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Wall Street jobs disappearing—and some may not be coming back

By Tim Catts
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Citigroup's plan to cut some 52,000 jobs in the coming months may help make this year the worst ever for Wall Street layoffs.

According to data compiled by placement firm Challenger Gray & Christmas, financial firms shed 129,150 workers through October. That put banks and brokerages on pace to exceed last year's 153,105 cuts by about 2,000. But those figures don't include Citigroup's moves, half of which will come as the company sells some businesses and half through layoffs, according to prepared remarks by Citi chief executive Vikram Pandit at a town hall meeting with employees today.

Nor do the Challenger Gray numbers include the 3,200 Goldman Sachs employees who were told earlier this month they would be laid off, according to news reports.

Big banks and investment firms are scrambling to reduce leverage and boost capital to cope with tight credit markets and a slumping economy. Financial industry layoffs often accompany turbulent economic times, but some observers predict that not all the jobs lost during the current downturn will come back.

"With the inability to leverage up as much, with much tighter usage of capital and with the fact that there's going to be a significant amount of additional risk management, the highly leveraged proprietary trading and structured product revenue model is going to go away," said Jess Varughese, managing partner of Milestone, a financial services management consulting firm. "There is going to be some permanent shifting of careers here."

Recruiters seemed to agree. "Many of these layoffs are more permanent because the banks and investment firms aren't going to be able to achieve the leverage they've had in the past, which fueled their growth, as we come out of this era," said John Challenger, Challenger Gray & Christmas CEO.

Asked if he believed this year's job cuts will surpass last year's, Mr. Challenger said, "I'm sure they will."

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