CHAPTER 3: RESTRUCTURING AND SOCIAL DIALOGUE IN EUROPEAN BANKING SECTOR

3.1. Overview

For many years the notion of Social Dialogue implied connotations concerning the tripartite dialogue between governments, employers associations and trade-unions. It is in that sense that social dialogue has been developed and proposed as a policy tool by the ILO (Trebilcock et al, 1992). As a matter off fact, Social Dialogue is a key issue of the European Union policy. It is one of the EU pillars and is part of the “Acquis Communautaire” and of the Treaty of Amsterdam. In the so called European social model, in its normative and positive dimensions, the notion of social dialogue has developed also towards more involvement of the social partners to voluntary bipartite arrangements. Thus, in the context of evolving national systems of industrial relations, the EU has supported the voluntary development of sectoral social dialogue.

The expansion of social dialogue practices with the development of Social Pacts (Fajertag & Pochet, 2000) characterised the 1990s and the evolution of national industrial relations systems towards social dialogue based regulation of labour market changes.

In parallel with national developments in the broader context to EMU convergence, the EU social policy agenda also has been aiming to strengthen the social dialogue institutions and processes in Europe at the sectoral and the company level (E.C.2000). Given the existing EU legislation for information and consultation rights of employees, the EU banking sector is largely covered by European Works Councils (EWCs) Directive as many European banks are multinational actors. But even for banks that are not yet subject to the EWCs Directive there are recent developments that may strengthen the minimum requirements of social dialogue practices at the company level. It is in this context that the controversial EU employee consultation Directive was formally adopted by the European Parliament and Council during February 2002. Following publication of the Directive in the EU Official Journal, Member States have until March 2005 to comply with its requirements. In February 2002, the European Parliament and Council of Ministers formally adopted the EU Directive on national information and consultation rules. After the remaining formalities, the final, official text of Directive (2002/14/EC) establishing a general framework for informing and consulting employees in the European Community was published in the Official Journal of the European Communities (L80) on 23 March 2002. Under the Directive, all undertakings with at least 50 employees (or establishments with at least 20 employees) must inform and consult employee representatives about business developments, employment trends and changes in work organisation. Under this new piece of EU legislation all banking sector organisations in the EU are to be subject to minimum requirements for social dialogue, at least in the sense of information and consultation with regard to the major issues of the evolving restructuring in the banking sector, i.e. the employment trends and the changes in work organisation.

At the international level, the ILO remains unique among United Nations institutions in being tripartite (involving governments, workers and employers). As banking and financial services are undergoing a process of extensive and increasingly rapid change with profound effects on the employment and working conditions of large numbers of workers, and causing major changes in the conditions of many of them, the banking sector has been the focus of ILO activities in the form of a Tripartite Meeting on the Employment Impact of Mergers and Acquisitions in the Banking and Financial Services Sector[1]. The meeting had been called by the Governing Body of the ILO to look at the employment impact of mergers and acquisitions in the world's finance industry. These activities, apart from a review of the employment impact of mergers and acquisitions in the banking and financial services sector (ILO, 2001) resulted to international social dialogue activities at the ILO level that indicated the degree of development of social dialogue practices at the international level and the difficulties that social dialogue practices encounter at the national and company level during the restructuring process.

The ILO Tripartite meeting adopted three resolutions, which were:

1. A call on governments and social partners "to fully respect and promote freedom of association and the rights to organise in the banking and financial services sector". (Unanimous with the support of governments, workers and employers.)
2. A call on government and social partners to promote and fully implement ILO declarations and the ILO's "decent work" campaign "as instruments to ensure equality between men and women" (Unanimous with the support of governments, workers and employers.)

3. Requesting the ILO Director General to establish a tripartite mechanism "for the monitoring of and consultations in the banking and financial services sector in order to promote a constructive exchange of views on employment, working conditions and labour relations in the sector as well as for considering further ILO activities in this field". (Approved on the votes of governments and workers. Employers voted against.)

The Resolution concerning the establishment of a tripartite mechanism for the banking and financial services sector, which includes the request the Director-General of ILO to establish a tripartite mechanism, which could include a meeting of a small tripartite consultative group between the regular quadrennial meetings of the sector, (for the monitoring of and consultations in the banking and financial services sector, in order to promote a constructive exchange of views on employment, working conditions and labour relations in the sector as well as for considering future ILO activities in this field), was rejected by employers representatives. Only Governments and workers voted together for moves to minimise the impact of mergers and acquisitions in the finance industry. The International Labour Organisation conference has called for measures to minimise the impact of mergers and take-overs in the finance industry and for an on-going global dialogue - in spite of opposition from employers. Therefore, it is noteworthy, and indicative of the difficulties that social dialogue practices encounter at the international, national and company level, that the resolution concerning the establishment of tripartite mechanism for the monitoring and exchange of consultations at the ILO level met the opposition of the employers' representatives. More specifically, the proposed resolution and the statement of conclusions endorsed by governments and workers representatives included provisions according to which:

- Public authorities' consideration of mergers and acquisitions should include an evaluation of their employment and social impact, due account being taken of national conditions.
- Governments should assist with the social partners to develop effective measures to be incorporated in all rationalisation programmes to mitigate the negative consequences for all workers, and to safeguard advances on equality of opportunity goals in financial services employment and to promote further progress in these areas.
- Employers must make every effort to ensure that merger and acquisition related adjustments to working and employment conditions are never adjusted to the lowest common denominator, and that the principle of acquired rights is fully respected.
- Where redundancies are unavoidable, every effort must be made, in due consultation with the workers' representatives concerned, to ensure that the reduction in the number of workers is through voluntary means, such as appropriate inducements to early retirement, natural reductions and restrictions on hiring.

With special reference to social dialogue practices, as in fact in the ILO conference governments and unions agreed measures to soften the impact of mergers and employers representatives disagreed, the conclusions, that provide a basis for defining the requirements of best practice for social dialogue in the banking sector, say:

- Good practices, such as enterprise-wide regional and global forums, should be encouraged and supported.
- Governments have a responsibility to ensure that consultation mechanisms exist, possibly of a tripartite nature, to be used at all stages of a merger and acquisition.
- Public authorities have a duty to actively promote collective bargaining in the banking and financial services industry so as to put in place mechanisms, on the basis of consensus, that would prevent, cushion or mitigate the negative effects of mergers and acquisitions.
- It is of paramount importance for the financial industry enterprises to ensure increasing and effective investment in training and human resources development for enhanced employability, competitiveness and growth.

In this context, it was decided the ILO to establish a database "to identify factors which contribute to success to support the social partners' efforts in addressing the human dimension of mergers and acquisitions". The ILO Governing Body has been urged to implement the recommendations, in spite of the employers' disagreement and walkout.

It is however noteworthy that the ILO Tripartite Meeting on the Employment Impact of Mergers and Acquisitions in the Banking and Financial Services Sector also resulted to the two unanimous Resolutions concerning respect for and promotion of freedom of association and union rights to organise in the banking and financial services sector, and on commitment to equal opportunities in finance for men and women and for improving equality between women and men **[2]**.

The relatively recent developments at the ILO Tripartite Meeting remain indicative of the difficulties that social dialogue practices encounter at the international level, and create the need for more focused analysis of regional and national developments in the area of social dialogue in the banking sector. Given the unanimous recognition of freedom of association and union rights across the whole finance sector from all parties, and the recognition by both governments and workers that the impact of mergers and acquisitions in finance have social consequences that are far too important to be dealt through social dialogue practices of various degree of involvement of the social partners at the company or the national sectoral level, this report puts the emphasis on social dialogue practices at the national-sectoral and the company level, after a reference of the state of social dialogue at the European sectoral level.

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[1] Tripartite Meeting on the Employment Impact of Mergers and Acquisitions in the Banking and Financial Services Sector, Geneva 5-9 February 2001

[2] Recalling the adoption in 1977 of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy; that the social partners in the finance sector fully support the MNEs Declaration, which sets out principles in the fields of employment, training, conditions of work and life and industrial relations, the observance of which enhances the contributions the addressees can make individually and collectively to the overall objectives of furthering economic and social progress; that the principles and practices enunciated in the Declaration reflect good practice for all concerned irrespective of whether or not an enterprise is national or multinational, Further recalling the adoption in 1998 of the Declaration on Fundamental Principles and Rights at Work and its Follow-up and that decent work has now been adopted as the converging focus of all ILO's four strategic objectives (the promotion of rights at work, employment, social protection and social dialogue),
Considering that a large number of women are working in banks and financial services, most of whom are employed in the lower levels of hierarchy,
Acknowledging that globalization has contributed to improved prosperity but also has resulted in inequalities,
Reaffirming that the social partners in the sector fully support the primary goal of the ILO to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity (as particularly enshrined in the Equal Remuneration Convention, 1951 (No. 100), and the Discrimination (Employment and Occupation) Convention, 1958 (No. 111));
Adopts this ninth day of February 2001 the following resolution:
The Tripartite Meeting on the Employment Impact of Mergers and Acquisitions in the Banking and Financial Services Sector invites the Governing Body of the International Labour Office:
To call on governments and social partners to promote and fully implement the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the Declaration on Fundamental Principles and Rights at Work and its Follow-up, as well as the concept of decent work as instruments to ensure equality between men and women

Initiatives towards sectoral social dialogue at the European level can be traced back in the 1960s, a time when the Commission and the social partners were also endeavouring to extend the construction of Europe into the social field. The Protocol on Social Policy annexed to the Treaty on European Union of 1992 enhanced the support to voluntary social dialogue at the national and sectoral level. Sectoral social dialogue developed through sectoral joint committees and informal sectoral working parties. The European Commission has supported the development of sectoral social dialogue by facilitating the activities of joint committees and working parties at the sectoral level. The banking sector is one of the 27 sectoral social dialogue processes underway. Currently the European level Social Partners for the banking sector are the UNI-Europa Finance (UEF) on behalf of the labour side. From the employers side, there are three organisations. The three employer organisations involved in the social dialogue are the European Banking Federation (EBF), the Association of Co-operative Banks of the EU (EACB) and the European Savings Banks Group (ESBG).

Although sectoral social dialogue has evolved along with the structures of the prospective partners, the experience of UNI-Europa Finance with sectoral social dialogue at the European level indicates that we cannot say that in the banking sector the social dialogue has produced very important results, or that can be characterised as a paradigm for the sectoral dialogue practices at the EU level. European sectoral social dialogue has evolved through information and consultation activities, that also lead to joint working groups for specific issues, on a widely bargained agenda which results in the banking sector Social Partners annual work programme. In the European Banking sectoral social dialogue, the labour and the employers side after much and prolonged debate reach agreements on the social dialogue agenda. For instance, in 2000 there were two subjects, which were agreed and were given priority, the issue of job opportunities in the Information Society and the integration into the European Social Dialogue of Social Partners in Central and Eastern Europe (through European Bank Social Partners visit to their counterparts in CEE and joint Bank Social Dialogue roundtables). The objective in the latter activity has been to exchange views on current structures of social dialogue and industrial relations in order to help prepare for the accession process. The impact of these activities refers to the identification and enhancement of the social dialogue actors[1].

In 2001 there have been also difficult processes for agreeing the social dialogue agenda and the possible future subjects. For instance, UNI-Europa Finance (UEF) put forward a proposal on minimum guidelines for the final changeover to the euro. Secondly, UEF proposed to set up a working group on mergers and acquisitions - ensuring successful M&As for all stakeholders. The EBF rejected both UEF’s proposals. The Savings and the Co-operative banks were inclined to agree on very basic principles on the final changeover to the euro, but finally changed their minds after pressure from member organisations affiliated to either the Savings or Co-operative banks and the EBF and the proposal was turned down. The employers proposed the subjects of Lifelong learning and Changing demographics of recruitment. It was agreed that there were enough points of common interest for the issue on Lifelong learning to be included in the future agenda and to link it to the issue of Changing demographics of recruitment. Hence, the work programme for 2002 was adopted by setting up a working group on lifelong learning and confirming the continuation of the working group on co-operation with social partners in EU applicant countries.

Given the difficulties in agreeing the social dialogue agenda with the employer’s side, as it appears that the agenda is unilaterally set by the employer’s side, UEF consider that with the employers continuing negative reaction to UEF proposals for the social dialogue work programme, they have to reconsider the social partners’ overall objective for the Social Dialogue. It is on this experience that UEF do not consider the banking sector social dialogue as a good paradigm for European sectoral dialogue. Therefore the state of social dialogue at the European sectoral level for the banking sector can be summarised by the type of activities underway[2]. Practical problems concerning the supportive role of the Commission to the social dialogue process only indicate the need for keeping the momentum of the existing processes[3].

However, it is noteworthy that the European sectoral social dialogue agenda incorporates the one aspect of the new economy impact on work organisation requirements in the banking sector. This is the question of employability and of life-long learning, while there are difficulties in incorporating the other aspect which refers to the restructuring impact that mainly develops through mergers and acquisitions. Employers remain reluctant to incorporate in the social dialogue agenda the issue of monitoring and regulation of mergers and acquisitions, although the UEF insist on it and have to present extensive work done by UNI on mergers and acquisitions. (See Appendix

V, Mergers and take-overs in the finance sector: A trade union strategy). Underlying the sectoral social dialogue in the banking sector, remains the fact that, with regard to social dialogue practices at the company level, there are 60 European Works Councils (EWCs) agreements in the European banking sector[4], that may provide a basis upon which sectoral social dialogue could evolve through a wider than the existing agenda of topics. Of course, it appears as not possible for the near future that the social partners agenda incorporates all the issues of priority for UNI-Europa Finance (such as Mergers and Acquisitions, Working Time, Pay, and Employee benefits), but given the extensive activity of restructuring through mergers and acquisitions, and the fact that mergers and acquisitions are not considered by UNI officials, and by many national trade-unions, a problem per se, as they consider that these may also imply net gains to banking sector employees, the issue of monitoring of M&As at the European sectoral social dialogue may gradually become part of the social dialogue agenda.

Despite the difficulties in shaping jointly the European Sectoral social dialogue agenda for banking, in parallel UNI Europa-Finance and the national trade-unions in the banking sector develop their own coordination activities with most recent case their decision in 2000 to set up and develop a collective bargaining network similar to that already developed by trade-unions in the European metal industry. In April 2002, in the banking sector bargaining network participate 32 trade-unions from 14 European countries from a total of 80 trade unions members of the UNI Europa Finance.

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[1] Although the Commission has been assisting the enlargement activities of the sectoral social dialogue the UNI- Europa Finance with regard to enlargement the social partners consider that as they received late in 2001 the disappointing news that the Commission could not take on the organisation of a larger conference in the banking sector, that this is in strong contradiction with the pressure from the Commission to involve social partners in the EU candidate countries as much as possible in the European social dialogue.

