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'The Impact of banking regulation on employment: Analysing best practice at European, national and company level and developing joint approaches through European Social Dialogue'

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UNI europa finance global union

EBF European Banking Federation

ESBG

EUROPEAN ASSOCIATION OF CO-OPERATIVE BANKS

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1. Background

Since 2007 many national and European regulations and a general trend towards austerity have impacted the banking sector across the EU28.

The European Social Partners (UNI Europa Finance, EBF-BCESA, ESBG and EACB) therefore set out to analyse the positive and negative impacts of regulation on the banking industry in a two-phase project.

The first project consisted of an initial mapping exercise of the employment situation in Europe's banking sector since the start of the 2008 financial crisis. The main findings of this first phase were that the financial crisis, the growth of digitalisation, market changes, and a continuously increasing and complex EU regulatory regime have all created new trends in banking sector employment.

The aim for the follow-up project (phase II) was to further evaluate whether increasing regulation has led to positive or negative developments for Europe's banking sector and its workers.

The further aim was to exchange and collect good European, national, international, company and multi-company/ group practice on how banks and their workers deal with the impact of regulation and to develop and present a joint European Social Partner approach on how to commonly benefit from regulation whilst mitigating any negative impacts, ensuring a sustainable European banking sector.

All interviews were conducted at the end of 2019 and thus do not reflect the effects of the coronavirus outbreak.

2. Management Summary

Following the 2008 financial crisis, the EU has issued numerous new regulations and directives to improve risk management practices among financial institutions and to protect the investments of consumers and investors. To analyse the impact of banking regulation and supervision on employment in Europe's banking industry, qualitative interviews were carried out with representatives on the employer and trade union side in 8 European countries (France, Germany, Italy, Malta, the Netherlands, Romania, Spain, Sweden). In addition, two workshops were held in Romania (16 May 2019) and Malta (26 September 2019). The third workshop planned in Italy for 7 May 2020 unfortunately had to be cancelled due to the coronavirus outbreak. In the following, the main results of this survey, including results of the workshops, are summarised.

Please note, this document has been prepared for the European Social partners. However, it reflects the views of the interviewed persons / workshop participants and presenters which are not necessarily the same as those of the European Social partners or the creator.

1. **The economic <u>development of Europe's banking sector</u> since the crisis of 2008**
   With the exception of Malta and Sweden, all countries experienced an economic downturn in the banking sector, an austerity phase with substantial profit loss and a decrease in branches and employees from 20 to 40%. The economies were dominated by restructurings, mergers and a concentration of banks. Business models changed and focused increasingly on the national business.
   Banks in Malta and Sweden saw an economic upswing. The banking sector in France suffered from the crisis, but less than other countries. Positive aspects are that banks are better capitalised; risk policy was revised, and solvency indicators remained at adequate levels in certain countries.

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2. **Main reasons for the increase or decrease of employee figures since 2008**
   There was an urgent need to cut costs to maintain profitability, which resulted also in job cuts. Reasons were, beside a tightening of **banking regulation**, also digitalisation, the entry of new competitors and market concentration. Regulation, on the other hand, led to an increase of personnel in compliance but mainly to a decrease in commercial functions. A change in business models and job profiles also affected employment levels.
   In Sweden, Malta and France the situation was different.
   - Sweden already had a financial crisis in the early 1990s, which led to a reduction in staff levels and certain measures. Investments in IT and digitalisation started early in Sweden.
   - The Maltese systemic banking industry was rather separated from the world banking market with nearly no interbank market, focused on a classic banking model (customer deposits and loans), and on a conservative asset profile. We assume that also other factors may have been involved, which were not disclosed by the interviewees.
   - France suffered less in terms of job loss after the financial crisis compared to other European economies. The main reason for this was the defence of the universal banking model.

3. **Best-practices and recommendations to other organisations, how to deal with regulation.**
   Best practices on how to deal with the effects of regulation are a strong regulatory foresight and a preventive impact analysis prior to the introduction of new regulations. Self-regulation initiatives can help to mitigate the impact. Financial support for the areas affected by legislative changes is recommended. The exchange of experiences between organisations and associations facilitates compliance with new standards. An early uptake by employees of trainings and courses to cope better with new regulations is useful.

4. **Wishes or recommendations to regulators**
   A key wish is that EU banks remain globally competitive. This requires the mitigation of competitive disadvantages of EU-banks compared to non-EU-banks (e.g. due to Basel), a level playing field between FinTechs, BigTechs, “shadow banks” and traditional banks, more flexibility to adapt to individual situations and markets in the countries (principle of proportionality) and realistic deadlines for implementation. Further wishes are more dialogue and better coordination between social institutions, national and EU-regulators from an early stage and increased critical evaluation of regulations and their impact on employment. It would be desirable to go one step further a for a reduction in regulations to be evaluated by regulators.

5. **How will the burden of compliance develop and what will be the main issues of the banking industry over the next two years?**
   Negative expectations are that the burden of compliance will continue or even deteriorate over the next two years. Concerning the economy, a further negative development with mergers, consolidation and job loss is expected. FinTechs, BigTechs and shadow banks, which are not or less regulated, are a major threat.
   Positive expectations are that companies will become more accustomed to regulations and that the general public will regain faith in the banking sector. The consolidation of the new Risk and Compliance regime will help banks to keep their credibility.
   Wishes are that rules will be adapted to the specific situation and labour market in the countries, that authorities are better coordinated and that a reduction of regulations will be evaluated by the EU-level regulators.

Banks' to do's in the next two years are more investment in the customer relationship and digitalisation. To keep pace with Fin- and BigTechs, banks must succeed in their digital transformation. The defence of the universal banking model (as in France) could help success, if adaptable to other economies, as well as investment in talent recruiting and employees.

6. **Direct and indirect impact of EU regulation on employment**
   There is a **direct and indirect** impact of regulation on employment. The main direct impacts of EU regulation are increased capital requirements and new positions in compliance, data protection and IT departments. The most important indirect impact of regulation is a downsizing mainly in commercial functions. We also see an increase in workload due to reporting requirements and a need for specific IT and consulting support.

