

NFU Policy Platform

Revised and adopted by the NFU Union Council in Oslo on October 22, 2018

Introduction

Employees stand at the core of the financial services industry. Bank and insurance employees are the prime value creators in financial institutions and as such key drivers for financial sectors that support sustainable and long-term oriented economic development for the good of our societies.

The financial sectors have a central role to play in achieving the United Nations sustainable development goals of economic, social and environmental change as defined in the Agenda 2030. To play this role, the financial sectors must be given the right framework conditions and incentives. As opposed to short-term profit maximization, financial institutions should focus on providing lending to individuals and companies aiming at long-term and sustainable results. These results need to be balanced in relation to the value it brings to employees, owners, customers and society. Focus should shift towards good and stable returns that support sustainable economic, social, and environmental development.

Finance employees are key levers in realizing the above and must be given the right preconditions to perform their roles. Sales targets and performance measurement systems should be balanced if they exist. Regulatory requirements should be implemented in a way that gives finance employees time and resources to carry out their duties towards the customer in a sound and professional manner. Only then can finance employees provide good quality services to customers, trust can be rebuilt, and the financial sectors can take its responsibility for a sustainable future.

Laws produced by the European Union continue to set a detailed framework for the Nordic financial sectors.¹ An increasing number of actors such as the EU, the European Supervisory Authorities and national supervisory authorities dictate and interpret the regulatory framework for the financial sectors. And in so doing, they challenge the

¹ For an overview of different areas of relevant financial legislation, see the NFU report "Nordic implementation of EU financial rules": <https://nordicfinancialunions.org/wp-content/uploads/Nordic-Implementation-of-EU-Financial-Rules-Final-report.pdf> (2018-09-03)

Nordic model of collective bargaining and trade union influence. Our collective agreements do not go safe unless we stand our ground and defend them, to the benefit of our members, sectors and the society. Financial institutions are faced with the task to implement and comply with all the EU legislation that has been launched during the past eight years. It is crucial that financial institutions in the Nordics can compete within a level playing field of rules, not least considering the rapid emergence of new tech-based financial services providers.

The figure below shows all levels of the financial regulatory process. Most of the national financial legislation is decided on the European and international levels shown below. NFU has learnt from experience that the devil is in the details – and that he is not always a constructive dialogue partner. NFU and the member unions must therefore, with all our combined strengths, work to closely follow and influence all the levels of the process. The employee perspective must be a key consideration for law-makers at all levels.

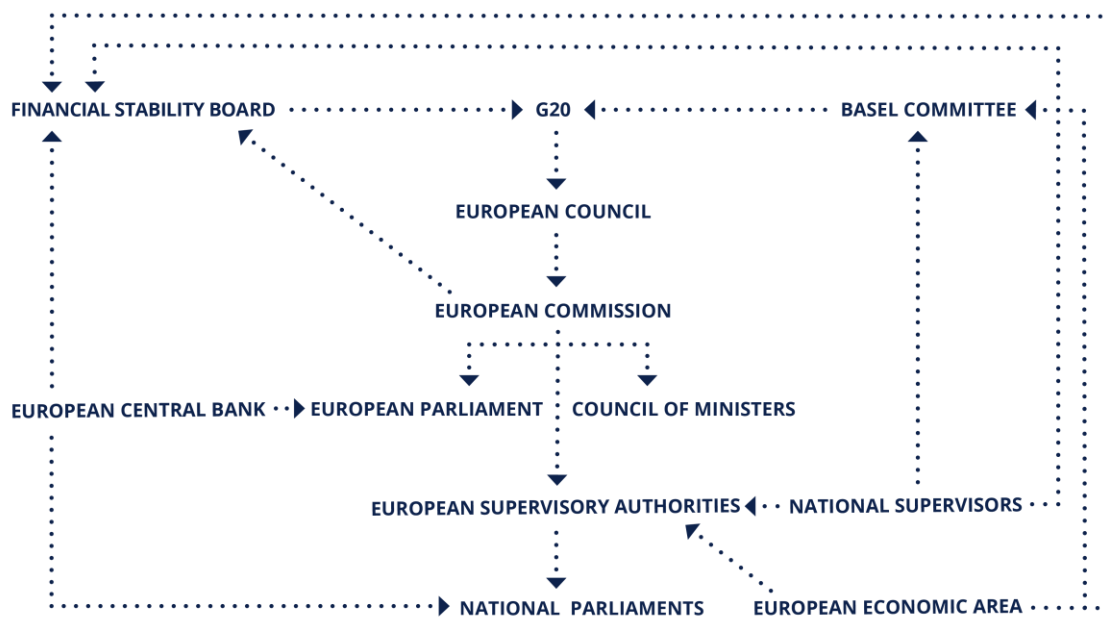


Figure 1: An overview of the global and European financial regulatory decision-making process

