

# Cashing Out:

**How Bank Workers are Faring  
Almost Two Years After the 2016  
Fraudulent Sales Scandals**

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## How Bank Workers are Faring Almost Two Years After the 2016 Fraudulent Sales Scandals

By Anastasia Christman

### **EXECUTIVE SUMMARY**

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Since the Wells Fargo fraudulent account scandal erupted in September 2016, bank workers and consumer advocates have called for new policies that address aggressive sales goals and incentive payment for front-line bank workers to avoid similar scandals and unethical behavior. At that time, we spoke to several dozen front-line bank workers to learn about the dangers of these practices to their customers and themselves, and we argued that to effectively curtail predatory practices workers' experiences and inputs needed to be taken seriously. Instead, the chief federal body charged with overseeing this industry and protecting customers has dramatically limited its oversight responsibilities and congressional leaders have worked to dismantle legislation designed to prevent another bank-led financial crisis like that of 2008.

In this context, the **National Employment Law Project (NELP)** and the **Committee for Better Banks (CBB)** conducted a survey and focus groups reaching 400 frontline workers employed by some of the largest national banks in the country, including Wells Fargo, US Bank, and Bank of America, between late 2017 and early 2018 to see how they were experiencing changes in sales culture their employers were promising to customers. Their responses indicate that there remain areas of concern about how goals are designed, enforced, and communicated and that we continue to need bank workers' informed input before we decide to limit oversight of this critical industry.

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## **Workers Report Low Pay, Continued High-Pressure Sales Goals and Limited Voice to Advocate for Improvements**

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Industry-wide, the median wage for tellers is \$13.52 per hour and for customer service representatives it's \$15.81 per hour, with 55 percent of survey respondents reporting that their hourly pay was still supplemented by bonuses or incentive pay.

- ▶ While 10 percent of surveyed workers reported there were not consequences if they did not achieve their quotas, the remainder reported that failure to meet quotas can still result in bullying, retaliation or possible termination in addition to a smaller paycheck that may not enable them to meet family obligations.
- ▶ Workers in both retail banking and collections, including more than 160 employed by Bank of America, JPMorgan Chase, Citibank, PNC, Santander, SunTrust, US Bank or Wells Fargo, reported that they were still compensated in part on meeting quotas.
- ▶ Of the goals and metrics reported by workers, 14 percent are based on customer satisfaction while 56 percent are based on sales, 20 percent on client contracts and 9 percent on phone calls per hour. Goals are set at the individual, team and facility levels.
- ▶ A majority of respondents employed at Wells Fargo, US Bank, Santander, Citibank, and Bank of America – among the largest national banks in the country – said they did not see a clear path to advancement in their workplace.

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## **U.S. Banks Hit Record Profits, Spend More on Lobbying and Buybacks**

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Big banks have been enjoying public kudos for their announcements of wage bumps and one-time bonuses coming after the passage of new corporate tax laws, even as new reports of falsifying customer document surface and the banks dedicate significant funds to lobbying lawmakers for relaxed oversight and regulation of their industry and plow the windfall into stock buybacks to drive up the share price for Wall Street investors.

- ▶ Big banks have authorized billions of dollars in stock buybacks and repurchases, even as less than half our respondents say they receive sufficient training to improve their customer service skills, understand new technologies, or understand legal compliance rules.
- ▶ Banks stand to see significant earnings increases when their effective tax rate drops to between 17 and 19 percent, yet more than 60 percent of surveyed workers in all pay brackets reported that they at least occasionally worry about how they will make ends meet on their hourly pay alone.
- ▶ In only the first quarter of 2018, the commercial banking industry spent a reported \$2.5 million in lobbying to limit oversight of their practices, even as more banks are discovering harms to customers from unfair fees and charges.

## Recommendations

After more than two years since the headlines and hearings that followed disclosure of widespread fraudulent retail banking practices at U.S. commercial banks, workers' experiences indicate that there is still work to do to redress aggressive sales practices. While there are bright spots and signs of some progress as reported by our survey respondents, we still have far to go in ensuring these catastrophes do not happen again and that customers can trust America's largest banks are prioritizing their interests.

With this in mind, we recommend that banks and their regulators:

- ▶ Design goals and benchmarks that prioritize customers' needs and to support workers in providing quality services, to communicate those goals clearly and consistently, and to provide adequate training for workers to achieve them responsibly;
- ▶ Support workers' right to organize and bargain collectively with a forum to weigh in on equitable promotion policies, adequate staffing levels, and to lift up worker initiatives or ideas to improve customer service; and
- ▶ Maintain and even strengthen the regulatory agencies that oversee the banking sector.

