tangerine Bank, a subsidiary of Scotiabank, serves self-directed customers by providing banking solutions, including debit and credit cards, mortgages, loans, chequing, and savings accounts (Scotiabank, n.d., para. 7). Business banking aids small, medium, and large businesses by providing them financial services such as lending, deposit, and trade solutions.

* **Global Wealth Management**

The business of Global Wealth Management at Scotiabank offers comprehensive solutions and advice, aiming at strengthening investment results in a personalized manner to achieve maximum customer satisfaction (Scotiabank, n.d., para. 11). Global Wealth Management serves clients in thirteen countries (Scotiabank, n.d., para. 12).

* **International Banking**

Scotiabank's International Banking is diverse in that it serves a complete range of financial services and products to retail, corporate, and commercial across several countries (Scotiabank, 2023, para. 13). The client base comprises:

* *The Pacific Alliance countries – Mexico, Chile, Peru, and Columbia.*
* *Central America*
* *Caribbean*
* *Uruguay*

(Scotiabank, n.d., para. 13)

* **Global Banking and Markets (GBM)**

The GBM line of business performs the wholesale banking of Scotiabank and the business in capital markets. The spectrum of clients includes corporate, government, and institutional investor clients (Scotiabank, n.d., para. 9). Some of the services delivered are transaction banking, investment banking, transaction banking, and collateral management (Scotiabank, n.d., para. 10).

As a full-service wholesale bank in the Americas, GBM serves customers in twenty-one countries: Canada, the U.S., Europe, Latin America, and Asia-Pacific (Scotiabank, n.d., p. 4).

# **Timelines and Milestones**

Scotiabank was founded in Halifax, Nova Scotia, in 1832 under the name 'Bank of Nova Scotia.' Scotiabank's critical events and timelines are below (Scotiabank, n.d.).

1832- The Legislative Assembly incorporated on March 30, 1832; the Legislative Assembly incorporated the Bank of Nova Scotia. William Lawson was elected as the first president, and he served until 1837 (Scotiabank, n.d.).

1837- The Bank of Nova Scotia opened the Windsor agency in 1837, establishing its first network (Scotiabank, n.d.).

Over the years, Scotiabank has acquired or merged with many other financial institutions. Some of the major mergers and acquisitions are:

1883- Scotiabank acquired some agencies through its merger with the Union Bank of Prince Edward Island (Scotiabank, n.d.).

1919- The Bank of Nova Scotia amalgamated with the Bank of Ottawa and retained its name after considerable deliberation (Scotiabank, n.d.).

1994- Scotiabank acquired Montreal Trustco, one of the oldest trust companies (Scotiabank, n.d.).

2005- Scotiabank acquired the National Bank of Greece (Canada), comprising ten branches in Ontario and Quebec (Scotiabank, n.d.).

2015- Scotiabank became the first bank in Canada to offer three major credit cards- VISA, AMEX, and Mastercard, following its acquisition of JPMorgan's credit card business (Scotiabank, n.d.).

# **Financial Status Report**

**Summary:**

**Scotiabank Quick View:**

**Performance Comparison (FY2022 vs. FY2021):** Gain in net earnings from $10.2 billion to $10.7 billion. Increase in EPS from $7.87 to $8.50.

**Revenue Dynamics:** A slight increase from $31.25 billion to $31.8 billion was seen. Asset metrics increased from $1.185 trillion to $1.35 trillion. Deposits rose from $797 billion to $916 billion, while loans rose from $637 billion to $745 billion.

**Asset Control:** AUA decreased marginally from $652,92 billion to $641,64 billion while AUM decreased from $345,76 billion to $312 billion.

**Financial Allocations:** The provision for credit losses was decreased from $1.81 billion to $1.38 billion.

**Operating Expenses:** Non-interest expenses increased a little from $16.62 billion to $17.1 billion, although income tax expenses decreased.

