

FINANCIAL SERVICES

New Canada rates the old banks

TD taps Canada's mosaic for growth

Bank leads charge in carving a share of lucrative market

BY SINCLAIR STEWART

When **Toronto-Dominion Bank** scooped up Canadian auto finance company VFC Inc. recently, it raised more than a few eyebrows among investors. Why was TD, with its newfound aversion to risky lending, suddenly courting car buyers with weak credit profiles?

TD provided a number of answers, ranging from the potential size of the market to the strength and experience of VFC's management team.

But there was another, equally compelling reason for the purchase that didn't receive much attention: This was a way for TD to grab a larger share of the immigrant market, one of the most lucrative sources of domestic growth available to Canada's big banks.

No one needs to explain this to TD. The bank has quietly forged a commanding share of the business among the country's ethnic groups, according to a study to be released today by Toronto-based Solutions Research Group Consultants Inc.

The firm conducted telephone interviews in nine languages with 3,000 Canadians last summer, and found that TD's retail bank ranked No. 1 for primary relationships among all six of the country's major ethnic populations: Chinese, South Asian, Italian, Black, West Asian/Arab, and Hispanic.



What is the name of your primary financial institution or bank?

Rank	Chinese	South Asian	West Asian/Arab	Black	Hispanic	Italian
1	TD	TD	TD	TD	TD	TD
2	CIBC	CIBC	RBC	CIBC	RBC	CIBC
3	RBC	RBC	CIBC	RBC	CIBC	RBC
4	HSBC	Scotiabank	BMO	Scotiabank	Dejardins	BMO
5	BMO	BMO	National Bank	BMO	Scotiabank	Scotiabank

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DOM MERCURI,
TD'S CHIEF MARKETING OFFICER

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SOURCE: SOLUTIONS RESEARCH GROUP

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Chief marketing officer Dom Mercuri chairs a diversity committee at TD Bank.

TD growing with immigrant customers

TD from page B1

Among people with South Asian backgrounds, TD Canada Trust held 43 per cent of the market — more than Canadian Imperial Bank of Commerce, Royal Bank of Canada and Bank of Nova Scotia combined. TD was also No. 1 among Chinese Canadians, with a 29-per cent share.

TD is also a clear favourite among immigrants who have been in the country less than 10 years.

"TD has done a little bit more, a little bit more aggressively, particularly with the South Asian community," said Kaan Yigit, who directed the diversity study for SRG. "If you have a leadership position with the fastest-growing segments, you're going to get disproportionate rewards if you can maintain these relationships."

These rewards, especially for banks scrounging for growth on their home turf, could be huge. Immigration accounts for nearly 70 per cent of Canada's population expansion; one in five Canadians is expected to belong to a visible minority by 2017. New Canadians are also much younger, and many tend to be highly educated.

TD has seen the demographics, and plans to almost triple its ethnic

marketing budget this year, said chief marketing officer, Dom Mercuri. The bank has always placed a heavy emphasis on the Chinese market, but has become much more active with the South Asian community, recently sponsoring television coverage of India-Pakistan cricket matches.

"It is the future: You just have to go to the Statscan Web site," said Mr. Mercuri, who chairs a diversity committee within the bank. "It is a huge opportunity. But it's one of those opportunities that if you don't capture the growth segment now, organizations will see their customer base erode."

The challenge is that these immigrants often arrive with no brand preference, no banking relationships, and no credit profile — one of the reasons that companies such as VFC, which services people with little or no credit profile, can help TD make another point of contact with new Canadians.

"As a category, banks have caught onto this faster than anyone else," said David Innis, whose Toronto advertising agency, Fat Free Inc., specializes in the South Asian market. "Within the banking spectrum, TD certainly looks to be the most active. If I had to draw a distinction between it and the other banks, it's

that TD has both feet in the water, whereas the other banks tend to be just dipping their toes."

Part of TD's success with minorities, however, may have little to do with its ethnic targeting efforts. Indeed, some simply attribute the bank's growing share of the ethnic market to its marketing-driven culture, a residue of its merger with Canada Trust in 1999.

While other banks may have historically focused more on customer retention, the smaller Canada Trust was forced to hunt aggressively for new customers.

It pioneered longer banking hours (a popular draw for immigrants, Mr. Mercuri said), used Johnny Cash as a spokesman for its eponymous automated bank machines, and gave away cars. The tradition has continued at TD, which recently has given out iPods.

In other words, TD has become good at getting new customers; it just so happens that an increasing number of these customers are new to Canada. "I'd say that what we had at Canada Trust, and to some extent at TD, we were always the little guys," Mr. Mercuri said. "We always had to be aggressive and drive for growth, and I'd say that's continued. Some of the others may not have focused as much that way."