## INTRODUCTION

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Between 2014 and 2016, bank workers alerted regulators and lawmakers about dangerous sales practices in retail banking. Wells Fargo employees, concerned about the way they were told to aggressively push multiple banking products on unaware customers, signed petitions to their employer, raised concerns at numerous shareholder meetings, and engaged in civil disobedience in bank lobbies in the financial districts of Los Angeles and Minneapolis. They shared their concerns with city attorneys and regulators, and with the National Employment Law Project (NELP) in the summer of 2016, which led to our report, "Banking on the Hard Sell." Workers were then invited to meet with lawmakers and regulators in Washington, D.C., sharing their concerns and observations with members of Congress, representatives of the Consumer Financial Protection Bureau (CFPB), and the Office of Comptroller and Currency. Called before policy makers, banking executives promised a change in culture and an end to these quotas that put enormous pressures on workers and threatened the long-term financial well-being of customers. Nonetheless, nearly a full year later we have learned that Wells Fargo falsified information on corporate customers' accounts as it rushed to comply with anti-money-laundering regulations.<sup>1</sup>

While our report found these practices in place at numerous banks, Wells Fargo in particular had long prided itself on its success at getting customers to open multiple accounts. Consequently, it was at the center of the maelstrom around predatory practices. Numerous fines and court settlements were compounded by penalties from the Federal Reserve that bring the total cost to the bank to over \$700 million in fines, fees, and settlements to agencies, consumers, and employees.<sup>2</sup> This independent federal agency also issued a consent decree that places restraints on Wells Fargo's ability to grow until Fed regulators are sure that they have implemented sufficient risk management

and oversight of operations. At the same time, the CFPB has filed suit against TCF National Bank for tricking its consumers;<sup>3</sup> a bank that is acknowledged to depend more than most on overdraft charges for its revenue.<sup>4</sup> Citigroup has also proactively reported that it had overcharged customers on credit card accounts, possibly hoping to avoid the kinds of fines that its counterparts have been compelled to pay.<sup>5</sup>

But banks are trying to ensure that oversight will not be so stringent in the future, nor will big fines hurt them for long. The watchdog CFPB, under new leadership is choosing not to engage in any but the most minimal oversight as mandated by statute. In late 2017, the director of the CFPB, Richard Cordray, resigned after a Congressional vote to roll back one of the agency's most far-reaching consumer protections that allowed consumers access to the judicial system to redress banking complaints. Some in Congress and their contributors from the finance industry would have preferred to see him fired. When Senators Ben Sasse and Mike Lee publicly released their call for Cordray's termination, referring to the director as an unaccountable king,<sup>6</sup> they had received a combined \$2.3 million in campaign contributions from the financial sector over the course of their careers. The man chosen to replace Cordray at the head of the agency, former Representative Mick Mulvaney, himself received nearly \$1.3 million in contributions from the industry during his tenure in elected office.<sup>7</sup>

With the replacement of the CFPB head, the watchword for the agency is shifting from oversight to "humility and prudence,"<sup>8</sup> and some speculate that lawsuits on behalf of consumers like that against TCF are likely to be settled to the benefit of the banks.<sup>9</sup> As Congresswoman Carolyn Maloney has pointed out, the agency has refused to implement new rules, has delayed the implementation of long-planned ones, has stopped a legal suit against payday lenders, and failed to ask for any operating funds for the second quarter of 2018.<sup>10</sup> An Associated Press analysis in April found that the CFPB had failed to launch any new enforcement actions since November of 2017, despite the fact that under its old leadership the agency had returned nearly \$12 billion to consumers either in cash or debt relief.<sup>11</sup>

And banking industry lobbyists are hard at work lifting regulations provided by the Dodd-Frank Act that they argue are "unnecessarily burdensome and costly," encouraging the U.S. Senate to raise the threshold for oversight five times over, releasing 25 of the 38 biggest banks from Federal Reserve oversight mandates. Some analysts believe the higher threshold before regulatory oversight goes into effect will likely result in a wave of mergers and acquisitions of smaller regional banks, leaving consumers and workers fewer options with which to do business.<sup>12</sup> According to the Center for Responsive Politics, a nonprofit that tracks lobbying and contributions, current members of the Senate who voted on the changes to Dodd-Frank received a median contribution from banks of \$62,500, with the bills' co-sponsors receiving as much as \$293,964 during their tenure. The leading Congressional critic of public protections in banking, Jeb Hensarling, counts commercial banks as his largest donors, giving him more than \$124,000 in 2017-2018 alone. As the nonprofit notes, in 2017 the 26 banks expecting less regulation spent an average of \$721,484 each lobbying federal lawmakers.<sup>13</sup>

### Commercial Banks Annual Corporate Lobbying (in millions)



Data from the Center for Responsive Politics, "OpenSecrets" Database.

**Commercial Banks put a lot of money into their efforts to impact the regulatory system. According to the OpenSecrets database, already in the 2018 Election Cycle the industry has given almost \$2.5 million to members of the House Financial Services committee in a combination of PAC and individual contributions.**

At the same time, Big Banks can expect a massive windfall from the recent corporate tax overhaul. The FDIC notes that some changes to how banks' on-the-books debt were taxed meant large drops in income in the final quarter of 2017, but there would have otherwise been an increase from the year before.<sup>14</sup> And analysts predict that things look rosy for the banks after this write-down: in 2018 alone, banks should see more than \$7 billion as a result of tax rates that could drop as low as 17-19 percent, and some have raised estimates for financial firms' 2018 earnings by nearly 75 percent.<sup>15</sup>

It is in this atmosphere of heady boosts to revenue and a concerted push to limit regulatory oversight designed to protect consumers that NELP and the CBB thought it was a good time to reach back out to workers to find out what has changed, and what has not, since they stood up for banking customers in 2015-2016.<sup>16</sup> Bank executives claim that they have fundamentally changed their practices, putting customers ahead of sales-driven profits. It seemed an opportune time to check in with workers with a frontline perspective to ask if practices have indeed changed such that public confidence should be restored and regulation and oversight can now be relaxed, as the big banks claim.

