



American
Bankers
Association

American Bankers Insurance Association
an ABA subsidiary

Leading Cost Centers to Profitable Contribution

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Agenda

- About Wells Fargo
- Marketplace challenges
- Turning cost centers into profit centers
- Making it work
- Doing it right
- Summary



Wells Fargo overview

Store distribution

Customer profile

ABOUT WELLS FARGO

- Wells Fargo & Company is a diversified financial services company providing banking, insurance, investments and mortgage through more than 9,000 stores and 12,000 ATMs and the Internet (wellsfargo.com and wachovia.com) across North America and internationally
- One in three households in America does business with Wells Fargo. Wells Fargo has \$1.2 trillion in assets and more than 278,000 team members across our 80+ businesses
- Ranked fourth in assets and third in market value of our stock among our U.S. peers
- Our vision: "We want to satisfy all our customers' financial needs, help them succeed financially, be the premier provider of financial services in every one of our markets, and be known as one of America's great companies."

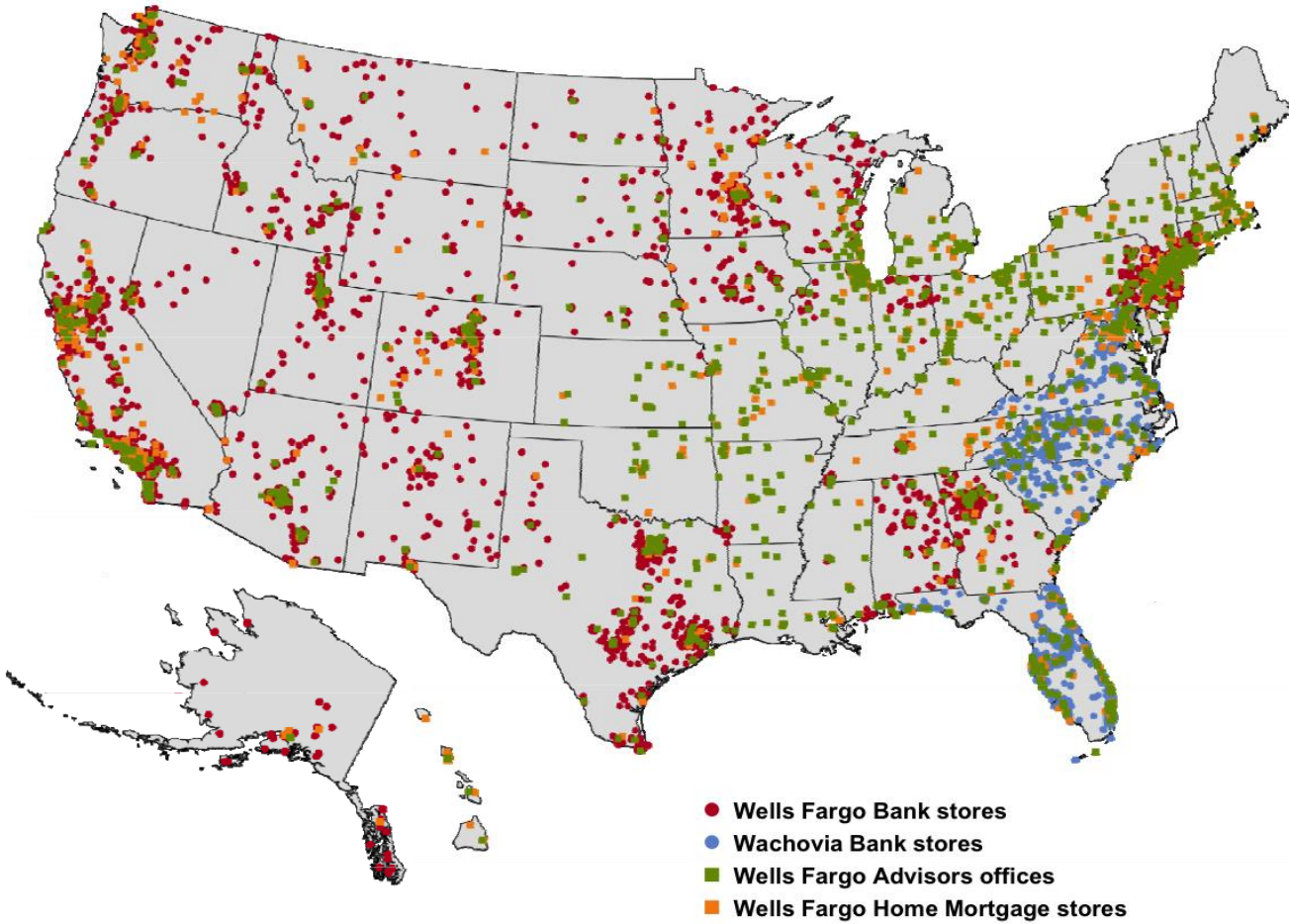
Key Facts	as of 3/31/11
Assets	\$1.2 trillion
Team members	278,000
Customers	70+ million
Stores	9,163
ATMs	12,112
* includes Wells Fargo and Wachovia	