[2] Adoption of work programme for 2002
Joint report on IT-Employability available in English, French, German and Spanish. The executive summary and conclusions are available in all 11 EU languages
Joint conference on IT-Employability
Adoption of joint conclusions on IT-employability study
Launch of lifelong-learning project in the banking sector
Elaboration of a joint questionnaire on lifelong learning distributed to national member organisations
Elaboration of a joint inventory on lifelong learning initiatives and investment levels
Organisation of a workshop on lifelong learning on 6 May
Round table in Malta on 1-2 October 2001
Round table in Bratislava, Slovak Republic, on 22-23 November 2001
Round table in Ljubljana, Slovenia, on 24-25 January 2002
Publication of joint press releases on the round tables in Malta, Slovak Republic and Slovenia
Joint press conferences on the round tables in Malta, Slovak Republic and Slovenia
Publication of a joint report on the round tables in Malta, Slovak Republic and Slovenia
Agreement to continue round tables in Cyprus and Bulgaria during second half of 2002

Access to documents of bank social dialogue meetings can be made as the relevant database which is being up-dated on an on-going basis with minutes, working documents and joint statements from social dialogue meetings as well as rules of procedures. The Internet address is:
forum.europa.eu.int/Members/irc/dg5/Home/main

[3] The social partners expressed their dissatisfaction with the frequent change in Commission staffing and the disruption of the social dialogue for some months in a formal letter to the Commission.

[4] UNI is overall involved in approximately 150 EWCs and plan to develop a working group to discuss how to support EWCs - practices and expand their best practices.

3.3. National Experiences with Social Dialogue in the Banking Sector

3.3.1 Overview

Despite any convergence tendencies at the European level, industrial relations are mainly regulated by national systems with major differences in bargaining structures and processes. Indeed, the restructuring processes in the banking sector evolve mainly at the company level largely through mergers and acquisitions that reshape the national banking sectors. These two factors imply that it is at the national and company level that social dialogue practices with regard to restructuring of the banking sector can be traced.

Social dialogue practices are more or less necessitated by the fact that unionisation rates are generally higher in the banking and insurance sectors than they are elsewhere. Although there is a downward trend, due to overall reduction in workforce levels and the phenomenon that young recruits are less inclined to join trade unions, trade unions still remain important actors in shaping employment relations.

An earlier study by Bernard Brunhes Consultants (1998) into industrial relations in the banking sector and insurance sectors across Europe argued that social dialogue in the banking sectors across Europe could play a key role in meeting the challenges posed by restructuring. With high unionisation rates and productive collective bargaining in these sectors in most countries, banks and insurance companies have been resolving issues such as pay flexibility, flexible working and overstaffing. The study revealed, as they call it "a rather healthy state of social dialogue" in banking and insurance sectors. Generally, high unionisation rates have been a factor in explaining the relatively good terms and conditions of employment enjoyed by workers in these sectors, including:

-the prevalence of the 13th and 14th month pay bonuses;
-the relatively short working week in banks and insurance companies compared with other sectors; and
-generous retirement provisions

Bargaining structures and procedures vary across banking sectors in EU countries. During the 1990s regulation of employment relations rely on a mixture of national, sectoral and company collective agreements. For instance the importance of sectoral collective bargaining has been high in countries such as Germany, Portugal, Greece, Netherlands. In Germany sectoral level negotiations used to focus on pay issues, while bargaining over jobs, the organisation of work and working time takes place at company level negotiated by the works council (betriebsrat). Issues agreed at sectoral level apply to all workers –whether they are unionised or not- employed by companies that are members of the employer's organisations party to the sectoral agreement. In Portugal, where bargaining remained until recently centralised, negotiations at company level were possible, but rare. Now in Portugal, as elsewhere, bargaining structures and processes have changed.

In the majority of other countries regulation of the employment relations have been evolving towards a system where the sectoral agreements act as a framework with detailed negotiations taking place at the company level. For example in Luxembourg pay levels are determined by a combination of bargaining at both levels. In France the sectoral negotiations have been suffering since the mid-1990s as a result of the move towards company-level bargaining. This phenomenon has been the result of a fractured bargaining system in which mutualised and cooperative banks constitute a separate sector, savings banks and the ISF (specialised financial institutions) both have specific bargaining systems, and non-mutualised and non- cooperative banks come under the aegis of the AFB banking employers' organisation in a sector where social dialogue has been blocked for some 15 years. In the UK banking sector the company level bargaining trend is led by certain companies with their trade-unions and staff associations agreeing to "partnership agreements". These usually promote a greater involvement of trade-unions in the formulation of company policies and guarantee a moratorium on redundancies. Partnership agreements tend to focus on two areas: increasing workers' employability through training and establishing European works councils.

Company-level bargaining has been also increasing in other European countries. In Ireland, negotiations evolved at the company level within the context of the national tripartite pay Pact "Partnership 2000" (O' Donnell and O' Reardon, 2000) which set out limits on pay increases for the period 1997-2000. In other countries where pay increases have been determined by a tripartite Pact or within the framework of annual sectoral agreements, companies are finding room for manoeuvre to offer either specific pay rises or a range of individual increases. The company level collective bargaining has been also seen as the most appropriate level to determine adjustments to working hours in Sweden, France and in the Netherlands and to conclude agreements relating to employment issues such as social plans and training, as we analyse later on in the case of Netherlands.

Since the mid 1990s new employment issues have arisen in the collective bargaining agenda in the European banking sectors, such as regrading and flexibility in pay and working time. In Spain two new sectoral agreements were concluded in 1996 –one covering banks and the other insurance companies – introducing a more flexible grading structure[1]. Regrading became a topic for collective bargaining also in France and Italy. In parallel flexibility and the reorganisation of working time became a key debate across Europe, with companies seeking ways in which to increase their opening hours to better respond to customer demands. For instance, in Ireland banks were among the first in the EU that introduced flexible working models to cope with these pressures[2]. In Sweden, Spain and Finland agreements have been concluded in the late 1990s to permit evening work, provided that this is dealt as overtime working. In Denmark the sectoral collective agreement covering banks and insurance companies allows for teleworking, in recognition of the fact that some 20% of insurance company employees are already engaged in teleworking. In addition, banking call centres in France and the UK have been implementing since the mid-1990s shiftwork and employing part-time workers to increase flexibility.

The introduction of new technology, the restructuring associated also with the mergers and acquisitions, and the increased competition for market shares and profitability at the national and the EU level have created new problems of overstaffing. As already analysed in the previous chapter in the majority of countries in the late 1990s the employment levels have decreased. Trade-unions aware of these trends developed active roles in the regulation of employment levels. In Austria where trade unions became quite early aware of future employment problems a state funded foundation to help retrain workers has been proposed. In Sweden trade-unions and employers managed a fund aimed at helping employees who are leaving the financial services sector. In Italy, as we will see later on with more details in this chapter, the agreement of July 1997 in the banking sector provided for creation of a fund to assist the pre-retirement period of employees and help retrain workers who were to be made redundant owing to overstaffing. Means of resolving these issues across the EU countries tend to rely on voluntary redundancies, early retirement, retraining and the development of part-time working.

An underlying trend in the restructuring process, that influences also the structures of the social partners, is the fact that the banking and insurance sectors become increasingly integrated. In parallel to this process, banking sector trade-unions merge and indeed, in more developed systems of trade-unionism (as in Denmark and Finland) there were quite early mergers between banking and insurance trade-unions and banking and insurance employers' organisations.

In the Nordic countries were trade-unions are since long involved in social dialogue practices it appears that there is continuous monitoring and assessment of developments in the banking sector industrial relations. A recent study (Byrkjeland, 2000) examined how the employees' established right of codetermination has been influenced by the development of transnational financial companies within the Nordic countries and concluded on the need to build and develop transnational codetermination structures. Obviously in the Nordic countries the level of development of social dialogue practices is well above the European average, and, although could be described as a best practice, as the Nordic countries provide evidence of sophisticated Social Dialogue policies and practices (that may largely contribute to a positive performance difference), it would be rather impossible to transplant it, as a best practice, in Southern European banking sector organisations.

Another recent study (Storey, 2001) focussed on National Central Banks to examine the impact of the new role of the European Central Bank (ECB) and the National Central Banks (NCBs) for employment, work practices and employment relations, and concluded, with reference to social dialogue practices, that in most of the main NCBs less than 15% of employees accept that social partnerships is actually practiced. This is a finding that highlights the difficulties for the social dialogue practices even in the state-controlled National Central Banks, in a period of mainly socialdemocratic governments in charge of the National Central Banks. The study also reported indications of a toughening stance on employment conditions in

Europe's Central Banks.

Despite the common trends in the restructuring of the banking sector across EU, the division of the European social model into different sub-systems of social policy and industrial relations regulation is well known and widely acknowledged in EU policy and literature documents (EC 2000, Fitoussi et Cacheux 2002). ILO also provides another overview on the social dialogue practices in the process of mergers and acquisitions (ILO, 2001). This project puts the emphasis to southern European and to small countries with the intention to analyse and promote social dialogue practices in a set of countries which, on the one hand do not have a long tradition in social dialogue practices compared to other areas or group of systems of industrial relations (such as the Central European or the Nordic models), and on the other hand, are less reported and analysed in the relevant literature.

It appears that most of the literature and the reporting on industrial relations developments and social dialogue practices in the banking sector refer to other sets of countries. This is rather evident for instance in the selection of EIRO reporting for developments in the banking sector (EIRO, various issues), or in the reporting in the UNI database on the same issue (UNI – Europa Finance). Of course the responsibility lies with the regional and national actors and their lack of resources, infrastructure etc. Therefore this report focuses on relatively unexplored countries with the objective to highlight social dialogue practices, enhance their development and expansion and analyse the prerequisites for this expansion.

Overall, it should be underlined that M&A per se are not considered a problem. UNI and most trade-union officials adopt an open-minded attitude. Some consider that they may even imply net gains. Trade Unions agree with M&As in many cases. A noteworthy example is that of Nordic SKL and Skilta Bank where trade unions acted in favour of the merger, but EU competition rules were against and cancelled the merger. Thus, it is not surprising that trade-unions turned against the EU regulation and decision. There is also a most successful case in terms of performance in the Handeils Bank, which stayed out of M&As and remains one of the most profitable bank with financial participation of workers and a joint committee for pension fund (which can be identified in many instances as good practice of employees participation). But in general across Europe, it appears that in front of the need for restructuring, the attitude of banking sector employees has been “get us a good pension deal (scheme) instead of trying to save the job”. In other words, it appears that banking sector employees prefer early retirement or new work and entrepreneurship activities, instead of trying to oppose the wave of restructuring in the banking sector.

[1] EIRR 285 p.11

[2] EIRR 271 p.8

3.3.2. Social Dialogue in the Spanish Banking Sector

The Spanish banking sector has been since the late 1980s subject of wide restructuring through mergers and acquisitions (Table 3.1) that in the late 1990s resulted to net job losses. The more recent developments in the case of the two major Spanish banks BSCH and BBVA that account for 60% of the market in the Spanish banking sector and employ about 45-50% of the whole banking sector (saving banks not included) are presented in Table 3.2. The evidence provided in Tables 3.1 and 3.2 suggest that in the Spanish banking sector there has been recent experience with major restructuring and changes in the banking sector employment, work practices and employment relations because of mergers and acquisitions.

In the Spanish case the changes in employment and in industrial relations have been regulated through social dialogue between the Bank management and trade union representatives. More specifically, the changes have been regulated through social protocols and collective agreements. In the process of changes due to Mergers and Acquisitions, the banking sector trade-unions in Spain ask for a Social Protocol. The Social Protocol provides for the employment level, job security and changes in employment relations only on a voluntary basis. The Social Protocol has a duration of 1 year and can be prolonged to a 2nd year. The Social Protocol and its possible extension are used in order to allow time for collective bargaining aiming to homogenise employment relations through collective agreements. This procedure of Social Protocols leading to Collective Agreements has been followed in all the cases of M&As in Spain.

The bargaining structure in Spain contains state/national, regional, local-provincial and company agreements. In the banking sector collective bargaining develops through national company agreements. In this context in 1999 a job security agreement was reached for employees at the then new Banco Santader Central Hispano (BSCH), created out of a merger between the Santader Bank and the Central Hispano Bank. The deal provided for a reduction in the workforce using voluntary redundancies and early retirement. It expressly stated that the management would not terminate any contracts for technical, economic and organisational reasons[1]. Trade-unions and management still refer to that agreement. Late in April 2002 BSCH announced their plans for 11.000 redundancies, of which 3.000 in Spain[2]. It could have been a question whether this is planned to occur through voluntary redundancies and incentives, or whether there could be any change in the employers policy towards the 1999 agreement. As mentioned above, the 1999 job security agreement was reached for employees at the, then new, BSCH which provided for a reduction in the workforce using voluntary redundancies and retirement, and expressly stated that the management will not terminate any contracts for technical, economic and organisational reasons. The late April 2002 announcement of redundancies refers to such reasons. However, the BSCH announcement for the 3000 redundancies in Spain has been followed by the clarification by both sides that these are to be voluntary, because the job security agreement remains valid. In that sense there has been no backdrop compared to the 1999 agreement.

Collective bargaining has not been an easy and smooth process in the Spanish banking sector. However, it is through collective bargaining processes the parties seek and reach agreements. All changes arising from Mergers and Acquisitions were regulated by Social Protocols and Collective Agreements that guaranteed job security, that banks were not to proceed to collective dismissals and that adjustments to the employment level would take place only through voluntary redundancies with indemnities (bajas indemnizadas). The agreements also incorporated provisions on equal opportunities, vocational education and training, and processes for the joint harmonisation of the employment relations in the merged banking institutions. It is noteworthy that the agreements also reached to provisions concerning the rolling back of the prior expanding of more flexible and atypical individual labour contracts. For instance, in 2000, after almost two years of negotiations, a three-year agreement was reached between unions and employers in the saving banks sector (Cajas de Ahorro). The agreement was signed by representatives of trade union confederations CCOO and UGT, in addition to the CISCA trade union and the employers' organisation ACARL after a total of 22 months of negotiations. The key provisions of the agreement were as follows: A commitment that 60 % of posts which are currently covered by a temporary contract should be converted into permanent posts; 80% of all new hirings will be made on the basis of permanent contracts, subject to a probationary period of nine months; and a slight reduction in working time, due to the introduction of three additional Thursday afternoon closures a year. This will reduce annual working time from 1665 to 1654 hours[3]. Overall, in April 2002 4 collective agreements contain provisions on the work-life issues, and 8 collective agreements contain provisions for assistance to maternity. There is also an active collective agreement for telemarketing workers in the financial services.

In the Spanish cases of banking sector Mergers and Acquisitions the necessary changes at the employment level, have been regulated by the the Social Protocols and the Collective Agreements. The main mechanism used for the implementation of changes in employment levels is that of voluntary redundancies schemes (VRs). The VR schemes in the Spanish banking sector have been individual schemes, but these have been rather generalised in the banking sector. They are not formal part of any Collective Agreement or of the Social Protocols. On these VR schemes there have been only informal - atypical agreements between the trade-unions and the management of the banking sector. Trade-union officials consider that employees feel rather safe with this arrangement. Overall, they consider that the main age group that has been subject to pressures for adaptation is that of ages between 40 and 55 years. The age group most affected is considered to be that of employees above the age of 52 years. In practice those aged above 52-53 years may leave the bank with the 90-95% of their current salary which is paid until the age of 60-65, when they fulfil the conditions for full and normal pension rights. During the period, until fulfilling pension rights employees that make use of VRs provisions are not entitled Unemployment Benefit. This is taken into account in the calculation of the Voluntary Redundancy remuneration. The VR employee receives also the amount of the employers' social security contributions and have to pay the social security contributions (the total of the employer and the employees contributions) themselves directly to the social security and pension fund. In other words, the only social security function in which VRes are not incorporated smoothly is the function of the Unemployment Insurance.

