

BANKS PROFIT FROM LOW-INCOME COMMUNITIES

Banks derive some of their profits by charging fees for transactions. As big banks ring up profits off customer fees and monthly charges, front-line bank employees still labor under extreme pressure to push ever-more potentially dangerous financial products on unwitting customers. Without proper reforms, banks will continue to implement a predatory system of financial products on our communities.

- Banks such as Wells Fargo, U.S. Bank and Regions Financial are luring low-income consumers to sign up for things such as prepaid debit cards and payday loans—products that typically come with all sorts of fees and charges, the Los Angeles reports.¹

AGGRESSIVE SALES GOALS TARGET LOW-INCOME CUSTOMERS

- Customers who overdraw their accounts, miss payments and frequently refinance their debts can be more profitable to banks than customers who pay on time every month. This can incentivize banks to push more financial products to consumers with little regard for the suitability of those products or even the likelihood that loans or credit will be repaid on time.
- High pressure sales goals result in unsuitable products being sold to customers who don't need them. This has been amply documented by bank workers, who are under tremendous pressure to meet sales quotas in order to keep their jobs or maintain their rate of pay.
- To cite one example -- as reported in the Los Angeles Times -- a Wells Fargo manager would greet staff each morning with a daily quota for products such as credit cards or direct-deposit accounts. To fail meant staying after hours, begging friends and family to sign up for services. “[The manager] would say: ‘I don’t care how you do it — but do it, or else you’re not going home.’”
- In another example, a Bank of America service specialist recalled, “If someone’s getting married, tell them to get a credit card. Any life event that happened, you were supposed to say ‘get a credit card for it.’ If you heard kids in the background, the answer was a credit card.”

MINORITY POPULATIONS VICTIMIZED BY THE HARD SELL

- Banks such as Wells Fargo have paid hundreds of millions in fines to settle charges that they steered African-American and Latino borrowers into subprime mortgages or financial products that paid higher fees and rates than white borrowers because of their race or national origin.²
- One teller reported that she is forced to “practically chase customers out of the door hawking unwanted credit and debit card accounts to a clientele hailing largely from African-American communities that have been ravaged by foreclosure and predatory lending.”³

1 <http://articles.latimes.com/2009/jun/30/business/fi-bofa30>

2 <https://populardemocracy.org/sites/default/files/BigBanksDismantlingMiddleClass.pdf>

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- Several Latina tellers that used to work at Bank of America told the Los Angeles Times that they were repeatedly instructed to seek potential new Spanish-speaking customers at embassies, neighborhood stores, clinics and child welfare centers. “We were told to push them to sign up for multiple checking accounts, which they didn’t need,” said a former teller at a BofA branch in Central Los Angeles who said she repeatedly resisted pressure to recruit customers at a center for single mothers in Los Angeles.⁴

BANK CEOS BENEFIT WHILE WORKING FAMILIES STRUGGLE

Fortune magazine points out that the average bank CEO takes home approximately **455 times the average American worker’s salary**. As big banks ring up huge profits off customer fees and monthly charges, front-line bank employees struggle to provide for their families.

- Child poverty rate has increased from 22.6 percent in 2013 to 25.3 percent in 2013
 - The annual medium income in Los Angeles is \$58,869 compared to the annual salary of the Wells Fargo CEO of \$2 million in 2015
 - Americans spent more than \$32 billion on bank overdrafts alone in 2013, more than what our country spends on fresh vegetables.
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THE LOS ANGELES COMMITTEE FOR BETTER BANKS (LA-CBB) is a coalition of bank workers, community and consumer advocacy groups, and labor organizations coming together to improve conditions in the bank industry. Our mission is to hold banks accountable for their predatory practices that fleece it’s customers and harm its workers. We also work for just wages, uplifting career paths and job security for front-line bank workers. **ITS TIME TO MAKE OUR BANKS WORK FOR US.**

4 <http://articles.latimes.com/2009/jun/30/business/fi-bofa30> see also <http://www.wsj.com/articles/at-wells-fargo-how-far-did-banks-sales-culture-go-1448879643>

5 NELP report, page 3. Taken from Ram Palaniappan, “Your Bank Should be More Like Your Waiter and Less Like Your Landlord,” Techcrunch, June 19, 2015.