- Contact centers providing primary telephone service and sales channel 24/7 for customers across the territory
 - 31 sites with 12,000 team members handling over 500 million customer contacts annually
 - Creates best-in-class multi-channel customer experiences via phone banker, Voice Response Unit (VRU), email, and correspondence for consumer, credit card, business banking, home equity, and online banking customers
- 38.0 million debit card accounts; 10.2 million credit card accounts
- 17.6 million combined active online customers
- 3.4 million combined active mobile customers

Select Wells Fargo Businesses
Consumer banking, deposits
Credit and debit cards
Loans, lines of credit
Wealth, brokerage, retirement
Home equity
Auto dealer services
Education financial services
Insurance
Business banking, lending
Commercial banking, lending
Securities and investment
Capital finance
Asset management
International

Store distribution



Store Distribution

Retail banking stores	6,300
Wells Fargo Advisors offices	1,368
Wholesale stores	765
Mortgage stores	730

Other Distribution Channels

ATMs	12,112
Online banking customers	19.4MM

Sales Force

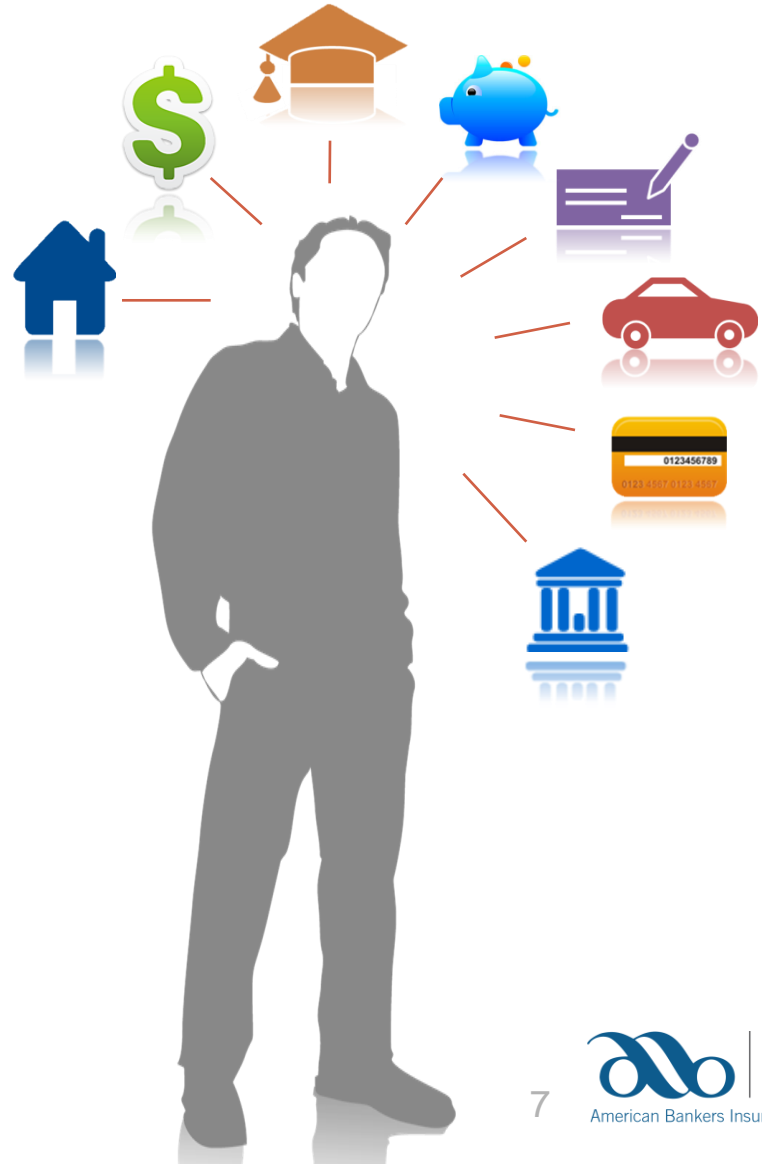
Platform bankers	31,100
Financial advisors	15,200
Home mortgage consultants	11,000



Customer profile

We average 6 banking relationships per customer (checking, debit card, savings, credit card, auto, etc.)

