

# Anticipating and managing the impact of change Going digital: Restructuring trends in retail banking



# Going digital: Restructuring trends in retail banking



European Foundation for the Improvement of Living and Working Conditions

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# **Executive summary**

# Introduction

The service sectors account for a growing proportion of employment in advanced economies and for nearly three-quarters of employment in Europe. However, all service sectors are not contributing equally to that growth. Employment levels in the retail banking sector have been declining over the last two decades; this sector, which provides vital intermediary services to the rest of the economy, now accounts for fewer than 1 in 60 jobs in the EU.

The main drivers of restructuring in retail banking over the period covered in this report (2008–2021) are different in the period before and after 2015. Most restructuring up to 2015 took place in the shadow of the global financial crisis and reflected the key role that the sector played in triggering that crisis and the resulting requirement to rationalise and consolidate. As the post-crisis recovery took hold, restructuring was more geared towards the challenges presented by digitalisation, in particular acceleration towards remote or online banking services.

The principal focus of this report is retail banking, and the guiding assumption is that the sector is especially relevant for studying the impacts of digitalisation, as its main raw material is data. Financial transactions are increasingly carried out electronically and online. This trend towards cashless exchanges speeded up during the COVID-19 pandemic. Banks are investing hugely in further developing the possibilities of online banking, partly in response to emerging customer demands, but also because the investment is likely to be recouped via payroll reductions, as fewer staff are needed.

The technological investments that are occurring in the sector are radically changing existing forms of job task, work organisation and ultimately employment levels. The fact that the interests of labour as well as capital are well represented in the sector has meant that changes in work and employment are subject to developed processes of consultation and negotiation. While change is never costless, social partners have – as the case studies in this report attest – found ways to conciliate the interests of employees and businesses during restructuring and to minimise any resulting conflicts.

# Policy context

Retail banking is subject to a wide range of national and EU regulations, and this regulatory burden has increased in the years following the global financial crisis. Legislation in relation to data protection, capital requirements, payment services and processing has added to the costs in providing bank services. Compliance obligations have also expanded in recent years, notably as regards money laundering and network security in a context of growing cyberthreats. These legislative developments have pushed banks to hire skilled employees in information technology (IT) and legal compliance and have contributed to growing demands for highly skilled staff.

In September 2021, the European Commission's Digital Compass identified some challenges faced by sectors experiencing rapid digitalisation. The target of 20 million IT specialists in the EU by 2030 (more than double the current level) reflects the demand for (and shortage of) this strategic skill set, a trend especially evident in retail banking. This demand should be met by a more equal mix of men and women owing to the current gender imbalances in these specialisations. Financial services are relatively gender-mixed in terms of employment but have the highest of all sectoral gender pay gaps. Increasing the proportion of female IT specialists in the sector will contribute to narrowing these gaps.

Digitalising services also requires a digitally literate customer base and citizenry. Currently, many older customers or customers in more remote locations lack either the relevant skills or access to online banking. The European Pillar of Social Rights action plan sets out a target of 80% of EU adults having at least basic digital skills by 2030. Reaping the benefits of the digital transformation involves learning and adaptation on all sides.

# Key findings

- Employment has been stagnant in financial services generally and decreasing in retail banking over the last two decades. Case studies and expert interviews suggest this trend is likely to continue.
- Restructuring in the banking sector is driven principally by digitalisation, but other drivers include the push towards corporate consolidation, compliance with an increasing regulatory burden and addressing the profitability challenges of low interest rates.

- Investments in technology, such as big data, artificial intelligence, blockchain and cloud computing, have intensified over the past decade. Greater resources have been devoted in particular to cybersecurity, given the increasing proportion of online transactions.
- The pace of the sector's digital transformation has quickened since the mid-2010s, with evidence of 'serial' or 'continuous' restructuring whereby many banks announce restructuring in cycles of one, two or three years.
- Restructuring cases in the sector are characterised by their large scale, long length and complexity of the processes. Nevertheless social dialogue takes place through well-established institutional frameworks and uses effective tools such as social plans and agreements.
- Social dialogue has played an essential role in mitigating the negative effects of restructuring.
   Social measures agreed in retail bank restructuring tend to avoid non-voluntary redundancies and involve extra compensation for severance above statutory requirements and other benefits, including continuing health insurance coverage.
- Financial services employment tends to be highly 'teleworkable', and this sector recorded one of the sharpest increases in working from home during the pandemic. Nearly one in two financial sector workers in the EU worked remotely – either usually or sometimes – in 2021.
- Occupational and educational upgrading has been relatively rapid in the sector compared with other sectors. There has been a shift in the occupational composition of employment, with a high proportion of specialised professionals and few clerical support workers and managers.

### **Policy pointers**

- Skills policy in the retail banking sector needs to be developed to meet demands for high-skilled jobs (IT occupations, green finance professionals, and so on) and also to enhance workers' employability in more traditional bank jobs – bank tellers, cashiers, clerical workers – whose work is increasingly automated.
- Early retirement as a means of labour force adjustment remains persistent in the sector and it has often occurred in tandem with recruitment targeting younger workers. Such generational renewal has been only partially successful at addressing the workforce's age imbalance.
- Digitalisation has changed many of the traditional ways of working in the sector. The trend towards online banking services raises new risks for employees in relation to work intensification, which was exacerbated by the very high proportion of workers in financial services working from home during the pandemic. Occupational safety and health legislation needs to be attuned to potential stressors regarding working time, including via a negotiated or legislated right to disconnect.
- Although financial services is a high-paying sector, it has a wide gender pay gap. This reflects patterns of occupational specialisation, with men over-represented in high-paying occupations and more likely to attain high-paying supervisory and managerial roles. The proposed EU Pay Transparency Directive with its obligations for gender pay audits could serve to identify and potentially reduce unjustified pay divergences in the sector.
- The contraction of branch networks is an ongoing feature of the sector as banks focus on online banking provision. This raises the issue of the extent to which privately provided services can be considered 'essential services' or 'services of general interest' and be mandated to cover all users, including those without digital skills and online access (financial inclusion).

# Introduction

The services sector accounts for a growing proportion of employment in the EU, employing nearly three out of four workers at present. While the proportion of all jobs in the services sector has risen inexorably over recent decades, the retail banking sector has been one of the few services sectors in which employment has been declining. This report seeks to understand how employment and work organisation in retail banking is changing, what the driving forces are behind these changes, and how banks themselves and social partners are managing change processes. The retail banking sector is a good basis for studying the impacts of digitalisation, as its main 'raw material' is digitally stored and processed information encoding financial data. Financial intermediation is increasingly cashless and its services are online, facilitating the automation of traditionally labour-intensive work processes. Its backoffice administration and paperwork, including dealing with customer correspondence, is itself increasingly automated using workflow process automation. Modern computing power and storage capacity facilitates the information processing required in modern banking at scale and speed. This technology also notably reduces the demand for traditional routine white-collar banking occupations (such as cashiers) and, increasingly, the necessity for the workplace in which cashiers have traditionally worked, the high street bank. This has led to the emergence and rapid growth of digital-only financial technology (fintech) banks (such as Revolut and N26), whose limited administrative overheads offer competitive advantages over larger incumbent banks. Emerging technologies, including distributed ledgers and blockchain, and potential governmental responses to them, such as central bank digital currencies, indicate that further disruptive change is likely to occur in the sector.

In September 2021, the European Commission's Digital Compass (European Commission, 2021) identified some challenges faced by sectors experiencing rapid digitalisation. A digitally-skilled workforce will require ongoing training and the development of a genuine culture of lifelong learning. The target of 20 million IT specialists in the EU by 2030 (more than double the current level) reflects the demand for (and shortage of) this strategic skill set, a trend especially evident in retail banking. Although digitalisation is the primary and most important vector of change in retail banking, there are others. Corporate restructuring has seen the consolidation of much of the mutual banking sector in countries such as Spain. Commercial banks have also been engaged in merger and acquisition activity, benefiting from the inherent scalability of their core services that digitalisation has enabled. Increases in regulatory compliance burdens in the aftermath of the global financial crisis have necessitated specialist recruitment – although here too regulatory technology (regtech) offers the promise of automation.<sup>1</sup> The sector remains highly sensitive to broader macroeconomic (the business cycle and the COVID-19 pandemic) and monetary (interest rate changes affecting bank profitability) developments.

It is also important to point out that paths of adjustment to digitalisation can differ across national institutional contexts. In a comparison of major bank restructuring cases in Luxembourg and the United Kingdom (UK), Kornelakis et al (2022) found that bank restructuring in coordinated market economies was geared towards limited lay-offs and reorganisation via upskilling, while banks in liberal market economies were more likely to have recourse to branch closures and outsourcing/offshoring strategies.

The financial and insurance services sector has undergone widespread employment restructuring in the wake of the global financial crisis (2008–2010). The crisis originated in the sector and resulted in many bankruptcies, opportunistic mergers and state bail-outs. The European Restructuring Monitor (ERM) has recorded over 1,000 individual large-scale restructuring cases since 2008.

The aim of this report is to describe restructuring activities within the broad financial and insurance services sector (Nomenclature of Economic Activities (NACE) categories 64–66) in the recent past (2008–2021) but also more specifically in the retail banking sector (mainly NACE 64). Restructuring activities include not only restructuring events involving, for example, collective redundancies, but also changes in the level of employment, in the nature of the employment relationship (contractually or in terms of working time), in the composition of employment (for example, by age, education level, occupation or gender) and in the nature

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The term 'regtech' covers computer programs and other technologies used to help banking and financial companies comply with government regulations.

of work/job tasks, as well as changes in modes of work organisation. One research hypothesis is that digitalisation processes in the sector will lead to significant job losses over the next 10 years as bank presence declines and automated online banking accounts for an increasingly high proportion of overall activity.

The research consists of a combination of quantitative analysis of existing European datasets – the European Union Labour Force Survey (EU-LFS), the Structure of Earnings Survey and the European Restructuring Monitor (ERM) – and qualitative analysis based on six large bank restructuring case studies, expert interviews and a review of recent literature on the sector. The report is structured as follows. Chapter 1 describes in detail the main background features in terms of the corporate, regulatory and technological context based on a review of the literature (academic, consultant, union and employer representative reporting), news reporting and expert interviews. Chapter 2 sets out a quantitative mapping of employment, restructuring trends and social dialogue in the sector. Chapter 3 provides a synopsis of the main findings from the six individual bank restructuring case studies in Denmark, Italy, the Netherlands, Poland, Portugal and Spain and discusses salient points from expert interviews with social partner representatives. The case studies investigate how the processes of restructuring were carried out in specific banks, the influence of the national context and the role of social partners in shaping restructuring outcomes. The final chapter presents some conclusions.

# 1 Background: Sectoral drivers of restructuring

Since the 2007–2008 financial crisis, commercial banks across the EU have been continuously adapting to stay competitive in a changing business and regulatory environment that has strongly affected the sector. While some cross-cutting drivers such as digitalisation and cost reduction have been leading changes in the banking sector, any single motivation for restructuring tends to be connected to other specific national and market features. As a result, restructuring processes cannot be said to be a direct result of digitalisation but arise as a consequence of different factors.

The broader vectors of change, apparent to a lesser or greater extent in each of the case studies featured in Chapter 3 of this report, are summarised in this chapter.

# Digitalisation and online banking

Digitalisation is one of the main drivers of recent restructuring processes in the commercial banking sector. It has led to disruption in both the supply of and the demand for financial services. On the technological supply side, relevant factors include internet application programming interfaces (APIs) and cloud computing, which enable service improvements (especially faster payments) and allow third-party access to consumers' bank data (with the latter's consent) (OECD, 2020).

On the demand side, retail banks report an increase in the number of exclusively digital customers, changing the relation between service providers and users, especially among younger customers. Digitalisation of the sector has been reinforced by the overall growth in access to the internet and increasing use of computers, tablets and smartphones, which have reshaped the expectations and behaviours of customers who wish to have remote access to various services on a continuous basis.

Digitalisation and technological development are changing the way consumers and companies interact, as well as the way in which processes, tasks and workflows are structured and organised within companies. Basic banking transactions – for example, bill payments and transfers – are increasingly performed online via a combination of customer self-service and process automation, with very limited intervention required from bank employees. In the future, even regulators might be driving these processes further with initiatives such as central bank digital currencies.<sup>2</sup> This trend is affecting all business areas, triggering the need for various security measures.

However, traditional retail banks are generally compelled to maintain financial services for traditional customers who are not adapted to digital channels and to balance this with the demand for digital services from online-savvy customers. This is a challenge, as it requires maintaining the high overheads of high-street operations while, at the same time, investing in business digitalisation and revamping the way in which the services are provided.

With the digitalisation of financial transactions, the volume of data on customer behaviour and preferences has grown significantly. These data facilitate the development of products that meet or anticipate customer needs. Increased computing power and developments in artificial intelligence (AI) enable the utilisation of these data to predict customer behaviour as a basis for the development of services targeted at the individual customer. This has created a need for further services built on robust data and data analytics.

# COVID-19 as a change accelerator

The COVID-19 pandemic has accelerated the digitalisation process. Following the lockdown and social distancing restrictions, banks limited their activities in branches. At the same time, the number of customers using internet and mobile banking increased, reinforcing the need for banks to speed up the development of technological and other solutions. The health crisis has also affected internal work organisation (ILO, 2021). Banks have started to implement broader teleworking policies, and these have been accompanied by reassessments of leadership and human resources (HR) management methods, including mental health programmes for employees. More challenging in the mid- to long-term is the fact that banks have also started to reassess the function, value and costs of their office spaces.

<sup>2</sup> 

For instance, in the euro area, the European Central Bank (ECB) is designing a 'digital' euro, a central bank digital currency which will complement the issuance of physical cash with a virtual equivalent. For more information on the digital euro, see https://www.ecb.europa.eu/paym/digital\_euro/html/index.en.html

# The advent of fintech

The entry of new commercial competitors such as fintech companies is another important driver of change in the sector. Banking continues to be dominated by very large commercial groups, which is especially true in the current era of consolidation. These groups represent significant barriers to entry for newcomers wishing to replicate the range of services provided by traditional banks. However, small, technologically oriented companies operating largely or exclusively online have been able to insert themselves into niches of the retail banking services market, in more specialised areas of back-office operation (including compliance and network security) or in more innovative areas such as blockchain and peer-to-peer lending.

Fintech is a collective term for the rapid development that is taking place in the shared space between information technology (IT) and finance – financial technologies. Digital banking and fintech companies have been more competitive in technology-related fields, more flexible and less constrained by banking regulatory requirements than traditional banks.

Digital banks often provide specific and basic banking services with no option for saving or loans. Usually, a mobile application and a debit card are all that is needed to become a user with an account number. This implies a reduced need for face-to-face contact in branches. It is expected that this behaviour will be reinforced over the next few years, particularly among younger generations more familiar with and accepting of services provided in this way.

Fintech companies have also started offering products and services that retail banks do not provide, such as crypto-assets and services using distributed ledger technologies such as blockchain. According to LinkedIn, there has been a 40% worldwide increase in crypto jobs since 2015, with some employees moving from retail banks to fintech start-ups. At the same time, traditional retail banks have started to acquire fintechs, to cooperate with them or to imitate successful companies' product design and proactive use of customer data and feedback to develop new products.

The relationship between traditional banks and these new players has resulted in increased competition. Fintechs are taking customer share from the big incumbents. They generally do not have to follow the same regulatory framework as that applying to banks, and their workforces tend to be less unionised with weaker social dialogue structures (if any) than that of banks. At present, relations between traditional banks and fintechs is one of mixed competition and collaboration, including banks buying fintechs, developing their own fintech units or hubs, or reaching cooperation agreements. In the longer term, though, big tech companies and other operators in the service sector (telecommunications and large distribution groups) may potentially be even more disruptive to the large retail banks than the current generation of fintech innovators.

# Low interest rates and declining profitability

The decline in interest rates over the past decade – from around 10% in the early 1990s to less than 1% for most of the period since the global financial crisis – is an acknowledged driver of restructuring in the financial services sector. The decrease in interest rates to the zero bound has made it more difficult for banks to maintain the spread between the loan rates they charge borrowing customers and the interest rates they pay on deposits. This impinges directly on profitability, given banks' reluctance to charge customers for their savings via negative interest rates.

Euro zone banks themselves have been obliged to pay negative interest rates on their own deposits at the European Central Bank (ECB) since 2016. The rate has been –0.5% since September 2019. Low/negative interest rates and declining profits have led banks to create new revenue models (for example, charging for all current accounts) and to save costs (López-Penabad et al, 2022).

As a result of the slow recovery from the pandemic and the outbreak of the war in Ukraine, the euro zone is experiencing a rise in inflation rates. This has recently led to a change in the ECB monetary policy through a 21 July 2022 decision to increase interest rates by 0.5%, making the interest rates positive (ECB, 2022). While this change signals a possible inversion of the interest rates trend in the future, the effects of the low/negative interest rates that for years have affected the banks will continue, at least in the short term, to impact on bank profits.

# **Regulatory change**

Changes resulting from global and EU regulations implemented at national level due to the challenges brought by the 2007–2008 financial crisis have also become a major driver of change, as they have increased costs for all banks (EBF, BCESA et al, 2018). The international Basel III Framework (BIS, 2017) and the European Market Infrastructure Regulation sought to build a more resilient banking system.<sup>3</sup> Among the

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Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (text with EEA relevance), OJ L 201, 27.7.2012, pp. 1–59.

measures implemented, the Capital Requirements Directive<sup>4</sup> and the Capital Requirements Regulation<sup>5</sup> have strengthened quantitative requirements for banks, such as the rules on capital adequacy, large exposure limits and liquidity levels. These regulations require banks to hold greater capital buffers against eventual losses and are in part intended to eliminate the possibility of bank failures having an impact on public finances, as occurred during 2008–2010. Tying up capital in this defensive way, however, while good for overall financial stability, incurs extra costs for banks.

The objective of the Payment Services Directives is to regulate cashless payments with a view to increasing competition. The first Payment Services Directive (PSD 1) adopted in 2007 set out common rules on payments across the EU/European Economic Area (EEA) covering electronic and non-cash payments. This led to the creation of a Single Euro Payment Area (SEPA) and also introduced and regulated the formal status of Payment Service Provider (PSP), giving companies other than banks, central banks, and government agencies the right to conduct financial transactions. In 2015, the EU adopted a new directive on payment services (PSD 2, applicable from 2018) to update existing rules and take new digital payment services into account.<sup>6</sup> It was intended to enhance the security of online payments and to open up the EU payments market to companies offering consumer- or business-oriented payment services based on access to existing banks' customer information (when customers provide their consent). Both directives were liberalising, designed to open up access to new service providers, increase competition and lower the costs of payments and transfers to customers. In 2022, the European Commission is in the process of drafting a new PSD 3 regulation and has launched a public consultation about it.

Regulatory and compliance obligations have also expanded notably in recent years, with regards to the fight against money laundering and terrorist financing.<sup>7</sup> These developments in EU and national legislation have required most banks to hire specifically skilled employees in IT and data science, as well as lawyers and legal compliance personnel (Funcas, 2021).

The debate regarding data protection and privacy is relevant for the clients of financial institutions and for the workers and employers of banking institutions. These new regulations and standards to which the banks must comply, for example in terms of documenting all relevant activities, must be considered as part of the impact of the adoption of the General Data Protection Regulation (GDPR), the Data Protection Law Enforcement Directive and other rules concerning the protection of personal data. This legislation has added complexity to internal processes in banks to protect confidential customer data against increasingly frequent attempts at fraud via data breaches.

More regulatory challenges will surface in the near future as the 'shadow crypto financial system' – the exchange of crypto-intangible assets currently outside the retail banking system – serves both retail and institutional clients. Currently, there is uneven regulatory treatment across banks and crypto-exchanges and there are significant data gaps (BIS, 2022). At EU level, the proposed Regulation on Markets in Crypto-Assets (MiCA) is an initiative that seeks to offer a set of uniform rules and a common supervisory architecture to provide legal certainty and appropriate legal protection for crypto-asset users.<sup>8</sup> At international level, there are questions regarding introducing more stringent regulatory and supervisory oversight for the crypto-assets, which will likely further increase bank costs.

### Overcapacity and consolidation

In using digital tools, banks are seeking not only a better and closer relationship with customers, but also cost reductions through the simplification of operational processes and a rationalisation of the number of employees by means of job cuts and branch closures. The banking sector in some EU countries was already 'oversized' even before the Great Recession of 2007–2009. In other words, there was an overcapacity in terms of banking entities and the extension of branch networks.

- 4 Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (text with EEA relevance), OJ L 176, 27.6.2013, pp. 338–436.
- 5 Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (text with EEA relevance), OJ L 176, 27.6.2013, pp. 1–337.
- 6 Directive 2015/2366/EU of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (text with EEA relevance), OJ L 337, 23.12.2015, pp. 35–127.
- On 19 June 2018, the fifth Anti-Money Laundering Directive (Directive 2018/843/EU of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU (text with EEA relevance), OJ L 156, 19.6.2018, pp. 43–74) amended the fourth Anti-Money Laundering Directive. The Member States had to transpose this directive by 10 January 2020. In July 2021, the European Commission proposed a new package with new measures and the creation of a new authority that could fight money laundering to protect EU citizens and the EU's financial system from terrorist financing.
- 8 European Commission (2020), Proposal for a regulation of the European Parliament and of the Council on markets in crypto-assets, and amending Directive (EU) 2019/1937, COM(2020)593 final, Brussels.



#### Figure 1: Number of bank branches per 100,000 inhabitants, 2004 and 2020

Source: International Monetary Fund (IMF)

As the case studies in Chapter 3 demonstrate, a process of consolidation involving several major mergers has taken place over the past decade, with larger banks taking over smaller banks. This is an ongoing process and it has focused on seeking efficiencies through economies of scale while removing duplicate functions across merging banking entities. As a result of the latter, mergers almost invariably result in collective redundancies. Employment reduction and a decrease in the number of branches (or slimming them down) have been the dominant manifestations of sectoral restructuring.

