A Strategy Analysis Of The “Big Five” Canadian Banks

Claudio Eggert

APRJ-699

Word Count: 13,716

April 4, 2012

Dr. Conor Vibert

ABSTRACT

The Canadian banking industry is highly concentrated with the top five banks dominating the sector with a combined market share of over 85% of total assets. This study analyses the individual strategies of the five largest banks as well as their competitive positioning within the Canadian banking sector to get a better understanding of their strategic decisions made over the years and how effectively they have responded to changes in their business environment. The overarching predictions that guide this research are that the banks have comparable domestic but very different international strategies, and that the banks have well-defined strategic plans, which they implement successfully with the long-term goal of profit maximization.

The literature reviewed to conduct this study consists of corporate strategy, strategy analysis and competitive analysis literature, which provides insight into a variety of frameworks and tools that are used to analyze the individual strategies of each bank as well as their operating environment. The basic strategic management framework utilized for this study consists of three steps: 1) perform industry analysis, 2) conduct business strategy analysis for each bank, and 3) evaluate strategies and present conclusion. Some of the more recognized frameworks applied in this study are Porter's Five Forces of Competition and the SWOT analysis diagram. Additional sources consulted for this paper are the annual reports published by the banks over the past ten years as well as reports from the Department of Finance of Canada and the World Economic Forum, among several others.

The findings show that the Canadian banking industry is effectively an oligopoly, with a small number of banks controlling the lion share of the system. The Canadian banking sector is stable, very well developed, highly competitive and considered one of the safest financial systems in the world. The Canadian population is highly "bankerized", with the banks enjoying a high level of penetration across the entire spectrum of financial products and services. The five major banks have extensive and comparable national footprints, which constitute their primary market, but they also have important international presences that vary from one institution to another in terms of geography and strategy. An analysis of the strengths and weaknesses, organizational structure and goals of these banks highlights the similarities in their domestic strategies but more importantly, provides a good understanding of their vastly different international strategic direction. Over the past ten years, their domestic strategies have focused on creating differentiation in product and service quality, rather than on waging wars on price but despite this attempt to achieve differentiation, the similarities of the banks' domestic strategies are significant. One key aspect of their differentiation strategies relates to the banks' international activities. Whereas the five were fairly similar a decade ago, focused mainly on their domestic market, today they have increasingly different strategies in terms of geography. The banks have identified the need to seek differentiation through key products and service offerings but due to the limited growth opportunities in Canada they have been driven to pursue growth strategies in key foreign markets that have the potential for higher profits. The research further shows that the top Canadian banks proactively formulate and implement stable, well-defined and long-term strategies. Both, the domestic and international strategies of the Canadian banks have remained largely unchanged over the course of the past ten years. This is as a result of their highly competitive domestic environment in addition to the conservative approach to business of the banks' senior executives.

TABLE OF CONTENTS

INTRODUCTION

If measured by their stock market returns over the past ten years, the top five Canadian banks have fared surprisingly well, despite major negative events, such as the September 2001 attacks on the World Trade Centre and the financial crisis of 2008. How have these events affected their strategies over the period and more importantly, how have the banks adapted their strategies in order to achieve their long-term strategic goals? Was their performance in achieving their strategic goals equally as impressive as their stock market returns?

This paper makes the assumption that the banks' predominant goal is to maximize shareholder value and as such, their business strategies are motivated by the goal of profit maximization. With this in mind, the study focuses on utilizing strategy analysis tools and frameworks that identify sources of profitability to the banks.

This study analyzes the individual strategy characteristics of the five largest Canadian banks as well as their competitive positioning within the Canadian banking sector to get a better understanding of the strategic decisions made by these banks over the past ten years and how effectively they have responded to changes in their internal and external environments. The banks that form part of this study are Royal Bank of Canada (RBC), The Bank of Nova Scotia (BNS), Toronto Dominion Bank (TD), Bank of Montreal (BMO) and Canadian Imperial Bank of Commerce (CIBC), also known as the "Big Five". Together, these banks account for approximately 85% of total bank assets in Canada. While each bank's core market is Canada, they all have differing corporate strategies. Some of them have expanded internationally into developing countries whereas others have sought growth opportunities in developed markets or focused their efforts on particular segments of the Canadian market. At first sight, the five banks analyzed in this study look alike, as is evident from their similar national footprints and the division of operations into distinct business lines, such as: retail & commercial banking, wealth management, wholesale banking and capital markets, in addition to insurance. However, the research shows that the banks are increasingly looking to differentiate themselves, especially as it relates to their international growth strategies. Some banks, such as BMO do not have a specific international division and instead operate their international business under a combined business line called Personal and Commercial Banking, which includes their Canadian and US businesses. In contrast, TD operates its international business under a business line called US Personal and Commercial Banking, clearly demonstrating its international focus on the US market. The most international of the five banks is BNS, with an international division that employs almost half of the bank's staff and generates ¼ of the bank's net income.

This paper begins with a review of the related corporate strategy and competitive analysis literature and the identification of key strategy analysis tools that will assist in getting a better understanding of the forces at play within the Canadian banking sector and the environment in which the banks operate, as well as within each of the banks themselves. This strategic business analysis includes an industry review, a business strategy analysis and a strategic evaluation of each bank. The research includes the examination of the annual reports of each bank published over the past 10 years as well as the Canadian Banking System reports made available by major rating agencies such as Moody's and Standard & Poor's. Additional literature, such as the periodic Financial System Review reports prepared by the Bank of Canada as well as other publications like “Efficiency and Competition in Canadian Banking” by Allen & Engert, and other sources have also been consulted for this study. These resources provide insight into the individual goals, values and performance of each bank, their internal strengths and weaknesses, their domestic and international strategies, and how these strategy characteristics have evolved over the research period. The paper applies the Porter’s five forces of competition framework to seek a better understanding of the Canadian banking industry and the external factors that influence the profitability of the banks and the industry. As a second step, an analysis of the particular characteristics of each bank’s strategy is conducted by looking at the banks’ strategic goals and values and how these are formulated, communicated and implemented at each bank. The paper then utilizes the SWOT analysis tool to determine the internal and external factors that affect each bank’s strategy. Finally, this study seeks to identify critical strategy issues at each bank and present a conclusion as to their strategic differentiation.

LITERATURE REVIEW

All organizations need to establish a comprehensive strategic framework in order to be successful. This framework should consist of a clear vision for the future, a mission that defines what the company is doing, values that drive the actions of the organization, strategic plans that focus on the areas the company wants to achieve success in, and goals and action plans to help it get there. The better each of these concepts is defined, the more successful organizations generally are. In addition to these key aspects, successful strategies require a deep understanding of the competitive environment, a good and unbiased assessment of the company’s own resources and capabilities, and the effectiveness in strategy implementation, through appropriate systems and organizational structure (Grant, 2008). This study is based on the basic framework for strategy analysis presented by Fleisher & Bensoussan (Strategic and Compeitive Analysis: Methods and Techniques for Analysing Business Competition, 2003), which organizes the above concepts into a company internal environment (the organization) and a company external setting (the industry), with strategy creating a link between both. Figure 1 shows a graphic representation of this framework.

Figure 1 – Basic Strategic Management Framework

Based on this framework the following 3-step strategic analysis model emerges:

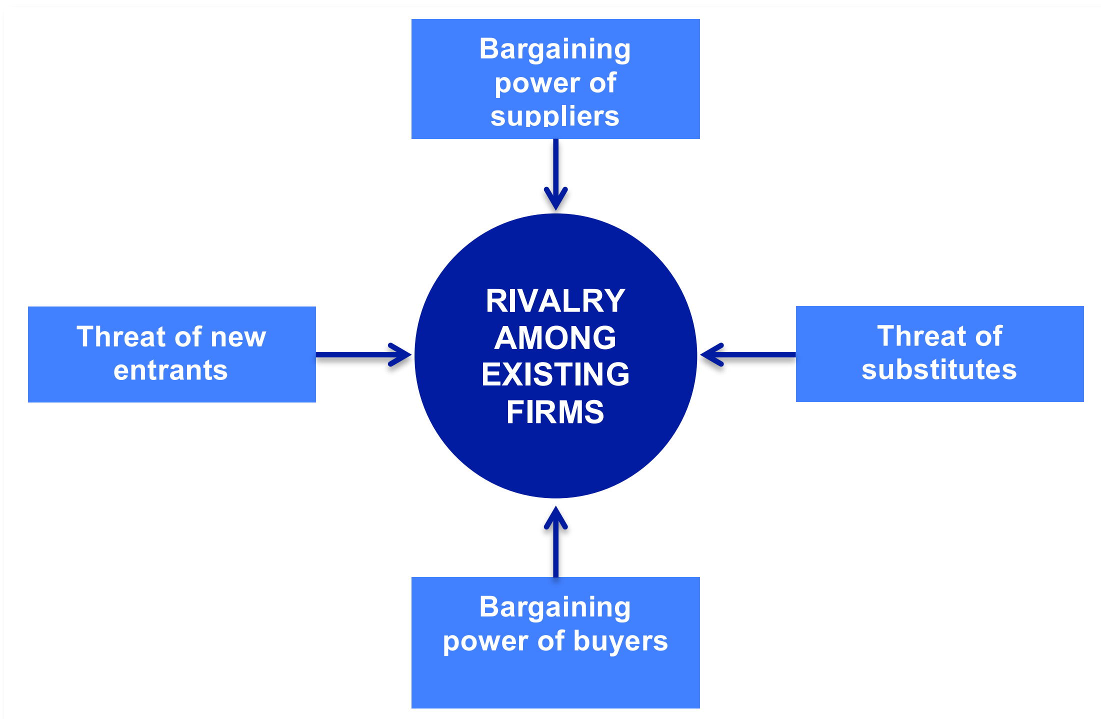
1) Perform industry analysis (company external)

2) Conduct business strategy analysis (company internal)
3) Evaluate strategy and present recommendations

Industry Analysis

The industry analysis begins with the definition of the products, markets and competitors that form part of the industry, followed by an examination of the industry structure. The Porter's five forces of competition framework (Figure 2) is used to analyze the structure of the industry. This framework serves as a tool to determine the different competitive pressures and the profit potential of the industry. According to Porter's fiver forces of competition framework, the forces that affect the industry are the threat or competition from substitutes, potential new entrants and existing competitors as well as the bargaining power of both buyers and suppliers to the industry. Ultimately, each of these forces has an effect on the profitability of the industry and its individual members.

Figure 2 – Porter's five forces of competition framework (Porter, 2008).



A further step in performing the industry analysis is to identify the key success factors that steer the participants in the industry. The key success factors include (a) customer requirements, (b) competitive factors, (c) industry standards and regulation, and (d) access to resources and the use of technology. Customer requirements relate to the value vs. price perception of products and services in the eyes of the customer. Requirements can include high performance, high quality, durability, special features or functionality, availability, easy assembly, customer service, warranty, etc. Competitive factors are the strategic weapons or differentiating product features (quality, price, service), which allow some companies within an industry to perform better than others. Industry standards and regulation often set minimum requirements for the industry and safeguards for the environment and customers. The availability and access to resources as key inputs to the industry plays a significant role in determining the success of individual companies within the industry. Not dissimilar to the use and adoption of rapidly changing technological advances, which are key to every firm's competitive positioning.

Strategy Analysis

The analysis of a firm's business strategy begins with the identification of the company's strategic goals. These goals should drive the overall strategy of the organization and address the key success factors of the industry. Strategic goals often include goals that define the share of the market or the growth to be achieved by the firm, as well as key financial ratios against which the company's performance can be measured. Strategic goals frequently also include a vision and/or mission statement for the organization.