7. **The impact of regulation on changes to job profiles (incl. compliance)**
   There was a significant **increase** in staff in compliance and supervision and related areas such as controlling, legal, risk, specialised IT-functions and HR. The way of working has changed with an increase in documentation, a change in the focus of trainings and the need for certain certificates. There was a **decrease** of jobs in retail banking, administration and lending (e.g. jobs related to NPL), also in management. IT is necessary and important, but personnel is often outsourced. Downsizing also takes place due to digitalisation, closure of branches and changing consumer habits.

8. **The impact of regulation on costs**
   Compliance costs in some countries, e.g. the Netherlands, have tripled due to regulations, e.g. anti-money-laundering rules and reporting to authorities, such as the ECB. There was an increase in the costs of capital, e.g. equity ratio and liquidity, accompanied by costs for personnel, administration, supervision and IT. Cost reduction was mainly achieved through downsizing. There are certain disadvantages for smaller compared to larger businesses.

9. **The impact of regulation on banking models and other structural changes**
   Business models have changed rapidly since 2008. PSD II opened the sector up to 3rd parties (FinTechs, BigTechs) and unregulated banking (shadow banks). This caused an evolution of banking models, especially in the payment business, with an increased presence of FinTechs. IT will take over technical and operational tasks, which will further decrease staff. The "universal banking model" compensated the impact of the financial crisis in France. Banks stopped high risk banking, which affected on the other hand the competitiveness. There was a massive decrease of bank branches due to digitalisation, consolidation, M&As and increased policy costs. Further impacts are profitability problems and disadvantages of European banks compared to the United States. Further consolidations and M&As are expected.

10. **The impact of regulation on a level playing field**
    There is an unequal playing field because shadow banks, FinTechs and BigTechs such as Google are not always subject to the same rules as traditional banks. This affects investments, personnel and capital costs and supervision. There is also an uneven situation between the regulation for European and US banks.

11. **The impact of regulation on a future world of work**
    Regulation such as PSD II fostered FinTechs and accelerated digitalisation, e.g. by verification tools, automation, information exchange, data protection and others. Increased cost pressure led to agile working and desk sharing. Changes in the future world of work are also driven by other

factors such as digitalisation/ new technologies and globalisation. Digitalisation can be accelerated by regulation but is also a separate trigger.

12. **The impact of regulation on changes to sales practices and customer relation requirements**
Compliance caused a multiplication of processes and formalisation as well as an increase in documentation, which make sales practices more complex and rigid. Regulation changed job profiles and increased digital interaction with customers. Banks must invest more in the bank-customer relationship as personal interaction decreases. The focus on customers' needs and protection increased. Employee training and certifications are needed for these new requirements. Older customers might have difficulties with new technologies and should not be left behind.

13. **The impact of regulation on disciplinary procedures**
New regulatory requirements have led to an increased visibility of the number of compliance and regulatory violations. Errors are easy to detect by IT and lead to disciplinary consequences, dismissals and fines. Money laundering regulations have obviously been stricter since enforcement. There was an impact of regulation on recruitment and variable remuneration, with increased vigilance and the threat of 'personal liability' making the profession seem less attractive. Pressure on employees is on the rise.

14. **The impact of regulation on workload and work-related stress**
ECB rules increased the workload in nearly all areas, e.g. in administration, documentation, testing, training, organising business practices, implementing regulations, controls and processes, risk and technologies, KYC etc. Staff cuts increased pressure on the remaining employees. Digitalisation reduces workload but also generates work, because of a lack of qualified employees. Work-related stress is triggered by the complexity and lack of clarity of regulations, the fear of violating rules that could result in huge sanctions in combination with increased pressure from customers and a loss of autonomy which might lead to a reduction of commitment.

15. **The impact of regulation on competence needs and amount of trainings**
Increased competences are required in the area of compliance but also in the areas of advisory, securities and risk, IT and behavioural science. Target groups are all levels of employees from upper management, 2nd and 3rd line to customer-facing employees. Training in compliance issues has increased drastically. But regulatory trainings often reduce product, behavioural and skills-trainings because of budgetary constraints. Training is sometimes inadequate. The focus on work is usually larger than on trainings. Certifications are important and must be constantly renewed.

16. **The impact of regulation on other topics**
Regulation influenced all banking activities, even HR. National legislation reduced the level of wages (e.g. variable pay) and focused on staff reduction. As a result, issues such as remuneration, sustainable employability, vitality and agility of banks become important and are at the heart of the discussion topics between employers and unions, including in Collective Bargaining Agreements.

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3. Project description

3.1 Aims and objectives

The project had the following key objectives:

(1) To assess whether the impact of regulation is considered to have been positive or negative for Europe’s banking sector and its workers;
(2) To exchange and collect good practice on European, national, international, company and multi-company/group level on how Europe’s banking sector reacted to this increasing regulation; and
(3) Based on these findings, to develop and present to relevant stakeholders a joint European Social Partner approach on how to commonly benefit from regulation whilst mitigating any negative impacts, in order to ensure a sustainable European banking sector.

In order to gain further details and insight on the perceived impact of regulation on employment in Europe’s banking sector, the following survey questions were asked:

- How the banking industry developed in each country since the financial crisis of 2008?
- What were the main reasons for increase and decrease of employment figures?
- Best practises: What would you recommend to other organisations to deal with the impact of regulation?
- Wishes or recommendations to pass on to regulators.
- What will be the main issues of the banking industry over the next two years?
- How will the burden of compliance develop over the next two years?

The survey particularly looked at the impact (both direct and indirect) of EU banking regulation on:

- Employment;
- Changes to job profiles;
- Employment levels in compliance functions;
- Structural changes and different banking models;
- Costs;
- Workload and work-related stress;
- Sales practices and customer relation requirements;
- Competence needs and amount of training;
- A future world of work;
- A level regulation playing field;
- Increased disciplinary procedures brought on by more regulation.

3.2 Methodology

Data was collected from two different sources. On the one hand, telephone interviews were conducted with selected experts from the banking industry (employers and employee representatives). On the other hand, good practice examples were gathered in the course of the two workshops.

