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BANKER OF THE YEAR JOHN STUMPF

PLUS:

THREE COMMUNITY BANKERS OF THE YEAR

OUR HONOREE FOR LIFETIME ACHIEVEMENT

AND FIVE OF THE INDUSTRY'S TOP INNOVATORS

BANKER OF THE YEAR

JOHN STUMPF

By MARIA ASPAN

He has blanketed the eastern half of the country with Wells Fargo branches, kept earnings on an upward streak for 15 straight quarters and avoided many of the pitfalls of his big bank brethren. He may never be as outspoken as his predecessor (or even counterparts like JPMorgan Chase's Jamie Dimon), and his company may never be a perfect symbol of the small-town values he champions. But five years after the acquisition of Wachovia, Wells Fargo's chairman and CEO has fully come into his own.

John Stumpf, a banker who earned almost $23 million last year, is cheerfully picking the stuffing out of a cracked leather armchair in his office. The chair, inherited from an even more frugal predecessor, is the most decayed of a worn set around Stumpf's conference table, a perfect set piece for his brand of subtle showmanship. He revels in his humble surroundings, proudly pointing out the "shabby" decor and rust-red carpet ("very '70s") of his yellow-lit executive suite.

Asked if Wells Fargo would ever upgrade its San Francisco headquarters or consolidate its scattered offices around the city into a gleaming flagship, something to rival Manhattan's spaceship-like Bank of America tower or its elegant new Goldman Sachs building, Stumpf scoffs: "That's not us."

This is classic Stumpf, chairman and CEO of one of the world's most valuable banks, and the walking embodiment of all the contradictions inherent in Wells Fargo's recent success. Earnest yet shrewd, Stumpf has overseen the company's transformation into an increasingly complex, too-big-to-fail bank—while working almost as hard to keep it cloaked in the culture and rhetoric of the small, local, friendly banks he grew up with.

This year, fresh reputational damage, lingering business problems and the continued fallout from crisis-era acquisitions overpowered the agendas of other large financial institutions. But a largely unscathed Wells, which made its own transformational acquisition at the height of the crisis with the purchase of Wachovia, was able to keep its emphasis on service and bread-and-butter banking intact.

"It's a national firm in scope, but it has a regional touch for the customer base," says Marty Mosby, an analyst who covers Wells Fargo for Guggenheim Partners. "Wachovia is still happening, the benefits are still accruing. The integration and the ability to build out that customer base [nationally] … is where they're really able to differentiate themselves."

Stumpf is quick to share credit: "The star of the team here is the team." And much of the team's success, he says, is rooted in what he calls the "community bank DNA" that permeates the company.

The attachment that Wells insiders have to this pedigree seems to have only gotten stronger as the company has grown. Wells is now the largest employer among U.S. banks (270,000 employees, or "team members" in the Wells vernacular). It is the fourth-largest bank by assets ($1.5 trillion) and with 6,200 retail branches from coast to coast, it is one of the few lenders with a truly national scope. It now does business with one out of every three U.S. households—not yet matching Bank of America's relationships with half of the country, but getting close.

Much of the growth is attributable to the acquisition of Wachovia five years ago. Getting the deal done was important to Wells, which broke up a government-arranged marriage between Wachovia and Citigroup when it swooped in with a $15.4 billion takeover offer in October 2008. But where Stumpf and his team really excelled was in the follow-through, making three years of heavy lifting behind the scenes look almost effortless.

Stumpf is "very good at simplifying a large, complex organization," says Timothy Sloan, chief financial officer at Wells, which has reported record-breaking profit for 15 straight quarters. "We've got a large team member base and a lot of different businesses all over the country and the world. It's very easy for things to get complicated very quickly."

Wells Fargo branches seemed to pop up almost overnight across the East Coast, their retro red and gold signs knocking over onetime Wachovia strongholds in swift succession. Stumpf went on the road to greet his new employees, suddenly gaining a second half of the country to oversee.

"He was at town hall after town hall, city after city, trying to build bridges with the Wachovia people. … The only way you make a merger a success is if you keep the employees with you, not by slashing and burning," says Patricia Callahan, Wells Fargo's chief administrative officer, who oversaw the integration.

The physical piece—marrying technology systems, retraining branch staff, changing out signs and decorations—went off with few of the visible disruptions that banks often suffer in big mergers.

