

# Bank of america research paper sample

[Countries](#), [United States](#)



## **Management**

### Introduction

Banking sector play a pivotal role in facilitating economic, social and political development worldwide. Most of the developing and developed nations invest in the banking industry so that to attract local and foreign investors. This goal is achieved through formulation and enactment of effective monetary and fiscal policies that regulate velocity of money, borrowing of credit facilities and interest rates; an idea that create a conducive environment for investment.

The banking industry is one of the key industries that contribute in economic development, in the United States. The industry contributes more than fifty-six percent of Gross Domestic Product ( GDP) annually. With the high, rate of unemployment experienced in the country, the banking industry taken the initiative of reducing unemployment by absorbing thousands of youths who enter the labour market annually (Gardener, Molyneux & Moore, 2002). This move has helped in lowering the unemployment remarkably and foster economic development.

Bank of America and Wells Fargo Bank are among the top- five multinational banks in the United States. A study done by the World Bank (2011) established that United States has five multinational banks which contribute an equivalent assert of sixty percent of the national economy. These top five banks include; Bank of America, Wells Fargo Bank, Citigroup, JPMorgan Chase and Goldman Sach. The report further affirmed that Bank of America and Wells Fargo Bank have increased their assert share by 25% and 26. 7% respectively. It is estimated that assert share contributed by each bank will

exceed by 30% in 2015.

The paper discusses mission, vision, and social responsibility that the Bank of America and Wells Fargo Bank engage and their similarities and difference in the mission statement.

## **Background information**

Bank of America is one of the multinational financial institutions that render financial services to its clients globally. Bank of American has established branches in fifty states and, serves sixty million consumers. In every state, the bank has established a head office that links directly with headquarters at Charlotte, North Carolina. In 2010, the bank was ranked the second largest corporation in asset share and third in terms of total revenue behind, Walmart and General Electric corporations (Bank of America, 2011). A report released by Forbes Magazine (2011) ranked the bank the third-largest corporation globally. Bank of America has dominated the banking industry since 1904 and continues to expand its operations Magazine.

## **Wells Fargo Bank**

Wells Fargo Bank is another multinational Corporation that renders diverse financial services worldwide. The bank has its headquarters in San Francisco California and other sub-headquarters established in other cities, in the country. The bank holds first and fourth positions in market capitalization and asserts share respectively. Currently, the bank occupies second position in terms of debit and credit cards, deposits and mortgage services. Five years ago, the bank received an “AAA” making it the first American bank to

receive this prize. However, the bank failed to defeat this title because of the 2007/2008, financial crisis (Wells Fargo Bank Annual Report, 2010).

## **Mission, Vision, Social Responsibility, and Strategic Planning of Bank of America and Wells Fargo Bank**

Businesses have the desire of expanding their market niche, increase their sales volume, and their operations. This goal can be attained through the development of an effective management system that integrates the company's mission, vision, and social responsibility. Both banks understand this concept well as illustrated in their respective mission statements.

### **The mission statement of Bank of America:**

Like other financial institutions, Bank of America values its employees because they form part of the market niche. This aspect matches with the banks mission statement.

“ Offer leading financial and investments services that; firstly, targets-low and moderate income families and individuals. Secondly, improve financial services on underserved low and moderate communities. Thirdly, create a sustainable financial system that promotes an overhaul practices (Bank of America, 2011).”

### **The mission statement of Wells Fargo Bank:**

“ To satisfy our consumers' financial needs and help them succeed and grow financially.”

#### **Similarities**

Both banks understand the need to expand their market niche through providing quality financial services to their clients. In the mission statement,

Bank of America acknowledges that low and moderate-income families do not enjoy privileges accorded to clients of high economic class. Most banks offer investments services to the upper class clients because they can service their investment and mortgage loans, thus depriving low and middle income clients this opportunity. The Bank of America wishes to bridge this gap by extending its financial and investment services to low income communities.

In a similar vein, Wells Fargo Bank wishes to create a platform that will help its clients succeed and grow financially. This goal can be achieved through providing quality services that address financial needs of the clients effectively. Satisfying clients' needs remains a key aspect that fosters financial growth and success in the banking sector. The bank should address this concern during decision-making process.

## **Differences**

Both banks differ in terms of the target population and scope of their market niche. Bank of America mainly targets low and middle class people who represent a large portion of the population. The management of the bank believes that it will increase its profits and market space by targeting low and middle class clients. This implies that Bank of America focuses on rendering financial services to ordinary people and not the rich.

On the other hand, Wells Fargo Bank mainly targets clients of higher caliber. The mission of the bank revolves satisfying its clients by providing quality services and helps its clients grow financially. These two characteristics indicate that Well Fargo Bank targets rich people who desire to grow financially through savings.

Each mission statement differs from each other in terms of rational and assumption. The mission of Wells Fargo Bank is based on the assumption that: their clients can save a lot of money and time during shopping, when their financial needs are addressed by a single trusted bank-Wells Fargo. On the other hand, Bank of America holds the view that, offering reliable and affordable financial service facilitates the realization of a successful banking industry.