**Key Takeaways from FY2022** (Scotiabank, 2022)

* Overview of earnings: $9.9 billion in total.
* Tax Consequences: During the period, tax rates ranged from 18.5% to 24%.
* Global Financial Activities: International banking reported a net profit of $2.695 billion, which was supported by net interest income of $6.9 billion and non-interest Revenue of $2.827 billion.
* Cost-saving insights: Salaries and benefits saw a 3% increase. Technology and infrastructure costs increased by 3%, and non-interest expenses increased by 3% over the prior year.

**Market Attitude (Through Q3 2023)** (Scotiabank, Q3 2023)

* The influential presence of Scotiabank in the Americas is still present:
* Securing a spot in the top three is Canadian Landscape.
* Regarding the Pacific Alliance:
  + **Third-placed Chile:** Claims 15% of the market.
  + **Mexico:** Holds 8% of the market, placing it fifth.
  + Third-placed **Peru** holds 16% of the market.
  + **Colombia:** Holds 5% of the market share and is ranked sixth.

The bottom line is that during FY2021 to FY2022, Scotiabank showed a commendable growth trajectory. Americas, especially Canada and the member states of the Pacific Alliance, are where it is most prevalent. It maintained a steady trend in operational costs despite a few blips in asset oversight.

**Financial Highlights for the FY22 and FY2021:**

|  |  |  |
| --- | --- | --- |
|  | FY2022 | FY2021 |
| Net Income ($Bn) | 10.7 | 10.2 |
| EPS ($) | 8.50 | 7.87 |
| Dividend Growth ($) | 4.06 | 3.60 |
| Revenue ($Bn) | 31.8 | 31.25 |
| Return on Equity | 15.6% | 15.0% |
| Productivity Ratio | 54.4% | 53.2 |
| Total Assets ($T) | 1.35 | 1.185 |
| Loans ($Bn) | 745 | 637 |
| Deposits ($Bn) | 916 | 797 |
| Assets under administration (AUA)($Bn) | 641.64 | 652.92 |
| Assets under management (AUM)($Bn) | 312 | 345.76 |
| Provision for Credit Losses ($Bn) | 1.38 | 1.81 |
| Non-Interest Expenses ($Bn) | 17.1 | 16.62 |
| Income tax Expenses ($Bn) | 2.76 | 2.87 |
| Total Taxes ($Bn) | 4.2 | 4.2 |
| Common share information ($) Closing share price ($)  Dividends paid per share ($)  Dividend yield (%)  Market Capitalization ($Bn) | 65.85  4.06  5.1  78.45 | 81.14  3.60  5.2  98.61 |
| Other information:  Employees (full-time equivalent)  Branches and offices | 90,979  2,384 | 89,488  2,518 |

(Scotiabank, 2022) (Scotiabank, 2021)

**FY2022 Earnings classification:** (Scotiabank, 2022)

**Total Earnings -: $9.9Bn**

**Effective Tax Rate:** (Scotiabank, 2022)  
Comparison of Effective Tax rate (%) for the period Jan 31, 2021, to October 31, 2022.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **October 31 2022** | **July 31 2022** | **April 30 2022** | **January 31 2022** | **October 31 2021** | **July 31 2021** | **April 30 2021** | **January 31 2022** |
| **Effective tax rate (%)** | 18.5 | 18.8 | 22.9 | 24.0 | 21.2 | 22.5 | 23.2 | 22.7 |

**Financial Performance for International Banking (Adjusted):**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **For the year ended October 31, 2022 ($ Mn)** | **Canadian Banking** | **International Banking** | **Global Wealth Management** | **Global Banking and Markets** | **Other** | **Total** |
| **Net interest income** | $9,001 | $6,900 | $764 | $1,630 | $(180) | $18,115 |
| **Non-interest income** | 3,029 | 2,827 | 4,617 | 3,542 | (353) | 13,662 |
| **Total Revenue** | 12,030 | 9,727 | 5,381 | 5,172 | (533) | 31,777 |
| **Provision for credit losses** | 209 | 1,230 | 6 | (66) | 3 | 1,382 |
| **Non-interest expenses** | 5,366 | 5,173 | 3,223 | 2,674 | 351 | 16,787 |
| **Provision for income taxes** | 1,676 | 629 | 560 | 653 | (659) | 2,859 |
| **Net income** | $4,779 | $2,695 | $1,592 | $1,911 | $(228) | $10,749 |
| **Net income attributable to non-controlling interests in subsidiaries** | – | 249 | 9 | – | 1 | 259 |
| **Net income attributable to equity holders of the Bank** | $4,779 | $2,446 | $1,583 | $1,911 | $(229) | $10,490 |