The business strategy analysis carries on with an analysis and characterization of the firm's strategy in terms of type of products and services offered, target customer segments, technical capabilities and access to the market (distribution channels). In addition, the identification of the company's internal capabilities and strengths provides insight into the firm's implementation of its strategy. The literature often classifies these capabilities into product and service creation tasks and product/service delivery and satisfaction functions. Product/service creation functions relate to research and development as well as the purchasing and transformation of inputs, while product/service delivery and satisfaction functions involve the acquisition and improvement of distribution channels, the marketing activities of a firm and the customer service process, which is critical in sustaining brand loyalty. The last step in analyzing the strategy of a business is evaluating the firm's strategic performance or how successfully a company is able to address the key success factors of the industry. Strategic performance evaluation is conducted by utilizing financial performance metrics and market share statistics.

Various Perspectives On Strategy

There has been substantial research done on strategy analysis, in particular related to conventional manufacturing businesses but increasingly also in the services sector. Provided below is a brief description of five predominant schools of thought associated with strategy, followed by an account of findings concerning international strategy characteristics.

The Industrial Economics Perspective

The theory of industrial economics, also known as Bain Mason paradigm, discusses how the structure of an industry and the conduct of its firms within it determine the economic performance of the industry. Bain and Mason (Vibert, 2004) suggest that the behavior of the firms is influenced by the structure of the industry, which in turn determine the collective performance of the firms in that industry. The structure of the industry relates to demand, the amount of buyers and sellers, barriers of entry and exit, government regulation, taxes, price, advertizing, among other components. A major finding of this research shows that firms active in industries with important entry barriers, a small number of firms, highly differentiated products or services or low demand elasticity perform better than firms in industries without these conditions (Scherer, 1980). By extension, firms that are active in industries with already high profits and with the attributes described above should actively try to block any attempts to alter the structure of the industry as this would most likely result in lower returns. In contrast, firms that are seeking higher returns need to focus on altering the structure of the industry toward the characteristics described above. As in every theory, this strategy perspective has its opponents. Some of the shortcomings of this paradigm are the lack of insight into the effect of bureaucracy on organizations and how organizations adapt to changing industry structure. In fact, this theory assumes a one-way road in which market structure dictates performance and that individual firms are not able to alter the structure of their competitive environment.

The Popular Ecology Perspective

The popular ecology perspective draws from the biological sciences and attempts to explain the factors that affect the life cycles of organizations within a given industry (Vibert, 2004). The relation of this theory to biological sciences becomes evident from the use of terms such as niche and populations. This perspective claims that organizations do not adapt to their competitive environments but rather that the environments chose the firms that survive in the long run. This theory further suggests that firms normally follow a 3-stage life cycle process. In the first stage, called “variation”, firms are formed as new market structures are created. During the second stage, called “selection”, firms are chosen according to their fit to their environment. The third stage, called “retention”, is when the tools and processes are created, such as standard operating procedures and the formation of hierarchical levels, which assist in the retention of the firms that were chosen to survive. The author of this study and other critics of this theory disagree with the notion that individual organizations are unable to adapt to their environments. Other opponents of this theory argue that the theory of natural selection derived from biological sciences is inappropriate to study the behavior of organizations as there are mechanisms found in nature that are not found in firms and vice versa.

The Resource Based Theory Of The Firm

This perspective suggests that firms need to determine and develop their resources and capabilities in order to remain and/or become successful. The underlying thought behind this theory is that every firm has a unique set of valuable resources and capabilities, which provide the firm with a competitive advantage and thus allow it to succeed in the long-term. In order for a firm to remain continuously competitive and profitable it must craft a strategy that allows it to exploit resources and capabilities that are valuable, rare, inimitable and non-substitutable (Vibert, 2004). These characteristics are often referred to as VRIN. A valuable resource provides value to the firm in that it performs better than that of its competitors or it minimizes an external threat to the firm. The rarity of resources and capabilities increase their value. A firm that controls a rare resource or capability has a competitive advantage over the others. This competitive advantage is further enhanced if the rare resource or capability is difficult to duplicate, as competing firms have to incur significant costs to attempt to acquire or develop the resource or capability. Last but not least, the availability of substitutes reduces the value of resources and capabilities. As Vibert (Theorizing on Macro-Organizational Behaviour: A Handbook of Ideas and Explanations, 2004) suggests, firms need to be concerned with other firms copying their resources and capabilities and thus must have forward looking strategies that secure their competitive advantage through the protection and/or the creation or development of strategically important resources and capabilities, especially those that cannot be easily duplicated by competitor firms. Some of the shortcomings of this theory are the difficulty in identifying and measuring the firm’s key capabilities and resources. These are frequently implicit and complex and the value they create is often problematic to determine.

The Network Perspective

This theory suggests that firms form part of major networks, which play an important role in the success of these organizations by providing them with access to information, resources, know-how, markets and technologies. Other benefits of networks are risk sharing, cost sharing, and the provision of economies of scale and scope. At a high level, a firm's network consists of its customers, suppliers, competitors, regulators, auditors, etc., while at a more granular level, the network consist of the employees of the various firms, co-workers, friends, and others, which combined provide the social environment that influences how firms act and perform. As Vibert (Theorizing on Macro-Organizational Behaviour: A Handbook of Ideas and Explanations, 2004) explains, the network perspective proposes the participants of these social networks affect the economic actions of individual firms. These networks form automatically through the interaction of firms and individuals. Interestingly, this theory suggests that information flows through these networks are more efficient and reliable than information received through the formal chain of command (Vibert, 2004) and that firms that establish strong connections with their network are more likely to survive. The optimal network is the one that provides the maximum amount of information and resources with minimum level of constraints and maintenance effort (Vibert, 2004).

The Institutional Perspective

Institutional theory proposes that internal and external social pressures cause firms to look and behave similarly. Firms are influenced by, and adopt rules, habits, customs, values and norms set by the environments in which they operate. Firms often see these rules and norms as providing the legitimacy necessary to operate in such environments, which is why firms generally adopt them and therefore their organizational structures and strategies frequently look the same. Vibert (Theorizing on Macro-Organizational Behaviour: A Handbook of Ideas and Explanations, 2004) states that organizations adopt these social "requirements" as they are rewarded with legitimacy, resources and survival capabilities. This school of thought argues that firms are composed of two different aspects: the technical aspect of the firms has to do with the operations of the firm and is driven by productivity and rationality, and the second aspect is the institutional dimension, which relates to the expectations set on the firm by its stakeholders (external environment). This theory suggests that firms often establish organizational forms and strategies based on the apparent expectations of their environment rather than driven by rational productivity and business sense. Critics of this theory disagree with the assumption that all firms accept the changes imposed on them by their environment without opposition (Vibert, 2004). They further suggest that this perspective does not provide adequate insight into the autonomous behavior of firms and their managers and that, unlike proposed by this theory, firms and managers have a certain power to take actions independent from what is expected by their environment.

International Strategies

The performance of a firm is generally based on the fit between its core resources and capabilities and the requirements set by its business environment. This condition is accentuated in multinational firms, as they are required to adapt to a larger variety of requirements, such as responsiveness, efficiency, risk and reputation. These environmental forces not only shape the strategic profile of organizations but they are also the source of competitive advantage in global strategies. Bartlett and Ghoshal

(Managing Across Borders: The Transnational Solution, 1998) describe four different organizational models, each with distinct structural characteristics, administrative processes and strategies. These four models are the *multinational organization*, the *international organization*, the *global organization* and the *transnational organization*. The multinational organization operates in a decentralized capacity, with management located centrally in the firm's main country of operation but encouraging its international units to operate independently and thus allowing them to respond quicker to local market conditions. In short, each national unit is managed locally as a separate entity and its strategy is to maximize returns derived from their local environment. This strategy is effective when important differences exist between countries as products and services can be customized for each market. The international organization differs from the multinational organization in that it provides more formal and coordinated linkages between headquarters and its international units, in particular when it comes to the transfer of knowledge and expertize from the corporate head office to the individual offshore units. This model is characterized by headquarters exerting a higher level of control over its satellite offices but product differentiation and local responsiveness is considered an important competitive advantage. The global organization model centralizes its assets, resources and capabilities with the purpose of achieving global scale (Bartlett & Ghoshal, 1998). The task of foreign units is limited to sales and service based on the strategic plans developed at head office. The lack of independence of the offshore units in global organizations is significant. These firms also generally enjoy a lesser understanding of local market conditions. This model is effective when differences between individual markets are small and products and services can have similar characteristics. The transnational organization attempts to achieve a combination of global efficiency, responsiveness to local market conditions and the ability to share knowledge and learn across its various international units, all simultaneously (Bartlett & Ghoshal, 1998). These organizations distribute resources and capabilities across its various national operations in an integrated fashion as they recognize the importance of understanding and being able to adapt to certain national markets while in other markets they adopt standard global products. Ghemawat (The Cosmopolitan Corporation, 2011) calls this value creating process *adaptation*, which he describes as a strategy that attempts to adapt to differences between countries and respond to local needs. The transnational firm also acknowledges that organizational learning flows not just top-down but among the various units of the firm. The four organizational models described are in turn affected by the type of mechanism firms chose when entering a foreign market. These entry mechanisms are exporting, licensing, joint ventures and direct investment, each of which requires a different level of resources and provides a varying level of control, risk and information sharing.

HYPOTHESIS

Two hypotheses or predictions, guide the research strategy of this paper. They are:

P1: The top five Canadian banks have comparable domestic strategies but differ greatly in their international strategic direction.

P2: The top five Canadian banks have well defined strategic plans, which they implement successfully with the long-term goal of profit maximization.

METHODOLOGY

The literature reviewed to conduct this study consists mainly of the annual reports published by the five banks discussed in this paper but will also draw from corporate strategy, strategy analysis, and competitive analysis literature. Further research will derive from reliable online sources, such as the banks' websites and those of the Bank of Canada, the Department of Finance of Canada and the World Economic Forum. For a preliminary list of sources, please see the References section at the end of this proposal.

This study will use a qualitative research approach, which includes the collection of mainly secondary data from a variety of sources and the analysis of historical data on strategy formulation and implementation over the study period. The research will draw from the banks' annual reports and other publications and will interpret the findings to determine important aspects of the banks' domestic and international strategies as well as changes in the strategic direction of these companies over the past 10 years. This information will then be utilized in conjunction with a number of strategy analysis frameworks and tools such as Porter's five forces of competition network, goals and value analysis and SWOT analysis in order to assess the effectiveness and efficiency with which the banks formulate and implement their strategies. The Porter's five forces of competition framework will be utilized to determine and evaluate the structure of the banking industry in Canada and the forces that affect its profitability. The five forces of competition presented by Porter are:

Bargaining power of buyers
The sensitivity of customers (buyers) toward prices and their relative bargaining power affect the profitability of companies in the industry. The size and importance of the customer base and the growth of individual customer segments determines the ability to negotiate prices and influences product development.

Threat or competition from established rivals
The level of competition among existing firms within the industry, as specified by factors such as concentration and product differentiation, is a key determinant of profitability. Individual competitor strategies to gain market share, be it through offering a product of superior quality or a higher level of customer service, increases competition and often reduces profitability for industry participants.

Bargaining power of suppliers
The relative power of suppliers over companies within an industry can have an impact on profitability in cases where companies are not in a position to easily switch suppliers. Suppliers provide inputs to the industry and in cases where suppliers control these inputs, the profitability of the industry can be negatively affected. Access to critical inputs often determines the companies that lead an industry.

Threat or competition from potential new entrants
If barriers to enter the industry are low (such as low capital requirements), new companies can enter the industry unobstructed, which increases supply and reduces profitability for organizations in the industry. On the other hand, substantial capital investments required to enter an industry often act as a deterrent for competitors, thus limiting the threat of new competition and possibly increasing profitability.

Threat or competition from substitutes
The availability of substitutes influences the price customers are willing to pay for a given product or service and may prompt customers to switch to a substitute product if presented with a price increase.

The study will then examine the individual strategic goals of each bank, including their vision and mission statements, and how effectively these have been formulated and implemented over the years. The evaluation of an organization's business strategy is based on an assessment of how effectively the strategy meets the conditions set by the industry and the firm's competitive environment. This assessment can be performed with the application of the SWOT analysis tool. Tying into the external assessment of a company, the application of SWOT (Figure 3) can assist in understanding the internal strengths and weaknesses of an organization viewed against the external opportunities and threats presented by their operating environment. This process highlights the critical factors that organizations face to retain or grow profitability and maintain or improve competitiveness. These critical issues can then be ranked by order of importance as a way to establish and recommend a plan for action.

