

# TD – Harnessing technology to deliver on its brand promise

## Introduction

On a sunny, late summer day, in 2017 Colleen Johnston, Group Head of Direct Channels, Technology, Marketing and Corporate & Public Affairs at TD Bank Group settled into her desk chair and began her day by reviewing e-mails. A colleague had sent an e-mail with a link to a Forbes article that was related to banks titled: “Canadians want more from their financial institutions online” (“Bank on it: Canadians want more from their financial institutions online,” April, 2017). This wasn’t news to Colleen. A 2016 Accenture report highlighted that customers want convenience, relevance and banking experiences that combine the latest in digital tools with human interaction (Edmondson, Sadowski, & Vogtle, 2016). Technology was shaking up the financial services industry. New services, new mechanisms for interacting with customers and new financial technology (fintech) players were changing the landscape; banks would have to be responsive to remain competitive. Colleen had seen articles indicating that anywhere from 11% to 25% of customers were willing to switch banks or even move to virtual banks if their current banks were providing a poor experience (Edmondson et al., 2016; Forrester, November 22, 2016).

TD has always prioritized the needs of its customers, recently shifting beyond making banking comfortable and convenient to a new brand promise focused on helping customers feel more confident about their financial future. Success in delivering on the brand promise would achieve TD’s ultimate goal of growing its market presence and share, and strengthening relationships with its customers in a quickly changing market. The Forbes article reinforced Colleen’s belief that technology was going to be an important part of achieving these objectives. As the article put it, it wouldn’t be enough just to “appify” existing functions. Innovative technologies or innovative uses for existing technologies would be crucial to create experiences that continue to meet the unique needs of customers.

Colleen forwarded the article to her team with a note, “Let’s discuss further - please come prepared to share your recommendations.”

## TD

Toronto-Dominion Bank was founded in 1852 and headquartered in Toronto, Canada. Today, it is a top ten bank in North America and serves over 25 million customers worldwide, 13 million of which are in Canada (“TD corporate profile,” n.d.) It has over 2,400 retail locations and over 5,100 ATMs in

North America ("2016 Corporate Responsibility Report," 2016). It has three key business lines: Canadian retail, U.S. retail and Wholesale Banking.

TD has a wide range of customers and functions – at one end of the spectrum are governments and large corporations who turn to TD for underwriting and distribution of debt and equity issues or advice on strategic acquisitions; at the other end are young children opening their first bank accounts where they can save their birthday money. In between, there are high net worth individuals and institutions seeking wealth management services and small businesses who have varying needs.

### Digital Activities

TD has over 11.6 million digitally active customers and has phone and online support available 24 hours a day. It wants to continue expanding its digital activities and is focused on building the bank of the future through investments in digital innovation and transformation. One area it is focusing on is digital initiatives that create simple, personalized, contextual experiences for customers that make them feel more in control of their money. Its digital offerings allow customers to use their handheld devices for various functions<sup>1</sup>. For example, TD MySpend enables tracking and monitoring of spending so customers can adjust their behaviours in real time, resulting in, even occasional users of the app, to spend an average of four percent less per month. TD's Mobile Payment feature allows customers to shop with a tap of their smartphone<sup>2</sup>. TD for Me allows customers to curate content and services that could personalize their experiences based on their location. The bank has even created an “automated assistant” chatbot that can be accessed by direct messaging on Twitter.

Technology that enables banking is definitely one avenue to pursue but TD is also open to technology that could help customers with financial literacy, or provide decision-making help and advice for big and small choices – everything from saving for a house to deciding whether you have enough money to go out to the pub on a Friday night!

The Accenture report Colleen read made clear that to stand apart and ensure customer satisfaction, banks would have to create real-time personal interactions and be relentless about service. Banks that want to stay ahead of competition must master experiences that blend physical and digital experiences and become the go-to resource for how consumers live and use their money rather than just being a financial utility (Edmondson et al., 2016).

### Technology Innovation at TD

Although banking is a mature industry, thanks to technology, it is rapidly changing. TD pursues innovation across the entire organization to find new and better ways to execute activities and meet customer needs. One approach the bank uses to explore how emerging technologies can elevate the

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<sup>1</sup> Go to <https://www.tdcanadatrust.com/products-services/banking/electronic-banking/mobile/mobile-index.jsp> for further information

<sup>2</sup> Typically for purchases under \$100, as set by merchants

customer is TD Labs. This is a division of TD which is located in Waterloo Region's leading innovation hub, Communitech.

