

# Banks Seen as Pillars of Stability

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## The high standing of Canadian banks among their global peers is helping advisors attract clients and retain business

By Gian Verano | July 2012

**Although many overseas** banks had faltered during the global financial crisis, Canadian banks emerged virtually unscathed. As a result, not only have financial advisors' perception of their firms' stability increased significantly, but advisors also are capitalizing on this perception in an effort to build their businesses.

Overall, the performance rating in the "firm's stability" category in this year's Report Card on Banks and Credit Unions rose to 9.3 from 9.1 year-over-year. More telling, three firms saw their ratings rise by half a point or more while four firms earned ratings of 9.5 or higher - including Toronto-based Royal Bank of Canada (RBC), which registered the only perfect score in any category in the Report Card. More positive still: the "lowest" rating in the category was Edmonton-based Servus Credit Union Ltd.'s comparatively healthy 8.4.

"Compared with [banks in different countries]," says an advisor in Ontario with Montreal-based National Bank of Canada, "Canadian banks are heavily regulated and highly capitalized, so there's never been any question in my mind about our stability." Colleagues at National Bank agree wholeheartedly, rating their firm's stability at 9.7 - an increase from 9.2 in 2011.

A major reason for National Bank advisors' increased satisfaction with their firm's stability was the recognition the bank has received in New York-based Bloomberg Markets magazine, which named National Bank "North America's strongest bank" in the magazine's inaugural ranking of the world's strongest banks in 2011. National Bank earned this honour because of its high capitalization ratios and conservative risk-management strategy.

In turn, the bank has promoted this honour extensively on its website and during communications with both advisors and their clients. National Bank advisors have noted a boost in business because of this accolade.

Says a National Bank advisor in British Columbia: "We've recently had an increase of new business because of that rating. You can't buy that kind of press."

Another bank whose advisors are leveraging winning awards to attract potential business is RBC. In fact, RBC was named both "Best Retail Bank in North America" this past May by London-based magazine Retail Banking International and "Bank of the Year" for Canada in 2011 by London-based The Banker, the oldest international banking magazine.

"From a client's perspective, the stability and reputation of a bank are really important," says an RBC advisor in Ontario. "We do a great job promoting all of our awards to our clients, so that they feel safe doing business with us."

In fact, promoting RBC's track record in light of the volatility seen around the world has become an integral part of the conversation that RBC advisors have with their clients, says Michael Walker, vice president and head of branch investments with RBC: "There's much uncertainty in the world, and all our strength and stability plays very well in this environment. We make sure that our employees and our advisors are aware of these awards so that they can reinforce to their clients that we are stable and secure."

But banks are not only leveraging the recognition and awards in order to gain clients; they're also promoting them to attract advisors. Such recognition can be a great hiring tool, says Sandy Cimatori, president, TD Mutual Funds, with Toronto-based TD Canada Trust, one of only a few global banks that has earned Moody's Investors Service Inc.'s highest possible credit rating: AAA. Given the current competitive environment, in which all financial services institutions want to recruit the best and brightest advisors, Cimatori says, every bank has to demonstrate how they stand apart from their competition: "We use [our] accolades in our advisor-facing materials. When presenting to prospective advisors, we talk about our strengths and why we would be the right choice [for them]."

And for firms such as Servus that are trying to grow their market share, promoting their stability is important not only for establishing good relations with advisors and clients but also with other businesses.

"At one time, credit unions were the poor second cousin [to banks] and I think we've been able to turn that around," says Michael Dickenson, the firm's director of corporate communications.

Citing Servus's profitability during the recession and the many awards the credit union has garnered in recent years - such as Alberta Venture magazine's "Best Overall Workplace for Over 750 Employees" for 2011 - Dickenson says many companies are now lining up to do business with Servus because of its stellar reputation: "Other businesses look at Servus and say, 'I want to do business with a company like that'."

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