### **Analysis of the mission based on economic concepts**

Both banks take into account the theme of their respective mission statements while formulating bank goals and objectives. Mission statements influence the decision-making process in an organization. The bank of America mission statement has an economic implication because it encourages investments. Clients borrow loans from the bank to invest thus increasing circulation of money in the economy. Additionally, the bank's mission targets low and middle-income clients thus compelling the management to offer financial services that will match needs of the target population. Matching financial services with clients' need promote efficiency by eliminating the product-discordant effect. However, manager should change the banks mission should that it offers services to the rich.

The mission statement of Wells Fargo Bank influences the decision-making process. Managers and policy makers should formulate objective and goals that carry the bank's mission. The bank targets rich people thus reducing circulation of money in the economy. Rich people do not borrow money for investment reasons, but tend to save their money. The management should

change the current mission so that it can target low and middle-income people thus expanding its market niche.

## **Vision**

An organization needs to integrate its vision, mission, and social responsibility during the decision-making process.

### **Vision Bank of America**

The bank's vision, " Become the global finest financial service corporation." In order to achieve this vision, the bank has hired a team of competent, result oriented and innovative employees who work tirelessly to satisfy clients' needs (Wenzel, 2012). The bank provides employees with conducive working so that to increase productivity, nurture talents and promote professionalism.

### **Vision Wells Fargo Bank**

The bank's vision and mission coincide but the former involves the integration of core values. The bank's vision is; " We want to satisfy all our clients' financial needs and help them grow and endeavor financially." The management believes that their clients can save a lot of money and time when a trusted financial service provider addresses clients' needs. Five core values help in the realization of the vision. They include; leadership, ethics, protecting clients' rights, diversity and inclusion and embracing competitive advantage. Integrating these core values has helped the bank form a mutual relationship with its clients thus increasing its market space. This move will enable the bank expand its operation extensively in the near future.

## **Bank of America: Social responsibility**

Corporate social responsibility advocates that businesses should participate in community-based projects so that to promote sustainability. Businesses obtain their raw materials and other inputs resources from the environment; an idea that compels companies to participate in environmental conservation programs diligently. The Bank of America management team understands that their company needs to connect with communities by improving people's living standards, and welfare. In so doing, the company will promote investment and encourage sustainability (Segerlund, 2010). Bank of America has taken part in social responsibility by engaging in the following activities. Environmental conservation programs: The bank is determined in reducing emission of green gases in the atmosphere by contributing \$32 million to environmental conservation agencies. The bank management has promised to reduce its carbon emission by 35% before 2015.

Establishing community-based projects: The bank has established many community based projects that aim at improving the living standards of the people. They include; providing the communities with clean water, sanitation facilities, and social amenities.

Educating needy students: The bank has played a key role in reducing illiteracy level among the needy communities. Thousands of needy students across the globe have finished their education courtesy of Bank of American sponsorship program.

Banks of America role in social responsibility cannot be underestimated. The bank has addressed key challenges that affect national development.



## **Bank of America SWOT Analysis**

SWOT analysis remains an imperative component in an organization development and success. It entails evaluating both the international and external environment of an organization. The organization has control over international environment and not the external environment.

### **Bank of America Strengths**

Large capital ratio: The Company has a higher capital ratio that cushions it from liquidity and insolvency risks. In the last two years, the company's capital ratio has increased from 15. 8% in 2011 to 17. 8% the end of 2012. Additionally, the bank has reduced its debt \$57. 9 million thus enabling it finance its operation adequately.

Conducive business mix: Bank of America has invested in other sectors such as real estates, banking, investment management thus expanding its market niche and profits. This move help the bank maintain a continuous and steady flow of revenue especially during the recession period.

### **Weakness**

Decrease in performance and profit margins: In the last two years, the bank has recorded a decline in its profits margin and an increase on the operation costs. In 2011, the bank recorded a decrease of 12% in the total revenue collected. In 2012, the operation cost increased by 43% thus lowering the net profit. This trend has a negative impact on the bank's performance and development.

Inability to maintain low efficiency ratio: since 2009, the bank has recorded high cost of operations thus lowering its profit. Lack of efficiency has

increased the efficiency ratio; an idea that affects performance of the bank. Managers should develop a mechanism that will lower operation costs and enhance efficiency.

## **Opportunities**

Growth in the banking industry: In the last few years, banking industry has experienced a tremendous growth rate because of improved infrastructure, globalization, and political stability. The industry is growing at an alarming rate thus providing the Bank of America with opportunities to expand its market niche and exploit other avenues.

Expansion of mobile banking: The mobile banking industry expands at an alarming rate. Bank of America has taken this opportunity to launch mobile application that enable consumers access their banking services conveniently. This move will help the bank retain its existing clients and attract others thus expanding its market niche.

## **Threats**

Stiff competition in the banking sector: New financial institutions such as cooperative societies and workers union provide financial services. This aspect poses a challenge to the banking sector because consumers prefer using the other methods thus reducing revenue collected.

Uncertainties in global economic growth: Global economic development has decreased in the last five years. Financial crisis experienced in 2007/2008 coupled with political instability has lowered global economic development (Bank of America, 2011). Banks have strived to revive, but they lack adequate capital to manage their operations.

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