

Customer issues in financial services

[Business](#), [Marketing](#)



Financial services are a noteworthy factor to economic run within a country. Increasing globalization of the economy has finished the boundaries between national financial services and exaggerated the functioning of the financial services and as a result the economy. The European Parliament voted recently (5/2/02) devastatingly in favor of key financial services restructuring that will show the way to a single market by the middle of the next decade.

This gives the green light to the legislative procedure, so that Europe's financial set of laws can be adapted more rapidly to the steady developments in the international financial markets and this will result into greater protection for investors. The financial services sector covers financial intermediation as offered by credit organizations, leasing enterprises, investment firms, insurance and pension funding services as well as activities offering auxiliary services, such as the administration of economic markets, security brokering or fund management.

Their main functions can be recognized as offering payment and saving products; corporate and private lending services; fiduciary services, underwriting and issuance of equity and debt; and insurance as well as risk management products. Summary of developments Streamlining the completion of the internal banking market, the liberalization of financial services turned into the privatization of a number of organizations formerly owned by the state. The sector has experienced Europe-wide a wave of streamlining in the 1980s while a second wave of mergers and acquisitions has come into existence in the 1990s followed by disorders in some cases.

The sector is under pressure for greater productivity and profitability in a bid to protect sovereignty and market share. Increasing attentiveness is the trait

<https://assignbuster.com/customer-issues-in-financial-services/>

of the sector. The steady flow of mergers has changed appreciably the finances sector. This wave of mergers particularly in the banking sector has had an impact on both the employment and the employees working conditions. Redundancy Streamlining is frequently followed by redundancies which in some cases reproduce not only structural changes but also worth changes in company culture and amongst the management.

Redundancy is one of the major issues raised as a mean of disputes and make it reach to the courts but financial institution has very beautifully found a way by which can avoid that dispute and courts too. A 'gentle' form of reducing the labor force is flexible working time, which in recent years has been brought in through the practice of working time, the starting of irregular working hours, the function of 'availability clauses', and the compensation for overtime with time off. The beginning of flexible working time has modified workforce management to variations in insist and situations of uncertainty.

In the Paribas and Societe Generale merge the management had given assertion that there would be no forced redundancies in France. Andrew Grafield(2009) However, job losses would have to have places in the financial markets outside France (especially in London) where a cut of around 800 in the two company's joint workforce of 4, 100 has been recommended. Apart from the above, the enticement to challenge past negotiations to make structural savings and to initiate full-scale reorganisation in order to reinforce control and influence and make savings in employment is the matter of concern to the unions.

The UK NatWest bank has had to shed 18, 000 jobs as a consequence of an aggressive takeover by the Royal Bank of Scotland. Royal Bank of Scotland (2000). The role and weight of trade unions in the financial sector in the UK has changed drastically over the last two decades. The system of multi-employer bargaining distorted in the late 1980s, and the company-level bargaining which reinstated it was consequently displaced by bargaining at the level of trade units within the banks.

More recently, the capability of unions to shape pay rates has been battered by the beginning of performance-related pay schemes. These changes in collective bargaining have been escorted by a fall in union membership. The union's reaction was to seek an assertion of no enforced redundancies and to entail that industrial action was a physically powerful possibility if this was not obtained. As with most streamlining and redundancy plans, employment safety is a precedence issue for the trade unions but it is not that easy negotiating point.

A positive expansion vis-a-vis employment security in the banking sector is the job protection agreement introduced in the UK's Cooperative Bank and the banking trade union as long ago as 1983, entrusting the parties to walk around a range of prior options before appealing to forced redundancy as a last resort. Large-scale voluntary redundancies and a small number of forced redundancies in the early 1990s damaged the credibility of the agreement, as well as spoiling relationships between the bank and the union.

The apparent need by both parties to put industrial relations on a new smooth footing resulted in an innovative partnership agreement. An inner feature of the agreement is a strengthened dedication to employment

security. However there was a time edge in the agreement. The function of the employment security commitment in facilitating change was predictable, but its preservation for a further period was not addressed. In determining whether or not it is renewed, much may pivot on assessments of business conditions and the nature of probable changes in service provision over the coming period.

The arrival of internet banking and sustained growth of, and technological proceedings in, telephone banking highlight the degree of the changes in products and procedure that still lie ahead. Other issues of industrial relations and legal importance In all cases of streamlining is a concern over the mergers influences on the social dialogue since each of the establishment has its own custom of social dialogue and culture of compromise and management.

