# Banks Focus More on New Accounts — and the Fees They Bring

## Experts say the entire industry engages in high-pressure sales tactics similar to Wells Fargo's

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NEW YORK — When Wells Fargo CEO John Stumpf testifies before a Senate committee hearing Tuesday, it won't be just his bank under fire for turning friendly branches into high-pressure sales centers. It'll be the entire industry.

Wells Fargo is in the spotlight now after its employees allegedly opened up to 2 million bank and credit card accounts, transferred customers' money without telling them and even created fake email addresses to sign people up for online banking in an effort to meet lofty sales goals.

But cross-selling, as it is called, is the lifeblood of the entire retail banking industry. Other banks don't face allegations of fraud, like Wells Fargo is, but experts say the industry as a whole engages in high-pressure sales tactics. Once customers open a basic savings or checking account, banks give them the hard sell to sign up for even more, whether that's a credit card or a mortgage or a retirement account.

Overdraft protection was one common tactic, former Wells bankers said, telling customers to open an additional savings account to put aside money to cover overdrafts even though the customer didn't have the resources to fund the account. Or getting the customer to open a new credit card just for overdraft protection.

Surveys done last year by consulting firm cg42 showed that roughly 40 percent of Wells Fargo customers asked said their No. 1 complaint was employees' constant pushing of products the customers did not need or want. But customers at other banks made similar complaints. Of Bank of America customers, 31 percent said they felt overly pressured for products they didn't want or need. At both Chase and Citigroup, that figure was 27 percent.

"Bank of America, Citi, Chase were all envious of Wells' ability to cross-sell as well as they did," said Steve Beck, a managing partner with cg42.

While customers complained of overly aggressive sales tactics, none of the other banks have been accused of wrongdoing except Wells.

The change in focus for retail banks had been taking place slowly for years, but the financial crisis that began in 2007 and the impact on banks fueled faster change. The Federal Reserve's cutting interest rates to nearly zero gave the economy a boost during the Great Recession, but it also eviscerated the banks' ability to earn interest income, spurring them to seek out new forms of revenue — often in the form of fees.

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AP PHOTO/CX MATIASH, FILE

In this May 6, 2012, file photo, a Wells Fargo sign is displayed at a branch in New York. Wells Fargo is in the spotlight after its employees allegedly created up to 2 million bank and credit card accounts, transferred customers' money without telling them and even created fake email addresses to sign people up for online banking in an effort to meet lofty sales goals. When Wells Fargo CEO John Stumpf testifies before a Senate committee hearing Tuesday, Sept. 20, 2016, it won't be just his bank under fire for turning friendly branches into high-pressure sales centers. It'll be the entire industry.

And the more products a customer has, the more potential there is for a bank to earn fees. Those could be the overdraft fees at a checking account or management fees of a retiree's nest egg. Another benefit for the industry is that having several products with a bank makes it more difficult for customers to leave and switch to a new one, said Bob Hedges, a banking industry consultant with A.T. Kearney.

To adapt to their new business model, banks have been physically transforming their branches. Chase, Citi, BofA and Wells have all opened smaller branches with few, if any, teller windows for routine transactions like depositing checks or account inquiries that are more

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