At its core, TD Lab is an enterprise resource for innovation – a service organization for the bank. It was created as a way for TD to freely ideate and incubate new innovation capabilities in a separate environment and collaborate with internal business partners on opportunities created to enhance customer experiences. In addition to concept exploration and development, it contributes to fostering the bank's innovation culture with more than 1,000 TD employees participating in the Lab's Design Thinking methodology workshops. The Lab also engages with start-ups with an eye to potential partnerships/investments, and to learn about new and emerging trend and has established a successful post-secondary co-op recruitment program to retain and develop the next generation of technology talent for the bank.

### TD's New Brand Promise

The notion of “comfortable banking” became a theme for TD in the early 2000s. It was a differentiator and philosophy that customers valued (Haynes, 2015, August 28). The new brand promise that was launched in June of 2017 extended this mission and reflected TD's desire to help customers make good decisions, achieve life goals that had financial implications, and make their financial and everyday lives better and/or easier. The pillars of the new brand promise were: a) personal human experiences b) proactive advice and solutions, and c) convenient, simple and timely interactions. Here is a video that was made by some employees to reach out to young customers and help them save and make better decisions: <https://www.youtube.com/watch?v=w0sj5sqHDP8>

TD's mantra of “put the customer first” is ingrained in the company – and this in large part was why TD was re-inventing its comfort promise. The EVP/CMO Theresa McLaughlin recently told employees when the new branding was revealed,

We heard from our customers that they want the comfort we've always provided through longer hours and convenient service, but 79 percent of Canadians also don't feel confident about their financial future. This was a startling fact, and offered a compelling role for TD in helping build confidence, and shift our focus beyond convenience. Our brand evolution is about elevating comfort to deliver confidence.

## Banking Industry

### Banking in the Digital Age

Technology has enabled new services and service-approaches and the entry of small financial technology start-ups into the banking industry. Banks that don't successfully use digital technologies to automate processes, create new products and improve their customer experiences will see revenues migrate away from them and toward their competitors (see Exhibit 1) (Dahl, 2015). Four ways in which digital technologies could be used in banks with customers are to increase connectivity

including mobile functionality, using big data and advanced analytics to refine decision making and design amazing customer experiences, automate repetitive low-value processes and generally foster innovation across products (Broeders & Khanna, 2015).

Artificial intelligence, predictive intelligence and using data analytics to create customized experiences for customers, as well as virtual reality and smart devices are all technologies that are appearing in banking around the world (Chan, May 2017; Finnegan, 2016). Banks are partnering with fintech start-ups to provide new or better services. For example, Kabbage has partnered with large banks; its online platform allows customers to apply for and receive a response on a small business loan application in six minutes (Dahl, 2015).

Despite, or perhaps because of, the shift to digital services, trust and reputation are critical factors in influencing who customers use for financial services and would continue to be important even in the digital age. The bank branch has also not lost its importance – 24% of consumers still prefer to use the physical branch and 86% of consumers including millennials report they will use their branches at some point in the future, attributable at least in part to the fact that speaking to a person is more trusted and is perceived to provide greater value than other channels (Edmondson et al., 2016).

## Customers

That being said, customers increasingly want to be able to perform simple banking transactions without having to wait or go to a bank branch. Nearly 75% of consumers research financial services products online. Thirty-nine percent want to be able to acquire bank products without going to a branch and 31% want to be able to learn more without having to call or visit ("Bank on it: Canadians want more from their financial institutions online," April, 2017). Exhibit 2 shows the breakdown of the percentage of consumers that engage digitally with their banks and what functions they perform while doing so.

Although saving money matters to banking customers, convenience, personalized service and advice matter a great deal as well. For example, assistance with buying a car or home that was quick and easy to access was a top consumer concern (see Exhibit 3 for a list of services that influence loyalty) (Edmondson et al., 2016)

Banks have noticed that the large millennial cohort, which is an increasingly significant part of the marketplace, is more likely to switch banks. Finding ways to build relationships with and engage these customers in a variety of ways is going to be increasingly important now that switching banks is easy and physically connecting with customers is not the primary mode for most simple transactions. Could technology create such a relationship? Could it make the bank a part of the customer's frequent activities and financial choices? Could it be used to strengthen customer relationships? Some mobile marketing reports were suggesting that using technology to meet consumers in their "micro-moments" would be a powerful way to win them over (Freeman, 2016) .