In addition, representation issues come up quite frequently as contentious issue (i. e. Fortis group Belgium). In conditions of industrial relations there has been a propensity towards decentralization of collective bargaining in the finances sector in some countries or a move for a new bargaining structure (i. e. Belgium, Germany, Denmark, France, the Netherlands, UK). In Belgium, the banks had been familiarized for more than a decade to negotiating shared agreements with the union on a bank-by-bank foundation. State Govt.

The deficiency of a national sector wise agreement in not an extraordinary incidence in the banking sector and the unions have been in conflict that the current unrelenting wave of reorganizations and mergers, collectively with a sneaking trend towards enforced self-employment within the sector signifies

that a national agreement is more essential than ever. As early as in 1999 the joint bargaining agreements sought a decentralized approach. Elasticity was the key word in the communal pay agreements finished between January and March 1999 in Denmark's public sector, finance sector and self-governing baking sector.

One important aspect is a propensity towards decentralization, with pronouncements on pay, working hours and preparations for the additional holidays being delayed to local negotiations and decisions, within the inner frameworks set out in the national agreements. Following individuals' development the social partners in the Danish finance sector agreed (in the end of 2000) a new bargaining arrangement providing for better flexibility and permitting the development of individualized agreements.

The basic, though not exactly basic, bargaining structure to be initiated in finance is a negotiation between the employers' desire for a high degree of decentralization and the wish of the trade union to sustain elements of accessible bargaining rights at the central level. The trend on the Danish labor market is in the course of local negotiating rights, and the new bargaining arrangement in the finance sector is a footstep in this direction.

There will be room for a wide degree of company-level individualization in negotiations, but if a venture does not want to finish its own agreement, it may base its pay and circumstances on the sector's standard agreement. There is slight doubt that many enterprises in the finance sector will opt for enterprise agreements with an elevated degree of flexibility, in regard to both remuneration and working time. This structure also seems to be tailor-

made for the information technology sector, which, in many ways has fallen outside the usual bargaining framework.

There may be a risk of very diverse circumstances for the employees. Employees who are not eager to conclude agreements concerning elements of risk may end up as “second class” employees, but will, on the new hand, be covered by centrally agreed circumstances. The benefit of the system may very well be that it can solve the probable conflict between: the employers’ and the employees’ interest in been organized and working under orderly, contractual conditions; and, on the other hand, having the likelihood of agreeing on more elastic pay and working conditions at enterprise level.

Such a clarification will require an exit from the very centralized, customary bargaining system with its roots in the “Danish model”, in the course of a more framework-oriented bargaining structure which still upholds the notion of communal agreements. Evidence of decentralization is found also in France. The trade unions in the banking sector have been enforcing to mobilize employees, calling a strike and other aggressive actions with mixed success from bank to bank. As well as pay, employment and working conditions, the unions are looking for improvements in the protection of bank employees.

The contradictory strike turn-out figures reveal the varying levels of success in decentralized pay bargaining from one institution to another. The next step is that the unions expect to address the three major issues of wages, working conditions and security. For employers, safety is supposed as a particularly prickly issue, since the management of some banks is concerned

that employees could be encouraged to take immediate major industrial accomplishment should there be a repeat performance of a major event such as a fatal hold-up, like the one that happened in summer 2001 at a branch of Caisse d'Épargne.

Although there is still a noteworthy number of companies which willingly apply the terms of collective agreements, without being legally bound by them, the speed of turn down of bargaining coverage are increasing. While larger companies and their subordinates are more disposed to be covered, smaller, unincorporated and newly-established firms are inclined to fall outside industry-wide communal agreements. Communal bargaining coverage in the banking and insurance sector declined drastically.

However, a majority of the workforce is still covered by industry-wide joint bargaining and even many of those companies which choose not to be with an agreement cannot pay for standing on the sidelines. Thus, many of them apply collectively agreed standards willingly. There are, however, foremost reasons for concern. First of all, because it is typically new start-ups and foreign owned companies which renounce from participation in cooperative bargaining, this leans to remove new, growth industries from coverage by mutual agreements.

Second, the procedure of corrosion of bargaining coverage has picked up speed lately and there is not much time left before mutual agreements will apply to an alternative of workers only. While researchers have made some development in explaining the reasons for decline, there is still not a noticeable strategy which would help unions and employers' associations to overturn the trend. After years of restrained wage increases, however, there

seems to be one safe bet: wage self-control and flexibility alone will not do the job.