Figure 3 – SWOT analysis diagram

Strengths	**Opportunities**
• What does the organization do better than its competitors • What is the organization's competitive edge? • What are the organization's unique selling points	• What changes in the political, economic, socio-cultural, technology areas are providing opportunities to the company? • What are the gaps or unfulfilled market needs?
Weaknesses	**Threats**
• What do competitors do better? • Are there any areas of the organization that provide little or no value?	• What changes in the political, economic, socio-cultural, technology landscape threaten the organization? • What limitations does the organization have? • What actions are competitors taking that could negatively affect the organization?

The Research Site

The Canadian banking industry is effectively an oligopoly. It is stable, very well developed and highly concentrated, with the five largest financial institutions controlling more than 85% of the sector's total assets. The Canadian financial system consists of 14 domestic banks, 33 foreign bank subsidiaries and 20 foreign bank branches, managing total assets of over C$ 1.7 trillion (Department of Finance Canada, 2002). The five largest banks combined employed over 300,000 full-time staff as at the end of 2011. The Canadian banks have extensive commercial and retail operations and a large distribution network with more than 8000 bank branches and over 18,000 ABMs distributed across the country. The Canadian population is highly "bankerized", with the Canadian banks enjoying a high level of penetration across the entire spectrum of financial products and services. The five major banks have extensive and comparable national footprints, which form the core of their businesses, but they also have important international presences, which vary from one institution to another in terms of geography and strategy. The bulk of the international orientation of Canadian banks concentrates in the United States, the Caribbean and Central and Latin America. All five are operationally headquartered in Toronto, Ontario, while some have retained their legal headquarters in their city of origin, such as Montreal in the case of BMO, and Halifax in the case of BNS. The banks' shares are widely held, with no entity or person allowed to hold more than ten percent of its voting shares.

Canadian banks are considered the safest in the world, with the Canadian banking system ranking as the world's soundest banking system in 2007, 2009 and 2010, according the World Economic (2010). According to Global Finance magazine (2011), RBC ranks 11th among the world's safest banks, TD ranks 13th, BNS 18th, BMO 30th and CIBC 31st.

RBC is the largest bank by total assets and market capitalization, followed by TD and BNS. BMO and CIBC have lost ground in recent years due to several reorganizations and strategic shifts. All five banks are universal banks, offering a wide variety of relatively undifferentiated financial products and services, from conventional checking accounts and mortgages to brokerage services, mutual funds, insurance, credit cards, wealth management and investment banking services. The competitive forces affecting the Canadian banking industry are:

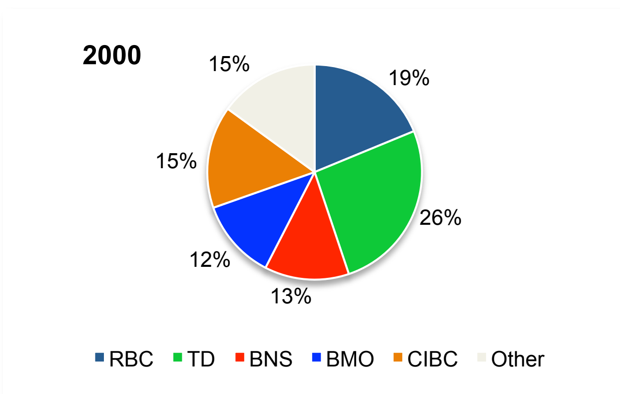
Competition from substitutes
The availability of substitute products and services in the banking industry is low. There are a small number of global payment providers such as Western Union and investment houses that provide specialized investing services but they do not appear to pose a major threat to industry participants. Perhaps one of the major threats facing the Canadian banking industry in terms of substitute products is personal consumption, as it reduces the savings rate and as such the availability of funds to the industry. Having said this, consumption also plays in the banks' favor as customers take out loans to satisfy their purchasing needs. Other substitute products are credit cards issued by retailers, often in conjunction with loyalty programs and loans offered by retailers in combination with the sale of a product. While these are all legitimate and existing substitute products their power to influence market prices is in my opinion limited and has had no major effect on the bank's industry's profitability over the past 10 years.

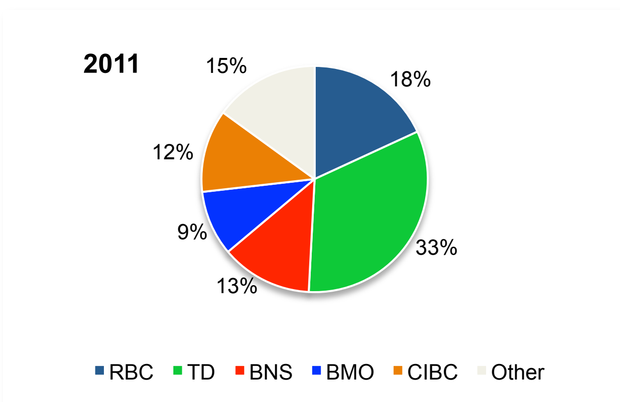
Competition from potential new entrants
The industry is highly concentrated with the top 5 banks making up more than 85% of the market. These banks control the distribution channels through extensive national branch networks and the offering of sophisticated internet and mobile banking tools. In recent years they have also expanded their insurance offering by establishing insurance offices nearby their existing branches. The banks benefit from economies of scale, which is why in my opinion new entrants do not pose a meaningful threat. The capital requirement for new entrants is high, not only to establish these distribution channels but also for advertising and the provision of credit to customers. Additionally, the nature of the business and the strong positioning and track record of the larger Canadian banks provides added benefits to existing players and further deters new entrants, as lesser-known new entrants cannot match the level of trust provided by the large Canadian banks. Porter (The Five Competitive Forces That Shape Strategy, 2008) refers to this as *demand-side benefits of scale*. The Canadian banks also enjoy strong brand recognition in-country and globally, which further deters new players from entering the market. A further entry barrier is the regulatory framework in Canada, which does not allow any

non-Canadian person or entity to acquire more than 25% of a Canadian bank, unless approved by the government. Foreign banks can operate in Canada but they must be separately incorporated and capitalized. This is an important entry barrier, as new entrants cannot easily get access to distribution channels through acquisitions. In addition, OSFI's (The Office of the Superintendent of Financial Institutions) strict guidelines for anti-money laundering and know your customer processes require that the banks establish sophisticated and expensive transaction monitoring systems. Product differentiation is not a threat to the industry as the large Canadian banks are truly multi-product, multi-service powerhouses, which over the years have pursued to differentiate their product and service offering from their competitors through improved customer service, bundled product offerings and other differentiating attributes. This leaves little room for new entrants establish a foothold through product differentiation.

Competition from established rivals
The Canadian banking industry is highly concentrated with 85% of total assets captured by the 5 largest banks. The share of the loans market is relatively even and has remained so over the past 10 years, with TD being the only bank that was able to grow market share from 26% to 33% between 2000 and 2011 (See Figure 3). TD has achieved this growth through an aggressive campaign to improve customer service.

Figure 3 – Share of the Canadian market for loans





Competitive imitation by established rivals is high, which creates a lack of differentiation in products and services (Fuller, 2010). However, Canadian banks appear to have reached an unconscious understanding to not compete on price but rather focus on seeking differentiation on other grounds such as product features, brand image and customer service, which are less likely to erode profitability. Having said this, competitive intensity is strong and competition in the pricing of retail and commercial loan products is increasing (Standard & Poor's, 2011; Standard & Poor's, 2012). This combined with offering higher rates on customer deposits, driven by higher liquidity requirements under Basel III, is placing intense pressure on profitability. Due to the mature and relatively low growth but competitive domestic market, several of the top Canadian banks have opted to seek higher growth opportunities abroad instead of competing excessively with their rivals in the local market.

Bargaining power of suppliers
The bank's main product is money, which they accumulate mainly through customer deposits but also through access to wholesale markets and other means such as stock and bond issues. This means that one of the major suppliers to the banks are the customers themselves. Additional suppliers of cash include other financial institutions, central banks and investors, which are often also customers. With the exception of the Central Bank, the bargaining power of these suppliers in Canada is limited as they have little ability to influence the price banks are willing to pay for their investments. Further suppliers to the Canadian banking industry are equipment manufacturers and services providers such as Bloomberg, technology firms such as Microsoft as well as the employees themselves, a major input to the banks. In some of these cases supplier-switching costs are high as the availability of substitute suppliers is low or the cost of changing is high as would be the case if a bank decides to switch its Bloomberg terminals to another provider or if a bank is required to hire an expensive team of traders. As Raps (Implementing Strategy, 2004) states, labour is a key intangible asset and a main success factor for any company and as such employees of the Canadian banks naturally possess a certain amount of power over the banks in the industry. In my opinion, this is somewhat offset by a lack of labour shortage and a generally healthy and dynamic labour market in Canada.

Bargaining power of buyers
As mentioned earlier, in the banking industry, buyers (customers) are often also suppliers thus banks face the difficult task of having to price their products in a way that does not alienate their supply of funds. This provides customers with a certain amount of power over the prices banks are able to charge for their services. Having said this, despite banks in Canada offering a virtually undifferentiated set of products and services, virtually allowing customers to switch banks easily, and buyers likely to shop around for services that make up a large portion of their incomes (such as mortgages), the banks appear to not want to get engaged in price wars as this would most likely reduce profitability across the industry in the long-term. However, banks in Canada often match the pricing of a competitor, if they feel at risk of losing a customer. Retail customers do face high switching costs, mostly involving moving fees and other costs associated with changing over to another bank. Corporate customers are similarly "sticky" as their lending relationship with a bank may be bundled with other products and services, which makes price comparisons difficult and limits the flexibility to move the business to a competitor.

The Canadian banking industry's key success factors can be summarized as follows:

Customer requirements
The products and services offered by the industry are valuable to the customers and are competitively priced. The product offering is of high quality and customer service is generally very good. Product and service availability and accessibility is also extremely high through a multi-channel service offering (branch, online, mobile, telephone).

Competitive factors
Canadian banks compete mainly on quality and service. The emphasis is on image differentiation and differentiation through complementary services (additional product features or bundling services). Perhaps the main competitive arena is in terms of customer service, which some banks are seeking to improve through longer operating hours and other means.

Industry standards and regulation
The banking sector is very well regulated with well-defined standards and safeguards for both, the industry and the customers. Canadian banks have not been allowed to acquire each other as a means to limit concentration and increase competition. Furthermore, the Department of Finance Canada requires that the large Canadian banks are widely held and limits the maximum holding by an individual investor to 20 percent of its voting shares (Reforming Canada's Financial Services Sector: A Framework for the Future, 1999).

Access to resources
The main resources of banks are deposits, labour and physical capital. Canadian banks have a healthy, stable and increasing deposit base and they have access to a strong and dynamic labour market, which gives them good access to these resources. The banks are also well capitalized and generally have no difficulties in increasing their capital through the markets.

