Citigroup has long struggled to rein in expenses. Before the financial crisis, then-Chief Executive Charles Prince faced investor pressure over the bank's costs, which rose much faster than revenue.

(Reuters) - Citigroup Inc plans to fine-tune its business as economic growth shows signs of slowing, Chief Executive Vikram Pandit said in an interview with Dow Jones, signaling that the bank is considering cost cuts.

Banks across Wall Street are cutting expenses and laying off staff in response to tepid loan demand, tight margins on lending, and weak capital markets.

Pandit told Dow Jones in Singapore that when the company releases third-quarter earnings in mid-October, "I think you'll get some more guidance on expenses and how we expect to fine-tune our business in light of what could be a slower environment, in the U.S. particularly."

Said Matt McCormick, portfolio manager at fund manager Bahl & Gaynor Investment Counsel: "He's trying to guide the market toward cost cuts."

The Citigroup CEO also said the bank is still on track to return more capital to investors in 2012, and that he expects the bank to return significantly more capital to investors starting in 2013, if regulators agree.

"From our perspective, this is a very strong capital-generation story," Pandit told Dow Jones. One factor allowing capital return will be the bank's deferred tax asset, which is essentially prepaid taxes that will translate to earnings in the future.

The bank was able to reinstate its dividend earlier this year only by reducing its shares

outstanding through a 1-for-10 reverse stock split. The bank's quarterly dividend now is just a penny a share.

Many Citigroup rivals have already announced cost-cutting plans. Bank of America Corp said earlier this month that it plans to cut 30,000 jobs and slash annual expenses by $5 billion.

Goldman Sachs Group Inc said in July it plans to cut annual expenses by about $1.2 billion and reduce headcount by some 1,000. On Tuesday, the New York Times reported those expense cuts could rise to $1.45 billion because of recent market turmoil.

Citigroup has been reducing expenses in its Citi Holdings operations, which house businesses and assets it plans to shed. But it has been investing more in its securities and banking unit, which includes commercial and investment banking.

The net impact has been higher operating expenses, up 9 percent in the second quarter from a year earlier.

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Citigroup shares were down 0.5 percent to $26.85 in midday trading.