Why "products per customer" is a flawed performance metric in banking

In many industries, volume-based targets have a clear and direct relationship to revenue. Selling more units generally means generating more income, even if execution risks remain.

Banking is fundamentally different.

Banks do not sell products in isolation. They allocate capital and risk across a balance sheet, choosing an asset and liability mix that determines profitability, volatility, and long-term resilience. A checking account, a credit card, a mortgage, and a revolving consumer loan are not interchangeable "products." They carry vastly different: margins, risk profiles, capital requirements, and loss characteristics across the cycle.

From that perspective, "products per customer" is not a proxy for value creation. It is a count that obscures what matters in banking: product mix and pricing, credit quality, customer need and usage, and the stability and cost of the funding base that supports those assets.

Wells Fargo's decision to elevate product count as a central performance metric — without disclosed analysis of product mix, customer need, or risk-adjusted returns — was not merely aggressive. It reflected a failure of incentive design in a balance-sheet business.

The problem was not cross-selling per se. Cross-selling can be economically rational when it: deepens low-cost funding relationships, improves customer retention, or supports a deliberate asset-mix strategy.

The problem was treating all products as equivalent units of success, and rewarding behaviour accordingly.

Incentivizing employees to add any product or service to reach an arbitrary numerical target — one that lacked analytical grounding as asserted openly in public disclosures — signaled that management prioritized hitting the number over optimizing the bank's risk-return profile.

In effect, a metric designed for simplicity and comparability was allowed to override the complexity inherent in banking itself.

That is not a failure of ethics.

It is a failure of governance and incentive-setting — visible in plain sight.