



Layoff Alternative: Relocate

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Bankers and traders no longer needed on Wall Street increasingly are being given another option – move overseas.

Big investment banks are moving both key executives and some of their most junior employees to Asia, the Middle East, Europe and Latin America, the New York Times reports. While such transfers in part reflect cost-cutting pressures, banks also are fortifying their businesses beyond New York and London in order to take advantage of rising growth. Some bankers are getting the opportunities they've dreamed of, while banks can maintain key employees they might otherwise have laid off.

“Banks like Morgan Stanley and Merrill Lynch are playing musical chairs,” headhunter Gustavo G. Dolfino of the WhiteRock Group told the Times. “Why are they doing this? They want to keep the talent.” Making these decisions easier has been the sizable growth potential overseas and the fact that less developed markets are outperforming developed economies.

For instance, two-thirds of the 126 additional slots in JPMorgan's commodities trading group in the last year are located in Singapore and Hong Kong. "Now everyone has decided to go local and to go quite aggressively," JPMorgan's head of investment banking in Latin America told the newspaper.

Morgan Stanley's high-level relocations include Stephen Roach and Owen Thomas, who moved from New York to Hong Kong to become chairman and chief executive of the bank's Asia operations, respectively. Also, five senior executives were transferred from London to Dubai.

Local Hiring, and Outsourcing Research

Banks are hiring locally, as well, in places like Brazil, the Middle East and Asia. A major beneficiary of the exodus on Wall Street is India. Credit Suisse plans to double its investment banking and private banking there. Goldman Sachs is adding staff in India, as are several other banks.

A separate New York Times story details how belt-tightening on Wall Street is driving business to Indian firms that provide research, back-office and other support functions. Firms like Copal Partners provide equity and fixed-income research for several top banks. The trend could be telling for junior bankers as Wall Street sees that lower-level jobs do not have to be based in financial capitals.

According to the Times, Morgan Stanley has about 500 people in India doing research and statistical analysis, while Goldman Sachs has 100 employees in Bangalore performing investment research. JPMorgan has 325 analysts in Mumbai working for its investment banking and global research. Citigroup employs about 22,000 people in India, with several hundred working in investment research. Deutsche Bank has 6,000 employees in India but wouldn't specify how many were in research.