

Mass Unemployment in Financial Services Industry? Citigroup cuts 50,000 jobs

By [Global Research](#)

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Citigroup, one of the world's biggest banks, is to cut about 50,000 jobs as the bank struggles with heavy losses amid the current financial crisis.

The cuts come on top of a further 22,000 job losses announced by the firm in October, of which it said 13,000 have already gone.

The company said on Monday its workforce is being reduced by about 20 per cent from a peak of 375,000 in 2007.

Al Jazeera's John Terrett in New York said: "This is an astonishing number of workers, on top of those announced earlier this year.

"It is a measure of the struggling nature of the banking industry ... and of just how grim things are in this economy and that of the wider world."

Wall Street 'darling'

Citigroup was once the darling of Wall Street as it was perceived to have successfully combined retail with investment banking but was now in big trouble, our correspondent said.

The troubled bank is saddled with billions of dollars in losses tied to the subprime mortgage crisis - in which millions of Americans were granted mortgages they were unable to repay - and the current global credit crunch.

The New York-based bank has posted losses for the past four financial quarters, including a heavy loss of \$2.8bn during the third quarter.

The company said that in addition to job cuts, it plans to lower expenses by about 20 per cent. It has already reduced its assets by more than 20 per cent since the first quarter of the year.

It is also selling its Citi Global Services arm and its German retail banking business.

Citigroup's shares plunged 6.6 per cent to close at \$8.89 on Monday. The company's share price lost about 24 per cent last week, just months after its shares traded at a high of about \$50.

Bonuses questioned

Win Bischoff, the chairman of Citigroup, said job losses were inevitable given the current financial crisis.

“What all of us have done – and perhaps injudiciously – we’ve added a lot of people over ... this very benign period,” he told the AP news agency.

“If there is a reversion to the mean ... those job losses will obviously fall particularly heavily on the financial sector.”

Bischoff also said there was a possibility that some of the company’s top executives could opt out of their bonuses this year, saying “watch this space”.

Several top US financial firms have faced heavy criticism for granting their executives millions of dollars in bonuses despite losing billions and shedding jobs.

Goldman Sachs, the US investment bank, said on Monday that Lloyd Blankfein, its chief executive, and six other company leaders have renounced their 2008 bonuses following the firm’s poor performance in 2008 in which it lost 70 per cent of its value.

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