Rationalisation is evident in the declining number of bank branches per 100,000 adults since 2004 (Figure 1). The decline has been much sharper in the EU, and in particular in the euro zone, than in the United States, based on IMF data. While this was a common pattern across Member States, in France and Hungary the decrease started more recently (not shown in the figure). One striking example is Spain, where overcapacity was linked to loan expansion in the construction and real estate sectors in the pre-crisis period, with a consequent high concentration of risk in the real estate sector. The attendant debts ended up inducing the financial collapse of the network or statebacked regional savings banks (*cajas*), which were largely wound down and ultimately absorbed by the larger private banks in the years following the global financial crisis (Garicano, 2012).

In tandem with processes of rationalisation evident in contracting branch networks, there has been a

tendency of retail bank employment to concentrate in larger urban areas. This occurs because of banks strengthening their teams in head offices or business innovation centres that are working on digital and technology development (Kozak and Golnik, 2020). Growing demands for high-skilled staff, especially in IT, analytics, big data, machine learning and AI, but also in legal and compliance roles, are more likely to be met in metropolitan zones with their bigger labour markets (Brown and Scott, 2012).

# Sustainable finance and financial inclusion

Sustainable finance has increasingly become an objective for commercial banking, but it may entail additional costs. The term refers to the increasing obligations on financial actors to integrate environmental, social and governance (ESG) criteria into business and investment decisions in order to redirect the necessary private capital to support a sustainable transformation of society. Taking ESG considerations into account when making investment decisions in the financial services sector has gained substantial support at both customer and legislative levels. The adoption of the United Nations 2030 Agenda and the Sustainable Development Goals, as well as the Paris Climate Agreement and subsequent Fit-for-55 climate neutrality targets, has boosted the practical application of sustainable finance in the markets.

In March 2021, the Sustainable Finance Disclosure Regulation came into effect, which obliges investment funds, banks and pension funds to provide information on the sustainability of their products.<sup>9</sup> The aim is to provide information for ordinary investors to allow them to make more sustainable choices. In the same month in the euro zone, the ECB undertook a climate stress test. The test was part of the regulatory stress test for the financial institutions it oversees and its aims were twofold: first, to determine how much banks rely on carbon dioxide (CO<sub>2</sub>)-intensive financing and the volume of financed greenhouse gas emissions and, second, to determine how banks may react to risks from rising CO<sub>2</sub> prices, extreme weather phenomena and the transition to an emission-neutral economy. This tendency towards sustainable finance has been evident for some years. For example, in the autumn of 2018, Finans Danmark<sup>10</sup> established an advisory forum for sustainable finance, which provided several recommendations on how the financial sector could take the lead and contribute to the green and sustainable transition. In 2020, Investering Danmark<sup>11</sup> had already, on behalf of its members, made a commitment to reduce the CO<sub>2</sub> footprint of Danes' private investments.

The new green requirements have led to a significant increase in new 'green banking jobs', which are taken up mainly by finance professionals and lawyers specialised in green investments and climate requirements. The new green objectives also entail further costs, in particular in relation to being prepared to tackle climate-related risks – in the euro zone alone, the ECB estimated that 80% of banks are exposed to such risks (ECB, 2021) – adding further capital saving requirements to retail banks.

On the social side of banks' ESG commitments, a key concern is the potential exclusion of some demographic groups and of those who do not have a computer or adequate digital skills due to banks' insistence on the use of cashless means of payments only (ERPB, 2021). In some southern countries where there is an increasingly ageing population and a high proportion of elderly customers (for example, Italy and Spain), retail banks have been challenged to pay attention to the needs of this group when reorganising services. This approach focuses on the banking function as a 'service of public interest', acknowledging the specific needs of older customers. Elderly customers often control a large proportion of families' financial assets, are in receipt of pensions and have above-average purchasing power. They are also, however, less familiar with digital banking tools (SUERF, 2022).

The Spanish banking associations, supported by the Spanish government and the Governor of the Bank of Spain, have signed the update of their strategic protocol to reinforce the social and sustainable commitment of all banks (Asociación Española de Banca, 2021) including 'new measures to guarantee in-person attention to citizens, especially the elderly'. The protocol includes 10 measures to guarantee a face-toface and personal telephone service, improve access to automated teller machines (ATMs) and cash, and provide adequate training for the needs of this group. The protocol is the result of a successful online initiative - gathering 600,000 signatures - started by a single retired person who launched an internet protest under the slogan 'I'm old, but I'm not an idiot', denouncing the exclusion stemming from online banking (The Nomad Today, 2022).

Apart from older people, the growing digital divide in online banking also involves the population living in rural or remote areas and other vulnerable categories who have been affected by branch closures. In Luxembourg, the Union Luxembourgeoise des Consommateurs has been running a campaign since 2017 against increasing bank charges and the closure of bank branches, pointing out that such a policy disregards the needs of customers who are elderly or have disabilities (ULC, undated). In Finland and Slovenia, different solutions have been introduced: banks have entered into an agreement with post offices to enable customers to ask their bank to send cash to pick up at the post office closest to their residence (the 'Payout Now' and 'Fast PACE' services).

In other countries, specific measures were introduced to protect cash access and usage. In 2021 Lithuania signed the 'Memorandum of Understanding for Ensuring Access to Cash in Lithuania' (Lietuvos Bankas, 2021) and Poland set up a national strategy for cash circulation (Narodowy Bank Polski, undated). In the euro area, the ECB has been analysing how the population living in rural or remote areas is affected by branch closures, ATMs and other ways of obtaining cash (cash-back, cash-in-shop<sup>12</sup>, etc.) (Zamora-Pérez, 2022).

<sup>9</sup> Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (text with EEA relevance), OJ L 317, 9.12.2019, pp. 1–16.

<sup>10</sup> Finans Danmark is the interest organisation for banking and investment funds in Denmark (for more information on this organisation, see https://finansdanmark.dk/om-os/).

<sup>11</sup> Investering Danmark is an industry association for providers of investment funds and asset management, where interest management takes place under the auspices of Finans Danmark (for more information on this association, see https://finansdanmark.dk/investering-danmark/om-investering-danmark/).

<sup>12</sup> Cash-back is when retailers offer the possibility to withdraw cash at the point of sale when customers purchase goods. Cash-in-shop is when retailers offer cash even if consumers do not make a purchase.

The ECB is currently considering a 'digital' euro whose development will likely affect the payment market and the banks. The digital euro or central bank digital currency will complement the issuance of physical cash with a virtual equivalent; however, its effects are not easily predictable since it will depend on the actual design and implementation (ECB, undated).

### Summary

In summary, retail banks are facing a mix of regulatory, technological and competitive challenges that have necessitated ongoing, often serial, restructuring in the years following the global financial crisis. Since the mid-2010s and the post-crisis recovery, profitability has begun to recover, but the need to invest in digital infrastructure continues to draw hugely on available resources. This investment is intended to meet the growing demand for remote or online banking on the part of customers. The changes to banking services provided to the end user have also contributed to a transformation of the types of job in demand and to the way work is organised in the sector. In the next chapter, these shifts are described using available data sources.

# 2 Mapping the sector

# **Employment trends**

#### Introduction

This chapter reviews employment trends and restructuring developments in the financial services sector and is based on evidence from the EU-LFS and ERM events database.<sup>13</sup> The analysis is focused on the EU27 Member States with a time span that includes all of the most noteworthy events that happened in the sector, starting from the global financial crisis in 2007–2008 up to the COVID-19 pandemic (2021).

Using the NACE<sup>14</sup> sectoral classification, the relevant section (one digit) category for the financial sector (the focus of this report) is 'K' – financial and insurance activities. NACE has a nested structure and, within the overall K sector, there are three divisions or subsectors (more detailed information can be found in Annex 2):

- K64 financial service activities, except insurance and pension funding
- K65 insurance, reinsurance and pension funding, except compulsory social security

• K66 – activities auxiliary to financial services and insurance activities

The financial services activity is the main subcategory (NACE 64), including retail banks, and accounts for around 60% of sector employment. This chapter first describes the main trends at the broader sectoral level (NACE 64–66), then focuses on the retail banking sector, which principally lies within the subcategory of NACE 64. The second section reviews restructuring activity at the broader sectoral level (NACE 64–66), based on ERM evidence. The final section describes social dialogue at EU level using different sources.

#### Financial and insurance sector: main trends

Service sectors have accounted for all aggregate employment growth between 2008 and 2021, but the financial and insurance services sector has been one of the very few service sectors to have only modest employment increases. The overall increase is due to auxiliary services and partially to insurance, in which employment has been rising. The financial services sector (including most retail banking activities) has seen a significant decrease in total employment: by 9.6 percentage points in 13 years (Figure 2).

#### Figure 2: Employment change in service sectors, 2008–2021, EU27 (percentage points)



Note: The financial and insurance sector includes NACE 64, 65 and 66. The financial services sector, which covers most retail banking activity, includes only NACE 64. Source: Authors' own calculations, based on the EU-LFS

14 Various NACE versions have been developed since 1970 and the version referred to in this report is NACE Rev.2. For the demarcation of a specific sector, reference is made to a number of NACE codes.

<sup>13</sup> The database can be found on the Eurofound website at the following link: https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets



#### Figure 3: Financial and insurance services as a proportion of total employment, 2008 and 2021, EU27 (%)

Source: Authors' own calculations, based on the EU-LFS

The number of workers in the financial sector has declined, but not to the same extent everywhere. The financial sector's proportion of total employment has reduced from 1.80% to 1.60% in the EU as a whole and even slightly more in the euro zone, from 1.93% to 1.66%. Over the same 13-year time frame, however, not every country has recorded a decline: Malta, Lithuania and Estonia experienced an increase, while sharp falls in the employment share occurred in Belgium, Germany, Greece and Cyprus.

Furthermore, the financial and insurance services sector represents a rather small proportion of overall employment. The proportion is particularly small in many eastern European countries, with Romania having the smallest (only 1.05%). Nevertheless, sector specialisation is evident in the relatively large employment share in some of the smaller Member States, in particular in Malta, Ireland and Cyprus as well as in Luxembourg, in which financial services employees account for 8.16% of overall employment (Figure 3).

There has been a shift in the occupational profile in the sector, with the number of professional employees increasing relatively rapidly alongside a declining number of clerical support workers (Figure 4). The number of technicians and associate professionals has remained relatively stable over time.

Another interesting shift has been the decline in the employment share of managers, possibly related to

management de-layering trends observed in some of the case studies (see Chapter 3). This occurs when management, generally middle management roles, are deliberately eliminated to remove layers of hierarchy and 'flatten' the organisational structure for efficiency purposes.

#### **Trends in retail banking**

Employment reduction in the financial and insurance services sector has been driven by developments in the subsector of retail banking (NACE 64).<sup>15</sup> Between 2008 and 2021, the number of employees in retail banking decreased by 10%. However, the reduction has occurred across all worker categories, with shifts varying according to profile, occupation and work location, as this section outlines.

#### Profile of the banking employee

#### Gender and age

Retail banking has a slight predominance of female employees, with some notable country exceptions. In 2021, women represented 53% of the banking workforce in the EU27. However, the proportion of women is much higher in Latvia, Croatia and Romania, where women's employment share is over 70%. At the other end of the spectrum, in the Netherlands women account for only 31%, followed by Luxembourg (38%) and Denmark (41%). The overall European employment share of women in retail banking has remained relatively stable over time.

<sup>15</sup> This analysis was undertaken following an ad hoc data request from Eurostat. NACE code 64 (retail banking) is the closest approximation to the retail banking sector using the EU-LFS data. However, the data may differ from other sources, as the NACE 64 category includes not only retail banks but areas such as central banking and other financial service activities (apart from insurance and pension funds). Equally, some employees working in retail banks may be recorded in other NACE sections (e.g. information and communications technology) or in the same financial services sector but in another subsector (NACE 65 or 66).



Figure 4: Number of employees in financial and insurance services by broad occupational group, 2008 and 2021, EU27 (millions)

Note: The category 'Other' includes craft and related trades workers, elementary occupations, plant and machine operators and assemblers, and service and sales workers.

Source: Authors' own calculations, based on the EU-LFS

#### Box 1: Tackling the gender pay gap in financial services

While gender differences in the financial services are not very marked, the sector has always tended to be among the sectors with the highest differences in the pay of women and men. In all Member States, the average gender pay gap is larger in financial services than across all sectors on average (Figure 5). In ten Member States, including France and nine east European countries, the unadjusted pay gap in the sector is at least 30 percentage points. This compares to 13 percentage points on average for all sectors.



#### Figure 5: Unadjusted gender pay gap by country, 2020 (percentage points)

<sup>13</sup> 

The Pay Transparency Directive proposed by the European Commission in 2021 is likely to be particularly relevant in financial services, not only due to the persistently high gender pay gap, but also because average pay in the sector is high and most establishments are above the employment headcount threshold for the application of the directive's provisions (250 employees in the Commission proposal; 50 employees in the European Parliament proposed amendment). The primary objective of the proposed directive is to strengthen via pay transparency provisions the application of the Treaty principle of equal pay for equal work or work of equal value between women and men.\*

The main provisions are as follows:

- Employers with at least 250 employees will be required to publish gender pay gap data. When there is a pay gap of at least 5% that cannot be justified based on gender-neutral factors, a pay assessment will be required, with employers working jointly with workers' representatives to make the assessment.
- Job applicants and current workers will be entitled to information about pay levels in a firm, including average pay levels broken down by gender for workers doing the same work or work of equal value.
- Redress: workers will be entitled to compensation, including recovering back pay if unjustified pay differentials are identified. Member States will also be required to impose fines for employers in breach of the directive.
- The directive will establish pay transparency standards to make it easier for workers to claim their right to equal pay.
- The directive will make it illegal for firms to impose pay secrecy or non-disclosure rules on employees.

\* Treaty on the Functioning of the European Union (TFEU), Article 157.

The average age of retail bank employees has been increasing. When comparing it with another service sector, human health activities (NACE Q86), the trend is quite clear. The financial sector in 2008 had almost equal proportions of young (15–39 years) and older workers (40–65 years), while human health activities (NACE 86) had a prevalence of older employees (57%). Over time, the proportion of young employees has been contracting in financial services while remaining relatively stable in the health sector (Figure 6).

The same holds true and is even more evident when comparing the proportion of young employees in the financial sector with that in all sectors combined. In 2008, the proportion of young employees in the financial sector was 3 percentage points higher and the decrease in the financial sector was so sharp that, in 2021, the sector had the smallest proportion of young workers among all sectors. The relatively fast ageing of the financial services sector may be surprising given the evidence in the case studies (Chapter 3) of extensive recourse to early retirement (or voluntary departures favouring older workers) in sector restructuring cases, especially as many cases of restructuring are accompanied by hiring schemes targeting younger entrants. However, declining overall employment is evidence of limited job creation in the sector and of only partial replacement of the staff departing via retirement or other paths. In this context, and given high average tenure, the natural ageing of the workforce appears to outweigh early retirement schemes in terms of the impact on the age composition of the sector's workforce.



#### Figure 6: Proportion of young employees (15–39 years) in the total workforce by sector, 2008–2021, EU27 (%)

Note: Break in time series in 2021. Source: Authors' own calculations, based on the EU-LFS

In some countries, the average age of retail banking employees is especially high. This is typically the case in southern European countries and in Belgium and Germany. Greece, Croatia and Italy have the oldest age profiles, with, respectively, only 23%, 28% and 28% of young employees (15–39 years). Malta is the only exception among the southern countries. The Baltic states are at the other end of the spectrum and have a much younger banking workforce, with Lithuania having the youngest workforce (accounting for 40 percentage points more of the workforce than their older counterparts – Figure 7).

#### Education level

60

Since 2008, the retail banking sector has seen a significant rise in the average education level of employees. The increase is a common pattern that occurred in all sectors, although it happened at a relatively faster pace in retail banking. In 2021, the proportion of employees in retail banking with a tertiary education was twice that in all other sectors combined. In retail banking, both low (International Standard Classification of Education (ISCED 1–2)) and medium (ISCED 3–4) qualification categories have been steadily

decreasing in favour of the more highly educated (ISCED 5–8). In 2021, over 65% of employees in retail banking had a tertiary education qualification or higher (a bachelor's degree, a master's degree or a PhD).

In retail banking, men tend to have a higher education level: 68% of male employees have completed a tertiary education, compared with 64% of female employees. Since 2008, this difference has roughly remained constant, with the education level rising for both genders almost at the same pace, by 18.8 and 18.4 percentage points, respectively.

#### Employment contract and working hours

Employment in the retail banking sector remains largely 'core' or standard, with relatively small proportions of atypical employment. Fixed-term contracts are not very common (6% of employees, compared to 14% of employees in the labour market excluding the financial and insurance services sector). Women were in the past more likely to be in temporary contracts in the sector (a difference of 3 percentage points in 2008), but this gap has reduced over time and, in 2021, men were as likely as women to have a fixed-term contract.



#### Figure 7: Relative prevalence of young employees by country, 2021, EU27 (percentage points)

**Note:** The prevalence is represented through a comparison between the percentage of younger employees (15–39 years) and older employees (40–65 years) in percentage points.

Source: Authors' own calculations, based on the EU-LFS

Permanent full-time employment still represents the norm in retail banking. The proportion of part-time employees has increased only marginally and at a slower pace than in other sectors (Figure 8). In 2021, the proportion of part-time employees was significantly lower in retail banking (12%) than in all of the other sectors combined (18%). Women are more likely to have a part-time job (20% of women compared with only 3% of men).

Nevertheless, there is a noticeable difference in part-time and full-time employment shares across countries. Some Member States – for example, Austria, Germany, and the Netherlands – record a very high prevalence of part-time employment. Austria, in particular, has an exceptionally high rate of part-time employees, with more than one-third of the workforce in part-time employment (34%). In eastern Europe, working part time is less common, with Romania having the lowest prevalence at less than 1%. As in every sector, the difference in the prevalence of part-time employment between men and women is marked, with more women holding such positions. It is also the case that in those countries where more women work part time, the incidence of part-time employment among men is also higher.



#### Figure 8: Proportion of part-time employees by sector, 2008–2021, EU27 (%)

**Note:** Break in time series in 2021. **Source:** Authors' own calculations, based on the EU-LFS

In 2008–2020, as well as employment levels, average working hours in the sector decreased, contributing to an even greater decline in hours worked. The average number of weekly working hours in each Member State ranges from 34 to 40. Between 2008 and 2020, the number of hours worked reduced in most countries. In only a few countries was there an increase (Figure 9). The most significant decrease has taken place in Czechia with a reduction of four weekly working hours between 2008 and 2020. However, this reduction is less remarkable when put into context, as overall average working hours in Czechia have also declined sharply.



Figure 9: Average number of actual weekly working hours in the main job, 2008 and 2020, EU27

**Note:** Data at country level were not available for 2021. **Source:** Authors' own calculations, based on the EU-LFS



#### Figure 10: Change in total volume of hours worked compared with 2008, EU27 (percentage points)

Note: Break in time series in 2021. Source: Authors' own calculations, based on the EU-LFS

As there has been a combined decrease in the number of employees and a reduction in the number of hours worked per week, the total volume of hours worked by all employees has declined since 2008 (-13 percentage points). The contraction is most striking between 2016 and 2019, when in all other sectors the recovery from the financial crisis gathered pace - and the volume of hours increased - while in retail banking the volume of hours continued to decline (Figure 10). COVID-19 significantly affected employment in all sectors, but especially those involving services delivered in person (for example, hospitality and customer transport) and those less amenable to remote working (Eurofound, 2022a). As most occupations in retail banking are teleworkable, the negative employment effects were more modest than in some other sectors, but the subsequent COVID-19 recovery (between 2020 and 2021) was also more modest in this sector.

#### Teleworking

Jobs in the financial sector are highly 'teleworkable' (Sostero et al, 2020). According to the conceptual framework and taxonomy of tasks for occupational

analysis developed by Fernández-Macías and Bisello (2020), most of the tasks in this sector are informationprocessing tasks (which are very amenable to remote working) and social interaction tasks (which are less amenable to remote working but can nonetheless be carried out remotely). Very little of the work in retail banking involves physical handling or manipulation, which are types of task that cannot reasonably be carried out remotely. Most of the social interaction tasks in retail banking, such as in-branch consultations, have been transferred online (for example, the use of text chatbots for customer service). While it is technically highly teleworkable, the incidence of teleworking in the sector was, on average, higher than all other sectors only from 2016 onwards. In 2021, teleworking incidence in NACE 64 was twice as high as the average of all the other NACE sectors: 49% versus 24%, respectively.<sup>16</sup>

During the COVID-19 pandemic, the incidence of working from home in the sector grew at a much faster pace than in other sectors (Figure 11). Even in strict lockdown, many sector employees were able to continue working and many started remote working for the first time owing to the pandemic.

<sup>16</sup> The relevant EU-LFS variable for this analysis relates to 'working from home'. This of course was the primary form of remote working during the pandemic. The terms 'remote working', 'teleworking' and 'working from home' are used interchangeably here, although following the COVID-19 pandemic, important differences between these terms will likely re-emerge (see Sostero et al, 2020, for a discussion), especially also in the context of the growth of remote working hubs in the retail banking sector (see Box 5).



#### Figure 11: Teleworking incidence by sector, 2008–2021, EU27 (%)

**Note:** Break in time series in 2021. **Source:** Authors' own calculations, based on the EU-LFS

The teleworking incidence in NACE 64 was not uniform across countries. In 2020 in the Nordic and Benelux countries, 7 in 10 employees reported teleworking, while, in eastern European countries such as Latvia, Romania and Bulgaria the teleworking incidence was less than 1 in 10. In addition, the pace at which countries moved to teleworking before and during the pandemic, between 2019 and 2020, varied (Figure 12).



#### Figure 12: Teleworking incidence in retail banking before and during the pandemic, 2019 and 2020, EU27 (%)

**Note:** For Sweden, total for 2019 is 50%; data missing for 2020. **Source:** Authors' own calculations, based on the EU-LFS



#### Figure 13: Teleworking incidence by gender, 2008–2021, EU27 (%)

Note: Break in time series in 2021. Source: Authors' own calculations, based on the EU-LFS

In 2020, three in five employees in the EU27 teleworked on a regular basis. Nevertheless, the incidence of regular teleworking varied significantly across countries due to the different national lockdown policies. In Italy, among the people who were teleworking, 92% said they were 'usually' teleworking, while, in Latvia, all those who reported teleworking did so only 'sometimes'.<sup>17</sup>

Women are more likely than men to be employed in teleworkable jobs (Sostero et al, 2020) and this is also reflected in the teleworking incidence. According to Eurofound (2022b), the proportion of female employees working from home in the EU27 in 2021 was somewhat higher than that for men (3 percentage points higher). In the retail banking sector, however, the teleworking incidence shows a contrasting pattern, with teleworking more common among men than women. This gap was reduced only partially during the pandemic. In 2021, 54% of male employees reported that they usually or sometimes teleworked, compared with 44% of female employees (Figure 13).

