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Bank of America to eliminate 3,500 jobs

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by Rick Rothacker / Charlotte Observer

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CHARLOTTE, N.C. -- Bank of America Corp. has begun eliminating 3,500 jobs companywide ahead of further cuts that are expected to come this fall.

The reductions come as Bank of America chief executive Brian Moynihan is working to cut expenses to boost profitability and build capital as the Charlotte bank continues to wrestle with mortgage-related losses. The bank's shares are down about 47 percent this year.

In a memo to senior leaders on Thursday, Moynihan said notifications to employees had begun. The 3,500 jobs - a little more than 1 percent of the bank's 287,000 jobs - are in addition to 2,500 jobs already cut this year, Moynihan said.

"We owe it to our customers and our shareholders to remain competitive, efficient and

manage our expenses carefully," Moynihan said.

For months, Moynihan has been signaling plans to reduce expenses, including launching an efficiency initiative this spring called Project New BAC. The latest reductions are not part of that project, but Moynihan said that work is "well under way."

The management team will meet to review the plan in early September and will begin disclosing plans after that. Bank of America spokesman Scott Silvestri declined to comment on how many jobs could be cut under that initiative. The Wall Street Journal reported that it could be as many as 10,000.

The first part of the initiative covers the consumer side of the bank. The latter portion will address capital markets, commercial banking and wealth management businesses.

A spokeswoman for the bank declined to talk about specific layoffs in the Charlotte region, but local banking experts speculate there will probably be cuts in our area.

"There will likely be cuts to retail operations and that group is headquartered in Charlotte," said UNCC professor Tony Plath. The bank's emphasis has been on mobile banking and that means we'll probably start to see fewer of the bricks and mortar operations. The handwriting is on the wall."

Bank of America's last big round of job cuts came as part of the 2009 Merrill Lynch acquisition. In that deal, the bank said it planned to cut up to 30,000 positions.

Other banks have also been scaling back as they struggle to generate revenue. Wells Fargo also has an efficiency initiative under way.