

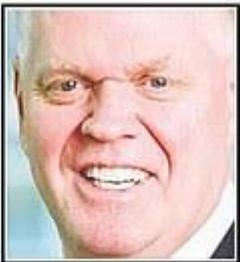
# Now give up your bonuses, bankers told: Industry under fire over pay after axing £8bn of dividends

By [Lucy White For The Daily Mail](#) 2 April 2020

Banks are under pressure to cut their bosses' multi-million pound bonuses after axing more than £8billion of shareholder pay outs.

Britain's biggest lenders cancelled their dividends on Tuesday night after the Bank of England told them to hold on to as much money as possible to lend to businesses facing collapse due to the Covid-19 pandemic.

The central bank's Prudential Regulation Authority (PRA) also fired a warning shot over bonuses at a time when the country is in crisis.

MAXIMUM PAY FOR 2020				In the money: Jes Staley and wife Debora
	<b>Antonio Horta-Osorio</b> Lloyds	<b>Noel Quinn</b> HSBC	<b>Alison Rose</b> RBS	<b>Jes Staley</b> Barclays
Basic salary	<b>£1.29m</b>	<b>£1.27m</b>	<b>£1.1m</b>	<b>£1.2m</b>
Fixed award	<b>£1.05m</b>	<b>£1.7m</b>	<b>£1.1m</b>	<b>£1.2m</b>
Pension and benefits	<b>£193,500</b>	<b>£127,000</b>	<b>£136,000</b>	<b>£178,000</b>
Annual bonus (cash and shares)	<b>£1.8m</b>	<b>£2.73m</b>	<b>£0</b>	<b>£2.2m</b>
Long-term share awards	<b>£3.2m</b>	<b>£4.1m</b>	<b>£1.93m</b>	<b>£3.36m</b>
<b>TOTAL</b>	<b>£7.53m</b>	<b>£9.93m</b>	<b>£4.27m</b>	<b>£8.14m</b>

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'The PRA expects banks not to pay any cash bonuses to senior staff, including all material risk takers,' said Sam Woods, chief executive of the PRA and deputy governor of the Bank.

Business Secretary Alok Sharma last night also issued a stark warning to Britain's biggest banks to support the economy amid fears that up to 1m firms could collapse within a month.

The focus on banker bonuses – at a time when so many of their customers are worried about their health and livelihoods – highlights the often complicated way in which banking executives are paid.

City figures, politicians and campaigners have called for a complete overhaul of pay in the industry to ensure that while success is rewarded fairly, the days of greed, excess and rewards for failure are consigned to history.

Conservative MP Kevin Hollinrake said: 'Shareholders are the ones who have been affected by the dividend cancellations.

'It would be sensible for the executives themselves to look at the situation and also cut executive pay.

'If we're all in this together, then it's an important signal to send that we're all feeling the pain.'

The issue has been highlighted by the Mail's Time To End Fat Cat Pay campaign, launched this week as the crisis wreaks havoc on the economy.

Influential trade body The Investment Association last night said companies scrapping dividends should also consider cutting bonuses.

The intervention is highly significant because the fund managers that make up the IA look after £7.7trillion of savers' money, including the pensions of millions of UK households.

While the PRA's nudge on cash bonuses is a start, many believe it has not gone far enough. Cash bonuses typically account for just a small fraction of banking bosses' pay.

The chief executives of Britain's big four banks – Barclays, HSBC, Lloyds and NatWestowner RBS – could bag a maximum of £29.87million this year, if they hit all of their goals.

But only around £3million of this would come from cash bonuses. For example, Barclays' boss Jes Staley could pocket a maximum of more than £8million, but only around £1.1million of this would come from a cash bonus.

Cliff Weight, director of shareholder organisation Sharesoc, said: 'The regulator is not being strong enough here. A lot of bonuses are now paid out in shares and the regulator has said nothing about that.'

None of Britain's major banks has yet confirmed how they will ensure executive pay appropriately reflects the pressures the industry is under.

But it is understood that conversations around bonus payouts are still ongoing between the PRA and the boards of the banks.

And pressure is building on the banks to move further than the PRA's guidance, and hold back as much cash as possible to ensure they are prepared for the worst.

Lord Mann, a former member of the Treasury select committee, said: 'It is now part of the war effort that the big banks need to cut the pay of top executives whilst this crisis lasts.'

Roger Barker, head of corporate governance at business body the Institute of Directors, said: 'Reconsidering dividends was a welcome step from the banks.'

'It is absolutely right that banks show moderation and look to retain capital so it can be deployed in serving their clients at this difficult time.'

'Banks have a vital role to play in delivering the Government's support package to the economic frontlines during this crisis.'