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# Two recent SEC settlements highlight the marketing value of transparency

Article

**The news:** **Wells Fargo** and Bank of America's **Merrill Lynch** unit agreed to pay a combined $60 million to settle Securities and Exchange Commission (SEC) investigations into their cash management practices in wealth management accounts, per The Wall Street Journal.

**How we got here:** Banks and brokerages often place clients' uninvested cash (such as dividends or leftover cash) into "sweep accounts." These accounts are supposed to provide some return, but the interest rates Wells Fargo and Merrill Lynch offered were near zero, even as broader market rates rose.

The SEC investigated whether these practices violated rules requiring financial advisors to act in their clients' best interests by informing clients of better cash management options. Since then, Wells Fargo and Merrill Lynch have both significantly raised the rates in question.

**The marketing takeaway:** Transparency and trust are paramount for wealth management firms looking to attract and retain clients. Firms must demonstrate a proactive commitment to maximizing client wealth by offering competitive returns and clear communication about cash management options.

Those that fall short risk losing business to competitors that prioritize transparency and better align their practices with client expectations.

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