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1. Expert interviews:

Kantar conducted 16 expert interviews in 8 countries. The interviewees were provided half by the trade unions (UNI Europa Finance) and half by the employers (EBF- BCESA /ESBG/EACB).
The interview partners were representatives from banking associations, representatives of leading trade unions, regulatory specialists, banking authorities and leading managers (from HR, accountings, general management) from larger private banks, savings banks, retail banks and/or co-operative banks.

Methodology:

- 16 personal qualitative interviews by telephone
- Each interview took approx. 45 min - 1 hour
- Questionnaires were sent one week in advance
- Interviews were scheduled in the week 18-22 November 2019
- The interviews were conducted in the local language, apart from in Malta and the Netherlands, where they were conducted in English, and were audiotaped
- The main statements were translated into English

Geographical scope:

- 8 European countries:
- France, Germany, Italy, Malta, the Netherlands, Romania, Spain, Sweden
- Two interviews per country

2. Workshops:

In two project workshops in two different European countries (Romania and Malta), the Social partners from across Europe exchanged examples of good practice on how the banking sector has responded to increased regulation at European, (multi)-national and (multi)-company/group level, in addition on how it has taken advantage of the positive impacts whilst mitigating any negative ones and how best to manage it. The information gained from these workshops was collected and included into the results of the report.

3.3 Joint approach of the European Social Partners

Based on the pan-European research, analysis and good practice collected throughout the course of the project, the European Social Partners developed a joint approach.

The aim of the joint approach is to give recommendations that can be implemented at the European, (multi)-national and (multi)-company/group level on how to commonly benefit from banking sector regulation whilst mitigating any negative impacts, to ensure a sustainable European banking sector for both its workers and employers.

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4. Results

In the following, the results of the project are displayed in more detail. The questionnaire had two parts, a short quantitative part accompanied by a larger qualitative part. The results of the quantitative and qualitative parts are displayed in the following.

The answers to each question were summarised under selected headings with country abbreviations added at the end of each point.

5. Quantitative Results

Part of the qualitative survey was a small quantitative part, in which the impact of EU regulation on certain topics was asked.

The overall result was that all topics are **moderately** to **strongly** influenced by regulation. The main impact was on employment levels in compliance, job profiles and workload.

	no impact	low	moderate	strong	ranking
Employment levels in compliance	■			■■■■■ ■■	1
Job profiles			■■	■■■■■ ■	2
Workload			■	■■■■■ ■	3
Amount of trainings		■	■	■■■■■ ■	4
Costs			■■	■■■■■	5
Competence needs			■■	■■■■■	5
Sales practices and customer relation requirements	■	■	■	■■■■■	6
Disciplinary procedures		■	■■■	■■■■	6
Structural changes		■	■■■	■■■■	7
Work-related stress	■	■	■■■	■■■	8
Level playing field	■	■	■■■	■■■	9
Employment figures	■	■	■■■■■	■	10
Banking models	■	■	■■■	■■	11
Future world of work		■■■	■	■■■	12

Source: Kantar Survey: The impact of regulation on employment in the banking industry, Nov. 2019; n=16.

6. Qualitative results

Experienced interviewers have talked with the interviewees about 21 topics concerning the influence of regulation on employment in the banking sector in the European Union. The results will be summarised in the following section.

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6.1 How has the banking industry in your country developed economically since the crisis of 2008?

With the exception of Malta and Sweden, all countries experienced an economic downturn, an austerity phase with substantial profit loss and a decrease in branches and employees from 20 to 40%. The economies were dominated by restructurings, mergers and concentration of banks. Business models changed with a stronger focus on the national business.

The banking sector in Malta and Sweden saw an economic upswing. France suffered from the crisis, but less than other countries. Positive aspects are that banks are better capitalised, risk policy was revised, and solvency indicators remained at adequate levels in certain countries.

<u>Negative aspects:</u>

Economic downturn: The countries experienced an economic downturn and an austerity phase. Low interest rates affected banking business. There was a significant decline in overall profitability and a severe profit loss. In Malta, the market has grown but profits have not increased due to regulatory constraints. (DE, IT, FR, RO, MT)

Impact of regulation: The tightening of European regulations had serious effects. One example is increased capital requirements. High investments were necessary due to prudential constraints and increased costs, e.g. in HR, compliance and IT. (IT, FR, MT)

Digitalisation: Numerous investments in digital technologies, processes and automation due to new prudential constraints were necessary. IT investments significantly increased costs. Companies in the banking sector have rapidly converted to ITCs (information technology companies). There is an aggressive implementation of the digitalisation process in the banking system. With increasing digitalisation, the banking industry is on the way to becoming an ITC industry. (FR, MT, NL, ES)

Cuts to jobs and branches: The sector experienced overall cuts to jobs from 18 to 30%, and cuts to branches from 25 to 40% between 2008 and 2018. Germany: -20% employees, -25% branches; Italy: -18% employees (about 70,000); Netherlands: -25% employees (about 30,000); Spain: -30% employees, - 40% branches. France: -6,5% employees. France suffered less than other countries. (DE, NL, IT, ES, RO, FR)

Restructuring and Concentration: A permanent restructuring is going on in order to meet the respective market conditions. There are many corporate restructurings, above all concerning the area of NPL (non-performing loans) and also many mergers, integrations and a concentration of banks. An example of a large concentration of entities is Spain, where 5 entities make up 70% of the total turnover (DE, IT, ES).

Change of business model: Business models have changed rapidly since 2008, with one aim being to increase efficiency. Massive adjustments of the business model have happened through digitalisation. The experts stated a shift towards investment banking within the universal banking model but on the other hand a decline in retail banking. (DE, NL, ES)

Nationalisation/Insourcing: There was a stronger focus on national business and a partial nationalisation of banks which meant less focus on international and more focus on national business. More insourcing or internalisation of business went in hand with an increasing average company size. (NL, DE, ES)

New products: Changes in the services / products were provided by the banks. Search for new products/ new business is very intensive but there is no break-through up to now. (IT, NL).

