**Introduction**

The Wells Fargo Bank is an American based institution that specializes in the provision of financial services, credit card, and insurance as well as global banking. All the same, the entity has its headquarters in San Francisco with its other branches widely distributed over the US. Into the bargain, the organization is known to have the largest market capitalization despite being the third largest in the entire country regarding their assets (Acharya, Almeida, & Campello, 2013). This article looks extensively into the bank to identify the risks undertaken as well as their terms of operation besides the capitalization and solvency measures.

In like manner, the entity is in collaboration with large corporations in the nation, and they are known to employ a consultative approach in the course of their activities. Strikingly, consultation is vital in the acquisition of quantifiable results, integrity as well as ample knowledge on the trends in the market. However, the management has to deal with the adverse effects of economic changes such as housing and employment in the country. Furthermore, the operational risk taken into account is that they do not give loss provisions due to the instances of unemployment as well as unfavorable home prices. The compliance risks associated with this firm as well as others in the field are poor quality loan portfolio. All the same, the hazard is brought about by the slow and uneven economic recovery resulted in shutting down by the state as well as fiscal policies hence a problem to future growth (Wells Fargo Commercial Financing Services, 2016).

Supernumerary, the risk types involved in the entity are inclusive of credit, operational and market risks and are brought about by unpredictable shifts in the financial market as well as the economy. Other types of risk that command a minimal percentage in the entity are liquidity and reputational risks. It is also important to note that the system of operation, as well as morals in the entity, are also risks. The risk trends experienced in the past are inclusive of cyber security, pacing with regulatory deadlines, and vendor management concerning the contract with their third parties (Claessens, Ghosh, & Mihet, 2013.

Moreover, risk mitigation is taking precautionary measures to reduce adverse effects of risks. For the reason mentioned, the institute tries to keep a balance between taking risks and offering rewards. The risk mitigation strategies in the selected entity are risk limitation, avoidance, and acceptance as well as the transfer (Claessens, Ghosh, & Mihet, 2013). The Wells Fargo offers credit in consideration of the credit reports which entails one’s capacity, capital, economic condition as well as collateral values to minimize future risks associated with credit giving.

What is more intriguing is that the bank is a responsible and fair lender. Discrimination of any sort such as age and race is strictly forbidden in the entity. Rather, the primary goal of the bank is to give a clear understanding of their loan terms to their clients hence promoting an informed borrowing from their customers (Fair and Responsible Home Lending, 2016). In aggregate, inadequate capital limits a bank’s growth rate. All the same, the Wells Fargo institution is known to be among the best-capitalized banks in America. As a matter of fact, it is the only large bank beside the Bank of America that does not run short of its capital. The chances for the solvency of the bank are very high as it is not prone to any future capital degradation (Mukherjee, Korah, Bhatt, & Krishnamoorthy, 2014).

Reference

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