In a broad, voluntary, national survey of over 400 banking workers, we found that there have been some improvements in retail banking, but that change is coming slowly and, in some cases, is in name only. Workers reveal that in some cases sales quotas are still in effect, if they are somewhat less openly pushed and celebrated than before, and that for many workers' base wages are still too low to enable them to care for their families without incentive bonuses. Training on compliance and customer service is inconsistent and sometimes on-the-job learning is included as part of the time an employee is scored for their productivity. On top of this, workers report frequent and inconsistent changes to their work portfolios.

Tracking and evaluation for performance compensation continues to define the quality of many bank workers' livelihoods. As we acknowledged in our last report, assessments of team performance are key to business success, so long as they are logical and transparent, meaning any significant change must

be fair and communicated clearly and in a timely fashion to employees. Banks' recent reports of wide-scale changes should be commended, but only if the changes are designed to protect customers and to boost the morale of employees in providing quality services. Yet it appears some banks have removed performance tracking, evaluation, and pay before an equivalent system has been designed well or put in its place.

In this follow up report, we again let those who are behind the teller's counter, on the customer service phones, and in the banks' back offices share their impressions of banking policy and its effects on bank workers and customers alike. A full decade after the banking-led Great Recession, and nearly two years after the revelations about over-aggressive banking sales goals, these responses from the men and women who do our nation's banking work day in and day out reveal an industry that has yet to address its own practices and policies that impact our entire economy every day.

## **THE WORKER SURVEY**

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In late 2017 into early 2018 we reached out to bank workers using a combination of online tools and face-to-face conversations to solicit their thoughts about their jobs nearly two years after the banking industry promised to reform itself, yet again, to mitigate potential customer harm. This survey commenced roughly eight months after an assessment of the Wells Fargo sales goals scandal by the Office of the Comptroller of the Currency and a near simultaneous internal report on the same by Wells Fargo's own independent directors.<sup>17</sup> We began talking to workers roughly a month after the CFPB issued a bulletin recommending that banks monitor their sales goals practices to ensure they were not creating incentives for unethical behavior, noting that the oversight agency expected the companies they oversaw to institute effective oversight mechanisms and comprehensive training.<sup>18</sup>

We asked workers to share information on their pay, hours, working conditions, training, advancement opportunities, and any shifts in bank culture around incentives and sales quotas they had observed. The responses of just over 400 workers reveal a workplace that remains characterized by low wages and high pressures and where many still feel expected to meet high-performance goals, but where criteria for bonuses or advancement has become even more unclear as employers avoid openly promoting sales competitions and goals.<sup>19</sup> While some respondents were recent but former bank workers, 75 percent indicated that they were currently working in the banking industry. Most of this group work at US Bank or Wells Fargo (26 percent at each institution). Citibank workers accounted for another 8 percent of our sample, and 7 percent worked at each Bank of America, Chase, and Santander. Overall, 8 out of 10 of our respondents are working or did work at one of six large national banks.

Of our sample, 327 shared their job title with us,\* revealing a wide range of occupations within our respondents. Some have daily face-to-face contact with customers, others work over the phone. Some perform sales and servicing of retail banking products, others perform loan origination or collections work. Many reported having some level of supervisory or managerial duties.

<b>MOST FREQUENTLY REPORTED CURRENT OCCUPATIONS</b>	
<b>Personal Bankers</b>	<b>88</b>
<b>Tellers</b>	<b>59</b>
<b>Managers</b>	<b>56</b>
<b>Call Center Customer Service Reps</b>	<b>34</b>
<b>Loans or Mortgage Reps</b>	<b>29</b>
<b>Managers and Auditors</b>	<b>11</b>
<b>Collections and Forbearance Workers</b>	<b>5</b>

Thus, in many occupational categories, our sample reflects the landscape of the industry as a whole as reported in national employment data. Our sample is roughly representative in the number of tellers who participated, with these workers constituting 27 percent of our sample and 23 percent of workers as reported by the Bureau of Labor Standards (BLS), in loan or mortgage representatives (9 percent in our survey and just over 8 percent with the BLS), and in customer service representatives (just over 10 percent of our sample versus just under 8 percent in the BLS data).<sup>20</sup> However, our sample contains nearly twice the percentage of managerial workers than the BLS reports. This may have the effect of skewing our wage data higher than industry standards, but also provides an interesting inside view on some questions about training and the extent to which banks continue to use sales quotas and incentives with front-line workers.

We also coded all respondents by geography based on their reported state of residence. (Not all workers shared this information, and rather than presume they live in the same state in which they reported working, they have been coded as having not responded.)

*\*In order to capture a wide variety of occupations within the commercial banking history, and recognizing the sensitive nature of some of our areas of enquiry, some questions on our survey were optional for respondents. Rather than try to infer intent from blank answers, where applicable we note when data draws from our entire sample of 407 workers, and when it draws from a subset who affirmatively chose to engage on a particular question or issue. Thus, in this case, 80 workers either indicated they were no longer in the banking industry or did not list an occupational title, and so we look at the diversity of positions within the cohort of 327 that did list an occupation for this question.*



## LOCATION OF BANK WORKER RESPONDENTS

Midwest	23.8%
Northeast	12.0%
Northwest	9.3%
Southeast	20.6%
Southwest	22.9%
Did not respond	11.3%

Of our respondents, 316 also shared the name of their current banking employer with roughly one fourth listing US Bank, one fourth naming Wells Fargo, and almost one third listing either Citibank, Bank of America, Chase, or Santander. While some smaller chains and credit unions were listed, in all 8 out of 10 respondents to our survey worked at these six large industry leaders.