While Wells inherited certain problems from Wachovia, including a portfolio of "pick-a-pay" mortgages and other exotic home loans, the acquisition has yet to prove itself a Trojan Horse of legal liabilities to the extent that Countrywide has been for Bank of America, or Bear Stearns and Washington Mutual have been for JPMorgan Chase. Five years on, the likelihood of such problems overtaking Wells appears to be diminishing.

Stumpf, 60, is clearly pleased with the outcome. A few days after the fifth anniversary of the Wachovia takeover announcement, he boasts in an interview that, on the basis of deposits, Wells has achieved additional growth equivalent to the size of "two SunTrusts or one U.S. Bank" in the years since the merger was finalized.

Bank mergers are a Stumpf specialty. He came to Wells via Norwest's takeover of the company in 1998, and he estimates that he's been involved in about half of the 250 or so bank deals that have made Wells the company it is today.

"Wachovia was the largest, most complex, done at the most difficult time in the economy of our country … and it was by far our best merger," Stumpf says.

And it has paid off handsomely for Stumpf, whose $22.9 million in compensation last year made him the best-remunerated executive among big bank CEOs.

Like Norwest's takeover, the Wachovia acquisition was initially overseen by Richard Kovacevich, Stumpf's longtime boss and predecessor, who stayed on as chairman during Stumpf's first two and a half years as CEO and retired at the beginning of 2010. Both men credit the success of the Wachovia integration in part to their Norwest dress rehearsal.

With the Norwest/Wells merger, "we were able to figure out how you can be big and still act small," Kovacevich says. "And by acting small you can grow like most small companies do, because they grow faster."

Having avoided the securitization fallout that nearly undid Citigroup, the mortgage portfolio implosions that have hobbled Bank of America and the regulatory duress that has dogged JPMorgan Chase, Wells has become the big bank least tarnished by the scandals and reputational crises washing over its biggest rivals—which is not to say that Wells lacks problems or the potential for a blowup in its future.

By far the largest mortgage lender in the country, it has been buffeted by both the recent slump in home lending and the lingering effects of the foreclosure crisis.

After the feverish pursuit of more favorable interest rates played itself out, homeowners largely stopped refinancing their mortgages, causing Wells to report a $1.2 billion year-over-year drop in mortgage income in the third quarter.

> *"He was at town hall after town hall, city after city, trying to build bridges with the Wachovia people."*

Wells is chipping away at demands from mortgage investors and government agencies to buy back home loans; its original loan balance of outstanding repurchase requests fell to $1.3 billion in the third quarter, from $2 billion a year earlier. But analysts and investors remain uneasy about Wells Fargo's concentration in mortgages, and its reliance on its massive home-lending business.

Stumpf recognizes the problem, and says his next priorities are expanding the bank's relatively weak credit card operation and securing its foothold in investment banking and wealth management, areas from which the bank was largely absent prior to the Wachovia acquisition.

In the meanwhile, Wells' huge concentration in mortgages makes it "highly affected by what is happening in the economy on a macro basis," says Kevin Barker, an analyst with Compass Point Research & Trading, adding that he welcomes Stumpf's plan to "diversify their revenue stream and operations."

Struggling homeowners are much more critical of Stumpf. For all of Wells' emphasis on team spirit and community-mindedness, the bank is regularly denounced by many community organizers and consumer advocates for its handling of foreclosure-related complaints, for allegedly discriminating against minority borrowers and for selling low-income customers products that have been criticized as predatory.

"I read every letter that comes into my office from a disgruntled or challenged customer ... and the customer issues have come way down."

While Occupy Wall Street demonstrations around the country have quieted from their peak, California protestors still follow Stumpf around, this year showing up outside his home, at conferences where he has spoken (including an American Banker event this past spring) and at the bank's shareholders meeting.

Government agencies also have pursued the bank, which settled with Freddie Mac this fall over claims regarding the sale of faulty mortgages. Wells has been sued by the Justice Department over similar charges, and by New York Attorney General Eric Schneiderman, who in October accused the bank of violating the terms of the 2012 National Mortgage Settlement. (Schneiderman's suit alleges that Wells has failed to satisfactorily reform its practices for dealing with struggling homeowners.)

Diane Thompson, an attorney with the National Consumer Law Center, says that housing-related complaints are one area where Wells Fargo acts more like a large, unwieldy bureaucracy than a small community lender. "In my own dealings with Wells, they seem much more sprawling than either Chase or Bank of America … [where] it's been much easier to find someone to redress a problem" relating to a specific homeowner, she says.

