

National Australia Bank to eliminate 6,000 jobs

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The National Australia Bank (NAB), one of the country's big four banks, last week announced a restructuring that will cut 6,000 jobs over the next three years, while unveiling a record \$6.642 billion profit. As of September 30, NAB employed 33,422 full-time staff, so the losses amount to nearly one in every five workers.

The job destruction is part of a broader transition throughout the financial sector, moving further away from over-the-counter service to automated and digitally-based operations. This has widespread implications. About 168,000 people are employed in banking across Australia, and finance and insurance sector as a whole is the country's 11th largest employer.

NAB's overall profit was up 2.5 percent from \$6.483 billion last year. According to the *Australian Financial Review*, the rise was fuelled by continued growth in housing and business lending plus stronger margins on sales. Revenue rose 2.7 percent to \$9 billion.

The redundancies are calculated to cut costs by more than \$1 billion by 2020. The beneficiaries will be the major financial corporations that dominate the bank's share register, although NAB's stock price initially fell because of the feared expenses involved in the \$1.5 billion three-year restructuring program.

The restructure aims to channel 60 percent of NAB's business onto a digital platform, up from the current 10 percent. It also seeks to halve the number of financial products the company sells and reduce the number of IT applications by 20 percent.

CEO Andrew Thorburn attempted to ameliorate the shock by saying 2,000 new digitally-focused jobs would be created. He told the media, however, that the entire banking industry was coming under enormous pressure to reshape its workforce. NAB's move, he

declared, would put pressure on its "main rivals" to make "similar cost cuts."

Bell Potter Securities analyst TS Lim told the *Sydney Morning Herald*, "Australian banks still have too many branches and too many head office staff." If they were to remain competitive, banks would have to make deeper cuts, especially the Commonwealth Bank of Australia and Westpac, which have the largest branch networks.

A few days later, Westpac CEO Brian Hartzer unveiled an \$8 billion profit, while indicating that banking jobs are becoming more precarious. Commenting on Westpac's results, Martin North, principal of Digital Financial Analytics, said "the volume of transactions [face-to-face] across the branch network fell 23 percent in the last two years." The bank had closed 59 branches and sacked about 500 people.

On top of the technological shifts, the banks are vulnerable to any crash in the over-heated housing market. Already they are reportedly bracing for much slower growth in the market, which accounts for approximately 60 percent of their loans.

Ian Pollari, the head of banking at KPMG Australia, said slowing credit growth, long-term pressure on margins and competition from financial tech firms were all pushing banks to look hard at costs.

The redundancies at NAB are the latest in an endless series of job cuts. In November 2005, NAB carried out a three-year global restructure that destroyed 4,500 jobs, announcing an annual net profit of \$4.13 billion that year.

Earlier this year, the once publicly-owned Commonwealth Bank cut 150 jobs from a processing centre in Brisbane as part of a broader restructure. Back in 2003, the Commonwealth Bank cut 3,700 jobs.

Similarly, ANZ bank is conducting an ongoing

restructure which has seen 1,500 jobs lost over the past 12 months, following up 1,000 job losses in 2012.

The number of staff employed by banks is already well below the peak of 189,000 in 1991, despite a 40 percent increase in Australia's population since then. That was the year in which the Keating Labor government began the privatisation of the Commonwealth Bank, laying the groundwork for the gutting of jobs and services.

The trade unions covering bank workers have been fully complicit in this process, both in backing Labor governments and smothering all resistance to redundancies. Typically, the Financial Sector Union (FSU) presented NAB's latest cuts as a fait accompli. FSU national secretary Julia Angrisano said 80 of the 6,000 jobs had gone already and "there will be more line ups along the way."

In a media statement, the Australian Council of Trade Unions (ACTU) restated its support for the Labor Party's call for a banking royal commission. ACTU president Ged Kearney said that the move to sack 6,000 workers came after "countless scandals" in the banking and finance sector.

Any such inquiry would cover-up the pivotal roles played by Labor governments and the unions in the carve-up of jobs and conditions of banking and finance workers, as well as the underlying driving forces in the corporate profit system.

The extraction of extraordinary profits by the banks at the expense of jobs highlights how capitalism subordinates all developments in technology and infrastructure to the interests of a wealthy elite, preventing them being used for the benefit all.



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