## COMPENSATION

Wells Fargo CEO Tim Sloan got a raise of \$4.6 million this month, though he was mindful of the optics and turned down the cash bonus of between \$484,896 and \$2 million that other Wells Fargo executives received.<sup>21</sup> This puts his annual total compensation at \$17.6 million, or 291 times that of the median annual compensation of all of Wells Fargo's "team members" and 564 times that of a full-time front-line worker earning \$15 an hour. Bank of America's CEO, Brian Moynihan, was paid \$23 million,<sup>22</sup> which means that in one hour he took home what a \$15-per-hour worker earns by just before Mother's Day. But even that pales beside JPMorgan Chase's CEO salary: Jamie Dimon took home a cool \$29.5 million last year. This is not only 945 times the pay of a front-line teller earning \$15 per hour, but almost three times the median pay for *all* CEOs in the U.S. last year.<sup>23</sup>

In the words of one employee who made about .1 percent of Dimon's salary, "I don't know how [Chase Bank] promises these things and has record profits, while they put caps on our bonuses and raise the percentages we need to get [productivity] credits. I make \$33,000 per year and last year my incentives were more than my salary, because I closed a deal I had been working on for several years. But now I make the same as what a banker did in the 1980s."

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**Last year Bank of America's CEO was paid \$23 million, which means that in one hour he took home what a \$15-per-hour worker earns by just before Mother's Day.**

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The American Banking Association has started a website to publicize banks' announcements about using tax windfalls to benefit workers and communities.<sup>24</sup> Several have announced wage increases to \$15-18 an hour, including Fifth Third Bancorp, Wells Fargo, and Santander. (It is worth noting that motivation behind Wells Fargo's decision became muddled by multiple press releases, one of which

announced the raise was in response to the tax bill and another released shortly thereafter pointing out that the raise had already been publicly announced nearly a year earlier.)

The move to raise bank worker wages had already taken root in the industry. In 2017 JPMorgan Chase announced that it raised wages for 22,000 employees, approximately 8.7 percent of its workforce.<sup>25</sup> It is important to consider the context of these announcements. Many of these institutions may have needed to raise wages or benefits anyway as localities raise their minimum wages, in the wake of industries with which banking competes like retail announcing similar pay raises, and to compete in an economy with such low unemployment.<sup>26</sup>

**Big banks are getting public kudos for raising some wages, for giving one-time bonuses, and for highly publicized contributions to charitable entities, but far more benefits are going to shareholders, including the CEOs and some Directors of those banks themselves who receive significant portions of their own compensation in the form of company stock shares. All too often, the practice of using revenue to repurchase company shares and pull them off the market serves less to increase value for the remaining shareholders than to artificially boost earnings per shares or to fulfill evaluation criteria for big bonuses for executives. Most importantly, capital spent to buy back shares is money that is not going to innovation, improved customer service, or decent compensation packages for front-line workers. According to FDIC aggregate data, in 2017 banks paid out more than \$121 billion in cash dividends to shareholders, an almost 20 percent increase over 2016.<sup>27</sup>**

- ▶ In 2017 Wells Fargo “returned a record \$14.5 billion to shareholders” through a combination of stock dividends and share buybacks, and the company CFO assured investors that “returning more capital to shareholders remains a priority.”<sup>28</sup>
- ▶ At PNC, where consumer service fees increased by \$27 million in 2017, president and CEO Bill Demchak told analysts that the bank’s “bias” was to use its tax benefits to pay higher dividends to shareholders.<sup>29</sup>
- ▶ Fifth Third Bank announced in February that it plans to buy back approximately \$3 billion in corporate shares.<sup>30</sup>
- ▶ Washington Federal announced a plan to buy back 5,000,000 outstanding shares of its stock.<sup>31</sup>
- ▶ In June 2017, Bank of America announced it would repurchase \$12 billion in common stock, and six months later it announced it would repurchase \$5 billion more.<sup>32</sup>
- ▶ Last summer SunTrust authorized a \$1.32 billion buyback, while JP Morgan Chase lifted its buyback allotment to \$19.4 billion, and Citigroup planned to repurchase more than \$15 billion in stocks.<sup>33</sup>

Industry-wide, the median wage for tellers is only \$13.52 per hour and for customer service representatives it's \$15.81, meaning that regardless of bank CEO's motivation, these raises do have the potential to improve the lives of thousands of bank workers and their families.<sup>34</sup> But it is impossible to say how many workers will benefit from these gestures, or whether these raises will help lift families into the middle class over the long term.

Of the workers who shared their wage information with us, only one third currently earn less than \$16 per hour and so would be unlikely to see these pay raises. The banks have not indicated if they intend to build in steady annual raises based on these new compensation levels, nor if there will be commensurate raises for those whose positions place them above this wage floor.