According to an April report from the California Reinvestment Coalition, nonprofit housing counselors working to keep people in their homes name Wells Fargo the "most difficult to work with" among the biggest mortgage servicers.

"They very rarely seem to acknowledge responsibility. If you're often denying that you've done anything wrong, then you never improve," says Kevin Stein, associate director of the coalition, echoing a common complaint from both regulators and consumer advocates about how Wells addresses problems.

"They're supposedly the California bank. We want them to be successful," he says. But "what we want to see is people not unnecessarily lose their homes, for Wells to not be part of the problem … but a part of the solution."

Top Wells executives push back against the narrative that they are more difficult to deal with than other big mortgage servicers, rattling off the concessions they have made to homeowners, including $7.4 billion in principle reductions and more than 10,000 new hires to handle modifications. Wells, they argue, was not Countrywide, with its history of reckless and risk-blind mortgage lending.

"We purposefully avoided a lot of the mortgage products that a lot of our competitors sold, because we felt they weren't appropriate," Sloan says.

"There's this view that we like to fight every once in a while as opposed to settle, but that's not the case. … But when there are situations that we feel very strongly that our position is the right one, we absolutely will defend ourselves."

Stumpf dismisses the foreclosure protests as "not unique to us" but acknowledges some of the frustrations behind the complaints. "I know people are still losing homes, I know there's pain. I get that. Even if we do 99.99 percent right, for the one person that's losing a home, it feels very different. I read every letter that comes into my office from a disgruntled or challenged customer … and the customer issues have come way down."

Wells' role in the mortgage morass isn't easily reconciled with its self-image as a values-based company, or with the general folksiness that pervades the bank's headquarters and its top ranks.

Every senior executive interviewed for this story makes mention of Wells' "Vision and Values," the brochure encapsulating the company's mission statement as well as its strategic priorities (among them: "living our vision and values.").

According to Carrie Tolstedt, who runs Wells' retail and business banking operations, Stumpf is "a master modeler of the 'vision and values.'"

It's an important role to him. "If I have any one job here," Stumpf says, "it's keeper of the culture."

Hence the stagecoaches. There are at least three miniature stagecoach statues in Stumpf's office, harkening back to Wells Fargo's origins as a delivery company in the Pony Express days. There are more figurines and stagecoach paintings in the executive assistants' bullpen nearby. There are images of stagecoaches at reception, in the elevator area and, in the lobby 12 floors below, the real artifact, preserved from 1866.

The kitsch and the codes can seem excessive to outsiders, but however much Kool-Aid Wells asks its "team members" to drink, its culture has generated a cohesion that many of its rivals could envy.

Sloan runs down the list of senior executives who can trace their roots to predecessor banks, including Norwest, Crocker, Wachovia and the old Wells Fargo—now all working together without much of the culture clash that other acquisition-fueled banks have endured.

Stumpf frequently points out the tenure of his 10 direct reports—an average of 26 years at Wells or one of its predecessors—and after talking to him and his executives, it's hard to envision the company undergoing a messy or public leadership transition, like the jockeying to succeed Ken Lewis at Bank of America or the ouster of Citigroup's Vikram Pandit.

"When I was named CEO … there were probably four of five people here who could have been named. They all stayed, they kept working, and when the change takes place for the next one, the same thing will happen," says Stumpf, who is still five years away from Wells' mandatory executive retirement age of 65.

Kovacevich calls CEO succession planning "a seven-year process" and adds, "No single person has ever run Wells Fargo and no single person probably ever will. It's a team game here."

Stumpf is courteous, friendly and engaging in person. Sloan calls him "one of the nicest guys in the world." Callahan, when asked if Stumpf ever blows up, allows that "he gets a little testy" if he's unhappy with things, "but there's never a temper loss."

Stumpf laughs easily, with a wide-ranging enthusiasm that comes across as being both sincere and a consciously cultivated remnant of his rural Minnesota upbringing. "Oh, this is so much fun," he exclaims near the end of an hour-long interview. He shows similar enthusiasm discussing his work week ("Mondays are my favorite day—I can't wait to come back here and suit up again, it's just so darn much fun") and even the more mundane aspects of banking ("I dream about checking accounts; I love them").

Family also is important to Stumpf. Longtime colleagues say it's his main non-work topic of conversation. A father of two, he is relishing his relatively new status as a grandfather, making weekly visits to his 1-year-old grandson in nearby Berkeley, Calif.