Trust is still lacking in the financial sectors. The reputation of financial institutions has still not recovered from the financial crisis. Employees often face distrust and

scepticism about the sector from customers. Despite this, many banks maintain very high return on equity targets, and cost-cutting and loss of jobs are still prevalent. Relocation of jobs from the Nordic finance sectors to low cost countries is common and will have an impact on the Nordic labor market and society. Job losses together with loss of competences are just some of the challenges that trade union members are faced with. In addition, the Nordic trade union landscape in the financial sectors is also changing. Cross-border union cooperation, coordination and influence is being challenged, one example being the relocation of jobs to low-cost countries. The question of how to shape a common Nordic union voice towards management is increasingly difficult and needs to be addressed on a Nordic level. The value of social dialogue for strengthened competitiveness must be recognized.

Digitalization, the 4th industrial revolution, is currently transforming the financial sector at an increasingly rapid pace. The digital and technological advancements are affecting almost every aspect of the financial sector. From changing consumer behaviour, new forms of work to AI, automation and new players entering the market. With it comes both challenges and opportunities that financial institutions, trade unions and employees need to engage in. On the one hand, digitalization might change job profiles, tasks and demand for skills and competencies in financial sector. On the other hand, it has the potential of supporting a better work-life balance, enhance flexibility and codetermination, improve quality of work and create new jobs which also increases the potential member base. Given the magnitude of the changes, digitalization's challenges should be addressed also on a tripartite basis, to create the right framework conditions for the Nordic financial sectors and to future-proof finance employees' skills and jobs.

Strengthened cooperation between the trade unions in the Nordic bank and insurance sectors is necessary to face these challenges. Together the NFU member unions define the employee perspective on the financial sectors and how they should be regulated, through the combined strength of the affiliated unions in Denmark, Sweden, Norway, Finland and Iceland representing more than 150 000 members – a vast majority of Nordic finance employees. The results of NFU's efforts improves the situation for all employees in the Nordic financial sectors. In today's rapidly changing world, never has it been truer: that united we stand, divided we fall.

Mission

NFU – Nordic Financial Unions builds cooperation among Nordic financial trade unions and promotes their interests in Europe.

- Through a high level of competence and dialogue, NFU contributes to a sustainable financial sector, fundamental for job creation and long-term economic development.
- NFU creates value for the affiliates by acting as a knowledge hub among trade unions in the Nordic financial sectors, strengthening their cooperation and expertise.

Vision

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

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

Policy goals

Employee level

- 1. NFU strives for legislation that respects collective bargaining rights, taking the employee dimension to its full potential as a key factor for sustainable growth, consumer protection and financial stability**

Employees are the face of financial institutions everywhere. They are the ones who advice customers on mortgage loans, investment opportunities, insurance solutions, bank services and much more. They ensure quality in IT-services and the products delivered to customers. Employees are the ones who sell financial instruments and are a key factor to create value for customers and economic development in our societies. Therefore, the increasing sales targets and performance measurement systems that create stress for employees and undermine consumer protection must be challenged.

Regulatory requirements should be implemented in dialogue with employees and their representatives, as compliance has direct impact on employee health, work environment, and consumer protection: implementation must be done in a way that gives finance employees time and resources to carry out their duties towards the customer in a sound and professional manner. Since employees are the core of the financial services industry, regulation must take employees into account to be effective and form strong and prosperous financial sectors that support society and the wider economy.

- 1.1 Employees have an absolute right to be informed and consulted in company restructuring, resolution and any other material changes to corporate reality
- 1.2 Employees and their representatives should be informed and consulted in implementation of financial regulation to safeguard a healthy work environment and consumer protection
- 1.3 Employee representation in governing bodies should be strengthened and considered in relevant EU policies, thereby contributing further to sound and effective corporate governance and sustainable business models
- 1.4 If sales targets and performance measurement systems exist, they must be transparent, fair and balanced to safeguard consumer protection and employee health, be established in dialogue with employees and stimulate good leadership
- 1.5 Employees must be provided with training and professional development to keep up with innovation and change, as well as to strengthen their employability
- 1.6 Professional development of finance employees contributes to stronger consumer protection, financial stability, and sustainable finance
- 1.7 Continue to promote safe internal and external whistle blowing structures in financial companies to secure employees with an anonymous channel to report breaches
- 1.8 Financial regulation must consider the employee perspective and minimize the administrative burden on employees

Company/sector level

2. NFU strives for financial sectors that invest in people for long-term oriented value creation

The success of the Nordic model rests on strong relationships between employees and management in the companies. Employees have a right to be informed and consulted in corporate decision-making, which in turn reinforces the social capital of the Nordic financial sectors. The long-term growth of the sectors relies on people, and the financial sectors should invest in people – invest in job creation and retention – as opposed to layoffs for short-term profit maximization at the expense of customers and employees. New IT tools and systems should complement employees and work to support sustainable human-machine interaction. Business models should be sustainable and support good working environment and long-term value creation. The behaviour of financial companies should support labour and trade union rights.