Our goal is 8 banking relationships with each customer.





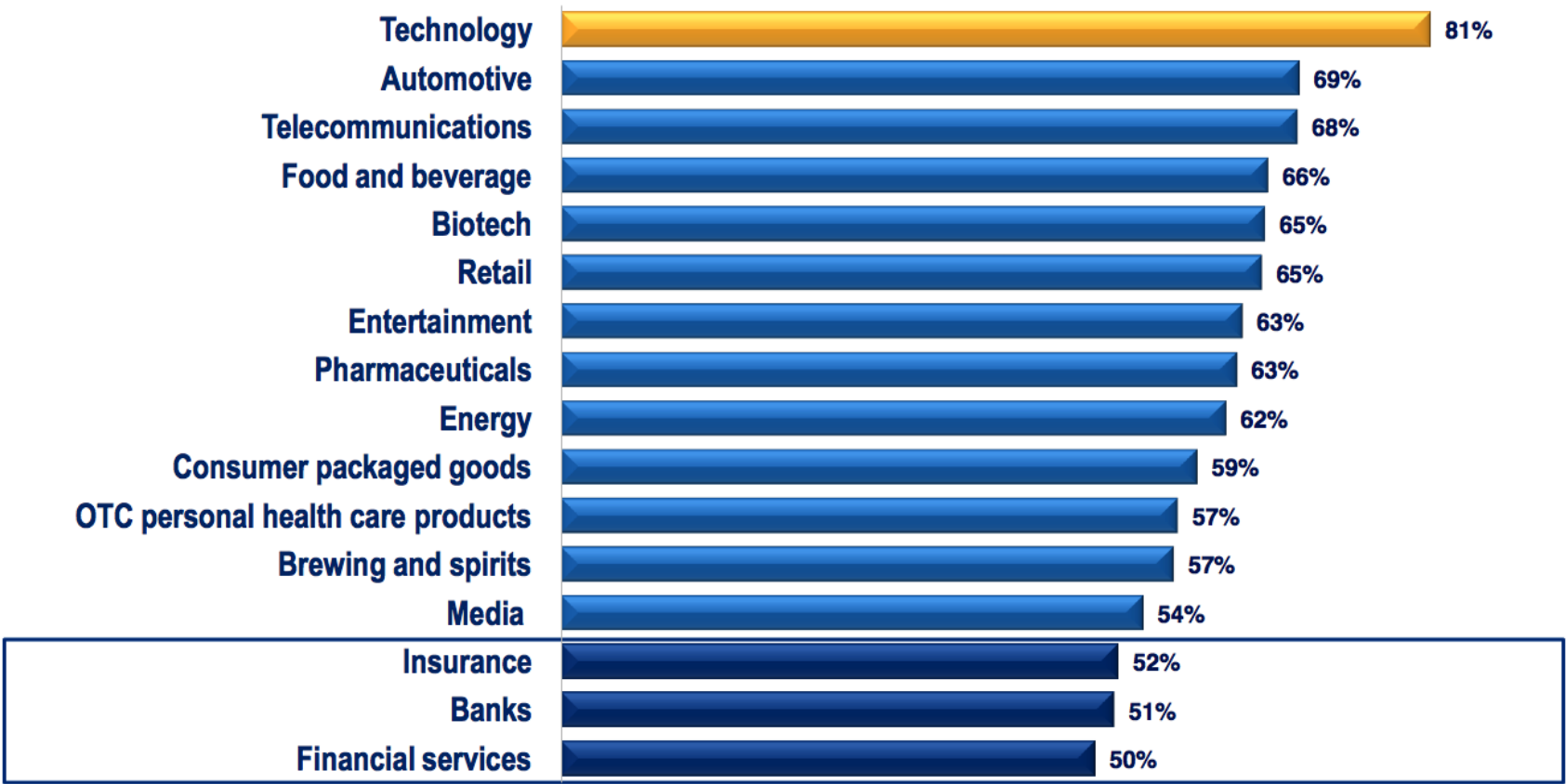
Customer Trust
Legislation and Regulation
Costs, Efficiency

MARKETPLACE CHALLENGES

Edelman Trust Barometer 2011

How much do you trust the following industries to do what is right?