In the Spanish case Voluntary Redundancies are followed by new younger entrants in the merging organisations. Not surprisingly, the new and younger employees workers are less costly, and as the banking sector management insists, with more 'familiar' to ITC training attitudes. Trade-union representatives estimate that annually there are 1000-1500 new entrants, in the banking sector, mainly young women. Despite the smooth operation of Social Protocols and collective agreements regulating the restructuring in the banking sector, trade union officials also recognise areas of disagreement in the employment regulation between trade unions and the management as seniority is challenged, functional mobility is rising, and it is increasingly demanded by the management that promotions are not based on seniority rules.

Another important aspect in the restructuring process of employment relations in the Spanish banking sector is the procedure of harmonisation of employment relations in the merging institutions. In most cases of mergers it happened that the employment conditions were comparatively better in one of the merging institutions (e.g in Argentaria when they merged with BBV, Argentaria employees had a better pension fund). In all cases, harmonisation through Social Protocols and Collective Agreements was made towards the higher standards in the merging companies. In cases of difficulties between the bargaining parties there was no change towards lowering the standards and changes towards harmonisation were in many instances delayed or postponed. For instance in cases that harmonisation of working time was required (e.g. ½ hour early departure difference between merged banks), pay incentives for optional harmonisation of conditions were given to the employees, and this has been part of the Social Protocol or of the Collective Agreement.

Overall, in the Spanish banking sector it appears that the social dialogue practices are facilitated by the fact that the trade-unions attitude towards Mergers and Acquisitions is not adversarial. They consider they do not have the power to oppose the restructuring tendencies and moves towards mergers and acquisitions and as a trade-union leader put it 'they try to benefit from the movement of restructuring", as they agree that the banking sector has to be competitive but, in parallel, and employment has to be secured. With this attitude and tactics they consider that many groups of workers improve their employment conditions with harmonisation at the higher level standards. These social dialogue practices for the regulation of the employment implications from restructuring, Mergers and Acquisitions, draw on the national, although recent but established, tradition of collective bargaining. There was no need for specific legislation to allow the parties to jointly regulate restructuring in the banking sector employment relations. More specifically the parties involved in social dialogue practices have been the National Federations and their representative sections at the company level (Federaciones Estatales de los Sindicatos Confederales y sus respectivas secciones sindicales en las empresas afectadas). It is noteworthy that the Social Protocols or the Collective Agreements provide for bipartite committees at the company level for the follow up and the monitoring of implementation of the agreed terms. There are no such bipartite committees at the sectoral level and there in no need for them, as joint regulation, bargaining and monitoring is considered effective at the company level.

For the labour side the most important aim of the various social dialogue procedures (Social Protocols, Collective Agreements and joint monitoring committees) in the context of restructuring of the banking sector has been job security in the merging or the acquired banking sector companies. After safeguarding job security first, the harmonisation of employment relations at the highest standards has been the trade–unions objective in these social dialogue processes. And with regard to job security and harmonisation of employment relations the trade - unions consider themselves effective.

The Social Protocols for Mergers and Acquisitions, although they have been criticised by other trade-unions in different sectors, can be considered as guide for other sectors of the Spanish economy in the collective bargaining or the social dialogue process. They can also proposed as a best practice for the regulation of employment implications of Mergers and Acquisitions in other countries. It is noteworthy that in the Spanish case, from the lengthy list of Mergers and Acquisitions in the Table 3.1. in the majority of them, Social Protocols have been signed and implemented. In fact the parties proceeded smoothly, not with major conflicts, in that process of Social Protocols. An interesting aspect is that the restructuring through social dialogue and collective bargaining was kept away from wide publicity and it has been an established social dialogue practice. Recent BSCH developments may be indicative of any new pressures and trends in the social dialogue practices. The new bargaining round is for the coming year (a sectoral collective agreement for 1999-2002 has been in place), and the trade-unions, that are in a period of elections, prepare their demands for the new bargaining agenda with priority given to improvements in purchasing power, lower working time (35 hours), health at work (with emphasis on the implications of overtime and of work organisation) and the control of the 3 million hours of unpaid overtime in the banking sector.

Finally, an interesting aspect in the restructuring of the Spanish banking sector is the increasing degree of international expansion in the Iberian area. BSCH have acquired two Banks in Portugal (see below chapter on Portugal 3.3.5.) and this raises again the question of developing international social dialogue activities as there are not yet EWCs in the acquired banks but they are in the process of setting up EWCs. Regional consolidation of the national banking sectors may give rise to regional development of international social dialogue practices through EWCs.

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[1] EIRR 303 p. 12.

[2] BSCH followed the move of Deutsche Bank, Fortis and Barclays, that announced redundancy plans with the objective to safeguard profitability levels and these are under pressure because of bad loans.

[3] EIRR 312 p.11

Table 3.1: Mergers and Acquisitions of Banks in Spain 1980-2001

Year	Mergers and Acquisitions of Banks	Employees
1980	CAIXA GALICIA: C.A. La Coruña y Lugo + C.A.M.P. Ferrol + C.A.M.P. Santiago	
1988	BBV: Banco de Bilbao + Banco de Vizcaya	25.221
	BANCAIXA: C.A.M.P. Castellon + C.A. y Socorros de Sagunto + C.A.M.P. Segorbe + C.A. Valencia	4.380
1990	LA CAIXA: C. Pensiones Cataluna y Baleares + C.A.M.P. Barcelona	11.035
	EL MONTE : C.A.M.P. Huelva + M.P. y C.A. Sevilla	1.666
	CAJA ESPANA : C.A.M.P. Leon + C.A.M.P. Palencia + C.A.P. Valladolid + C.A. Popular Valladolid + C.A.P. Zamora	1.470
	CAJA EXTREMADURA: C.A.M.P.Caceres + C.A.M.P. Plasencia	750
	B.K.K. : C.A.M.P. Bilbao + C.A. Vizcaina	2.300
	CAJA VITAL : C.A.M.P. Vitoria + C.A.P. Alava	700
	LA KUTXA: C.A.M.P.San Sebastian + C.A. Guipuzcoa	1.700
1991	BCH: Banco Central + Banco Hispanoamericano	31.649
	UNICAJA: M.P. y C.A. Ronda + M.P. y C.A. Almeria + C.A. y M.P. Cadiz + C.A. Ptmos. Antequera + C.A.P. Malaga	4.150
	LA GENERAL: C.A. y M.P. Granada + C.A. Granada	
	C.A.M. (Caja Ahorros Mediterraneo) : C.A. Alicante y Murcia + C.A.P. Alicante + C.A. Torrent + C.A.P Valencia + C.A.M.P. Alcoy	5.133
	CJA DUERO: C.A. Y Ptmos. Soria + C.A.M.P. Salamanca	1.500
1992	URQUIJO : Banco Urquijo + Banco de Progreso	2.386
	CAJA CASTILLA MANCHA : C.A.P. Albacete + C.A.P. Toledo + C.A. Cuenca y Giudad Real	2.200
1993	CAJA SAN FERNANDO: C.A.P San Fernando + C.A. Jerez	2.084
1994	DEUTSCHE: Banco Comercial Transatlantico + Banco de Madrid	2.608
	GRANADA Y JEREZ: Banco de Granada + Banco de Jerez	1.103
1995	CAJA SUR : M.P. y C.A. Cordoba + C.A.P. Cordoba	2.211
1996	La Caixa absorbed Banco Granada y Jerez	1.070
1997	UAP : UAP Iberica + Abeille Previsora	1.100
1998	ARGENTARIA: BEX + Caja Postal + Banco Hipotecario	13.276
	AXA SEGUROS: AXA + UAP + AURORA	1.990
	ESTRELLA SEGUROS: Generali + La Estrella	1.850
	IBERMUTUAMUR : Ibermutua + Mutua Murciana	1.400
	C.A.M. absorbed Banco San Paolo y Abbey National Bank	934
1999	BSCH: Banco Santaner + BCH	29.792
	BBVA: BBV + Argentaria	31.640
	ALLIANZ: Allianz Ras + AGF-Fenix + Athena	2.100
	FRATERNIDAD – MUPRESPA: La fraternidad + Muprespa-Mupag	1.800
	GRUPO NORWICH: Plus ultra + British Life	950
	Caja Madrid absorbed Banca Jover	445
	Caja Duero absorbed Credit Lyonnais	631
	Bancaixa absorbed Sindibank	366
2000	ZURICH : Zurich Espana + Eagle Star + Caudal	1.850
	CAIXA NOVA: C.A.P. Orense + C.A.M.P. Vigo + C.A.P. Pontevedra	2.282
	CAJA NAVARRA: C.A.M.P. Pamplona + C.A. Navarra	1.100
	GRUPO CGNU: Grupo Norwich + Commercial Union	1.600
	GRUPO SABADELL: B. Sabadell + Solbank + B. Herrero + B. Asturias	7.792
	HOLDING MAPFRE-CAJA MARID: Mapfre Vida + Caja Madrid Vida + Mapfre Seg. Generales + Caja Madrid Seg Generales + Caja Salud	3.500
2001	CAJAMAR: Caja Rural de Almeria + Caja Rural de Malaga +	2.302

	Grumeco	
	GRUPO CATALANA: Catalana Occidente + Multinacional Aseguradora	1.600
	MULTICAJA: Caja Rural Zaragoza + Caja Rural Huesca	502
	CAJA RURAL DE VALENCIA + CAJA RURAL DE ALICANTE + CREDICOOP	1.456
	CAJA RURAL EL SUR: Caja Rural Sevilla + Caja Rural Huelva	800
	BANCAJA: Absorbe Caja Carlet	

Table 3.2: The Employment Impact of the Formation of two major Spanish Bank

Formation of BSCH	Year	Employment
Central	1989	17.840
Hispano	1989	14.383
Central Hispano	1990	31.649
Central Hispano	1998	20.838
Santander	1998	12.144
Santander Central Hispano	2000	28.009

Formation of BBVA	Year	Employment
Vizcaya	1986	9.075
Bilbao	1986	16.114
Bilbao Vizcaya	1987	25.221
Bilbao Vizcaya	1998	20.212
Argentaría	1998	11.993
Bilbao Vizcaya Argentaría	2000	32.447

In Italy the banking sector has experienced major changes and restructuring. Mergers and Acquisitions, introduction of new technology and restructuring are still underway. The restructuring process and the waves of mergers and acquisitions changed the employment levels resulted to important net job losses since the mid 1990s. Mergers and acquisitions affected not only the major banking institutions but indeed the medium and small companies, thus enhancing employment and market concentration. The big five banks control 60% of the market and 2/3 of the banking sector employees (approximately 200.000 employees). From that process emerged the banking groups of the Banca Intesa (IntesaBci) with 72.000 employees (Banca Intesa is the 1st bank in Italy and the product of merger between Casa Cavipro Lombardi and Banca Commerciala Italiana, Banca Intesa shareholders are 60% Credit Agricole, 4% Generali, 2% Commerzbank), the San Paolo di Torino (Sanpaolo IMI) with 38.000 employees, the Unicredito (which is the product of mergers that brought Credito Italiano, Rolo Banca and five regional savings banks under one roof) with 38.000 employees, the Banca di Roma with 32.000 employees.

These implied changes in industrial relations which have been coordinated following the Protocol of the 4th June 1997, the framework agreement of 28 February 1998, were consolidated in the context of a national sectoral collective agreement signed in July 1999 and has been completed in March 2001. In this process the collective bargaining regulation has also changed. In the beginning of the process there were 4 national agreements covering various segments of the italian banking sector. Two sector level agreements covering the saving banks and the commercial banks, respectively, and another two sector level agreements covering respectively the professional banking sector jobs and the clerical jobs. These were codified in one collective agreement the codification and harmonisation of which started in 1999 and took 2 years. And this was made possible despite the existence of 7 confederal sectoral trade unions representing the banking sector employees. As the processes of restructuring still continue, consultation and bargaining over the restructuring issues in the banking sector are still underway.

In 1998 employers (ABI) and trade-unions (Fabi, Falcri, Fiba-Cisl and Uib-Ail) in the banking sector concluded a framework deal on restructuring. The accord aimed to reduce overall labour costs through redundancies and reform of employment contracts, working time and pay. It is by both sides acknowledged that the deal came in recognition of the need to reorganise the sector in order to make it more competitive in an increasingly European market. The accord stated as its principal objective to “reduce costs to the average level of the other main European countries and aim to achieve concrete results over the next four years”. The process of reaching the agreement encounter many difficulties. The debate and the dispute had started in 1997 when the governor of the Bank of Italy diagnosed the need for widespread job losses in public sector banks as a means of cutting labour costs, which accounted for 2/3 of bank costs and impeded profit growth. The agreement was signed in February 1998, following that debate and paved the way for sectoral collective bargaining round. It is noteworthy that with regard to labour costs the agreement aimed to reduce the ratio between labour costs and profits from 44,3% to 39% of total profits, as during the bargaining process direct comparison was made to banking sectors performance in Germany, Spain, France and the Netherlands. The reason given for the high labour costs was the overstaffing and especially the excessive number of high cost managers. The agreement provided for reduction in job grades to two: executives (dirigenti) and other employees. This implied a contractual reform – a change in the very structure of contracts. To merge some of the high paid managers (funzionari) into the executive category while others will form a new pay grade of middle managers (quadri direttivi) into four pay levels. The upper two to managers job grade and the other two to the lower.

Pay reform aimed at increasing the proportion of variable components in overall pay (productivity related increments and profit related bonuses) while the importance of elements such as seniority bonuses was agreed to decrease. In addition the 14th month pay element was agreed to be gradually phased out and be replaced by individual performance-related bonuses.

Flexible working time was also agreed as a means to lower labour costs and at the same time improve customer service, and thus as a way contributing to increased efficiency and productivity of banks. Part-time, overtime and paying employees extra for working on days that used to be public holidays were to be reviewed at bank level. A specific mechanism was to be defined for middle managers that wished to work on a part-time basis. Banks were also enthusiastic about introducing teleworking, time banking and new working patterns. In the context of flexibility it was also agreed flexibility for new employees through fixed-term employment contracts for new recruits and the introduction of vocational training contracts.