- 2.1 Employee participation in corporate decision-making should be strengthened and acknowledged as contributing to sustainable business models
- 2.2 NFU wants the financial sectors to develop alternative performance measures going beyond excessive ROE, and that are conducive to long-term oriented investments in people and sustainable societies rather than short-term cost cutting and profit maximization
- 2.3 The financial sectors should acknowledge and invest in employees as the key instrument for value creation and innovation in financial services
- 2.4 The strategies and policies of the company should stimulate sustainable work-life balance for employees
- 2.5 The financial sector should recruit, develop and keep men and women on equal terms in companies to enhance competitiveness and the ability to adapt
- 2.6 NFU supports sound supervision and enforcement of legislation towards all actors in the financial sector
- 2.7 NFU promotes transparency rules fostering disclosure of the investment objectives and timelines of big investors and owners in the financial sector

- 2.8 Pension funds that invest employees' retirement funds in banks should have a sustainable investment approach
- 2.9 Human advice and automated advice tools should complement, and not compete with, each other to have an inclusive and trustworthy finance sector
- 2.10 Union organisations, including transnational company unions, and relations in the Nordics, the Baltic Sea Area and in Europe, all crucial for safe and sound labour market conditions now and in the future, should be strengthened

Society level

3. NFU strives for Nordic financial sectors which operate and perform in an ethical and sound manner to support long-term oriented and sustainable economic development for the benefit of society

Free collective bargaining is a cornerstone of the Nordic model. The European Union secures this right as set down in article 153.5 of the Treaty (TFEU) and the International Labour Organisation in the ILO Conventions on Freedom of Association and the Protection of the Right to Organize (no 87) and the Right to Organize and Collective bargaining (no 98). Financial legislation must always respect collective agreements and support free negotiations of wages and working conditions.

The financial sectors are evolving at a rapid pace. Innovation and digitalization shake the foundations of the financial services industry as we know it. New actors are expanding, and competition should be promoted. All financial institutions must compete within a proportionate level playing field of rules, supporting fair competition.

The Nordic tripartite model with dialogue between trade unions, employers and the state is a winning concept to achieve sustainable growth – one which is not limited to GDP growth, but includes job creation, strengthened social capital, and environmental sustainability. Financial institutions play an important role in society and therefore also hold a great responsibility. Despite this, relocation of jobs from the Nordic financial sectors to other countries is a reality, resulting in job losses and competences disappearing detrimental to economic and social growth.

Financial legislation must be fair, well-designed and avoid building regulatory complexity. Regulatory overburden leads to excessive cost cutting and short-term oriented behaviour by financial institutions. Excessive complexity creates an opaque regulatory framework which undermines sustainable growth, rule compliance, as well as sound and effective supervision. Healthy financial institutions are crucial for society's long-term growth and prosperity and must be allowed to act on a level playing field of competition and fair regulation.

- 3.1 EU legislation and policy must respect the right to free collective bargaining and not interfere with collective agreements, in all aspects but with special attention to the issue of free negotiation of pay and wages
- 3.2 EU legislation should stimulate sustainable finance to strengthen the social and environmental dimensions of societies' development
- 3.3 The law making and rules governing the financial sectors must be fair, transparent and balanced
- 3.4 Any special taxation rules for the financial sector should contribute to, not undermine, job creation
- 3.5 EU legislation should provide for equal competition and promote diversity in the financial sectors, regulating in transparent manner all financial services providers including emerging tech-based ones operating in the virtual economy, in- or outside the EU.
- 3.6 NFU strives to strengthen union organisations, including transnational company unions, and relations in the Nordics, the Baltic Sea Area and in Europe, crucial for safe and sound labour market conditions now and in the future
- 3.7 Financial institutions must act on their responsibility towards society and contribute to sustainable value creation, professional development, and creation of local jobs
- 3.8 The social, environmental and governance dimensions reinforce one another for sustainable finance, and metrics to support investment transparency for these dimensions should be developed