Dutch bank to lay off 2,850 staff

ABN Amro, the Netherlands' largest bank, is to cut 2,850 jobs as a result of falling profits.

The cuts - amounting to 3% of the bank's workforce - will result in a one-off charge of 790m euros ($1.1bn). About 1,100 jobs will go in investment banking while 1,200 and 550 will go in IT and human resources respectively. ABN Amro is the third large European bank to announce cutbacks in the past month following Deutsche Bank and Credit Suisse Group.

Its profitability has been hit by a fall in mortgage lending in the United States - the bank's largest single market - following recent interest rate rises. ABN Amro's operations in the Netherlands and the United Kingdom will be hardest hit. Jobs will also be lost in the US - which accounted for 46% of profit in the first half of 2004 - and across its operations in the Americas and Asia-Pacific regions.

The restructuring is designed to improve efficiency by reducing administrative costs and increasing focus on client service. The bank said it was on course for a 10% rise in net income this year but operating profits are set to fall because of a fall in US revenues. ABN Amro currently has more than 100,000 staff. "To get any profit growth in the coming years, they will have to lower costs, so shedding jobs makes total sense," Ivo Geijsen, an analyst with Bank Oyens & Van Eeghen, told Bloomberg. Europe's leading banks seem set for a period of retrenchment. Deutsche Bank said earlier this month it would reduce its German workforce by 1,920 while as many as 300 jobs will be lost at Credit Suisse First Boston.