RESULTS

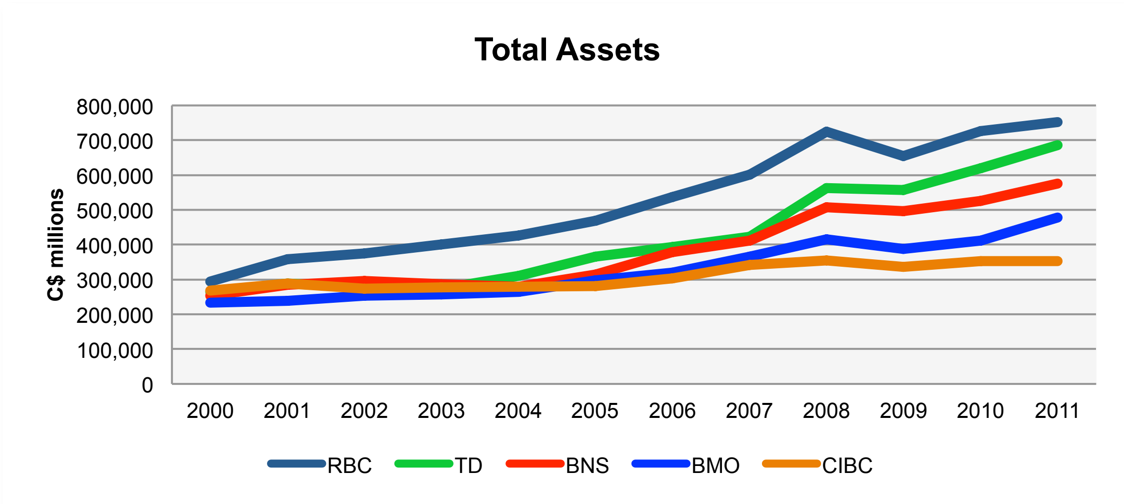
A thorough analysis of the strengths and weaknesses, organizational structure and goals of the five largest Canadian banks highlights the similarities in their individual domestic strategies but more importantly, provides a good understanding of their vastly different international strategic direction. Furthermore, these banks have demonstrated considerable stability in their strategic plans over the past ten years, emphasizing their commitment to long-term profitability and growth.

The Top Five Canadian Banks

Royal Bank of Canada
RBC is Canada’s largest bank as measured by assets (Figure 4) and market capitalization, and one of the largest in the world based on market capitalization. RBC has a very strong domestic market position in a full range of banking businesses. Its operations are well-diversified, providing personal and commercial banking services, wealth management, insurance, corporate and investment banking and transaction processing services. RBC reports serving around 15 million individual, business, government and institutional clients through offices in Canada, the U.S. and 56 other

countries (Royal Bank of Canada, 2012). In Canada, RBC is a dominant retail and commercial bank, commanding a 22% share of the banking business, as well as a top investment bank and wealth management provider.

Figure 4 – The "Big Five" by Total Assets



As at the end of 2011, RBC divides its operations into five business segments: Canadian Banking, Wealth Management, International Banking, Capital Markets and Insurance. The largest contributor to earnings is the Canadian Banking arm, which provides financial services to individuals and businesses in Canada through a large network of branches with national distribution, reaching approximately 10 million clients. The Wealth Management business segment provides asset management and estate and trust services to affluent and high net-worth individuals. This segment is distributed across 24 countries and includes Canadian Wealth Management, International Wealth Management (including US) and Global Asset Management. International Banking encompasses RBC's banking business in the US and Caribbean and global custody and investor services, which are provided through a partnership with RBC Dexia Investor Services (50% owned by RBC). The Capital Markets group concentrates on providing sophisticated banking services to large corporates, governments and institutional clients. In this segment RBC has a leading position in Canada and has built a strong mid-market capital markets franchise in the US. RBC also provides global financial services outside of North America, focusing on areas of expertize, such as foreign exchange, energy, mining and global fixed income distribution. The insurance arm of RBC provides insurance solutions, such as life, health, travel, home, auto, and creditor insurance services to individual and business clients in Canada. These products are distributed through third-party channels and through RBC's retail insurance branches, call centers and online. Outside of Canada RBC offers life insurance, annuity products and travel insurance in the US and operates in the reinsurance business outside of North America (Royal Bank of Canada, 2012). RBC's strength and weaknesses can be found in the SWOT diagram below.

Strengths	Opportunities
- Leading market position in Canada - Solid financial fundamentals - High domestic brand recognition	- Export of "Canadian Bank" image to other markets - Global growing wealth

- Growing global wealth management business - Loyal customer base - Experienced executive management	- Canadian dollar strength provides acquisition opportunities in foreign markets with higher GDP growth
Weaknesses	**Threats**
- Weak US operations with ongoing losses - Heavy reliance on wholesale funds - High cost brick and mortar infrastructure	- Ongoing strong Canadian dollar adversely impacts income from foreign operations - Continued tightening of credit spreads - Enduring weakness in the US (and potential slowdown in Canadian) economy and housing market - European sovereign debt crisis impacts credit markets - Increasing global regulation - High consumer debt levels could slow down loan growth - Potential of a flattening yield curve would put pressure on net interest margins - Higher non-performing loan levels in foreign target markets

The bank's vision is client focused and is stated as follows: "Always earning the right to be our clients' first choice" (Royal Bank of Canada, 2012). RBC's vision has remained unchanged since 2000.

Similarly RBC's strategic goals have only changed slightly over the course of the past 10 years but they point towards a shift in their corporate strategy. Below are the goals that RBC has announced in 2011:

- In Canada, to be the undisputed leader in financial services.
- Globally, to be a leading provider of capital markets and wealth management solutions.
- In targeted markets, to be a leading provider of select financial services complementary to our core strengths.
  (Royal Bank of Canada, 2011)

Domestic Strategy

In Canada, RBC has a leading position in most of its business lines and enjoys the status of Canada's most valuable brand, as recently reported by Report on Business (2011). Based on its strength across a wide variety of business sectors within the financial realm it is evident that RBC's domestic strategic priority is to be Canada's top multi-channel, multi-business financial services provider through offering a superior and tailored client experience, leveraging its business lines to provide a broader range of services and value to clients and through generating strong financial fundamentals. This is in line with RBC's strategic goal of being the undisputed leader in financial services in Canada.

International Strategy

RBC's international strategy consists mainly of its presence in the US, where it provides financial products and services to individuals and businesses, as well as brokerage services, insurance and investment banking services through a number of subsidiaries. RBC also has a retail network in the Caribbean and provides select financial services in a number of other markets outside of North America. Internationally RBC does not enjoy the leading position it enjoys in Canada and the RBC brand is much less recognized. Over the past 3 years, RBC has sold the majority of its US retail and commercial operations, however the wealth management and capital markets operations in that country remain intact.

Strategy Evolution

Over the course of the past decade, RBC shifted its international strategy from wanting to be a "best-in-class provider of financial services in the United States" (Royal Bank of Canada, 2003) to a less US-focused "leading provider of select financial services in targeted markets" and to focus on building their capital markets and wealth management business globally. This shift in strategy took place in 2010 most likely as a result of the financial crisis of 2008-2009 and the ongoing weakness in the US economy. In 2003, the Canadian and US retail banking operations were bundled together within a business segment called RBC Banking, which in 2003 generated 51% of total net income for the group. Today, Canadian Banking alone generates 39% of the group's revenues. In total 67% of the RBC's revenues are generates in Canada.

Toronto Dominion Bank

TD is Canada's second largest bank by market capitalization and total assets. It enjoys a strong market position in most segments of the domestic retail banking sector, offering a full range of financial products and services to approximately 20.5 million customers worldwide (mainly Canada and US). The majority of TD's business activity takes place in Canada, reporting 71% of gross loans compared to 27% of gross loans generated in the US. TD divides its operations into four distinct business segments: Canadian Personal and Commercial Banking, Wealth Management, Wholesales Banking and US Personal and Commercial Banking. The Canadian Personal and Commercial Banking arm includes TD Canada Trust, TD Commercial Banking, TD Insurance, MBNA and TD Auto Finance Canada. TD Canada Trust provides banking services to individuals and small businesses, serving over 11 million customers through its national branch network and online banking capabilities. TD Commercial Banking offers customized financial products and services to small and large Canadian businesses. TD Insurance provides life, health, travel, home and auto insurance to more than 3 million customers through more than 1,000 TD Canada Trust branches, the Internet and telephone. Through MBNA, TD provides co-branded and affinity credit card programs in Canada. Through its Wealth Management segment (which includes TD Waterhouse Canada, TD Waterhouse UK, TD Wealth Management, TD Asset Management, TD Waterhouse Discount Brokerage, TD Waterhouse Private Client Services, TD Waterhouse Financial Planning, TD Asset Management and an investment in TD Ameritrade), TD provides brokerage, mutual fund, and other wealth management solutions to investors and financial advisors. TD's Asset Management group is one of Canada's largest asset managers, with C$ 46.7 billion in retail funds managed as at the end of 2008 (Toronto Dominion Bank, 2012). In the US, TD provides a full range of wealth management services to US individual investors through its investment in TD Ameritrade. The Wholesale Banking segment (which includes TD Securities) provides capital market products and services to corporations, governments and institutional investors in Canada. TD's US Personal and Commercial Banking arm includes TD Bank US and TD Auto Finance US. TD Bank US is the 10^{th} largest bank in the US with more than 25,000 employees and a regional presence in the US Northeast, Mid-Atlantic, Metro D.C., the Carolinas and Florida. TD Bank US provides financial products and services to individuals and small to medium size businesses, with more than 7.4 million customers and 1,275 branches (Toronto Dominion Bank, 2012). TD's strengths and weaknesses can be found below.

Strengths	Opportunities
- Strong and growing retail position in Canada - Solid financial fundamentals - High domestic brand recognition - Top rated in customers satisfaction in Canada - Growing profitable US operation - Loyal customer base - Experienced executive management	- Export of "Canadian Bank" image to other markets - Canadian dollar strength provides acquisition opportunities in foreign markets with higher GDP growth - Well positioned to benefit from future US recovery
Weaknesses	**Threats**
- Weaker wholesale banking operation compared to peers - Cost discipline weaker than peers - Heavy reliance on wholesale funds - High cost brick and mortar infrastructure	- Ongoing strong Canadian dollar adversely impacts income from foreign operations - Continued tightening of credit spreads - Enduring weakness in the US (and potential slowdown in Canadian) economy and housing market - European sovereign debt crisis impacts credit markets - Increasing global regulation - High consumer debt levels could slow down loan growth - Potential of a flattening yield curve would put pressure on net interest margins - Higher non-performing loan levels in foreign target markets

TD's vision as stated on www.td.com (2012) is: "to be the better bank". In addition, TD seeks to be the "best run bank, customer-focused and integrated financial institution with a unique and inclusive employee culture".

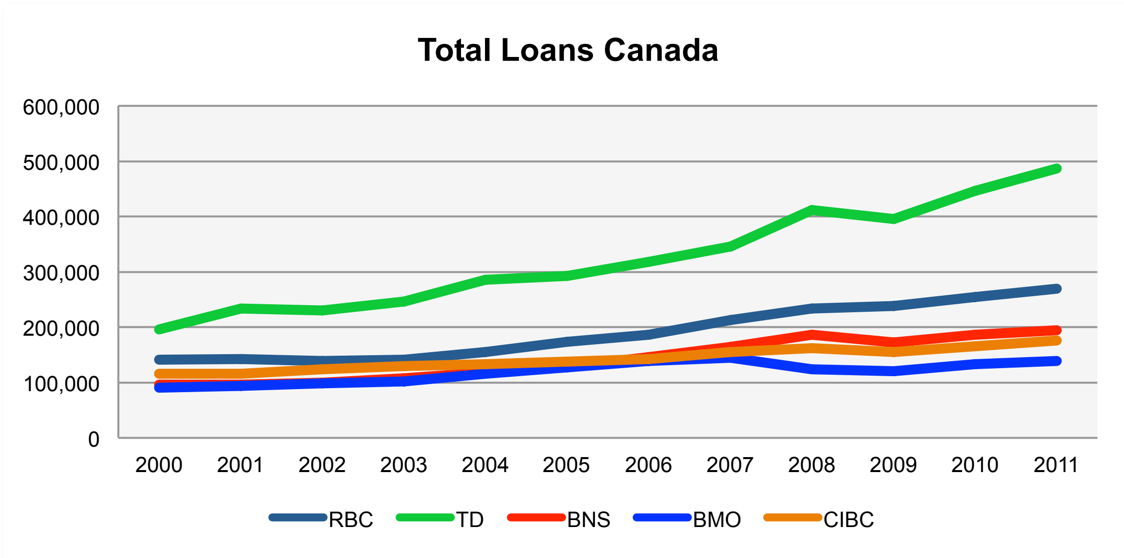
TD's strategic goal is to become one of the top North American banks, which it appears to be achieving with its strong presence in Canada and growing footprint in the US. This expansion is being accomplished through both, organic growth and strategic acquisitions. TD is the sixth-largest bank by number of branches in North America, after JPMorgan, Bank of America, Wells Fargo, PNC, and US Bank and in 2010 it was named Best Bank in North America by Euromoney Magazine (Toronto Dominion Bank, 2010).