The quid pro quo of the agreement provided that a Redundancy Fund (Fondo Esuberi) was to be established and financed by the banks with a percentage of the wage bill. Thus, when a bank has agreed a redundancy plan with unions, it would make a further contribution to the Fund, equivalent to 1,5% of its wage costs, therefore enabling the Fund to provide income support, employment and vocational training for redundant workers. It was agreed that the fund would be administered by a board comprising four trade union representatives, four bank representatives, a representative from Employment Ministry and another from the Finance Ministry. The Fund would finance retraining courses, programmes to promote working time reductions and work sharing, and income support. To qualify for income support, workers would have to have minimum requirements to qualify for a retirement pension (30 years of contributions and be at least at the age of 49 years). Income support would be provided for a maximum of 60 months and up to a maximum of 60% of the employees previous earnings. For the remaining personnel in the banking sector it was also agreed the policy for Employee development, with the emphasis on post training as a means of contributing to the restructuring of the sector.

This encompassing agreement that implied a joint regulation of the restructuring process resulted in a rather wide industrial relations reform in the Italian banking sector. Therefore the agreement incorporated also provisions for the industrial relations processes reform such as the setting up of national observatory, of national commission for OSH, of a bipartite body for access to funds for training, and it was agreed the joint further examination for the introduction of conciliation and arbitration clauses. It was also agreed that at the bank level the reform would include annual meetings to provide information on economic trends, budget indicators, employment trends, strategic repositioning and organisational restructuring with particular reference to technological developments to improve customer service[1].

The bargaining process for reaching minor and major agreements in the Italian banking sector seems rather complicate as even prior to the 1998 framework and for that and the following agreements, the six trade unions (Fisac-Cgil, Fiba-Cisl, Uib-Uil, Fabi, Falcri and Sinfub) representing banking employees have had to agree a common bargaining position for the opening of negotiations to renew the sector's collective agreement. The different banking sector trade-unions have had to agree joint and common positions on major issues such as the reduction of labour costs, the establishment of two employee grades, the introduction of flexible working hours, the decentralisation of pay bargaining, the setting up of redundancy fund[2]. The process of reform and the bargaining process on this has not been linear and smooth. In 1999 there was industrial action in the banking sector by the trade-unions, in which the Fabi (autonomous), Falcri (autonomous), Fiba, Fisac, Sinfub, Uilca confederal trade -unions were involved, as employers decided unilaterally to suspend seniority premia and other bonuses. As in other cases bargaining with ABI banking employers was delayed because the many unions have had to agree their bargaining platform and agenda[3]. After all, a new deal was reached in July 1999, introducing flexible working time, the recruitment of flexible workers and establishing a new management grade. The agreement covered approximately 332,000 employees.

From the many provisions of the agreement stand out that on working time flexibility weekly opening hours that increased from 35 to 40 hours and that on working time flexibility so that alongside the standard daily working hours between 8 –17.15 a so called extra standard was to be introduced stretching between 7-21.15. Some 10% of banks were to implement this "extra standard" working time schedule affecting a total of 13% of workers. It was also agreed that employees would be able to opt for flexible weekly working time, working four nine hour days or six six-hour days. With regard to flexibility and especially on flexible workers it was also agreed that Banks would also be able to recruit a certain number of flexible or atypical workers. It was agreed that banks could recruit up to 10% of workers on fixed-term contracts, up to 5% on temporary agency contracts and up to 20% on a part-time basis.

Another important provision provided concerning the training of employees that they have the right to a total of 50 hours training per year of which 32 hours can be taken during paid working time. Most training would focus on information technology, especially the use of the Internet. Time banking rights were also introduced. Employees would be allowed to deposit a total of 50 hours' overtime per year into time savings account (Banca delle Ore) while the remaining permitted 100 hours of overtime per worker per year would be paid or taken as compensatory time off.

In 1999 overstaffing was estimated at 15% of total workforce (e.g. it was estimated at 40.000 jobs). The agreement provided that early retirement options would be sought for many workers and employees will be offered income support, employment and vocational training through the “solidarity” Redundancy Fund which was due to begin operating from October[4].

The setting up and operation of the Redundancy Fund for banking employees was finally agreed almost two-and-a –half years after it was proposed in the framework accord on labour costs. The redundancy fund was considered as essential to help banks to restructure and reorganize their workforces. The Redundancy Fund (Fondo di Solidarieta per il sostegno del reddito, del occupazione e della riconversione e riqualificazione professionale del personale del Credito) was agreed as part of a framework deal in the banking sector over the reduction of labour costs, which was concluded in February 1998, but the Fund finally became operational on 17 November 2000 and was seen by the banks as a vital tool to help them restructure their workforces and reorganize their operations. After all, the Fund was to be financed through contributions from banks and employees: with 0.375% of the total wage bill contributed by the banks and 0.125% by employees. These contributions were designed to pay for measures such as vocational training and retraining for redundant employees. When a bank has agreed a redundancy plan with unions, it was supposed to make a further contribution to the fund, equivalent to 1.5% of its total wage costs. This would enable the fund to provide income support, employment and vocational training. The Fund would also finance programmes to promote working time reductions and work sharing. To qualify for income support, employees had to have meet the minimum requirements for a retirement pension (i.e. to have made 30 years of contributions and be at least 49 years old). Income support would be provided for a maximum of 60% of previous earnings, not exceeding certain upper limits. For employees who are within five years of meeting the minimum pension requirements, income support would be provided, equivalent to the level of their pension. Retraining courses would be financed from the Fund for employees whose skills need to be updated. It was also agreed that the Fund would be established by the INPS (state social security institute) and would be administered by a board made up of four trade union representatives, four employer representatives one representative from the Employment Ministry and another from the Finance Ministry[5]. The delay in making the Fund operational is associated to questions related to the tax treatment of the income support provided by the Fund. When banking sector employees retire are entitled to a lump sum pay which is taxed according to a special law, but there was no similar provision applicable to the income support of the Fund. Given the lack of specific tax basis for the Fund income support, it took two years for the government legislate on this. The Finance Ministry and the Labour Ministry have had to reach an agreement on policy design and implementation of the Fund income support.

The Fund is now operational and serves more than 10.000 employees, following company agreements that the trade unions signed in 40 banks. It is noteworthy that since 1998 banking sector employment has fallen mainly through voluntary retirement by 35.000 jobs while only slightly more than 10.000 made use of the Fund provisions. This is largely due to the delay in the operation of the Fund which has caused that many employees were paid the money for income support directly from the banks including the payment of social security contributions in order to be able to fulfil pension rights. Although now more than 10.000 people benefit from the Fund support and the number will increase in the coming months because of the forthcoming time limit of the system. The operation of the Fund allowed that the adjustment of the employment levels implied not a single dismissal and the incentives for voluntary retirement were followed by the income support and the support services of the Fund. Trade union officials consider that with the Fund system not a single employee was thrown out of the banking sector without his/her will and in the same time provided opportunities to both sides, to the banking sector companies aiming to restructuring and to the banking sector employees. In this process the trade-union agreement remains a requirement for an employee to proceed to voluntary redundancy and benefit from the Fund services. In parallel, the impact of the ICT introduction was compensated by the expansion of banking branches from approximately 18.000 to 25.000. The development of the network compensated for job losses due to the introduction of ITC and thus the fall in employment has been under control through the Fund system.

The collective agreements stipulate information and consultation rights at national sectoral and at the company level. Trade-unions normally are informed and consulted on multi-annual employment plans initiate collective bargaining where these imply changes in employment relations.

The trade unions as representative bodies have been active in the process of changes in the banking sector depending on the level and the extension of restructuring. In cases of single branches local representatives are involved while in cases involving more than one branches regional trade union representatives participate. In cases of restructuring in a single bank the respective trade union representations mobilize, while in cases of a group of banks the national confederations play their role. Therefore in the restructuring process employees representatives, company trade union officers, sectoral trade union officers, national trade union officers have a role to play. Indeed, the national general collective agreement includes provisions for permanent monitoring of developments in banking sector employment levels, employment relations, implementation of collective agreements, anti-discrimination legislation and health and safety regulation.

In the restructuring process of the banking sector the most important aim of the trade unions in the various social dialogue procedures (from information and consultation, to collective bargaining and to the joint action of the Fund) has been to minimise the impact on employment levels and on job security through joint regulation. Income support by the Fund and agreements for relocation of employees through incentives are considered by the unions to have worked efficiently. However, they consider that there is more room for improved performance on retraining, while there has been not any intention and experience to develop outplacement services. It is noteworthy that in the banking sector there is positive experience of social dialogue-based regulation for additional subsidiary pension funds and health services. However, they consider weak their involvement in work organisation. Social dialogue performance is improving in the area of training and retraining with the founding of a new National Training Organisation (Enbicredito) which is managed by representatives of banking sector trade-unions and banking employers.

These developments are the outcome of what the trade-unions consider as a high quality trade union social dialogue activity, although at the company and branch level there are cases where the implementation of the collective bargaining provisions encounters difficulties. The systems of industrial relations in the Italian financial sector is considered as well structured and this offers room for manoeuvre in collective bargaining, in consultation and in information.

Not surprisingly the agreement on the Redundancy Fund, which can be characterised as innovative for the Italian system of industrial relations, set the pace for similar funds in the case of the Italian postal services sector and the Italian railways sector. In parallel, also the introduction of the 'Banca Ore" scheme has been also innovative for Italian industrial relations and was adopted in other sectors, both public and private, of the Italian economy. These two schemes could be proposed as the best practice arising from the social dialogue in the restructuring of the Italian banking sector.

As already mentioned earlier, restructuring and collective bargaining are well underway in the Italian banking sector and the more recent developments with regard to the bargaining of the national sectoral collective agreement which expired by the end of 2001. On the way to reaching the new collective agreement for 2002-2003 a general strike in the banking sector (7/1/2002) was made necessary to lead to reopening of the dialogue and resulted to 5.5% pay rises. These developments indicate that there were difficulties in the process, as the banking sector trade unions were the first in the bargaining round for a new collective agreement in a rather difficult political situation. The new agreement for the period 2002-2005 which was signed in April 2002, updates both its regulatory part and its financial part. In the regulatory part training emerges as a major issue, and this is related to the impact of Mergers and Acquisitions, in the sense that training is considered as an alternative to redundancies. The banking sector trade-unions also signed a Protocol concerning the social compatibility and the need to develop the industrial relations and the social dialogue (there is reference to 'sviluppo socialmente compatibile et sustenibile), in other words the banking sector trade-unions enhance the views that may be classified under the broader notion of Corporate Social Responsibility.

From a mid-term point of view, it appears that in the mid-1990s the Italian trade-unions in the banking sector were in a difficult position because of the extensive need for restructuring in the banking sector and the forthcoming job losses. By adopting a rather pragmatic attitude and bargaining stance they arrived in the period 1998-2001 to pay rises amounting to 2.5% thus losing in real terms because of higher inflation. They also accepted to change the automatic seniority pay rises from spells of 2 years to 3 years spells. They also agreed to work 50 hours of overtime and receive the 25% premium pay not in money but in deposits through the "Banca Ore" scheme, which implied important savings in labour costs for the banks. After these concessions the banking sector trade-unions consider they are entitled to ask their rights and indeed give priority to training. There is also the collectively agreed right for 50 hours of training per year and as the annual entitlement is not lost, but is accumulated, they aim to improve their activity for banking sector employees benefiting from these rights. As in the beginning of the restructuring process the trade-unions appear to adopt an attitude according to which they do not oppose mergers and acquisitions as they “know that if the Italian system is to survive in the European market and the Italian market, needs restructuring”, but trade-unions “need to be inside in the project of restructuring in order to shape it with participation of unions through social dialogue”.

However, as the restructuring process in the banking sector continues, new challenges lie ahead, and the question is whether the model of regulation through collective bargaining and joint activities such as the Redundancy Fund, would develop further or retreat. In the Italian case the UniCredito ambitious cost-cutting plan, announced in December 2001 remains a real challenge for banking sector trade-unions[6]. The UniCredito plans for restructuring indicate a new wave of restructuring aiming to consolidate operations after a hectic period of mergers and acquisitions[7].

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[1] EIRR 292 p.30
[2] EIRR 298 p.9
[3] EIRR 302 p.9

[4] EIRR 307 p.9
[5] EIRR 323 p.10.
[6] UniCredito Italiano, is Italy's second-largest banking group, has set out an ambitious cost-saving programme as part of a restructuring of its operations that aims to consolidate its disparate constituent parts. Central to the plan is a buy-out offer for minority shareholders in Rolo Banca and the integration of six other divisions - formed from a series of mergers of savings banks - into three core areas: retail, corporate and private banking.

[7] The governor of the Bank of Italy, in a move comparable to the one that in 1997 set the pace for the first wave of restructuring and led to the development of dialogue between trade-unions and banks, has in December 2001 argued that no more mergers will be approved for the biggest Italian banks until they have consolidated what they have already achieved In the sense that there is from now on pressure on the banking sector to streamline branch networks and integrate back office systems so that costs can be cut to make the sector more profitable. Then a new wave of consolidation in the Italian banking sector may follow.

3.3.4 Social Dialogue in the Restructuring of the Banking Sector in Netherlands

In the Netherlands the restructuring process in the banking sector has started relatively earlier, compared to Spain and Portugal. While in the early 1990s there were net job loses, in the late 1990s there has been an increasing trend in banking sector employment with its total higher in 1998 compared to its 1990 level. An outcome of the restructuring process has been that the Dutch banking sector is dominated by three major banks (ABN-Amro, ING and RaboBank) that control the 90% of the market. In the early 1990s both the ING and the ABN-Amro initiated the all-finance concept, offering a wide range of financial services to their clients [1]. From this point of view the Dutch trade-unions have gained experience with the so-called Bankassurance companies/mergers, that now develop in other EU countries and an interesting aspect of their experience is on how trade-unions may operate in the context of such Bankassurance processes.

In the Dutch finance sector the trade unions have been actively involved in the regulation of changing employment relations during the restructuring of the banking sector. Their involvement proceeded through two major fields. First, the collective agreements and, second, the Redundancy plans. Redundancy plans are necessary if the employer has corporate plans that may have consequences for the employment level. Although the specific causes of these plans are not relevant to trade-unions, the employer should inform the trade unions in detail about their possible decisions with regard to change and restructuring, and on how they plan to address the new situation. The information required includes which terms are applied and whether specific groups of employees are involved. Consequently, there can be no reorganisation until the trade unions are involved. The conditions are usually laid down in the collective agreement and are also legally enforceable.

In the period under examination (1998-2002) the evolution of the industrial relations in the Dutch banking sector is characterized by the Employability deal at ABN Amro Bank in 1998. The 1998 Employability deal at ABN Amro Bank aimed to increase the employability of bank employees in anticipation of future organisational change. Partners to the agreement were the Bank management and the trade-unions FNV, De Unie, CNV and BBV. The meaning of the agreement has been that the task to prepare employees for any future restructuring operations became the banks concern. The agreement replaced the Social Plan of 1990 which was agreed when ABN and Amro Bank merged. That Social Plan ran initially until 1994, and it was extended until 1998. The Employability agreement (apart from regulating the usual pay issues) implied the following joint activities:

- Training needs analysis with the participation of trade union representatives and the works councils (seeking insights into the workings of the bank' s internal labour market)
- Individual training programmes to be discussed and developed at employees' annual performance reviews with their managers. Personnel advice service was made available.
- Extra attention was given to the employability of the employees over the age of 45 and over 55 years. Bank employees that normally retired at the age of 55 to 60 were offered incentives by the Bank which preferred to prolong their working life at the age of 62.
- Retraining for relocation reasons was provided in order to assist their trajectories in the internal labour market.
- The agreement also provided for the development of "Mobility units" for retraining and careers development outside the bank. Employees in these mobility units follow an agreed development plan for two years without any change in their terms and conditions of employment.
- Job security (a trade union demand for 33,000 employees) was provided as the deal run until the 1st August 2001. During that period (1998-2001) job security for all employees was guaranteed.