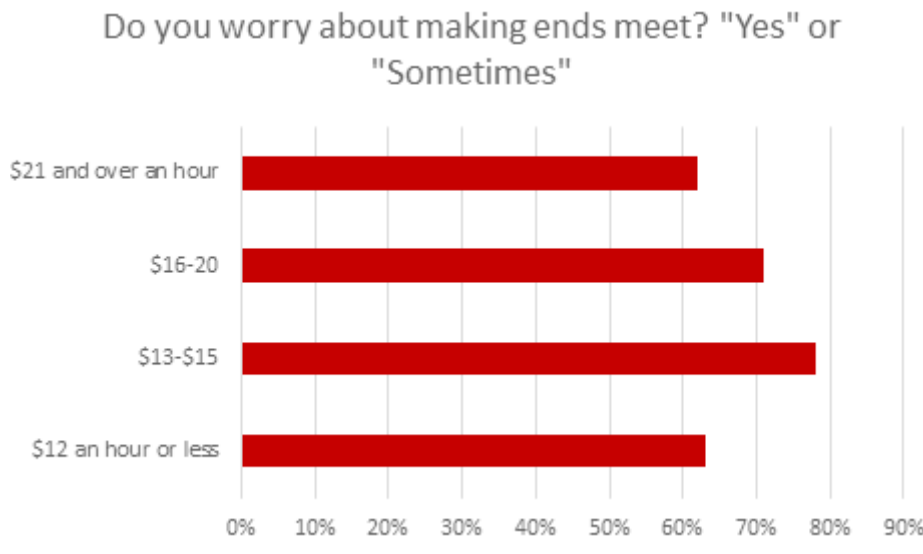
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**“With the tax break and all that, some people see that they could have gotten more of a bonus and – I mean, they appreciate it of course – but it’s a short term solution. It’s like a tease to keep people happy.”**

**-US BANK WORKER**

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And only one third of our respondents earn an hourly wage that would put them at the national median wage of \$16.00, so it is unsurprising that at all pay levels, workers who responded to our survey say that they are concerned about making ends meet on just their hourly salary.



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## **SALES AND OTHER INCENTIVE GOALS**

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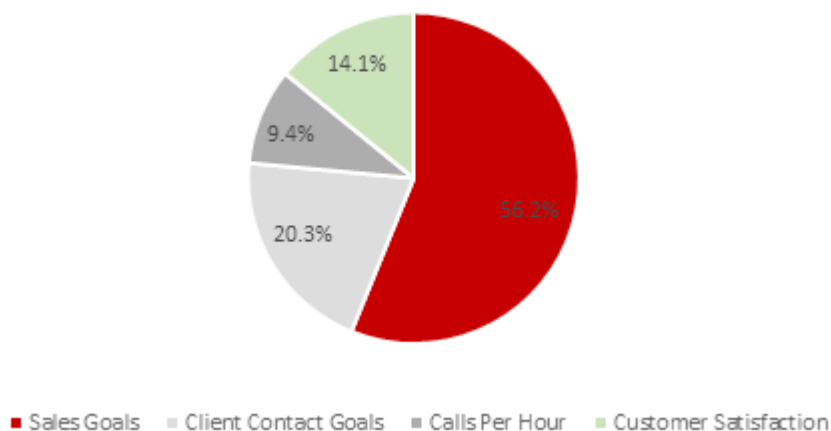
More than half of our respondents (55 percent) reported that their hourly pay was still supplemented by merit-based bonuses or incentive pay. Workers were able to indicate if they worked with goals at the individual, team, or facility level. While a few indicated that they have multiple layers of goals to meet, 162 reported individual goals, 145 indicated team goals, and 160 reported goals at the branch or facility level.

Selling new banking products to consumers remains an important revenue source for the big banks. While their income from fee service charges on accounts dropped dramatically after the passage of the Dodd-Frank Act, the establishment of the CFPB, and regulations governing the fair imposition of overdraft charges, this income has remained steady since the fraudulent sales goals scandal rocked the industry in 2015 and still accounts for just over 14 percent of non-interest bank income. Analysts estimate that JP Morgan Chase, Bank of America, and Wells Fargo alone made more than \$6 billion in ATM and overdraft fees in 2016.<sup>35</sup>

In our last report, we noted that in 2015 Wells Fargo booked \$27.6 million in various types of fees, while commission and incentive compensation totaled just \$10.4 million, meaning that those who brought in the revenue were not sharing in it.<sup>36</sup> The bank's 2017 Annual report shows that Wells Fargo still brought in \$27.1 million in fees, and still reported \$10.4 million in commission and incentive compensation, so while workers sales goals are no longer tied to bonus payments, clearly they are still being paid out to some employees.<sup>37</sup> Front line workers, many of whom told us in 2016 that incentive bonuses were all that kept their families afloat, say that now managers tell them "ambition is supposed to be your success."

