

Wells Fargo: allocating the next increment of customer capacity

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When Wells Fargo's asset cap was lifted in June 2025, the bank regained room to grow its balance sheet. The company was pursuing that opportunity through several routes at once: digital products and customer acquisition, branch refurbishment and relationship capacity, and targeted expansion in Commercial Banking. By mid-2026, the public results showed activity in both digital and physical channels, but not which investments generated the strongest incremental returns.

Assume you advise a hypothetical Wells Fargo Consumer Banking & Lending (CBL) investment committee preparing its next planning-cycle recommendation. The committee can direct an unspecified increment of CBL resources among digital/mobile capabilities, physical relationship capacity, or a segmented test-and-scale program. It must also decide what evidence to require before expanding an investment. This is a classroom decision exercise; no specific approval or budget is known to be pending.

A growth opportunity with more than one claimant

The Federal Reserve lifted Wells Fargo's asset cap in June 2025 after it had constrained the company's growth since 2018. Wells Fargo's 2025 shareholder letter described the change as opening additional opportunities, including more aggressive Consumer Banking & Lending deposit growth. The company also continued to discuss risk management, capital deployment, technology and other growth businesses. The cap's removal widened the opportunity set; it did not eliminate capital, risk, funding or execution constraints.

CBL is not synonymous with consumer checking. Wells Fargo reports CBL as a segment that includes Consumer Banking, Small and Business Banking, Credit Card, Home Lending, Auto and Personal Lending. Selected branch and mobile metrics are reported for CBL. Other measures in the company's shareholder letter—such as digital consumer checking openings, Premier balances and branch-based advisor growth—refer to narrower activities. A decision about CBL resources therefore needs to specify which customers, products and capabilities it covers.

At year-end 2025, Wells Fargo reported 4,090 retail branches, roughly 700 branch refurbishments during the year, and 32.8 million mobile-active customers, up 1.4 million from year-end 2024. Half of consumer checking accounts were opened digitally. The company also reported growth in affluent relationships: branch-based financial advisors increased 12%, Premier deposit and investment balances grew 14%, and wealth referrals from consumer banking channels rose 30%. These are simultaneous company-reported results and priorities. The disclosures do not isolate how much any one investment caused them.

The company had also disclosed plans to increase marketing, customer benefits, technology and customer resources. Its 2026 investment priorities included digital offerings, Premier growth, and branch-based bankers and advisors. In parallel, Commercial Banking said it was expanding in 20 targeted, high-density markets and had hired 185 coverage bankers over two years. These are distinct businesses, but they compete within a company making choices about capital, technology, risk capacity and management attention.

Two measures moving in different directions

By the second quarter of 2026, CBL reported 4,079 period-end retail branches, down from 4,135 a year earlier, and 33.7 million mobile-active customers, up from 32.1 million. The arithmetic is a 1.35% decrease in branches and a 4.98% increase in mobile-active customers. The company also reported average CBL deposits of \$828.4 billion and average loans of \$337.8 billion for the quarter.

The pattern is consistent with several explanations. Customers may be shifting routine activity to mobile while Wells Fargo adjusts its network. Digital engagement and branch-based relationships may also be growing among different customers or serving different needs. The counts do not reveal migration, incremental acquisition, retention, profitability, service costs or customer outcomes. Mobile-active customers include both consumer and small-business users who logged in by mobile during the prior 90 days; they are not necessarily checking customers, primary-bank relationships or profitable accounts. Wells Fargo defines digital-active customers more broadly to include online and mobile, so digital and mobile counts should not be added together.

The branch network itself is not a single-purpose channel. A location may support routine service, small-business relationships, advice, referrals and customer access. Digital capabilities may make routine interactions easier and extend service across markets, while staff can address exceptions and needs that depend on context. The public evidence does not say how much these services complement one another or how their relative value differs by segment.

What the research can-and cannot-say

Organizational theory offers one useful lens. Stein's model suggests that local decision authority can help when valuable information is difficult to document and transmit, while centralized systems can compare and reallocate resources when information is standardized. It also identifies possible costs from bureaucracy and influence. Applied here, the framework raises a design question: which journeys should use scaled, centrally governed tools, and where should local employees have room to recognize and act on relationship information? The model does not prescribe Wells Fargo's structure or estimate the returns of a branch or mobile investment.

Research on small-business lending cautions against assuming that technology makes physical proximity irrelevant. Nguyen's study of merger-related branch closures in the 2000s found lower local small-business lending after closures, including a residual local credit-supply gap after substitution by other lenders. The estimated effects concern historical, merger-driven closures and small-business loans; they are not a forecast for Wells Fargo, its branch refurbishments or consumer checking. Earlier survey evidence also found that distance patterns differed by product and borrower type. These studies suggest a mechanism to consider, not a channel return to import.

The practical evidence gap is substantial. Wells Fargo has not disclosed channel-level investment, customer acquisition and retention by source, cost to serve, branch cohort economics, migration after closures, or comparable risk-adjusted returns. Nor does the

available information establish that the company has a channel underinvestment or a current service failure. A decision must therefore pair a near-term resource choice with a credible plan for learning.