It was also agreed a regulation of relocation procedures as it was agreed that the bank would not demand that employees on lower pay scales to be transferred in new job positions if this involves a commuting distance of over 40 kilometres, which on public transport is estimated to take over 150 minutes of daily travelling time.

The Employability strategy was to be discussed every six months with the bank's trade unions. For any reorganisation during the agreement the bank and the trade-unions would meet to discuss the situation and, if necessary, devise a Redundancy Plan (Social Plan). It was agreed in August 1998 that the trade unions and the banks to meet in any case by the 1st February

2001 to reconsider that agreement and to decide whether or not it should be extended[2].

At the sectoral level, even since 1998 the restructuring process of merging banking and insurance activities, in the finance sector resulted to trends towards changes in the bargaining structure in banking and insurance. The trend, initiated by the employers, was not towards concentration of the bargaining agreements. The trend was towards regulation by two collective agreements in the banking sector instead of the one, with the agreement that covered the biggest banks merging with that covering parts of the insurance sector[3]. In other words, the trend towards bankassurance, in which have been involved the main leading banks in the of the Dutch banking sector, may be considered as the main factor that caused chages in the bargaining structure. In the same time trade-unions and employers in the banking sector concluded a pay deal which could introduce a new pension system. The objective was to replace the then current early retirement scheme by a flexible pre-pension. It also allowed employees to choose between a pension scheme based on average life time earnings or on the traditional final salary schemes[4].

Mainly because of disagreement over the change in the bargaining structure regulation, the 1999 negotiations reached an impasse. The banking sector trade – unions FNV, CNV, De Unie and BBV have not agreed with splitting the bargaining structure, as employers wanted to replace the then existing sectoral agreement which covered all the banks with a sectoral agreement for the small banks and separate company agreements for the larger banks ABN Amro, ING, Fortis, Rabobank[5]. The process resulted in 2000 with five of the country' s big banks (ABN Amro, ING, Rabobank, SNS Reaal, Fortis Bank) announcing that they would no longer participate in the sectoral collective agreement but would conclude separate collective accords to cover staff at each bank. Some 50 small banks continued to be covered by the arrangements provided in the sectoral agreement. In this context later in 2000 Rabobank concluded its first company deal following its withdrawal from sectoral collective bargaining arrangements earlier in 2000. The one-year deal provided for 4% pay increase, flexible working time and career breaks. The agreement also contained a scheme to allow for adjusting weekly working time. Under the scheme, employees were able to work longer or shorter than the standard 36-hour week following consultation with their line manager. That new agreement also provided for improved childcare and teleworking arrangements[6].

More recently, in 2001 three big Banks announced new plans for restructuring. At the end of 2001 the ABN Amro decided to introduce a major reorganisation plan under the name “zonder omwegen” (no detours). Although there was no express need for a reorganisation in the Netherlands, this plan was intended to result in a substantial cost reduction through 7,000 job cuts (out of a total of 31.000 employees), among other things. After completion of this plan, it is considered that the ABN Amro should arrive at an equal cost structure in comparison with American banks in particular. In addition, with this reduction in employment levels the bank aimed to obtain the triple A status. In 2001 the Rabobank decided to cut staff, with a view to a reduction of about 3,000 jobs. The ING group also indicated that it expected about a 10% staff reduction (approximately 3,000 jobs). In this respect, both the Rabobank and the ING plans for further restructuring refer to the recent (late 2002 - early 2002) negative developments in the financial markets.

The 2001 developments in the major three banks indicate the beginning of another period of reduction of the employment level at the Dutch finance sector. As in the past, these changes were to be regulated through the Dutch specific ‘Sociaal Plans’ that are subject to joint regulation by the Bank management and the trade union representatives. As already mentioned, in the Netherlands, there has been the scheme of general Redundancy Plans within the major banks. These plans usually cover a term of three or four years. Uncomplicated reorganisations can be settled with this plan. If a reorganisation takes place whereby the implementation is not covered by a redundancy plan, the parties are obliged to make additional arrangements. These redundancy plans differ with regard to their nature and content. A key aspect in this respect is that the trade unions provide tailor-made services within the individual banks. For instance, the ABN AMRO has a one-page redundancy plan. The bank's core policy document is its Social Charter, which, however, does not cover compulsory redundancies. If, at the worst, compulsory redundancy of an individual employee fails to succeed, the Redundancy Plan will be applied. With the other banks, also, compulsory redundancies can only take place as a last resort. In that case, the employer will need to prove to the appeals committee that there was no other alternative job within the organisation for the person involved, whereby the committee needs to give its approval.

In general, and beyond differences from bank to bank, the redundancy plans in the major banks are based on:

- the employee's employability;
- attending training with a view to preservation of work;
- competence interviews and counseling;
- the employer indicating what future changes will take place within the company;
- the general entitlement to a future job if the employee attends training.

In the small banks sector which is regulated by a different sectoral collective agreement, it has been incorporated a provision according to which the trade unions should be notified in the event of reorganisations that may have consequences for the employees jobs and employment relations. This information should be supplied so that the trade-unions are informed in due course in order to be able to influence the decision-making. Indeed, the information provided should offer the trade-unions insight into all the aspects of the reorganisation. Apart from the provision of information, there is no formal right, laid down in Dutch legislation, for the trade-unions to be consulted. The trade-unions need to enforce this right in each sector or company according to their bargaining power and following the tradition of the Dutch industrial relations. In principle, in cases of restructuring the management and the trade unions involved consult at least on a monthly basis. During this meeting the trade unions are informed about the developments within the bank and topics raised by the trade unions can also be discussed. Consultation is often used to give the trade-unions prior information about imminent matters.

In this context of an established social dialogue practice, the employers should inform the trade-unions about business developments that may have an impact on employment levels. In this respect, it is not important to determine the cause, which could for instance, be discontinuation of a department, or a large-scale computerisation process, etc. Although the obligation of employers to inform and the right of trade-unions or employee representatives to be informed also applies in the case of mergers, complementary statutory regulations apply to mergers and acquisitions. If an employer decides to enter into a merger with another company, the trade-unions should be notified without delay.

The representative bodies that have been active in the process of changes in the Dutch banking sector have been the works councils and the trade-union officials. It had been legislated that a company with more than 100 employees should have a works council, and more recent legislation provided that for companies with more than 50 employees. In the event of Mergers or reorganisation the works councils have the right to consultation or right of consent, depending on the subject. The works council may take the case to court, if the employer fails to comply with the right to consultation or the right of consent.

In the Netherlands trade-unions operate on a system of full-time trade union officials. In principle, these officials conduct all negotiations. On a limited scale, trade-unions consider the possibility to add active trade unionists to the negotiating delegation. The officials need to account for their actions with the company's industrial unit. Such an industrial unit consists of all trade union members who, in turn, elect an executive committee to represent them. Trade union officials have interim meetings with the executive committee. Each major bank has its own trade union official, who spends most of his/her time on bank-related matters. In addition, there is a banking company meeting, which is attended by all trade union officials who are responsible for a particular bank. These officials are supervised by a trade union manager who is supposed to co-ordinate matters and who has final responsibility for the outcome of the negotiations, as well as the proper functioning of the officials. Through exchange at national level, international contacts, and possible working visits both in and outside the Netherlands, they keep the officials' knowledge up-to-date. In addition, a lot of attention is devoted to consultation and training. In the Netherlands trade –unions expressly opted for a system of full-time salaried trade union officials. In this respect, their policies differ from many other countries in Europe. The members, in fact, play no role in the process of negotiations. They determine the proposals and approve or disapprove of the results. Trade-union specialists consider that this system has a number of advantages, namely:

1. Because the officials are employed by the trade union, they can adopt a position that is more independent of management;
2. The exchange of information between the various trade union officials will be both quicker and more effective. Competitive feelings play no role;
3. The trade union officials receive thorough training for the sectors in which they work

As a result, they are considered more capable of developing medium-term and long-term policies.

Overall, the trade-unions resources and infrastructure on the one hand, and the machinery for information and consultation along with the formal collective bargaining on the other, appear to be very effective in safeguarding the employees interests during the restructuring of the Dutch banking sector. The trade-union's main objective has been the employees' employability and collective agreements that may preserve their level of employability. Training and training budgets have been an important core theme in this respect.

A relatively new phenomenon is the career development interview, which is linked to the employees' competences. From this point of view the social dialogue procedures are considered rather effective to the extent that the broad-based context of matters that are covered by the Redundancy Plan, including - as indicated above - all matters that may involve a change in employment relations, are regulated by joint procedures of information, consultation and collective bargaining. Indeed, other employment relations subjects also find their way to the negotiating table and are covered by the collective agreement, which include provisions on:

- Prevention policy to avoid occupational disability;
- Repetitive Strain Injuries prevention;
- The ratio of work to time off.

In this context the Dutch banking sector trade-unions concluded the so-called Arbo[7] collective agreement with the employers and the Dutch Ministry for Social Affairs. The agreement includes the measures that employers need to take in order to prevent incapacity for work, or to offer an alternative work to people who are incapacitated for work[8].

After a decade of restructuring in the Dutch finance sector, trade-unions do not encounter any barriers in the development of social dialogue for the regulation of the restructuring. Indeed, trade-unions officials consider that the employers have a strong preference for the trade-unions. Employers usually prefer to do business with the trade unions and, to a lesser extent, with the participatory works council. For the greater part, this is considered to be associated with the trade-union official's expert knowledge, but also to the fact that the Dutch banks are so big, that it proves very practical for the employers to consult with a limited number of parties. The following are two examples in this respect.

About 31,000 people are employed by the ABN Amro in the Netherlands. They work for various divisions that have their own works councils, which, in turn, are co-ordinated by a central works council. For the employer it is not very practical to negotiate with the separate works councils, apart from the question of whether these councils have the effective knowledge required.

The ING consists of banks and insurance companies. Separate collective agreements apply to banks and insurers respectively. The only option for the ING to apply the same terms and conditions of employment to all employees alike, was to enter into negotiations with the trade unions. Up to 1995 the employers applied the principle that the banks should not compete in the field of terms and conditions of employment. This meant that there was one central place where negotiations took place for the 131,000 employees in the sector. In this respect, it was logical that the trade-unions were involved. This system is still continued with regard to the major banks. In this respect, employers prefer to discuss terms and conditions of employment and social consequences with the trade unions.

Not surprisingly, the social dialogue procedures in the Dutch banking sector have lead to collective agreements provisions that emerged from the banking sector and were used as a guide for other sectors of the economy in the collective bargaining or the social dialogue process. The banking sector in the Netherlands was the first sector that transferred from a 40-hour to a 36-hour working week. Employability agreements also serve as models for the other sectors such as insurances, national health services, etc. Training agreements are also pursued by parts of the former national government services. Finally, another important implication of the high internationalization of the Dutch major banks has been its side-effect on banking trade-unions co-operation at the international level. For instance there has been frequent consultation between the Dutch and the Belgian counterparts because some major Belgian banks are owned by the Dutch groups and the finance and profits-related policies applied by these groups may have consequences for social policy in both countries.

[1] In Germany we now witness the first major merger between a bank and an insurance company. Great Britain is currently following suit. In the Netherlands this development has been completed.
[2] EIRR 297 p.23
[3] EIRR 299 p.9
[4] EIRR 289 p.9
[5] EIRR 314 p.9
[6] EIRR 318 p.9
[7] The *Arbo* or working conditions agreement governs health, safety and welfare in the workplace.

[8] Trade-unions estimate that this agreement, which will last three years, will cost the employers about 40 million euro.

Banking sector restructuring in Portugal is characterised by decreasing employment levels in the late 1990s despite the expansion of both the number of branches and the number of banking sector institutions. Despite the job losses recorded in the period 1995-99 that amounted to 5% of employment, more job losses through mass redundancies were expected late in 1998-early in 1999 in the banking sector with possible job losses of 11,000 workers or 20% of the then current workforce. The main reason given has been that of mergers and the introduction of new technology[1]. The recent (1998-2002) experience indicates further changes in the banking sector industrial relations, because of mergers and acquisitions that imply further restructuring. In February of 2000, the Spanish Group BSCH acquired the Portuguese Banks “Credito Predial Português” and “Banco Totta”. In June 2000, the “Banco Comercial Português” acquired the “Banco Mello” and in December purchased also the “Banco Pinto & Sotto Mayor”. In July 2001 the government decided to merge two state-owned banks, the “Caixa Geral de Depositos” and the “Banco Nacional Ultramarino”.

Despite the extensive restructuring process in the Portuguese banking sector, trade-unions’ representatives declare that these changes were not regulated through any type of social dialogue between the Bank management and the trade unions. Indeed, the trade-unions were neither involved in any kind of dialogue, previously to the changes, nor received any information prior to the acquisitions and mergers. The sectoral trade unions attempted to follow and, indeed, to influence the changes process, after any major event of Merger and Acquisition. And they intensified their efforts to secure their position in the bargaining structure, although not with much success.

In Portugal banking sector employers are represented by APB (Associao Portugal de la Banke). The banking sector employees are represented by three trade-unions which are geographically divided. The North (SBN), the Centre (SBC) and the South (SBSI) banking employees trade-unions, which are all UGT affiliated, are in permanent cooperation and plan a merging process for themselves[2]. Therefore, given the lack of social dialogue tradition and practice, the most important aim of the trade-unions for the social dialogue procedures has been to establish their collective bargaining institutions and processes and the enforcement and implementation of collective agreements. From this point of view, it is not surprising that there are no provisions for permanent monitoring through joint bodies with the participation of the employers and trade unions or employees representatives at the same table. Therefore, trade union representatives consider that with regard to social dialogue practices in the restructuring of the banking sector there is hardly one worthy to be mentioned. This is associated with major barriers in the development of social dialogue for the regulation of restructuring in the banking sector, as trade-unions representatives receive no information before and during any restructuring proposals and plans.

According to trade-unions representatives the only element worthy to be mentioned is the sectoral collective agreement for the banking sector which was considered by the trade-unions as a very good practice, compared to the other sectors of the Portuguese economy. In this respect, it is noteworthy that banking sector employers’ Association APB (Associao Portugal de la Banke), appear reluctant to participate in the national sectoral collective agreement and, because of this new bargaining stance of the employers, the trade-unions have no alternative but to initiate bargaining at the level of group or the level of the company, aiming at functional equivalents of the national sectoral collective agreement. With regard to the sectoral collective agreement, the normal regulation was through annual collective bargaining on pay issues, while other non-pay aspects of employment relations were renewed through bargaining every 2 years. However, trade-union representatives emphasise that in the last two years there has been a blockage of the collective bargaining procedures on non-pay issues, i.e where belong the issues arising from Mergers and Acquisitions and the resulting restructuring process.