Change to the customer relationship has taken place due to closure of bank branches and digitalisation. (FR)

<u>Positive aspects:</u>

Economic upturn: The Maltese economy has grown and was not affected that negatively by the financial crisis. The number of banks has increased and employment has risen (MT). The banking sector bottomed out during the first years of the crisis and then steadily improved. (SE)

Capitalisation and Earnings: A stable and satisfactory earnings situation can be identified among the cooperative banks and savings banks. Banks are better capitalised. (DE, NL)

Profitability/Stability: Banking business is still profitable (FR). The situation is now relatively good, but Sweden is dependent on the economy of other European countries. (SE)

Solvency indicators remained at adequate levels with consistent capital reserves, compared to the prudential requirements. (RO)

Risk: The entire risk policy has been revised and tightened and another sales strategy is taken, from a risk point of view. Banks are more risk aware. (NL, RO)

6.2 What are the main reasons for an increase or decrease of employee figures in your country?

There was an urgent need to cut costs to maintain profitability, which resulted in job losses. Reasons were, beside a tightening of **banking regulation,** also digitalisation, the entry of new competitors and concentration. Regulation led, for example, to an increase of personnel in compliance but also to a decrease mainly in commercial functions. A change in business models and job profiles also affected employment levels.

In Sweden, Malta and France the situation was different.

- Sweden already had a financial crisis in the early 1990s, which led to a reduction in staff levels and certain measures.
- The Maltese systemic banking industry was rather separated from the world banking market with nearly no interbank market, focused on a classic banking model (customer deposits and loans), and on a conservative asset profile. We assume that other factors may have been involved, which were not disclosed by the interviewees.
- France suffered also but less in terms of job loss after the financial crisis compared to other European economies. Banking business in France experienced a significant decline but remained profitable. The main reason was the defence of the universal banking model.

Reasons for a decrease of employee figures:

Need to cut costs: Earnings have decreased swiftly. To maintain profitability, banks had to cut costs by reducing branches and employees. Since 2008, the banking workforce has decreased by 6.5% in France. (NL, FR)

Regulation: The tightening of banking regulations has led to the automation of tasks and outsourcing (i.e. outsourcing outside Europe). (FR)

Digitalisation: Since the last 5-7 years, digitalisation is booming, which leads to a decrease in branches and employees. Customer behaviour has changed significantly. There is less need for customer services due to digitalisation. New competitors have entered the market and gained market share. (NL, RO, DE, ES)

Negative change to job profiles: A shift towards investment banking and a decline of retail banking is stated by the interviewees. Traditional banking work has reduced. (SE, ES). Employees left the banking sector and moved to other related sectors and state positions. (RO)

Restructuring/Concentration: Bank concentration has increased. Many mergers and restructuring processes have led to a decrease in staff. (ES, RO). A real estate credit crisis caused deep restructuring, esp. for savings banks, which led to a loss of 40% of branches and 30% of jobs. (ES). In the Netherlands, there is a trend towards smaller banks in general. (NL)

Unsustainable business models: The efficiency drive of unsustainable business models has, in part, contributed to the result of employee numbers. (DE)

Reasons for an increase of employee figures (especially in Malta, Sweden and France):

Economic upturn (Malta):
- A certain separation from the world banking market, nearly no interbank market, focus on a classic banking model (customer deposits and loans), on the local economy and a conservative asset profile (results from 2nd workshop) have helped the banking sector.
- The government has attracted several niche companies to be based in Malta.
- Tourism is a main contributor to the economy.

Lessons learned (Sweden):
- There had already been a financial crisis in the early 1990s and this resulted in a reduction in staff levels. Sweden has already taken major evolution measures.
- Investments in IT and digitalisation started early in Sweden.

Universal banking model (France):
- France suffered also but less in terms of job loss after the financial crisis compared to other European economies.
- Banking business in France experienced a significant decline but remained profitable.
- The main reason was the defence of the universal banking model.

Change to job profiles:
- Selected areas have hired staff (IT).
- IT has increased (SE).
- Shift towards investment banking (ES).
- Increase came from risk compliance and AML (Anti Money Laundering) (MT).
- Staff moved into the risk space (MT).

6.3 What would you recommend to other organisations?

Best practices on how to deal with the effects of regulation are a strong regulatory foresight and a preventive impact analysis prior to the introduction of new regulations. Self-regulation initiatives can help to mitigate the impact. Financial support for the areas affected by legislative changes is recommended. The exchange of experiences between organisations and associations facilitates compliance with new standards. An early uptake by employees of trainings and courses to cope better with new regulations is useful.

Before implementation:

A strong regulatory foresight and a preventive impact analysis is necessary prior to the introduction of new regulations. To set up a team that can give insights into issues, so you can plan processes is an important factor. Early involvement and knowledge of upcoming regulations can help to improve transparency and practicality and can avoid a rush to meet the timescale of the regulations. (IT, MT, NL)

Self-regulation: In order to plan ahead, the associations have taken their own regulatory initiatives e.g. societal regulations, banking codes, banking oaths, disciplinary law, codes of conduct on lending, etc. (NL)

Financial support: General and financial support by the organisation for the area affected by legislative changes is helpful to support the workforce. (RO, IT).

During and after implementation:

Exchange of Experiences: The exchange of experiences and the role of business associations is very important to facilitate compliance with the new standards. (ES)

Trainings: It is necessary to offer professional trainings and courses to support and develop employees to cope with new regulations or with a new situation in case of job loss. This increases mobility and the ability to find new positions. It mitigates negative publicity of redundancies and gains public trust in the process. Trainings should be conducted during working time. Union agreements can help to manage education on all levels. The use of digitalisation, such as e-learning-platforms to face regulation, is recommended. Another option is to provide courses that can be completed during working hours e.g. about money laundering. Training for employees must precede implementation. (NL, RO, FR, IT).

Working conditions /Communication:
More dialogue between employees and employers is crucial as is a dialogue with employees before making changes. Employees can influence their work situation, so that there are fewer contradictions

after a dialogue. Sweden did this early. Italy has set up a fund for it. Workplace happiness and good working conditions are important to be more productive and to better accept e.g. a higher level of regulation. Communication is very important and determines relations within the working environment, between the workforce and the business to the benefit of the customers. (DE, SE, IT).

