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# Job cuts expected at Amundi

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Amundi is likely to become the next fund giant to announce job cuts, analysts say.

The fund unit of Crédit Agricole lost over €30bn (\$40bn) of assets during the first nine months of the year with Crédit Agricole announcing earlier this month that it had cut costs at Amundi by 13.5 per cent during the third quarter. A spokesperson, however, said there are “no planned departures”.

But Christophe Nijdam, an analyst at Alphavalue, says: “If assets under management were to stay that sluggish, additional cuts may unfortunately become inevitable to restore the cost/income ratio.”

Credit Agricole is currently working on a group-wide restructuring plan to bolster capital ratios. The plan is expected to materialise before the end of this year.

A London-based analyst at a large continental bank says: “Amundi will be hit by the plan. Another joint venture to suffer is Caceis [Credit Agricole’s custody arm]. All divisions, including retail banking, will be impacted.”

“The plan will be global. They may provide details of the number of jobs to go at a group-wide level, but I don’t expect details of any redundancies by divisions.”

Mr Nijdam says the announced 13.5 per cent of cost savings at Amundi was “mostly the [result of a] trickle down effect of previously announced staff decrease plans, designed to boost cost synergies between Credit Agricole Asset Management and Societe Generale Asset Management”.

He adds: “This cost contraction came in handy during a stiff drop in net banking income, linked to a fall in assets under management.”

Despite the cost cuts, gross operating profit at Amundi was still down 28 per cent between Q2 and Q3. Net income was down 32.2 per cent quarter on quarter.

An Amundi spokesperson says the cost reductions come from IT synergies and “some

expenses here and there”.

The spokesperson adds: “Amundi’s strategy is to continuously adjust its cost basis in accordance with the evolution of the markets.

“It allows us to adapt to adverse market conditions by lowering our break-even point.”

Over the first nine months of this year, Amundi saw positive flows from institutional investors (€7.7bn) and employee savings (€3.4bn), but was hit by redemptions within its branch networks and third party distribution (-€16.2bn).

It was also markedly hit by negative forex and market movements (-€19.3bn), but that was offset by the addition of around €20bn of assets from the recently acquired BFT Gestion.

Credit Agricole has been adversely affected by its exposure to European sovereign banks, similar to other French banks.

BNP Paribas and Societe Generale have already announced redundancy plans, including almost 300 jobs to be cut at BNP Paribas Investment Partners.

Societe Generale, which has a 25 per cent stake in Amundi, has also reported disappointing results for asset management in Q3. Group net income was down 38 per cent.

Detail of job cuts at Societe Generale will also be announced later this year.

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