

LendingIntelligence.com

The Newswire of Consumer Credit

Mon, November 11
Online for 0 minute:

News Items

[Top](#) : [Front Page](#)

AmeriCredit Slices 350 Jobs as It Slows Originations

NEW YORK, November 7 (LendingIntelligence.com) — [AmeriCredit Corp.](#) announced today plans to shear 350 jobs, or 6.5% of its workforce, as it continues to slow originations.

The job cuts — which will affect employees in the U.S. and Canada — mark the Forth Worth lender's first-ever round of companywide layoffs.

With more than 5,300 employees, AmeriCredit is one of the largest auto lenders nationwide to provide loans to consumers with damaged credit.

Facing deteriorating credit quality in its loan portfolio this year, AmeriCredit has been forced to throttle down the volume of loans it originates.

Earlier this year, AmeriCredit began slowing its origination growth — which had been averaging 25% annually — expecting to settle in at 15% origination growth by yearend, said John Hoffmann, an AmeriCredit spokesman. For the 12 months ending June 30, AmeriCredit originated \$8.9 billion of loans.

"We are moderating our loan-origination volume, and need to adjust our staffing and expense levels accordingly," AmeriCredit Chief Executive Michael R. Barrington said in a written statement today. The company said the staff reductions will take place by month's end.

While the company did not specify the size of the charge to earnings it would record as a result of the layoffs, it said that after accounting for "implementation costs," the measure should produce 10% lower operating expenses in the second half of fiscal 2003. AmeriCredit has already incorporated the lower expenses and originations into its earnings guidance, the company said. It expects earnings to range between \$80 million and \$90 million for the fiscal year ending June 30. AmeriCredit

News Items

[Front Page](#)
[Conferences](#)
[Tips for Lende](#)
[Archive 2001](#)
[Archive 2002](#)
[All Stories](#)

[Archives](#)

Member Opti

[Invite a friend](#)
[Join Now!](#)
[Log on now!](#)

PUBLICATIO

- [RISK-FREE OFFER](#)
- [Lending Inte magazine](#)
- [Auto Finance](#)
- [Home Equity](#)
- [Loan Collect Technology](#)
- [Download O Form](#)

SPONSORS

- [CollectionIndu](#)
- [Automotive I](#)

CAREER CEI

- [Find a Job](#)
- [Post a Job](#)

FREE ALERT

- [Receive Emg Updates](#)

DETAILS

- [About Us](#)

earned \$70.2 million last quarter.

AmeriCredit was forced in September to raise \$500 million in an equity offering to assuage concerns over the performance of the loans in its portfolio. The offering was meant to bolster the capital reserves which back the loans it sells for securitization. At the time, AmeriCredit also renegotiated delinquency triggers with [Financial Security Assurance](#), the bond-insurance company which guarantees payment on AmeriCredit securitization transactions.

The anemic economy has driven up delinquencies in general throughout the industry, forcing lenders like AmeriCredit to scale back growth.

“When you get into a slow economy, there is a bit of heightened uncertainty in the subprime space,” said Robert Schnorbus, chief economist at [J.D. Power & Associates](#), a Westlake, Calif., research company that tracks the auto industry. “It becomes harder to predict what subprime borrowers will do, so it makes sense to slow originations.”

AmeriCredit has more than one million customers throughout the U.S. and Canada, and more than \$15 billion in managed auto receivables.

At press time, AmeriCredit's stock [NYSE: ACF] was trading down 0.13 % at \$8.14 per share.

[GET EVEN MORE ANALYSIS AND INFORMATION ON WHAT'S HAPPENING IN CONSUMER CREDIT. CLICK HERE TO SUBSCRIBE TO OUR PUBLICATIONS.](#)

[Printer-friendly format](#)

[Login and voice your opinion!](#)

Do you know someone else who would like this story?

Your Email:

Their Email:

Comment:

- [Add Confere Notice](#)
- [Advertising I](#)
- [Contact Us](#)
- [Free Email A](#)
- [Free Listing](#)
- [Job Opening](#)
- [The Editorial](#)



(Will be included with e-mail)

Send to a friend



bondware ©2000 edgenet inc
all rights reserved

[Terms of Use](#) [Privacy Policy](#)