Social Dialogue and industrial relations
Positive industrial relations secure good governance. A fair and wide social dialogue between employers and trade unions is crucial.

Reduction of workload:
A reduction of products means a reduction of workload, which can help customers and employees to better accept regulation.

6.4 Wishes or recommendations we should pass on to regulators?

A key wish is that EU banks remain globally competitive. This requires the mitigation of competitive disadvantages of EU-banks compared to non-EU-banks due to Basel, a level playing field between FinTechs, BigTechs, “shadow banks” and traditional banks, more flexibility to adapt to individual situations and regions (principle of proportionality) and realistic deadlines for implementation. Further wishes are more dialogue and better coordination between social institutions, national and EU-regulators and increased critical evaluation of regulations and their impact on employment. It would be desirable to go one step further and for a reduction in regulations to be evaluated by the EU-level regulators.

Policy planning and implementation:

Equivalence and Harmonisation: The EU should remain competitive as a global banking player. There should be a harmonisation of regulations in all European countries. (DE, MT) The mitigation of the effects of the Basel agreement, e.g. competitive disadvantages of European compared to non-European banks, is necessary because regulation results in a transfer of profits to non-EU countries and in a negative effect on employment. (FR) Controls should not remain static and other locations should also be controlled. (DE)

Principle of Proportionality: Regulations must have the flexibility to adapt to the individual situations and regional dimensions of the countries. (MT, IT) Customisation of European regulations e.g. for local cooperative banks, would be helpful. (RO) Fewer and simpler rules for smaller and less-complex banks than for larger ones would ease the processes. (DE) Regulations must relate to the country-specific labour market. The large costs generated by these regulations are passed on to customers. (SE)

Level playing field between all parties involved in the financial market is key. FinTechs, BigTechs, the “shadow banking sector” and traditional banks should be subject to the same European regulations. (FR, DE, NL, IT, MT, SE)

Pace of implementation: There should be realistic deadlines for the implementation of regulations. (NL) It is necessary for there not to be too many regulations at the same time and for more time for regulations to be put in place, so that society and entities can adapt to the changes. (MT) The pace of implementation of regulations does not depend solely on the EU, due to globalisation. (ES) Countries should be forced to pass a directive in the shortest time possible, so that the banks can install processes in time to deal with the changes. In Romania, an EU directive is passed at the latest time possible, which does not give banks the time for implementation and testing. (RO)

Policy evaluation:

Dialogue and Coordination: A wish is to have more dialogue between social institutions and regulators within the individual countries and a better coordination between national and EU authorities. (IT, SE)

Evaluation and Review: More critical evaluation of the necessity and impact of new regulations is necessary, e.g. when a bank tax is imposed on staff costs, so that staff is dismissed when the costs become too high. The tax should be reviewed by the EU. It would be desirable to go one step further and for a reduction in regulations to be evaluated by the EU-level regulators. (FR, NL, SE, IT)

Regulation is positive in certain areas: States need public banking instruments to get the correct access to the private banking market. (ES) There should be a restriction on the use of internal models for risk weighting. (DE) Legal security in contracts with customers is important and should be taken care of, especially for long-term contracts and mortgages. (ES)

Image: European authorities should contribute to improving the image of the banks, promoting the fact that banks now comply with regulations. (ES)

6.5 What are the main issues for the banking industry over the next two years?

The main expectations are a further negative development of the economy with mergers, consolidation, the loss of market share and job cuts. FinTechs and digitalisation are major threats and to keep pace, banks must succeed in their digital transformation. **Wishes** are to have the same regulations as US banks and that BigTechs (GAFA) have the same regulations as banks. **Banks' to do's** are more investment in the customer relationship and digitalisation. The defence of the universal banking model (as in France) could help success, if adaptable to other economies, as well as investment in talent recruiting and employees.

Expectations:

Market/jobs: European banks lose market share to non-European banks because they must reduce their financing activities worldwide. There will be a continuing decline of employment in the sector. (FR, NL)

Consolidation and mergers: Banks will have difficulties adjusting to changes. Digital mergers of a national and international nature will continue. Consolidation pressure and the trend of branch closures or mergers will continue. (DE)

AML: Anti money laundering activities will be a further issue as it has a major impact on workload and the need for staff. (NL)

Business models: Splitting up commercial and retail banking is discussed. The payment process will be outsourced from banks in the long-term. (NL)

FinTechs/ Competition: One of the most important problems is the competition with FinTechs but also with large technological and commercial conglomerates (Google etc.). They have a huge budget, are 100% digitized and aim to cover a large part of the market. (RO, ES)

Digitalisation: Trend of banks losing touch with customers and moving more to online media (applications) will increase. There is a stronger move to digitalisation on service, with a focus on reducing costs in the longer term. (DE, NL, ES, MT)

<u>Wishes:</u>

Interest rates: In France, the banking sector hopes for a rise in interest rates. (FR)

Equality: French banks want regulations that put them on the same level with US banks. Prudential constraints must not reduce the banks´ margins. (FR)

Cyber security/GDPR: Security connected to technological operations and network systems is crucial. Data protection regulation should also apply to GAFA (Internet companies: Google, Apple, Facebook, Amazon). (FR, NL, ES)

Labour law: The signing of a national contract for workers in the banking sector would be helpful. With clear reference to standards, banks can do all their initiatives in a consistent way. (IT)

<u>Banks' to do's:</u>

Customer Relationship: Banks should invest more in the bank-customer relationship, to increase customer confidence. Banks must diversify the mix of alternative channels to reach the customers and to analyse their behavioural patterns. (RO, IT, SE)

Digitalisation: Banks must succeed in their digital transformation. Traditional banks need to come up with simple products to sell, as Fintech's can. There will still be changes and the banking industry and companies will have to gear up and keep pace with this new competition (Google, etc.). (FR, RO, MT)

Business models: The defence of the universal banking model can enable European banks to remain in the global race, according to France. This must be analysed, as other economies have different market structures. (FR)

Talent recruiting/ employee management:
Reasonable salaries for employees to stay competitive are necessary as well as regular trainings in the new rules. Competence supply and trainings help the sector to be an attractive employer. Also setting up adequate wage rules for female workers will help. (IT, SE)

6.6 How will the burden of compliance develop over the next two years?

Negative expectations are that the burden of compliance will continue to be negative or even deteriorate. Further risks are seen by disadvantages compared to US banks, by Fin- and BigTechs, and especially the AML regulation. **Positive expectations** are that companies will become accustomed to regulations and that the public will gain faith in the banking sector. **Wishes** are that rules will be adapted to the specific situation and labour market in the countries, that authorities are better coordinated and that a reduction in regulations will be evaluated by the EU-level regulators.

