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# FINANCIAL NEWS

## Bonus binge fails to materialise

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**If you believe everything you read in some newspapers, you might expect bankers and traders to splashing their bonuses on expensive champagne, fine wine and fast cars. But anyone hoping to benefit from a bonus-related spending binge is set to be disappointed.**



In an attempt to gauge the post-bonus mood, Financial News asked bar and restaurant owners, luxury goods companies, car dealerships, wine merchants and estate agents if they were beginning to see any signs of bonus spending. But the response was uniformly sober: if bankers and traders are splashing their cash around, they are doing so more discreetly than before.

Property remains an attractive option for the more prudent banker. Independent agent [Charles McDowell](#), who sells prime central London property, said: "I get the impression fewer people have got bonuses this year, but the valuable rainmakers are getting just as much as before."

He added that last week he had received inquiries from three senior bankers at JP Morgan, Deutsche and [Barclays](#) in a single day.

Oliver Hooper, who founded buying agent Huntly Hooper, said he expected activity to pick up in the coming months, although bankers were being more discreet than in previous years.

However, he had received several calls from bankers in New York and Asia when contacted by Financial News last week.

Under new European Union and [Financial Services Authority](#) bonus rules, only 20% to 30% of a bonus can be paid up front in cash, with the rest either deferred or in shares. This puts a

squeeze on companies that target newly flush financial sector workers during the bonus round.

Some of the City's top bars and restaurants say they are busy, but without the flow of champagne returning to pre-crisis levels.

While takings at favourite banker haunt 1 Lombard Street were up in January compared with last year: "The spend is more considered and less crazy than it used to be," according to owner Soren Jessen.

"There is focus on value and quality. We price our top wines with a small mark-up and they are moving. We are busy and the atmosphere is quite optimistic."

At Michelin-starred restaurant Galvin La Chapelle, host patron Sara Galvin said she had not seen any big changes in spending this month.

She said: "From our own observations, the bankers we do get dining with us all behave very modestly. We have got to know several regular diners pretty well over the past year from the banking community and I have to say, sadly for us, they have all been very prudent in their spending – we were kind of hoping they would go a little crazy with their bonuses!"

A similar story emerged from Gordon Ramsay's restaurant Petrus. A spokeswoman said she would attribute any rise in takings to the restaurant being awarded its first Michelin star this month.

For bankers sharing Barclays chief executive Bob Diamond's view that the time for apologies is over, a sports car represents the most audacious bonus purchase.

However, the negative publicity surrounding the issue has made car companies tight lipped about sales to the financial services sector. Staff at all the Ferrari and Aston Martin dealerships in London contacted by Financial News had been told they were not allowed to discuss whether they had seen any business from bankers with cash to spend.

A spokesman for Ferrari said the company would only reveal its global sales, due out next month, but added that sales in the US, UK and Germany had been "negatively impacted" by the credit crunch.

Aston Martin said it did not have any data showing that January bonuses had an impact on sales. The carmaker of choice for bankers and investment managers, saw its UK sales fall 9% last year, its fourth consecutive annual fall.

Luxury car dealer Clive Sutton reported that demand for top-end models has risen this quarter. However, in the new atmosphere of austerity, there is growing demand for interest-only hire purchase agreements, according to the dealer.

A used Lamborghini Gallardo Spyder costing £95,000 at Clive Sutton sees buyers pay £48,500 up front, with monthly payments of £252 for 24 months, before a final payment of £46,500.

Although conspicuous consumption is out of favour, some bankers may be spending their cash more wisely, in investment-grade wines, for example. The Mayfair branch of wine merchant Berry Bros and Rudd has not experienced a rush in sales, but its Hampshire-based headquarters, which sells fine wines by the case, has seen a surge in spending.

Simon Staples, sales and marketing director at the wine merchant, said: "Normally this is a very quiet time of year but there's been an enormous influx of cash from the domestic market. Year-on-year, it's more than double the volume and four times the turnover."

The most popular wines have been Chateau Lâtour, which has a starting price of £5,000 a case, and Chateau Mouton [Rothschild](#), which costs from £3,500 a case.

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