There are many trends that could be considered or harnessed. For example, the trend toward sharing rather than owning products is growing. Car-share companies are an example of this trend and Airbnb and Uber are two examples of companies benefitting from the sharing trend. The way consumers interact with their banks is also evolving (Chan, May 2017). Robo-advice is gaining traction among many consumers, and particularly among millennials (Edmondson et al., 2016) (see Exhibit 4 for its use in banking in North America). Being able to seamlessly move between their phones to their computers to the bank branch (a good omni-channel experience) is also important to customers. Something as simple as moving from using an app to being able to get assistance through a contact centre without needing to reauthenticate who you are is a small but important feature.

### Banking Regulations and Risk

Chartered banks in Canada face significant regulations designed to protect consumer wealth and privacy. There are many rules and regulations that chartered banks like TD must comply with. A listing of these is provided in Exhibit 5. Furthermore, in reaching out to customers and providing information, or trying to market or suggest products, banks must be careful to comply with Canada's Anti-Spam Legislation which is outlined here: <http://crtc.gc.ca/eng/internet/anti.htm>

TD has a long history of being willing to push boundaries and being innovative. It is willing to take risks to build the business but only if they fit the bank's overall strategy, didn't risk causing harm to the brand or expose the bank to significant losses ("TD Bank Group Investor Presentation," Q1 2017)

There are many avenues that TD is willing to pursue to deliver innovations but also a few that are "out of bounds". A list of these is provided in Exhibit 6. Regardless of the choice, the bank would have to make sure it met regulatory rules and ensures data security and privacy.

### Conclusion

TD's goal is to outperform other banks by reinventing banking in a way that meets the demands of real life so customers feel more confident in their banking choices. Financial education, reduction of pain points, making financial activities easier to access, understanding and making informed decisions about their financial well-being, timely advice and guidance are all possibilities.

Colleen is willing to consider any solution that would address a pain point for customers or elevate the customer experience. She is looking for innovative solutions that reflect the future of banking. The ideal solution will recommend customer-facing technology that will deliver on the TD brand promise by building on one or more pillars. At the same time, the solution will increase TD's market presence and share by providing a service or solution that many customers value, and strengthen customer relationships by encouraging them not only to stay with the bank but to turn to it whenever they had financial needs.

She is curious about how the team would recommend implementing the solution - she wants a complete implementation, not just a recommendation! Who would provide the technology and how would it be connected with existing offerings? How would the solution be promoted to make customers aware of it and encourage them to use it? TD has a history of some interesting marketing campaigns (Haynes, 2015, August 28) and Colleen wants a solution that comes complete with some innovative marketing ideas<sup>1</sup>. She is looking forward to hearing what recommendations would be presented at the meeting.

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<sup>1</sup> TD is open to innovative marketing campaigns. For example, in 2015 TD had set up “Automated Banking Machines” that gave pre-selected customers personalized, big-tickets gifts (Harris, 2015). The most recent ad that represented its new brand promise could be viewed here: <https://www.youtube.com/watch?v=VyAja4dy94s>

