

Lloyds Banking Group PLC**Lloyds Bank axes risk staff after executives complain they are a 'blocker'**

Lender 'having to say goodbye' to employees as part of effort to 'move at greater pace'



Lloyds is two years in to a £4bn, five-year investment plan to diversify its income away from mortgages © Jason Alden/Bloomberg

Akila Quinio in London 7 HOURS AGO

Lloyds Banking Group plans to cut jobs in risk management after an internal review found the function was a “blocker to our strategic transformation”.

The restructuring was outlined in a memo last month from Lloyds’ chief risk officer Stephen Shelley, who said two-thirds of executives believed risk management was blocking progress while “less than half our workforce believe intelligent risk-taking is encouraged”.

The lender was “resetting our approach to risk and controls”, Shelley said in the memo, seen by the Financial Times, adding that “the initial focus is on non-financial risks”. A new model would enable Lloyds to “move at greater pace” with clearer roles and responsibilities, he said.

Mark Brown, general secretary of the independent BTU union, said [Lloyds](#) seemed to be “throwing the baby out with the bathwater” just as the lender was under scrutiny as part of an industry-wide probe into the potential [mis-selling of car finance](#).

Loosening Lloyds' risk controls "could potentially have catastrophic consequences for the future of the bank", added Brown.

Lloyds has set aside [£450mn](#) to cover the potential costs of the car loan probe. Analysts at RBC estimate that the episode could end up costing it £2.5bn, more than any of its rivals.

Lloyds said implementing its strategic plan "means not only creating new roles and upskilling colleagues in some parts of the business but also having to say goodbye to talented colleagues who have been a part of the group's success in the past . . . There are around 45 role reductions, after new roles being created are factored in."

One person familiar with the restructuring said about 175 permanent roles were in jeopardy as a result of the changes, 150 of them in the risk division. The person added that the bank also planned to create 130 jobs focused on specialist risk and technical expertise, however.

"We know people are frustrated by time-consuming processes and ingrained ways of working that impede our ability to be competitive and leave us lagging behind our peers," the memo continued.

Lloyds is two years in to a £4bn, five-year investment plan to diversify its income away from mortgages towards income streams less dependent on interest rate changes including wealth management and insurance.

The lender, which has about 60,000 staff, has reviewed thousands of [middle-management positions](#) across its business in an effort to increase its focus on digital services. About 3,600 people work in the bank's risk teams.

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