

Germany: Thousands of job cuts at Deutsche Bank and Commerzbank

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After Chief Executive Martin Zielke announced the elimination of 4,300 jobs at Commerzbank in September, Deutsche Bank followed suit by publicly revealing that 9,000 jobs will be cut at its operations in Germany alone. This amounts to half of the 18,000 global job cuts announced by one of the world's largest banks in July, a much larger number than had been expected.

Following the failure of merger talks between Deutsche Bank and Commerzbank in April, both banks have pursued savage restructuring plans at the expense of their workforces so as to boost payouts to shareholders and prepare for future takeover battles. Justifying his decision to cut jobs, Zielke declared bluntly that Commerzbank wants "to be an active player in the game of merger poker."

As in other economic sectors, the banking industry is undergoing a "showdown for global leadership," as business daily *Handelsblatt* put it with reference to the German industrial giant Siemens.

Siemens chief executive Joe Kaeser has spoken of a "merger endgame." A similar agenda is being pursued by the steel producer ThyssenKrupp. The formation of global monopolies is also under way in the chemicals and pharmaceuticals sectors, as shown by the takeover of America's Monsanto by Germany's Bayer AG.

Commerzbank's restructuring programme will involve the closure of 200 of its 1,000 banks. Although 2,000 additional jobs are to be created in other areas, such as operations, IT, and regulatory affairs, the skills required for these jobs are not comparable with those of workers in the banks.

The cost of the job cuts and bank shutdowns has been calculated at €850 million. An additional €650 million is to be invested in digitalising the bank's operations. The bank intends to raise the costs for these investments by selling its 70 percent share of Poland's mBank.

The subsidiary Comdirect, 82 percent of which is

owned by Commerzbank, will be taken over in full so as to integrate the strong digital operations used there.

Since the beginning of the financial crisis in 2007, the value of Commerzbank shares has collapsed from over €200 to less than €5, a drop of around 97 percent. Germany's federal government rescued the bank during the crisis with the injection of €15 billion. After the bank paid back the fixed investments in 2011 and 2013, the government retained a 15 percent share in the bank. This was valued at the time at €5.1 billion, but with the current share price it amounts to around €1 billion. The rescuing of the bank was thus paid for through billions in taxpayers' money and thousands of job cuts.

The declining number of bank branches in Germany demonstrates this trend. According to Germany's central bank, the Bundesbank, the total number of bank branches in Germany dropped from 40,000 in 2007 to just under 28,000 in 2018.

With its cost-cutting programme, Commerzbank hopes to save €600 million by 2023 and achieve dividends to shareholders of 4 percent.

Commerzbank accounts for some 30 percent of Germany's foreign trade, and leads the market for business customers, where it competes with Deutsche Bank, and local savings banks and Volksbanks. Zielke plans to take over local savings banks.

The negative interest rates banks are forced to pay to place deposits with the European Central Bank (ECB) will be offloaded onto customers through increased charges.

Stefan Wittmann, Verdi trade union secretary and member of Commerzbank's supervisory board, declared his "firm opposition to job cuts" in the bank's branches. However, he previously said that the union would "critically support" layoffs in other areas.

"We understand that the integration of Comdirect and Commerzbank will see jobs lost in the headquarters," he

told *Handelsblatt*. The question is not “if,” but “how.” The union also supports the sale of the majority stake in mBank, which is supposed to finance the job cuts.

Verdi is also organising the job cuts at Deutsche Bank. According to company sources, of the 9,000 jobs to be eliminated 2,000 are at Postbank, which Verdi has already agreed to. It can already be anticipated that Verdi will exploit the fear of impending job cuts to negotiate a concessions deal in the upcoming contract bargaining at the subsidiary. On October 1, Postbank’s negotiations commission offered a miserable pay increase of just 1.7 percent.

Already in July, then Verdi head Frank Bsirske praised Deutsche Bank’s new orientation after the supervisory board approved the plan presented by chief executive Christian Sewing. The main focus of the job cuts will be in investment banking operations abroad. “We cannot calculate at the moment how much of an impact this will have on the infrastructure in Germany,” said Bsirske. “We will certainly follow the process in the interests of the employees and expect that Deutsche Bank, in its new orientation as in the past, will refrain from compulsory redundancies and impose job cuts in the spirit of social partnership.”

Like the trade unions in other sectors, Verdi in the banking sector stands full square behind its “own” companies in the “game of merger poker.” It is prepared to accept any concession to boost their profits. Bank workers can only defend their wages, jobs, and rights if they break from these corrupt organisations, form their own independent action committees, and unite their struggles with their co-workers internationally. The defence of wages and jobs requires an international strategy and a socialist programme, which removes the control over the economy held by the banks and major corporations and places them under public control.



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