Mount Holyoke College (undergraduate)

Ilika Tripathi: Economics, Computer Science (MHC 2022)
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Cracks in Wells Fargo: Reputation Loss and Trust Erosion in 2016

We are Wells Fargo & Company's Human Resources Committee that assists the Board of Directors in fulfilling its responsibilities relating to employee affairs, the most prominent of which is overseeing company culture, the Code of Ethics and business conduct, and reputation risk. As a part of our Charter, we are reporting to the Board of Directors on the tangible financial, reputational and regulatory risks that we have been facing since the 2016 scandal.

In 2016, Wells Fargo was discovered to have opened unauthorized accounts for pre-existing customers, resulting in a penalty of US$185 million by the Consumer Financial Protection Bureau. Employees at Wells Fargo were exposed to a hostile and threatening sales culture that led to unethical behaviors like misusing customer information and abuse of customers' consent on their part. This was a failure of leadership on multiple levels, especially the upper management, who did not transfer the proper ethical values to the workforce. Since then, Wells Fargo has been reeling under regulatory penalties, outstanding customer remediation costs, and a decrease in demand for its financial products.

As advisors to the upper management, we have the responsibility to steer the corporation in the direction of ethical business. Keeping in mind the scale of the problem, we aim to provide solutions in all important dimensions - legal, financial, ethical - that express clearly our business principles to all involved. Some of our solutions include a full-scale audit of our existing speak up/ethical channels, implementing a program that trains employees to be aware of relevant ethics and compliance issues, and creating a dynamic risk register for each business unit.