



NFU Guidelines on Performance Measurement Systems

Introduction

The primary focus of financial institutions is to provide responsible and sustainable financial services. A precondition to do this is that finance employees have the time and resources to provide customers with good advice and service. This is key to build trust and long-term growth for the financial sectors. It is also crucial in order to ensure employee well-being.

Performance measurement systems is a widespread phenomenon in the financial sectors. They are systems that collect, analyse and/or report information of an individual and/or group. The systems can for example measure sales targets, customer satisfaction and time on the phone or with customers.

In 2016 NFU published the report "Do you measure up? – A study of performance measurement systems in the Nordic financial sectors". The result of the study tells us, just as previous studies and testimonies from the financial sectors, that there are many aspects to consider if and when using performance measurement systems. They could potentially have a negative impact on the employees' health, well-being and performance at work as well as on the quality of service and advice provided to customers if not used and designed carefully.

The potential use of Performance measurement systems is a part of a company's business and management strategy. The systems set the frames for how finance employees carry out and conduct their work and are often a part of the finance employees' performance review. In the end performance measurement systems affect the company culture.

Therefore, performance measurement systems can never replace good management. With or without the systems, managers must always have leadership as the top priority. The role and responsibility of management to ensure sustainable financial services will remain regardless if any performance measurement or sales systems are in place.

The Guidelines are developed by NFU and NFU's seven affiliated unions in the five Nordic countries and have been adopted by NFU's Management Board on 23 November 2016.



Objectives of the Guidelines

The objective of the NFU Guidelines on Performance measurement systems is to provide recommendations on what to consider when discussing the use, design and implementation of performance measurement systems.

The Guidelines aim to support the NFU affiliated unions and their trade union representatives in their own work with performance measurement systems, but are free to use and share for all.

The objective is not to take a stand on whether to use performance measurement systems or not but to ensure that the systems, if in place, respect:

- That customers have the right to good financial advice and customer service
- That employees have the right to well-being at work and can carry out their job in a good and professional manner
- That the financial sectors have a responsibility to be stable, sustainable and long-term oriented

The NFU Guidelines on Performance Measurement Systems

Performance measurement systems should:

- **Be designed, implemented and reviewed in consultation with employee representatives, securing fair and sustainable systems.** The systems are often used to review the employees' performance and work. Employee representatives should therefore be consulted about the systems. Employee representatives also have insight on how the systems affect the employees work and well-being.
- **Ensure that employees have sufficient time and resources, safeguarding employees' health.** Employees who are put under excessive pressure risk to face long-term negative health effects of stress. Systems that create excessive administrative and reporting requirements or pressure employees to work overtime to reach their goals are not sustainable in the long run. It is crucial for both employee health and customer service that employees are given enough time and resources to carry out their job.
- **Be built on trust, respecting employees' integrity.** Excessive monitoring and measuring is part of the past. A successful and sustainable relationship between management and employees is built on mutual trust and respect and not on control.



The employees' integrity and privacy must be respected and personal data must be safe.

- **Give feedback to employees, supporting good leadership.** The systems can never stand alone, but should be subject to regular follow-up and dialogue. It is important that managers keep coaching and leading the employees. It is also the responsibility of the management, and not the employee, that performance measurement systems do not interfere with the possibility to provide quality advice and customer service.
- **Be characterized by transparency, creating a trusting relationship between employees and employers.** Every employee that is being measured and/or monitored by a performance measurement system has the right to know what, why and how. It is the responsibility of the management to ensure that employees are being informed and educated in the systems that affect them and their work. This is key to building a trusting relationship between employees' and management.
- **Encourage balanced sales targets, motivating employees to provide quality advice and service.** Employees want to do their best to meet the consumers' needs and demands. Sales pressure and sales incentives can increase the risk of establishing a culture of miss-selling, where employees are pressured to sell or advice one product over another. Systems and structures that can create conflicts of interest must be avoided and be in compliance with Mifid2 rules concerning sales targets.
- **Inspire team work, creating a healthy working environment.** By measuring team efforts instead of ranking individual performance, performance measurement systems can inspire team work instead of competition. This is key to a healthy working environment and a prosperous business.
- **Be transparent towards consumers, building trust to the financial sector.** Performance measurement systems affects the way employees carry out and conduct their work. In the end, this will affect the service provided to customers. In order to build trust to the financial sectors, companies should be transparent if performance measurement systems are being used. The systems can also be connected to variable pay and/or systems for sales incentives. In compliance with IDD2, customers have the right to be informed if such incentives exist.



About NFU

Nordic Financial Unions (NFU) is the voice of the employees in the Nordic financial sectors. We are an organisation for co-operation between trade unions in the bank, finance and insurance sectors in the Nordic countries. Through our seven affiliated unions in Denmark, Sweden, Norway, Finland and Iceland we represent 150 000 members – a vast majority of the employees in the Nordic financial sectors.

MISSION

NFU – Nordic Financial Unions is a lobbying organization promoting the interests of Nordic financial trade unions in Europe.

- Through a high level of competence and dialogue we contribute to shaping a sustainable financial sector, fundamental for job creation.
- NFU creates value for the affiliates by acting as a knowledge hub among trade unions in the Nordic financial sectors.

VISION

NFU strives to make the financial sectors prosper in a way that is sustainable for employees, companies, consumers and society.

- This is done through influencing regulation, framework conditions and business strategies that support job creation and economic growth.