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Bank of America to cut 35,000 workers

11% of Workforce

Jonathan Stempel & Dan Wilchins - Reuters Published: Friday, December 12, 2008



Emmanuel Dunand, Agence France-Presse, Getty Images

Bank of America said the cuts were prompted in part by its takeover of Merrill Lynch & Co.

NEW YORK - Bank of America Corp. said yesterday it plans to eliminate 30,000 to 35,000 jobs over three years as it integrates Merrill Lynch & Co and experiences weaker business activity amid the economic recession. The cuts could affect about 11% of the combined companies' workforce of about 308,000 people, and are intended to help save US\$7-billion of annual costs.

Bank of America employs about 247,000 people and Merrill about 61,000. The merger values Merrill at about US\$20.5-billion and is expected to close on Jan 1, 2009, creating the largest U. S. bank by assets. Charlotte, N. C.-based Bank of America announced the cuts less than four weeks after Citigroup Inc. set plans to eliminate 52,000 jobs, or 15% of its workforce, by early 2009.

Bank of America said its planned cuts reflect the pending merger, as well as "the weak economic environment, which is affecting the level of business activity."

The cuts will come from both companies and affect all business lines and staff units. Final numbers will not be determined until early 2009, and "as many reductions as possible" will come through attrition, the bank said. Bank of America spokesman Scott Silvestri said the bank would not elaborate on where the job cuts will come from, how many might come from attrition, or where the banks' business activity had been hurt.

One recruiter said attrition could account for most of the announced job cuts, and that more cuts may be needed to make Bank of America more competitive.

Eventual losses may be "substantially higher" than 35,000, with many coming from the middle ranks, said Gustavo Dolfino, president of White-Rock Group LLC, a New York-based recruiter.

Financial companies worldwide have announced plans to eliminate close to 300,000 jobs since the global credit crisis began nearly 18 months ago. Shareholders of Bank of America and Merrill approved the merger on Dec. 5. The transaction was originally valued at US\$50-billion, but the value has fallen because Bank of America shares have declined. Bank of America shares closed yesterday down US\$1.78, or 10.7%, at US\$14.91, while Merrill shares fell US\$1.43, or 10.1%, to US\$12.67. Shares of Bank of America rose 16¢ in after-hours trading.