The demise and the end of the national sectoral collective agreement in the Portuguese banking sector is associated with the argument of APB that they are not an employers association entitled to represent the banking sector employers in collective bargaining with trade-unions. This lack of mandate creates their need to have to consult continuously and regularly with banking employers on every proposal submitted by the banking sector trade-unions. As already said, as an alternative to this institutional impass in sectoral collective bargaining, the trade-unions developed bargaining activities at the group or company level. Indeed, an exception to the current collective agreements difficulties has been observed in the case of BCP where trade-unions reached a collective agreement for the group of three banks. In BNP (which has interests in Greece and Poland via Nova Bank) the trade-unions also reached an agreement for pay rises of 2,5% as from 1.1.2002. Currently trade-unions propose collective agreements for the Caixa Geral de Depositos and bargaining has been underway. In the case of the banks BPE and Espirito Santo there has been no progress and the employers' attitudes towards collective bargaining have been described in rather negative terms.

Overall, in Portugal any reference to social dialogue implies connotations related to the national tripartite social dialogue, which is a relatively recent development in the national industrial relations (da Paz Campos Lima and Nauhman, 2000). In this context, trade-unions fight to secure their roles as collective bargaining partners and, indeed, to see the enforcement of collectively agreed provisions and of labour legislation. Noteworthy appears the lack of difference between private and public banks with regard to the social dialogue practices. In both cases social dialogue practices are described as confronting major difficulties. Only the case of the Central Bank could be considered as an exception when compared to the lack of established social dialogue oriented practice in both private and public sector banking institutions, as in the Central Bank collective bargaining appears a rather established practice. Given the move from sectoral to company collective agreements, another case of a company collective agreement in the BNP can also be considered as a good practice of social dialogue in the Portuguese banking sector. Overall, the difficulties in developing social dialogue practices with regard to restructuring in the Portuguese banking sector, indicate that the quality of industrial relations has been undermined by this lack of social dialogue practices. Employment relations too are subject to criticism by the trade unions side. As in the Spanish case, the Portuguese banking sector trade-unions demand the regulation of the widespread unpaid overtime. Employment relations issues are raised in the restructuring process in order to become part of the bargaining agenda by the trade-unions in a rather defensive way. Labour adjustments procedures are also considered inadequate by the trade-unions.

While in the mid 1990s early retirement schemes through voluntary redundancies were inexistent, in the last two-years trade-union representatives consider that a mere 3 to 4% of the banking sector employees enter voluntary redundancy schemes for early retirement and there is only a 20% replacement of the personnel made redundant. In other words, the adjustment of the employment level in the Portuguese banking sector mainly evolves through individual Voluntary Redundancies, and trade-union representatives, that report no involvement whatsoever in that process, emphasise cases of informal pressure on employees to resign and retire through the offered voluntary retirement schemes. The age group most affected is that of employees above the 55 years of age. Trade-union representatives report the rather weak incentives offered to the employees for making use of the voluntary redundancy schemes, as in some cases the early retirement caused by Mergers and Acquisitions may imply a 50% fall in pay for the retirees (for years there has been a supplementary wage that, although contributed to the final pay package, is not taken into account for the calculation of pensions). The employees making use of the voluntary redundancy schemes and retiring early are not subject to any transitional pre-retirement period. As in Portugal there is a separate pension fund for bank employees, the early retirees become immediately "users" of the pension fund of banking employees and of their sectoral health services. Trade-unions representatives wonder whether falling employment level in the banking sector and demographic trends may deteriorate the viability of the sectoral pension fund, as year after year the level of pensions keeps falling.

We may conclude this reference to social dialogue and banking sector restructuring in Portugal with a final comment on the future of social dialogue and collective bargaining by mentioning the experience of banking sector trade-unions in the case of the NOVA Bank. Trade-union representatives reported that the bank management adopted for years a union-free and no collective bargaining policy that run successfully since the mid 90s until 2002. However, in 2002 the NOVA Bank management have had to change their policy towards union recognition and collective bargaining. This came as a result of the NOVA Bank expansion and development through acquisitions of other smaller banking sector institutions that were characterized by the presence of trade-unions and collective bargaining practices. As a result of the acquisitions and mergers, the NOVA Bank management realized the need to accommodate diverging micro systems of industrial relations and to deal with many "collectivities" with varying traditions and cultures. Therefore, despite their initial option for union-free policies, they decided to revert to collective bargaining through the existing banking sector trade-unions, and concluded a company collective agreement in 2002. The NOVA Bank experience indicates that despite the difficulties of collective bargaining and social dialogue practices at the sectoral or company level in Portugal, there is a future for collective bargaining practices even in cases that prima facie appear as union-free areas.

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[1] EIRR 289 p.10

[2] The geographical division goes back to the Salazar dictatorship and his divide and rule policies. In that period the split and division was based on the argument of the difficult communication between the North, the South and the Islands of the country.

The Maltese banking sector has experienced rapid changes over the last ten years. It is developing from a tightly controlled, publicly-owned scenario into one of liberalisation and private ownership. The sector comprises the Central Bank, the commercial banks, the international banking institutions, and other financial institutions. The two major banks are the HSBC Malta plc and the Bank of Valleta. Each runs over 40 branches across Malta and Gozo and control over 80% of the consumer banking market. Two other privately-owned commercial banks operate on a smaller scale: Lombard Bank and APS Bank.

The Maltese banking sector employees are represented by the Malta Union of Bank Employees (MUBE), the General Workers Union (GWU) and the Union Haddiema Bank Centrali. The employers' side is represented by the Malta Banker's Association. The Malta Union of Bank Employees (MUBE) is the major Trade Union in the Maltese banking sector and has recognition and negotiates Collective Agreements in all the commercial banks and for the managerial grades of the Central Bank. Malta has a well-established system of social dialogue operating through various mechanisms. Social dialogue at sectoral level is encouraged. Autonomous bipartite social dialogue takes place on an ongoing basis at enterprise level in the negotiation of collective agreements. There is no collective agreement for the entire banking sector in Malta and the banker's association has no mandate to negotiate collective agreements.

The banking sector in Malta commenced its privatisation process in the early 1990s when the Government began to shed its majority shareholding. However, the major development occurred when the Government in June 1999 sold its majority stake of 70.33% in Mid-Med Bank plc to the global HSBC Banking Group. Before the HSBC privatisation, the minor privatisations and the threat of mergers in the state controlled banks evolved with the predominance of politics, as changes at employment levels implied trade-union pressure through their members voting behaviour.

The Mid-Med Bank plc privatisation was a significant development for the Maltese banking sector which besides bringing an international player on the scene also brought with it a new management mentality with rigid thinking based on commercial lines and no respect to years of traditional practices. This was a cultural shock to the banking system and its employees which had to fast adapt to the new ways or risk being left behind. It is noteworthy that the HSBC changed the top management and assigned 7 new general directors of non-Maltese nationality (only the Law affairs director remained of Maltese nationality). The impact of HSBC Bank was considerable as besides the restructuring it carried out within the bank, this also led to other banks having to restructure. As everything was done in a short timeframe with no phasing-in process the repercussions felt were far reaching.

The advent of HSBC Bank did not bring about any direct changes in employment levels thanks to the work of the trade-unions, in particular MUBE, which obtained a signed agreement from Government that this changeover will not involve any redundancies except those on a voluntary basis. The latter agreement was a hard fought battle in which even industrial action had to be taken to be reached. In the end, however, an agreement was reached which was later incorporated into the Collective Agreement. HSBC Bank Malta plc did in fact embark on an employee reduction programme, however, this was done on a voluntary basis through voluntary redundancies and various early retirement schemes. MUBE build up on this agreement. Prior to the first agreement relations were adversarial with conflict and a 100% strike has been recorded. MUBE and General Union had a joint activity. The Mid-Med Bank privatisation and the HSBC restructuring provide a case where Social Dialogue flourished after the buy out. Job security emerged as the main issue. The MUBE when encountered the voluntary redundancy scheme proposed by HSBC adopted a stance that they were prepared to consider reduction of employment by means of voluntary redundancy, early retirement, or other schemes agreed by the trade-union and the Bank. After collective bargaining the early retirement scheme provided for those over the age of 50 to get the 2/3 of pay and the amount of their social security contributions until the age of 61 in order to fulfil pension rights. Through this process from a total of 1600 employees nearly 250 left with early retirement. However, it is noteworthy that the pressure brought about by the new work ethic also saw other employees leaving the organisation to find new pastures. The change from the seniority system to one of meritocracy also left its toll, were older employees felt they were being sidelined. Besides problems to the MUBE trade-union this also caused other banks to restructure in a similar manner and adopt similar work methods and standards. Therefore, while no direct redundancies occurred due to the HSBC takeover, the impact on employment levels in the commercial banking sector was definitely felt as this growing sector with an expanding employee base soon saw employee levels move to a downward trend. HSBC and Bank of Valetta employ, in 2002, 1600 employees which is 85% of total employment in the Maltese banking sector. In the Bank of Valleta the government have a 25% and 75% is in the stock market. The other minor banks are the APS with 120 people, the Lombard Bank of Malta with 80-90 people and the Central Bank.

Despite the pre-existing national tradition for social dialogue oriented policies, the HSBC takeover had no element of social dialogue in it whatsoever. In fact, “the takeover was shrouded in such a cloud of secrecy that it caused rumours that there was something suspicious about it”. While the Government remained adamant in its stance that the sale was good for all parties concerned, the method of sale still remains a topic of controversy to this very day. With the benefit of hindsight, and given the development of social dialogue practices at the later stage of restructuring in the HSBC, it would have been much better if the takeover was done in the spirit of social dialogue. While Government and the new owners insist that such transactions have to be done in a "big bang" manner with strict confidentiality, if the MUBE trade-union was taken into confidence and involved in the transaction it would have saved a lot of bickering and strife. In the end, the reassurances the trade-union wanted were attained. Therefore, through a more cooperative social dialogue approach a lot of uncertainty, employee hardship, and trouble could have been avoided.

After the takeover the relationship between Bank management and the trade union representatives was still not a very cooperative one and at times even industrial action had to be reverted to. The classic example is the signing of the Collective Agreement with HSBC Bank Malta plc in August 2000 where after a series of industrial actions, which also included a strike, the deadlock could not be broken and had to be diligently brokered during a specially convened meeting by the Minister of Social Policy. The marathon meeting in the end led to the impasse being overcome and an agreement reached. This is further proof of the benefit of social dialogue.

The industrial relation with HSBC Bank has since improved considerably and is since then more or less on the same lines as that of the other banks were changes are discussed with the trade-union through information and consultation procedures where agreements are reached before any new process or change is implemented. The major industrial tool remains the Collective Agreement which is negotiated with each bank individually for a three year period. Trade-union MUBE concludes 5 agreements in Malta. MUBE acts as the pace setter for other negotiations. The Collective Agreement regulates the conditions of employment for the workers of that bank and anything contrary or not in accordance with what is stipulated in the Collective Agreement cannot take place unless it is discussed and agreed with the trade-union.

The negotiating environment of the current 2002 round of Collective Agreements (most expired at the end of last year, 2001) is much different. Major concern of both sides is the question of flexibility with banks wishing to have employees at their disposal, through various schemes (time horizon, “key time” scheme, which applied to 3% of personnel). Also banks plan to implement major change in the payment systems aiming at a to meritocracy from the seniority system. The main MUBE concern is that from the 5 Maltese banks only one considers expanding employment. Although negotiations have been reported still tough and difficult trade-union representatives consider that at least the aura of arrogance and the "us and them" approach seems to have subsided a little. The role of the Government in the social dialogue process also has to be enhanced through more direct contact on issues which concern the sector. There is still a long way to go in achieving a truly integrated and coherent dialogue amongst the social partners, however, embracing a social dialogue approach will greatly reinforce accomplishing such a task.

The restructuring process in the Maltese banking sector was not possible to be directly influenced by the EU legislation that gives a right to employees to be informed and consulted and/or an obligation on employers to inform and consult, as Malta has been a candidate country on the way to harmonising its legislation with the acquis communautaire. Malta started negotiations with the European Union on Chapter 13: Social Policy and Employment of the acquis communautaire in November 2000 and provisionally closed it a year later. This Chapter involved the negotiation of requests for transitional periods to comply with the requirements of the acquis the most important of which relates to the Directive on Organisation of Working Time for specific sectors. However, this does not refer and apply to banks. Otherwise, although there is a comprehensive transposition plan to incorporate the legislative changes required, the rights of employees can only be strengthened by such changes and not weakened. The major changes in the Maltese banking sector through technological advancements, liberalisation and privatisation (including the takeover by HSBC) have mainly been regulated by the rights obtained through collective bargaining under National legislation. Even in subsequent Collective Agreements it was necessary to ensure that certain rights are stipulated in light of these changes to safeguard employees.

In the absence of any form of structured social dialogue when major changes occur, there have been instances when other ad hoc forms of social dialogue were reverted to. Besides the case of the August 2000 HSBC Bank Malta plc Collective Agreement already mentioned, it is not the first time that the MUBE trade-union has had to approach the Government on certain issues where the banks remained intransigent. This was more frequent when the Government had a shareholding in the banks and less so today.

A more structured form of social dialogue would have definitely assisted in these change processes. Albeit, there are earnest attempts to achieve this there is still work to be done in this area, especially where direct consultation from the other social partners with the Unions is concerned. Presenting situations as a fait accompli have to stop if progress is to be made in this area and the true spirit of social dialogue attained.

The fact that Malta is a small island state with a population of around 380,000, has implications on the structure of representative bodies and the trade union set-up in the banking sector which is somewhat different to what is found in other countries. As already said the MUBE is the major Trade Union in the Maltese banking sector. The trade-union officials, which in this case are National Trade Union Officers, are seconded from the banking sector in accordance with agreed terms and conditions in the Collective Agreements. These two full-time officers are then supported by Group Committees from all the banks, other employees who voluntarily assist the Union in various functions, and branch representatives throughout the banking network who keep the Union abreast of any developments taking place. Therefore, the permanent monitoring of developments in the banking sector basically takes place by the MUBE itself. Although as part of the Confederation of Malta Trade Unions (CMTU) the MUBE also becomes aware and is often involved in issues of a national nature such as economic developments and legislative changes which sometimes also affect the banking sector.

In this context of a rather simplified trade-union structure and bargaining structure, the most important aim of constructive social dialogue has been for collective bargaining. The preservance of regulation of employment relations through collective bargaining as Collective Agreements stipulate the working conditions of employees it is the most important document. While most negotiations on such fundamental issues as employee remuneration, disciplinary procedures, working hours, and leave entitlements take place within the context of the Collective Agreement it is also possible for the social partners to agree to undertake some type of joint action in areas related to conditions of employment. The Malta Council for Economic and Social Development (MCESD) provides a forum for broadly based consultation between social partners regarding major national policy issues. MUBE is represented on MCESD through the CMTU. However, it feels that it should be involved in a more direct manner on issues of restructuring, especially those which concern the banking sector.

