

## PRESS CUTTING

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### **Bank of England calls for further bonus cuts in the banking sector**

David Woods



**The Bank of England has called for cuts in bank bonuses in order to boost their reserves.**

In its Financial Stability Report last week, the Bank of England stated in order for the banks to sustain a lending economy: "This would require banks to double their efforts to contain discretionary distributions to shareholders and staff.

"The benefits of more concerted action are potentially considerable."

The report concluded for every £10 billion saved approximately £50 billion of new UK lending could be sustained.

**Catherine Gannon**, a partner at **Gannons Solicitors**, said: "The pressure on banks to reduce bonuses is increasing and there is very little that an employee can do to challenge a bonus where the bank has a discretion about what to pay. However, where a minimum bonus or a formula has been fixed by contract, there is correspondingly little the bank can do to avoid paying.

"Employees have been winning in the courts over contractual bonuses. The best time to negotiate these is before accepting an offer and bankers who are switching firms should be looking to use their bargaining power to agree contractual bonuses and take legal advice to ensure there are no get-out clauses for the bank."