

## Are cuts coming to Middle Eastern investment banking teams?

6 July 2011

### Paul Clarke

It's inevitable; with investment banks [cutting staff in London and New York](#), and revenues slumping in the Middle East, talk has already turned to when global institutions will start paring back their regional teams.

The message seems to be that cuts are coming, but any redundancies within international investment banks' Middle East teams are likely to be minimal – possibly even single digits.

The 'Arabic Spring' has put paid to any hopes of a recovery in investment banking deals in the region going into this year. Figures from data provider Dealogic suggest that revenue from investment banking deals has slumped to just \$207m in the first half of 2011 – a 29% drop on this point last year and the lowest first-half figure since 2004.

IPO activity has been particularly poor, with 11 deals worth \$439m completed in the first half of 2011, compared to \$1.4bn worth of deals in 2010.

"There's hardly any hiring going on within the international banks at any level," says Ally Ho, head of the financial services practice, Middle East & Africa at headhunters Pedersen & Partners. "The general feeling on the ground is that banks will make cuts in the more established markets and then turn to emerging markets, including the Middle East."

The question is just how deep the cuts are likely to be. After all, investment banking deal activity in the region has been depressed since the global financial crisis began to take hold in 2009 and the subsequent real estate crash.

M&A deal volume, at \$37.3bn in the first half of 2011, is nearly 50% down from its peak in the first six months of 2007, when it was \$71.8bn, for instance.

Therefore, since a lot of the cuts took place two years ago and few firms have significantly bolstered their ranks in the meantime, the teams on the ground within international banks are still relatively thin.

One financial services headhunter in Dubai says there's little scope for cutting back advisory teams as in some cases it's "just one person covering a country", but that equities sales and trading roles are obvious targets for cuts because volumes have been so low.

Recruitment sources suggest that Deutsche Bank has reduced its Middle East investment banking team by nine, while also hiring 11 for other areas of the business, and that Credit Suisse's relatively large regional team makes it a prime candidate for potential redundancies.