(Scotiabank, 2022)

**Analysis of AUA and AUM:**

|  |  |  |
| --- | --- | --- |
| **Assets under administration and management ($Bn)** | **2022** | **2021** |
| **Assets under administration** | | |
| **Personal** | | |
| **Retail brokerage** | $192.4 | $201.0 |
| **Investment management and trust** | 162.7 | 144.7 |
| **Mutual funds** | 198.8 | 225.2 |
| **Institutional** | 87.7 | 82.0 |
| **Total** | $641.6 | $652.9 |
| **Assets under management** | | |
| **Personal** | $76.7 | $76.3 |
| **Mutual funds** | 184.1 | 206.9 |
| **Institutional** | 50.3 | 62.6 |
| **Total** | $311.1 | $345.8 |

(Scotiabank, 2022)

**Expenditure classification:**

|  |  |  |  |
| --- | --- | --- | --- |
| Non-interest expenses and productivity ($ Mn) | 2022 | 2021 | 2022 versus 2021 |
| Salaries and employee benefits | | | |
| Salaries | $4,989 | $4,694 | 6% |
| Performance-based compensation | 2,004 | 2,086 | -4% |
| Share-based payments | 335 | 223 | 50% |
| Other employee benefits | 1,508 | 1,538 | -2% |
|  | $8,836 | $8,541 | 3% |
| Premises and technology | | | |
| Premises | 516 | 513 | 1% |
| Technology | 1,908 | 1,838 | 4% |
|  | $2,424 | $2,351 | 3% |
| Depreciation and amortization | | | |
| Depreciation | 749 | 769 | -3% |
| Amortization of intangible assets | 782 | 742 | 5% |
|  | $1,531 | $1,511 | 1% |
| Communications | $361 | $369 | 2 % |
| Advertising and business development | $480 | $404 | 19% |
| Professional | $826 | $789 | 5% |
| Business and capital taxes | | | |
| Business taxes | 483 | 461 | 5 % |
| Capital taxes | 58 | 50 | 16 % |
|  | $541 | $511 | 6% |
| Other | $2,103 | $2,142 | 2% |
| Total non-interest expenses | $17,102 | $16,618 | 3% |

(Scotiabank, 2022)

# **Organizational Structure and Head Office Structure**

The Organizational Structure of Scotiabank is as shown below (The Org, n.d.):

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A diagram of a company structure

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# **Executive Team**

The Executive Team members of Scotiabank are listed below (Scotiabank, n.d.)