While banking executives claim that goals now put customer interests first, workers report that only 14 percent of these goals are based on customer satisfaction, while the vast majority continue to be premised on quantitative measurements like the number of phone calls logged or the number of products sold.\*

Forms of Incentive Goals

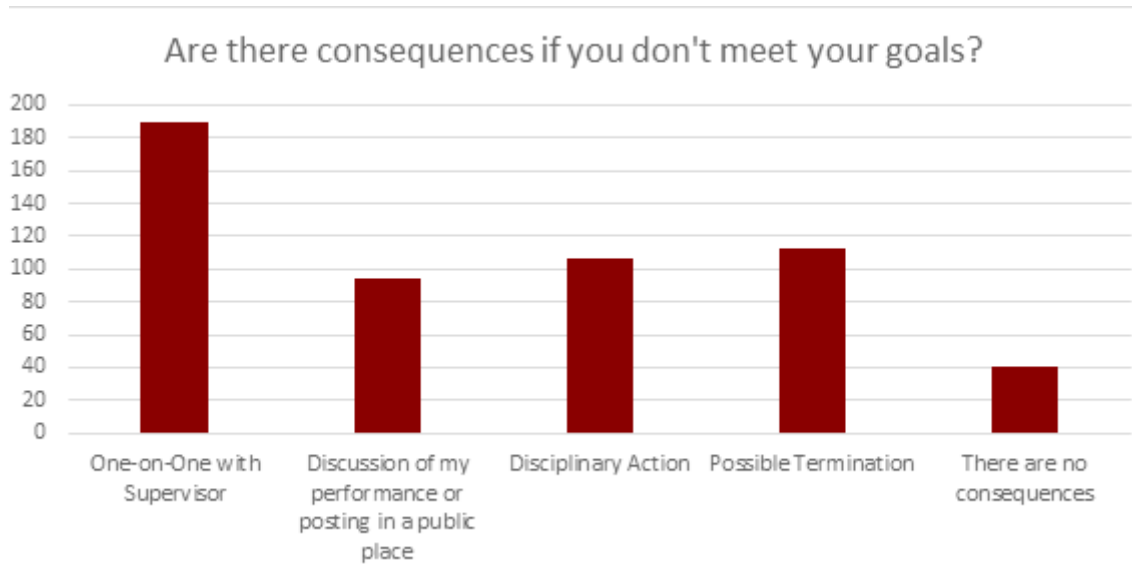


Most workers who described the use of customer surveys noted serious problems. Workers at multiple banks noted a shift toward the heavier weighting of "loyalty" measures or customer surveys and pointed out that they are measured with the wrong surveys, sometimes being judged on questions that really ask about satisfaction with the bank as a whole. Employees also questioned the

\*Workers could choose all categories that applied to them, so in some cases these results may represent workers who are held to both quantifiable and qualitative goals.

accuracy of a simple customer survey in grading their performance, noting customers' answers are very situational and are skewed if they are at an ATM, or going through a drive-through, or if they don't understand the regulations that bank workers must abide by. At most banks, workers must score the equivalent of 90 percent or higher on the survey. A call center worker at Bank of America said, "We are now measured by one [five question] survey for all Bank of America employees everywhere. We never used to get them. They aren't good – you can't tell how someone thinks. I know only the customers' final answer on the last question matters and is what determines my ranking, and it's "How do you feel about Bank of America?"

When we asked about possible consequences for failing to meet set goals, we heard echoes of the responses to our enquiry a year and a half ago. One worker used the phrase "bullying me," while another noted that a board listing each team member's number of completed calls and "the errors associated with them" were posted in a shared space. Some did note that managers provided training and coaching to address shortcomings. But others hear continued pressure in messages from their managers. "They still expect us to do so many customer contacts a day," reports on Wells Fargo employee. "They say 'this is for you guys, so that you feel successful'...but it's hard for employees who have been there to trust that they won't revert back to what it was before. It feels like they're prepping us for that."



## RETALIATION AND PERSONAL CONSEQUENCES

Many workers chose to take the survey anonymously, using only their initials to identify themselves or specifically saying that they did not feel safe sharing their names. One wrote that she "could not risk" sharing her name, and that she believed "I will get fired if they knew I was voicing my opinion." Eighty left the name fields blank, even as they shared sensitive information about their age, race, position, salary, and the emotional and physical repercussions of a high-stress work environment. Many of these workers indicated that they are in some sort of supervisory position, including service and branch managers. One hourly employee at Chase Bank reported having to act as an unpaid "manager-on-duty," which includes such tasks as performing system overrides for tellers and

solving problems with customers. The “manager-on-duty” reports having to sign a disclosure agreement, accepting responsibility for any losses to the bank during that period.

When asked about how sales goals impacted themselves and their families, several workers indicated that they had seen some improvements since employers started addressing sales goals. One noted, “Now I feel like I can truly service my customer on their needs and not what the branch needs for report out.” Another said, “Stress levels have dropped since 2016.” And a few stated that the goals help them to provide higher levels of customer service. One worker noted that she was instructed to do a customer needs assessment for every customer, to establish products that would be of use rather than trying to sell services broadly.

But a significant percentage reported very different experiences. A Santander teller said “I come home extremely stressed and irritable and wound up. I have to make myself relax and I have nightmares about work.” Another admitted, “It has wrecked my home, health and family life. It is belittling the way you can be treated, robbing you of your confidence, self-image and esteem.” Another indicated that these systems hurt team morale, revealing that, “These goals of having our Air Handle Time [data about call completion and duration] cause employee stress, supervisor stress, manager stress, and site manager stress.” A few admitted worrying about having a job in the future, and one noted that numerous branch closures led to concerns that low sales could mean the entire staff losing their jobs.