#### Shift in employment location

Shifts have also occurred in the geographical distribution of bank employees, with a significant move towards urban areas. In 2021, most banking employees lived in cities (55%), with smaller proportions living in towns and suburbs (29%) and in rural areas (16%) – Figure 14. Between 2013 and 2021, the proportion of bank employees living in rural areas and towns/suburbs declined, respectively, by 4 and 3 percentage points, while in cities it increased by 6 percentage points. As indicated in some of the case studies, branch closures appear to have disproportionately affected employment in rural and remote locations (see Chapter 3).

The employment share of high-skilled occupations is much higher in cities than in other areas. Professionals account for 39% of employment in cities, compared with 22% and 25%, respectively, for rural areas and towns/suburban areas. At the other end of the spectrum in rural areas, the modal occupational category is clerical support workers (37%).

<sup>17 &#</sup>x27;Usually' working from home means undertaking at home any productive work related to the current job for at least half of the days worked in a reference period of four weeks. Working at home 'sometimes' means working at home for fewer than half of the days worked, but for at least one hour during the same reference period.



#### Figure 14: Employee location by broad occupational group, 2021, EU27 (%)

Note: The category 'Other' includes craft and related trades workers, elementary occupations, plant and machine operators and assemblers, and service and sales workers

Source: Authors' own calculations, based on the EU-LFS

#### **Occupational structure**

The occupational composition of employment within retail banking has dramatically changed between 2011 and 2021 (Table 1),<sup>18</sup> and the leading driver of this change appears to have been the digitalisation of the sector. Between 2011 and 2021, the number of IT employees in the sector increased by 55%. The largest increase was in the category 'software and applications developers and analysts', which has almost doubled (from 66,000 to 112,000 employees). Software developer is now the sixth most common occupation in retail banking. All other IT occupations – such as database and network professionals, information and communications technology operators, and user support technicians and professionals – have also been on the rise, although at a slower pace.

Occupations requiring greater technical knowledge and qualifications have also seen a significant increase.

In 2011, the most common occupational category in retail banking was 'tellers, money collectors and related clerks', comprising employees who work in branches mainly in customer-facing, often cash-handling, roles. In 2021, in contrast, the most common occupational category was finance professionals – employees who manage and conduct quantitative analyses of either financial accounting systems or funds for individuals (an occupation that increased in prevalence by 45% compared with 2011).

The rise in the category 'sales and purchasing agents and brokers' has also been very significant, as this occupational category was previously not very well represented. Some of these new roles are likely to have been partially filled by people who had been employed as tellers, money collectors and related clerks. This was the case at, for example, Banco BPM, where some employees in branches that were closed were retrained to perform these new tasks (see Chapter 3).

2011			2021		
1	Tellers, money collectors and related clerks	776,000	1	Finance professionals	518,000
2	Financial and mathematical associate professionals	556,000	2	Financial and mathematical associate professionals	515,000
3	Finance professionals	357,000	3	Tellers, money collectors and related clerks	480,000
4	Professional services managers	319,000	4	Numerical clerks	210,000
5	Numerical clerks	254,000	5	Sales and purchasing agents and brokers	143,000
6	General office clerks	107,000	6	Software and applications developers and analysts	112,000

#### Table 1: Top 6 retail banking occupations in 2011 and 2021, EU27

Source: Authors' own calculations, based on the EU-LFS

18 This time frame is shorter than elsewhere owing to a change in the International Standard Classification of Occupations in 2011.

There has been a small reduction in jobs requiring significant technical skills but that are not purely technical. Examples of such jobs include financial and mathematical associate professionals<sup>19</sup> (which decreased from 556,000 to 515,000) and numerical clerks (which decreased from 254,000 to 210,000).

The employment share of managers in the sector has been decreasing in every area, the only notable exception being sales and IT managers, a category that has seen some increase. The managerial occupation recording the most marked decrease is professional services managers, a category that includes branch managers (this category has decreased by 185,000 in 10 years). This decline is most likely related to the contraction in branch networks between 2008 and 2020: according to the European Banking Federation, the number of bank branches fell by 36% during the period (see also Figure 1 on p. 8 for relevant IMF data).

### **Restructuring activity**

#### **Restructuring dynamics since 2008**

Over the last 15 years, the financial sector (including retail banking) has undergone a greater level of restructuring than other sectors. While the number of people employed in this sector in most European countries represents less than 2% of employment in general, financial sector announcements as documented in the ERM events database represent approximately 7% of all restructuring cases (see Box 2). The high number of financial sector restructuring cases in the ERM database, which is reliant on media screening, is in part attributable to extensive media coverage of this sector and in part due to the high regulatory disclosure requirements for banks. In addition, case size and establishment size are important drivers; banks are large employers and undergo large restructuring events that affect many employees, and so these events are more likely to be reported in the media and to be captured in the ERM.

The reductions in the financial sector's headcount that are observed in the EU-LFS data can also be observed in the ERM. In the ERM, there are more restructuring announcements involving job losses than involving job gains (Figure 15).<sup>21</sup> In addition, the restructuring cases involving job losses on average also involve a higher number of job losses than job gains in cases of business expansion.

In the ERM, a distinction can be made between two types of large-scale restructuring events: restructuring whose broadest level of application is national level (namely, nationwide, regional, local or single establishment restructuring) and transnational restructuring, which involves multiple countries at the same time. From 2008 to the end of 2021, the ERM recorded 1,038 national (or regional or establishment-level) announcements and 120 large-scale cross-country announcements in the financial services sector.

#### Box 2: ERM events database - Data collection

The ERM covers cases of large-scale restructuring involving both job loss and job gain ('business expansion'). The ERM defines job loss through restructuring in a similar way as the Collective Redundancies Directive of 1998 in that it refers to intended redundancies.<sup>20</sup> However, these intended redundancies do not have to be notified to any public authority but are rather 'announced', and subsequently covered in media reports. The threshold for a case to be included in the ERM dataset is that it should either involve the reduction or creation of at least 100 jobs or affect at least 10% of the workforce in establishments employing at least 250 people. The data are collected by the Network of Eurofound Correspondents and edited and published daily on the Eurofound website. Unlike the directive, however, the ERM contains no stipulation regarding the time frame in which the intended job loss is to occur. The database has been maintained since 2002, is updated daily with fresh cases (at a rate of around 100 new cases per month) and, as of June 2022, contained nearly 30,000 individual restructuring factsheets.

For more information, see https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets

<sup>19</sup> This category can seem similar to the finance professionals category, but it is quite different in terms of the occupations it includes. Financial and mathematical associate professionals include securities and finance dealers and brokers; credit and loans officers; accounting associate professionals; statistical, mathematical and related associate professionals; and valuers and loss assessors.

<sup>20</sup> Council Directive 98/59/EC of 20 July 1998 on the approximation of the laws of the Member States relating to collective redundancies, OJ L 225, 12.8.1998, pp. 16–21.

<sup>21</sup> ERM cases from Norway and the UK have been removed from the analysis.



# Figure 15: Number of restructuring announcements involving job losses and job gains per year, 2008–2021, EU27 (%)

**Note:** The figure includes only national cases. In restructuring cases involving both job losses and job gains (n=46), the cases were assigned to the category with the larger employment effect. **Source:** Authors' own calculations, based on the ERM

The transnational cases, although they are fewer than the national cases, are important, as they are characterised by a much greater scale than the national cases. The greater number of people involved also increases the complexity of the restructuring, for both the company and the social partner representatives involved. The two types of restructuring are described separately to avoid duplication.

#### National and subnational cases

At national level, over 70% of restructuring announcements in the financial sector from 2008 to 2021 involved job losses: 760 cases of job losses compared to 278 cases of job gains. Peaks in job loss announcements occurred in the ERM in 2009, 2012 and 2013, during the period of the global financial crisis and the ensuing sovereign debt crisis. Restructuring in financial services is different from other sectors across a number of dimensions (Table 2). Average job losses per case are greater than in other sectors (680 job losses per case in financial services, compared with an average of 444 across all other sectors). The average time frame of a national restructuring case in the financial sector (1 year and 9 months), is nearly double that of cases in other sectors with the result that many of the announced job losses in the financial sector are likely to have taken effect only in the years subsequent to the announcement. Around one in five cases (19%) in the financial sector involve at least 1,000 job losses. Restructuring cases in this sector tend, therefore, to be larger, longer and more complex than in other sectors.

Characteristic	Financial sector (NACE 64–66)	All other sectors
Average number of job losses in a case	680	444
Proportion of large-scale job loss cases (over 1,000 employees) out of all cases	19%	7%
Average duration of cases involving job loss (days)	621	338
Proportion of job losses attributable to internal restructuring	79%	73%
Proportion of job losses attributable to closure/bankruptcy	4%	18%
Proportion of job losses attributable to mergers and acquisitions	16%	5%
Proportion of job losses attributable to offshoring/outsourcing/relocation	1%	4%

#### Table 2: Characteristics of job loss cases in the financial sector and in all other sectors, 2008–2021

**Note:** The average duration of a case is based only on cases for which the time frame is available. **Source:** Authors' own calculations, based on the ERM

A large majority of the announced job losses in financial services are attributable to internal restructuring (Figure 16), as is true also for other sectors in the ERM dataset. Where financial services differ from other sectors is in the relatively high proportion of job losses attributable to merger/acquisition activity (16% versus 5% on average, respectively), which is indicative of the high level of corporate activity observed also in the six featured case studies (see Chapter 3) and more generally in the sector after the global financial crisis. The fact that mergers/acquisitions are involved in only 1 in 10 restructuring cases but in 1 in 6 job losses in the sector is a reminder that restructuring involving mergers/acquisitions is associated with especially large cases of job loss. The main motivation for mergers in most cases is to achieve cost savings by eliminating matching or similar posts in the two (usually large) joining groups.

Among the over 1,000 restructuring announcements at national or subnational level from 2008 to 2021, 74% were in core financial service activities (NACE 64), 15% were in insurance, reinsurance and pension funding (NACE 65) and 11% were in activities auxiliary to financial services and insurance activities (NACE 66).

In terms of countries, Germany recorded the highest number both of announcements and of total job losses recorded in the ERM (not illustrated). This may be because of the high number of banks present in the country. Even after all of these restructuring events in 2021, Germany still had at least three times as many banks as any other large EU Member State. Italy and Spain follow Germany with the next highest total numbers of banking sector job losses recorded in the ERM. Interestingly, the Netherlands also recorded a substantial number of restructuring cases and job losses, despite the relatively small number of banking employees in the country. The announcements recorded in Italy, Spain and the Netherlands also involve the highest number of job losses on average per case. In each, restructuring cases on average involve at least 1,000 job losses, compared with an average of around 700 job losses per case in the EU27.

Looking at the types of restructuring since 2008, internal restructuring was the most common reason for job losses in the financial sector (606 announced cases). Other types of restructuring accounted for relatively small proportions: for example, mergers and acquisitions (69 cases) and bankruptcy or closure (55 cases). Figure 16: Number of national or subnational cases involving job losses in the financial sector by restructuring type, 2008–2021, EU27



Source: Authors' own calculations, based on the ERM

The majority of merger-related restructuring cases were in Spain and Italy. The mergers with the largest job reductions all took place in 2008: Commerzbank with Dresdner Bank, and UniCredit with Capitalia. However, more recently, other large restructuring cases have taken place (Table 3), including the merger between CaixaBank and Bankia in 2021, which resulted in 6,452 job losses (see Chapter 3). This was the third largest restructuring event ever to take place in the Spanish private sector and the largest collective redundancy in the history of Spanish banking. These job cuts were intended to eliminate duplication/matching functions and to stem the trend of reduced profitability while further digitalising services. These job cuts also followed on from another internal restructuring event in CaixaBank that took place in 2019, in which some of the bank's urban branches were closed and 2,000 employees were laid off.

Announcement date	Company	Number of job losses	Country	Additional information
22 April 2021	BBVA	2,935	Spain	The collective redundancy plan affected both the branch network and central services across the entire country. Restructuring took place because of increased competition, low interest rates and digitalisation processes.
20 April 2021	CaixaBank	6,452	Spain	The job cuts were a consequence of a merger with Bankia that created duplicate positions. Other motivations included the reduction of profitability and the digitalisation of customer services.
11 February 2021	Rabobank	5,000	Netherlands	The decline in profits triggered the need for a reorganisation. With the number of offices being reduced from 230 to 130 by 2026, the job cuts will occur at the bank's local offices.
12 January 2021	Unicaja Banco	1,513	Spain	The restructuring was the result of Unicaja Banco's merger with Liberbank. The agreement with trade unions that took almost a year set out only voluntary and compensated staff departures.
28 December 2020	Commerzbank	2,300	Germany	The high number of job cuts was driven by reduced profits due to the COVID-19 pandemic, digitalisation and the closure of branches.
30 September 2020	Intesa San Paolo	7,200	Italy	All job losses were carried out through voluntary departures and there were 3,500 new hires planned in 2021–2023, giving rise to strong intergenerational replacement.
30 June 2020	Norddeutsche Landesbank	2,800	Germany	The bank had major deficits in 2019 due to non-performing loans in the shipbuilding sector. All job losses are expected to be on a voluntary basis (early retirement or voluntary departure).

#### Table 3: Largest recent restructuring cases in the financial sector at national level, 2020–2021

Source: Authors' own elaboration, based on the ERM

Among other reasons for job losses are partial or full closures, mainly in the financial service activities sector (NACE 64), which constituted 49 of the total 55 cases of closures recorded. Even though most closures took place before 2013, closure-related restructuring was recorded at an average rate of two cases per year up to 2021. Closures occurred mainly in Germany, France and Greece, although the largest case recorded was in January 2022 in Poland with the closure of Open Finance involving the loss of 1,119 jobs. The company filed for bankruptcy with the Warsaw Court owing to a significant deterioration in the company's financial situation (Open Finance factsheet).

Another cost-cutting approach for banks has been the offshoring of tasks and activities previously carried out locally. These account, however, for a relatively small number of restructuring cases and related job losses in comparison with other sectors. The ERM records 18 cases of offshoring,<sup>22</sup> mostly moves from Belgium and Luxembourg to eastern European destinations in Poland, Czechia and Slovakia. However, some companies have offshored to outside Europe, notably India and Morocco (Figure 17). There are different drivers for such a choice, and the motivation has changed over time, according to the ERM case narratives. The offshoring cases after the global financial crisis until 2016 were mainly driven by cost reduction and usually involved the relocation of administrative offices. From 2017 onwards, these cases also included motivations such as the automation of tasks and involved the relocation of more technical IT functions.

Cases of business expansion in the banking sector have also been recorded in the ERM. The new jobs created usually require a technical profile and higher qualifications, mainly regarding computer science and telecommunications, with jobs such as systems and industrial engineers, data scientists and mathematicians. This is again consistent with the hypothesis that digitalisation is the principal driver of change in the sector. A recent example is that of BBVA, one of the Spain's largest banks, which announced in January 2022 the creation of 200 new jobs in two new innovation centres that the company is setting up in Bilbao. One is focused on cloud, data and security solutions, while the second provides digital support to various business areas and employs mostly software developers and big data experts.

22 This figure, however, understates the extent of offshoring/delocalisation in the sector, as many cases of 'internal restructuring' include some transfer of employment to external providers, including across borders.

#### Figure 17: Offshoring cases, 2008–2021



Source: Authors' own calculations, based on the ERM

#### **Transnational cases**

Among the transnational cases, most restructuring took place right after the global financial crisis (between 2008 and 2013). At a lower level, job loss announcements were continuously recorded up to 2022. Interestingly, the number of companies reducing their workforce remained high even after the global financial crisis, notwithstanding the economic recovery beginning in 2013. From 2014, digitalisation emerged as a restructuring driver, and the improvement of internal processes and digitalisation/the online provision of services to customers started to be regularly mentioned in company restructuring announcements.

A recent relevant example of such a change is that of Commerzbank, the German multinational bank, which announced it would cut 10,000 jobs worldwide in January 2021. The cuts are part of the Strategy 2024 programme, through which the bank is focusing on the comprehensive digitalisation of services and strengthening its digital offerings. Within four years, Commerzbank plans to invest €1.7 billion in its IT operations. Job cuts are anticipated mainly in Germany (2,300 jobs), where 450 of 790 branches are being closed. In addition, the bank is also closing its subsidiary Commerzbank Luxembourg, eliminating about 200 positions based in Luxembourg. Moreover, the bank is planning to close 15 international locations for its corporate business and, in 2021, it started by closing its offices in Barcelona and in five other cities outside Europe. All Commerzbank restructuring is planned to take place by 2024. This timing is in line with other banks and multinational companies, as

international restructuring tends to operate on longer time frames, with an average expected process length at the announcement date of over two years.

Transnational cases not only are much more complex than national cases, but also have among the highest job losses in the database. Their average planned job reduction is almost seven times larger than the average reduction of a national restructuring case. The cross-country cases almost entirely concern financial services activities (NACE 64, 96 cases), while only 16 announcements were in the auxiliary financial activities sector (NACE 66) and only 12 were in the insurance and reinsurance sector (NACE 65).

The main type of restructuring in transnational cases is internal restructuring,<sup>23</sup> which accounts for 88% of job losses. In the dataset, however, there are also six announcements of mergers and acquisitions. In 2008 and 2009, another relevant motivation for transnational job reductions was business failure (bankruptcy or closure) mainly due to the financial crisis. Announcements of job creation have been more limited: from 2008 to 2021, only eight business expansions were captured by the ERM involving transnational employment gains.

Looking more closely at the restructuring cases involving job losses, all of the largest transnational announcements recorded in the database from 2008 involved at least one EU country and a non-EU country at the same time. The most recent large restructuring case was in 2020, when the bank HSBC announced 35,000 job cuts over three years as part of a major reorganisation and cost-saving plan. The announced job

<sup>23</sup> In the ERM database, internal restructuring is a catch-all term for all cases that may involve multiple restructuring measures as opposed to a specific form of restructuring, such as mergers and acquisitions or delocalisation.

cuts represented about 15% of the group's global workforce across 64 countries. The company explained that there would be job cuts in the UK, mainly in London, as the affected units included its head office operations and its global banks and markets business. After the head office, the largest proportion of the job cuts occurred in the EU operations section, where HSBC was facing losses, such as in France. In July 2020, the bank's headcount at the Paris office was reduced by 38%.

A common pattern in the last 15 years observed in bank restructuring cases captured in the ERM is that of serial or continuous restructuring, meaning that there is a high number of announcements of job cuts for the same bank relatively close in time (Table 4).

Important examples of companies involved in continuous restructuring include the Spanish commercial bank Banco Santander, which in its last announcement planned to cut 6,000 jobs across Europe under a cost-saving programme called One Europe, taking place from 2020 to 2022. This restructuring was part of a series of smaller annual restructuring events that had been ongoing since 2016, which in total amount to over 13,000 redundancies. In the most recent restructuring event, the Spanish bank planned to focus on digitalisation and measures to improve its organisational effectiveness, such as streamlining the development of technology apps for all European subsidiaries. The restructuring programme has been implemented in Spain, Portugal, Poland and the UK. The country most affected by the restructuring is Spain, the bank's home country, where 3,572 employees have voluntarily left the company and 1,000 branches have been closed.

Another relevant example is Deutsche Bank, which on 19 August 2019 announced a plan to cut 18,000 jobs, after the 7,000 job cuts announced in May the year before and 1,000 in 2017 (Deutsche Bank 2019 factsheet). The most recent social plan involves reducing the workforce by 20% to 74,000 employees by the end of 2022. Some of the layoffs will be in Germany (1,190 employees), Ireland (450 employees) and other European countries, as well as outside Europe. According to Deutsche Bank, the cuts are a reaction to changing consumer behaviour and the increase of online banking (Deutsche Bank April 2021 factsheet).

	Most recent	Previous restructuring cases			
Date	Company	Number of job losses	Countries affected (in order of most significant effect)	Job losses in previous years	Number of job gains
28 January 2021	Commerzbank	10,000	Germany, Luxembourg and others	9,600 (in 2016) 4,000 (in 2013) 9,000 (in 2008)	2,300 (in 2016)
29 October 2020	Banco Santander	6,000	Spain, Portugal and Poland	1,400 (in 2019) 3,222 (in 2018) 1,585 (in 2017) 1,200 (in 2016)	
18 February 2020	HSBC	35,000	France and others	25,000 (in 2015) 14,000 (in 2013) 5,000 (in 2011) 1,100 (in 2008)	
3 December 2019	UniCredit	8,000	Italy, Germany and Austria	2,600 (in 2017) 2,700 (in 2016) 12,200 (in 2015) 2,400 (in 2014) 7,290 (in 2011) 3,000 (in 2010)	1,135 (in 2011) 1,000 (in 2010)
19 August 2019	Deutsche Bank	18,000	Germany, Ireland, US and UK	7,000 (in 2018) 1,000 (in 2017) 4,000 (in 2015) 1,900 (in 2012)	

#### Table 4: Companies involved in continuous or serial restructuring, 2019–2021

**Note:** The table summarises only the cases in which the employment loss or gain was above 1,000 employees; smaller cases are not reported but can be found in the ERM database.