Domestic Strategy

TD's core business is its Canadian arm, where it seeks a multi-channel, multi-business approach to banking, similar to RBC but with a particular focus on e-commerce and improved customer experience. In 2010, TD Canada Trust introduced 7-day banking in more than 300 locations across Canada. In Canada, TD was rated the bank with the Highest Customer Satisfaction for the years 2005 to 2010. In 2000, TD bought Canada Trust, which significantly contributed to the group's net income in subsequent years.

Further evidence of the strategic importance of the Canadian market for TD is the impressive loan growth it achieved over the period between 2000 and 2011, with Total Loans growing by 149% (Figure 5).

Figure 5 – Growth in Canadian Loans



International Strategy

In October 2007, TD purchased Commerce Bancorp, a medium sized US bank with a strong branch network in the middle Atlantic and Florida. As of March 2008, their stated plan was to merge Commerce with their existing TD Banknorth subsidiary, calling the new bank TD Commerce Bank, however, the name was challenged by a "Commerce Bank" in New England and as a result, TD renamed its US banks TD Bank at end of 2009. In 2010, TD acquired South Financial Group, Inc. and the operations of 3 other banks in the US further helping it grow its presence in the US. TD has a niche presence in the global capital markets, exploiting its domestically developed expertise in the energy and telecom industries, however it has no ambitions to become a major global investment bank beyond its specialized US and Canadian client base.

Strategy Evolution

TD's business strategy continues to focus on the Canadian retail market and the lucrative discount brokerage sector, where TD commands strong market share. TD's goal is to achieve a 70% to 30% retail-to-wholesale ratio. TD also remains committed to the US market, despite the ongoing economic challenges. TD continued to grow its US loan book throughout the 2008 recession reporting an increase of 25% in lending between 2007 and 2010 (Toronto Dominion Bank, 2010). TD is replicating its retail-focused franchise in the US. The bank operates under a strategy of producing long-term, profitable growth by building great franchises and delivering value to their customers, shareholders and communities, as reported in their most recent Annual Report (2011), a strategy that TD appears to be implementing successfully as evidenced by its 489% growth in net income and 160% increase in market capitalization over the period between 2000 and 2011 (See Appendix A).

The Bank of Nova Scotia

BNS is Canada third largest bank measured by market capitalization and total assets (See Appendix A) and is Canada's most international bank with an international presence in more than 50 countries. BNS provides financial products and services to individuals, small and large corporates as well as investment banking services to more than 18.6 million customers around the world. BNS' business is divided into four business segments: Canadian Banking, International Banking, Scotia Capital and Global Wealth Management. The Canadian Banking arm provides a wide range of financial products and services such as mortgages, loans, credit cards, cash management and leasing to about 7.6 million customers (individuals, small to large businesses) through a national network of approximately 950 branches. BNS' International Banking business line consists of its retail and commercial banking operations in over 45 countries other than Canada. This segment employs 48,000 people, which accounts for 63% of its total full time equivalent workforce. Scotia Capital is the group's wholesale banking arm, which offers tailored financial products and services to corporate, government and institutional clients in many of the countries it has a physical presence. Some of the services offered by Scotia Capital globally are corporate lending, equity and debt underwriting, mergers & acquisitions advisory services, as well as capital markets products and services, such as fixed income; derivatives; prime brokerage; securitization; foreign exchange; equity sales, trading and research; and, through ScotiaMocatta, precious and base metals products and services. BNS' Global Wealth Management segment combines the bank's global wealth management and insurance businesses with a relatively new group called Global Transaction Banking. Wealth Management provides products and services to high net-worth individuals across BNS' global retail network. The Insurance business line offers a variety of insurance products to customers in Canada, Mexico, Chile, Peru, El Salvador and the Caribbean. Global Transaction Banking provides complementary global business solutions, such as cash management, payments and trade services to the businesses (small to large) of the other three business lines, in addition to offering correspondent banking services to financial institutions around the world (The Bank of Nova Scotia, 2012). The SWOT diagram below highlights the strengths and weaknesses of BNS.

Strengths	**Opportunities**
- Strong market position in Canada - Solid financial fundamentals - Good domestic brand recognition - Growing global wealth management business - Significant international operations, specially Latin America - Well diversified earnings base - Best cost discipline among peers - Loyal customer base - Experienced executive management	- Export of "Canadian Bank" image to other markets - Global growing wealth - Improving economic and political stability in emerging markets - Canadian dollar strength provides acquisition opportunities in foreign markets with higher GDP growth
Weaknesses	**Threats**
- Weaker wholesale banking operation compared to peers - Heavy reliance on wholesale funds - High cost brick and mortar infrastructure	- Ongoing strong Canadian dollar adversely impacts income from foreign operations - Continued tightening of credit spreads - Enduring weakness in the US (and potential slowdown in Canadian) housing market - Increasing global regulation

	- Political/Economic risks from emerging markets - European sovereign debt crisis impacts credit markets - High consumer debt levels could slow down loan growth - Potential of a flattening yield curve would put pressure on net interest margins - Higher non-performing loan levels in foreign target markets

BNS' strategic goals have not changed substantially over the past decade and are customer centered, as clearly specified in their most recent Annual Report (2012): "To be a leading multinational financial services provider by being the best at helping our customers become financially better off". In addition, the bank's strategic focus is on generating growth through investing in high performing areas with high growth potential, such as wealth management and key international markets. More importantly, BNS' strategy over the years has focused on diversifying its four business lines to achieve a more even contribution to earnings.

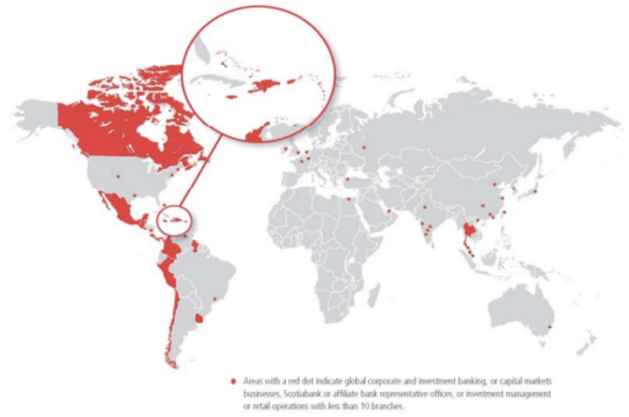
Domestic Strategy

Similar to RBC and TD, BNS' Canadian operations are a key contributor to the group's overall financial results, however, Scotiabank is increasingly seeking to diversify its operations by business line and by market in order to broaden its earnings base and to reduce risk. In 2000 the Canadian Banking arm of BNS contributed 46% to total earnings (The Bank of Nova Scotia, 2000) compared to 32% contributed by the Canadian Banking group in 2011 (The Bank of Nova Scotia, 2011). BNS' corporate strategy is conservative and focuses on generating sustainable revenue growth through incremental diversification by geography and business line with a long-term focus. The bank has expanded its domestic franchise through new branch openings as well as acquisitions in the areas of automobile financing, online brokerage and wealth management.

International Strategy

BNS' international presence is unmatched by its domestic competitors. The bank's strategy consists of expanding primarily in two geographic regions, The Americas and Asia. In the Americas BNS has expanded through the acquisition of small to medium sized retail banks with the initial objective of getting to know the markets, prior to expanding further through additional capital injections or acquisitions. As of the end of 2011 BNS counted with subsidiaries in Uruguay (2nd largest private bank), Chile (6th largest bank), Brazil (a purely wholesale banking operation), Peru (3rd largest bank), Venezuela (affiliate), Mexico (7th largest bank), Colombia, Costa Rica, Belize, El Salvador, Guyana, Panama and the entire Caribbean. In Asia, BNS operates primarily as a wholesale bank, servicing mainly corporate clients, except in Thailand were it recently bought 49% of Thanachart Bank, a full service financial institution. The bank's presence in Asia consists of China, Hong Kong, India, Japan, Korea, Malaysia, Singapore, Taiwan, Thailand and Vietnam. BNS also has a limited presence in Europe (UK, Ireland) and the Middle East (Egypt, Turkey, Dubai) to service certain niche markets, such as precious metals. In 2011, the International Banking arm of BNS contributed 26% of the bank's net income versus 19% in 2010, which demonstrates good growth in the bank's international operations.

Figure 6 – BNS' international presence



Source: www.scotiabank.com

Strategy Evolution

As described above, BNS' strategy over the period has been to diversify its business lines in order to achieve a broader revenue generating base and in a sense to rely less on its Canadian arm, where growth is relatively limited. BNS has been successful in implementing its diversification strategy despite setbacks such as the bank's expropriation from Argentina in 2001 at a cost of C$540 million (or C$0.53 earnings per share). Over the past ten years, BNS has continued to expand internationally in key markets in Latin America as well as Asia with its international operation increasingly contributing to the bank's net income. The bank has also achieved increased business line diversification by combining insurance, wealth management and the newly established Global Transaction Banking under the Global Wealth Management umbrella, which by 2011 contributed 21% to the total income of the group. The other segments of the group, Canadian Banking, International Banking and Scotia Capital contributed 32%, 26% and 21% respectively by 2011. Important to note here is the drop in relative contribution to net income in the Scotia Capital arm of the bank (from 34% in 2000 to 21%, which points toward the bank's focus on retail rather than wholesale banking. BNS' long-term goal is for each business line to contribute between 20-30% of net income each year.

Bank of Montreal

BMO is Canada's fourth largest financial group if measured by market capitalization and total assets. BMO provides a wide range of financial products and services to individuals, small business and large corporates, servicing over 12 million customers internationally, mainly in North America. BMO's business is divided into three different business lines: Personal and Commercial Banking (including Bank of Montreal in Canada and Harris Bank in the US), Private Client Group and BMO Capital Markets. In Canada BMO's Personal and Commercial Banking group offers a broad range of products and services, such as day-to-day banking services, mortgages, investing, credit cards and financial advisory to over 7 million customers through a national network of branches. In the US, BMO services over 2 million retail and small to medium sized business customers through 679 branches mainly in the US Midwest. BMO's Private Client Group provides wealth management products and services to retail and high net worth individuals as well as institutional clients, mainly in Canada and the US but also in Asia and Europe. The Capital Markets group consists of 30 offices distributed across 5 continents that offer financial products and services, such as equity and debt underwriting, lending, mergers and acquisitions advisory and foreign exchange, to corporate, government and institutional clients (Bank of Montreal, 2012). BMO's strengths and weaknesses are described below.

Strengths	**Opportunities**
- Good financial fundamentals - Good domestic brand recognition - Strong and growing presence in the US mid-west region - Loyal customer base - Experienced executive management	- Export of "Canadian Bank" image to other markets - Global growing wealth - Canadian dollar strength provides acquisition opportunities in foreign markets with higher GDP growth - Well positioned to benefit from improving conditions in US
Weaknesses	**Threats**
- Eroding market position in Canada - US presence performing below expectations - Heavy reliance on wholesale funds - High cost brick and mortar infrastructure	- Ongoing strong Canadian dollar adversely impacts income from foreign operations - Continued tightening of credit spreads - Enduring weakness in the US (and potential slowdown in Canadian) housing market - Increasing global regulation - European sovereign debt crisis impacts credit markets - High consumer debt levels could slow down loan growth - Potential of a flattening yield curve would put pressure on net interest margins - Higher non-performing loan levels in foreign target markets

It is interesting to note BMO's change in vision from "To be the best North American financial institution" in 2000 (Bank of Montreal) to a much more customer centric: "To be the bank that defines great customer experience" (Bank of Montreal, 2010).

