Valentine’s Bonus – bankers are blue

Angus Leslie Melville

14/02/2020

Word from the banking community has it that if you’re holding out for a heart-warming letter from your boss in the coming weeks – one that leaves you in little doubt how much you’re loved – well… you’re in for a nasty surprise.

Granted not every banker on the street gets their bonus in March, but those who do are bracing themselves for every bit as much joy as those who got their dues at the end of the year.

It feels like just yesterday – though, in fact it was mid-January 2019 – that these pages turned to our old chums at ING who were working their way out of crisis and elected to share that cost across the bank… by slashing everyone’s bonuses.

The powers-that-be at the Dutch bank deployed the Wisdom of Solomon by delegating the cost of having failed to stop money laundering – a cool €775 million in fines – to its hard-working and loyal staff.

Needless to say, the Netherlands-based bankers didn’t give a hoot about this as the impact on them was nicely hedged by the 20% cap on bonuses for bankers in the country.

Not so for the rest of the bank where team leaders were left with the far-from-pleasant task of passing on the news that after a bumper year in the infra/energy space their bonuses were to be slashed thus:

- managing director – 50% a real King Solomon solution
- directors and VPs – around 33.3% down
- junior staff – low expectations to be rationalised lower yet

Now that was only ever meant to be a one-hit. In 2020 they were told everything would (kind of) be back to normal. This was treated with the level of scepticism you would expect from a banker and the obvious happened.

That August – well after the meagre bonuses had been banked, CVs long-since dusted off and having done the rounds – ING was faced with an exodus.

In that one story less about half-a-year after breaking the news that they were going to be shafted on their bonuses, we identified 14 people who were either half-way out the door, or serving notice from infra/energy teams as far-flung as London, Paris, New York and Houston. Funnily enough, we didn’t report any departures in the Netherlands.

Well, here we are awaiting news from ING again and it’s not looking too pretty for this year.

Word from within ING is grim indeed – note to bank enforcers, please stop asking for sources, it’s embarrassing – and word is out that while they aren’t going to be brutalised quite as vigorously as last year, when they get their letters mid-March they’re going to be left feeling pretty damn dirty.

Having been told last year that the raid on bonuses was a one-off, imposed to pay for the money laundering fine – its second one in recent history having been fined $619 million in 2012 – it looks likely that the exodus will repeat this year from teams in New York, London and Asia.

It’s not all about you, ING…

To be fair to ING, it is far from alone in this strategy with plenty of other banks looking to save a buck or two here and there. Letters are being sent out next week at HSBC while Credit Suisse and Barclays are looking far from clever, by all accounts.

Talking to people across the market, the resounding sense is – as one senior infra banker rather succinctly puts it: “If you’re flat to last year, that’s a good result.”

It really makes you wonder why they all bother. Banking ain’t what it used to be. It’s definitely not as much fun as it used to be… and it’s increasingly less rewarding.

However, as another leading bank source says: “It’s still a high-paying industry. You may not be getting what you want, but where are you going to go? And for most people, I’m not sure there are very many other options.”

So, as you sit here reading this missive on Valentine’s Day wondering whether the annual display of enforced affection to your other half should match the generosity of your employer, maybe it’s time to look around and be grateful for what you have… even if your boss isn’t doing likewise.