Source: Authors' own elaboration, based on the ERM

### Social dialogue

At EU level, there is well-established social dialogue. According to a Eurofound study on representativeness in the banking sector, of the 94 national banking sector trade unions, 64 are affiliated with UNI Europa Finance, the European federation in the finance sector (Eurofound, 2019a). In turn, the employers' side shows a wide range of diversity corresponding to existing banking segments, such as commercial banking companies (the European Banking Federation (EBF)), savings and retail banks (the European Savings and Retail Banking Group (ESBG)), cooperative banks (the European Association of Co-operative Banks (EACB)) and others. The EBF and its independent committee for social affairs (the Banking Committee for European Social Affairs (BCESA)) cover member organisations in all Member States: of the 70 employer organisations in the sector, 32 are members of the EBF/BCESA.<sup>24</sup>

At European level, UNI Europa Finance on the employee side and the EBF/BCESA, ESBG and EACB on the employer side are the mutually recognised social partners in the European Sectoral Social Dialogue Committee for the banking sector.<sup>25</sup> This committee was formally established in 1999 and, as of June 2022, 17 joint texts had been agreed by members, covering topics relating to remote work and new technologies, lifelong learning, corporate social responsibility, digitalisation and IT employability in the European banking sector (European Commission, undated).

The high number of organisations on both the employers' and the unions' side reflects a high degree of collective representation in the sector driven by, on the one hand, the multiple existing business activities and operations included in NACE 64,<sup>26</sup> – from monetary intermediation to service providers and other financial activities – and, on the other, the pluralism in the trade union movement, particularly in those countries where a number of sectoral or cross-sectoral organisations can

represent workers (as is evident from the restructuring case studies). Furthermore, the specialisation of the business activities and the size and legal form of companies operating are other features explaining the diversity of the employer and business organisations.

Commercial banks operate across the EU with established subsidiaries resulting from a process of consolidation and rationalisation stemming from mergers and takeovers in recent decades. As such, most of the banks operating in the EU are multinational corporations fitting into the scope of the European Works Councils Directive that was adopted in 2004 and revised in 2009.<sup>27</sup> According to the European Trade Union Institute database on European works councils (EWCs),<sup>28</sup> there are 83 EWCs established in the financial and banking sector, which show a dense coverage of cross-border processes of information and consultation in social and labour matters in the whole sector.

The existence of a large number of EWCs also echoes the presence of active worker representatives and trade unions at national level. Overall, the sector is highly unionised, and employers also tend to be associated (Iodice, 2021). While company-level collective bargaining takes place in some countries (France and Germany), sectoral collective bargaining is the norm in other Member States (Italy and Spain), providing a relatively high level of coverage compared with other service sectors. According to the European Company Survey, 68% of the employees and 59% of the establishments surveyed in the finance sector were covered by collective wage bargaining (Eurofound, 2019b).<sup>29</sup> National or multi-employer examples of sectoral collective agreements can be found in several EU Member States such as in Romania's financial sector (UNI Global Union, 2018), Luxembourg (banking and insurance) and Spain. Recently, a ground-breaking collective agreement has been reached for the first time in the fintech sector in Denmark (UNI Global Union, 2021).

<sup>24</sup> The official representative of the commercial banks in the European Sectoral Social Dialogue Committee for banking is the BCESA, which acts in all social affairs and matters of industrial relations on behalf of the EBF.

<sup>25</sup> Following the reorganisation of European social dialogue in line with Commission Decision 98/500/EC of 20 May 1998, the European Sectoral Social Dialogue Committee in the banking sector was established by Euro-FIET (now UNI Europa) on the employee side and by the EBF, the ESBG and the EACB on the employer side.

<sup>26</sup> The European Sectoral Social Dialogue Committee covers NACE 64 (Rev. 2), except for 64.11 (central banking), 66.10 (activities auxiliary to financial services, except insurance and pension funding) and 66.30 (fund management activities).

<sup>27</sup> Directive 2009/38/EC of the European Parliament and of the Council of 6 May 2009 on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees (Recast). Text with EEA relevance, OJ L 122, 16.5.2009, pp. 28–44.

<sup>28</sup> The EWC database is available at https://www.ewcdb.eu/search/pdf

<sup>29</sup> The sample in the European Company Survey covered a total of 21,869 management interviews in establishments or companies with more than 10 employees.

### Summary

In summary, retail banking has seen significant job reduction and important shifts in terms of the profile of the banking employee. The workforce is becoming more educated, and the occupational profile has moved towards more specialised posts and fewer clerical support workers. Job reductions are taking place through restructuring. Restructuring is happening with regular frequency – in some cases, there is 'continuous' restructuring. Compared to other sectors, it is characterised by large-scale and significant lob losses, especially in transnational cases. There are well established social dialogue frameworks and tools in the sector. The next chapter will give more insights into the drivers and internal dynamics within the restructuring events, based on the six bank case studies and the expert interviews.
# 3 Case studies of retail bank restructuring

The case studies covered in this chapter document the processes of recent restructuring in the retail banking sector in six Member States. Five of the case studies were carried out by the Network of Eurofound Correspondents in Q4 2021 – in Denmark, the Netherlands, Poland, Portugal and Spain – while a sixth case (Italy) was carried out in Q1 2022 by one of the report's co-authors.

Each case study focused on a single company restructuring case and took account of the fact that most restructuring in retail banks occurs at company, rather than establishment, level. The focus was primarily on the restructuring process and its employment consequences at national level (see related factsheets in Annex 1). The objective of the studies was to show the extent to which digitalisation was a motivating factor behind the restructuring cases, what other factors influenced the decision to restructure, how the restructuring processes were managed (including the social partner consultations and negotiations) and what the main outcomes were of the restructuring.

The case studies were based on semi-structured interviews with managers/employers and/or their representatives and with worker representatives (see the questionnaires in Annex 3). A minimum of three interviews were carried out in each case, including one with a national-level banking expert representing the academic or regulatory/administrative perspective on bank restructuring. This third expert interview was intended to provide background information on the national context - of a regulatory, corporate and/or technological nature - of each of the featured restructuring cases. Information from the interviews was supplemented by media reporting, information in annual reports and other company documentation, and reports from trade unions, employer federations and international organisations. Additional expert interviews were conducted by the co-authors with banking experts or social partner representatives operating at national level in Ireland, Italy and Spain, as well as in international organisations (see the list of interviewees in Annex 5).

### Case study banks

**Danske Bank** is a Danish Bank with approximately 22,000 employees distributed across 12 countries, with the largest markets in Denmark and Sweden. Approximately 11,000 employees work for Danske Bank in Denmark. The second largest proportion of the bank's employees work in Lithuania, where approximately 3,800 employees are located, mainly in technology roles. A significant proportion of the employees of Danske Bank work in India in a large development centre with around 1,300 employees, mainly IT professionals and those in charge of global support functions (Danske Bank, 2021a).

Banco BPM was born in 2017 out of the merger between Banco Popolare and the Banca Popolare of Milan (Banco Popolare – Banca Popolare di Milano factsheet). In 2022, the resulting company, Banco BPM, has 22,200 employees and 18,000 branches and is the third largest banking group in Italy. However, in terms of employees, number of branches and market share, the bank's geographical concentration is mainly in the north of Italy, Italy's most prosperous region.

The bank has been reorganising its activities since the 2017 merger, relocating workers across branches and departments and reorganising based on the internal structure of Banco Popolare, which was the largest of the two merging banks. Banco BPM has also been following the Italian national trend of consolidation and cost reduction. It has cut its workforce by 17%, reduced the number of branches by 36% (from 2,246 to 1,429) and decreased by more than 50% the number of cashier desks (from 4,982 to 2,423).

The ING Group is a Dutch multinational banking and financial services corporation with its headquarters in Amsterdam. Its primary activities are retail banking and wholesale banking. ING has approximately 57,000 employees worldwide, serves around 38.4 million customers and is active in over 40 countries. It is one of the largest banks in the world and is one of eight EU-headquartered banks on the list of the 30 'global systemically important banks', according to the 2021 update of the Financial Stability Board. In the Netherlands, ING Bank (part of the ING Group) has about eight million private customers and 625,000 business clients. As of 1 July 2021, the bank had 15,293 employees, 107 offices and 248 service points. ING is the largest bank in the Netherlands, followed by Rabobank, ABN Amro and De Volksbank.

Bank Polska Kasa Opieki Spółka Akcyjna, commonly known as **Bank Pekao**, is currently the second largest bank in Poland. It was founded in 1929 as a national bank. In 1999, Pekao was acquired by Italianheadquartered multinational bank UniCredit before being sold to Powszechny Zakład Ubezpieczeń (PZU, a publicly traded insurance company) and Polski Fundusz Rozwoju (the Polish Development Fund) in 2017. Bank Pekao employs 12,870 workers and has 713 branches across the country. In 2015–2020, the bank's workforce was reduced by over 3,500 jobs, while the number of branches decreased by 30%, with over 300 branches closed.

**Novo Banco** is part of the Novo Banco Group, which is mainly active in the Portuguese retail banking sector, but is also active in asset management. It has equity stakes in companies operating in venture capital, real estate, and renting and corporate services. Novo Banco was founded in 2014 by a decision of Banco Espírito Santo (BES)<sup>30</sup> as a transitional bank, wholly owned by the Resolution Fund (Fundo de Resolução), a Portuguese public law legal entity with administrative and financial autonomy, providing financial support for resolution measures applied by the Bank of Portugal (Banco de Portugal).

CaixaBank is a Spanish banking company that was founded in 1904 and was traditionally based in Barcelona, although it changed its head office to Palma (Mallorca) in 2017. In 2019, it was the second largest banking company in Spain by asset volume in 2019 (€355 billion) and, by 2021, it was the third largest by market capitalisation. The company's net profit increased year-on-year until 2018, slowed until 2021 before more than tripling, mainly due to the positive impact of the merger with Bankia. CaixaBank has undergone several restructuring processes that have had an impact on employment over the last decade. As a result, the workforce of the company and the number of establishments has declined significantly over the last six years. After the merger with Bankia, the number of employees has increased from 29,972 (2015) to 43,315 (2021), while the number of branches has decreased from 5,211 (2015) to 4,600 (2021).

### **Drivers of restructuring**

The cases analysed illustrate a variety of reasons for the reorganising and restructuring of the banks (Table 5). Even though digitalisation can be considered a cross-cutting driver of reorganisation, other sector-relevant factors (for example, increased competitiveness and mergers) and institutional factors have triggered the implementation of substantial changes in the banks analysed. Above all, declining interest rates over the past decade has been a longstanding driver of changes in banking business activity and has contributed to the pressure of searching for additional income. This driver has become a permanent restructuring factor for some banks in recent years.

Nevertheless, specific bank features have played major roles in triggering each restructuring event. While internal reorganisation – and the associated cost reduction – has been a main driver following merger activity in recent years (Banco BPM, CaixaBank and Bank Pekao), other restructuring events have emerged as a result of external factors such as the terms of the Portuguese–EU memorandum of understanding in the Novo Banco case. Interestingly, internal reorganisation aimed at improving performance and competitiveness was indicated by Danske Bank and ING as the only main driver.

Bank	Involvement of digitalisation	Specific bank features
Danske Bank	As part of improving business operation	Internal reorganisation
Banco BPM	Main aim	Oversized structure Internal reorganisation following mergers Generational renewal
ING Group	Main aim	Internal reorganisation
Bank Pekao	Main aim	Generational renewal Internal reorganisation
Novo Banco Group	In a second stage	Financial bail-out following the 2007–2008 crisis Reducing costs and oversized structure Profitability (second stage)
CaixaBank	Accompanying the merger process	Oversized structure Internal reorganisation following the merger with Bankia

#### Table 5: Summary of the main drivers of the restructuring processes in the banking cases analysed

Source: Authors' own elaboration, based on the case studies

30 BES was one of the oldest banks in Portugal and the second largest private financial institution in Portugal in terms of net assets. In 2013, an external audit revealed several problems leading to the bank's failure and, in 2014, the Bank of Portugal injected capital into the bank, creating a new bank from the old one, with BES retaining the 'toxic' assets (the bad bank), while the new bank (Novo Banco) inherited the client base and BES's best-quality assets.

#### **Digital transformation**

Overall, the impact of digital transformation has been indicated as one of the main drivers of restructuring in most of the cases analysed, along with the need to reduce labour costs and the number of branches. Investment in digitalisation and new technologies is very high in the sector. For example, Spanish banks increased their investment in digitalisation (referring to IT services and processes) by 15% in 2019 while the impact of COVID-19 has accelerated this process. According to the Funcas Observatory of Financial Digitalisation (Funcas-ODF) online survey from December 2021, 36.4% of Spanish banking service users are using their online banking applications daily or almost daily, compared with 17.3% before the pandemic. In addition, 7 out of 10 (69.4%) Spanish internet users frequently access banking services through the online channel, which is 14.7% higher than the data recorded before the pandemic, and the proportion of customers who have never banked online has fallen to 1.7% from 4.5% before the pandemic (Funcas-ODF, 2022).

**CaixaBank's** merger with Bankia in 2021 led to a duplication of branches. The company's technical report (delivered to the unions at the beginning of the consultation process) highlighted digitalisation as one of the drivers of this latest restructuring. In addition, the existence of negative interest rates since 2016 that reduce banks' profits was also cited as a factor behind the restructuring.

In contrast, Danske Bank and the ING Group have more explicitly indicated that their restructuring processes were motivated by the need for digital transformation, along with the need to improve performance and stay competitive. For example, the restructuring process in **Danske Bank** aims to achieve a less bureaucratic and compartmentalised structure and to eliminate a significant number of manual work tasks. It is also an attempt to simplify the portfolio of services and to streamline the customer experience, so that information to customers is channelled by a single employee and not by several departments. This means that the same employee will provide information and answer questions regarding investments, mortgages, loans and saving (see Box 3 on the need for employee versatility).

#### Box 3: Educational upgrading and employee versatility

The employee profile in the banking/financial services sector has been changing rapidly over the last two decades. The demand for graduate entrants has increased in most sectors, but educational upgrading has been especially rapid in financial services. According to the authors of the Danske Bank case study, in 2020, 56% of Danish financial sector employees were degree holders, a much higher proportion than that for all employees in the country (39%). This marks a change from the beginning of the century when educational levels were somewhat lower than average in the sector.

This pattern is observed across the cases studied. For example, in 2020, almost half of all Italian bank employees had a university degree or a higher qualification, compared with one in three in 2010.

Within the new graduate cohorts, the fastest employment growth is among those with post graduate qualifications, whose employment share tripled over the period and now accounts for more than one in five (22%) of the sector workforce. Similar trends are observed in Finland (Alasoini, 2020), where the proportion of people with a master's degree or a bachelor's degree in business administration has been growing faster in banks than that of people with other qualifications (Iodice, 2021).

In addition to the level of educational qualification, there has also been an increasing variety of disciplines among the graduate employment share. Traditional business qualifications remain in demand, but there are increasing demands for employees with legal qualifications – to meet increasing regulatory and compliance burdens – and various IT and data science qualifications – responding to the huge investments in IT infrastructure and digitalisation. This diversification of higher skill demands is observed in each of the six bank restructuring cases studied.

Apart from demands for newer, specialised skill sets and qualifications, generic drivers of the higher demand for graduate recruits are the increasingly complex task requirements of banking jobs and the broader variety of tasks expected to be performed by bank staff. The sector has moved away from narrow specialisations, especially in front-desk positions serving customers directly.

Bank employees are increasingly expected to carry out a variety of tasks, including cash operations, providing back-office services and selling or marketing different products.

Greater task variety at individual level also allows staff levels to be reduced in branches and new models of service provision to be used based on bank 'contact points' or 'service points', where a broad range of services are provided from smaller outlets. These trends were explicit in the Dutch, Italian and Polish national cases.

Danske Bank has entered into an agreement to relocate parts of its digital infrastructure and data to US Amazon's subsidiary Amazon Web Services. In addition, to make computing power stronger and more flexible, the agreement provides access to new cloud-based IT tools in AI, machine learning and data analysis.

The **ING Group**, one of the first banks operating digitally, announced in October 2016 the update of the strategy Accelerating Think Forward (ATF), which was launched in March 2014. This strategy aimed to 'start a path of convergence towards one digital banking platform' (ING, 2016a) and had three main drivers – digitalisation, people and risk awareness – all of them primarily focused on the digitalisation of ING's practices.

According to the interviews, the restructuring at ING occurred mainly as a result of the rapid digitalisation of customer processes, as well as due to the increasing adoption of digital banking by customers. As a result, fewer customers were visiting an ING branch to carry out their regular banking.

Interestingly, in both Danske Bank and the ING Group, the restructuring was planned to take place worldwide, for example in the latter through the integration of the banking platforms of the Dutch division with the Belgian division.

Enhancing digital transformation was the main motivation for the restructuring in Bank Pekao, along with the need to adjust employment levels to the decreasing demand for services provided in branches. However, restructuring has been ongoing in Bank Pekao since the bank implemented a cost-saving programme affecting 1,000 jobs and another programme - which aimed to cut 950 jobs and change the terms of employment of 620 employees - was carried out in 2019 (Bank Pekao 2020 factsheet). In 2020, the company announced a collective dismissal programme involving 1,200 job cuts and changes in the terms of employment of 1,350 staff (Bank Polska Kasa Opieki 2020 factsheet). Both programmes announced in 2019–2020 were attributed to the technological and digital transformation within the bank.

#### Even before the pandemic, Banco BPM was

substantially increasing its investment in technological transformation by pursuing a significant digitalisation strategy (2020–2023), based on an increase of 40% in investment compared with 2017–2019 (Banco BPM, 2021). The plan was to encourage greater digital-based customer interaction, with strengthened use of remote banking channels and new tools and solutions (for example, advanced customer analytics, big data and a digital identity), while, on the work organisational side, the aim was to increase the amount of teleworking to six times that of the previous year (2019). The company's 2021–2024 strategy is even more ambitious and includes an increase of 70% in IT-related investment and of 50% in cybersecurity investment, as well as a plan to hire 100 new staff members with digital skills (Banco BPM, 2020a).

In combination with the industrial plans published and the need for cost reductions, Banco BPM justified the need for its restructuring by citing the change in professional qualifications needed in the evolving working environment and the higher demand for services provided by digital platforms. Digitalisation and teleworking were stated as the main motivations for the adjustment. Cost reduction through cutting jobs was also noted as a driver of restructuring, which was supported by the reduced costs associated with the downsizing process, as the bank benefited from both the solidarity fund (Fondo di solidarietà per la riconversione e riqualificazione professionale, per il sostegno dell'occupazione e del reddito del personale del credito) and the Italian employment fund (Fondo per l'occupazione). The former covers the costs that the bank would have spent on payments until the retirement of those who are retiring, while the latter gives the bank financial support for every new person employed with a permanent contract. In addition, generational renewal appears to be one of the reasons for the restructuring, as the bank is also planning 804 new hires by 2023.

#### **Generational renewal**

One of the objectives of restructuring in many banks is often generational renewal. Increasing skill demands, especially in more technical or highly specialised areas such as network security, user interface design and legal/regulatory compliance, are more likely to be met by the recruitment of recently gualified, younger entrants. At the other end of the spectrum, the possibilities for voluntary departure were disproportionately taken up by older staff, across management and non-management grades, in the restructuring cases covered in the case studies. Such exit paths for older employees are generally well-incentivised forms of early retirement, with severance packages that bridge the gap between the current age and pension age at replacement rates that go beyond statutory entitlements.

In 2008–2021, the ERM recorded 46 restructuring cases in which job cuts were announced simultaneously with hiring for new posts. Half of these cases (23) were in Italy, where banks and unions have a tradition of negotiating fresh rounds of recruitment in tandem with collective redundancies. Similar cases are also observed in Belgium, Finland, France, Germany and Spain. The ratio of substitution, however, is rarely one-to-one. Depending on the company, the number of departures has been two, three or even four times more than the number of new people hired. In the case of Intesa San Paolo in 2020, for every person hired there were two people leaving. In the case of **Banco BPM**, initially one person was hired for every three people leaving but, in the most recent restructuring case in 2020, one person was hired for every two people leaving, which was seen as a negotiating achievement on the union side. Although such ratios are more or less formally agreed in many Italian bank restructuring cases, the case studies detailed in the next section ('Restructuring processes', p.36) demonstrate that banks in other countries are increasingly aware of their ageing profile and of the need to compete for younger staff, with faster growing sectors (for example, technology or fintech) perceived as more attractive.

The persistence of early retirement pathways in the retail banking sector is noteworthy in a period in which policymakers have been actively discouraging such approaches to labour market adjustment and promoting longer working lives and older pension and effective withdrawal ages.

Recourse to early retirement may in part be attributable to the high proportion of 'core' employment in the sector, with a high incidence of permanent employment and long average tenure associated with traditionally secure employment and career prospects. The experience and loyalty that comes with core employment status is also increasingly seen through a security prism by employers in the sector in the face of growing cyberthreats and vulnerabilities in the regulatory arena regarding money laundering, customer confidentiality and compliance obligations. Only 8% of bank employees in Spain have temporary contracts, compared with around one in five among all employees in the private sector. Banks therefore often do not have the buffers of numerical flexibility that employers in other sectors may have. They are, however, generally profitable businesses with the resources to make voluntary departures attractive. As the section 'Support for workers affected' (starting on p. 41) makes clear, banks have long experience of calibrating such incentives - notably the mix of public or statutory entitlements and negotiated bank-specific entitlements - to secure the required employment reductions.

The evidence from the case studies nonetheless is that employment in the retail banking sector continues to have a relatively mature age profile. In the **Banco BPM** (Italy) and **CaixaBank** (Spain) cases, despite early retirement being the main tool of recent adjustments, the average and median age of employees was still high post-restructuring. The effect of the restructuring therefore was to slow down but not reverse workforce ageing.

In the **Novo Banco** case, some suggestive evidence of why this was the case is presented. Between 2015 and 2020, the Portuguese bank accelerated its recruitment of younger employees, almost doubling the number of employees under 30 years of age (from 2,100 to over 4,000), but this age cohort nonetheless continued to account for less than 15% of the total headcount. The most significant shift in employment composition was a reduction in the proportion of those aged 30–44 years and an increase in the proportion of those aged 45 years and over, despite reliance on early retirement during the restructuring.

In Italy, the exit of older personnel has been only minimally compensated for by the arrival of young people. There has been a constant increase in the average employee age in the banks as a result. Nonetheless, Banco BPM is planning for over 90% of new recruits to be in the younger age cohort (between 20 and 30 years old), partly with the aim of bringing more digital skills in house. The collectively agreed replacement ratios can facilitate this development. For example, in the Banco BPM restructuring case (2020-2021), more workers than anticipated took up the voluntary departure option. As a consequence, a new negotiation took place with unions five months after the initial agreement in 2021 and the company decided to hire 54 new people (in addition to the 750 new hires already planned for). The precise number reflected the commitment to keep the departure/hire ratio at 2:1 as in the original agreement. Generational renewal is the clear motivation for these ratios; as older, preretirement workers leave the bank, they are partially replaced by younger, well-qualified employees with skill sets reflecting current task demands.