Domestic Strategy

BMO's strategy is oriented towards their Canadian operation with their Canadian Personal and Commercial Banking arm generating 53% of the group's net income by 2010 (Bank of Montreal, 2010). In 2000 BMO embarked on a growth strategy that targeted higher-growth and higher-return markets. These businesses include small business and commercial banking, wealth management for individuals as well as consumer lending and e-business. BMO commands a 19.4% market share in the business banking market (small and medium sized enterprises). In 2004 BMO acquired the operations of bcpbank Canada (a Portuguese bank) and in 2009 it acquired AIG Life Insurance of Canada to strengthen its insurance business. BMO Capital Markets is well positioned in Canada as a provider of wholesale investment banking services to businesses and corporates.

International Strategy

BMO's international strategy consists of its US Personal and Commercial Banking operation, as well as Wealth Management and Capital Market businesses under the Harris Bank Brand. Their US strategy consists of expanding operations in the greater Chicago area and select high-growth, affluent urban markets, which BMO has implemented through the acquisitions of Village Banc of Naples, Florida and Century Bank in Scottsdale, Arizona in 2000, both specialized in wealth management. Other US acquisitions include First National Bank of Joliet in the Chicago area in 2001; Northwestern Trust of Seattle, Washington in 2002; Lenox State Bank and Lakeland Community Bank in 2004; Mercantile Bancorp and Lake Commercial Corp in 2004; Edville Bankcorp in 2005; First National Bank and Trust in 2006; Ozaukee Bank and Merchants and Manufacturers Bancorporation in 2011 and AMCORE Bank in 2010. By far the most expensive acquisition took place in July 2011 with the purchase of Marshall & Ilsley Corporation, which provides BMO with a substantially increased presence in the US Midwest. All these acquisitions are consistent with BMO's strategy of expanding its North American banking business in the US. Through these acquisitions, BMO now has a presence in 22 of America's most affluent cities.

Strategy Evolution

BMO's strategy appears to have remained consistent over the years, with an ongoing emphasis on its Canadian operations as well as a continued focus on expanding its personal and commercial, and wealth management business in select high-growth, affluent US markets. BMO's domestic franchise has weakened somewhat in recent years, driven mainly by competitive pressure from the other four banks.

Canadian Imperial Bank of Commerce

CIBC is the fifth largest bank in Canada by market capitalization and total assets. The bank provides a wide range of financial products and services to 11 million clients through a national network of 1,100 branches in Canada. The bank operates under three distinct business lines: Retail and Business Banking, Wealth Management and Wholesale Banking. The Retail and Business Banking segment provides individual and business clients with day-to-day banking services, as well as mortgages, credit cards, loans, and other conventional banking products. This segment, which includes FirstCaribbean International Bank, is the largest contributor to earnings. The Wealth Management arm provides asset management, brokerage and wealth management services to individuals, high net-worth and institutional clients. CIBC's Wholesale Banking business line provides a wide range of credit, capital markets, investment banking, merchant banking and research products and services to government, institutional and corporate clients in Canada and limited markets around the world (Canadian Imperial Bank of Commerce, 2012). CIBC's strengths and weaknesses can be found in the following SWOT diagram.

Strengths	**Opportunities**
- Good financial fundamentals - Good domestic brand recognition - Focus on Canadian market - Loyal customer base - Experienced executive management	- Export of "Canadian Bank" image to other markets - Global growing wealth - Canadian dollar strength provides acquisition opportunities in foreign markets with higher GDP growth
Weaknesses	**Threats**
- Eroding market position in Canada	- Ongoing strong Canadian dollar

- Historically higher earnings volatility - Small Caribbean operation not in line with their Canada-focused strategy - Heavy reliance on wholesale funds - High cost brick and mortar infrastructure	adversely impacts income from foreign operations - Continued tightening of credit spreads - Enduring weakness in the US (and potential slowdown in Canadian) housing market - Increasing global regulation - European sovereign debt crisis impacts credit markets - High consumer debt levels could slow down loan growth - Potential of a flattening yield curve would put pressure on net interest margins - Higher non-performing loan levels in foreign target markets

In its 2011 Annual Report, CIBC states as its main strategic goal to create value for stakeholders through generating long-term consistent and sustainable earnings (Canadian Imperial Bank of Commerce, 2011). The bank seeks to achieve this goal by focusing on and deepening the relationships with its clients as well as leveraging and expanding in those segments or markets in which it has expertize. CIBC further states as its overarching principle to be "a lower risk bank", which is interesting considering that it is the only bank that reported a net loss in two of the eleven years between 2000 and 2011, as a result of ventures into high risk businesses. The bank's earnings base is heavily lopsided toward its Retail and Business Banking segment, which generated 71% of net earnings in 2011 while Wholesale Banking added 19% to total income. In comparison, in 2000 CIBC's Retail & Small Business arm (combined with its E-Commerce Group) contributed 25% of the bank's net income while the wholesale banking group, then called CIBC World Markets generated 53% of total net income.

Domestic Strategy

CIBC's business concentrates mainly on the Canadian market, where its Retail and Business Banking arm generates the lion share of the bank's total income (about 80%). CIBC is well positioned in the Canadian market with a highly recognized brand, ranking 6th in brand value in Canada across all industries, as reported by The Globe and Mail (2011). However, over the past decade CIBC has lost ground to the other 4 banks on almost all financial metrics and by 2011 substantially trails them in terms of total assets, total deposits, loans, net income and market capitalization (See Appendix A). This compares negatively to CIBC's much more favourable position in the Canadian market back in 2000 where it was the 3rd largest bank in Canada by total deposits and loans and ranked 2nd by net income. In Canada, CIBC continues to maintain leading positions in credit cards (No. 1 in Canada with 19% market share), mortgages (14% market share – No. 3 in Canada) and 20% in wealth management.

International Strategy

Despite select acquisitions in the US over the years, CIBC's US strategy is very limited and centers on wealth management activities. In fact, following the financial crisis of 2008, when CIBC reported a net loss of C$2.1 billion, the bank exited its US based investment banking business as well as their leveraged finance activities in London, further reducing its international presence. The bank owns FirstCaribbean International Bank, which has offices in 17 regional markets in the Caribbean.

Strategy Evolution

The change in contribution to net income from the various business lines described above points to a strategic shift toward retail and business banking over the past ten years and a de-emphasis on wholesale banking, most likely as a result of the C$4.2 billion net loss the group reported in 2008 and generally due to the higher earnings volatility of that business segment (Canadian Imperial Bank of Commerce, 2010). CIBC's revised business strategy comprises a lower risk profile than in the past, focusing on the domestic market and avoiding high-risk activities unrelated to its core banking competencies (Standard & Poor's, 2012).

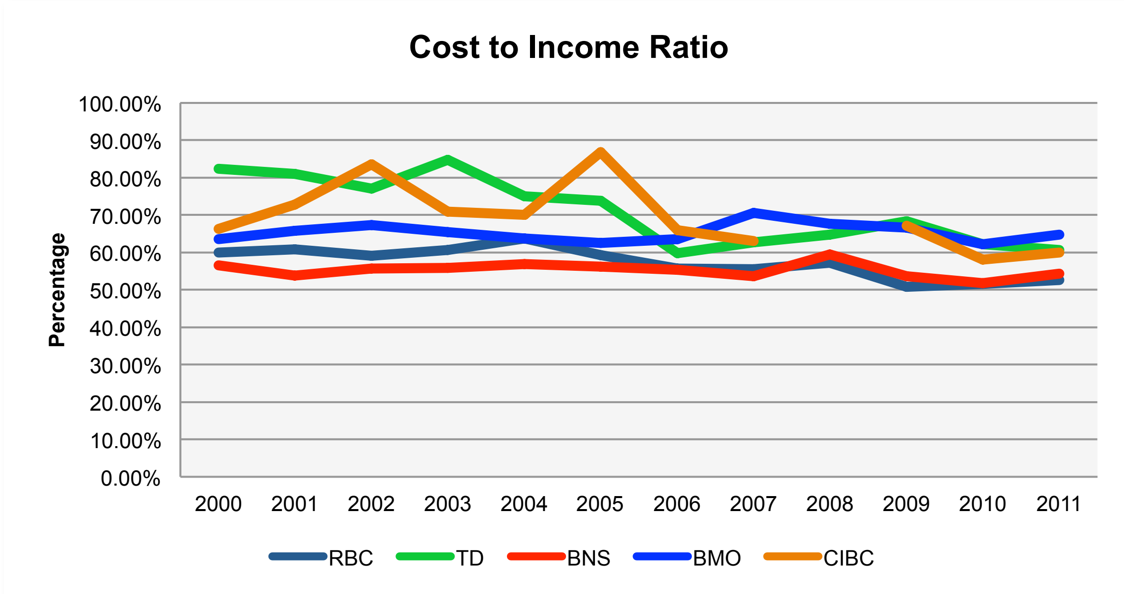
This concludes the strategy analysis of the five largest Canadian banks and their business environment. The findings clearly support both hypotheses that guided this research paper, namely, that the banks have similar domestic but vastly different international strategies, and that all five of them have well-defined, long-term strategic plans, which they implement successfully.

Domestic Strategy Similarities Do Not Extend Beyond Canadian Borders

A review of the data shows that the Canadian banks generally have a well-diversified earnings base across the entire spectrum of banking products and services. The banks' primary market is Canada where they divide their businesses into relatively comparable three major business segments: personal and commercial banking, wealth management and wholesale banking. In Canada the banks have extensive distribution channels, through a national network of branches and ATMs and sophisticated online and mobile banking platforms. Over the past ten years, their domestic strategies have focused on creating differentiation in product and service quality, rather than on waging wars on price. As an example, TD has been able to achieve high customer service ratings by extending branch-opening hours during weekdays and on weekends. As a result, over the past ten years TD was able to achieve the fastest growth in customer deposits and loans, gaining market share from BMO and CIBC. CIBC in turn, has focused on distinguishing its product offering through investments in technology by specializing in online delivery channels and by being the first bank in Canada to offer a mobile banking application. RBC continues to leverage its leading position in Canada through extensive and targeted advertising and sponsoring campaigns such as the 2010 Winter Olympics in Vancouver and its strength in wealth management, which continues to drive profitability. BNS remains a leader in cost discipline showing an average cost to income ratio of 55.29% (see Figure 7), over the period between 2000 and 2011, the lowest of the five banks. Despite these different approaches to achieve differentiation, the similarities of the banks' domestic strategies are significant. Here one can draw parallels to the industrial economics, network and institutional strategy perspectives. The banks' domestic structures and behavior are very similar, as the banks have adapted to the regulations, values and expectations of their stakeholders and operating environment.

The banks also frequently collaborate on risk and cost sharing activities despite the strong competition among them. One example of this is the joint venture created between TD, RBC and BMO to outsource their cheque processing operations. From an institutional economics perspective one can argue that the banks have performed very well over the years thanks to the small number of firms in the industry and the significant entry barriers.

Figure 7 – Efficiency ratio



One key aspect of their differentiation strategies relates to the banks' international activities. Whereas the banks were fairly similar a decade ago, focused mainly on their domestic market, today they have increasingly different strategies in terms of geography. The banks are aiming their differentiation strategies at certain core geographic areas outside of Canada. BNS continues to make mainly retail banking acquisitions in Latin America where, with the help of strong organic growth, has become a powerful player in several markets such as Peru and Chile. BMO continues to grow its personal and commercial banking business in the US Mid-West and the Chicago area through both, organic growth and acquisitions. TD continues to seek a dominant presence in the North-Eastern US and Florida. RBC's foreign expansion strategy focuses on wealth management acquisitions in US, Europe and Asia. CIBC, in turn, has sought growth opportunities in the Caribbean despite being mainly focused on its domestic operations.