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**“You’re not just representing the company, you’re representing yourself too; you live in this community. But with the way goals work, you do what’s right for the customer and don’t get paid, or you rush the customer to the most profitable thing for you and so you don’t get written up.”**

**-US BANK WORKER**

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**“We had a meeting the other day where the manager was telling us, ‘If you don’t make these goals, 10 percent of you won’t be here next month.’ There were 40 people in there.”**

**-BANK OF AMERICA WORKER**

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While it is heartening that less than half of our respondents reported specific categories of potential ill effects from continuing sales quotas, it is clear that promised reforms have happened unevenly across banks, locations, and occupations.

## DO INCENTIVE QUOTAS AFFECT YOUR PROFESSIONAL, PERSONAL, OR FAMILY LIFE?

I feel bad for my customers.	73
I feel like I can't provide quality service to the best of my ability.	96
I take stress home with me.	162
I feel like pressures at work affect my family relationships.	122
I feel like pressures at work affect my health.	142
I feel like there is enough pressure that I have to look for different work.	108

*(Note: Workers could choose all applicable options. Consequently responses total more than the overall sample of 407 workers.)*

We also asked workers to characterize their relationship with their bank employer. While some report feeling valued and supported at work, nearly as many reported feeling devalued, and said they were not given adequate support or information about sales practices and yet were held responsible for outcomes at the workplace.

One long-time Wells Fargo employee said, "A lot has been taken away from front-line workers; I am pretty sensitive about it. I'm at the end of my career and I'm really angry. I had to downsize and move into another home last month in a rural place outside [the city] because of how much my income has been reduced. I feel personally inadequate as far as my career goes and really ashamed of myself and I blame myself. I want to share my knowledge with people, but Wells Fargo just wants you to stay in your lane and do what you're supposed to do. I don't like where they're going. I'll be fine... But I'd jump off a bridge if I were in the middle of my career right now."

## HOW WOULD YOU CHARACTERIZE YOUR RELATIONSHIP WITH YOUR EMPLOYER?

I feel like I am not considered an important part of my employer's team, and I fear that I will be blamed if goals are not met or if unethical practices are uncovered.	125
I do not see a future for myself at my current bank.	97
I am actively pursuing other employment.	77
I am sometimes unsure of the ethics of the sales practices I am asked to use, and uncomfortable bringing these concerns to my supervisor or manager.	69
I am sometimes unclear about what is expected of me or unsure about the details of the products I am supposed to offer to customers.	62
I am given clear sales goals and am paid a fair amount for the work it requires to achieve them.	57
I see a clear career path for myself at my bank and feel like I have a good working relationship with my managers and my employer.	97
I am an important part of my employer's team, and I am given the tools and training I need to match clients with the appropriate banking products.	120

(Note: Workers could choose all applicable options. Consequently responses total more than the overall sample of 407 workers.)

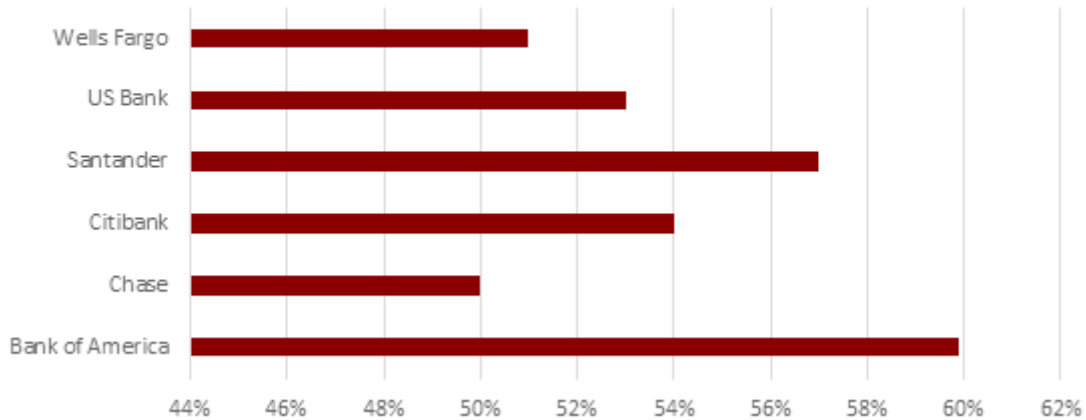
## PATH TO ADVANCEMENT

As in our last report, workers told us that meeting various incentives and sales goals not only resulted in bonus payments that they depended on to survive, but also could determine if a worker was terminated or promoted. In the absence of a collective bargaining agreement or clearly delineated career paths, workers can feel that making quota numbers are the sole criteria by which they are—or are not—promoted. When asked if there was a clear path to advancement in their banks today, most workers indicated that there was not.

One Wells Fargo worker indicated that she and her colleagues are not sure how to set their own goals. "If you don't set a high enough goal for yourself, does something happen? And if you meet it, is there pressure to increase every week?" She understands that her bonus is supposed to be pegged to customer satisfaction now, but notes that there is a qualitative assessment of performance by managers, too, and does not know what is required to be assessed positively.