* **Scott Thomson**

President and Chief Executive Officer

* **Francisco Aristeguieta**

Group Head, International Banking

* **Aris Bogdaneris**

Group Head, Digital Transformation, Tangerine, Marketing and Analytics

* **Nicole Frew**

Executive Vice President and Chief Compliance Officer

* **Glen Gowland**

Group Head, Global Wealth Management

* **Jake Lawrence**

CEO and Group Head, Global Banking and Markets

* **Barbara Mason**

Group Head, Chief Human Resources Officer

* **James Neate**

President and Group Head, Corporate and Investment Banking

* **Dan Rees**

Group Head, Canadian Banking

* **Phil Thomas**

Group Head and Chief Risk Officer

* **Raj Viswanathan**

Group Head and Chief Financial Officer

* **Michael Zerbs**

Group Head, Technology and Operations

* **Jacqui Allard**

Deputy Head, Global Wealth Management

* **Ian Arellano**

Executive Vice President and General Counsel

* **Antique Asher**

Executive Vice President, Finance and Strategy

* **Stephen Bagnarol**

Executive Vice President, Canadian Business Banking

* **Paul Baroni**

Executive Vice President, Finance and Chief Financial Officer, Canadian Banking

* **Alex Besharat**

Executive Vice President, Canadian Wealth Management

* **Tracy Bryan**

Executive Vice President, Global Operations

* **Stuart Davis**

Executive Vice President, Internal Data Protection Management

`

* **John Doig**

Executive Vice President, Retail Sales

* **Chris Manning**

Executive Vice President, Global Business Payments

* **Loretta Marcoccia**

Executive Vice President and Chief Operating Officer, Global Banking and Markets

* **Diego Masola**

Executive Vice President and Country Head, Scotiabank Chile

* **Gillian Riley**

Executive Vice President, President and CEO, Tangerine

* **Shawn Rose**

Executive Vice President & Chief Technology Officer

* **Adrián Otero Rosiles**

Executive Vice President and Country Head, Scotiabank Mexico

* **Anya M. Schnoor**

Executive Vice President, Caribbean, Central America, and Uruguay (CCAU) Scotiabank

* **Kevin Teslyk**

Executive Vice President and Chief Operating Officer, Canadian Banking

* **Maria Theofilaktidis**

Executive Vice President and Chief Auditor

* **Terri-Lee Weeks**

Executive Vice President, Retail Customer

* **Martin Weeks**

Executive Vice President and Group Treasurer

# **Overall Corporate and the IT & Operations (IT & Ops) Mission Statement**

Scotiabank is committed to being the best institution in the financial sector and providing the best quality products and services. The bank is also committed to being a good corporate citizen to benefit the customers, shareholders, and staff (Scotiabank, n.d., para. 4).

# **Overall Corporate and the IT & Operations Vision**

Scotiabank adheres to the purpose: "For every future" (Scotiabank, n.d. para. 1). The bank is committed to enhancing customer experience and supporting customer goals by helping them explore new opportunities (Scotiabank, n.d., para. 3).

To facilitate growth and excellent customer service, three pillars guide Scotiabank:

**Customer First**

The primary focus of Scotiabank is its customers and its commitment to providing the best service (Scotiabank, n.d., para. 2).

**Winning Team**

Scotiabank facilitates an inclusive, high-performance environment that aids quality results (Scotiabank, n.d., para. 2).

**Lead in the Americas**

Scotiabank has a vision for long-term growth aided by reliable expertise and a focus on six core markets (Scotiabank, n.d., para. 2).

# **Major Strategic Initiatives**

The ESG (Environment, Social, and Governance) strategy of Scotiabank is based on the four key pillars:

Governance & Leadership, Economic Resilience, Environmental Action, and Inclusive Society (Scotiabank, 2022, p. 19). Scotiabank develops, invests in, and launches initiatives to help address social, economic, and environmental challenges to maximize the bank's impact on the world by building a better future (Scotiabank, 2022, p. 19). The following section highlights some of the important initiatives in each of these areas.

**Net-Zero Bank**

Scotiabank is committed to becoming a net-zero bank and is reducing financed emissions associated with its lending activities (Scotiabank, 2022, p. 12). 'Net-zero' means balancing the greenhouse gas emissions by avoiding or removing them through various techniques such as planting trees. The bank became a signatory to the Net-Zero Banking Alliance (NZBA) and a Partnership for Carbon Accounting Financials (PCAF) member (Scotiabank, 2022, p. 12).

**ScotiaRISE**

Scotiabank launched an impact program called ScotiaRISE in 2021 to promote economic resilience and help people build a stronger future. Scotiabank has made a ten-year, $500 million commitment to community investment to create a more inclusive world for everyone and every future (Scotiabank, n.d.). This initiative won the bank the 'Banking in the Community Award' by The Banker magazine in 2022. As of 2022, the bank invested over $60 million and partnered with over two hundred organizations, creating opportunities and supporting many people (Scotiabank, 2022, p. 7).

ScotiaRISE supports any individual, family, and community to rise in the face of any challenge. The key focus areas of the ScotiaRISE initiative are:

* **Education:** ScotiaRISE aims to increase high-school graduation and post-secondary education. The initiative helps the youth seek employment opportunities and economic participation (Scotiabank, 2022).
* **Newcomer Support:** ScotiaRISE supports newcomers by helping them with employment prospects and creating connections to the community, which in turn provides new opportunities (Scotiabank, 2022).
* **Employment:** Through the initiative of ScotiaRISE, Scotiabank supports bright minds to advance in their career and achieve financial success. It helps eliminate the barriers to career advancement for underrepresented communities (Scotiabank, 2022).