When Stumpf was a child, he and his 10 siblings each learned to play cards and musical instruments; Stumpf picked bridge, trumpet and bass guitar. He calls bridge "my one obsession," which he shares with Warren Buffett, Wells Fargo's biggest shareholder and an occasional online bridge opponent.

Stumpf recently tried to take the bass guitar back up, "but I just don't have the time for that," he says. He is, however, carving out time to brush up on his German, his father's first language, which was widely spoken in Stumpf's hometown of Pierz, Minn. He hopes to learn enough to use it for meetings at next year's International Monetary Conference in Munich.

Stumpf (left) and the Financial Services Forum's Rob Nichols arrive at the White House for an Oct. 2 meeting with President Obama

Scheduling is of paramount importance to Stumpf. Says Tolstedt, who has worked with him for more than two decades, "He's very timely—when we have meetings, if you're five minutes early, you're probably five minutes late."

One thing demanding more and more time on Stumpf's schedule these days is Wells Fargo's role in Washington. It is a role that the bank is still figuring out, with some apparent reluctance to throw in its lot with the big banks, despite Wells' now-indisputable membership in that group. Stumpf and his team are trying to thread the needle between speaking out for their much-maligned industry when it will help Wells Fargo, and maintaining their insistence on Wells Fargo's exceptionalism.

"It was more about a few players, but the industry did not do as good a job as it should have during the bubble years. … Mistakes they made become our mistakes," Stumpf says.

"Now, we made some of our own mistakes," he allows. "So we all have to do a better job engaging with our communities, with government, with regulators, and to help rebuild our reputation and the trust with the American people."

Playing industry spokesman in the wake of the financial crisis can be perilous, as JPMorgan Chase's Jamie Dimon can attest.

"There's no question that post-downturn, Jamie Dimon became, or inherited the mantle of being, an industry spokesman," says Sloan. Now that Dimon's firm is contending with the regulatory fallout from a multibillion-dollar trading loss, "there's a little bit of a void."

Stumpf is perhaps the only big bank CEO who could fill the role now. But he is less naturally outspoken than Dimon, and spending time with regulators and lawmakers is not his first love.

"I'd be less than honest … if I didn't say I enjoy being with team members and customers the most," Stumpf admits.

If anyone is urging him to take on more of a senior statesman role, perhaps it is Kovacevich. Since leaving Wells, he has continued to rail against the terms of the government's bailout of big banks during the crisis and is impatient with what he describes as the industry's lack of initiative in defending itself as the regulatory response to the crisis takes shape.

"If you believe that regulation and lack of regulation are important to your success … then you don't have any other choice" but to engage, Kovacevich says.

Stumpf didn't make many waves this year as chairman of the Financial Services Roundtable, a rotating, 12-month appointment for the trade group's members. But he has spoken out in support of community banks struggling with new regulatory burdens ("We're all in this together. They're good for America … and they're our customers," he says) and he doesn't mind sharing his ire for the Volcker rule, the still-pending provision of the Dodd-Frank Act that would restrict banks' ability to trade their own capital.

Wells, with its relatively small investment bank, has less at stake from trading restrictions than Goldman Sachs or JPMorgan Chase. But Stumpf worries about the possibility of regulatory creep for a rule that is still not finalized. "The headline is, 'We don't want gambling to take place in banking.' Well you know something? I don't either, but your gamble might be my legitimate risk," he says.

He mentions the hedging that Wells Fargo does against mortgage rates, and its sale of commodity insurance products to farmers like his brother Galen, who now runs the Stumpf family corn farm in Minnesota. "Does that violate the Volcker rule?" Wells' CEO asks. "Am I speculating because I have products on my shelf that I might not be able to use? … I don't know what this Volcker rule's going to be. So those are the things I worry about in regulation."

But mainly he's focused on his big goals for Wells: getting the bank to punch its weight in cards, brokerage and wealth management, and staying on the forefront of changes in how people use mobile, digital and traditional branch channels to handle their banking.

And then there is the mortgage business, which has defined so much of Wells' success (and courted most of its controversies). Stumpf remains fiercely committed to it. "Everybody's in the deposit business; not everybody's in the mortgage business. Even with our customers, who call us their bank, over half of them have a mortgage someplace else," Stumpf says. His voice hushes almost to a whisper now, intense with excitement. "We still have tons of opportunity." ▪

Editor's note: Stumpf is a member of American Banker's industry advisory board, which provides occasional insights on issues in banking.

