

# NFU Position Paper: Competitiveness Compass

## Introduction

The EU Competitiveness Compass, unveiled on 29 January 2025, sets forth an ambitious framework aimed at bolstering the European Union's global economic standing through enhanced productivity, innovation, and regulatory reform. For NFU, this document, with its numerous planned policy proposals in a wide range of policy areas, represents a critical opportunity to embed robust social and labour considerations into the heart of European economic policy. We see the Compass as a call to balance market dynamism with a strong commitment to workers' rights, fair remuneration, job security, and a just transition in an era of rapid digitalization and financial innovation. Our aim is to ensure that competitiveness is not achieved at the expense of the quality of work, equality, and social protection in the finance sector.

## State of Play

In recent years, significant transformations in the finance sector have been driven by digital disruption, regulatory changes, and an evolving global economic order. The report by Mario Draghi, published in September 2024, reflected this point and noted the diminished ability of the EU to respond swiftly to successions of crisis and its falling competitiveness compared to the competitors, the US and China. While the EU Competitiveness Compass highlights the need for agility, investment in new technologies, and streamlined administrative procedures, it also raises questions about the social dimension of such reforms. The rapid pace of change has often translated into job insecurity, skills mismatches, and an erosion of traditional labour protections.

At present, financial institutions across Europe are under pressure to innovate and reduce costs, which has, at times, led to downsizing, increased outsourcing, and greater reliance on precarious employment arrangements. Simultaneously, the financial services industry is witnessing a pronounced shift toward digitalization—a trend that, if unchecked, risks marginalizing workers who lack access to digital skills and advanced training opportunities. Furthermore, the financial sector's global integration means that local labour conditions are increasingly influenced by international competitive pressures.

## NFU Position

NFU advocates for a model of competitiveness that is inclusive, sustainable, and socially responsible. Our position is built on the following key principles:

### 1. **Balanced regulatory simplification**

NFU supports efforts to simplify EU legislation, as excessive reporting requirements create inefficiencies for both companies, employees and customers. We believe a nuanced approach is essential. Extensive bureaucracy does not always lead to better conditions for workers or achieve the desired outcome of better oversight. What matters to workers is whether the regulations effectively fulfil their intended purpose.

At the same time, any regulatory simplifications must not compromise workers' rights, working conditions, or sustainability. The EU regulatory framework must be conceptualised as an enabling toolbox for financial and non-financial companies throughout value chains to transition to a sustainable economy.

To ensure that simplifications reduce workload while enhancing competitiveness, it is crucial to involve workers in the revision process of these regulations, giving them insight and influence.

2. **Integration of Social Standards with Economic Objectives:**

Competitiveness should not be pursued in isolation from social progress. It is imperative that the reforms proposed in the EU Competitiveness Compass integrate labour standards, social dialogue, and worker protection measures. This includes the enforcement of fair wages, comprehensive benefits, and the right to collective bargaining.

3. **Digital Transition with a Human Face:**

While digitalization is essential for modern financial services, its implementation must involve strategic investments in worker training and reskilling. We call for public and private initiatives that facilitate lifelong learning, ensuring employees can adapt to technological changes without fear of redundancy or marginalization.

4. **Strengthening Social Dialogue:**

Effective and structured dialogue between employers, trade unions, and policymakers is crucial for crafting policies that balance productivity with social welfare. We urge the European Commission to establish dedicated channels for continuous consultation, enabling adjustments to the Competitiveness Compass that reflect the evolving realities of the labour market. Stronger worker protections and enhanced worker influence are vital to fostering more innovative workplaces and phasing out inefficient working methods.

5. **Promoting Fair and Inclusive Growth:**

Competitiveness must also account for the broader socio-economic context. This means prioritizing measures that reduce inequalities, foster gender balance, and ensure that smaller financial institutions are not unduly disadvantaged by regulatory burdens that favour larger entities. We support initiatives that

encourage a diversified and resilient financial sector, one that is capable of withstanding economic shocks without sacrificing the welfare of its workforce.

6. **Enhanced Worker Participation in Decision-Making:**

To ensure that policies remain responsive to the needs of frontline workers, there must be greater transparency and accountability in how competitiveness strategies are implemented. This includes mandating worker representation on decision-making boards and advisory committees within financial institutions and regulatory bodies.

7. **Regulatory framework for AI - Keep Fair Competition:** Ensuring a level playing field is essential for the financial sector's ecosystem. TAI regulation on EU niveau , such as the new AI Act and possibly more granular legislation for the finance sector, must promote fair competition, prevent regulatory fragmentation, and create an environment where financial institutions, technology providers, and market participants compete on equal terms. This also requires the establishment of consistent regulatory enforcement to prevent fragmentation that could distort competition in financial markets and investment services. A unified approach will ensure that AI-driven financial services operate under a single framework across the Single Market.

By aligning these priorities with the strategic goals outlined in the EU Competitiveness Compass, we believe that it is possible to forge a path that not only enhances European competitiveness but also reinforces the social contract between employers, employees, and society at large.

In summary, NFU is committed to a vision of competitiveness that harmonizes economic progress with social justice. We stand ready to collaborate with legislators to refine the EU Competitiveness Compass, ensuring it not only emphasizes imperatives of innovation and efficiency but also upholds the essential values of fairness, inclusion, and sustainable development.

## NFU Position in Short

- **Balanced Regulatory Simplification:** Reporting requirements must be calibrated to prevent unnecessary reporting burdens yet still provide adequate oversight to ensure the protection of consumers and workers' rights.
- **Social Integration:** Competitiveness strategies must embed robust labour standards, fair wages, and comprehensive worker protections.
- **Human-Centred Digitalization:** Prioritize extensive training and reskilling programs to ensure the workforce is equipped for a digital future.

- **Strengthened Social Dialogue:** Establish continuous, structured consultations between trade unions, employers, and policymakers.
- **Inclusive Growth:** Advocate for policies that reduce inequalities, support small and mid-sized institutions, and promote gender balance.
- **Worker Participation:** Ensure transparent decision-making processes by incorporating worker representation in governance structures.