**The Scotiabank Women Initiative**

Scotiabank launched the Scotiabank Women Initiative to help women succeed on their terms and pursue their professional and financial futures (Scotiabank, n.d.).

The initiative aims at the following key areas:

* **Capital and tailored solutions:** The Scotia Women initiative focuses on giving women equal access to capital and tailored solutions (Scotiabank, 2022, p. 17).
* **Specialized education:** Scotiabank is dedicated to helping women enhance their skills, improve their technical and financial expertise, and advance their careers. Through the Scotiabank Women Initiative, Scotiabank provides specialized education using relevant tools and workshops to aid women in achieving their career-oriented goals (Scotiabank, n.d.).

**Advisory services**

The Scotiabank Women initiative provides women with mentorship and appropriate advisory services, which help them connect with their peers and pursue opportunities for career development and wealth management (Scotiabank, n.d.).

In 2022, Scotiabank committed to providing capital to businesses owned or led by women in Canada to $10 billion by 2025 (Scotiabank, 2022, p. 17). The program is also committed to expanding the bank's footprint by 2025 and has launched the initiative in Chile and Jamaica (Scotiabank, 2022, p. 17).

# 

# **Competitive Analysi****s**

# **SWOT Analysis of Scotiabank, TD, CIBC & BMO**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | SCOTIABANK | TD | CIBC | BMO |
| STRENGTHS | **Leading Bank in the Americas:** Over 90% of Scotiabank's earnings come from six diversified markets - Canada, the United States, and the Pacific Alliance (Mexico, Peru, Chile, and Colombia).  **Strong Financial Performance:** Despite economic challenges, the bank achieved an 8% return on equity and 15.6% on an adjusted basis. The bank's Canadian Banking business grew earnings by 15%.  **Digital Advancements:** The bank has invested significantly in its digital offerings, with 50% of retail banking sales now being digital. They've launched new tools and services like their mobile banking app and Advice+.  **Diverse Business Segments:** The bank offers various services, including personal and commercial banking, wealth management, corporate and investment banking, and capital markets.  **Community Engagement:** Over the past decade, the bank has contributed more than $800 million in community investment, focusing on young people, economic inclusion, and financial literacy.  (Scotiabank, 2022) | **Strong Financial Performance:** Marking significant growth, TD reported earnings of $17.4 billion ($15.4 billion on an adjusted basis) in 2022.  **Broad Client Base:** Having 27 million customers worldwide as of 2022, TD is one of North America's largest banks.  **Digital Advancements:** Significant numbers of digital customers demonstrate TD's capabilities and reach.  **Strategic Acquisitions:** Through these U.S. transactions, TD targets adding scale, capabilities, and over a million new customers to its roster.  (TD, 2022) | **Strong Brand Identity:** A financially strong and diverse bank in Canada and the United States, CIBC emphasizes delivering value to its investors.  **Broad Client Base:** Personal banking, business, public sector, and institutional clients in Canada, the United States, and around the world are served by the bank, totalling 13 million.  **Financial Performance:** A net income of $6.2B was reported by CIBC, along with an adjusted net income of $6.6B. At the same time, the bank has a return on equity of 14.7%, which is impressive.  **Diverse Business Segments:** From Personal and Business Banking to Commercial Banking and Wealth Management and Capital Markets, CIBC covers all ground.  **Digital Advancements**: Ranked #1 in the J.D. Power Online Banking Satisfaction Study, CIBC has received recognition for its online banking experience.  (CIBC, 2022) | **Historical Significance:** BMO has a proud 205-year history, showcasing its stability and long-standing presence in the financial sector.  **Strong Financial Position:** BMO is the eighth largest bank in North America by assets, with total assets of $1.14 trillion.  **Diverse Offerings:** BMO provides a broad range of services, including personal and commercial banking, wealth management, global markets, and investment banking.  **Broad Client Base:** The bank serves twelve million customers across Canada, the U.S., and select global markets.  **Digital Recognition:** BMO has been recognized for its digital capabilities, such as being named the overall leader in The Forrester Digital Experience Review™ for Canadian Mobile Banking Apps in Q4 2022.  (BMO, 2022) |
