

Worldwide financial job losses triple in 2007

By Robert Cookson, Stacy-Marie Ishmael and Sarah O'Connor in London Thu Jan 17, 6:10 PM ET

Almost 200,000 finance professionals around the world lost their jobs in 2007 - triple the average of the previous two years - as the subprime mortgage and structured credit markets collapsed.

The stricken real estate finance sector was worst hit, as dozens of mortgage lenders shut their subprime lending units or collapsed entirely, according to industry figures.

MortgageDaily.com, the online newsletter for the mortgage industry, estimates that more than 86,000 jobs were lost in the sector last year. More than 65,000 jobs were also eliminated at US investment banks, which suffered big writedowns on their investments in complex structured products.

US banks and lenders are "cutting to the bone right now", says John Kim, head of capital markets at recruitment agency Korn/Ferry. "Anyone in the asset-backed securities and mortgage markets got killed."

Ratings agencies have also been cutting costs and shedding jobs. Moody's plans to cut 7.5 per cent of staff because of falling demand for ratings on securities.

However, recruitment agencies believe some staff who lose their jobs will be able to reinvent themselves in different segments of the market.

Gustavo Dolfino, president of recruitment group WhiteRock, says high yield, distressed debt investment, commodities and project finance will offer opportunities.

People with a good understanding of risk will also be at a premium, says Zachary Meade, manager of the banking division at recruitment consultancy FSS.

Mr Dolfino expects 5,000 to 10,000 financial services jobs to be created in Asia this year.

"There is a strong flight of brains leaving the US and Europe and going to Asia," he said. "[It's] the place to grow."

Additional reporting by Lindsay Whipp in Tokyo