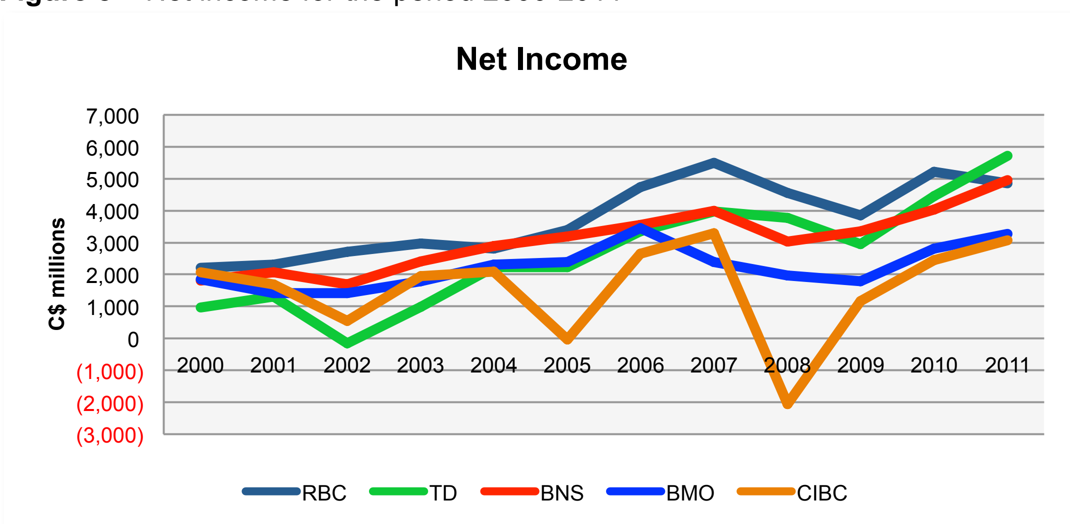
The analysis suggests that while the core market of each of these banks continues to be Canada, the banks have identified the need to not only achieve a more even distribution of earnings across the three main business lines: personal and commercial banking, wealth management and wholesale banking, but also to seek differentiation through key products and service offerings. At the domestic level, the banks are following the same path but due to the limited growth opportunities in Canada, the banks have been driven to pursue growth strategies in key foreign markets that have the potential for higher profits. However, this is where the similarities end. As described earlier, the international strategies of the top five Canadian banks are very diverse, with BNS expanding through retail operations in key markets in Latin America, TD and BMO focusing on retail operations in select regions in the US, RBC concentrating its foreign activities in wealth management and CIBC staying as a predominantly Canadian operation. Regardless of the geographic orientation of these banks, their international strategies appear to bear a resemblance to the international strategy model presented by Bartlett and Ghoshal (Managing Across Borders: The Transnational Solution, 1998). To a varying degree the five banks seem to operate their offshore units in a decentralized fashion with formal reporting and knowledge transfer linkages between the units and headquarters. Even though there appears to be a tendency to centralize some processes (such as risk management) at headquarters, it looks as if the banks understand the need for customization and responsiveness to local market conditions.

Strategy is Implemented Successfully Through Well Defined Long-Term Strategic Plans

As demonstrated in the analysis above, each bank has a unique set of strengths and weaknesses, which play a significant role in shaping their strategies. These strengths and weaknesses are influenced by external opportunities and threats, which have affected the strategic direction of the Canadian banks. The research shows that the top Canadian banks proactively formulate and implement stable, well-defined and long-term strategies. Both, the domestic and international strategies of the Canadian banks have remained largely unchanged over the course of the past ten years. This is as a result of the highly competitive environment the banks face in their home country and also due to the conservative approach to business of the banks' senior executives. There are a few exceptions however, such as RBC's exit from the US retail market in 2009, but in general these only appear to be natural adjustments to their long-term strategies, caused by external conditions, opportunities and/or threats.

While the Canadian banks have been exceptionally profitable over the past ten years, it is difficult to determine if the banks' strategies where devised and implemented with the goal of long-term profit maximization. Looking at their financial performance, one could assume this is the case. The group combined managed to increase net earnings by 145% during the past decade (See Appendix A). Figure 8 shows the evolution of net earnings for the five banks from 2000 to 2011.

Figure 8 – Net income for the period 2000-2011



Despite the impressive earnings growth achieved by the banks during the last ten years, the banks' strategies appear to have focused on customer acquisition and retention, cost discipline, balance sheet management, risk minimization and earnings stability and diversification rather than by attempting to achieve the highest possible level of profits.

With the exception of CIBC, it appears that the banks prefer lower but stable year-over-year growth over a longer period rather than attempting to achieve stellar earnings in one year, only to be followed by a low or no earnings year. In summary, the banks have been successful in defining and implementing long-term domestic and international strategies, which are adjusted when required due to threats and opportunities of their operating environment, in order to achieve stable profit growth over the long-term.

CONCLUSION

The Canadian banks primary market is Canada, where they divide their businesses into relatively comparable three major business segments: personal and commercial banking, wealth management and wholesale banking. The banks generally have a well-diversified earnings base across these business segments. All five banks have extensive domestic distribution channels, through a national network of branches and ATMs and sophisticated online and mobile banking platforms. Despite seeking competitive advantage through increasing differentiation in their domestic operations, the five banks have remained fairly comparable in terms of size, market share, product and service offering, business line focus and organizational structure. However, whereas the banks continue to be fairly similar from a domestic perspective, they have increasingly different international strategies, both in terms of geography and business line focus. What is evident is that due to the low growth of the Canadian banking sector, the five banks are increasingly aiming their differentiation strategies at specific key geographic areas outside of Canada. The analysis shows that while the core market of each of these banks continues to be Canada, each bank has identified the need to not only achieve a more even distribution of earnings across the three main business lines but also to seek differentiation through key products and service offerings. Moreover, the limited growth opportunities in Canada has led the banks to pursue growth strategies in key foreign markets in an attempt to achieve higher profits. Having said this, the banks' overarching strategic goal does not appear to be profit maximization. Instead, their strategic focus over the past decade has been risk and cost control, product and service differentiation, client retention and particularly on achieving earnings diversification and stability.

This study provides insight into the similarities and differences in strategic direction of the top five Canadian banks. The similarities in their domestic operations are evident, as are the differences in their international strategic goals. Despite the domestic similarities of these banks and the highly competitive domestic business environment, some banks such as TD and RBC have been able to grow at a faster rate than the other three banks in Canada. All five of the banks have to some extent sought growth opportunities abroad as a way to compensate for their local low growth environment. While it is difficult to directly compare the banks' performance, considering their differences in their international operations, the one point that appears to be relatively evident is the lower performance achieved by CIBC, perhaps as a result of their lower level of international orientation. This, together with CIBC's emphasis on capital markets activities appears to be the reason for their lower level of profitability compared to the other banks studied. The study demonstrates that the stable and long-term strategies of these banks to diversify earnings beyond their national operations have had a positive effect on their profitability and earnings stability.

This study has two main limitations. The first shortcoming relates to the limited time available to conduct this study as well as its restrictions on word-count, which did not allow for a more comprehensive analysis of the banks' strategies. The second limitation has to do with a potential bias, as the author was employed at Scotiabank at the time the study was conducted.

Future research on the topic could be expanded by conducting a more thorough analysis of the bank's strategies, possibly including the addition of surveys and/or interviews with senior executives of each bank. This is likely to provide deeper insight into each bank's strategy, over and above their stated and publicly available strategies and goals.

APPENDICES

Appendix A

Total Assets (C$ millions)						
Fiscal Year	RBC	TD	BNS	BMO	CIBC	Group Total
2000	294,173	264,818	253,171	233,396	267,702	1,313,260
2001	358,939	287,838	284,425	239,409	287,474	1,458,085
2002	375,474	278,040	296,380	252,864	273,293	1,476,051
2003	399,847	273,532	285,892	256,494	277,147	1,492,912
2004	426,222	311,027	279,212	265,194	278,764	1,560,419
2005	469,521	365,210	314,025	297,532	280,370	1,726,658
2006	536,780	392,914	379,006	319,978	303,984	1,932,662
2007	600,346	422,124	411,500	366,524	342,178	2,142,672
2008	723,859	563,214	507,600	416,050	353,930	2,564,653
2009	654,989	557,219	496,500	388,458	335,944	2,433,110
2010	726,206	619,545	526,700	411,640	352,040	2,636,131
2011	751,701	686,360	575,300	477,423	353,699	2,844,483
% change '00 - '11	156%	159%	127%	105%	32%	117%
Avge '00 - '11	526,505	418,487	384,143	327,080	308,877	1,965,091
CAGR '00 - '11	8.13%	8.26%	7.08%	6.15%	2.35%	6.65%

Net Income (C$ millions)						
Fiscal Year	RBC	TD	BNS	BMO	CIBC	Group Total
2000	2,208	969	1,818	1,857	2,060	8,912
2001	2,307	1,300	2,061	1,417	1,686	8,771
2002	2,702	(160)	1,692	1,417	542	6,193
2003	2,968	989	2,406	1,781	1,950	10,094
2004	2,803	2,232	2,892	2,306	2,091	12,324
2005	3,387	2,229	3,184	2,400	(32)	11,168
2006	4,728	3,354	3,549	3,456	2,646	17,733
2007	5,492	3,977	3,994	2,395	3,296	19,154
2008	4,555	3,774	3,033	1,978	(2,060)	11,280
2009	3,858	2,953	3,361	1,787	1,174	13,133
2010	5,223	4,450	4,038	2,810	2,452	18,973
2011	4,852	5,709	4,959	3,266	3,079	21,865
% change '00 - '11	119.7%	489.2%	172.8%	75.9%	49.5%	145%
Avge '00 - '11	3,757	2,648	3,082	2,239	1,574	13,300
CAGR '00 - '11	6.78%	15.93%	8.72%	4.82%	3.41%	7.77%

Market Capitalization (C$ millions)						
Fiscal Year	RBC	TD	BNS	BMO	CIBC	Group Total
2000	29,100	26,119	21,661	18,400	18,254	113,534
2001	31,544	22,587	22,091	16,600	17,731	110,553
2002	36,197	18,942	23,129	18,800	13,914	110,982
2003	41,644	28,784	33,085	24,600	21,437	149,550
2004	40,877	32,126	39,937	28,800	25,679	167,419
2005	53,894	39,648	42,568	28,900	24,115	189,125
2006	63,788	46,704	48,783	34,800	29,432	223,507
2007	71,522	51,216	52,612	31,400	34,169	240,919
2008	62,825	46,112	39,865	21,700	20,815	191,317
2009	77,685	52,972	46,379	27,600	23,807	228,443
2010	77,502	64,526	57,016	34,100	30,724	263,868
2011	69,934	67,782	57,204	37,631	30,080	262,631
% change '00 - '11	140%	160%	164%	105%	65%	131%
Avge '00 - '11	54,709	41,460	40,361	26,944	24,180	187,654
CAGR '00 - '11	7.58%	8.27%	8.43%	6.14%	4.25%	7.24%

Total Loans (C$ millions)						
Fiscal Year	RBC	TD	BNS	BMO	CIBC	Group Total
2000	156,184	120,721	175,710	149,596	154,740	756,951
2001	168,381	119,673	184,733	144,765	163,740	781,292
2002	167,773	122,627	194,070	149,596	143,917	777,983
2003	162,449	118,058	178,478	146,156	139,073	744,214
2004	173,560	123,924	178,854	156,248	142,282	774,868
2005	191,914	152,243	128,003	146,057	146,902	765,119
2006	209,939	160,608	212,329	159,565	151,916	894,357
2007	239,429	177,210	238,685	164,095	170,678	990,097
2008	291,755	221,160	300,649	186,962	180,323	1,180,849
2009	258,395	255,496	275,885	167,829	175,609	1,133,214
2010	273,006	269,853	291,840	176,643	184,576	1,195,918
2011	296,284	303,495	306,874	206,498	194,379	1,307,530
% change '00 - '11	90%	151%	75%	38%	26%	73%
Avge '00 - '11	215,756	178,756	222,176	162,834	162,345	941,866
CAGR '00 - '11	5.48%	7.99%	4.76%	2.72%	1.92%	4.66%

Total Deposits (C$ millions)						
Fiscal Year	RBC	TD	BNS	BMO	CIBC	Group Total
2000	206,237	185,808	173,900	156,697	179,632	902,274
2001	233,447	193,914	186,195	154,290	194,352	962,198
2002	243,476	189,890	195,618	161,838	196,630	987,452
2003	259,145	182,880	192,672	171,551	188,130	994,378
2004	270,959	206,893	195,916	175,190	190,577	1,039,535
2005	306,860	246,981	217,445	193,793	192,734	1,157,813
2006	343,523	260,907	263,914	203,858	202,891	1,275,093
2007	365,205	276,393	288,458	232,050	231,672	1,393,778
2008	438,575	375,694	346,580	257,670	232,952	1,651,471
2009	378,457	391,034	350,419	236,156	223,117	1,579,183
2010	414,561	429,971	361,650	249,251	246,671	1,702,104
2011	444,181	481,114	396,376	302,932	255,409	1,880,012
% change '00 - '11	115%	159%	128%	93%	42%	108%
Avge '00 - '11	325,386	285,123	264,095	207,940	211,231	1,293,774
CAGR '00 - '11	6.60%	8.25%	7.11%	5.65%	2.98%	6.31%

REFERENCES

Asmild, M., Paradi, J. C., Aggarwall, V., & Schaffnit, C. (2004). Combining DEA Window Analysis with the Malmquist Index Approach in a Study of the Canadian Banking Industry. *Journal of Productivity Analysis , 21*, 67-89.

