

# TD considers acquisition strategy for US expansion

## Article

The Canadian bank is still interested in using a major acquisition to beef up its US retail operations and is unbothered by the recent spikes in valuation for the regional lenders that would be TD's most likely targets, CEO Bharat Masrani said in an interview [cited](#) by Bloomberg. Masrani stated that if the bank finds "some opportunity that fits all our criteria, we will look at it very seriously, and our capital gives us that flexibility." The capital in question is the result of a stockpile that TD built up at the beginning of the coronavirus pandemic to protect against customer defaults on loans; those defaults didn't materialize on the scale

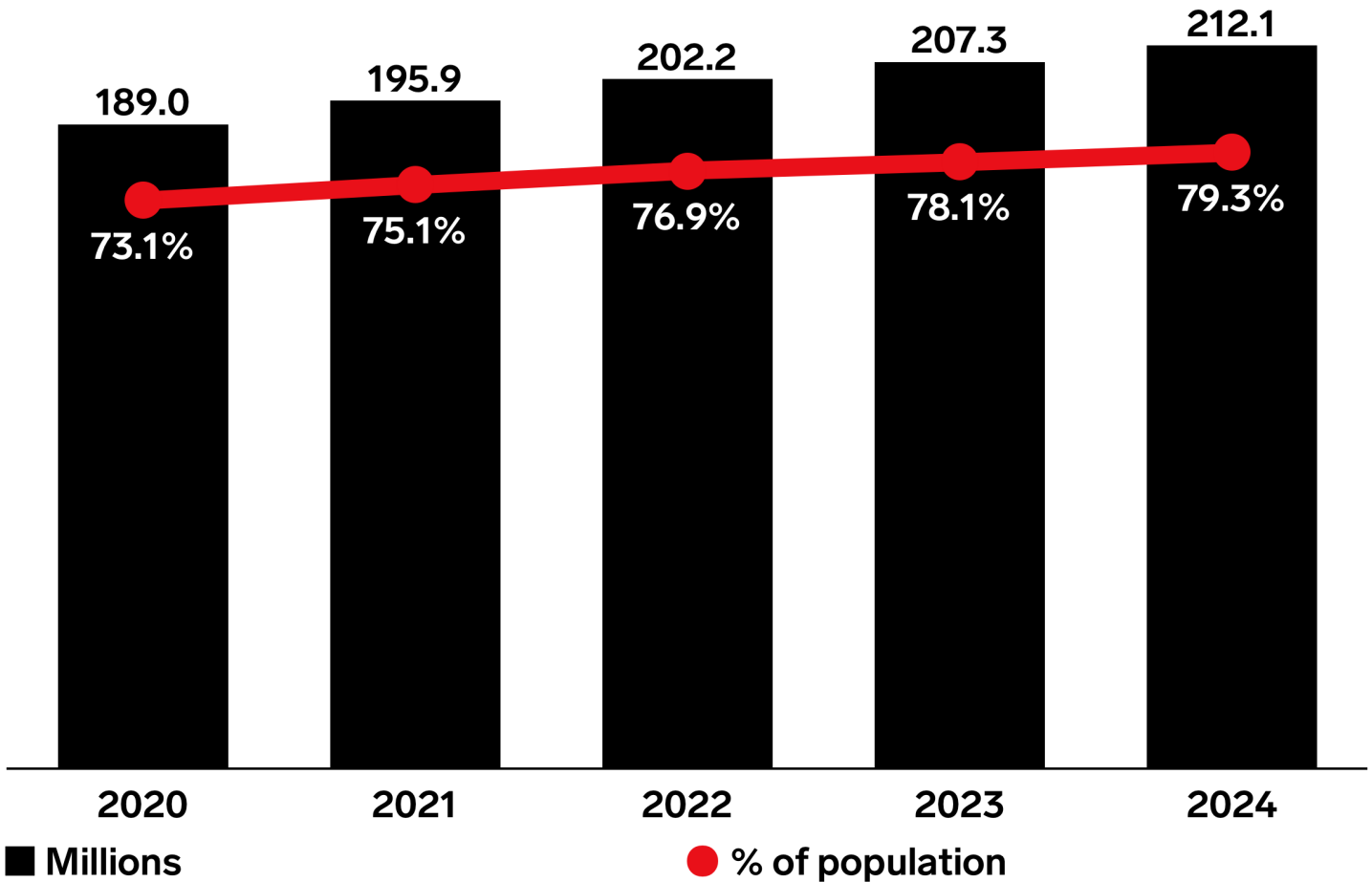
expected, leaving TD with CAD\$12 billion (\$9.55 billion) beyond what's required to maintain its leverage ratio.

**If TD does decide on an acquisition, it'll fit neatly within the ongoing trend of consolidation among regional US banks to compete on a larger scale.** Such mergers have become increasingly popular as smaller banks seek to drive cost synergies and scale to invest more significantly in technology. The most recent example of this trend came just last week, when Peoples Bancorp announced it will acquire Premier Financial Bancorp in an all-stock deal valued at approximately \$292.3 million. The size of TD's capital stockpile and the fact that Masrani described any merger it would be considering as "major" suggests that any future merger would be more on scale with M&T Bank's deal to acquire People's United Financial—an all-stock deal worth \$7.6 billion, which was [announced](#) in February.

**While mulling acquisition targets, TD should prioritize companies that can help boost its digital strength relative to its top-tier US competitors.** TD already has considerable size: It's the eighth largest bank in the US by assets, per [data](#) from the Federal Reserve. However, its mobile banking capabilities don't clock in nearly so high compared with its competition, [per](#) Insider Intelligence's 2020 US Mobile Banking Competitive Edge Study: TD comes in at No. 19 of the top 25 US banks. As TD considers which regional bank to snap up, a strong move would be to prioritize one with digital capabilities that punch above its weight, as TD could draw on the company's technology to augment its own mobile banking offering.

# Digital Banking Users and Penetration

US, 2020–2024



*Note: Ages 18+ who access their bank, brokerage, credit card, or credit union account digitally via any device at least once per month; excludes virtual wallet services (e.g., PayPal, Google Wallet)*

*Source: Insider Intelligence, June 2020*

*Methodology: Estimates are based on the analysis of survey and traffic data from research firms and regulatory agencies, historical trends, company-specific data, and demographic and socioeconomic factors.*

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