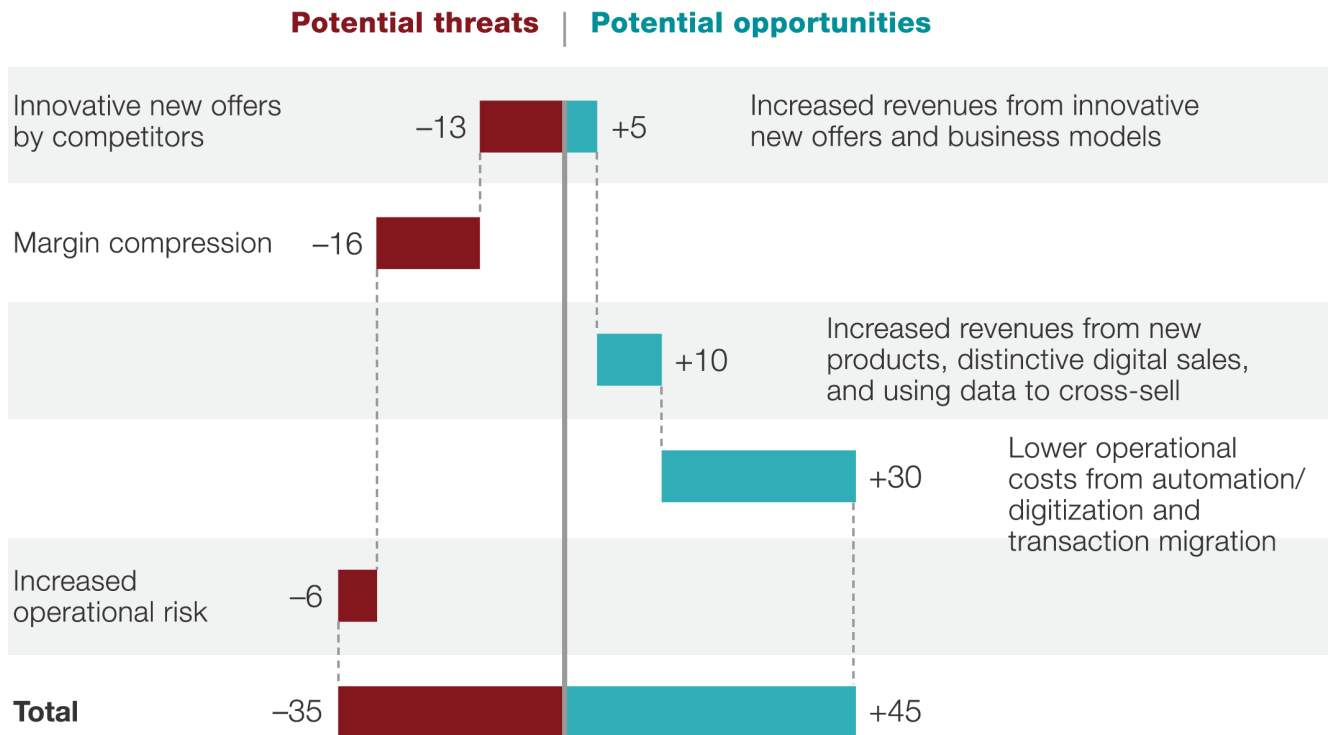
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## Exhibit 1