#### Specific drivers of restructuring

The cases selected reflect a wide variety of motivations for restructuring. Although the impact of technological transformation can be deemed a cross-cutting driver, other contextual factors and specific features stemming from each bank's business situation influenced the employment adjustments that were made. Apart from the decline in interest rates diminishing banking profitability, mergers and takeovers in recent years (CaixaBank, Novo Banco, Pekao Bank and Banco BPM) are also important factors behind the evolution in the sector. Reorganisation with the aim of improving efficiency and staying competitive are cited as the main motivations in some of the restructuring cases (Danske Bank and ING). Whatever the main motivation is, multiple factors are feeding into these continuous processes of bank restructuring.

In **CaixaBank**, the rationalisation of the network distribution – as in other cases, such as Banco BPM, ING, Bank Pekao and Novo Banco – was the driver of the need to restructure, as 7 out of 10 of its branches provided services in a geographical area already covered by other branch offices of the new banking group. The bank is undergoing a wide-ranging restructuring process (Table 6). The latest milestone stems from the takeover of Bankia by CaixaBank in 2020, with 2,101 branches and 15,911 employees absorbed into the enlarged bank (CaixaBank, 2021a). This led in due course to the announcement of a collective redundancy plan in 2021 initially affecting

# Table 6: Restructuring processes at CaixaBank in 2015–2021

Year	Aims	Number of employees affected
2015	Adjustment after the full implementation of the merger with Banca Cívica	750
2016	Pre-retirement of older employees	431
2019	Digital transformation of its branch network	2,000
2021	Adjustment after the merger with Bankia	6,452

**Source:** Caixabank factsheets 2015, 2019 and 2021; Commerzbank factsheets 2020 and 2021

8,291 employees (18.7% of the workforce) and leading to the closure of 1,500 branches (27% of the total network) (CaixaBank 2021 factsheet). Even though the initial estimated cost of compensation to implement this plan was €2.2 billion, this had increased to €4 billion by the end of the restructuring process. This restructuring event was the largest dismissal in the history of banking in Spain and is the latest instance of the consolidation of Spain's regional, state-backed savings banks (*cajas*) and their absorption into the country's larger private banks.

Danske Bank proceeded to close some of its international offices in China and Luxembourg in 2021, following some recent negative publicity (allegations of money laundering) and the need to rethink the role and values of the bank itself. As a result, the bank has focused its banking activities in its Nordic home countries. At the same time, Danske Bank started the 'Better Bank' initiative with the aim of becoming simpler, more effective and more competitive. One of the actions forming part of this initiative is a restructuring within the business and IT sections of the bank, accounting for approximately 20% of the total workforce. The goal of the restructuring process is to digitalise and optimise the provision of services. Entitled 'Better Ways of Working' (BWoW), it was announced in early 2020 with the termination of 400 'positions', equivalent to 230 employees.<sup>31</sup> The whole restructuring process was estimated to result in the loss of 1,600 positions in the bank's Danish and international offices (Danske Bank factsheet). Implementing BWoW will impact directly on 4,500 employees and approximately 17,500 indirectly. The employees that are directly affected are those working mainly in IT and development teams - for example, business development, second-line risk and staff functions.

### Restructuring processes

#### **Time frame**

Restructuring in large organisations such as banks takes time. The time frames of the restructuring processes in the different case studies may vary significantly depending on the scope, scale and impact of the changes, as set out in Table 7. In the Novo Banco case, the restructuring process has been conducted on a staggered basis for several years and is still ongoing, as is also the case for CaixaBank and Danske Bank.

In **Novo Banco**, the restructuring plan was agreed in December 2015 with the Directorate-General for Competition of the European Commission, the ECB and the Portuguese government. It started to be implemented in 2016 and was concluded at the end of December 2021, although an internal restructuring procedure is still in place to ensure bank profitability, and this will involve some additional jobs cut (Novo Banco factsheet).

In April 2021, **CaixaBank** announced to workers' representatives its plans to negotiate a collective redundancy plan in several phases. The final phase of the plan, with a fresh round of voluntary redundancies, is expected to be completed by the end of 2022.

After the **ING Group** announced the implementation of the ATF strategy in 2016, a continuous restructuring process took place up to 2021 to improve the bank's online platform.

The initial announcement made by Banco BPM on 2 December 2020 included the closure of 300 branches and 1,500 job reductions. On 29 December 2020, the agreement with the trade unions reiterated the same job loss figures. It also confirmed that all departures would be via early retirement and, together with the job losses, the bank indicated that it would hire 750 new staff by 2023. In a second agreement, reached on 3 May 2021, the number of employees being put on early retirement rose to 1,607 and the number of planned new recruits increased to 804. The closure of branches took place over a relatively short period, between December 2020 and June 2021, while the early retirements were staggered in different tranches and had a longer time frame (two full years) - to be completed by the end of 2022.

The restructuring in **Bank Pekao** was announced in March 2021 and was completed in a short time frame, by 30 June 2021.

<sup>31</sup> It should be noted that Danske Bank makes a clear distinction between positions and employees. A position is defined as a specific job function, which might not be a full-time position, which is why there are more positions than employees because one employee can hold multiple positions simultaneously. Hence, when Dansk Banke announces the dismissal of 1,600 positions, it does not equate to 1,600 employees.

Bank	Date of announcement	Date of conclusion
Danske Bank	Early 2020 (starting with the BWoW plan)*	Ongoing until 2023
Banco BPM	2 December 2020	29 December 2020 (agreement with trade unions) Second agreement – 3 May 2021 To be completed by the end of 2022
ING Group	October 2016 (ATF announced)**	Continuous restructuring process
Bank Pekao	March 2021	30 June 2021
Novo Banco Group	December 2015 (institutional bail-out agreement)	December 2021 Internal restructuring procedure still in place
CaixaBank	April 2021	To be completed by the end of 2022

#### Table 7: Time frames of the restructuring processes

**Notes:** \*Better Ways of Working. \*\*Accelerating Think Forward strategy **Source:** Authors' own elaboration, based on the case studies

#### **Collective representation**

Collective representation in the case studies analysed reflects the EU sectoral social dialogue landscape. The banks undergoing restructuring have extensive worker representation at workplace and company levels, along with a largely unionised workforce. Usually, unions have taken the lead in the negotiations (CaixaBank, Danske Bank, Bank Pekao and Banco BPM), with works councils supporting the process. One exception is the case of ING, in which a central works council comprises representatives from each of the six works councils in the country - each representing a different department/domain – and it is this overarching body that engages with management on issues that affect four or more works councils or all employees more generally in areas such as diversity, well-being, communication, conduct and social benefits. However, trade unions play a major role in restructuring events, as the bank negotiates both the collective agreement and the social plan with them, with works councils not being involved at this stage – although the latter are informed by the trade unions to ensure the employee perspective is duly represented in the social plan and new collective agreement.

Interestingly, in the case of **Danske Bank**, it was reported that the European Works Council was also consulted during the restructuring process.<sup>32</sup> By contrast, the **Novo Banco** restructuring plan was communicated to the workers and their representatives after it had been approved with no room for either consultation or negotiations. In this case, the lack of prior consultation was attributable at least in part to the presence of an 'external constraint' in the shape of an EU–Portuguese government agreement on the restructuring plan in the wake of previous bank resolutions following the global financial crisis. A plurality of trade unions participated in the restructuring negotiations in each bank. In the case of **CaixaBank**, owing to the large presence of the Bankia workforce in Spain, no fewer than 10 unions representing employees in the regions affected participated in the negotiations. **Bank Pekao** has eight trade unions and only one did not sign the final agreement establishing the conditions for redundancies and relocations.

Although tensions between management and employees always exist in restructuring processes, disputes and industrial action leading to strikes have been reported during the negotiations in only one case, CaixaBank, while in the Novo Banco case there were also strikes because of the lack of prior consultation.

As reported in the case studies, the content of the agreements reached at the end of the negotiations, and in particular the support measures for redundant employees (severance packages), were generally more favourable (CaixaBank and Bank Pekao) than in the sector overall and were above the average in other sectors.

As a rule, unions demonstrate their influence during the negotiations and in the agreed terms. Although the existence of no prior agreement or protocol on how to handle new cases of restructuring was indicated, many banks have gone through these restructuring processes previously in recent years (CaixaBank, Bank Pekao and Banco BPM), which has provided them with experience and allowed them to develop skills on both sides to manage complex situations, including among the managers required to implement restructuring decisions. In addition, it should be noted that, in the restructuring process, particularly if it involves redundancies, some national procedural legislation exists that must be followed, which provides a basis for the negotiations and helps to make the negotiations more efficient. In other cases, such as in the ING Group and Danske Bank cases, the existence of multiannual restructuring programmes (the BWoW and ATF, respectively) has also paved the way for the reorganisation process.

#### **Negotiations and further steps**

As well as the restructuring processes differing in their nature, motivations, focus and time frames, negotiations were also conducted based on different national labour legislation concerning restructuring procedures and connected provisions. The one exception was the **Novo Banco** case, in which the restructuring plan announced in 2015 was the subject of neither consultation nor negotiation.

Negotiations followed standard procedures in a sector that has above average union membership and collective bargaining coverage; however, data are not easily available. Agreements were reached between management, on the one hand, and workers' representatives and trade unions, on the other, and these framed the development of the restructuring activities planned. The agreements included details on redundancies, mostly on a voluntary, rather than a compulsory, basis. Compensation packages have been reported to be above the legal minimum in each country and tend to be more generous than those in other sectors, a traditional characteristic of the banking sector.

Restructuring processes followed the implementation steps agreed through either negotiations in the case of job reduction or the deployment of organisational measures.

Contestation of the restructuring plans resulted in industrial action, as in **CaixaBank**. In this case, following legal procedures established in the Spanish legislation for collective dismissals, the bank presented a

restructuring plan to workers' representatives in April 2021. The motivations and content of the plan were questioned by trade union representatives in a 'counter-report'. After several rounds of negotiations, an agreement was reached establishing various phases of redundancies by territory in the case of the commercial network and by function in the case of central corporate services (CaixaBank, 2021b) see Table 8. The negotiation process between management and the trade unions continued for over two months before an agreement was reached, which reduced the initial number of workers affected to a maximum of 6,452 employees - 22% fewer than the initial number announced (the company initially proposed laying off 8,291 employees, amounting to 18.7% of the workforce); however, this still involved the loss of 14.5% of the total workforce (85% of them branch staff).

During the first implementation phase of the agreement, 8,246 employees applied to join the voluntary redundancy plan (for 6,452 positions). Unions tend to interpret this as symptomatic of the level of stress and pressure on employees in the company, related to the accelerated transformation of the sector, with rapidly changing functions in branch offices and traditional occupational profiles that involve assisting customers (occupied by an older workforce) disappearing. Nevertheless, the proposal of good early retirement conditions guaranteeing almost the same level of earnings until retirement age (plus other economic compensations) appears to have been an important incentive, as demonstrated by the high number of applications for voluntary departure.

Two main phases can be identified in the restructuring process of the **Novo Banco Group**. The first stage was dominated by the bail-out commitments agreed between the Portuguese government and EU financial institutions aimed at reducing costs, notably through job cuts in parallel with the closure of various branches.

Phase	End date	Summary
First phase	October 2021	8,246 workers applied to join the voluntary redundancy plan 5,937 applications accepted
Second phase	December 2021	Internal flexibility measures to avoid non-voluntary redundancy 1,233 voluntary redundancies
Third phase	January 2022	2,700 voluntary redundancies
Fourth phase	March 2022	600 voluntary redundancies (expected)
Final phase	End of 2022	2,700 voluntary redundancies (expected)

#### Table 8: Implementation phases of the CaixaBank collective dismissal plan in 2021

Source: CaixaBank (2021b)

The strategy began to be rolled out in 2016 with job cuts implemented through early retirement making use of the pension fund, followed by a further identification of the areas and departments that needed to be reorganised.<sup>33</sup> As a result, a programme for termination by mutual agreement covering between 300 and 400 employees was put in place. In a second stage (2019–2021), securing bank profitability - making the leap from a bank in resolution to a transformation bank became an additional driver in the restructuring process, along with a strong commitment to digital and information technology. Furthermore, a collective dismissal of approximately 69 employees was undertaken, although half of them challenged this decision and appealed to the court. Additional cut jobs are scheduled, especially through early retirement of workers aged 55 and over and mutual termination agreements in specific departments.

As part of its reorganisation, **Danske Bank** started with a 'pilot round', which concerned only five divisions, implementing a bottom-up approach involving employees who would be directly affected by the restructuring process to ensure they could have a say about the area they would like to work in and with whom. Owing to voluntary resignations, natural attrition, hiring freezes and discontinuation of positions, the number of employees who were dismissed as a result of the BWoW was approximately 30–40 in Denmark and 10 in Lithuania. This was much fewer than the initially estimated 400 employees.

The restructuring process took place at the same time as COVID-19 and the associated lockdowns, which seems to have facilitated the process being handled equally and simultaneously across all departments and all international bank branches, as all tasks were conducted online. Furthermore, being able to handle the restructuring almost entirely online meant huge savings in time and effort, as those overseeing the restructuring process did not have to travel to the site.

#### Box 4: Changes in work organisation – Going 'Agile'

The availability of more educated and qualified staff and the demands of digitalisation and branch rationalisation are driving fundamental changes in work organisation in the sector. This was evident in the Danske Bank and ING cases, in particular, where greater emphasis is being put on self-organising teams and on flatter, less hierarchical, organisational structures. Such changes are often linked to the take-up of so-called 'Agile' project management methodologies, often in imitation of the big tech companies, and an abandonment of or lower reliance on more traditional 'waterfall'-based project management models (such as Prince2, which was broadly implemented until around 2010).

#### Basics of the Agile approach

Both Prince2 and Agile are project management approaches developed in the 1980s/1990s, originating in software development but more recently applied to work organisation processes more generally. Prince2 is often described as a predictive (plan-based) approach, while Agile calls for short-term, incremental achievements independent of an overarching plan (the 'adaptive approach'). Prince2 puts the project's original business goals to the fore, while Agile is more responsive to changes in the project environment and customer requirements. Agile was developed later and partly in response to the perceived deficiencies of Prince2, notably as regards the speed and timeliness of development. Agile approaches encourage complete transparency, close collaboration and frequent delivery of usable subproducts that eventually contribute to the final product delivered.

The key differences between the two approaches are that Agile values:

- individuals and interactions over processes and tools
- working software over comprehensive documentation
- customer collaboration over contract negotiation
- responding to change over following a plan

<sup>33</sup> The strategy set out a reduction of between 800 and 1,000 full-time jobs (which was exceeded in 2019) and a reduction of between 500 and 600 branches. The strategy should have been concluded in December 2021, but the evaluation of the whole process of financial restructuring by the Directorate-General for Competition is still in progress at the time of writing.

#### Agile approaches in the case study banks

In the **ING Group** case study, the Agile way of working was introduced at all levels of the organisation. This form of work organisation is intended to provide a quicker 'time to market', allowing new products and services to be launched significantly faster than before. The Agile approach relies on processes and product development being divided into smaller step and 'sprints' (periods of time and activity, for example, one or two weeks) to create a minimally viable product on the basis of customer insights or feedback. Once a customer's needs are translated into a prototype, they are periodically asked if they require any changes to satisfy their needs. Using that information, employees can create a path towards an operational version of a product or service that is in turn subject to further incremental improvement.

In the **Danske Bank** case, the restructuring procedure took place under the banner of the Better Ways of Working (BwoW) plan and the objective was to facilitate the move from working in silos to working as an agile enterprise with a less bureaucratic and compartmentalised structure. Additionally, the bank aimed to eliminate a significant number of manual work tasks by reducing the need for coordination and documentation. The restructuring process involved the simplification of the portfolio of services that Danske Bank provides. Reducing the number of products allowed the bank to streamline the customer experience, with the same employee dealing with an individual client's questions regarding investment, mortgages, loans and saving. Previously, different products required contact with different bank employees.

In the **CaixaBank** restructuring case involving the merger of two banks, part of the transformation involved IT investments of €933 million in 2020 in the digital and technological transformation of the company. These investments targeted the migration of solutions and processing to the cloud and the transition to an internal IT architecture based on APIs to significantly reduce operating costs, reduce projects' time to market, accelerate application development and increase IT resilience. Work organisation was adapted to facilitate the IT-based transformation, with the bank explicitly targeting an increase of employees in IT departments working with the Agile methodology from 25% in 2020 to 33% in 2021, as well as a reduction by 25% in the time to market of new projects.

An important feature of Agile approaches is that a lot of new product or service development happens without management intervention. Teams are autonomous and comprise the required diversity of skill sets to complete a specific task (for example, a database expert, a network administrator, a programmer, a designer and an IT security specialist). The objectives are to speed up the prototyping of new services/products by working flexibly in small teams and incorporating customer feedback iteratively. Agile approaches are becoming more popular in retail banks precisely because of the digital transformation that has already occurred; banks have huge amounts of data relating to customer profiles and transaction history. Agile teamworking allows them to use these data quickly and effectively.

The fact that management can be bypassed is a contributing factor to trends of management de-layering that are increasingly observed in banks (such as in the Danske Bank case) and in other service sectors including retail. These appear to be affecting employment in mid-management positions in particular.

Restructuring events in the financial services sector in the Netherlands are generally guided by social plans and advisory trajectories. An agreement is often reached with trade unions that is usually more generous than in other sectors. Whereas, in the past, banks would often pay out significant financial remuneration in the case of dismissal, they now put more resources into ensuring the employability of their employees and intersectoral mobility (via banks cooperating with educational institutions, for example). Along these lines, restructuring in the ING Group started with management designing a plan and informing the works council, and both parties working on the details of the restructuring plan. In this way, once an official consultation request is submitted, the works council is able to provide management with advice, as are unions. Unions have an important role to play in helping works councils and in influencing the process, for example by

proposing alternative solutions or making alternative proposals that may yield the same results. In the **ING Group** case, the unions negotiated the initially planned 2,300 jobs lost down to 1,700.

A social plan was drawn up by the ING Group, as this is required by legislation in the event of collective dismissals (more than 20 employees dismissed). Even though social plans may be drawn up before a restructuring event takes place, in many cases, such as in the case of ING, the social plan is open-ended and renegotiated every couple of years. In the reported restructuring process, ING offered a generous social plan with a focus on helping employees to find another job in the case of dismissal. The plan offers to also support people psychologically, providing opportunities for education and (re)training or being placed in a different job within the group. Negotiations in **Bank Pekao** were concluded with the signing of a collective agreement on restructuring conditions. The restructuring process was carried out between late March and 30 June 2021, and it involved two different measures:

- Job losses 1,100 jobs were expected to be cut throughout a compulsory collective dismissal programme at the bank's branches across the country.
- 2. A change in the conditions of employment through upskilling and reskilling, as well as relocation to other branches or head office – the measure was expected to affect 1,250 jobs across the country.

As a confidentiality clause applied to the Bank Pekao negotiations, the criteria for selecting staff for redundancy are not in the public domain. Even though the staff downsizing was formally based only on compulsory collective dismissals, it seems that some voluntary redundancy measures were applied, especially for employees at pre-retirement age who were willing to leave their jobs. Bank Pekao registered the restructuring programme at the Employment Agency (Urząd Pracy) and the National Labour Inspectorate (Państwowa Inspekcja Pracy), in keeping with standard practice and legal obligations related to collective dismissals reporting,<sup>34</sup> but these public institutions were not involved in seeking to retain employment and did not offer any support in this respect.

Nine meetings took place between the Banco BPM restructuring announcement on 2 December 2020 and the first agreement with trade unions being reached on 29 December 2020. The agreement set out 1,500 job losses, all voluntary and by way of early retirement. It also set out 750 new recruits (Banco BPM factsheet). It included the type of workers involved, which needed to be at least 40% managers and at least 40% professional employees. The employee departures were planned in four different phases: June 2021 (60%), December 2021 (25%), June 2022 (10%) and the remaining workers in December 2022. Additionally, 805 workers were relocated and trained through upskilling or reskilling, with some involving radical changes to jobs and tasks. The training was paid for from a national sectoral fund to ensure employee continuous learning based on a 2008 agreement between the banking sector and all trade unions. Starting in March 2021, trade unions and Banco BPM managers met on a monthly basis to verify and monitor the impact on employees. Monitoring was on

professional and territorial mobility: professional for the new position assigned to directors and supervisors of closed bank branches and territorial for employees whose relocation exceeded more than 30 km.

## Support for workers affected

All of the restructuring cases analysed have resulted in voluntary redundancies, dismissals and internal measures aimed at the relocation of employees. However, voluntary redundancies have been the main instrument for achieving job cuts in a sector in which frequent restructuring processes have taken place over the past decade. It is also a sector with usually well-protected jobs and with strong union representation, which makes forced dismissals less likely. Negotiations have led to improvements in departure conditions. Corporate reputation also plays a role, as avoiding labour disputes becomes an important consideration for banks in cases in which retail branches are shut down and therefore services for consumers are diminished. The support measures put in place for employees affected by restructuring in the case studies are set out in Table 9.

In the case of job losses, dismissals in the case studies mainly took place in line with legislation and the agreements in place, as well as ad hoc agreements reached during the restructuring negotiations. Usually, both financial compensation schemes (in the case of redundancies) and support measures were above the statutory severance payment, which could indicate the good financial health of the banks. In addition, reputational concerns underpin these agreements, which can help to ensure a smooth restructuring process, although some labour disputes and strikes could not be avoided (CaixaBank and Novo Banco). In some cases (CaixaBank and Banco BPM), there was oversubscription to voluntary departure schemes, as the financial incentives were attractive to employees approaching retirement. National or sectoral regulations on social and unemployment protection in some countries (Denmark, Italy and the Netherlands) have further cushioned the impact of job dismissals.