Trust in Industries – Global



Legislation and regulation

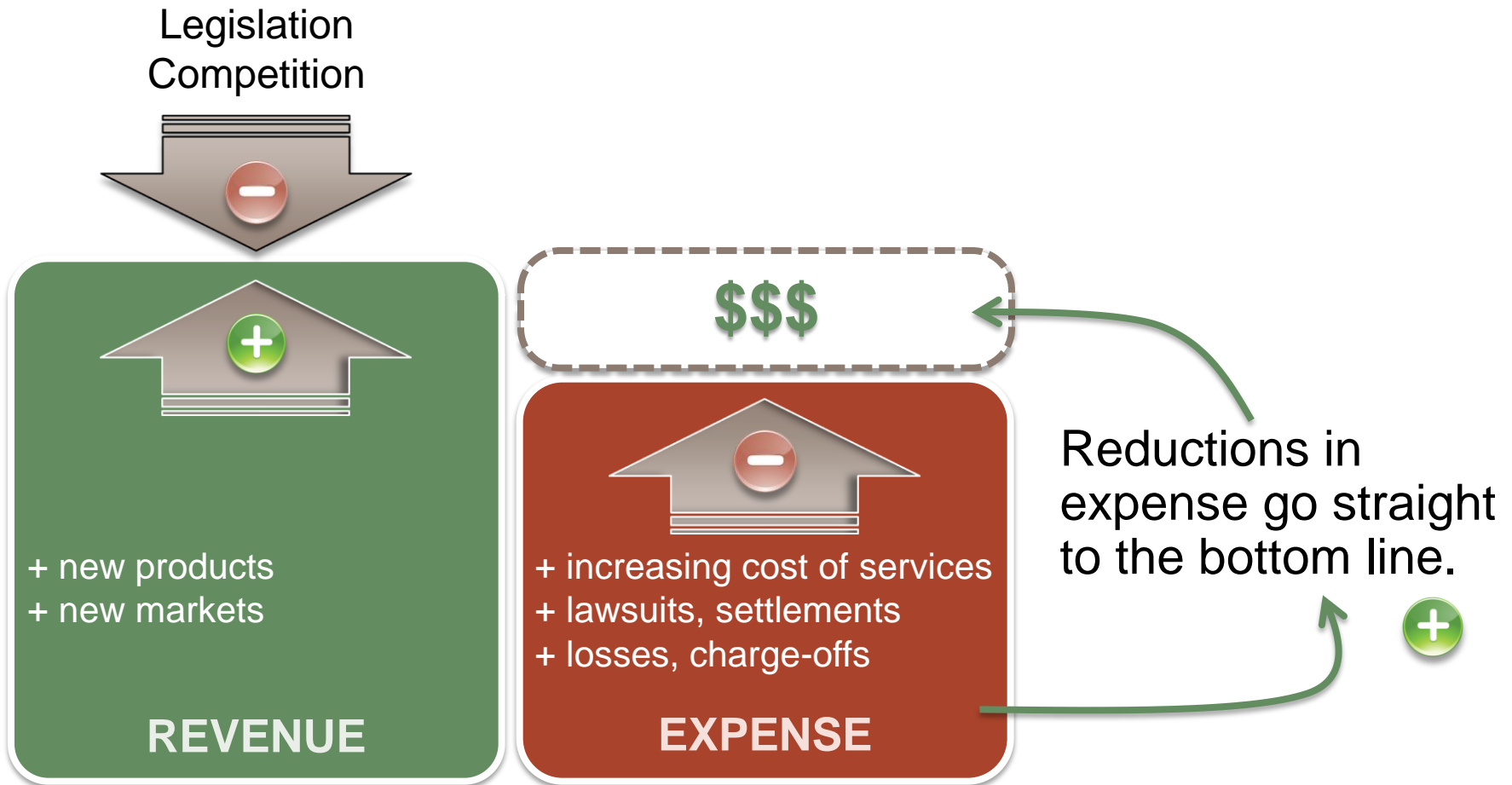
Legislation

- Fair Credit Reporting Act (**and FACTA**)
- Wall Street Reform & Consumer Protection Act
 - **Durbin Amendment**
 - Created Bureau of Consumer Financial Protection
- **Credit CARD Act of 2009**
- Emergency Economic Stabilization Act of 2008
- Gramm–Leach–Bliley Act
- Truth in Savings Act
- Electronic Fund Transfer Act
- Home Mortgage Disclosure Act
- Truth in Lending Act
- Glass–Steagall Act
- Federal Reserve Act

