



**IGNITES
EUROPE**

A Financial Times Service

[Print](#) | [Close Window](#)

BNP jobs at risk, cost cuts begin

By Baptiste Aboulian, Andrew Fanko 4 November 2011

BNP Paribas has begun a cost-cutting programme, which is expected to result in job losses at its fund unit.

An announcement is expected around the middle of this month after the French bank's asset management unit saw its revenues drop by nearly 11 per cent during the first nine months of the year.

It is not known how many jobs will go at the asset unit, but CEO Baudouin Prot has confirmed that "hundreds" of positions will be cut across the group in an attempt to reduce costs, according to reports, mostly at the corporate and investment banking division.

With regards to fund management, the bank yesterday said that "a plan to adapt the business unit's organisation and resources to the new environment is currently under consideration".

BNP Paribas Investment Partners saw €22.5bn of outflows during the first nine months of the year, particularly from money market funds. The firm had €540bn of assets at the end of June.

The outflows offset gains in other parts of the bank's Investment Solutions division, which saw assets down 5.5 per cent this year to €851bn. Private banking saw €8.6bn of inflows.

Mr Prot says: "Client risk-aversion has undoubtedly impacted the asset-gathering business, but to different extents.

"While asset management has shown outflows in all asset classes, private banking and insurance have seen inflows in [France] and in Asia."

In a video posted on the BNP website, Mr Prot added: "The asset management business will continue to reap the benefits of the Fortis integration plan synergies.

"In view of this challenging environment, we are currently assessing possible solutions to further optimise the platform."

BNP Paribas Investment Partners declined to comment.

Christophe Nijdam, an analyst at Alphavalue, says: "Asset management is becoming more and more difficult for a lot of people. Volatility is very strong and fees are falling. One of the only ways to preserve profits is to cost cuts."

Recent market concerns over the liquidity of French banks have resulted in outflows, adds Mr Nijdam.

Ignites Europe is a copyrighted publication. Ignites Europe has agreed to make available its content for the sole use of the employees of the subscriber company. Accordingly, it is a violation of the copyright law for anyone to duplicate the content of Ignites Europe for the use of any person, other than the employees of the subscriber company.

An Information Service of Money-Media, a Financial Times Company