Negative expectations:

Compliance will continue to be a burden which could even worsen. Compliance will continue to be negative with unchanged high levels of requirements. The burden of compliance is likely to worsen in the next years and will increase significantly over the next two years. (DE, FR, IT, MT)

Risk of further disadvantages of European compared to US banks: There is a risk of separating Europe's banking sector from major global banking players. European banks have a disadvantage compared to their US competitors on mortgages. An increase of 24% more equity ratio for European banks would mean an additional 400 bn € in costs. (FR)

AML: There are negative expectations, especially around AML regulations, as it causes enormous paperwork due to KYC. If supervisors could accept banks sharing data against money laundering, this could have a positive influence on the burden of compliance. (NL)

Threat by Fin- and BigTechs: A compliance regulation in the digital area on banking products seems to be extremely difficult. There is no longer any certainty that Google and other companies will not sell banking data or banking products. (RO)

Closely linked to economic growth: The sector is closely linked to the economy and the general expectations in this area are not positive. (ES)

Positive expectations and wishes

Easing of the rules is expected: French authorities aim at easing the future prudential rules of Basel III for banks. (FR)

Familiarisation: The development of regulations will continue. The compliance functions will remain and increase their areas of responsibility. The financial institutions have already moved and are increasingly able to incorporate new rules, have got used to this and understand the relevance. (RO, ES)

More faith from the general public: There is a positive aspect because the general public will develop more faith in the sector. (NL)

Adaption to the country: Compliance can be positive, if it is adapted to the overall context of banking companies, to the specific areas and economies they serve. (IT)

Better coordination between authorities: A positive development would be possible, if there would be a better coordination between different authorities, gradual intervention, established standards and an impact analysis. (IT)

Evaluation by the regulator: Evaluation of a reduction in the EU regulation binds would be good. Regulations must relate to the country-specific labour market, for example in Sweden. The large costs generated by these regulations are passed on to customers. (SE)

Social Dialogue: Compliance implementation should be done with constant dialogue between companies and workers' representatives / the unions. (IT)

6.7 Please describe the impact of EU regulation on employment, was it direct or indirect?

There is a direct and indirect impact of regulation on employment. **Main direct impacts** of EU regulation are increased capital requirements and new positions in compliance, security, data protection and IT departments. **Main indirect impacts** of regulation are a decrease of personnel mainly in commercial functions, an increase in workload due to reporting requirements and a need for specific IT and consulting support.

Direct impact:

Capital requirements: Regulation has caused certain capital requirements, which caused the need to reduce costs. Banks spend millions of euros on regulatory reasons, the biggest costs still being employees and this also has an indirect impact on Collective Bargaining Agreements. (IT, NL)

Separation from capital-consuming assets: Banks have separated from certain capital-consuming assets and certain pieces of activity, particularly in the Corporate and Institutional Banking sector (CIB). (FR)

Support functions: Regulation has a direct impact on support functions. There is a massive expansion of compliance, compensation department and compensation officers, control, and IT departments. (DE, FR).

AML / KYC requirements: There also is an increase of employees because of AML / KYC requirements, which increased staff e.g. around 3000 at the large banks. (NL)

New positions and professional profiles: Higher responsibilities came from European regulations, so it was necessary to establish new positions, e.g. data protection officer, entire teams responsible for data protection, compliance officer, security officer. There is a need to incorporate new professional profiles to be able to develop and implement all the levels of regulation that have come from the European Union. (RO, ES)

Indirect impact:

Decrease of personnel: Overall there is a declining trend in the number of employees because of the negative economic environments, e.g. low interest rates, increased working costs due to regulation, increased M&A activities. The sale of NPLs also affected employment negatively. Commercial functions, respectively retail banking, were mainly affected by regulation. (DE, IT, FR)

Higher costs: The indirect effect of an increase of personnel in compliance functions are higher costs, which in turn negatively impacts employment in other areas. This is constantly changing. (NL, FR, IT)

Increase in demand and workload: There is an increase in workload in almost all areas of a bank due to massive regulations, an increased demand on employees and an increased effort in the data to be reported and consultation with the authorities. Businesses need to adapt to the regulations and therefore the staff needed to adapt also. (DE, MT)

Need for IT/ consulting support: The experts stated a massive expansion of IT departments, but sometimes IT functions are also outsourced. They see a need for additional or outside consulting technology support, to be able to face the new regulatory environment. (DE, FR, ES)

6.8 How would you describe the impact of regulation on employment levels in compliance?

There was a significant increase in areas connected to compliance and supervision. An increase in compliance affected, beside regulatory areas, also IT, HR and risk departments and general management.

Impact on employment and new roles:

Significant increase in recruitment: In the compliance functions there was a dramatic evolution, with employment increasing by 850% between 2017 and 2018. (DE) More than 40% of the workforce are active in these sectors (4,800 in 2012 versus 6,800 in 2018). (FR). The 5 major banks in Sweden and the savings banks have added around 10,000 new employees in the last 10 years. (SE)

Compliance and supervision: There is a strong increase in areas connected to compliance and supervision, with required duties such as customer screening within given timelines, e.g. in the case of the DPA. Also, there are various areas of oversight, regulation and supervision. FTE for compliance activities have doubled or tripled, which increased costs accordingly. (NL, SE, DE, ES, IT, RO, MT)

Risk and securities: Areas connected to (operational) risks and legal assistance increased as well as the securities business. (ES, DE)

IT departments: The departments need to apply new applications and technologies to comply with regulatory requirements. Staff, whose role incorporates analysis duties, is subject to permanent organisation and quality controls (i.e. IT managers) (FR, ES).