Regulation

- Extensions of Credit by Federal Reserve Banks (Reg A)
- Equal Credit Opportunity (Reg B)
- Home Mortgage Disclosure (Reg C)
- Unfair or Deceptive Acts or Practices (Reg AA)
- Truth in Lending (Reg Z)
- Reserve Requirements for Depository Institutions (Reg D)
- Electronic Fund Transfer (Reg E)
- Consumer Leasing (Reg M)
- Privacy of Consumer Financial Information (Reg P)
- Availability of Funds and Collection of Checks (Reg CC)
- Truth in Savings (Reg DD)

Costs, Efficiency



Inbound customer touchpoints

Channel mix

Case Study: Inbound customer care center

TURNING COST CENTERS INTO PROFIT CENTERS

Inbound customer touchpoints

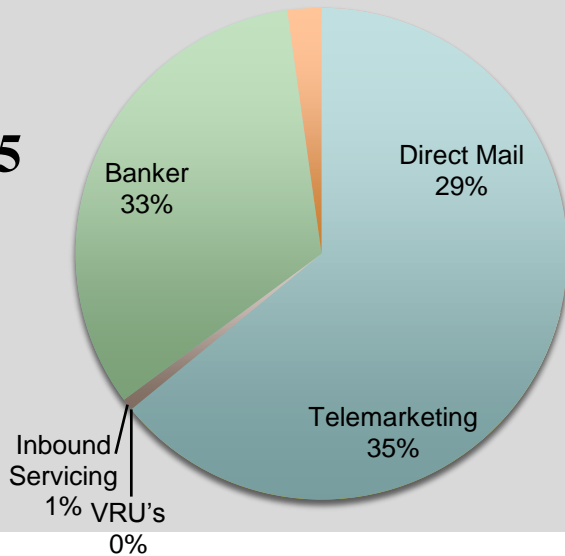
- Customer Service
- Phone Bank
- Disputes
- Credit Originations
- Fraud
- Card activation
- Bank channel



Channel mix

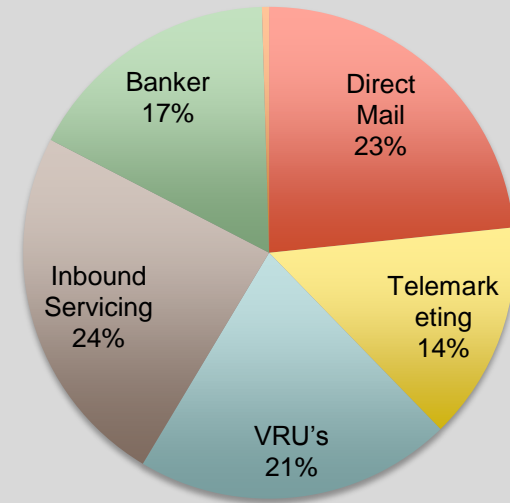
- Focus on inbound servicing channels
 - Targeted offers: the right product to the right customer at the right time
 - Less obtrusive
 - Lower cost per order
- Revenue offsets call center costs