As has been the trend over recent years in the banking sector, most employees who are made redundant are those nearing retirement age who have been offered financial incentives to leave the bank voluntarily. In the case of **Danske Bank**, the employees dismissed were mainly middle managers and other employees performing coordination roles resulting from the deployment of Agile work organisation. In addition,

<sup>34</sup> The relevant national regulations are set out in the Act on Termination of Employment for Non-Employee-Related Reasons, including information and consultation requirements.

rather generous and flexible reassignment and reallocation measures were implemented to allow those employees affected to continue working within the same group, while outplacement activities were also available to those leaving, including training schemes and other financial support, for example for those employees wanting to start their own business.

In **CaixaBank**, supporting measures targeted not only those employees who had been made redundant, but also the employees who remained. For those leaving voluntarily, the agreement between management and trade unions established a compensation scheme in line with other cases in the sector, above the statutory minimum payments. The compensation consists of instalment payments calculated as a percentage of the annual gross fixed salary and a bonus depending on age.

- Employees aged between 54 and 63 years get 57% of their annual gross fixed salary and a bonus of between €18,000 and €28,000 gross depending on their age. In addition, CaixaBank guarantees to maintain 100% of its contributions to the company's pension plan and the private healthcare policy, as well as other social benefits (for example, capital insurance in cases of absolute permanent and severe disability). The agreement targets a maximum number of 1,750 employees aged 54 or 55 years to ensure a focus on older workers.
- Employees aged 52 and 53 years get 57% of their annual fixed salary multiplied by seven, plus an additional bonus payment of €38,000 gross. The resulting total amount is paid monthly until the age of 63. The maximum number of members of this group is 750.

Bank	Compensation in the case of redundancy	Characteristics of reassignment reallocation within the same group	Outplacement	Other benefits
Danske Bank	For those continuously employed over 12 years, an allowance in addition to the statutory pay severance scheme based on age criteria	Training Retraining	Yes	Additional pension for employees over 50 years of age Psychological support Training during the notice period
Banco BPM	85% of the final salary for retirement in advance (from the solidarity fund) 'Quota 100': a contribution reducing the years before pension can be accessed	805 employees relocated and trained	No	Medical insurance Funding for university studies for employees' children
ING Group	For those employees with a permanent contract and determined job scales, severance payment based on the number of years of service*	Priority given to vacancies involving training and limited financial compensation A variable redeployment allowance combined with a one-time payment in the case of reassignment to a lower salary scale position A one-time travel allowance if reallocation means travelling at least an additional 20 km	Three months of mediator/mobility expert support Financial support to start own business	
Bank Pekao	Severance payment (confidential agreement)	Training Relocation assistance consisting of various schemes	Job search support	Psychological support Temporary private medical care
Novo Banco Group	Severance payment based on worker's seniority	No reassignment reallocation	Yes, with limited scope and duration	Workers aged 50 or over can benefit from lifetime private medical care The remaining workers benefit for shorter periods
CaixaBank	Instalment payments depend on age, but are above statutory minimum	Direct and indirect relocation Option to return to previous position	Yes, 24 months' support with training Additional year once employee gets a new job	

#### Table 9: Support measures for employees affected

**Note:** \* If an employee who has been made redundant does not manage to find a different job within the bank after three months of mediation, severance payment is calculated as follows: A × B × C, where A is the number of weighted years of service and B is the gross monthly salary. If a new job has been found at the time of the settlement agreement, C is 0.8; if not, it is 1. **Source:** Authors' own elaboration, based on the case studies

All other employees receive a one-off payment of 40 days' fixed salary per year worked, with a limit of 36 monthly payments, and an additional bonus (€23,000 for employees with more than six years of service and €13,000 for employees with less than this).

An internal relocation plan has also been offered to the entire workforce through a selection process: 570 direct and 138 indirect reassignments in subsidiaries of the group involving, in some cases, geographical mobility within Spain. These employees will have the option of returning to the bank after a period of five years.

The agreement also established an outplacement plan for 24 months (over the mandatory minimum of six months) for those affected, including training programmes. The novelty of this plan is that, when an affected employee gets a new job, there will be an additional year of accompanying measures to ensure that their new employment is stable, during which time employees will be able to access training and will be offered alternative job possibilities. The running of the plan was outsourced to specialised international consulting companies, which analysed new employment opportunities at local level in the short and medium term (CaixaBank, 2021b). However, the trade unions have argued that the outplacement plan generates false expectations of labour insertion, as it will be very difficult for the employees affected to find new job opportunities in the sector owing to the continuous restructuring of the financial services sector generally (SECB, 2021). Moreover, the president of the CaixaBank Employees Union (SECB) considers that this programme will not be necessary, because the labour adjustment process only affects people who leave the company voluntarily, assuming that many of those leaving are pre-retiring or have plans outside the financial sector.

In **Novo Banco**, severance pay was the main type of support provided by the bank, and it was calculated based on workers' seniority. According to the workers' representative interviewed, the severance pay proposed was the lowest of the national banking sector (1.3 times the basic wage – including exemptions, cash allowance and supplementary remuneration – multiplied by the worker's number of years of service), although it is above the standard stipulated by law.<sup>35</sup> In addition to this severance pay, credit conditions (housing and personal credit) and health insurance benefits were maintained for two years for those under 50 and for a lifetime for those over 50 years of age.

Limited outplacement measures were proposed by the bank, although given that the terminations were voluntary, substantial outplacement measures would not be required. Additionally, the bank established a protocol with the unions: the bank paid an amount per worker to the union, thus transferring to the union the responsibility for managing workers' healthcare insurance. Workers aged 50 or over who lose their jobs can benefit from lifetime private medical care, while those under 50 years may benefit from this healthcare insurance for a period that varies between two and three years.

In **Danske Bank**, all employees who were made redundant received monetary compensation in addition to the statutory severance scheme. Furthermore, they could engage in relevant training during the notice period while still receiving payment. They also had the option to participate in structured outplacement offers and to be referred to a psychologist.

Employees who were moved to different positions within Danske Bank received training to improve their management skills; this was especially useful for those who were recruited to supervisory roles as they lacked the training or prior management experience needed to fulfil their new roles and responsibilities.

The ING social plan for 2016–2017 (ING, 2016b) established that workers who have been made redundant should be supported in finding a new position within the organisation or elsewhere.<sup>36</sup> Apart from financial support, the approach taken by ING includes offering various incentives for employees to leave the organisation voluntarily, notably for those nearing retirement age and those wanting to pursue their own business ideas, for example by starting their own company. Under the plan, once an employee is informed that they will be made redundant, they can start looking for a new job within ING Bank. During this time, they have access to a mobility expert who will support them in this process by developing an action plan within the first two weeks after the effective date of the employee's redundancy. If an employee who is made redundant does not manage to find a different job within the bank after three months of mediation, they can choose to leave the company with severance pay.

<sup>35</sup> The Portuguese Labour Code establishes 12 days of base remuneration and seniority payments for each full year of seniority, for contracts signed before 2013.

<sup>36</sup> The social plan of the ING Group applies only to employees with a permanent contract in job scales 1 to 15. In 2020, it covered all employees who earned between €1,571.50 and €13,166.32 monthly on a contractual basis.

To incentivise leaving the company as soon as possible after the three months of mediation, ING offers a bonus payment equal to three times the monthly salary in the fourth month, and another bonus of up to the same amount in the 10th month. ING employees opting for within-company mobility are generally given priority for vacancies over external applicants, assuming they fit the requirements and/or could realistically develop the necessary skills to take on the role within six months.

There are various instruments in place – usually limited and temporary payments – to support employees who have been reassigned to a different position within ING Bank, including redeployment allowances combined with one-time payments if the salary scale/grade of the new position is lower than the previous position (reflecting the number of scales lower that the new position is). The support provided also targets those employees reassigned to a function with fewer hours and those relocated to a different workplace. In the latter case, employees will get a one-time travel allowance if they have to travel at least an additional 20 km.<sup>37</sup>

Employees who have been made redundant may also decide that they want to start their own company. To support these employees, ING Bank offers up to €12,000 to assist them in starting their own business, to be used, for example, to draw up a business plan, gain financial advice, or obtain coaching and guidance.

For employees made redundant in **Bank Pekao**, the bank offered financial support and severance payments based on employee seniority; this was the main form of support under the restructuring programme. As the agreement was covered by a confidentiality clause, the interviewees contacted in this case study could not provide detailed information.

Other benefits in this case were the following:

- outplacement support from professionals in several areas, including creating CVs, interview performance training, setting up profiles on social networking sites and advisory support in different issues related to job searches
- psychological support an appointment with a psychologist for those affected emotionally who had worked at the bank for a very long time
- private medical care for a period of six months

For the staff who agreed to change their conditions of employment, several schemes were available:

- support for training involving upskilling and reskilling related to the bank's plans of encouraging employee versatility
- relocation assistance for some jobs to the bank's head office or to branches in other locations or cities – this offer targeted about 250 employees and 90% of them took it up; the bank offered a 3-month onboarding process that included training and adaptation to a new workplace, and additional financial support was offered for moving to a different location, commuting subsidies/fuel surcharges, and yearly rent subsidies

The agreement reached in **Banco BPM** involved 1,500 voluntary departures of staff who were near retirement age. Employees received social protection from an occupational support fund and from the solidarity fund for professional conversion and retraining (INPS, 2021).

The Banco BPM workers who departed voluntarily were offered:

- access to the solidarity fund, available to a maximum of 1,200 employees (which was raised to 1307) – the workers taking early retirement received 85% of their final salary, were reimbursed for their remaining pension payments and continued to receive medical insurance and other additional benefits (for example, their remaining days of leave and funding for university studies for their children)
- Quota 100 (a national regulation that reduces the number of years before the pension can be claimed) for a maximum of 300 workers to these beneficiaries, an additional economic incentive was given based on the remaining time before they reached retirement, as shown in Table 10

# Table 10: Quota 100 economic incentive applied to Banco BPM

Months remaining to retirement	Economic incentive for voluntary exit	
7–12 months	2 months of salary	
13–18 months	4 months of salary	
>18 months	62 months of salary	

Source: Agreement for voluntary exits (Bollettino Adapt, 2020)

<sup>37</sup> Based on the distance, from 20 km to 50 km or more, employees can receive between €2,000 and €5,000. The one-time travel allowance will be lower if employees work fewer than four days a week. For each day, the payment is reduced by 25%, up to a minimum of 25% of the total for employees who work one day a week

### **Restructuring outcomes**

The restructuring events have had a major impact on the banks analysed. In some cases, the banks are still feeling the effects of the various reorganisations that have taken place. The retail banking sector is permanently evolving in line with processes of digital transformation; therefore, it is hard to say that restructuring has come to an end. This is particularly the case for CaixaBank, Banco BPM and Danske Bank, with the latter still in a reorganisation process, which will run until 2023. These ongoing processes make it difficult to make any judgement on the outcome of the restructuring events. However, it is evident that downsizing has occurred in all of the cases analysed, although recruitment has also been very active in recent years in specific functions or departments, mainly those that are IT- and compliance-related. Nonetheless, one important feature of employment in the sector is that the large majority of employees (in Bank Pekao, Novo Banco and CaixaBank) have full-time jobs with open-ended employment contracts. Banking jobs have in previous generations been considered akin to civil service jobs with similar employment structures and career progression paths and therefore generally high levels of employment security. While no longer a 'job for life', the continuing relatively high proportion of employees with 'core' employment status reflects the requirements of loyalty and confidentiality in a sector that deals with sensitive customer data.

Distribution models have changed following the implementation of strategic plans resulting in the closure of branches and the redefinition of roles in the organisation/departments. A relatively important – still ongoing – occupational transformation has taken place related to the closure of branches (see Box 5 for a discussion of closures in a geographical context), with traditional customer-facing cashier roles accounting for a fast-diminishing proportion of bank headcount. This process gathered pace during the pandemic.

The achievements resulting from the restructuring events depend on the different targets pursued by the banks at the beginning of the restructuring process. The following assessment of the restructuring outcomes is based on the information provided by the national experts reporting on the cases.

In **Bank Pekao**, the proposed changes to the labour force have now been achieved, with current employment levels now in line with the bank's strategy. Under the restructuring process, almost 1,100 jobs were cut by the end of June 2021 and similar outcomes were achieved regarding the changes to employment (about 1,250 positions were affected). The restructuring process affected less than 10% of the workforce, so the bank's occupational composition has not significantly changed. Employees have more task variety at branches (which have been reduced), there are fewer people responsible for the back office and more employees are working at the head office in Warsaw, particularly in IT functions, than before the restructuring process began.

For **CaixaBank**, there were additional challenges stemming from the merger with Bankia. The merger involved the assimilation of 15,000 Bankia employees, and the gradual alignment of remuneration, working conditions and arrangements for contributions to employee pension plans across CaixaBank branches up to September 2022. The rest of CaixaBank's social benefits and its healthcare policy were applied immediately to former Bankia staff.

The restructuring agreement in CaixaBank involved a change in its commercial model, since the branch offices known as 'store branches' will be increased in number from 574 to 928. These are larger than traditional branches with extended opening hours and more services; they aim to improve the customer experience, be more focused on advice and be better adapted to new customer habits. In addition, the number of employees assigned to 'inTouch' centres – the digital customer service model that offers personalised attention to customers through remote technological channels – increased to 2,900. Of CaixaBank's employees, 88.4% work in its retail branch network, 7.5% work in central services and 4.1% work in support services for the retail network.

In the case of **Novo Banco**, the restructuring process met all of the international commitments stemming from the bail-out and the memorandum of understanding. In June 2021, Novo Banco employed 4,470 workers, 42% fewer than in 2014, and a total of 326 branches were closed. As of 2021, there were more women (54%) than men employed by the bank and the employee profile is getting younger (the average age in 2021 was 46), due in part to the ongoing early retirement programme.

In Danske Bank, the restructuring process has had an impact on approximately 4,500 employees, moving them from specialist departments into 26 cross-functional teams with more autonomy in decision-making; in this regard, costs are expected to be reduced by 15%. In the annual report from 2020, Danske Bank explained that it had succeeded in cutting 700 of the 1,600 positions it announced in October 2020. It further explained that cost reductions would continue until 2023. Overall, the restructuring process has not resulted in a significant shift in the composition of employment, with the same number of full-time/part-time workers and the same proportions of female and male workers. On the business side, 47% of the workforce are women (although only 17% of employees in IT functions are women). At management level, men are still over-represented: even though Danske Bank states that it has focused on hiring more women, the gender

#### Box 5: Geographical concentration of bank employment

There is evidence from the case studies that employment declines in the banks have been disproportionately taking place in more remote locations, while the proportion of employment in larger, metropolitan areas has been increasing. Branch closures have been more likely to occur in rural areas. The increasing proportion of jobs in highly skilled IT, legal/compliance and data analytics/machine learning roles are largely located in the growing headquarter offices in large cities. Both rural closures and increases in highly skilled roles in cities are predictable consequences of the increasing digitalisation of transactions, as digitalisation eliminates the need for direct customer–staff interaction and the skill supply for the jobs that facilitate the digital transformation of banks is largely concentrated in metropolitan areas.

In the Spanish banking sector, the case study authors show that, in 2007–2020, there was a progressive concentration of banking sector employees in the most populous cities in Spain (Madrid and Barcelona), where the total sector employment share increased from 40% to 45%.

In Italy, employment cuts in the sector have been spread across the country, but some areas have been more affected than others. In particular, the most significant declines were experienced in the less developed areas of the country. The south, Sicily and Sardinia, suffered declines in employment ranging from 25% to 30% (2009–2020), compared with 16% for Italy as a whole.

The Bank Pekao case study shows that Polish banks have tended to expand employment in their Warsaw head office, strengthening teams working on digital and technology development, especially in areas such as service and process security (cybersecurity), user experience, and programming, machine learning and AI. On the one hand, the bank has reduced employment in its branch network and, on the other, it has increased the recruitment of specialists to its head office.

The closure of rural bank branches is often controversial, especially when there is no other bank providing similar services. When this happens, branch closure means the curtailing of services, with negative implications in particular for small local businesses and shop owners, who require cash handling. It also has a significant impact on older customers, who tend to be more cash-dependent and less likely to bank online. Rural bank closures undermine banks' case for being financially inclusive and for providing on an equal basis access to a 'service of general interest'.

One response on the part of banks has been to provide core services in partnership with other organisations. After cutting by a third its branch network in 2021, the Bank of Ireland began to allow deposits and withdrawals from customer accounts at any of the state-run post office network branches. As branch networks thin out (and as ATM density declines), there is likely to be increasing reliance by banks on other organisations' networks in a partnership approach.

The CaixaBank restructuring process provides an interesting counter-example to the observed trend of banks reducing services in less populous areas. The merger with Bankia involved the absorption of many regional bank branches, a legacy of the *cajas* that Bankia itself had been set up to rescue after the financial crisis. The restructuring in this case reinforced the customer service model in rural and less populated areas, expanding the number of branches and maintaining a mobile branch service. The agreement between the bank and the unions involved maintaining services in all areas where CaixaBank is the only banking operator, with the bank forecasting that, by 2022, 41% of its branches would be located in towns with fewer than 10,000 inhabitants.

division among senior leaders was still 32% women and 68% men in 2021 (versus 28% and 72%, respectively, in 2020; Danske Bank, 2021b), while for women in leadership positions there was a slight increase, from 37% in 2020 to 38% in 2021.

The ATF strategy and the restructuring events had a major impact on **ING Bank**, resulting in more (smaller) teams, more self-management and a very limited number of leadership roles within those teams. In addition, owing to the digitalisation of services, many local offices and branches of the bank were closed and, similar to CaixaBank's store branches, the remaining locations are being transformed into what the bank calls 'ING houses' and 'service points': banking centres adapted to the perceived needs of customers but generally involving greater self-service possibilities and requiring fewer employees.

The large number of people employed by ING makes it very difficult to assess the precise impact of the restructuring events connected to the ATF strategy. It is estimated that the restructuring resulted in approximately 1,500 full-time equivalent jobs lost. However, this is not directly visible in the yearly employee figures of ING Bank, as the restructuring process covered multiple years and the employees were not all laid off at once. Based on data provided by interviewees, 13% of the people dismissed have been redeployed within ING, 56% have been placed in another job via ING and 31% have had to leave ING without a new paid job. Those who were able to find a job with the help of the bank's mobility experts relocated to many different sectors.

The smaller than expected decline in full-time equivalent jobs is explained through the many new jobs created within the bank after the restructuring event. A significant number of new employees joined the company during the same restructuring period. There has been very little change to the gender balance of employees within the bank, from 49.7% women and 50.2% men in 2015 to 47.9% women and 52.1% men in 2020.

The closure of branches in **Banco BPM** took place in a relatively short time, between December 2020 and June 2021, while the early retirements were divided across different tranches and were carried out over a longer time frame. The selection of the branches to be closed was driven by questions of opportunity cost. In particular, if the branch was mainly doing consulting, which is more profitable, it was more likely to survive than more 'transactional' branches. Overall, the bank has succeeded in reducing costs, while paving the way for continued technological transformation and generational renewal of the workforce.

# Effects of the COVID-19 pandemic on retail banking

# Rapid shift to online banking and cashless transactions

The restructuring cases covered in this section had varying time spans, but each of them was ongoing during the COVID-19 pandemic (starting March 2020). The pandemic has accelerated the reduction in the number of customers visiting branches, as banks either closed or operated restricted hours during peak COVID-19 transmission periods. As a result, a higher proportion of bank transactions are taking place by phone or especially online than before the pandemic, which has further accelerated ongoing digitalisation processes.

In the ING case, the number of customers using mobile banking had nearly doubled between 2016 and 2020 (from 2.8 million users in 2016 to 5 million users in 2020). According to the Portuguese Banking Association, the proportion of banking customers using internet banking has increased, from 38% in 2010 to 60% in 2020. Over two-thirds of current accounts (69%) had online access in 2020 (APB, 2021). In 2020 in Italy, the proportion of customers who could access their current accounts through digital channels was 79%. There is also a decreasing number of customers in Italy that visit branches (in 2020 only 77% of customers go to branches, compared with 91% in 2008). At Banco BPM, the proportion of transactions managed via remote channels rose from 70% in 2017 to 83% in 2020, with a particular growth in the use of mobile channels by its customers: the monthly number of mobile transactions almost quadrupled over this period.

There is evidence from both the case studies and the expert interviews that banks have used COVID-19 as a basis for furthering existing corporate objectives, as regards digitalisation (the automation of processes), staffing reductions and encouraging greater customer take-up of online banking and other self-service banking possibilities (see Box 6 on how customer payment preferences and behaviours have changed). Increasing the proportion of online banking should decrease costs, as it will allow for more local branches to be closed as the need to visit them diminishes.

With cash use decreasing, ING is in the process of reducing its ATMs, in common with other banks in the Netherlands. As a result, ATMs will no longer be available at the main banks. An independent company that installs, manages and maintains all ATMs will then ensure that cash will remain available nationwide. This transition also means that fewer customers will visit the bank's local branches, justifying closures. In Ireland, according to the union representatives interviewed, the main banks curtailed their phone service to 09:00 to 17:00 during COVID-19 restrictions and were slow to re-extend hours when restrictions eased. In this way, banks were effectively driving customers online. Again, this was used as a justification for branch closures.

In the case of Bank of Ireland (BOI), the Financial Services Union brought the bank to the Irish Workplace Relations Commission in 2020 following the bank's proposal to cut 1,400 jobs in the midst of the COVID-19 pandemic. Unusually, and in defiance of established practice and collective agreements, the announcement was made without consultation with unions which represent a majority of employees in both main Irish banks (Allied Irish Banks and BOI). Applications for a voluntary redundancy programme were sought with a targeted reduction of 1,400 positions (around one in seven of the bank's Irish headcount). According to the Financial Services Union, the proposed redundancies represented 'a significant breach of the long-standing Change Management Agreement, which helped see the Bank through the financial crisis' and their voluntary nature was 'completely undermined by a requirement of staff to make a decision in an unreasonable time-frame, without all the facts, under the threat of enhanced terms being withdrawn'. An additional grievance of the union was that BOI referenced the radically reduced footfall in bank

branches during the pandemic – which the union considered a temporary circumstance – to justify the large employment cuts proposed (Financial Services Union, 2020). The bank received over 2,000 applications for voluntary redundancy but has had to subsequently recruit and hire significant numbers of staff responding in part to the transfer of accounts from KBC Ireland and Ulster Bank, two non-Irish owned banks in the process of closing their Irish operations.