Executives: There is an increase of the workforce on **management** and board level. (MT, IT)

HR: The experts see a need to increase HR and compensation systems for HR. (ES)

Counter trainings focused more on the 2nd and 3rd lines of defence, which created the need for specialised counter trainings. More attention is given to codes of conduct and ethical dilemmas. (NL).

Centralisation: Certain banks centralised their organisations due to regulation. (NL)

Adjustment of sales policy: There is a greater intervention due to compliance as companies had to adjust their sales policy and sales activities. (IT).

6.9 How would you describe the impact of regulation on changes to job profiles?

There was an **increase** in staff in compliance, controlling, legal, IT and HR. On the other hand, there was a **decrease** of jobs in retail banking, administration and lending (jobs related to NPL), also in management. IT staff is needed and important, but personnel is outsourced very often. Downsizing is also due to digitalisation, closure of branches and changed consumer habits. The way of working has changed, with an increase in documentation, shift in trainings and the need for certain certificates.

<u>Increase of staff and new roles:</u>

Compliance and risk management increased. Additionally, there were changes in the **securities business**. One reason is new applications for compliance area monitoring. (DE, RO, IT, MT, NL).

Controlling, legal: Jobs in the control, legal functions and internal audits increased largely. In sales, the topic "avoidance of conflicts of interest" has expanded control functions and related job profiles. (DE, RO, IT, MT, NL)

IT/Digitalisation/Cybersecurity: High-level IT functions increased by 30% between 2012 and 2018. All profiles relating to the world of controls, IT, and cybersecurity have increased. There are technical changes in IT, but mainly due to digitalisation. IT staff must have more data knowledge. Banks are becoming IT companies. (SE, FR, IT, NL)

There is an increase in specialised jobs in **HR and behavioural sciences**. (NL).

<u>Decrease of staff and job profiles:</u>

Decrease of retail bank branches. Directives caused a pressure on jobs with lower education profiles, e.g. retail, administration and corporate lending. Direct counselling, relations to customers and all retail activities have also decreased. A decrease of jobs also happened due to closure of bank branches, changed consumer habits and technological developments. (NL, IT, FR, ES, RO, MT)

Outsourcing, which became necessary with an increased number of controls/regulations, has led to a decrease in internal IT staff by 13% between 2012 and 2016. (FR)

Automation: Sweden is approaching a cashless society. Money and mortgages management is digitized and automated via the internet. Also, there is an automation of work by robots, e.g. in call centres. (SE)

Executives: Positions of bank executives and managers decreased in Romania. (RO)

Commercial policies have decreased and working with **NPLs** has decreased, too. (IT)

<u>Way of working:</u>

Reporting/Documentation: A basic understanding of the regulations, e.g. customer diligence and an increase in reporting and documentation affects all job profiles. (DE, NL).

Retail staff, which aimed to find cross-selling needs, is now ensuring the customers get the appropriate services for their needs and is no longer commission based. (MT).

Strict obligation of WFT (Financial Supervision Act): Dutch Law regulates certificates for bank employees to interact with or to advise customers e.g. in retail, but also in IT. (NL).

Skills: There is a need for new professional staff, trained in **technological, legal, and mathematics skills**, to implement the new regulatory changes and to incorporate these profiles into the organisation, as well as an increase in skills based around behavioural sciences. (NL, ES)

Trainings: Focus on control and compliance activities created specialised trainings which partly excluded the front office functions/duties staff. There is a mismatch between the skills needed for these more specialised job profiles and the people who are made redundant due to job loss. (FR, NL)

Higher Education: BAC+5 graduates (Master's degree) increased by 16% since 2014. More than half of those hired have a BAC+5. (FR).

Other reasons for changes to job profiles: Decrease of **retail staff** also due to closure of bank branches, digitalisation, changed consumer habits and technological developments.

6.10 How would you describe the impact of regulation on costs?

Compliance costs in some countries, e.g. the Netherlands, have tripled due to regulations, e.g. anti-money-laundry rules and reporting to authorities, such as the ECB. There was an increase in costs of capital, equity ratio and liquidity, accompanied by costs for personnel, administration, supervision and IT. Cost reduction was managed through downsizing. Disadvantages for smaller compared to larger businesses.

<u>Capital requirements:</u>

Supervision: Compliance costs, e.g. in the Netherlands have tripled due to regulations, e.g. reporting to the ECB in Frankfurt and other authorities, anti-money-laundering rules etc. Since employees represent a major cost factor, banks have had to cut costs by downsizing. (NL, SE)

Equity ratio and liquidity: There is a constant increase in equity ratio, liquidity and capital requirements caused by tightening of regulations and new requirements, which means e.g. higher costs of lending. Cost of capital are direct costs. Banks had to sacrifice certain areas of business to represent these changes. (NL, DE, MT)

Risk monitoring: Costs of control and risk staff have risen due to the 2nd and 3rd line of defence and due to anti-money laundering rules (KYC). Monitoring is more difficult for humans, so the developed applications can conduct it more efficiently. (RO, NL, MT).

Disproportionality: Most of the small businesses (low-wage earners) have been especially burdened, compared to large companies who have suffered fewer economic disadvantages. (DE)

<u>Personnel and administrative costs:</u>

Personnel costs: Certain specialised staff positions increased, e.g. in the IT area due to new requirements and administrative rules, which are more expensive in terms of personnel costs. Strict rules on remuneration caused a shift in personnel costs from more variable to fixed pay. (DE, NL)

Administration and Implementation: There are high costs to add and implement certain legal requirements caused by new regulations and administrative rules. The adaptation to the new requirements brought an increase in costs as a result of the adjustment process. (IT, ES, SE).