2005



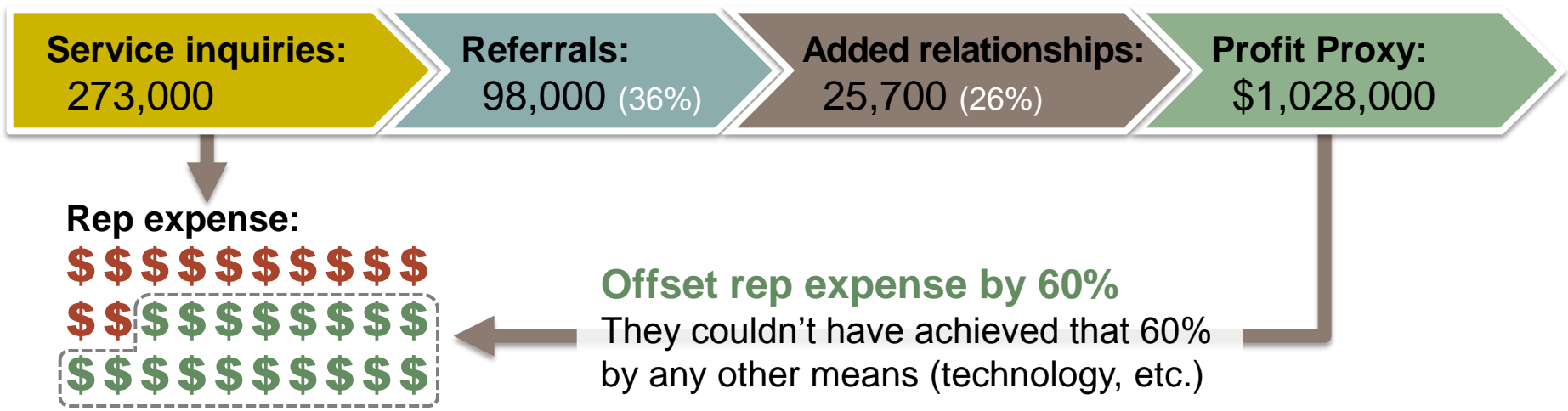
- Direct Mail
- Telemarketing
- VRU's
- Inbound Servicing
- Banker
- Other

2011



Inbound customer care center

Case study



- Customer care center: 273,000 calls in 2010
 - 33 representatives, \$1,716,000 rep expense (salary, benefits, etc.)
- Referred to outsourced product advisor
 - Qualifying customers with their approval
- Opened 25,700 new banking relationships
 - \$40 profit proxy per sale = \$1,028,000



Outsourcing sales
Working out the details

MAKING IT WORK

Outsourcing sales

- Benefits of outsourcing
 - Outsourcing partners have sophistication to:
 - Record every call
 - 100% verification on sales
 - Quick retrieval of recordings
 - ANI matches and other efficiencies
 - Trained product advisors
 - Licensed representatives
 - Sales vs. service solutions
 - Non-performing reps can easily remove or retrain
 - Flexibility for volume fluctuations
 - Ability to be nimble – can make changes easily

Outsourcing sales *(continued)*

- Expertise on pertinent laws and regulations
 - State variances
 - License requirements (i.e.- selling insurance)
- Detailed reporting

Working out the details

- Sharing expense/revenue across cost centers/product groups
- Prioritizing what gets sold in which channel
- Alternative billing mechanisms when the primary payment method is closed (credit card, debit cards, ACH, lines, etc.)
- Payback period - how long until investment is recouped



One Wells Fargo
Responsible marketing practices

DOING IT RIGHT

“ Our customers see **One Wells Fargo**, they don't see 80-plus businesses. We have 5,000 interactions every minute in this company. We need to remember we're in the relationship business and the information business. ”

– John Stumpf, President and CEO, Wells Fargo

- Offer consistent suite of products across all bank partners
- Utilize a contact management strategy across ALL Wells Fargo relationships
- Reduce redundancy in personnel, process and vendor management
- Leverage marketing channels to expand sales and cross-sell
- Mitigate risks by utilizing secure billing system for all partners

Responsible marketing practices

- Product strategy is aligned to our vision (meet financial needs)
- Goal: get the customer to use the product; experience the value
- Apply a channel contact management strategy
- Adherence to WF Corporate Privacy and Solicitation Policies
 - No information sharing with third party marketing vendors
- 100% sales verification on telephone sales
- No two-step enrollment product marketing
- Minimize overdraft / limit events by checking balance prior to billing
- Clear and conspicuous disclosures
- Easy cancelation process, no fee
 - Only one rebuttal save attempt
- Market the product features, not the premium
- TSR's are not offered financial incentives to sell

Summary

- Leveraging inbound customer touchpoints
 - Provides high service levels
 - Builds customer trust
 - Positive impact on loyalty
 - Generates additional revenue
 - Offsets costs
- Gains from outsourcing
 - Sophistication, expertise, easy to adjust
- Best practices
 - Follow responsible marketing principles
 - Conduct post-cancellation surveys
 - Understand reasons behind cancellation
 - Capture ideas to improve product design, marketing and enrollment process
 - Probe for any other service issues or concerns