JOHN STUMPF

EDUCATION

Undergraduate degree:
St. Cloud University
MBA: University of Minnesota

CAREER PATH

NORWEST BANK MINNEAPOLIS

- Joined loan administration department in 1982
- Rose to senior VP and chief credit officer

NORWEST BANK MINNESOTA

- Held a variety of executive posts

NORWEST BANK ARIZONA

- Given responsibility for division in 1989

NORWEST BANKS

- Made regional president for Colorado/Arizona in 1991
- Served as regional president in Texas 1994-1998

WELLS FARGO

- Joined company in 1998 merger with Norwest, headed southwestern banking group (Arizona, New Mexico, Texas)
- Added Colorado, Idaho, Nevada, Oregon, Utah, Washington and Wyoming to his responsibilities in 2000
- Named group EVP of community banking in 2002
- Made president in August 2005
- Elected director in June 2006
- Replaced Richard Kovacevich as CEO in June 2007
- Became chairman in January 2010

Boards: Target, Chevron, The Clearing House, Financial Services Roundtable, San Francisco Museum of Modern Art

Q&A: Wells Fargo's John Stumpf on Regulation, Reputation and Breaking Up the Banks

John Stumpf, chairman and CEO of Wells Fargo, sat down with American Banker for our 2013 "Banker of the Year" profile. During the hour-long, wide-ranging discussion, Stumpf explained why he thinks new regulations have gone too far, why the movement to break up the banks won't go anywhere, and why bankers should be excited about the digital revolution. These are edited and condensed excerpts from that interview:

Do you think you or other big-bank CEOs can do anything else to change the general perception of the mortgage industry and big banks' roles therein?

Yes; this I think has as much to do with the economy as anyone else. Clearly our industry had a role in the bubble that led to the downturn in 2008. A lot of the companies who are most responsible are no longer here. But since that time we've had a very tepid recovery … We are still not back where we need to be, and as long as we're not back to where we need to be, there's going to be a dialogue, and an attitude, where banks are still going to be in the hot seat.

That being said, it does not mean that we should not and will not continue to step up our game. Our corporation is the largest giver of large corporations … and we've forgiven all this principle to keep people in their homes. A lot of other industry participants are doing the same things. It's just going to take some time. I mean, if you would say, "Do you like big" — put whatever you want behind "big." "Do you like big government?" "Do you like big banks?" "Do you like big this or that?" Most of that wouldn't get a lot of advocacy today. I think that's a reflection more of the overall economy and people's frustration of, "Why isn't this working?"

Do you expect the talk about breaking up the big banks, and the related legislation, to become anything more than rhetoric and debate?

All banks are important to the economy. … I don't see the wisdom in taking some of our assets, from financial services companies of all sizes, and the large ones, and making them less competitive. I don't see how that helps America. I don't see how it helps America to have some of our biggest corporations in America having to deal with foreign banks when they want to do transactions — I just don't think that makes any sense. I don't think that's going to happen.

How much is what's going on with JPMorgan Chase generally and Jamie Dimon reflecting on the rest of the industry? How much is it making your job more difficult?

First of all, Jamie is a very good friend. I have a lot of respect for him, and he's been very transparent and honest about what's gone on, and the strengths and the challenges within the organization. We all have those, and I don't know that any one is bigger than any other one. We all have plenty of work to do.

Since the financial crisis, we've seen most of the other big U.S. banks take turns going through periods of scrutiny over business or regulatory problems. How much do you worry that Wells Fargo's time in the harsh spotlight is going to come?

I don't know that there's necessarily a time for different organizations. We all have challenges. Every organization is different, and the DNA of this company tends to be much more community bank DNA. And we also have a culture here and a vision and a set of values that reflect that more conservative nature of doing business.

Most of our business is in the U.S. It tends to be in what I would call the real economy — we don't arbitrage one tax authority against the other or trade in metals and other things as a dominant part of our business or even a minor part of our business. … So if you talk about risk of litigation and regulatory risk and headlines, we all have issues. Sometimes I think they're unwarranted and unfortunate, sometimes we settle those things to get that behind us. But I worry a lot more about, are we getting up every day and living honestly around our 'Vision and Values'? … I don't worry a lot about what one reporter or one attorney general or one litigator might say about us, because I really can't control those things.

So what is your strategy for dealing with reputational and regulatory issues that do come up, including the New York Attorney General's lawsuit against Wells for allegedly violating the 2012 National Mortgage Settlement?