| WEAKNESSES | **Economic Challenges:** The bank encountered difficulties due to persistent financial volatility, geopolitical conflicts, and the lasting impact of the global pandemic.  **Dependence on Key Markets:** Despite having a diversified presence, Scotiabank relies heavily on six key markets for a significant portion of its earnings. This conce­ntration makes the bank vulnerable­ to economic fluctuations in these re­gions.  (Scotiabank, 2022) | **Economic Challenges:** TD, like other banks, faced challenges from the global pandemic, geopolitical conflicts, and rapidly changing economic conditions.  **Dependence on Key Markets:** While TD has a diversified presence, its primary operations are centred in North America, making it susceptible to economic fluctuations in this region.  (TD, 2022) | **Decrease in Earnings Per Share:** CIBC reported a decrease in its earnings per share from the previous year, with a reported EPS of $6.68 in 2022, down 4% from 2021.  **Negative Operating Leverage:** The bank reported a negative operating leverage of (1.9) % in 2022, indicating a decrease in efficiency.  (CIBC, 2022) | There are possible difficulties with implementing International Financial Reporting Standards (IFRS) in various international business activities.  Considerable attention is required for enterprise-wide risk management strategies.  Complex financial reporting  (BMO, 2022) |
| OPPORTUNITIES | **Sustainable Finance:** Scotiabank has established a prominent position in the field of sustainable finance, providing valuable support to clients as they navigate their way toward a more sustainable future. The bank's commitment and dedication have been duly acknowledged; with prestigious accolades such as being named North America's Best Bank for Sustainable Finance.  **Digital Transformation:** Investing in digital tools and platforms can significantly improve the customer experience and foster business growth.  **Community Initiatives:** The bank has launched the ScotiaRISE program, which is a $500 million commitment aimed at promoting economic resilience. This initiative presents various opportunities for community engagement and making positive impacts.  (Scotiabank, 2022) | Digital Transformation The e­mphasis that TD places on digital advancements and its large­ base of active digital customers sugge­sts promising opportunities for growth in the realm of digital banking.  **Sustainable Finance:** TD is dedicated to fostering a sustainable and inclusive future. Their Global Climate Action Plan and other ESG initiatives demonstrate this commitment, offering growth opportunities and community engagement.  (TD, 2022) | **ESG Commitment:** CIBC has dedicated efforts towards their ESG commitments, actively focusing on building integrity, trust, and access to opportunities and accelerating climate action. Their initiatives include Carbon Place, a platform for voluntary carbon credits, and partnerships to lessen the digital skills gap.  **Investments in Climate Technology:** CIBC plans to invest $100 million in limited partnership investments for climate technology and energy transition funds.  **Client-Centric Approach:** With a focal point on high-growth, high-touch customer segments, building future differentiators and digital investments, CIBC's approach is all about enhancing client experience.  (CIBC, 2022) | Prospective economic advancements and projections for 2023.  Potential collaborations with other financial institutions or industries.  Emphasis on proactive measures to address uncertainties and potential occurrences.  (BMO, 2022) |
| THREATS | **Competitive Landscape:** The banking industry in North America is characterized by intense competition, as numerous major players strive to gain a larger market share.  **Economic Uncertainty:** The bank recognizes the obstacles presented by economic uncertainty, geopolitical tensions, and the continued impact of the pandemic.  **Regulatory Changes:** It can significantly impact banks' operations and profitability. As banks are subject to strict regulations, any modifications to these regulations can create challenges for them.  (Scotiabank, 2022) | **Competitive Landscape:** The banking sector in North America is highly competitive, with several major players vying for market share.  **Economic Uncertainties:** TD acknowledges challenges posed by economic uncertainty, geopolitical tensions, and the ongoing effects of the pandemic.  (TD, 2022) | **Economic Uncertainty:** The 2022 annual report mentions an uncertain economic environment with rising interest rates to address inflation & forecasted slowdown in economic growth.  **Competitive Landscape:** The banking sector in North America is highly competitive, with several major players vying for market share. CIBC needs to continuously innovate and adapt to stay ahead.  (CIBC, 2022) | Inherent risks and uncertainties associated with forward-looking statements.  Challenges in adhering to and navigating through the ever-changing regulatory environment.  Risks linked to global financial markets and prevailing economic conditions.  (BMO, 2022) |

