

MONEY

SLICING UP THE SPOILS

Big banks baulk at big bonanzas

Huge payouts for high performers

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AMERICAN and European banks are so gun-shy about the flak they have been getting over bank bonuses that even some staff here are feeling the pinch.

The talk of skintight bonuses has sent a cold chill through Raffles Place and sparked talk that some disgruntled bankers are looking to jump ship.

But financial institutions are wary of looking too generous. They are facing public and political pressure across the globe to limit bankers' compensation after taxpayers were forced to bail out the industry during the financial crisis.

This comes at a time when the Singapore economy delivered a record 14.7 per cent growth for the whole of last year.

Anecdotal evidence from bankers and interviews with headhunters here suggest that banks that have dealt out bonuses - they include Citigroup, Credit Suisse and JPMorgan - are more discerning about who gets a slice of the spoils.

Bad performers' bonuses will be affected but stars can expect much higher payments.

"This year, it seems that for average or low performers, the bonuses will be nil or very minimal, while high-performers will be looked after," said Mr Paul Endacott, managing director of headhunting firm Ambition in Singapore.

Staff in the front office who generate revenue, such as traders and investment bankers, will reap attractive payouts while the back-office

roles that include technology and operations will get much less.

"For investment banking, payouts for 'strong performers' were six to nine months in 2009 but can be 12 to 16 months in 2010," said Ms Angela Kuek, Hindson's head of banking and financial services (front office).

While investment bankers get paid huge sums, their jobs are volatile, with layoffs and pay cuts common during bad times.

But some bankers toiling in the back office are receiving either no extra cash or no more than two months' bonuses, noted Mr Pan Zaihan, associate director at headhunting firm Robert Walters.

Bankers are not the only ones feeling the pain at a time when economic growth is steaming ahead. The Straits Times understands that lawyers' bonuses are down to four to six months for 2010 compared with 5.5 to eight months for 2009.

But civil servants' bonuses are higher - a total variable payment of 2.5 months and \$300 for 2010. In 2009, when the economy was in the doldrums, the civil service bonus shrank to 1.25 months, one of the smallest payouts ever.

Workers at Keppel's offshore and marine unit are getting as much as nine months' bonus.

Even with lower bonuses, the average banker's overall compensation may still be higher than that of last year because many foreign banks increased base salaries over the past 12 months to compensate for the loss of hefty bonuses.

Take Credit Suisse, which is said to be paying three to nine months' bonuses on average for 2010 compared with six to 12 months for 2009.



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Sources say its investment bankers' bonuses are down around 30 per cent but the significant base pay increases they already have will mean their overall compensation will still be "decent".

A Credit Suisse spokesman told The Straits Times that it "has introduced new compensation structures for 2009 and 2010".

"The structure is consistent with the guidelines for best practice... and reaffirms the bank's commitment to fair, balanced and performance-oriented compensation policies that align long-term employee and shareholder interests," she said.

Generally, bankers' bonuses are still higher than in 2008 when the financial crisis was at its peak, but that has not stopped some from being disappointed even though their bosses have "prepped" them for lower bonuses.

"My colleagues at JPMorgan are asking headhunters whether there are better opportunities outside," said a junior banker at the firm.

Goldman Sachs, Cit and JPMorgan are understood to be deferring large portions of bonuses for the most senior bankers, while Credit Suisse and Morgan Stanley are extending the practice to more junior members.

Mr Nick Poole, executive director at headhunting firm Tigon Partners Asia, noted: "HSBC has delayed its bonus results by one month because the bank is choosing not to reward its staff before its financial results have been approved and published."

Chris Consulting partner Christopher Leong said US banks generally pay more than European banks, but "they are also quick in letting go of people who underperform".

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No bonus or minimal sums for others

time to recover from those mistakes" and be wiser in future investments."

YOUR SAY

■ The Feb 18 Budget is widely expected to bring "good news". Given that housing issues have been in the spotlight, analysts say there could be housing-related "goodies". What's at the top of your wish list?

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