### The Impact of Digital Transformation on Banking Revenues

Impact from digital, % of net profit for retail bank



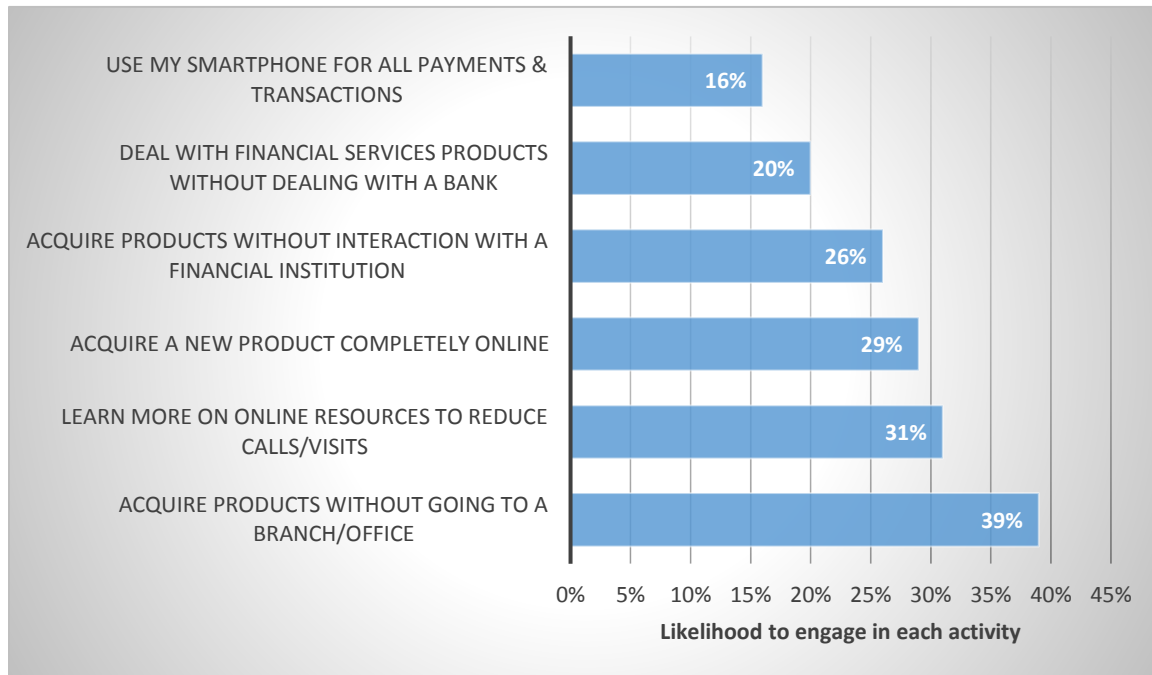
Source: McKinsey analysis

Source: Broeders, H., & Khanna, S. (2015). *Strategic choices for banks in the digital age*. Retrieved from McKinsey & Company Financial Services: <http://www.mckinsey.com/industries/financial-services/our-insights/strategic-choices-for-banks-in-the-digital-age#0>



## Exhibit 2

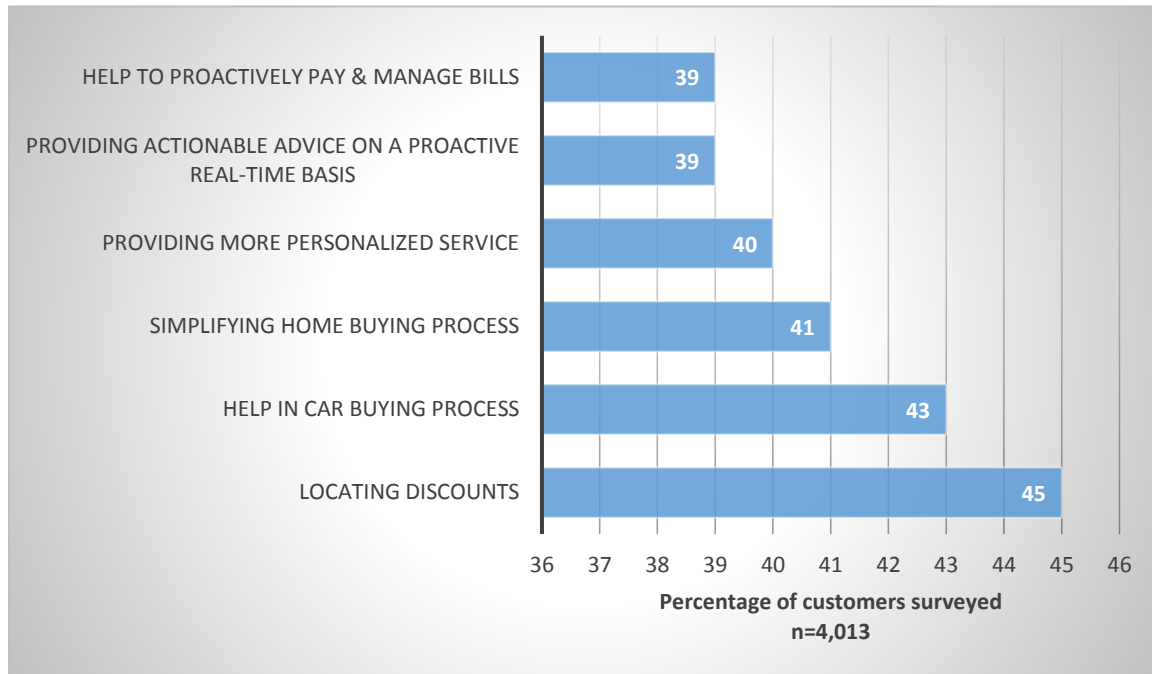
### How consumers engage digitally with financial services



Source: Bank on it: Canadians want more from their financial institutions online. (April, 2017). Retrieved from think with Google website: <https://thinkwithgoogle.com> Retrieved from <https://thinkwithgoogle.com>

## Exhibit 3

What services would change your loyalty to your primary bank?