The 1999 Dutch collective bargaining round has seen progress by employers in sectors like healthcare, construction and banking towards replacement of their relatively detailed sector-level communal agreements with either a framework agreement or a sequence of company agreements. The keenest supporters of a different bargaining arrangement are the larger firms in the financial services sector. A former proposal to guide towards a single agreement for the financial services sector met resistance from both insurers and small banking institutions.

Olaf Sleijpen. This points out to a strong opportunity that the larger firms would make the evolution to separate company agreements, departing the industry-wide deal in force for the residual small-scale banks and insurers. The financial corporation Achmea has already reached a group level agreement. Some other prominent financial institutions, including ABN Amro, ING, Fortis-Amev, and Rabo, also seem poised to abandon the industry-wide agreement. Nowadays, these companies are go-getting to augment flexibility in terms and conditions of employment.

One cause is to remove higher-level personnel from the coverage of the sector wise agreement. In addition, a group-level agreement offers better potential to put together privatized social insurance organizations such as Gak and Cadans. FNV Bondgenoten. The Allied Unions representing a comparatively high amount of employees with lower levels of education are most opposite to splitting up the industry-wide agreement. The propensity

towards decentralization in the area of terms and conditions of employment continues.

The tearing up of industry-wide agreements and the increase of framework agreements, are but a demonstration of this propensity. The legislature donates by passing framework acts on working conditions, employee contribution and working hours. On top of this, there is the comparatively new look of competing collective agreements: some industries now have two kinds of agreements, one reached by the well established employers' and employee organizations, and another by quite new competing organizations.

Similarly, in the UK the system of multi-employer bargaining distorted in the late 1980s, and the company-level negotiations which replaced it was consequently displaced by negotiations at the level of business components within the banks. Those changes led to descend in the union membership. Pessreleasepoint. com Communal Bargaining The sector streamlining or rationalization measures are also replicated on the communal or collective bargaining agreements.

Since 1999, the collective bargaining rounds have sheltered the conventional industrial relations issues while others, more precise to the financial developments have come out. The rising issues have been the trade union depiction status, primarily following mergers and acquisitions (i. e. Belgium); mergers of unions was another prominent issue that has been going on for some years now; the presented bargaining structure has been questioned in some countries as it was measured unsuitable for the expansion of the sector.

It is important to emphasize the propensity for international comparisons in the negotiations rounds representing some few (though) signs of Europeanization of the industrial relations systems. In Italy and as early as 1999 the government and the trade unions was signifying the contentious modernization law which includes procedures making redundancies more burdensome for employers. Moreover, the question on overtime and increased workload started off as employees of the banking sector disapproved at what they claim as high level of unpaid overtime linked to the launch of euro.

John M. Abowd (1990) Conclusion The financial services sector has been the center of attention of substantial legal and regulatory scrutiny consequential in increased class action court case and special investigations. These threats correspond to considerable business and reputational risks to those involved. The increased activity and better exposure has created extra pressure on the management of these organizations. When the stakes are high, institutions need experts who have made their careers working on the front line of multifaceted, sensitive disputes as well as investigations.

Business disputes usually involve a variety of business and industry issues. Experts (employed by service sector institutions) have consulted on a wide range of business disputes and industries, from energy and construction to financial services and healthcare, including investigating business operations and financial conditions, determining suitable damage theories, as well as dealing with claims for lost profits, price erosion, increased costs, and reduction in asset and business value.

Last but not the least: it is a progressive and positive approach to find out several ways by which disputes can be avoided and financial service sector is being successful in this endeavor. References Abowd John M. (1990) The Effects of Product Market Competition on Collective Bargaining Agreements: The Case of Foreign Competition in Canada, Available from FNV Bondgenoten, Available from < <http://www.fnvbondgenoten.nl/>>

Grafield Andrew 2009 (The Independent) Available from Royal Bank of Scotland (2000) Available from < <http://www.rbs.co.uk/pressreleasepoint.com>, Available from < <http://www.pressreleasepoint.com/veterans-affairs-employee-union-urges-congress-strengthen-collective-bargaining-rights-va>> Veterans Affairs Employee Union Urges Congress to Strengthen Collective Bargaining Rights. > Sleijpen Olaf available from < <http://www.hollandfinancialcentre.com/news.php?id=1281>> State Govt. Available from < <http://www.state.gov/e/eeb/ifd/2008/100822.htm#ch6disputesettlement>>