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Banking jobs crunched by credit squeeze

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After getting laid off from her quality control job at GreenPoint Mortgage in August, Debbie Dyer hasn't been able to find another post in her field. Last week, she started an online course to learn new software skills.

"My job is kind of specialized," said Dyer, 56, who lives in Charlotte. "And besides that, there aren't really any jobs in the mortgage business right now."

The national meltdown in the mortgage industry has cost hundreds of jobs this year in the Charlotte area. Now the resulting credit crunch is infecting banks, contributing to recent layoffs at Bank of America and Wachovia.

The Charlotte region is just shy of a local high for financial services workers, accounting for about 8 percent of all jobs, but the total has slipped lately. Experts say the job market is tough in downtrodden areas such as mortgage and investment banking, but specialties such as wealth management are still growing.

With the mortgage business in a prolonged slide, some workers will have to seek retraining, while others have skills that are transferable to other industries, experts said. Some workers might have to leave town to find work.

"Everything is cyclical," said Gregg McCormick, vice president for global recruiting at Connecticut-based consultancy Gartner Inc., who is familiar with the Charlotte market. "Things will come back. But it might be a couple of years."

Major employers take a hit

Charlotte gets its banking reputation from Bank of America and Wachovia, but it also became a sizable hub for the mortgage industry before recent downsizing. This summer, finance and insurance jobs reached a local high of 66,100 before dipping to 65,700 in September, according to the latest Bureau of Labor Statistics data. Still, the county's unemployment rate in September was 4.4 percent, better than the state's rate of 4.9 percent.

The financial sector has been slammed nationwide by mortgage industry turmoil spurred by defaults in loans to borrowers with the worst credit. Then this trouble spread to the investment banks that bought and sold mortgage loans.

From January to September, the U.S. finance industry cut a record 130,000 jobs, with more than half of the reductions related to the mortgage industry, according to Chicago-based outplacement consulting firm Challenger, Gray & Christmas.

After a rough third-quarter earnings report, Wachovia said it was eliminating about 100 corporate and investment banking jobs in Charlotte. That's on top of 250 jobs to be eliminated here as part of its A.G. Edwards brokerage acquisition, as well as selective cuts throughout the company to trim costs.

Bank of America, which also had a dismal quarter, is eliminating 3,000 positions companywide, a restructuring it has said will cost fewer than 150 jobs in its headquarters city. Earlier this year, the bank also eliminated about 170 jobs in treasury services and technology areas here.

To be sure, both remain major employers. Before recent layoffs, Wachovia said it had more than 20,000 employees in the Charlotte area, while Bank of America said it had about 15,000.

Mortgage lenders are slashing even deeper. Companies such as HSBC Holdings, Wells Fargo and LendingTree have announced about 1,000 job cuts in the Charlotte area since February. Others such as Charlotte's EquiFirst, a unit of Barclays, have downsized but haven't disclosed numbers.

Antwon Keith, Charlotte manager for the N.C. Employment Security Commission, has seen a rise in unemployment claims during the recent upheaval. In Mecklenburg County, the three biggest categories for claims in September were depository institutions, nondepository credit institutions and business services, a category that likely covers some back-office and staff positions at financial companies.

In the month, business services workers filed claims for 954 weeks of unemployment insurance, up 43 percent from last year. Depository institution workers claimed 600 weeks, up 28 percent. In the nondepository category, claims hit 600 weeks. There wasn't a comparable figure for last year because it was less than the threshold of 75 weeks.

The numbers aren't precise because sometimes companies are difficult to classify or aren't labeled. Total claims in Mecklenburg in September were up 19 percent from a year ago, to 31,788 weeks claimed.

Keith said the number of affected financial workers could be bigger because some are still receiving severance. Many of these workers had been at their companies a decade or so and are now entering a much tighter job market, he said.

"Many may not need training because they have skills for this economy," Keith said. "But at the same time, those individuals will still face difficulties in getting employed. It's an employer's market."

'Opportunity in Charlotte'

Financial services is a diverse industry. Some areas can languish while others flourish.

For example, investment banking is in for a retrenchment that will last "well into 2008," said Richard Perkey, managing director for the Southeast for New York-based recruiter Russell Reynolds Associates. But he's seeing a number of financial institutions bulk up in private banking and other services designed to attract the business of wealthy baby boomers.

"No one feels like they have gotten it right," Perkey said of these specialties.

James Norton, chief executive of Atlanta-based recruitment firm Fiderion, said investment bankers in Charlotte will find it harder to land jobs here compared with counterparts in New York, where there are more than two major institutions.

In more traditional banking areas, though, smaller banks often are eager to grab talent from the big banks when they downsize, he said. "There's a lot of opportunity in Charlotte if you are a banker," Norton said.

The mortgage industry remains one of the rough spots, although stronger players, including Bank of America and Wachovia, are trying to capitalize on tough times for rivals.

On Aug. 20, Capital One Financial of McLean, Va., said it was closing GreenPoint, a California-based unit that made nonprime mortgage loans through independent mortgage brokers. The company cited the difficulty of selling loans to investors and ongoing challenges in the mortgage market. The decision cost 1,900 jobs in 19 states, including about 60 in Charlotte.

Vicki Simpson, 60, an administrative assistant in the audit department in Charlotte, said she liked working for the company but didn't relish her commute on Interstate 485. She was able to find a job as a secretary at a church in Matthews and starts Monday.

"I wasn't locked into mortgage," she said. "I can go anywhere."

Meanwhile, Dyer has been scouring online job sites with little luck. She received severance and job training money from GreenPoint but expects to dip into retirement savings to make ends meet. She's hopeful her six-month training course will land her a position with better pay.

"It's been rough," she said. "I'm trying to keep a positive attitude."

Troubles ripple beyond financial industry

In Charlotte, financial industry troubles stir worries about a ripple effect for the rest of the economy. Vendors that work with the banks have already noticed changes to budgets and rethinking of projects. Smaller bonuses in January could hurt big purchases such as cars and jewelry.

As for the housing market, Chuck Graham of Newton Graham Consultants said the high-end home market has held up this year, but recent layoffs could start to make a dent. Karla Knotts, owner of consulting firm Land Matters, didn't see a big impact because the area overall is still expected to gain workers this year.