In the Maltese case trade-union representatives consider that Social Dialogue has contributed to a number of major issues being discussed. On a National scale such issues as sustainability of pensions, working time, and the possibility of further training and retraining in areas which are most in demand, have been treated. Social dialogue has also been instrumental in the restructuring process of specific industries. However, the latter does not apply to the banking sector which during times of major change had to do with a less structured form of social dialogue.

In the case of the Maltese banking sector social dialogue (backed by strong industrial laws and a good Collective Agreement) has contributed to introducing new technology with the expected changes of new working procedures and changes in working patterns, restructuring of key areas such as IT, the introduction of voluntary redundancies, and ensuring employees enjoy a good work-life balance overall. While social dialogue is considered as definitely a positive approach to dealing with employer-employee relations, it must also be stated that the situation would probably be much different and more difficult if current legislation was not in place. Given the existing legislation, the only barriers that trade-union representatives consider in place seems to be the psychological one where often not all social partners are willing to recognise the importance of their counterparts and how important the role each plays is to move forward. The "us and them" mentality is still manifest at times between employers and employees. At times even the Government enacts measures without prior consultation which affect the banking sector negatively under the guise that it is necessary for the "national interest". While structures such as the MCESD and sectoral level social dialogue processes are considered as positive initiatives, it is considered just as important that a change in mentality occurs to accept what these "meetings" where originally set out to accomplish. Unless all partners accept the other social parties and acknowledge them as important players in the process it will be difficult to achieve the desired results through social dialogue.

The takeover by HSBC Bank was a major development in Malta and one from which all the social partners definitely learned. The changeover process for the banking employees was painstaking and definitely an experience, which served as an eye-opener for all concerned. Government has seen the necessity to engage in more consultation, potential employers realised the need to be more sensitive to certain cultural issues and the work ethic already in place, while employees found out that to survive in a liberalised environment they had to be more competitive and adapt to new work procedures and learn new skills. Therefore, it may be the case that the advent of a major global banking group on the island with the introduction of performance pay, a more flexible approach to work duties and time schedules, and the skills it places a premium on, has influenced not only other banks but also other sectors of the economy which all want to see these new work practices and conditions introduced and implemented in their sector too. Through its first-hand involvement, MUBE has been instrumental in explaining what such changes entail, which pitfalls to watch out for, and how best to implement such a restructuring process. This experience has definitely contributed to the restructuring of the Maltese economy as a whole.

The Maltese MUBE trade-union consider that while a cautious approach is always recommended, it is worthwhile to consider introducing provisions relating to the regulation of banking sector restructuring at a company level. The banking industry is fast changing with competition increasing from all areas including non-banks. Therefore, to remain competitive banks are looking for more lucrative niche markets and specialising in those areas of business where they have a distinct competency or enjoy a competitive advantage. Hence, banking in the traditional sense has changed considerably and is bound to do so more as markets become better developed, customers more demanding and the products and services required more sophisticated. In light of this evolution, it is necessary for a more flexible approach to be adopted to be able to compete in such an environment of heightened competition. Also as different banks are more dependent on diverse financial products as their main source of income, it is necessary for them to restructure their operations around the necessary requirements from which the organisation will benefit. From experience, this has involved implementing a flatter hierarchical management structure, introducing concepts such as key-time staff with non-traditional working hours, and foregoing certain guaranteed pay increases and seniority promotions for a system based on individual merit. To restructure and survive in a globalised environment the latter changes where made necessary. What it appears important is that they are implemented properly and in a manner which is suitable and agreed by all the social partners.

With regard to recent changes to statutory or agreed provision in the area of regulation of banking sector restructuring in the past three years, the main legislative change that occurred recently in Malta saw the regulatory and supervisory functions of the Central Bank shift to the new autonomous Regulator, the Malta Financial Service Authority. This has not really had any impact on the restructuring of the banking sector. A list of other legislative changes on the conditions of employment have also been drafted and issued as a consultation White Paper. These changes are mainly necessary to update Maltese employment laws and align legislation with requirements of the EU acquis. There are a number of issues presently being discussed amongst the social partners on this White Paper, however, there are none which are directly related to restructuring of the banking sector. The only other legislative changes where those required to enhance existing laws and bring them up to international standards such as in the case of Prevention of Money Laundering and the Capital Adequacy accord. Again none of these directly relate to restructuring in the banking sector.

In the Maltese case the issue of Social Dialogue is one that is being taken very seriously and has gained much importance locally. Malta is an active member of the International Labour Organisation (ILO) and has ratified several ILO Conventions. The social partners in Malta maintain close ties with counterparts in the European Union as well as other international employer and employee representative associations. Besides the MCESD forum already referred to, representatives of the social partners are also appointed on the boards of several Government institutions, including those in certain employment and social domains. Social dialogue at a sectoral level is also encouraged and independent bipartite social dialogue takes place on an on-going basis at enterprise level in the negotiation of Collective Agreements. As evidenced at the EU Roundtable meeting in Malta in October 2001 on Cooperation with Social partners of Candidate Countries there is a good level of social dialogue at present locally which has the potential to grow even further. With the assistance of European counterparts and sharing of best practices this can be achieved.

The Greek banking sector has been since 1997 in a period of rapid transformation. This is clearly an distinctive period from the past. The Greek banking system had been operating till 1987 under strict administrative control. It is in the period 1987-97 that went through emancipation from excessive state controls and started adjusting to European and International standards. The period under consideration in this study, the period since 1997 is the period of restructuring through Acquisitions and Mergers.

Greek banking is being reshaped by three factors: catch up (in terms of branches –the Greek banking sector is considered underbranched-, ATMs per residents, rapidly growing market as banking sector GDP share), competition in a largely deregulated market and the influence of the ongoing European integration, and the privatization of public banks[1]. Until now restructuring in the Greek banking sector has occurred via privatizations and mergers / acquisitions with ownership remaining in domestic hands. Privatisations and the mergers and acquisitions, even between publicly controlled banks, have implied major restructuring in the Greek banking sector. However, publicly-controlled banks still account for the majority of deposits and credits.
The restructuring has operated through a total of 20 acquisitions (take-overs) and 22 mergers. Mergers have been the main mechanism by which Greek banks have responded to foreign competition. Mergers have been associated with privatisation, as private banks have sought to acquire formerly public institutions. Thus, Alpha Bank narrowly outbid its rival, Piraeus Bank, for Ionian Bank, previously part of the publicly-owned Commercial Bank of Greece. As a result Alpha became the second largest Greek bank, surpassed only by the National Bank of Greece. Piraeus Bank adsorbed Xiosbank and the Macedonia-Thrace Bank in 1998, as well as acquired the Greek branches of Chase Manhattan and Credit Lyonnais. In 1999, EFG Eurobank completed Greece's first hostile takeover, acquiring a controlling stake in Ergobank, a then recently- founded bank that had built market share by acquiring and restructuring small loss-making banks.

The process of privatisations in the Greek banking sector in the 1990s is summarized in Table 3.7.1. In 1998, the government privatised 4 small state controlled banks. In the same year the National Bank, the leading state-controlled bank in Greece, acquired the National Mortgage bank (which had a market share of 8 per cent). In 1999 it was also privatised initially the 30 % of ETBA (through the flotation on the Athens Stock Exchange in December of 1999 of the 30 %) and recently in 2002 the ETBA has been fully privatised. It has been acquired by the Piraeus Bank. In January 2001 it was also privatised through the flotation on the Athens Stock Exchange the 12.5 % of the Agricultural Bank of Greece.

Table 3.7.1. Privatisations in the Greek Banking Sector

Bank	Year	Previous owners	Buyer	Per cent	Other information
Bank of Piraeus	1991	Commercial Bank of Greece	UNICO AE	66.67	
Bank of Athens	1992	National Bank of Greece			Formerly Traders' Credit Bank
Bank of Attica	1996	Part-owned by Commercial Bank of Greece	Deposits and Loans Fund and Engineers' Pension Fund	49.5	
General Bank	1998	Greek Army Pension Fund	Interamerican insurance Group an other institutional investors	33	
Bank of Crete	1998	State	Eurobank	97	From 1988 in the hands of

					the Bank of Greece
Bank of Macedonia-Thrace	1998	National Bank of Greece, ETEBA, Postal Savings Bank	Bank of Piraeus	37	
Bank of Central Greece	1998	Agricultural Bank of Greece	Egnatia Bank	51	
Ionian Bank	1999	Part-owned by commercial Bank of Greece	Alpha Bank	51	
ETBA	1999		Sold on Athens Stock Exchange	30	
ETBA	2002		Bank of Piraeus	51	

SOURCE: Bank of Greece and Eichengreen and Gibson, 2001.

The restructuring process of the Greek banking sector has been influenced by the governmental drive to commersialise the banks which are publicly-controlled (the largest of which are the National Bank of Greece, the Commercial Bank of Greece and the Agricultural Bank of Greece). In this context, they have installed professional management that operate much more independently than they did in the past, delegated control to publicly- owned pension funds and, more recently, made Board appointments the responsibility of the General Meeting of share-holders of each bank. It is not unlikely that at some point in the future, the process of distancing the state-controlled banks from the state would be completed through full privatisation.

As analysed in Chapter 2, the restructuring process of the Greek banking sector was not coupled with net job losses. Overall, there has been no particular institutional framework for Greece concerning mergers and acquisitions and European Union legislation and directives are applicable. But the Mergers and Acquisitions did not result in any redundancies (layoffs), for three reasons. First, the trade union movement intervention has been decisive and effective. Second, the Greek Financial System is not saturated and there has been a positive political will on behalf of the Government for the protection of employment. Third, the existence of strong Labour Regulations at the company level restrict the possibilities of collective dismissals. Not surprisingly, net employment growth has been recorded for years. However, some segments of the relatively older and less skilled employees have been affected. The possible implications of mergers and acquisitions in the Greek banking sector have been outlined recently in OTOE Studies (Georgakopoulou, 2000). These implications largely influenced the skeptical, and in some cases negative, attitudes of trade unions against mergers and privatisations.

From the analysis that follows on high priority and low priority issues in the collective bargaining and social dialogue agenda in the Greek banking sector, we can draw the conclusion that the regulation of mergers and acquisitions and of the resulting restructuring has not been a dominant issue of consultation and bargaining at the national-sectoral level. Employers have resisted any involvement of the national-sectoral actors in the regulation of mergers and acquisitions with regard to their impact on employment relations. Indeed, mergers and acquisitions in the Greek banking sector have been the cause of major conflict between the employers, the government and the trade-unions of the bank institutions affected. The Greek experience with banking sector restructuring contains both positive and negative cases. As positive cases of mergers can be recorded the cases a) of National Bank of Greece and EKTE (Mortgage Bank) where industrial relations were overall upgraded through a transition to more stable labour relations, b) of the Pireaus Bank and ETBA, c) of the ABNO Amro and Aspis Bank[2]. As negative cases can be considered these concerning the mergers of a) Alpha Bank and Ionian Bank and b) the EFG Eurobank and Ergasias Bank, where trade-unions representatives consider that subversion of industrial relations and "informal" forcing of employees towards "voluntary" retirement have been reported. However, even in these cases no formal lay offs have been recorded.

The main players in the regulation of collective industrial relations and in the social dialogue process in Greek banking sector are the Federation of Banking Employees of Greece (OTOE) on the trade-union side, and the Hellenic Banks Association (EET) and ad hoc representations of banks on the employers side. It is noteworthy however that the Hellenic Banks Association refuses to be a permanent sectoral social dialogue (in a tendency to challenge and contest the existence and role of sectoral collective bargaining and agreements).

The main forms of social dialogue used between them are direct bi-partite consultation and negotiations and establishment of bi-partite ad-hoc committees to examine various issues. The main topics of the social dialogue are: bi-lateral collective agreements in the banking sector continue to place great emphasis on pay issues and other financial claims (benefits, allowances, etc.). Institutional issues are still under-estimated, although the issue of the reduction of working time has been receiving increasing priority over the past few years[3]. A closer look at the issues at stake in the collective bargaining agenda reveals the high and low priority areas of negotiation.

In the high priority issues category belong the following issues

- pay issues: wages in the Greek banking sector – though quite attractive compared to most sectors of the economy- are among the lowest in the EU: according to Eurostat, the pay gap between banking employees in Greece and their counterparts in the rest of the EU amounted to between 16%-59% in 1999, whilst purchasing power was by 40% inferior than the EU average;
- smoothening of extreme pay differentials;
- employment security and protection of employee rights, especially in view of mergers and acquisitions: the restructuring process has not hit Greece as hard as other European countries, yet it is particularly acute in the banking sector;
- working time reduction: in the banking sector, growing importance is being attached to the reduction of the statutory working week (from 38.20 hours to 35 hours a week) with no loss in pay[4]; (see Box 1 for comparative working week in Europe)
- access to lifelong learning and training;
- workers' information and consultation rights;
- new work regulations.

In the low priority issues category, astonishingly enough, there are some issues that although widely discussed in the majority of EU countries during collective negotiations, in Greece they largely remain at the margins of the collective bargaining agenda: changes in work organisation and the introduction of flexible working patterns on one hand, and the reconciliation of work and family life on the other, are two striking examples. One could also mention the issue of equal opportunities and gender mainstreaming, the integration of disabled persons in paid employment, the introduction of new technologies, new investments, profit sharing, etc.

Despite the overall decline in trade-union membership and representativity in Greece, since the mid-80s, the banking sector remains one with the higher trade-union density. Indeed, despite the fact that the trade-union fractions are, more or less, "appendixes" of the political parties that operate as a two-way transmission belt between the two structures, the process of privatizations and restructuring in the banking sector has led to conflict and strong opposition to the governmental decisions for mergers and privatizations in the banking sector. The close interlink between political parties and trade-unions fractions, which has been often criticized as one of the main reasons for the reduced autonomy of trade-union leadership, cannot be seen in the case of the banking sector any longer as working exclusively at the expense of trade-union claims and militancy. In recent years since 1998, there has been a shift in the behaviour of trade-unions as in the number of issues, trade-union officials have clearly stood behind union interests and openly opposed the political party and government positions. This attitude is more pronounced in the case of the pro-government socialist fraction PASKE, which, despite its close ties with the governing party PASOK and the direct participation of trade-union officials in party structures, has on many occasions expressed opposite views and strongly contested a number of government decisions, such as the privatisation of state banks (with most pronounced case that of Ionian Bank) and the draft laws aiming to reform of the social security system (2001 and 2002). The industrial action of Ionian Bank employees against the privatization of the Ionian Bank in 1999 has been recorded as one on the more militant strikes in the late 1990s. And in that context there was no much room for social dialogue procedures. Adversarial industrial relations have had to be taken into account in the process of harmonisation and modernization of industrial relations in the Alpha Bank[5].