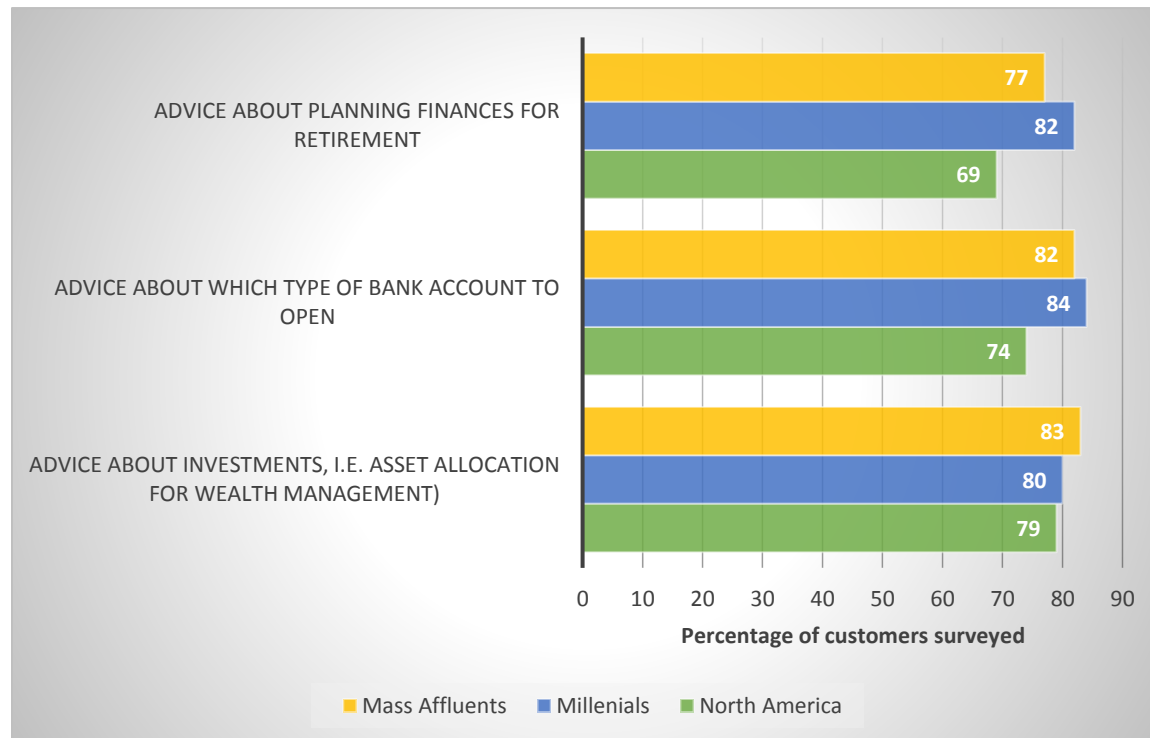
Source:

Edmondson, D., Sadowski, S., & Vogtle, J. (2016). *2016 North America Consumer Digital Banking Survey*. Retrieved from Accenture Consulting: [https://www.accenture.com/t20160609T222453\\_w\\_us-en/\\_acnmedia/PDF-22/Accenture-2016-North-America-Consumer-Digital-Banking-Survey.pdf](https://www.accenture.com/t20160609T222453_w_us-en/_acnmedia/PDF-22/Accenture-2016-North-America-Consumer-Digital-Banking-Survey.pdf)

## Exhibit 4

### Consumer willingness to receiving computer-generated advice and services

Q: In the future, how willing would you be to receive the following types of advice and services in a way that was entirely computer-generated without any input from a human advisor?



Source:

Edmondson, D., Sadowski, S., & Vogtle, J. (2016). *2016 North America Consumer Digital Banking Survey*. Retrieved from Accenture Consulting: [https://www.accenture.com/t20160609T222453\\_w\\_us-en/\\_acnmedia/PDF-22/Accenture-2016-North-America-Consumer-Digital-Banking-Survey.pdf](https://www.accenture.com/t20160609T222453_w_us-en/_acnmedia/PDF-22/Accenture-2016-North-America-Consumer-Digital-Banking-Survey.pdf)

## Exhibit 5

### Banking Regulations

Mortgage Information: outlines certain information banks must provide on the different types of mortgage security banks take when consumers borrow funds through a mortgage for the purchase of a home.

