

# RBC to cut about 450 jobs from head office locations in GTA

By Doug Alexander

June 21, 2017 – *The Toronto Star* / *Bloomberg*

Royal Bank of Canada, the country's second-largest lender by assets, is cutting about 450 positions — or less than 1 per cent of its total workforce — mostly from head office locations in the Toronto area.

“We are making changes that focus on the capabilities that we need now and in the future to meet our clients' evolving needs,” the bank said Wednesday in an emailed statement. “As always, we consolidate where necessary so that we can reinvest in key areas including digital, data, new technology as well as investment in high-growth business areas.”

Canadian banks have announced more than 5,000 job cuts tied to restructurings during the past three years, though the number is probably higher since many announcements, including those by TD Bank and CIBC, didn't disclose job figures. The country's six largest lenders collectively employed about 363,600 workers as of the end of April, including 75,281 at Royal Bank, according to company disclosures.

Royal Bank said it's making “hundreds of changes” including promotions, transfers and the creation of new roles. RBC said it will provide support to those affected by the changes, including career transition services and continued salary and benefits for a period of time.

The lender is among Canadian firms cutting costs as they cope with low interest rates, changing customer preferences and a slump in oil prices. Great-West Lifeco Inc., the nation's

second-largest life insurer, said in April that it's slashing 13 per cent of its workforce in the country, or 1,500 jobs after profit slumped.

The banks have also been investing more heavily in technology in order to suit the needs of their clients, particularly younger, tech-savvy customers who wish to do more of their banking online rather than at bricks-and-mortar branches.

Edward Jones analyst Jim Shanahan said that as a group, the Canadian banks have taken about \$3 billion worth of restructuring charges over the past five years.

The bulk of those restructuring charges has been earmarked for employee severance and investments in digital technology, Shanahan said.

“They're replacing people with systems and processes that are driven by technology to reduce their costs,” he said.

But there has been no dramatic reduction in bank branches during that time, Shanahan added.

“It would seem to me that there's some opportunity for the banks to get quite a bit more aggressive, actually,” he said.

Royal Bank slipped 0.3 per cent to \$93.40 at 9:32 a.m. in Toronto. That narrowed the lender's gain to 2.8 per cent this year, beating the 0.4 per cent advance of the eight-company S&P/STX Commercial Banks Index.