

PRESS CUTTING

The National
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End of an era for London's get-rich-quick bankers

Simon Freeman, Europe Correspondent



Workers pass the Bank of England in the City of London, which is now the focus of public anger over employee bonuses. Chris Ratcliffe / Bloomberg News

LONDON // A top employment lawyer who has won substantial settlements for women claiming sexual discrimination in London's financial capital now says she is being inundated by male bankers laid off because of the economic downturn who want to gripe about their redundancy payoffs.

"They are crying down the phone," said the lawyer, who asked not to be named. "They complain they are only being given £100,000 (Dh530,500) compensation for losing their job. I tell them: 'Take the money. I can't get you get more.' I feel sorry for them as individuals. But not as a group. They have ruined so many lives." It seems that the financial tsunami that has swept across the world is finally catching up with those who many consider to be largely responsible.

This week, the men who once ran two of Britain's biggest banks, Royal Bank of Scotland and HBOS, appeared before a select committee of MPs to explain why they had needed tens of billions of dollars of taxpayers' money to bail out their banks. After apologising they confessed that they had never fully understood the "financial instruments" which fuelled the growth of recent years and then caused global meltdown.

It was a spectacle which horrified but also fascinated the country, and Europe. Executive bankers had been an untouchable elite who earned extravagant salaries, bonuses and share options. Another member of the group, Sir James Crosby, who once led HBOS and was a confidant of Gordon Brown, the prime minister, had to resign as deputy chairman of the Financial Services Authority after allegations that he had fired a whistle-blower at HBOS in 2004 for warning the bank was taking too many risks.

The revelations have prompted a round of questions, including how a global financial centre could become a casino where bankers gambled with apparent disregard for the outcome. And why banks regularly paid out bonuses even when they were losing hundreds of millions. But now it seems that era may be drawing to a close. This weekend the British government is faced with demands from across the political spectrum to stamp out bonuses immediately, especially at those banks which have received public money. But it is not as simple as that, the government says, since many bankers have legally enforceable contracts.

For example, government sources said nothing could be done legally to stop RBS paying bonuses even though the bank is now 70 per cent owned by the state. Critics, however, point to the US, France, Germany, Switzerland, Holland and Norway, where authorities have

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said banks which have taken public money will not be allowed to pay out bonuses. These governments have also said that bonuses generally, which encouraged irresponsible dealing, must be curbed. Nicolas Sarkozy, the French president, said he was "shocked by the system of pay" for bankers.

Mr Brown told British MPs on Thursday that the "short term bonus culture of the banks has got to end" and that new rules, possibly involving a "claw back" system, where bonuses would be paid over years rather than in a lump sum, could be announced in the budget in April. Ronnie Fox, a top employment lawyer in London, has reportedly been approached by a group of senior bankers who claim it would be a breach of their "human rights" if their bonuses were stopped.

But they have little chance of success, the lawyer who usually represents women in the City said. She believes the bankers are bluffing and would be too embarrassed to sue. If anything, she said, the government, shareholders or members of the public should sue bankers because they did not act in the best interests of shareholders or customers, as required by law. "All these people care about is money, money and money. Money is their God," she said.

That is certainly the picture painted by those who have worked in the City. "For most people it is just about the money. You are judged on how much you make. No one says, 'Oh, tell me how you construct a deal. How interesting!' They only want to know how much you earn," said Seth Freedman, 28, who spent six years as a broker and is about to publish a book, *The Real Inside Story of Cash, Cocaine and Corruption in the City*.

But Mr Freedman also said he believed bankers were being made scapegoats for the current crisis. "Everyone was happy when shares and house prices were going up. Now bankers are being blamed for everything." Polly Courtney, 29, who worked for a year as junior analyst at an investment bank in London, has also written a book, *Golden Handcuffs*. "I was shocked by the contempt of senior people for the rules. It is all about bonuses. I was shocked. People were getting bonuses even if things had gone badly," she said.

The highest-profile critic of the City is Geraint Anderson, 35, who amassed a fortune of £3 million during his 12 years advising investors around the world on European utilities. In his final months of working last year, Mr Anderson wrote a hilarious, anonymous column for a free newspaper in London, describing the excesses of the City. Then he published a book, *City Boy: Beer and Loathing in the Square Mile*, on the same subject, which was a bestseller.

"You are told when you get there: 'This is a hire and fire place'. So, you think, I am going to make money as quickly as I can because I might not be here tomorrow. It is a casino. Except it's not your money. If you win you get a chunk as a bonus. If you lose, it doesn't matter." In his final year, he said, he was paid a bonus of £500,000 – and that was working in a low-risk sector. He thinks that people in the City are coming to terms, reluctantly, with the fact that the days of routinely huge bonuses are over. "It's a big shock. We were like bank robbers. We used to say: 'One more job and I am out'. But the money always pulls you back."

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