The move online is also one away from cash transactions. This has improved bank profitability. Electronic payments are a source of only marginal cost and often are a source of profit to banks, while cash transactions always involve a cost. In Italy, there has been further encouragement of the trend towards electronic payments in public policy via the *Cashback* and *lotteria degli scontrini* (receipt lottery) initiatives. These initiatives offer prizes, or the possibility of prizes, to customers paying for goods/services electronically. Targeting tax evasion, these policies have been 'game changers' according to Italian banking experts interviewed, notably for shops obliged to install point-of-sale machines to allow customers to participate in the schemes. Once again, the impact has been to accelerate the shift to non-cash transactions.

#### Box 6: Customer payment preferences and behaviour - Going digital

Technology has advanced dramatically in recent years and has made possible payments via new instruments such as mobile phones or smart watches. Credit and debit cards are a long-standing technology and have been in common use for more than a generation, although their presence has become much more widespread in recent years. Payment behaviour, however, does not always coincide with payment preferences and can be influenced by context (for example, the location of the purchase, consumers' access to and merchants' acceptance of specific payment instruments, the type of purchase, and the amount of money people have in their wallets). Demographic factors also play a role, not only in actual behaviour, but also in preferences.

#### **Payment behaviour**

The ECB study on payment attitudes of consumers in the euro zone (ECB, 2020) shows the relevant role that cash still plays in daily transactions. At the point of sale and for person-to-person payments in 2019, 73% of payments were still performed in cash in the euro zone (Figure 18). Since 2016, the proportion of cash payments has decreased by 6 percentage points in terms of both the number of transactions and the total value of the transactions (Esselink, H. and Hernández, 2017). At the same time, card payments have been increasing their share, especially contactless payments. More specifically, in terms of number of transactions, debit cards accounted for 30% and credit cards accounted for 11%, while credit transfers accounted for 5% and mobile phone, direct debit and other payment instruments accounted for less than 4% of the total payments turnover. Places selling expensive products and services are where cashless instruments are used the most, such as shops selling durable goods, petrol stations and venues for culture, sport and entertainment.

In online purchases, the proportions of different payment instruments are very different. In 2019, 96% of all online transactions were cashless, using cards (49%), e-payment solutions (27%) and credit transfers (10%; Figure 18).



Figure 18: Proportions of payment instruments used at the point of sale and in person-to-person payments (left figure) and used online (right figure), euro zone, 2019 (%)

Note: Data are for the euro zone (19 countries). The category 'Cards' includes credit and debit cards. The category 'Others' refers to payments with mobile phones, bank cheques, credit transfers, direct debits and other payment instruments, and includes the answer 'Don't know'. Source: ECB (2020)

#### Payment preferences

Hayashi and Klee (2003) showed that consumers using new technology or computers were more likely to use electronic forms of payment, such as debit cards and electronic bill payments, than those not using such technologies; more recently, Stavins (2017) investigated how technology influences consumers' payment behaviour.

Among consumers, there is preference for using cashless payment instruments. Almost half of the respondents to the ECB (2020) survey stated that they preferred using cards or other cashless payment instruments, whereas 27% said that they preferred cash.

The pandemic appears to have accelerated the trend of using more electronic payments for at least some consumers. This is confirmed by the results of a separate survey on the impact of the pandemic on cash trends that was carried out by the ECB in July 2020 in all euro zone countries. Of the respondents to this survey, 40% replied that they had used less cash since the start of the pandemic, and they had used cards and mobile devices more often. The reasons given were convenience, fear of infection and to follow a government recommendation (Tamele et al, 2021).



#### Figure 19: Use of payment methods during the pandemic, euro zone, 2020 (%)

**Notes:** Data are for the euro zone (19 countries). The data shown are responses to the following question: 'Now, think about how you have been paying recently, after certain restrictions have been lifted, without considering the frequency of your purchases, compared to the situation before the coronavirus crisis started, are you using the following payment instruments more or less often?'. The answer option 'Other' includes 'I do not have this payment instrument' and 'Don't know/Prefer not to say'. **Source:** ECB (2020)

#### **Payment conditions**

The first constraint is to be able to access payment instruments, usually included under the wider concept of financial inclusion (Demirgüç-Kunt et al, 2018). In the euro zone, access to bank payment services is widespread, although there are some differences between sociodemographic groups and between countries. On average, 94% of respondents in the euro zone reported having access to a payment card, but the share of respondents in possession of a card with contactless payment technology is only 63%. Consumers are also increasingly gaining access to other payment methods. In 2019, 58% of respondents reported having access to e-payment solutions, such as PayPal. Some 28% of respondents also reported having one or more mobile payment apps (for example, Apple Pay) installed on their phones. However as can be clearly seen from the previous bar chart, the category 'Other' which includes 'I don't have access to this payment instrument' and 'I do not know', records a very high value for mobile payment, meaning that there is still a significant number of people not having access to mobile payments.

Different demographic categories have different access to cashless payment instruments and cashless payment methods. Younger respondents are more likely to have access to internet payment methods and mobile payments. Level of education also seems to play a major role: respondents with primary education have much

less access than those with a higher level of education. Just under 4% of respondents reported having access to crypto-assets, such as Bitcoin or Ethereum.

Another important factor influencing the choice of payment method is merchant acceptance (Bagnall et al, 2016; Wakamori and Welte, 2017): whether the merchant accepts cards or other non-cash means of payment or has a cash-only policy. In the euro zone, it was possible to pay with non-cash payment instruments in 79% of the transactions reported. This means that in slightly more than one in five transactions only cash was accepted. The reported acceptance of other payment instruments/methods exceeds 90% of transactions in only two countries – Finland (96%) and the Netherlands (92%), which are the two most card-friendly countries in the euro zone. Conversely, in four euro zone countries (Germany, Malta, Portugal and Slovakia), it was possible to use a cashless means of payment in less than three-quarters of transactions.

#### Sharp increase in teleworking

The pandemic has not only speeded up pre-existing trends in cashless/electronic payments, but also caused a very significant increase in the uptake of remote working at banks. Increased digital-based customer interaction limits the requirements for many staff to be physically present in offices or bank branches.

Prior to 2020, according to Polish interviewees, bank managers had been very reluctant to allow employees to work remotely. In the special circumstances of the pandemic, managers have come to realise that people can work effectively from home. There has also been a change in work culture whereby managers have learned how to manage physically dispersed teams through an emphasis on the clear definition of tasks, establishing task deadlines and fostering communication in teams. According to a bank representative in the Bank Pekao case study, COVID-19 will have an enduring impact on the approach to work. There will be a small number of employees whose presence in the office will be required. In the future, a large number of employees will work based on a hybrid model, with a smaller proportion of employees allowed to work remotely only. Management at Banco BPM set a target during the COVID-19 pandemic for a six fold increase in the proportion of hours worked remotely compared with 2019; however, according to the trade unions interviewee, only headquarters staff were allowed to telework.

In the Netherlands, COVID-19 was not needed to convince banks of the virtues of remote working, as Dutch banks were already moving in that direction. According to the expert interviewee:

Banks in the Netherlands have been forerunners in rethinking how to work differently on a major scale. They were not only early adapters to teleworking policies, including mental health programmes for employees, but also started reassessing the function, value and costs of their office spaces, as well as behavioural change in leadership, for example. The move to hybrid/remote working for banks is not without complications. There may be tasks (including cash handling or tasks requiring customer identification or access to especially sensitive customer data) that require workplace attendance. There are also increased cyberbreach and confidential data access vulnerabilities when many staff work from home. Strengthening network security and adhering to increasingly onerous data protection legislation were referred to in a number of the case studies as among the primary current concerns of bank management, with significant hiring required for the relevant roles. The dispersion of network access that resulted from working from home during the COVID-19 pandemic has exacerbated these security concerns. So, too, has the Ukraine war and deteriorating EU–Russia relations, given Russian cyberintrusion capabilities evidenced in recent years in ransomware attacks in which the targets have included commercial and non-military entities.

Nonetheless, the widespread take-up of remote working is something that many banks are actively encouraging. In Ireland, banks are selling off property assets following branch closures. They are also making permanent arrangements to allow staff to work remotely (full time or part time), including in 'remote work hubs' located in city or town peripheries. In some cases, these work hubs are taking over the premises of closing bank branches.

As regards which employees will avail of these emerging forms of flexibility, Finnish research has found that, even pre-COVID-19, telework possibilities had 'trickled down from bank headquarters to branches and from the executive ... level to a larger group of rank-and-file employees' (Alasoini, 2021). According to a survey carried out among Irish bank chiefs in late 2021, there was unanimity that hybrid working models would apply post-COVID-19, with at least 50% of non-management staff encouraged to work remotely for at least three days a week. For management roles, more regular work presence would be required. For these roles, the emerging hybrid work rules will oblige workplace presence for at least two or three days per week. This marks a reversal from pre-COVID-19 arrangements in which occasional working from home remained largely the privilege of management or senior positions. In the retail banking sector, the previous rule of thumb that work presence was required to manage a workforce may increasingly apply to those doing the managing rather than to those they manage.

The broadened access to remote working possibilities during the COVID-19 pandemic is perceived as broadly positive on both the employer and employee sides. Survey data during the pandemic point to an employee preference for hybrid working (two days at home and three days in the office or vice versa) after the pandemic, more or less in line with what banks themselves are rolling out (Eurofound, 2020).

The European social partners in the banking sector issued a joint declaration on remote work and new technologies in December 2021 (European social partners, 2021). It recognises some of the potential concerns, on the workers' side, arising from a higher incidence of remote working. From the employers' perspective, it is a well-balanced document which provides for a jointly agreed approach on both the opportunities and challenges arising from increased digitalisation and reliance on new ways of working.

One concern relates to increased monitoring, with working from home being used by banks as a pretext for intrusive employee surveillance. The monitoring of the work presence of employees is in practice easier when they are working remotely than when they are on the premises, given the availability of remote surveillance software, including keylogging, mouse-click detection and copy/paste detection. Bank sector employees may be especially exposed to such surveillance given the understandable concerns, and regulatory obligations, of banks regarding customer data protection and confidentiality.

Another concern is that the choice of where to work should be voluntary. Banks have commercial motivations for selling off property and reducing their workspaces, which might be driven by various business/industry/market considerations that are beyond the scope of the typical employer–employee relationship. However, this should not lead to employees being obliged to work from home or remotely should they not wish to.

The organisation of work, including the decision to permit certain tasks to be performed exclusively remotely, remains with the employer. Remote work should be subject to the agreement of employer and employee and thus can be agreed to be voluntary and reversible by both parties. It can be part of the original job description and if it is not, the employee shall have the possibility to either accept or decline the offer according to national law and collective bargaining practices. Employees should have the possibility to request the option of working remotely and if refused, the company should objectively justify the reasons according to the national law, collective and works councils' agreements. Employees should also be able to choose to combine remote work with office-based work in a pattern that works best for the employee and the company and should be treated equally whichever work pattern they choose.

(European social partners, 2021)

# Gender dimensions of retail bank restructuring

According to aggregate EU data, the financial services sector (NACE 64) is quite gender-balanced in terms of employment (53% women and 47% men in 2021) with little change recorded since 2008. The evidence from the case studies regarding the gender impacts of the restructuring events is mixed.

The Spanish case study indicates a significant increase in women's employment share in the banking sector nationally, from 41% to 52% between 2007 and 2020. Male workers were more likely to leave their employment than women in the various collective redundancies recorded in Bankia and CaixaBank in the post-financial-crisis period. The proportion of women in the workforce in Spain has risen from 52.6% in 2016 to 55.2% in 2020 for this reason, but also because of the slightly higher proportion of women recruits (51% of new employees). A similar pattern was observed in the Novo Banco case (Portugal), in which men's employment share declined from 24,928 to 22,275 over the period 2015–2020, while women's share decreased from 23,350 to 23,020. Similarly, in Novo Banco, men have been more likely than women to take up the redundancy options in recent years.

In ING, there has been a trend of men's employment share increasing, similar to that observed in the sector as a whole in the Netherlands. While the genders were more or less in balance in 2015, since then 2.9% more women joined the company while 10.6% more men joined. At Danske Bank, 47% of the workforce is composed of women and this has changed little in recent years, while at Bank Pekao a large female majority (approximately 75% of the workforce) has been a consistent feature of bank staffing over recent years.

Men and women continue to carry out quite different roles in the sector. The Danske Bank case shows that only 17% of IT staff (around one in six) in the bank are women. The greater focus on recruiting personnel with a science, technology, engineering or mathematics (STEM) background is more likely to be met by male than female candidates. Men are also heavily over-represented in management positions (3:1 ratio), and this is also reflected in a gender pay gap (Box 1). At Banco BPM, there is also a significantly disproportionate representation among managers by gender, which has prompted management action. In 2021, while the bank's workforce was quite mixed (with a small majority of men: 55%), only 1 manager in 10 was a woman. A diversity and inclusion department has been established at Banco BPM, along with a gender empowerment programme. These are intended to help the bank to reach a target of women taking up 30% of managerial positions by 2024.

### Summary

In summary, restructuring processes differ significantly in terms of motivation, focus, negotiation and outcomes. While digitalisation is a cross-cutting driver, specific features of a bank's business situation and other contextual factors influence the employment adjustments that are made. The restructuring processes demonstrated the importance of having in place well-established social dialogue frameworks and tools at company level. Collective redundancies are mainly voluntary in nature, with the terms of departure negotiated and agreed. Agreements were reached with the most representative trade unions and worker representation, with a package of accompanying measures for those staying and leaving. The next chapter summarises the main findings of the report.

# 4 Conclusions

The aim of this report is to describe recent restructuring activity within the financial services sector (with a focus on retail banks) and to analyse the extent to which digitalisation and other drivers of change are both affecting employment in the sector and changing how work is organised.

One assumption behind the research was that financial services provide fertile ground for studying the impacts of digitalisation on work and employment, as the main 'raw material' of the sector is digitally stored and processed information encoding financial data. The majority of financial transactions now occur online, without the intermediary of customer-facing institutions and, increasingly, without a centralised workplace. These transformations accelerated in response to the COVID-19 pandemic. As the case studies in this report demonstrate, banks have responded to the requirements of physical distancing by increasing the remote provision of services. They have used the opportunity provided by the pandemic to 'drive customers online', justifying the huge investments that have been made in IT infrastructure.

The digital transformation of customer banking, pre- and post-pandemic, has involved a change in employment levels, in working culture and in work organisation within the banks. The most obvious manifestation has been the decline in the physical presence of retail banks. Each of the case studies in this report points to a policy of reducing the bank branch network in the countries as a whole in which these banks are situated and to a trend of reducing headcount, in particular in traditional customer-facing roles. One consequence is that employment levels have been stagnant or declining, which makes retail banking something of an exception compared with other service sectors. These trends look likely to continue as the dematerialisation of banking provision results in an even more extensive automation of transactions and greater use of customer self-service, reducing the need for human intermediaries.

These changes all arise from the application of IT, data and networking technological innovations to bank processes. While weakening the demand for traditional front-of-house bank tellers, this has strengthened demand for newer IT-based job profiles in the sector – data scientists, programmers/software developers, user interface developers and statisticians. The increased regulatory burden on banks after the global financial crisis has also generated demand for legal and compliance-related hiring. A distinguishing feature of the emerging skills needs is that they all involve higher qualifications, third-level degrees or often post graduate qualifications. Traditionally, such qualifications were not a prerequisite of entry into the sector.

The relatively rapid educational upgrading of the sector - nearly two-thirds (65%) of retail banking staff were graduates in 2021 - has been accompanied by changes in work organisation. A number of the case studies highlight the uptake of Agile project management principles. These emphasise working in small multidisciplinary teams on specific tasks, developing rapid working prototypes of new services and engaging interactively with customers (internal and external) to improve and operationalise the prototypes. Such an approach is considered better adapted to the interaction-rich, online environment than more traditional, hierarchical project management approaches with longer run times and limited flexibility for adaptation to changing circumstances. A more general trend in work organisation is that those employees who do deal directly with customers are expected to perform a broader variety of tasks than before.

Rapid changes in labour demand, employment levels and work organisation in any sector necessitate social dialogue. The financial services sector is distinctive among private service sectors in its relatively high level of collective representation.

In some of the restructuring case studies, negotiations involved more than five different unions in addition to works council formations at different levels coordinating representation on the employee side. Negotiations often led to a reduction in the job losses initially announced by the banks, but the main parameters of negotiations were the severance entitlements of voluntarily departing employees and the maintenance of other benefits, including health benefits, upon departure. There were also retraining, outplacement and relocation possibilities for some of those made redundant.

The restructuring processes demonstrated well-established social dialogue frameworks and tools at company level. Except in one case (Novo Banco), negotiations between management and workers' representatives followed national rules on restructuring (social plans) and collective dismissals, as well as regular provisions set out in collective bargaining agreements. Trade unions and representative bodies were involved and duly informed and consulted, and they were given sufficient time to react and deliver their input on the management proposals. Industrial action as a result of the restructuring cases was more the exception than the rule. Recourse to early retirement as a means of labour force adjustment remains persistent in the sector - despite being discouraged in broader employment policy over recent decades. It has often occurred in tandem with recruitment drives targeting the recruitment of younger graduate entrants. The sector's ability to attract qualified entrants will be key to its ability to compete with the new banking service providers of the digital age (big tech, fintech and telecommunications companies, among others). This may require changes to and innovation in ways of working and in the role of management to embrace the new digital environment. To date, such approaches to generational renewal have been only partially successful at addressing the age imbalance of the retail banking workforce. The average workforce age continues to grow. These approaches also potentially involve problems for skills policy in the sector. The emerging demands for high-skilled IT and legal/administrative job profiles are not often likely to be met by retraining existing employees in more traditional bank roles (such as bank tellers, cashiers and clerical workers) whose work is increasingly being automated. Meanwhile, when hiring, banks also face competition from other employers (in fintech and big tech) that are perceived as more progressive or dynamic and growing.

Digitalisation has also changed many of the traditional ways of working in the sector. A continuous online banking service raises new risks for employees in relation to work intensification. These will have been exacerbated by the high proportion of financial services employees working online from home during the pandemic, who are also likely to be hybrid working in the future. The blurring of work-life boundaries is a particular concern for those working from home. Banks need to be attuned to potential stressors in relation to working time and open to solutions, such as the negotiated or legislated right to disconnect. Making workers' digital rights explicit is important in a highly regulated sector such as financial services, where most operations now occur online. Regulators are continuously increasing the requirements of secure and confidential data processing on banks. Such obligations are more complicated in a context of scattered workplaces with many employees hybrid working and attendant network security vulnerabilities. The justified concerns of banks in this regard need to be balanced with those of employees who are potentially exposed to intrusive forms of online surveillance.

The retail banking sector has experienced a tumultuous decade and a half since the global financial crisis. A mix of corporate restructuring and regulatory and technological change has transformed employment in the sector. This transformation has been facilitated by structures of social dialogue that have themselves evolved and strengthened in a context of continuous or 'serial' restructuring.

Based on the evidence of the case studies presented in this report, collective redundancies are mainly voluntary in nature, with terms of departure negotiated and agreed. Changes in work organisation have been the subject of negotiations between social partners. Collective accords in the sector have also been quick to address emerging issues – work–life balance, the right to disconnect and employee monitoring – in relation to remote working. New dimensions of digitalisation, including digital currencies (centralised or decentralised) and the application of AI techniques to the banks' hoard of big data, will continue to test the sector's capacity to adapt to change.

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# Annexes

# Annex 1: European Restructuring Monitor factsheets

- Banco BPM: https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/banco-bpm
- Bank Pekao: https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/bank-pekao
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- HSBC: https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/hsbc-28
- ING: https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/ing-27
- Intesa San Paolo: https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/intesa-san-paolo-3
- Norddeutsche Landesbank: https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/norddeutsche-landesbank-0
- Novo Banco: https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/novo-banco-2
- Open Finance: https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/open-finance-1
- Rabobank: https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/rabobank-8
- Unicaja Banco: https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/unicaja-banco-0

Annex 2: NACE financial an	d insurance	activities
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Category number	Туре			Description
64	Financial service activities, except insurance and pension funding			This division includes the activities of obtaining and redistributing funds other than for the purpose of insurance or pension funding or compulsory social security.
	64.1	Monetary intermediation		This group includes the obtaining of funds in the form of transferable deposits (i.e. funds that are fixed in money terms, obtained on a day-to-day basis and, apart from central banking, obtained from non-financial sources).
		64.11	Central banking	This class includes:
				<ul> <li>issuing and managing the country's currency</li> </ul>
				<ul> <li>monitoring and control of the money supply</li> </ul>
				<ul> <li>taking deposits that are used for clearance between financial institutions</li> </ul>
				• supervising banking operations
				<ul> <li>holding the country's international reserves</li> </ul>
				• acting as banker to the government.
				The activities of central banks will vary for institutional reasons.
		64.19	Other monetary intermediation	This class includes the receiving of deposits and/or close substitutes for deposits and extending of credit or lending funds. The granting of credit can take a variety of forms, such as loans, mortgages and credit cards. These activities are generally carried out by monetary institutions other than central banks, such as: banks
				• savings banks
				• credit unions.
	64.2	Activities of holding companies		
		64.2	Activities of holding companies	This class includes the activities of holding companies (i.e. units that hold the assets (owning controlling levels of equity) of a group of subsidiary corporations and whose principal activity is owning the group). The holding companies in this class do not provide any other service to the businesses in which the equity is held (i.e. they do not administer or manage other units).
	64.3	Trusts, fu	nds and similar financial entities	
		64.3	Trusts, funds and similar financial entities	This class includes legal entities organised to pool securities or other financial assets, without managing, on behalf of shareholders or beneficiaries. The portfolios are customised to achieve specific investment characteristics, such as diversification, risk, rate of return and price volatility. These entities earn interest, dividends and other property income, but have little or no employment and no revenue from the sale of services.
				This class includes:
				• open-end investment funds
				• closed-end investment funds
				<ul> <li>trusts, estates or agency accounts, administered on behalf of the beneficiaries under the terms of a trust agreement, will or agency agreement</li> </ul>
				• unit investment trust funds.
	64.9			This group includes financial service activities other than those conducted by monetary institutions.
		64.91	Financial leasing	This class includes leasing in which the term approximately covers the expected life of the asset and the lessee acquires substantially all the benefits of its use and takes all the risks associated with its ownership. The ownership of the asset may or may not eventually be transferred. Such leases cover all or virtually all costs including interest.