Bank of Canada. (2002). *Financial System Review - December 2002.* Bank of Canada, Ottawa.

Bank of Montreal. (2000). *Annual Report 2000.*

Bank of Montreal. (2001). *Annual Report 2001.*

Bank of Montreal. (2002). *Annual Report 2002.*

Bank of Montreal. (2003). *Annual Report 2003.*

Bank of Montreal. (2004). *Annual Report 2004.*

Bank of Montreal. (2005). *Annual Report 2005.*

Bank of Montreal. (2006). *Annual Report 2006.*

Bank of Montreal. (2007). *Annual Report 2007.*

Bank of Montreal. (2008). *Annual Report 2008.*

Bank of Montreal. (2009). *Annual Report 2009.*

Bank of Montreal. (2010). *Annual Report 2010.*

Bank of Montreal. (2012). *Corporate Information*. Retrieved 01 20, 2012 from www.bmo.com: http://www.bmo.com/home/about/banking/investor-relations/home

Bartlett, C. A., & Ghoshal, S. (1998). *Managing Across Borders: The Transnational Solution* (2nd Edition ed.). Boston, Masschusetts: Harvard Business School Press.

Canadian Imperial Bank of Commerce. (2004). *Annual Accountability Report 2004.*

Canadian Imperial Bank of Commerce. (2005). *Annual Accountability Report 2005.*

Canadian Imperial Bank of Commerce. (2006). *Annual Accountability Report 2006.*

Canadian Imperial Bank of Commerce. (2007). *Annual Accountability Report 2007.*

Canadian Imperial Bank of Commerce. (2008). *Annual Accountability Report 2008.*

Canadian Imperial Bank of Commerce. (2009). *Annual Accountability Report 2009.*

Canadian Imperial Bank of Commerce. (2000). *Annual Report 2000.*

Canadian Imperial Bank of Commerce. (2001). *Annual Report 2001.*

Canadian Imperial Bank of Commerce. (2002). *Annual Report 2002.*

Canadian Imperial Bank of Commerce. (2003). *Annual Report 2003.*

Canadian Imperial Bank of Commerce. (2010). *Annual Report 2010.*

Canadian Imperial Bank of Commerce. (2011). *Annual Report 2011.*

Canadian Imperial Bank of Commerce. (2012). *CIBC Quickfacts*. Retrieved January 13, 2012 from www.cibc.com: https://www.cibc.com/ca/inside-cibc/quick-facts.html

Collis, D. J., & Montgomery, C. A. (2008, July-August). Competing on resources. *Harvard Business Review* , 140.

Collis, D. J., & Rukstad, M. G. (2008, April). Can you say what your strategy is? *Harvard Business Review* , 82.

Department of Finance Canada. (2002, August). *Canada's Financial Services Sector*. Retrieved January 12, 2012 from www.fin.gc.ca: http://www.fin.gc.ca/toc/2002/bank_-eng.asp

Department of Finance Canada. (1999). *Reforming Canada's Financial Services Sector: A Framework for the Future*. Retrieved 03 01, 2012 from http://www.fin.gc.ca/toc/1999/finserv_-eng.asp

Fleisher, C. S., & Bensoussan, B. E. (2003). *Strategic and Compeitive Analysis: Methods and Techniques for Analysing Business Competition.* Upper Saddle River, New Jersey, United States of America: Pearson Education.

Fuller, M. (2010). A Social Responsiveness Approach to Stakeholder Management: Lessons from the Canadian Banking Sector. *Journal of Leadership, Accountability and Ethics , 8* (2), 51.

Ghemawat, P. (2011). The Cosmopolitan Corporation. *Harvard Business Review , 89* (5), 92-99.

Global Finance Magazine. (2011). *World's 50 Safest Banks 2011*. Retrieved January 12, 2012 from www.gfmag.com: http://www.gfmag.com/tools/best-banks/11341-worlds-50-safest-banks-2011.html#axzz1jS4DredO

Google Finance. (n.d.). Retrieved 01 15, 2012 from http://www.google.com/finance

Grant, R. M. (2008). *Contemporary Strategy Analysis* (6th Edition ed.). Blackwell Publishing Ltd.

Hambrick, D. C., & Fredrickson, J. W. (2001). Are you sure you have a strategy? *The Academy of Management Perspectives , 15* (4), 48.

Helms, M. M., & Nixon, J. (2010). Exploring SWOT analysis - where are we now? *Journal of Strategy and Management , 3* (3), 215-251.

Markides, C. (2004). What is strategy and how do you know if you have one? *Business Strategy Review , 15* (2).

Office of the Superintendent of Financial Institutions. (n.d.). *Financial Data - Banks*. Retrieved January 13 2012 from www.osfi-bsif.gc.ca: http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?ArticleID=554

Porter, M. E. (2008, January). The Five Competitive Forces That Shape Strategy. *Harvard Business Review* , 78-93.

PricewaterhouseCoopers. *Canadian Banks 2011: Perspectives on the Canadian banking industry.*

Raps, A. (2004, June). Implementing Strategy. *Strategic Finance* , 49-53.

Royal Bank of Canada. (2003). *Annual Report 2003.*

Royal Bank of Canada. (2004). *Annual Report 2004.*

Royal Bank of Canada. (2005). *Annual Report 2005.*

Royal Bank of Canada. (2006). *Annual Report 2006.*

Royal Bank of Canada. (2007). *Annual Report 2007.*

Royal Bank of Canada. (2008). *Annual Report 2008.*

Royal Bank of Canada. (2009). *Annual Report 2009.*

Royal Bank of Canada. (2010). *Annual Report 2010.*

Royal Bank of Canada. (2011). *Annual Report 2011.*

Royal Bank of Canada. (2012). *Corporate Profile*. Retrieved January 2012 from www.rbc.com: http://www.rbc.com/aboutus/index.html

Shaffer, S. (1993). A Test of Competition in Canadian Banking. *Journal of Money, Credit and Banking , 25* (1), 49.

Standard & Poor's. (2001). *Bank of Montreal.* Ratings Report, Global Credit Portal: RatingsDirect.

Standard & Poor's. (2008). *Bank of Montreal.* Ratings Report, Global Credit Portal: RatingsDirect.

Standard & Poor's. (2012). *Bank of Montreal.* Ratings Report, Global Credit Portal: RatingsDirect.

Standard & Poor's. (2002). *Bank of Nova Scotia.* Ratings Report, Global Credit Portal: RatingsDirect.

Standard & Poor's. (2008). *Bank of Nova Scotia.* Ratings Report, Global Credit Portal: RatingsDirect.

Standard & Poor's. (2012). *Bank of Nova Scotia.* Ratings Report, Global Credit Portal: Ratings Direct.

Standard & Poor's. (2001). *Canadian Imperial Bank of Commerce.* Global Credit Portal: RatingsDirect.

Standard & Poor's. (2008). *Canadian Imperial Bank of Commerce.* Global Credit Portal: RatingsDirect.

Standard & Poor's. (2012). *Canadian Imperial Bank of Commerce.* Ratings Report, Global Credit Portal: RatingsDirect.

Standard & Poor's. (2001). *Royal Bank of Canada.* Ratings Report, Global Credit Portal: RatingsDirect.

Standard & Poor's. (2008). *Royal Bank of Canada.* Ratings Report, Global Credit Portal: RatingsDirect.

Standard & Poor's. (2012). *Royal Bank of Canada.* Ratings Report, Global Credit Portal: RatingsDirect.

Standard & Poor's. (2011). *Shrinking Margins Are The Main Thread In The Canadian Banking Sector This Quarter.* Industry Report Card, Global Credit Portal.

Standard & Poor's. (2001). *The Toronto Dominion Bank.* Credit Report, Global Credit Portal: RatingsDirect.

Standard & Poor's. (2008). *The Toronto Dominion Bank.* Credit Report, Global Credit Portal: RatingsDirect.

Standard & Poor's. (2012). *The Toronto Dominion Bank.* Credit Report, Global Credit Portal: RatingsDirect.

The Bank of Nova Scotia. (2000). *Annual Report 2000.*

The Bank of Nova Scotia. (2001). *Annual Report 2001.*

The Bank of Nova Scotia. (2002). *Annual Report 2002.*

The Bank of Nova Scotia. (2003). *Annual Report 2003.*

The Bank of Nova Scotia. (2004). *Annual Report 2004.*

The Bank of Nova Scotia. (2005). *Annual Report 2005.*

The Bank of Nova Scotia. (2006). *Annual Report 2006.*

The Bank of Nova Scotia. (2007). *Annual Report 2007.*

The Bank of Nova Scotia. (2008). *Annual Report 2008.*

The Bank of Nova Scotia. (2009). *Annual Report 2009.*

The Bank of Nova Scotia. (2010). *Annual Report 2010.*

The Bank of Nova Scotia. (2011). *Annual Report 2011.*

The Bank of Nova Scotia. (2012). *BNS - Corporate Profile*. Retrieved January 12, 2012 from www.scotiabank.com: http://www.scotiabank.com/ca/en/0,,464,00.html

The Globe and Mail. (2011). *The Top 15 Canadian Brands*. Retrieved 01 20, 2012 from www.theglobeandmail.com: http://www.theglobeandmail.com/report-on-business/the-top-15-canadian-brands/article2167206/

Toronto Dominion Bank. (2000). *Annual Report 2000.*

Toronto Dominion Bank. (2001). *Annual Report 2001.*

Toronto Dominion Bank. (2002). *Annual Report 2002.*

Toronto Dominion Bank. (2003). *Annual Report 2003.*

Toronto Dominion Bank. (2004). *Annual Report 2004.*

Toronto Dominion Bank. (2005). *Annual Report 2005.*

Toronto Dominion Bank. (2006). *Annual Report 2006.*

Toronto Dominion Bank. (2007). *Annual Report 2007.*

Toronto Dominion Bank. (2008). *Annual Report 2008.*

Toronto Dominion Bank. (2009). *Annual Report 2009.*

Toronto Dominion Bank. (2010). *Annual Report 2010.*

Toronto Dominion Bank. (2012). *Corporate Profile*. Retrieved January 13, 2012 from www.td.com: http://www.td.com/about-tdbfg/corporate-information/corporate-profile/profile.jsp

Trends in the banking industry. (2003). *Shareowner , 16* (3), 12.

Vibert, C. (2004). *Theorizing on Macro-Organizational Behaviour: A Handbook of Ideas and Explanations.* Armonk, New York: M.E. Sharpe.

World Economic Forum. (2010). *The Global Competitiveness Report 2010-2011.* World Economic Forum, Geneva.

www.scotiabank.com. (n.d.). Retrieved 03 21, 2012 from Investors & Shareholders: Quarterly Fact Sheet for Investors: http://www.scotiabank.com/ca/common/pdf/about_scotia/Q1-12-factsheet_e.pdf