European Union Banks to Cut Thousands of Jobs

Brussels, December 22 (RHC)-- Major European banks are poised for massive job cuts as part of their plans to find more savings in 2016. At least 10 European banks have already announced 130,000 job cuts since June. However, investors and analysts believe the banking industry needs to slash more jobs to raise profits.

"The perpetrators of 2008 still need to pay a penance and must shrink balance sheets in so doing… We read job cuts as only one sign of the secular, rather than cyclical trend to permanently smaller banks," Jamie Clark, co-manager on the Liontrust Macro Thematic team told Reuters.

The European banks have announced more than 30,000 job cuts, or almost one in seven positions in 2016. Europe's 30 largest banks slashed over 80,000 jobs between 2008 and 2014.

Banks across Europe are now employing new technology, and are shifting to systems requiring less manpower. "We're in a long term bear market for banking jobs as we're finally seeing technology and automation taking out jobs in retail banking," Xavier VanHove, partner at fund manager THS Partners told Reuters.

This comes against the backdrop of a lagging European economy which has already taken its toll on the banking industry. The EU officials are now considering further monetary easing which has already

undermined banks' interest margins.

"The crux of cuts in investment banking fall in FICC (fixed income, commodities and currencies), where things are really difficult....It's more structural than short term," Reuters quoted Stephane Rambosson, managing director at executive search firm, DHR International.

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