The committee's choice

The committee can make a broad digital-first allocation, emphasizing mobile features, digital onboarding and self-service. This could extend convenient service and support growth across geographies. It also risks directing resources toward activity measures without knowing whether they produce incremental, durable, profitable relationships or provide adequate coverage for advice and more complex needs.

Alternatively, it can emphasize physical relationship capacity: continue selected refurbishments and add banker or advisor resources where relationships are more complex. That could reinforce local service, small-business engagement and affluent advice. It would also commit resources to a higher-fixed-cost footprint without public evidence identifying which locations or customer groups earn adequate incremental returns.

A third path is to direct an initial increment to defined customer and market segments, improve both digital and physical journeys where relevant, and set review gates for expansion. Management could compare matched groups or markets on incremental acquisition, retention, risk-adjusted contribution, service cost, customer experience and access. This path could preserve flexibility and reveal where channels complement or substitute for one another. It would require a suitable comparison design, time to observe outcomes, reliable data and agreement about who can act on local information. Those capabilities and an existing program are not established in the public record.

Each alternative competes with other uses of CBL and enterprise resources. A rigorous recommendation should explain what would be funded first, which customer or market needs it serves, what must remain available in other channels, and what findings would trigger expansion, redesign or a pause. It should not equate a login, an account opening or a refurbishment with value creation.

Discussion questions

1. Which CBL customer journeys and segments should receive incremental investment first? What should remain available through both digital and physical channels?
2. Recommend a digital-first, relationship-capacity, or segmented test-and-scale policy. What are the strongest arguments against your choice?
3. Design a measurement plan that could distinguish incremental impact from rates, marketing, product benefits, customer mix and broader market changes. What outcomes and comparison groups would you use?
4. How should Wells Fargo balance common digital standards and cross-market resource allocation with local judgment in advice and relationship-intensive work?
5. What evidence would justify scaling, redesigning or stopping an initiative? What timing, access, risk and customer safeguards belong in the decision gates?
6. Which additional data would you request before committing a larger share of resources, and how could those data change your recommendation?

Exhibit 1. Reported channel and relationship indicators

Measure	YE2024 / 2Q25	YE2025 / 2Q26	Scope and interpretation
Retail branches	4,135 (2Q25)	4,079 (2Q26)	CBL period-end count; down 56, or 1.35%, year over year
Mobile-active customers	32.1m (2Q25)	33.7m (2Q26)	CBL period-end count; up 1.6m, or 4.98%, year over year
Branch refurbishments	-	~700 in 2025	Company-reported annual activity; over half of network complete
Digital consumer checking openings	-	50% in 2025	Share of consumer checking openings, not all CBL accounts
Branch-based financial advisors	-	+12% in 2025	Company-reported growth; not a count of all CBL employees
Premier deposits and investment balances	-	+14% in 2025	Company-reported result; no channel-level attribution
Average CBL deposits / loans	-	\$828.4bn / \$337.8bn in 2Q26	Quarterly averages, not year-end balances

Sources: Wells Fargo 2025 Form 10-K / Annual Report, CEO letter printed p. iii and selected-metrics table printed p. 20; Wells Fargo 2Q26 results presentation, slide 12 and slide 18 endnotes. Branch and mobile comparisons are period-end counts. "Mobile-active" means consumer and small-business customers logging in by mobile during the prior 90 days. The table combines distinct periods and narrower measures; the figures are not directly comparable as channel returns. Percent changes are arithmetic from reported counts.

Exhibit 2. Strategic scope and company priorities

Disclosure	What it establishes	What it does not establish
Asset cap lifted in June 2025	A prior balance-sheet growth constraint was removed	That growth is unconstrained or every investment has an attractive return
CBL investments in digital, branches, Premier and advisors	Management is pursuing capabilities in both channels	A fixed channel budget or realized incremental return
2026 plans for marketing, customer benefits, technology and customer resources	Multiple levers could support growth	Which lever caused recent growth
Commercial Banking expansion in 20 targeted markets	Another business has growth ambitions and resource needs	That CBL should lose or receive capital relative to Commercial Banking

Source: Wells Fargo 2025 Form 10-K / Annual Report, CEO letter printed pp. i-v; 4Q25 results presentation, “Areas of focus for 2026 investments.” Commercial Banking evidence refers to a separate reporting segment.

Exhibit 3. Academic evidence for discussion

Study	Evidence	Boundary
Stein (2002), “Information Production and Capital Allocation”	Formal model of local soft-information production versus centralized comparison and reallocation of more standardized information	Conceptual mechanism, not a bank-channel return estimate
Nguyen (2019), “Are Credit Markets Still Local?”	Merger-driven branch closures reduced local small-business lending in affected areas; substitution by other lenders reduced but did not eliminate the estimated local gap	Historical small-business credit setting; not Wells Fargo customer economics or a forecast
Brevoort, Holmes & Wolken (2010), “Distance Still Matters”	Distance patterns varied by borrower and credit product; some business banking relationships remained local	Survey data end in 2003; not a modern mobile-app experiment

Full references, direct sources and reading-depth records appear in the research source register. The case uses these studies to frame mechanisms and questions, not to assign Wells Fargo a branch or mobile elasticity.

Case boundary: The decision role and alternative allocation paths are hypothetical. The case ends at the stated cutoff and contains no later outcomes, private management discussions, budget amounts, or channel-level financial forecasts. No alternative is presented as a known management choice.