In another case of privatization, acquisition and merger of the Macedonian Thrace Bank by the Piraeus Bank in 2001, the two trade-unions of the respective banks failed to cooperate in shaping the employment relations on the way to the announced and planned merger, and the relations with the management, and in many cases between the two trade-unions, remained adversarial (Ioannou, 2001), allowing thus no much room for social dialogue practices in the restructuring process.

Social dialogue procedures we may say that survived in the context of mergers and acquisitions in the publicly controlled banks. In 1998 the National Bank of Greece (ETE) acquired and incorporated the National Mortgage Bank (EKTE) of Greece. The EKTE had previously incorporated the National Housing Bank (ΕΣΤ). The merger of EKTE into the ETE was completed in a seven month period. Before the merger the two banks had the following structures:

Bank	Branches	ATMs	Employees
ETE	508	650	15000
EKTE	100	80	1672

After the merger the National Bank of Greece developed an extensive plan for introduction of new ICT (eg introduction of the Windows NT 4.0 platform, implementation of IRIS, CRA/CIF and SAP) and developed new services and functions such as phone banking, mobile banking, web banking and home banking services. In the context of organizational restructuring towards client oriented services and retail banking, back office activities have been transferred to regional centers. Employment level adjustments that were made necessary after the mergers and the resulting restructuring have been implemented through the adoption of voluntary redundancy programmes that were first introduced in 1998 and were again reintroduced in 2000. Recently the National Bank announced a new voluntary redundancy programme. The priority was given to middle to upper managerial position holders and to relatively older employees. More specifically the company trade-union (SYETE) and the management agreed to amend the company Industrial Relations Code (Kanonismos Ergasias) with regard to the employees right to fulfill full pension rights. They agreed to lower the age limit from the age of 62 to the age of 58 for those employees that have completed 35 years of service. The amendement was made through a company collective agreement. On this basis the two parties informally agreed to announce a voluntary redundancy scheme which provided for full remuneration of social security contributions for both sides in addition to the separation allowances that are paid to retiring employees. Through this process approximately 600 employees participated in the voluntary redundancy scheme that aimed to ease bottlenecks in the higher ladders of the internal labour market in the National Bank of Greece.

In the case of the National Bank of Greece any adjustment to the employment level has been handled through the voluntary redundancy schemes. The voluntary redundancy plans were followed in parallel by new recruitment procedures aiming at the hiring of younger employees with more adaptability to new managerial techniques and ICT skills that are to fill posts in the network branches and on the other hand young employees with specialized educated expertise. New areas such as the risk management or the ICT have been given priority in the new recruitment processes.

The merger process has been prepared in terms of HR policies through an extensive training programme. Training has been a permanent function of the National Bank employment relations policy before and after the mergers and during the restructuring programme. Harmonisation of employment relations between the employees of the previously differentiated employment regimes has been made without any kind of deteriorated employment conditions and towards harmonizing the employment regimes of the personnel from the acquired Banks towards the National Bank employment standards. The involvement of the trade-unions in the processes has been permanent through the formation and operation of working groups and the participation of trade-union representatives. However, it should not go unnoticed that in the new National Bank trade-unions fragmentation can be also traced as, despite the mergers, the trade-unions of the ex-employees of the EKTE and ESTE still operate in parallel with the main National Bank company trade union (SYETE) and the scientific professional staff trade-union of ETE.

However, the case of restructuring in the National Bank of Greece can be considered as one were formal and informal social dialogue has been used as a means for regulation of the restructuring process.

Another latest case of acquisition and merger in the restructuring process in the Greek banking sector providing elements of good practice for restructuring can be considered the one concerning ABN Amro network in Greece and its acquisition by Aspis Bank. The Dutch based multinational ABN AMRO Bank announced its plans to withdraw from retail banking activities in Greece and, thus, the sale of its 16 branches network, which employee 293 employees and 17 ATMs (cash machines). While many major and small Greek banks expressed their interest to acquire the ABN AMRO network, the company trade-union developed extensive lobbying and bargaining activities in order to safeguard job security and employment relations status in the sale process. The company trade-union in Greece (assisted by OTOE, the Banking Employees Federation) has been successful in activating the network of the European Works Council in the bank (in which for years has had a strong and influential presence) towards a positive clause in the prospective sale agreement for job security of the personnel of the bank employed in the Greek network. Their efforts to obtain job security agreement has been successful. ABN AMRO incorporated in the sale agreement the job security clause which was accepted by the selected buyer ASPIS Housing Bank. ASPIS Bank, a private Greek specialised credit institution, operates before the acquisition a network of 37 branches with 444 employees and 41 ATMs (cash machines). The ABN AMRO sale and the job security agreement provides a case where restructuring was not followed by job losses and adversarial relations. Indeed, it may provide a case where the acquisition of ABN AMRO network by ASPIS will be followed by the "acquisition" of a company trade-union, that of the ABN AMRO bank, as in the ASPIS Bank there has been no active trade-union.

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[1] For an overview of developments and factors in the Greek banking sector see in Eichengreen and Gibson, 2001.

[2] Positive experiences of mergers and social dialogue have been also recorded in the Insurance sector with state controlled insurance companies, e.g. Ethniki Insurance and Asteras Insurance, Metrolife Insurance and Phoenix Insurance.

[3] The banking agreement signed in June 2001, by employers' representatives and the banking union OTOE (Greek Federation of Banking Unions) provides for a substantial increase in basic pay and allowances by 4.2%, as well as increases in social benefits for child birth, childcare and children's summer camps. It also improves the terms and conditions on housing loans for bank employees buying their first home. Regarding non-pay issues, it was agreed that a committee would be set up with equal representation from the management and union sides, to consider the regulation of working hours, especially the highly controversial issue of decoupling employees' working hours from banks' operation hours, in view of extending opening hours. No agreement was reached, however, on the introduction of the 35-hour week with no loss in pay, despite union persistence on this demand. The 2002 round of collective bargaining, in view of signing the new banking agreement for 2002 & 2003 was recently concluded, as the two sides were able to settle the most thorny issues such as the wage increase and the reduction of the working week from 38 hours and 20 mins. to 37 hours, with a prolongation of bank operation hours by 30 mins. daily.

Box 1
Statutory working week in the European banking sector, 1998 *

Austria	38.30 hours
Belgium	35.30-37 hours
Cyprus	37.30 hours
Denmark	37 hours
France	39 hours
Germany	39 hours
Greece	38.20 hours
Ireland	36.15 hours
Italy	37.30 hours
Netherlands	36 hours (on average)
Norway	37.30 hours in the winter/ 35 hours in the summer
Portugal	35 hours
Spain	40.30 hours in winter/ 35 hours in the summer
U.K.	35 hours

Source: OTOE (Greek Federation of Banking Unions)

[4] The banking sector Federation OTOE have since 1979, following an historic strike action, made possible to cut the 40 hours 6 day week and then succeeded that in their sectoral collective agreement are determined the banking sector opening hours along with the working hours. Then also succeeded that the collective agreement provisions were made law. The banking sector was the first to introduce, in certain bank branches, the 35-hour week in 1999, for an 8-month trial period. The experiment was eventually discontinued, as it resulted to actually longer working hours for the employees and unpaid overtime work.

[5] EIRR 316, p.18-19.

In Cyprus banks have been private for long and therefore there has been no question over the privatisation of the banking sector. The 3 major Cypriot banks have also international activities in countries such as Greece, UK, Australia and Russia. The leading bank in Cyprus is the Cyprus Bank which employees 3000 persons in Cyprus and 1800 in Greece. The banking sector in Cyprus is characterised by the presence of a powerful trade union ETYK. ETYK is a first and second level trade union for all banking sector employees and insurance sector employees, with 100% trade union density in the banking and insurance sector. It is noteworthy that ETYK has no links with political parties despite the politicised divisions of the national trade-union federations and the adversarial and polarised political system that exists in Cyprus.

In the Cyprus banking sector there has been no major experiences with regard to restructuring yet and not major changes in the employment levels. Trade-unions representatives consider that the introduction of new technology had no important implication to the actual employment level but resulted to lower hiring rates for new entrants. Only the 1996 acquisition of the Barclays Bank from the Hellenic Bank can be considered as a case involving major changes in employment relations because of the merger process that was complete in 1998. After the merger the Hellenic Bank decided to offer voluntary redundancy scheme which referred to 5% of its employees.

The case of restructuring in the Hellenic Bank provides an example of effective social dialogue practices as all the changes in employment levels and in employment relations were regulated through collective bargaining and ETYK have had a central role in regulating and monitoring the implementation of the voluntary redundancy scheme. In other words, the ETYK representatives bargained with the bank on the redundancy pay package and indeed, they managed the redundancy scheme to the extent that they have had the contact with the candidates to benefit from the voluntary redundancy scheme so that to exclude any kind of informal pressure upon employees to leave the Hellenic Bank against their will. This high degree of involvement in the regulation of personnel policies in the case of the Hellenic Bank employment level adjustment is indicative of social dialogue practices that in many occasions can be characterized as informal codetermination. For instance any introduction of new services follows the procedure of collective bargaining with ETYK and this has been the case, for instance, with regard to the creation of call centers. ETYK had a say on which employees were transferred to the new job positions in the then newly founded call centers.

Although Cyprus has been in the process of harmonizing national legislation with the ‘acquis communautaire’ in the process of the EU enlargement, the preexisting legal framework for the regulation of industrial relations, which is codified in the Industrial Relations Code, provides a sound basis for developing information, consultation, collective bargaining and social dialogue activities at the sectoral level in banking where the presence of unionized employees amounts to a 100% union density through ETYK. The Industrial Relations Code dates back to 1977 and it is noteworthy that it is not part of the legal framework of the state but it is based on the agreement of the social partners.

In the case of the Cyprus banking sector the development of social dialogue practices is enhanced by the fact that the high union density goes hand in hand with the lack of any fragmentation of the trade-union structure. Therefore any process of changes in the employment levels and relations in the banking sector implies the direct involvement of the ETYK elected officials in cooperation to the bank and branch level representatives of ETYK. The relatively small size of the banking sector in the small country of Cyprus implies that the administrative board of ETYK is able to follow closely any developments in the employment relations in the banking sector in Cyprus.

The most important aim of the various social dialogue procedures (in which ETYK has been involved) has been to safeguard job security without any deterioration in the terms of employment relations. From this point of view and given the highest possible trade-union density in the sector, the trade-union consider themselves effective in most social dialogue procedures with regard to most aspects of employment regulation, as they have been involved formally or informally in the regulation of changes in the business structure, current and anticipated developments relating to employment, planned redundancies, work organisation, any proposed changes to the IT of the company. Trade-union representatives report still diverging views between themselves and employers representatives with regard to training.

The existing institutional framework incorporated in the Industrial Relations Code along with the relative protection enjoyed by the Cypriot banking sector on the one hand have allowed room for social dialogue practices and on the other implied no severe pressures for major restructuring to the already private banks in Cyprus. Therefore, in this context there have been no barriers at all in the development of social dialogue for the regulation of minor restructuring process evolving in the banking sector. However, the further deregulation of the banking sector in the context to the accession to the EU may imply pressures for more restructuring that may, in turn, challenge the tradition of social dialogue between ETYK and bank managers. According to trade union official this may be possible although the tradition of the regulation through the Industrial Relations Code provides an established way to deal with opposing interests and views in the regulation of employment relations at the sectoral level.

Trade-union representatives consider that further restructuring is emerging and this may change utterly the conditions. Recent developments (late 2001 – early 2002) also associated with important losses at the Cyprus Stock Exchange have had an impact on banking profitability and, in parallel, at the company level managers endeavour to change industrial relations and overcome the trade-union resistance. Currently neither part-time nor hiring to middle and upper level management positions from outside of the bank is allowed, promotion up to the hierarchical ladder develops from within in very developed Internal Labour Markets, and only in special cases and with the written agreement of the ETYK trade-union, bank managers are allowed to hire experienced personnel from outside of the internal labour market. Pressure to change this situation may increase, job security and tenure that currently characterise industrial relations may be challenged, and trade-unions consider the development of training opportunities for banking sector employees a priority. Indeed, in the context of the accession to the EU develop a strong interest towards activities and regulation of employment relations in the international Cypriot banks through European Works Councils.

Indicative of the forthcoming restructuring in the Cyprus banking sector has been the experience of the 2002 collective bargaining round. Although the bargaining round ended with the agreement for the period 2002-2004 signed early in September 2002, the collective bargaining round for 2002 proved a difficult one. It has started in parallel with this project and indeed proved to be followed by a "hot summer" for banking sector industrial relations. The two signatories parties in the agreement are ETYK and KEST (Kypriakos Ergodotikos Syndesmos Trapezon) i.e. the Cypriot Employers Association of Banking. The agreement was signed after successive mediating attempts of the Ministry of Labour which submitted a proposal. Employers had to overcome internal divisions mainly of the Laiki Trapeza representatives who were opposing the acceptance of the proposal. In the Cyprus system based on the Industrial Relations Code the proposal of the mediating party is possible but is not obligatory first to be submitted, second, has no binding implications for the parties of the dispute. In the banking sector dispute it has been the Minister of Labour that mediated the bargaining process assisted by his services.

As already said the bargaining had started early in March and lasted until September 2002. On the labour side ETYK demanded pay rises in various forms (basic wages, overtime pay) 35 hour week and participation of employees representatives in administrative boards. On the employers side KEST demanded longer opening hours within the working day limits, introduction of part-time work (and temporary work contracts) and afternoon work for dealings with foreign transactions. Bargaining reached an impasse. After the recognition of impasse in collective bargaining a ten day cooling off period has been provided by the Industrial Relations Code.

However, during the bargaining process a major dispute developed in the Laiki Trapeza where ETYK asked its members to deny working overtime work at the ICT center of the bank (as a result the International Business Units, Dealing Rooms and Swifts were heavily affected). Laiki Trapeza stayed closed by recoursing to lock-out . Also Bank of Cyprus stayed closed for one day. ETYK threatened an indefinite strike as a reply to the lock-out. In the bargaining process banks had announced a lock out for 8.9.2002 They wanted ETYK to withdraw the ETYK overtime ban-strike in the Laiki Trapeza ICT center. The cause of ETYK action related to the enforcement of prior agreement provisions on subcontracting ICT works. The Director of Industrial relations in the Ministry of Labour intervened as mediator to settle the specific dispute. ETYK did not follow the ten day cooling off period with the overtime ban in Laiki ICT center and Laiki Trapeza did not follow the collective agreement provision for outsourcing subcontracting employing external personnel in the ICT center of the bank.

The dispute over outsourcing and subcontracting in ICT proved to be a difficult issue. Employers still demand, after the end of the dispute, that their managerial prerogative is restored and that ETYK give back to management the right to manage new technology issues especially on the corporate policies for IT. Employers representatives also criticize the Mediator' s decision on the Laiki Trapeza dispute on the same grounds. ETYK reply that internal development of IT applications is cost effective and, indeed, that neither difficulties nor barriers are created by ETYK and, thus there are no differences in phasing in new technology. Overall, the Cypriot hot summer in the banking sector remains indicative of the essential and procedural challenges lying ahead to social dialogue in the Cyprus banking sector.