Deutsche Bank announces hundreds of job cuts

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Deutsche Bank has announced plans to cut 543 jobs, including 143 at its Frankfurt headquarters and 400 at its subsidiary, Postbank. According to press reports, this is just the "first step" in retail bank downsizing in Germany, with "many thousands" of jobs at risk.

Earlier, Anshu Jain and Jürgen Fitschen, the co-chairs of Deutsche Bank, the world's largest bank by assets, revealed that the firm wanted to cut €4.5 billion in costs by 2015. At the end of July, they announced that the bank planned to slash 1,900 jobs worldwide, including 1,500 in investment banking, which would mainly affect jobs outside Germany.

The job cuts announced last month are in addition to those announced in July. Deutsche Bank currently employs 100,000 people worldwide.

Deutsche Bank spokesmen denied there were plans for further job cuts in Germany apart from the 543 announced last month. But the *Süddeutsche Zeitung* wrote that some 6,000 posts were threatened.

The *Frankfurter Allgemeine Zeitung* stated that "a further reduction of thousands of jobs is likely if the [savings] are to be achieved". Citing trade union sources, the newspaper spoke of a figure of 7,000 jobs. On September 11, Fitschen himself spoke of cuts that "exceeded what was previously known."

Since Deutsche Bank took over Postbank and its 20,000 employees in November 2010, it has sought to reduce operating costs through restructuring and outsourcing. "Duplicate functions" at Postbank and Deutsche Bank were to be "systematically reduced."

Deutsche Bank presently employs 42,000 in retail banking, with 19,000 at Postbank. Following warning strikes and protest meetings by Postbank workers, the bank last year agreed a "framework social contract" with the union covering its German branches and excluding compulsory redundancies until the end of 2014.

The 543 affected by the recently announced job cuts will be offered "other posts in the company". PBC Banking Service, a new company formed to perform the tasks outsourced by Deutsche Bank, will be responsible for "downstream services". It will employ those whose jobs have been eliminated at Postbank, Norisbank and Deutsche Bank at lower rates of pay and substandard conditions.

All IT systems will be transferred to a single "Magellan" platform. In this way, Deutsche Bank will save €770 million annually.

The "downstream services" include securities settlements, credit and pension settlements, call centre operations and cash, print and receipt logistics. For some time, Deutsche Bank has outsourced these "downstream services" to other companies, which will now be brought together in PBC Banking Service.

The Deutsche Bank co-chairs justified the job cuts announced in July, in investment banking, which currently employs 10,000, by citing a drop in profits in the second quarter. While Deutsche Bank analysts had forecast net profits of almost a billion euros, the bank reported only €660 million.

Profits in retail banking also fell in the second quarter, by 13 percent. The co-chairs blame the European debt crisis for adversely affecting "investor confidence and customer activity in all areas of business."

The staff council and the unions are collaborating in the destruction of jobs. This is made clear by Deutsche Bank's reference to "constructive discussions with the employee representatives regarding human resources developments in the coming years."

Alfred Herling, a member of the works council who also sits on the company supervisory board, accepts the

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cuts and the assurances of the board of directors that they will consult the works council in good time.

DBV, the house union representing Deutsche Bank employees, which has been negotiating with the company, has received support from Frank Bsirske, the leader of the large service-sector union Verdi. Bsirske sits on the Postbank supervisory board and plans to join the supervisory board of Deutsche Bank next year.

In April, the DBV cancelled the collective agreement covering the companies performing outsourced work in order, it said, to achieve “fundamentally better conditions”. According to press reports, “under the threat of strikes” the union sought to negotiate the same conditions for the 1,500 employees in these companies as those prevailing at Postbank.

However, a DBV leaflet circulated in August said a new contract was nowhere in sight. “Negotiations have not even started at most subsidiaries”, it read.

DBV and Verdi are opening the way for Deutsche Bank to cut costs and increase profits at the expense of the workforce. They make threats about strikes but do nothing, and thereby ensure that the company has enough time to push through the job cuts and other savings.

Cost-cutting is being carried out not only by Deutsche Bank, but throughout the banking sector. Workers at Commerzbank, in particular, face attacks on their jobs.

Of the 56,000 employees at Commerzbank, 18,000 work in its retail banking sector. In light of a drop in profits in this area, there was talk of branch closures when the half-year report was delivered in August.

The report on the third quarter will be released on November 8. It is assumed that an announcement on job cuts will made at that time. According to press reports, management has up to 2,000 jobs in its sights.

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