Category number	Туре		Туре	Description
64	64.9	Other financial service activities, except insurance and pension funding		This group includes financial service activities other than those conducted by monetary institutions.
		64.92	Other credit granting	<ul> <li>This class includes financial service activities primarily concerned with making loans by institutions not involved in monetary intermediation, where the granting of credit can take a variety of forms, such as loans, mortgages and credit cards, providing the following types of services:</li> <li>granting of consumer credit</li> <li>international trade financing</li> <li>provision of long-term finance to industry by industrial banks</li> <li>money lending outside the banking system</li> <li>credit granting for house purchase by specialised non-depository institutions</li> <li>pawnshops and pawnbrokers.</li> </ul>
		64.99	Other financial service activities,	This class includes:
			except insurance and pension funding not elsewhere classified	<ul> <li>other financial service activities primarily concerned with distributing funds other than by making loans; factoring activities; writing of swaps, options and other hedging arrangements; or activities of viatical settlement companies</li> </ul>
				• own-account investment activities, such as by venture capital companies or investment clubs.
65	Insurance, reinsurance and pension funding, except compulsory social security		This division includes the underwrinneeded to build up a portfolio of fin insurance and reinsurance are inclu	ting annuities and insurance policies and investing premiums ancial assets to be used against future claims. Provision of direct Ided.
	65.1	Insurance		This group includes life insurance with or without a substantial savings element and non-life insurance.
		65.11	Life insurance	This class includes underwriting annuities and life insurance policies, disability income insurance policies, and accidental death and dismemberment insurance policies (with or without a substantial savings element).
		65.12	Non-life insurance	This class includes the provision of insurance services other than life insurance:
				<ul> <li>accident and fire insurance</li> <li>health insurance</li> </ul>
				• travel insurance
				<ul> <li>property insurance</li> <li>motor, marine, aviation and transport insurance</li> <li>pocupiary loss and liability insurance</li> </ul>
	65.2	Reinsurance		
		65.2	Reinsurance	This class includes activities of assuming all or part of the risk associated with existing insurance policies originally underwritten by other insurance carriers.
	65.3	Pension f	unding	
		65.3	Pension funding	This class includes legal entities (i.e. funds, plans and/or programmes) organised to provide retirement income benefits exclusively for the sponsor's employees or members. This includes pension plans with defined benefits, as well as individual plans in which benefits are simply defined through the member's contribution. This class includes:
				<ul><li>employee benefit plans</li><li>pension funds and plans</li><li>retirement plans.</li></ul>

Category number			Туре	Description	
66	Activities auxiliary to financial services and insurance activities		This division includes the provision of services involved in or closely related to financial service activities, but not themselves providing financial services. The primary breakdown of this division is according to the type of financial transaction or funding served.		
	66.1	Activities auxiliary to financial services, except insurance and pension funding		This group includes the furnishing of physical or electronic marketplaces for the purpose of facilitating the buying and selling of stocks, stock options, bonds or commodity contracts.	
		66.11	Administration of financial markets	This class includes the operation and supervision of financial markets other than by public authorities, such as:	
				• commodity contracts exchanges	
				<ul> <li>futures commodity contracts exchanges</li> </ul>	
				<ul> <li>securities exchanges</li> </ul>	
				• stock exchanges	
				<ul> <li>stock or commodity options exchanges.</li> </ul>	
		66.12	Security and commodity contracts	This class includes:	
			brokerage	<ul> <li>dealing in financial markets on behalf of others (e.g. stockbroking) and related activities</li> </ul>	
				• securities brokerage	
				• commodity contracts brokerage	
				• activities of bureaux de change, etc.	
		66.19	Other activities auxiliary to financial services, except insurance and pension funding	This class includes activities auxiliary to financial service activities not elsewhere classified, such as:	
				<ul> <li>financial transaction processing and settlement activities, including for credit card transactions</li> </ul>	
				• investment advisory services	
				<ul> <li>activities of mortgage advisers and brokers.</li> </ul>	
	66.2	Activities auxiliary to insurance and pension funding		This group includes acting as agents (i.e. brokers) in selling annuities and insurance policies or providing other employee benefits and insurance and pension-related services, such as claims adjustment and third-party administration.	
		66.21	Risk and damage evaluation	This class includes the provision of administration services of insurance such as assessing and settling insurance claims, for example:	
				<ul> <li>assessing insurance claims, including claims adjusting, risk assessing, risk and damage evaluation, and average and loss adjusting</li> <li>settling insurance claims</li> </ul>	
		66.22	brokers	(insurance intermediaries) in the selling, negotiating or soliciting of annuities and insurance and reinsurance policies.	
		66.29	Other activities auxiliary to insurance and pension funding	This class includes activities involved in or closely related to insurance and pension funding (except financial intermediation, claims adjusting and activities of insurance agents):	
				<ul><li>salvage administration</li><li>actuarial services.</li></ul>	
	66.3	Fund ma	nagement activities		
		66.3	Fund management activities	This class includes portfolio and fund management activities on a fee or contract basis, for individuals, businesses and others, such as:	
				• management of mutual funds	
				• management of other investment funds	
				<ul> <li>management of pension funds.</li> </ul>	

## Annex 3: Case study questionnaires

#### **Employee representative questionnaire**

#### 1. Drivers/motivations for restructuring, including digitalisation

(a) What, according to your understanding, were management's principal indicated reasons for undertaking the restructuring?

(b) What, according to your understanding, were the intended aims or declared objectives of the restructuring?

(c) If not already answered, to what extent has digitalisation been an important driver of restructuring?

(d) Was the need to follow EU legislation <sup>38</sup> referred to as the reason or motivation for restructuring? Or were any specific national regulations in the banking/financial sector referred to?

(e) Was this restructuring related to emerging innovations in fintech?

#### 2. Facts about the restructuring process - the employee perspective

(a) Was the restructuring announced with enough time? How was the announcement made? Was it presented as a reorganisation? Did it involve shutdown of bank offices and/or branches?

(b) To your knowledge, what kinds of activity (or activities) or job functions were most affected in the restructuring?

(c) If there were job losses, how were job losses proposed to be enacted – via early retirement, voluntary departure (and if so was it incentivised?), compulsory redundancy or other ways (please specify)?

(d) What was the management approach to applying the selection criteria for job loss (for example, by age, seniority or function)?

(e) As part of this restructuring, has the international distribution of employment within the company/group altered, i.e. have some countries been disproportionately affected in terms of job loss or job gain?

(f) As part of this restructuring or recent restructurings (since 2015), are you aware of bank functions that have been relocated or offshored and, if possible, give the country of destination (in the EU27, another European country or outside the EU27)?

(g) What was the difference between the number of job reductions/gains announced and those actually implemented (if any)?

#### 3. Information and consultation process

(a) Are employees at the company represented by a union(s), works council and/or European Works Council? (please give details)?

(b) Anticipation: was there any previous collective bargaining agreement with the workforce on how to manage the restructuring?

(c) Were worker representatives informed and consulted about the restructuring?

(d) How would you assess the role and influence of the different worker representative interests during the restructuring process?

(e) When was information provided (e.g., before the final decision by the board, at the same time as it was presented to the board, at the time of the press release/when the decision was made public, or at another time)? Did any disputes arise about the timing with which information was provided and, if so, how where these resolved?

(f) Did any disputes arise about the quality of information provided to worker representatives?

(g) Did any disputes arise regarding the content of the measures proposed by the bank? To what extent did the proposed restructuring give rise to conflict between management and workers, or to industrial action?

(h) Did negotiations take place on a social plan/measures to support redundant workers?

(i) If consultation took place with worker representatives, were alternative suggestions to the planned restructuring put forward? If so, were any suggestions taken on board and did the number of job losses/transfers alter as a result?

<sup>38</sup> For example, the second Markets in Financial Instruments Directive (Directive 2014/65/EU, which entered into force in 2018), the first Markets in Financial Instruments Directive (Directive 2004/39/EC) or any other EU regulation in the banking sector.

(j) How long did the whole restructuring process take (or how long is it envisaged to take, if it is ongoing) and how much time was allotted for consultation within the whole process?

#### 4. Support for affected workers

(a) What kind and scale of support was provided to the workers who lost their jobs as a result of the relocation?

(b) Were social plans developed in relation to selection for redundancy and/or redundancy packages (if not already answered above)?

(c) To what extent were the affected workers offered jobs in other parts of the company or in other parts of the group and how many took up such offers?

(d) Was support beyond financial/redundancy compensation provided (e.g., training/retraining or transition support)?

(e) Was external support available for such purposes (for example, through national policy programmes, the European Globalisation Adjustment Fund (EGF) or the European Social Fund (ESF))? If possible, provide the share of support provided by the company and by public bodies/the EU.

(f) Were any public agencies involved in seeking to retain employment locally and was any support offered in seeking to do so (and, if so, what was its nature)?

(g) Is any (further) information available on what happened to the workers who lost their jobs as a result of the restructuring (including whether alternative employment obtained was comparable in terms of pay and conditions)?

(h) Were training, reskilling and upskilling programmes put in place for those employees staying in the company?

#### 5. Restructuring outcome

(a) To what extent has employment headcount at company level developed as anticipated at the outset of the restructuring (if not already answered)?

(b) How has the occupational composition of employment shifted since the outset of the restructuring? What job profiles have become more important and which have become less important or have been most likely to have contracted as a share of overall employment?

(c) What specific skill sets or job profiles are in short supply in the company, in your opinion? To your knowledge, have training and/or recruitment strategies been adjusted to attract suitable candidates?

(d) How has the composition of employment changed since the outset of the restructuring in terms of gender share, full-time/part-time share, permanent/temporary share and share of third-party employees working directly for the company?

(e) As a result of the restructuring, have there been any organisational changes in the internal structure or new relations with external entities, e.g., those coming from the technology or fintech domain?

(f) COVID-19: regardless of when the specific restructuring event took place, in your opinion has the pandemic induced changes in company strategy that may indicate the likelihood of future restructuring?

At the end of the interview, ask if the interviewee has any additional relevant documentation (for example, trade union reports, bank annual reports or a relevant analysis at national level) that could be made available and indicate that this will be gratefully received.

#### **Employer representative questionnaire**

- 1. Basic facts about the company (Information to be gathered from the ERM and other databases and verified with employer representatives)
  - (a) name of the company
  - (b) name of the group (if any) to which it belongs

(c) nationality of the group/country of (global) headquarters (can also be outside the EU – if so, please also indicate where the EU regional headquarters of the company is located)

(d) total number of individuals employed nationally (globally, if applicable)

(e) trend in the number of employees over the last five years (either give precise numbers or indicate an upwards or downwards trend and the scale of the change)

(f) trend in the number of establishments/branches nationally over the last five years

#### 2. Drivers/motivations for restructuring, including digitalisation

- (a) Name of the company
- (b) Name of the group (if any) to which it belongs

(c) Nationality of the group/country of (global) headquarters (can also be outside the EU – if so, please also indicate where the EU regional headquarters of the company is located)

(d) Total number of individuals employed nationally (globally, if applicable)

(e) Trend in the number of employees over the last five years (either give precise numbers or indicate an upwards or downwards trend and the scale of the change)

(f) Trend in the number of establishments/branches nationally over the last five years

(g) What were management's principal indicated reasons for undertaking the restructuring?

(h) What were the intended aims or declared objectives of the restructuring?

(i) If not already answered, to what extent has digitalisation been an important driver of restructuring? For example, to what extent do customer–bank interactions take place online and how has this evolved over the last five years? Was this restructuring related to emerging innovations in financial technology (fintech)?

(j) Was the need to follow EU legislation referred to as the reason or motivation for restructuring? Or were any specific national regulations in the banking/financial sector referred to?

(k) Has the company been reorganised in terms of information technology (describe briefly)?

(I) What level of resources were made available for the IT reorganisation (give details)?

#### 3. Facts about the restructuring process

(a) Identify the case (ERM factsheet link) or the media source or company announcement if not already included in the ERM

(b) Identify the type of restructuring – was it a case of job loss or job gain?

(c) Was the restructuring announced with enough time? How was the announcement made? Was it presented as a reorganisation? Did it involve shutdown of bank offices and/or branches?

(d) What kinds of activity (or activities) or job functions were affected in the restructuring?

(e) If there were job losses, at what level were details of the restructuring decided (HQ, national or establishment) in relation to, for example, number of job cuts, the job functions affected and severance conditions. If decisions were made at headquarters level (and if outside the affected country), was national- and local-level management involved in the decision-making and what was the role of national and local management in implementing the change process?

(f) If there were job losses, how were job losses proposed to be enacted – via early retirement, voluntary departure (and if so was it incentivised?), compulsory redundancy or other ways (please specify)?

(g) As part of this restructuring, has the international distribution of employment within the company/group been altered, i.e. have some countries been disproportionately affected in terms of job loss or job gain?

(h) As part of this restructuring or recent restructurings (since 2015), can you identify functions that have been relocated or offshored and, if possible, give the country of destination (in the EU27, another European country or outside the EU27)?

(i) What was the difference between the number of job reductions/gains announced and those actually implemented (if any)?

#### 4. Information and consultation process

(a) Are employees at the company represented by a union(s), works council and/or EWC (please give details)?

(b) Anticipation: was there any previous collective bargaining agreement with the workforce on how to manage restructuring?

(c) Were worker representatives informed and consulted about the restructuring?

(d) How would you assess the role and influence of the different worker representative interests during the restructuring process?

(e) When was information provided (e.g. before the final decision by the board, at the same time as it was presented to the board, at the time of the press release/when the decision was made public, or at another time)? Did any disputes arise about the timing with which information was provided and how where these resolved?

(f) Did any disputes arise about the quality of information provided to worker representatives?

(g) Did any disputes arise regarding the content of the measures proposed by the bank? To what extent did the proposed restructuring give rise to conflict between management and workers, or to industrial action?

(h) Did negotiations take place on a social plan/measures to support redundant workers?

(i) If consultation took place with worker representatives, did the union, works council or EWC provide alternative suggestions to the planned relocation? If so, were any suggestions taken on board and did the number of job losses/transfers alter as a result?

(j) Did any disputes arise regarding the respective roles of the EWC and of the national employee representative bodies?

#### 5. Support for affected workers

(a) What kind and what scale of support was provided to the workers who lost their jobs as a result of the relocation?

(b) Were social plans developed in relation to selection for redundancy and/or redundancy package s(if not already answered above)?

(c) To what extent were the affected workers offered jobs in other parts of the company or in other parts of the group and how many took up such offers?

(d) Was support beyond financial/redundancy compensation provided (e.g. training/retraining or transition support)?

(e) Was external support available for such purposes (e.g. through national policy programmes, the EGF or the ESF)? If possible, provide the share of support provided by the company and by public bodies/the EU.

(f) Were any public agencies involved in seeking to retain employment locally and was any support offered in seeking to do so (and, if so, what was its nature)?

(g) Is any (further) information available on what happened to the workers who lost their jobs as a result of the restructuring (including whether alternative employment obtained was comparable in terms of pay and conditions)?

(h) Were training, reskilling and upskilling programmes put in place for those employees staying in the company?

#### 6. Restructuring outcome

(a) How far has the restructuring concerned achieved what the company intended, for example in terms of reducing costs, increasing profitability and competitiveness, and opening up new markets?

(b) To what extent has employment headcount at company level developed as anticipated at the outset of the restructuring (if not already answered)?

(c) How has the occupational composition of employment shifted since the outset of the restructuring? What job profiles have become more important and which have become less important or have been most likely to have contracted as a share of overall employment?

(d) Are specific skill sets or job profiles in short supply? If so, how have training and/or recruitment strategies been adjusted to attract suitable candidates?

(e) How has the composition of employment changed since the outset of the restructuring in terms of gender share, full-time/part-time share, permanent/temporary share and share of third-party employees working directly for the company?

(f) COVID-19: regardless of when the specific restructuring event took place, has the pandemic induced changes in company strategy that may affect future restructuring?

At the end of the interview, ask if the interviewee has any additional relevant documentation (for example, trade union reports, bank annual reports or a relevant analysis at national level) that could be made available and indicate that this will be gratefully received.
## Sectoral expert questionnaire

## 1. Sectoral information

Please provide the following basic information on the structure of the commercial banking sector in your country: (a) ownership

- (b) evolution of employment (levels and shares of standard/non-standard employment)
- (c) principal skills structure: what qualifications and skills have become more important over the last five years?
- (d) remuneration schemes
- (e) organisation of workers' representation

## 2. Drivers/motivations for restructuring, including digitalisation

(a) What are the three most important trends driving restructuring in the banking sector in your country (give details)?

(b) What do you see as the main consequences of the current restructuring trends in the sector for the employment and working conditions/job quality of bank employees?

(c) How has the sector been reorganised in terms of IT? To what extent does customer–bank interaction take place online and how has this evolved over the last five years?

(d) What level of resources have been made available for IT reorganisation?

(e) In your view, will large-scale global financial institutions or smaller, new firms emerge dominant as a result of digitalisation/technological innovation in the banking sector?

(f) To what extent has digitalisation been an important driver of restructuring? Or is restructuring related to emerging developments in fintech?

(g) To what extent do customer–bank interactions take place online and how has this evolved over the last five years (provide data where possible)?

(h) Was the need to follow EU legislation referred to as the reason or motivation for restructuring? Or were any specific national regulations in the banking/financial sector referred to?

### 3. Restructuring activity in the sector

a) Has recent restructuring activity in the sector been mainly employment-creating or employment-destroying?

(b) In a case of job losses as part of restructuring in the sector, how are job losses generally enacted – via early retirement, voluntary departure ( and if so was it incentivised?), compulsory redundancy or other ways (please specify)?

(c) In such cases, are outcomes in terms of job losses affected by/influenced by social partner consultations?

(d) Can you identify job functions or profiles within the sector nationally that may have been relocated or offshored and, if so, give the country of destination (in the EU27, another European country or outside the EU27)?

(e) Have commercial banks in the sector nationally tended to expand or contract their international activities since 2010 and, if so, has this been within the EU or globally?

#### 4. Representation

(a) What share of employees in the sector are represented by a union(s) or works council (and/or EWC)?

(b) In your opinion, how well informed and consulted are employees in the sector about planned restructuring events?

(c) In your opinion, which form of worker representation takes the main role in defending employee interests in cases of restructuring?

### 5. Support for affected workers

(a) What kind and what scale of support is provided to sector employees who lose their jobs as a result of restructuring?

(b) Are social plans/redundancy arrangements more, or less, generous than in other sectors, to your knowledge? How do they compare with statutory entitlements in your country?

(c) Are alternative forms of employment offered to workers losing their jobs?

(d) Is support beyond financial/redundancy compensation generally provided (e.g. training/retraining or transition support)?

(e) Is external support available for such purposes (e.g. through national policy programmes, the EGF or the ESF)? Is it generally availed of by restructuring banks? If possible, provide the share of support provided by the company and by public bodies/the EU.

(f) Is there any research or evaluation evidence available on what happens to the workers who lose their jobs as a result of bank restructuring (including whether alternative employment obtained was comparable in terms of pay and conditions)?

### 6. Restructuring outcomes

(a) How do you foresee sector-level employment developing in the short (to 2023) and medium terms (to 2030)?

(b) What job profiles have become more important and which have become less important or have been most likely to have contracted as a share of overall employment?

(c) For job profiles in short supply, how have training and/or recruitment strategies been adjusted to attract suitable candidates?

(d) Have there been notable shifts in the composition of employment since 2016 in terms of gender share, full-time/part-time share, permanent/temporary share and share of third-party employees working directly for banks? How are these likely to change in the short to medium term?

(e) COVID-19: has the pandemic induced changes in the sector that may affect future restructuring?

At the end of the interview, ask if the interviewee has any additional relevant documentation (for example, trade union reports, bank annual reports or a relevant analysis at national level) that could be made available and indicate that this will be gratefully received.

# Annex 4: Case study contributors

The case studies are published on the web page of this report at www.eurofound.link/ef22014

Country	Bank	Contributors
Denmark	Danske Bank	Line Boholm Schmidt and Signe Abildskov
Italy	Banco BPM	Chiara Litardi
Netherlands	ING Group	Thomas de Winter and Jacqueline Snijders
Poland	Bank Pekao	Marta Trawinska
Portugal	Novo Banco Group	Paula Carrilho and Heloisa Perista
Spain	CaixaBank	Alejandro Godino

# Annex 5: List of persons interviewed

Group	Name, title and affiliation	
Experts	Margherita Licata, Specialist, Sectoral Policies Department, International Labour Organization Kristian Bondo Hansen, Postdoctoral researcher, Department of Management, Society and Communication at Copenhagen Business School, Denmark José M. Dominguez Martínez, Professor of Applied Economy, University of Malaga, Spain Guerino Ardizzi, Researcher in digitalisation of payment services, Italy Anonymous, Employees' representative, Dutch Banking Association (NVB), the Netherlands Anonymous, Banking expert, Poland	
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Employers and employees	Thomas Bagh, Senior Vice President and Ways of Working Redesign Lead, Danske Bank, Denmark Peter Andresen, Head of Agile Developments, previously Head of Leadership, Danske Bank, Denmark Massimo Beccalli, Ex-branch manager, Banco BPM, Italy Anonymous, HR employee, ING, the Netherlands Anonymous, Employee, Novo Banco, Portugal Anonymous, Employers' representative, Bank Pekao, Poland	

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The retail banking sector is fertile ground for studying the impacts of digitalisation on work and employment. Financial services are increasingly provided online, without the intermediary of customer-facing institutions. Many banks in the sector have been undergoing serial restructuring since the global financial crisis, and it is one of the few service sectors with stagnant or declining employment. In addition to the technological changes in how services are provided, the sector is also responding to other challenges, including an increased regulatory and compliance burden, competition from fintech, and low interest rates and reduced profitability. The case studies in this report describe examples of recent restructuring in the sector, what motivated the restructuring, how it was managed and how it affected employment, work organisation, and other business and employee outcomes.

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