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UralSib Reportedly Planning 20% Staff Reduction

By The Moscow Times

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UralSib plans to reduce staffing levels up to 20 percent, two undisclosed sources in the company said, as reported Tuesday by a media outlet.

"No formal instructions have been issued," a bank manager told Vedomosti. "The managers will decide whether to lower salaries or fire workers, but a 20 percent [staff reduction] is planned."

A spokesman for the company confirmed the ongoing cuts but denied that the 20 percent figure was accurate. The topic is still being hotly debated within the company, however.

"People are already being fired, and now everyone is contemplating who will stay and who will have to pack their bags," an employee said.

The company's financial data for 2012 has not been published yet, but the company suffered a

5.9 billion ruble loss ($196 million) in 2011.

One problem appears to be operational efficiency, said Olga Ulyanova, an analyst at Moody's. The bank's proportion of administrative costs in relation to profits is about 80 percent, while for most of UralSib's competitors it does not exceed 50 percent, she said,.

UralSib's press office said the bank is implementing a long-term effectiveness program. The program aims to cut operating costs through the introduction of clean technologies and the conversion of regional branches into offices for larger branches. Such offices have already been opened in Tver and Ufa.

The last time the company reduced staffing levels was in 2008, when it went from 17,200 employees to 15,004, company data show. UralSib now employs 19,342 people.

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