



Banking and Finance

BoA plans to cut up to 35,000 jobs

Reuters Published: December 13, 2008, 00:20

New York: Bank of America Corp said on Friday it plans to eliminate 30,000 to 35,000 jobs over three years, reflecting its pending purchase of Merrill Lynch & Co and weaker business activity stemming from the economic recession.

The cuts could affect as much as 11.4 per cent of the combined companies' workforce of about 308,000 people, and are intended to help save \$7 billion (Dh25.69 billion) of annual costs. Bank of America said the cuts will come from both companies and affect all business lines, and in part reflect "the weak economic environment, which is affecting the level of business activity." The Charlotte, North Carolina-based bank said it won't determine the final number of cuts until early 2009, and that as many as possible will come through attrition.

Bank of America employs about 247,000 people and Merrill about 61,000. The merger values Merrill at about \$20.5 billion and is expected to close on January 1, 2009, creating the largest US bank by assets. Financial companies have announced more than 250,000 job cuts this year, according to outplacement firm Challenger, Gray & Christmas Inc, as losses soared from mortgages, credit cards and securities writedowns.

Bank of America announced its cuts less than four weeks after Citigroup Inc set plans to eliminate 52,000 jobs, or 15 per cent of its workforce, by early 2009. "If you asked me six months ago I would be surprised, but in this day and age, it doesn't look as draconian, especially compared with what Citigroup did," said Howard Diamond, chief executive of Diamond Consultants, a Chester, New Jersey, recruiter.

Other financial companies to cut jobs in recent months include Goldman Sachs Group Inc, JPMorgan Chase & Co and Morgan Stanley. Bank of America previously said it would cut 7,500 jobs following the July 1 purchase of mortgage lender Countrywide Financial Corp.

Bank of America spokes-man Scott Silvestri said the bank would not elaborate on where the latest 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 WhiteRock Group LLC, a New York-based recruiter.

Shareholders of Bank of America and Merrill approved the merger on December 5. The transaction was originally valued at \$50 billion, but the value has fallen because Bank of America shares have declined.