

Business

All Monte dei Paschi headcount reductions are voluntary, the union says

 johnmacnamara • 21 hours ago



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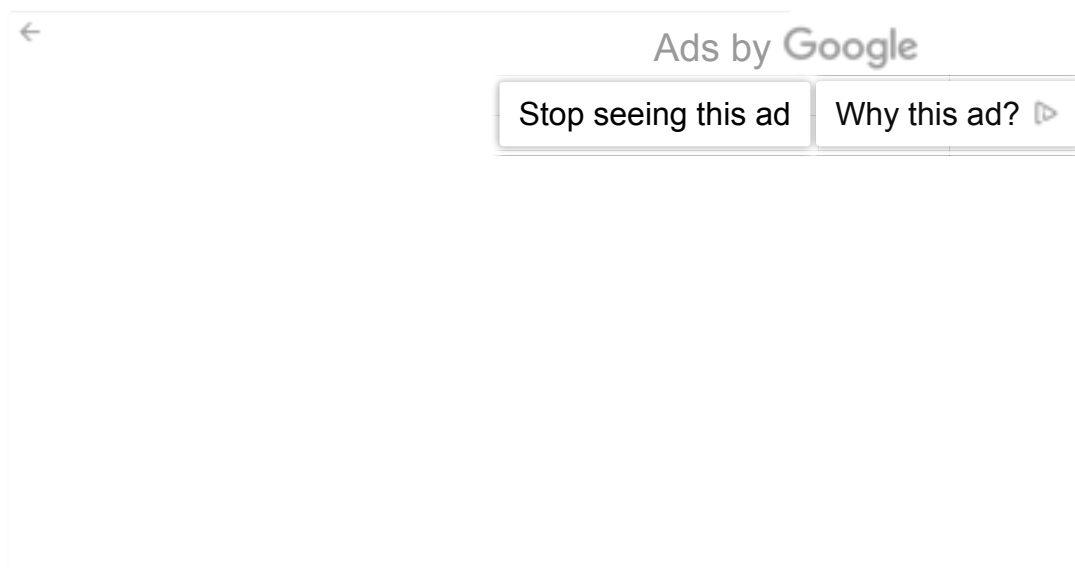
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File Photo: The Monte dei Paschi Bank sign can be seen on September 30, 2018 in Rome, Italy.Reuters / Alessandro Bianchi

August 3, 2021

Milan (Reuters) -Tuesday's major Italian banking unions sought to ease concerns about headcount reductions in Monte dei Paschi needed to pave the way for the possibility of selling state-owned banks to UniCredit.

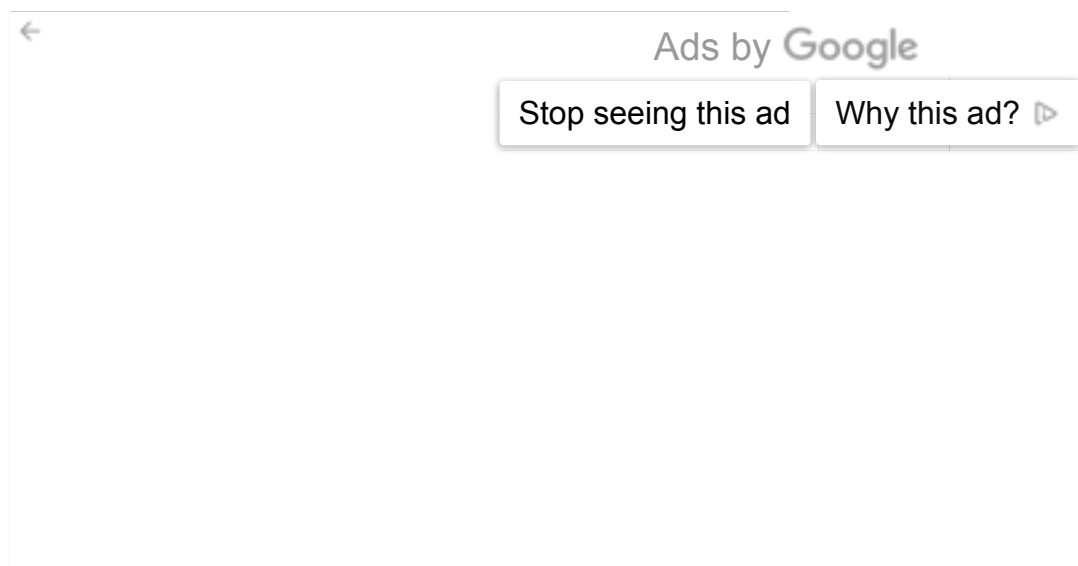
UniCredit last week agreed to enter into exclusive negotiations with the Treasury to purchase the "selected parts" of the state-owned Monte dei Paschi (MPS) after the 2017 bailout.



