

# THE EFFECT OF BANK MERGERS TO THE LEVEL OF UNEMPLOYMENT IN BANKING SECTOR

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## ABSTRACT

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The Malaysia government has emerged with merger plan I order to strengthen the banking system and enable the economy back on a recovery tract that resulted from the economic turmoil. The implementation of the plan has rendered employees in financial sector to a massive lay-off that is believed to be unavoidable in banking sector.

As a result of bank mergers, the employment rate in finance, insurance, real estate, and business services sector is expected to decrease. However, it would not have much effect on the unemployment rate in the country. Furthermore, the employment rate in other sectors is expected to increase gradually in the future. Apart from that, this research also found that certain occupational groups of banking staffs would be affected most in terms of voluntary and involuntary retrenchment.

The retrenchment issue has gained a growing concern from various parties. Therefore, this research has recommended several possible and logical approaches to the government so as to ascertain the problems from being worsened off in the future.