# **PESTEL Analysis of Scotiabank and the banking sector in Canada:**

|  |  |  |
| --- | --- | --- |
| Element | Factor | Business Impact |
| Political | * Geopolitical Tensions- Sanctions due to the Russian conflicts. * Government policies * Tax policies | * This affects the rise in business and strategic risks. It may result in an increasing cost of capital deployment or more inefficient capital allocation. * It plays an efficient role in the bank's working structure and sustaining development. * Changes in tax policies always have a major role in the operational decisions and maintaining the bank's profitability. |
| Economic | * Stock Exchange * Currency Exchange Rates      * Inflation rate | * The Stock market has a great influence on investments and earnings, as well as capitalization. * Scotiabank is functioning internationally, so the exchange rate changes affect the transactions. * A mild inflation rate is required for the stability of the company. |
| Social | * Education * Age Factor | * A higher percentage of the educated customer population helps a lot in the smooth working of the bank. * A major chunk of the youth population will be favourable. |
| Technological | * Social media * Data security * AI Implementation | * It helps in the marketing as well as promotional activities for the bank. * The Banks should have a firewall to prevent cyber-attacks and protect the bank’s crucial data. * The AI implementation in the banking system will help in increasing customer satisfaction as well as efficient functioning. |
| Environmental | * Regulations & Standards * Climate changes * Waste management regulations | * The bank must comply with environmental rules and regulations for its operations. * Climate change risks may affect banking operations, so the bank should have a backup to manage those risks. * The Bank must follow regulations on waste management by the government to avoid penalties. |
| Legal | * Health & Safety * Employment Laws * Anti-Discrimination law | * The bank must follow regulations for the health & safety of employees. Scotiabank always try to keep this as their top priority. * The bank should follow the Employment law contracts authorized by the government bodies. * The country has a diverse population with a lot of immigrants, so the bank must ensure that there is no discrimination in the company. |

(*PESTEL Analysis of Scotiabank*, n.d.)

# **BALANCED SCORECARD for Scotiabank, TD, CIBC & BMO**

**Scotiabank's Balance Scorecard:**

**Financial**

• Return on equity is calculated to be 14.8%. (ScotiaBank, 2022)

• An 8.0% increase in diluted earnings per share. (ScotiaBank, 2022)

• Revenue growth is 1.27%, which is somewhat higher than the previous year 2021. (ScotiaBank, 2021)

**Calculations:**

**Revenue Growth = [(Adjusted Revenue this year - Adjusted Revenue last year) / Adjusted Revenue last year] \* 100**

Comparing the year 2022 and 2021 data,

Adjusted Revenue of year 2022= $31.8 Billion

Adjusted Revenue of year 2021 = $31.2 Billion

**Revenue Growth = [($31.8B - $31.2B) / $31.2B] \* 100**

**= (0.4 / 31.2) \* 100**

**= 1.28%**

The Profitability (Net Profit Margin) is calculated at 33.65%. (ScotiaBank, 2022) (ScotiaBank, 2021)

**Net Profit Margin = (Adjusted Net Income / Adjusted Revenue) \* 100**

**Net Profit Margin = ($10.7B / $31.8B) \* 100**

**= 33.65%** (ScotiaBank, 2022)

**Customer**

• Increased client satisfaction and loyalty.

Looking at the NPS (Net Promoter Score), it is 23 NPS.

52% are promoters, 19% are passives, and Detractors are 29% (Comparably, n.d.)

• New customer acquisition

• Partnerships and market share, calculated at 11% average total in the 2022 report.

