Underlining his determination to crack down on costs, Citigroup Inc. Chief Executive Michael Corbat set out plans Wednesday to cut 11,000 jobs, close 84 branches and retreat from consumer banking in a handful of countries.

Plans for workforce reductions were under way when Mr. Corbat was named to succeed Vikram Pandit as CEO in October, according to people familiar with the bank. But Mr. Corbat turned up the heat, demanding last month that some business heads increase their cost-reduction targets by a third, according to the people. Mr. Pandit had clashed with the board over a variety of issues, including cost cutting and spending priorities, and directors forced him to resign, people familiar with the situation said.

Wednesday's move is likely the opening salvo in a wave of cutbacks, business sales and other moves that could reduce the company's global reach, analysts said. The announcement stands to make Citigroup the smallest employer among the four biggest U.S. commercial banks, all of which are under pressure to cut costs and streamline their operations amid soft economic growth and profit-crunching new bank regulations inspired by the financial crisis.

The reductions are concentrated in the New York-based company's global consumer bank and its investment bank, both of which have been viewed by investors and analysts as underperforming. Citigroup said it will continue reviewing its operations.

"These actions are logical next steps in Citi's transformation," Mr. Corbat said. He said the moves would save the bank more than $1 billion a year by 2014 and would force the company to take a $1 billion charge in the fourth quarter.

Mr. Corbat's next task will be to set his organizational structure, a topic that is expected to be discussed at a board meeting next week, people familiar with the situation said. He is weighing whether or not to appoint a chief operating officer and he must name heads for Europe, the Middle East and Africa and the investment bank.

Citigroup has reduced its workforce by more than 100,000 people since the end of 2007, but the steep decline of the company's stock since the financial crisis has left Citigroup confronting shareholders who are unhappy about its finances, pay practices and strategy.

"We view this move as an initial 'tremor' and that an 'earthquake' or more radical restructuring is needed before the April 16th annual meeting to satisfy activists," Mike Mayo, an analyst with CLSA Credit Agricole Securities, wrote in a note to clients.

Investors applauded the news that the company is cutting costs, with Citigroup shares rising $2.17, or 6.3%, to $36.46. But analysts at Fitch Ratings wrote that the moves "represent just 2% of annual expenses, only a modest benefit to overall profitability over the near term."
Citigroup's move comes at a time when investors are skeptical about the value of the biggest financial firms in general. Among the biggest U.S. banks and securities firms, only Wells Fargo & Co. trades at a premium to its reported book value, or net worth.

Investors have pushed Citigroup to realize the value in Banamex, its Mexican bank, by selling or spinning off the subsidiary. And an investor group is looking to pass a shareholder resolution to require the study of a full-scale breakup of the company.

Asked on Wednesday at an investor conference hosted by Goldman Sachs whether there was more restructuring to come, John Gerspach, Citigroup's chief financial officer, said that the company would continue to look at new ways to become more efficient.

"What you can expect," Mr. Gerspach said, "is a continuing examination of every one of our businesses to make sure we are truly optimizing the implementation of our strategy."

The current crop of changes took shape in mid-November, when the 52-year-old Mr. Corbat huddled with top managers at Citigroup’s Park Avenue headquarters, where he convened 12-hour sessions combing through the annual budgets of the company's major business groups, according to people familiar with the process.

The board, led by Michael O'Neill, who succeeded Richard Parsons as chairman in April, had given Mr. Corbat a mandate: make cost-cutting a priority. Directors then left Mr. Corbat to decide where and how much to cut. Mr. O'Neill, for his part, was in Hawaii during most of the budget talks, the people familiar with the situation said.

The managers thought they had come prepared by offering cuts that were far deeper than those of recent years, but Mr. Corbat said they weren't deep enough and in some cases asked for more, these people said. The board signed off on the revised versions of the cuts late last week, these people said.

More than half the cuts will take place in the company's global consumer-banking unit, where Citigroup will close 84 branches around the world, including 44 in the U.S. The company expects to cut 6,200 jobs in the unit.

In particular, Citigroup's North American consumer bank has long been seen by analysts as a likely target of cost-cutting efforts. Citi's North American consumer-bank revenue in the first nine months amounted to 4.3% of assets, compared with a 6.1% average at Wells and J.P. Morgan Chase & Co., Goldman Sachs figures show.

Citigroup had 4,069 branches world-wide as of Sept. 30, down 3% from a year earlier, including 1,017 in North America. That compares with 6,200 at Wells Fargo, 5,596 at J.P. Morgan and 5,540 at Bank of America Corp.

Citigroup is also scaling back consumer lending in Pakistan, Paraguay, Romania, Turkey and Uruguay, including the closure of branches in those countries. Citigroup was already a small player in those countries with no more than a handful of branches in each, a person familiar with the company said.

Another prime candidate for cutting: Citigroup’s investment bank, which many analysts have said isn't as efficient as those of its rivals. The company said it will make 1,900 cuts there and in transaction services, a unit that serves as a cash handler for large corporations and governments.

"Considering the investment bank represents 60% of Citicorp assets but only 30% of revenue, maximizing efficiency here will likely be a key priority," Goldman analyst Richard Ramsden said in a note to clients in October.

The securities and banking cuts are designed to improve productivity in businesses such as cash equities, where Citigroup has trailed peers. But they fall short of measures taken by some rivals such as UBS AG, which recently decided to exit its fixed-income business entirely.

Some 2,300 jobs will be eliminated in operations and technology as back-office staff is culled and jobs are moved to lower-cost locations. Some New York City jobs, for instance, will be moved to Buffalo, N.Y., and others around the world will be relocated to Asia.

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