

# Bank of america business analysis

Countries



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Bank of America is one of the world's largest financial institutions, serving individual consumers, small and middle sized market businesses and large corporations with a vast array of products and services. From multi-million dollar loans to thousands of ATM's throughout the United States and overseas, Bank of America is among the world's leading wealth management companies' and is a global leader in corporate business. Bank of America Business Capital provides asset-based credit facilities of \$10 million or more throughout the United States, Canada and Europe for manufacturers, wholesalers, distributors, and service businesses.

Bank of America is currently listed as number 5 on the Fortune Global 500 annual ranking of America's largest corporations. However, they did not place within the top 100 of fortune 500 companies to work for in 2009 (CNN. commoneymagazine, 2009). Bank of America operates in more than 10 countries including regions in Europe, Asia, and Central and South America. With operations in such a wide range of selected countries Bank of America (BOA) has to deal with differing legal and cultural aspects which can relate to the amount of risk the management is willing to accept.

This risk includes what is called systematic political risk. " As a rule, a country's political processes do not treat foreign operations unfairly. If they did, few companies would hazard the investment" (Daniels et. al, p. 105, 2011). The differing market and legal systems, ranging from common law to theocratic law and a mixed system, etc could make room for trouble for BOA's international business if the interpretation of the laws are not the same.

Similarly, economic risk is the likelihood that certain events or changes in the economic status of a company or will cause drastic changes adversely affecting profits and other goals. The ability to measure and understand risk and determining which risk is acceptable is a key factor of success with any international business venture. This along with political risk will have to be managed forecasted effectively to judge the outcome of any changes to governmental, import, or export changes as they could affect the profits and or losses which could ultimately affect a company's ability to repay a loan that was granted by BOA.

Although the 2011 CFO Outlook reports that " U. S. companies overall are highly involved in foreign markets and are forecasting international sales growth in 2011" (2011 CFO Outlook), if I were a political consultant for BOA, I would highly caution them with respect to venturing into a country where they are not willing to accept our form of economic feasibility or where the GDP does not represent strength as it relates to longevity within the economy.

It would be far too difficult to influence change within an entire culture just to add breadth to the organization. Furthermore, without the ability to measure and understand the end state of a cultural shift, the foreign business opportunity may be at risk of unacceptable losses especially where healthcare costs and costs of materials are concerned (2001 CFO Outlook).

Bank of America is changing because its customers are changing. In the 2009 Financial Report Brian T.

Moynihan, Chief Executive Officer and President of BOA said " There is nothing more important to our more than 280, 000 Bank of America

teammates and me than our belief that there's a right way to do business — an approach that balances our responsibilities to all our stakeholders. This belief has guided our efforts as we've worked to help customers, clients and communities ride out the economic storm. " He also went on to say that the most pressing need is the overhaul of loan modifications.

The pressing need for this is " to help families and businesses manage their monthly cash flow to get through the crisis. " However, BOA is making strides ahead of some of the other financial institutions. They repaid the Troubled Asset Relief Program (TARP) in December of 2009 although they reported a net loss applicable to common shareholders of \$2. 2 billion (BOA 2009 Financial Report). This has proved to work fine for common law states but it would prove to be much more difficult in civil law or a mixed system and just about impossible in theocratic law system.

BOA has a code of conduct or ethics as they call it as a significant part of their processes used to manage risk. They train their associates to mitigate risk and set high standards for their associates. This provides a framework for the associates to conduct themselves with the highest integrity in delivering products or services to their customers. " We instill a risk-conscious culture through communications, training, policies, procedures, and organizational roles and responsibilities.

Additionally, we continue to strengthen the linkage between the associate performance management process and individual compensation to encourage associates to work toward enterprise-wide risk goals. " (Brian T. Moynihan, BOA 2009 Financial Report). This is vitally important for the

company to extend these ethics to the workforce overseas as the importation and adoption of the headquarters mindset will ensure that host nation workers will also adhere to the higher standards associated with conducting business with BOA.

It is just a good business practice to ensure that wherever you operate, you share the same vision that will foster success and continued best practices. Although I did not find any social programs during my research on BOA, I did notice when I was in Panama that they have Panamanian and American workers employed. I would presume to say that, just as in any working environment the management would establish some sort of informal program amongst its workers. And seeing how BOA strives with its code of ethics this could be not far from the truth as bonds are made as the people work together daily.

In conclusion, BOA has done quite well for themselves and that is directly attributed to the high standard set by the corporate office and CEO Brian T. Moynihan. As one of the world banking leaders it would do them well to continue to look toward the future of expanding and exploring other joint ventures locally and internationally. They would do well to guide their investment strategy and actions by monitoring the consumer deposits, credit card services, and investment management as an indicator of the overall economic status and potential growth of their joint ventures.

## References

[http://money.cnn.com/magazines/fortune/bestcompanies/2009/full\\_list/index.html](http://money.cnn.com/magazines/fortune/bestcompanies/2009/full_list/index.html)

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