Both parties must agree on the terms set by UniCredit within 40 days, excluding extensions. Under this agreement, the acquisition will increase earnings per share by at least 10% and capital will not be affected.

The potential sale has sparked protests between MPS's 21,000 workers and Italian politicians calling on the government to protect Siena's local economy.

"I don't understand all the warnings on this topic," Lando Maria Sileoni, chief of the banking union FABI, told Radio 1 in Italy.



"The banking sector has a fund to send people to early retirement up to seven years ago before they actually qualify for a pension. Through this system, 70,000 workers chose early retirement. .. [over the past decade], No one has been fired. "

The fund is funded by the banks that need to use it, and each bank bears its own cost of redundancy. In the case of MPS, the state needs to fund an early withdrawal, Sileoni said.

The cost of state funding is estimated at around € 1.4 billion, based on expected headcount reductions at up to 7,000 MPSs.

UniCredit is currently selecting MPS parts that it may purchase, with its goal of being in the wealthier central north of Italy, especially for the MPS franchises in Tuscany, Lombardy, Emilia Romagna and Veneto. It states that it is to enhance the feeling.

UniCredit CEO Andrea Orcel said banks will try to buy MPS's branch network as much as possible, avoiding duplication if UniCredit already exists.

The state-owned bank, MCC, is expected to take over the MPS branch in Sicily, Apulia, and perhaps in Rome, which UniCredit will leave behind, officials said.

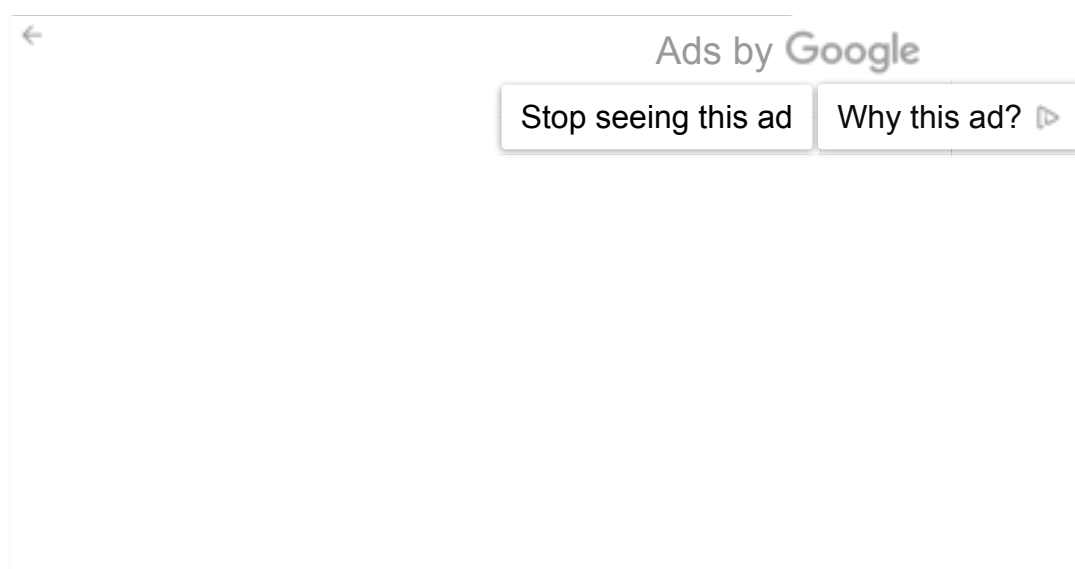
People familiar with the matter said they needed to find a solution for

MPS's central office, which employs 1,400 people in Siena alone, and would increase to 4,000 including offices elsewhere.

(Report by Valentina Za, edited by Jane Merriman)

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