## Is there a clear path to advancement? "No" or "Not Sure" responses, by bank.



This generalized feeling among front-line workers that advancement is capricious should raise alarms. When asked about internal promotions at their banks, workers at several institutions shared some variation of, "Who you know is what's going to get you in." Depending on informal networks for hiring or promotion has long been acknowledged to have disparate impacts on women and people of color. The financial industry put significant effort into attempts to stop a provision of the Dodd-Frank Act to analyze hiring practices in the banking industry and address systemic discrimination, and not surprisingly there have been few subsequent reports on practices in the financial industry,<sup>38</sup> but the sector was in the top 10 industries for total sexual harassment charges filed between 2005 and 2015.<sup>39</sup> Indeed, one employee told stories of sexual harassment by both customers and fellow employees. When the harassment was reported, the worker was told to get used to it, that they were outspoken or a complainer, or they needed to provide written evidence by text.

Similarly, big banks don't fare well on the NAACP's diversity scorecard: Bank of America and Citibank manage C+'s, JPMorgan Chase and Wells Fargo earned Cs, and US Bank got a D+.<sup>40</sup> Bank of America and its subsidiaries have had to pay repeated fines for racial discrimination in hiring.<sup>41</sup> In January of 2017 the U.S. Department of Labor filed a complaint claiming JP Morgan Chase violated a federal executive order by paying at least 93 female employees less than comparable male ones.<sup>42</sup> Numerous big banks have had to pay settlements for sex discrimination and bias; a female Bank of America employee described the bank as a "bro's club."<sup>43</sup>

Tying discipline and termination to quotas and goals can be discriminatory as well. A 2017 study of women working in the financial advisory sector found that while women were less likely to commit business infractions, they tended to receive harsher treatment for it, usually receiving smaller compensation packages and being less likely to find subsequent work in the financial sector.<sup>44</sup> While both the male CEO of Wells Fargo, John Stumpf, and the female head of the community banking division, Carrie Tolstedt, took the blame for the aggressive sales culture at the bank, we do not know how many of the 5,300 front-line workers the bank fired first were women, nor if their termination rate was proportionate to their role in the fraudulent practices.

## TRAINING

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Among the recommendations the CFPB issued in a guidance memo in the wake of the Wells Fargo scandals was that banks provide comprehensive training for their employees. We asked those taking our survey to share their experiences with on-the-job training, and many of the responses were not encouraging.



The majority of our respondents did indicate that they were receiving some sort of training, either as part of the hiring process or on an ongoing basis.\* But several indicated that this training was done online or using videos, education systems that they found ineffective. And others shared that workers train each other, sometimes just “in between customers on the teller line.”

**While respondents indicated that legal compliance was the most frequent subject of training, nevertheless only 70 percent reported receiving it. In a later question asking if they had ever felt compelled to do something that they felt may have been ethically dubious, a full third admitted they had. When asked if they felt there was an adequate process in place to address ethical concerns, more than three-fourths believed there was not.**

## POLICY RECOMMENDATIONS

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In the wake of the Wells Fargo scandal, several banks have publicly stated they are changing their sales cultures. As we acknowledged in our last report, having goals and benchmarks are key elements to a successful business plan and a transparent and logical assessment of team performance so long as they are designed to protect customers and to support workers in providing quality services. However, our respondents indicate that banks’ internal culture changes are often incomplete and uneven, leaving workers unsure of how sales goals now fit into their compensation packages or what the consequences are of either achieving those goals or failing to do so.

*\*Workers could choose all forms of training that applied to their situation, therefore the total number of responses is greater than our survey pool.*

As we have noted before, a model like that of Amalgamated Bank where employees are covered by a collective bargaining agreement that provides certainty and stability allows all team members to pull together to achieve organization-wide goals while protecting workers from feeling as if they are in potentially unethical or predatory situations. Allowing workers to organize and bargain could also provide a forum for them to weigh in on equitable promotion policies, adequate staffing levels, and to lift up worker initiatives or ideas to improve customer service.

Workers should also be seen as important stakeholders in the well-being and success of the banks. After being rocked by the sales quota scandal, Wells Fargo announced the creation of a Stakeholder Advisory Council to support the company's Board of Directors and management. While that council included representatives from a public pension fund, representatives from organizations dedicated to corporate social responsibility, and groups committed to racial and environmental justice, there were no bank workers included.<sup>45</sup> Given the need to truly change the culture of commercial banking, big banks are missing the opportunity for critical input from those who interact with the customers and do the work every day. Even as the banks commit resources to limit regulation from above from public agencies, they are also failing to bring workers to the table to help regulate from below. As we have said before, front line workers should be considered allies in these efforts as they can bring a unique perspective from their daily direct contacts with both management within their banks and the customers who patronize them.

And it is critical to maintain and even strengthen the regulatory bodies who oversee the banking sector. To date, this century has been marked by big banks that shift predatory fee structures and sales practices as fast as policymakers can address them. When revenues from subprime housing loans were squeezed, banks increased overdraft charges and high credit card costs; when regulators turned to those practices, banks focused on increasing the number of products sold per household and to subprime auto lending. While they invest millions to loosen oversight, we need nonpartisan independent agencies like the CFPB to act as watchdogs for banking customers, and those agencies should be turning to front-line workers to help keep them abreast of the day-to-day realities of commercial banking.

We are at the ten-year anniversary of the start of the Great Recession, a global economic crisis that was largely triggered by irresponsible practices in the finance sector. We are nearly two years away from the headlines and hearings that followed disclosure of widespread fraudulent retail banking practices at U.S. commercial banks. While there are bright spots and signs of some progress as reported by those who do the nation's banking work day in and day out, we still have far to go in ensuring these catastrophes do not happen again.

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