

# Letters

Home World ▾ Companies ▾ Markets ▾ Global Economy ▾ Lex ▾ Comment Management ▾ Life & Arts ▾  
 Columnists ▾ Analysis Opinion The A-List Editorial Blogs ▾ Letters Corrections Obituaries Tools ▾

September 3, 2014 3:36 am

Share Clip Reprints Print Email

## Dutch finance companies face a serious predicament

From Mr Aniel Mahabier.

Sir, Recently, the Dutch cabinet voted in favour of a new law created by Jeroen Dijsselbloem, president of the Eurogroup and Dutch finance minister: the so called "20 per cent rule". This controversial piece of legislation limits the bonuses of those who work in the Dutch financial industry to 20 per cent of their basic salary.



The legislation is harsher than the European Capital Requirements Directives IV and also applies to foreign subsidiaries of Dutch financial companies. It creates a competitive disadvantage for Dutch financial institutions in the markets they operate in. It will inevitably result in higher risk to secure the key hire for mission-critical functions, and a diverse workforce, which is critical to the continuity and growth of a business over the long term, especially in markets such as the UK and the US. Evidently, since the rule is meant to prevent excessive bonuses, companies can raise the basic salary of their top employees in order to

stay competitive. However, this will result in an increase of fixed costs and most likely in a decrease of these companies' profitability and stock price, while the competition is able to keep these costs flexible.

Large Dutch financial companies, such as ING, Aegon and Delta Lloyd, have foreign companies and institutions as major shareholders. It is inevitable that a substantial proportion of their shareholders is concerned about the long-term effect of the 20 per cent rule. It is most likely that it will result in a brain drain at Dutch financial institutions and in shareholders deciding to de-risk their portfolio, which will cause these large Dutch financial companies a serious predicament.

**Aniel Mahabier, Managing Partner, AMA Partners, Amsterdam, The Netherlands**

Copyright The Financial Times Limited 2014. You may share using our article tools. Please don't cut articles from FT.com and redistribute by email or post to the web.

Share Clip Reprints Print Email

### MOST POPULAR IN COMMENT & ANALYSIS

1. Financial reforms will not help crises
2. Call Putin's bluff – he will not cut off Europe's gas
3. Ukraine: Russia's new art of war
4. Division and crisis risk sapping the west's power
5. Cameron plays his part with polish but no panache

### ANALYSIS

#### EUROZONE



Draghi's new deal: the ECB president's call for a fiscal and monetary compact has won a mixed reaction from observers

#### WATER SHORTAGES



China's sorrow: millions compete for access to the Yellow River. Can a rights scheme keep it from running dry?

### NEWS BY EMAIL

Sign up for email briefings to stay up to date on topics you are interested in

### EXECUTIVE APPOINTMENTS

Enter job search here... Search

Head of Research Strategy (Maternity Cover)  
Cancer Research UK

Corporate Finance Specialist  
HMRC

Chief Financial Officer  
Young Enterprise

Deputy Finance Director (Financial Accounting and Management Reporting)  
Thames Valley Housing

Register for free to receive the latest executive jobs by email