<http://www.cba.ca/Assets/CBA/Files/Article%20Category/PDF/vol-mortgage-security-en.pdf>

Consumer Debit Card: outlines practices and responsibilities which help protect consumers in their use of debit card services.

[http://www.cba.ca/Assets/CBA/Files/Article%20Category/PDF/vol\\_20090000\\_cdncodepracticeconsumerdebitcardservices\\_en.pdf](http://www.cba.ca/Assets/CBA/Files/Article%20Category/PDF/vol_20090000_cdncodepracticeconsumerdebitcardservices_en.pdf)

Credit and Debit Card: sets the principles for business practices related to the issuance and acceptance of payment cards and operation of payment card networks.

[http://www.cba.ca/Assets/CBA/Files/Article%20Category/PDF/vol\\_20150413\\_creditdebitcode\\_en.pdf](http://www.cba.ca/Assets/CBA/Files/Article%20Category/PDF/vol_20150413_creditdebitcode_en.pdf)

Banks provide consumers with assurances related to the modification or replacement of existing products and services. [http://www.cba.ca/Assets/CBA/Files/Article%20Category/PDF/vol\\_20120801\\_morps\\_en.pdf](http://www.cba.ca/Assets/CBA/Files/Article%20Category/PDF/vol_20120801_morps_en.pdf)

Plain Language Mortgage Documents is a commitment by the banks to improve readability of residential mortgage documents. <https://www.td.com/to-our-customers/code.jsp>

TD Online and Mobile Security Guarantee provides our customers with rights in the event of unauthorized activity through a TD online and mobile service. <http://www.tdcanadatrust.com/products-services/banking/electronic-banking/access-card-security/guarantee.jsp>

On Line Payments Commitment outlines the practices and responsibilities that provide consumer protection when using on line payments systems in Canada.

[http://www.cba.ca/Assets/CBA/Files/Article%20Category/PDF/vol\\_20090000\\_onlinepayments\\_en.pdf](http://www.cba.ca/Assets/CBA/Files/Article%20Category/PDF/vol_20090000_onlinepayments_en.pdf)

E Visa security: [https://www.visa.ca/en\\_CA/pay-with-visa/security.html](https://www.visa.ca/en_CA/pay-with-visa/security.html)

Guidelines for Transfers of Registered Plans covers transfers of deposit type instruments.

[http://www.cba.ca/Assets/CBA/Files/Article%20Category/PDF/vol\\_20090000\\_guidelinesfortransfersofplans\\_en.pdf](http://www.cba.ca/Assets/CBA/Files/Article%20Category/PDF/vol_20090000_guidelinesfortransfersofplans_en.pdf)

Principles of Consumer Protection for Electronic Commerce provides a framework for commerce over open networks, including the internet.

[http://www.cba.ca/Assets/CBA/Files/Article%20Category/PDF/vol\\_20090000\\_consumerprotectionelectroniccommerce\\_en.pdf](http://www.cba.ca/Assets/CBA/Files/Article%20Category/PDF/vol_20090000_consumerprotectionelectroniccommerce_en.pdf)

CBA Code of Conduct for Authorized Insurance Activities outlines the minimum standards that apply to bank representatives promoting authorized insurance products.

[http://www.cba.ca/Assets/CBA/Files/Article%20Category/PDF/vol\\_20090000\\_authorizedinsuranceactivities\\_en.pdf](http://www.cba.ca/Assets/CBA/Files/Article%20Category/PDF/vol_20090000_authorizedinsuranceactivities_en.pdf)

Model Code of Conduct for Bank Relations with Small and Medium-Sized Businesses contains minimum standards for bank dealings with these businesses. <http://www.cba.ca/small-business-banking-code-of-conduct>

## Exhibit 6

### Feasible solution Options

ACCEPTABLE OPTIONS:	NOT FEASIBLE:
<ul style="list-style-type: none"><li>• Partnerships</li><li>• New technologies</li><li>• Use existing technologies in different ways</li><li>• Acquisition of technologies</li><li>• New services</li></ul>	<ul style="list-style-type: none"><li>• Major acquisition</li><li>• Business sale or spin off</li><li>• High risk solutions that could put TD customers or organization in harm's way</li><li>• New or altered financial products or fee structures</li></ul>