I think that would be a great example. I think that's very unfortunate. I don't think the facts fit, I don't understand the facts as the AG there understands them. In New York state we've already done 26,000 modifications — for every foreclosure we do there we do six modifications, that's one of the highest ratios we have. And we made a global settlement with 49 state AGs, plus all the federal agencies. There's a monitoring group, another six AGs — and what we're hearing from the state of New York is inconsistent from what we're hearing from them. … I don't know the whole deal, because I didn't read the whole complaint. But in some cases like that, you just say, "No, we didn't do those things, and we'd rather talk with you, and if there's a process you want us to improve, we can work on that." But in other cases, if we believe that there are some issues we could resolve, we'll resolve them. I mean, I'm willing to make a deal, I'm willing to give customers the benefit of the doubt, to settle things. On the other hand, there are certain cases where it's without merit, and on those we're going to stand up.

In terms of the regulatory cycle since the financial crisis — the run-up to new rules, enactment and industry response — where are we?

I think we've gone too far. I know that not everything has been done. I am a big believer in good, effective regulation. I mean, I would hate to drive a car without having traffic laws and rules, and frankly, cops that enforce those rules. I wouldn't get on the roads without those. The same way in our industry, when I look at the past practices that led up to 2008, there was regulator shopping going on, there was a patchwork of regulations and there were a lot of regulators who weren't enforcing what was on the books already. So now we have this plethora of new regulations, and I worry that it's going to be applied with a blunt instrument, to all industry participants. It will be hard to comply [with] for small organizations, who don't have the ability and the team to deal with that, and it will be inconsistent with its application.

What's the best regulation to come out of the financial crisis?

I've not seen all of them yet, but the discussion around making sure that everybody plays by the same rules, if this happens in practice, for nonbanks and for banks. … There is a part of this country that does not bank with a bank, they bank with individual nonbank providers for their liquidity, and I have not yet seen where that industry and those people are held accountable and put on the same level playing field as banks of all sizes. So I think that's the theory. If that ever happens, that will be helpful to everyone, including all the providers held to the same rules.

Do you see the rise of mobile banking as more of an opportunity or a challenge?

I absolutely see it as an opportunity. Any time we can engage with customers and help them learn more about the products and services … it adds to the value stream. When I got into the industry 38 years ago, in 1975, the average retail customer visited us on average eight times a month — 7.5 times on average were in the "store," the branch, between 9 o'clock in the morning and 3 in the afternoon. And half the time on average was with this new machine called the ATM. Today customers are visiting us 50 and 60 times a month, and only on average two times in the stores. Just think about it: you're online, you're on your mobile [phone], and mobile has been the most dramatic distribution change in the last 30 years because your provider, your bank can be with you 7/24. You can sleep with your bank! You can go to the ballpark with your bank. You can be in a movie, and during a boring part you can get information on anything you want.

But will you be able to monetize the digital revolution?

If the singular focus is how do you monetize any particular channel or product or service, you might have too narrow a view. You need to open up the aperture on your camera and see the entire relationship. … We look to deepen relationships, whether it be consumer, small-business, large corporate. If the overall relationship is valuable to a customer, they will return value to us. So as we built more channels of distribution, as we went from store to ATM to phone to online to mobile, people just used them more. I couldn't say any one of those was a tipping point or any one of them was profitable in and of themselves. The overall relationship is profitable, and the more channels they use, the stickier they are.

It's based on your age, your affluence and the [banking] activity you're doing. My parents, God bless them, are still with me. They go to the bank on the day when the cookies are there — they like certain cookies, and they like the personal relationship. My children, on the other hand, rarely go into a bank — they do most of their business online. So age has something to do with it. And sometimes if it's an affluent client, they want a team around them. … So this is why we take the view that stores are still important. And we're not shrinking our store distribution. We might change it — we might not have 5,000-square-foot stores anymore. We're trying a 1,000-square-foot store. But stores are still important to the delivery model. And when customers tell us they're not important, then we won't build them anymore.

You hit the mandatory Wells Fargo retirement age in five years. How do you want this company to look when you give up the CEO role?

I hope that we have even a stronger commitment to our 'Vision and Values.' I think we need to be more diverse in our senior ranks of the company. We have the most diverse board of any corporate board that I know of, and we also have a diverse workforce. [But] we don't have enough diversity at the more senior levels, so I would hope to see that.

I think as the industry changes and customer behaviors change, digitizing the enterprise is going to be an important part. Those are tactical, and they're important things. But the culture, the way we do business, the deepening relationships are going to be sacrosanct, and that's why the company has been successful … now into our 162nd year.