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BofA Gooses Checking Account Sales to Merrill Wealth Clients

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[News](#)

[Bank of America](#), [Merrill Lynch](#)



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Wells Fargo’s aggressive cross-marketing sales culture has been implicated as an underlying cause of its lingering sham account scandals, but that is not stopping other big bank companies from aggressively promoting sale of bank products through their wealth management divisions.

In the latest example, Bank of America has ratcheted up checking account sales targets for the “banking specialists” it has placed in Merrill Lynch offices and is offering special incentives to help client service associates working with brokers to promote the accounts to wealthy clients.

Bank specialists in the Midwest division received an email three weeks ago spurring them to meet a divisional target of opening 23,949 checking accounts in 2019 from Merrill’s wealth

management customers, who have minimum brokerage accounts of \$250,000. The checking account target, which must be funded with at least \$2,000, works out to 460 checking accounts per week in the region.

“This is a huge goal and we need to get moving fast,” Ashley Graham, the division’s Client Relationship Manager director wrote. “Last week, we opened 128 accounts as a Division, and thus we need to pick up the pace.”

In a New York City branch, broker sales associates on Thursday were offered free dinners at an upscale restaurant, with transportation, if they open six checking accounts by April 1, according to a source at the branch.

The branch manager rescinded the offer after a reporter asked questions about it, said Jerome Dubrowski, a Merrill spokesman.

“His comments may have been misunderstood,” Dubrowski said.

Some current and [former brokers have complained](#) that the bank-product push diverts their teams from client servicing and may expose clients to poor bank servicing outside their control.

“I’m a financial advisor, and I manage high net-worth money,” [Matthew Ardoyno](#), a Texas broker said last month after moving with his Merrill team to Stifel Financial. “I don’t want to hand out toasters.”

BofA’s banking products are “best in class,” and complement Merrill adviser’s client-satisfaction goals, Dubrowski said.

“When we look to broaden a relationship with a banking or investment solution the conversation always begins with asking the client what their goals are and how we can help them achieve their goals,” he said.

To ensure that Merrill brokers, sales associates and bank liaisons tow the line ethically when responding to bank account sales incentives, “we have strict supervision policies in place to make sure that accounts are funded and active, and we monitor that constantly,” Dubrowski said.

Graham, the Midwest manager, did not respond to a request for comment.

Bank of America and Merrill executives have not been shy about promoting cross-selling, saying it glues wealthier investment customers to the company.

Merrill requires brokers to make [at least two referrals](#) to their bank brethren in order to qualify for a higher payout percentage tied to account-growth targets (though the referrals do not have to result in loan sales or bank account openings). Last year Merrill tucked into customer account statements promotions for bank accounts that included above-market rates and cash-back offers.

Client associates receive \$200 for opening checking accounts as part of their “service awards,” and Merrill this year bumped up broker payouts to 0.14% of customers’ BofA checking and savings account balances, from 0.04%, if they meet certain client-engagement conditions. To qualify, at least 40% of clients must actively use at least three of the following: trust accounts, loans, checking accounts and Merrill’s fee-based investment advisory platform.

Merrill has hired scores of “banking specialists” who specialize in “deepening relationships by connecting clients to our checking, savings and credit card solutions, engaging them with our digital banking capabilities and leveraging our referral model to WM Lending Officers and credit specialists,” according to classified ads throughout the country. The web pages of many brokerage teams include photos and phone numbers of the banking and lending specialists.

Cross-selling incentives have drawn the attention of regulators in the wake of the Wells Fargo scandals. Morgan Stanley in April 2017 [agreed to a \\$1 million sanction](#) from the state of Massachusetts for ginning up sales of portfolio-backed loans to wealth management clients.

The Financial Industry Regulatory Authority launched a sweep investigation of large broker-dealers in late 2016 to determine the scope of sales incentives given brokerage employees to sell bank products but ended it after two years [without making enforcement referrals](#).