

STATE STREET REORGANIZES, TO SLASH 1,400 JOBS



STATE STREET

State Street Corporation, a financial holding company, announced its massive restructuring plan that includes elimination of around 1,400 workers, or 5% of its work force, and closure of some of its offices by the end of 2011. The bank did not elaborate how many of the job cuts will be in the US but the layoff will commence immediately until the end of 2011. State Street Corp also revealed that an unspecified number of offices are slated for closure as part of the reorganization scheme.

State Street Corp projected that the restructuring plan will generate company savings between \$575 million and \$625 million by the end of 2014. It will book restructuring costs up to \$450 million over four years, with between \$160 million and \$165 million in charges coming in the current quarter. The upcoming layoff will be the second major round of job cuts for the Boston-based custody bank in two years. Early last year, nearly 1,700 employees, or 6% of its staff, were eliminated as it moved to cut its operating costs. The company was left with about 29,000 workers in 25 countries at the end of the third quarter.

State Street has been badly injured by the recent economic recession. Investors are moving away from equities and toward bonds in the uncertain economy. The bank posted a 67% profit jump in the July to September period, but that was buoyed by acquisitions. State Street's revenue rose about 3%, mainly from servicing fee hikes and acquisitions.

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