**Operational**

• The productivity ratio for 2022 is 54.4%, which is somewhat higher than the productivity ratio for 2021, which was 53.2%.

• Strong company compliance and management processes

• High capital ratios

• Company social responsibility

• Good engagement with the community.

(ScotiaBank, 2011) (ScotiaBank, 2022)

**BMO's Balance Scorecard:**

**Financial**

* An average total of 22.9% return on equity is calculated.
* The value of diluted earnings per share growth is 19.99.
* Revenue growth is 31.52% higher in 2021 than in the prior year.
* Our reported and adjusted dividend payout ratios in 2022 were 48.8% and 46.3%, respectively, compared to 41.8% and 40.3% in 2021. (BMO, 2022) (BMO, 2022)

**Customer**

* BMO has failed in the Customer Satisfaction asset because they have a severely low average Net Promoter Score of -57 NPS.
* 14% are promoters, 15% are passive and 71% of people are against it.
* Gaining client trust and offering satisfactory service
* According to the 2022 research, the market share is calculated to be 9.4% of the average total. (Comparably, n.d.)

**Operational**

* The reported gross efficiency ratio for BMO was 48.0%, down from 57.0% in 2021.
* The reported operational leverage was 19.6% in favour. Adjusted operating leverage was positive 1.3% and reported operating leverage was positive 29.0% on a net revenue basis.

(BMO, 2022)

**CIBC's Balance Scorecard:**

**Financial**

• A 14.0% return on equity has been calculated.

• The growth rate of diluted earnings per share is 6.68.

• Revenue Growth increased by 24.0% in 2022 compared to the prior year, when it only increased by 7.9%.

• The Net Profit Margin (profitability) is evaluated at 27.96%.

(CIBC, 2022) (CIBC, 2022)

**Customer**

* CIBC's Net Promoter Score, which is 10 NPS, is respectable.
* Promoter: 46% Passive: 18% and 36% were against.
* The Dividend is estimated to be $3.27 by the end of 2022.
* Fostering and strengthening client relationships
* Enhancing productivity using data and technology

(Comparably, n.d.)(CIBC, 2022)(CIBC, 2022)

**Operational**

• CIBC's reported gross efficiency ratio is 58.6%, compared with 57.6% in 2021.

• Reported operating leverage was positive 1.9%, a decrease of 720bp (basis points) from 2021.

(CIBC, 2022)

**TD Bank's Balance Scorecard:**

**Financial**

* The reported growth rate for diluted earnings per share is 11.5%.
* The yearly Revenue for Toronto Dominion Bank in 2022 was $48.714B, a 27.23% increase over 2021.

• In 2022, net interest margin grew by 13 basis points to 1.69% from 1.56%, principally due to better deposit margins in the context of rising rate environments.

(TD Bank, 2022) (Macrotrends, n.d.)

**Customer:**

* The Net Promoter Score (NPS) of TD Bank Group is -13, with 37% Promoters, 13% Passives, and 50% Detractors.
* Maintained strong market share11 positions and gained momentum across the businesses.
* #1 market share in Personal Non-Term deposits with industry-leading market share gains.
* #1 market share in Interac Mobile Wallet.

(Comparably, n.d.)(TD Bank, 2022)

**Operational**

• TD's reported efficiency ratio is 50.3%, compared with 54.1% in 2021.

• Reported operating leverage was positive with an increase in 4bps which made it 380 in total.

(TD Bank, 2022)

# **Conclusion**

As per our Deep Analysis, we have some helpful insights into Scotiabank’s NPS can be increased so that it can help to increase Revenue and Net income gradually, its market share in the Pacific alliance can be improved by implementing some marketing strategies to acquire more customer base, etc. which is also provided in the scorecard, and a few other information which will act as key findings to the new change suggestion and will not only help to boost the profit but find new areas to play with.

# **Call to Action**

RevolEdge Solutions uses state-of-the-art multi-analysis techniques to find the threats or weaknesses in the existing process and procedure within Scotiabank or use it to find scope to increase its performance and thus increase profitability. As per the Company's protocol, we have done our Analysis and we have a deep understanding, so our insight and suggestions will help to change the scope for the better.

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