IT systems caused indirect and direct costs due to regulation **- capital** and **staff**. The entire counselling area is managed almost digitally. IT systems cost more, need specialised, expensive staff, e.g. for a more efficient monitoring, for the training of personnel and management of the digital trade and online banking. More IT staff is needed for the development of new applications. (MT, SE, RO).

Centralisation had a high impact with a large increase of costs to change from decentralised to centralised structures. (NL)

6.11 How would you describe the impact of regulation on changes to banking models?

Business models have changed rapidly since 2008. PSD II opened the sector up to 3rd parties (FinTechs, BigTechs) and unregulated banking (shadow banks). This caused an evolution of banking models, especially in the payment business. IT will take over technical and operational tasks, which will further decrease staff. The "universal banking model" compensated the impact of the financial crisis in France. Banks stopped high risk banking, which affected competitiveness.

Operational effects:

Change of business models: Business models have changed rapidly since 2008, with one reason being to increase efficiency, another linked to digitalisation. Splitting up commercial and retail banking is discussed. This has boosted consolidation. (DE, NL, ES, FR, IT, MT, RO)

The "universal banking model" compensated the impact of the financial crisis in France by a diversification of activities. The consequence is a highly concentrated market (FR). The main French banks have more than doubled their equity since the crisis and reduced the risks to their balance sheets. In other countries, the situation is different due to other market systems. The traditional banking model is seen as bureaucratic, less agile and less able to react. (MT).

FinTechs/Payments: PSD II opened the sector up to 3rd parties (FinTechs, BigTechs) and unregulated banking models. There is an evolution of banking models, especially in the payment business. In the future (in the next 10 years) this will result in banks no longer having their own payment processing organisations. Specialised companies (FinTechs) will handle all payment services. They can do better than the banking sector with lower costs. This creates new levels of cooperation and new levels of efficiency with those 3rd parties and FinTechs. Large FinTechs are now applying for banking licenses. (NL, FR, IT, DE, MT)

Digitalisation: Banks closed many of their local bank branches. More services via the internet, e.g. mortgage loans, payment of bills followed the customers' use of credit cards. Changes and outsourcing

in payment services, the settlement of commercial transactions and asset capital management take place.
Remote banking will further develop. IT will take over technical and operational tasks, which will further decrease staff. Banks must become more digital in order to remain competitive. (SE, MT, IT, NL)

Uniformity: Regulation created more uniformity between banks in order to reduce internal risk for organisations. On the other hand, growing uniformity caused increasing macroeconomic risks in the sector. Banks became more inoperative and digital in order to remain competitive in a market with many inoperative players (FinTechs, BigTechs). (NL)

Financial effects:

Cost reductions: Banks are looking to make their operations more streamlined, because of increased costs due to regulations and compliance. (NL)

Solvency and governance: New liquidity requirements and changes in the corporate governance had the largest impact especially on the Spanish banking sector. There is further impact on product governance, settlement of commercial transactions and asset capital management. (ES, DE, IT)

High risk banking stopped: Banks stopped high risk banking e.g. investment banking, for example in the Netherlands. Penalties and risks involved in certain businesses outweighed the benefits. This incurred costs and banks became less competitive and more uniform. As the banks became smaller, they could no longer serve their largest customers, which had a negative impact on their competitiveness in the sector. This increased macroeconomic risks on the other hand. (NL, DE, MT, FR)

Financing and credits: With a 6.3% increase in loans by 2019, the financing business is easier in France than in the other countries of the Eurozone. (FR). There is an impact in the world of credit, which does not operate with controls i.e. is unregulated. (IT)

6.12 How would you describe the impact of regulation on other structural changes?

There was a massive decrease of bank branches due to digitalisation, consolidation, M&As and increased policy costs. Further impacts are profitability problems, the need to reduce risks and disadvantages of European banks compared to the United States. Further consolidations and M&As are expected.

Operational and financial effects:

Profitability problems: Capital constraints imposed on systemic institutions in Europe slowed European consolidation and intensified the profitability problems for European banks. The European banking sector is much less concentrated than in North America (United States and Canada). To maintain profitability, banks had to cut costs by reducing branches and employees. (FR, NL)

Decrease of bank branches: There was a rapid closure of physical bank branches due to digitalisation, mobile banking and consolidation. Branches were also closed because of a changed sales policy and risk policy costs. In Spain, due to closings and a concentration of entities, there was a decrease of more than 40% of branches and a fall of 34% of the workforce since 2008. Branches are an essential asset of French banks, with about 36,519 in 2018. The decrease of bank branches was less in France than in other economies in Europe (4.7% in France to 26.4% in the EuroZone, 2009 to 2018). (NL, ES RO, FR)

Consolidation: Regulations like Basel will drive further market consolidation. There will be a further boost to consolidations between banks including some cross-border consolidation. This trend will continue at the EU and possibly global level. (IT, NL, MT) There was a concentration of entities. A positive effect is that the entities are healthier, larger and have lower costs. (ES)

Mergers and acquisitions: Large-scale mergers, acquisitions, partial closures and wind-downs of major banks are expected. Small savings banks have merged with major banks. One reason is that it is too expensive for small banks to comply with regulatory requirements, so they must give up at the end. (DE, SE)

Digitalisation: Structural changes moved banks more towards digitalisation. (IT). The number of IT banks and banking providers increased. (SE). Digitalisation will continue in the banking sector and this will lead to more bank branch closures. (NL)

Risk reduction: Risky business models are not as feasible as before. (DE) This has especially boosted consolidation. (IT) Penalties and risks involved in certain businesses outweighed the benefits. (MT, RO)

6.13 How would you describe the impact of regulation on a level playing field?

There is an unequal playing field because shadow banks, FinTechs and BigTechs such as Google are not subject to the same rules as traditional banks. This affects investments, personnel and capital costs and supervision. There is also an uneven situation between the regulation for European and US banks.

Negative effects:

Different or less regulation: There is no level playing field for banks and shadow banks, FinTechs and BigTechs such as Google, as they are less or differently regulated, e.g. concerning money market funds. This might change, as large FinTechs are now applying for banking licenses. (NL, FR, IT, DE, MT).

Investments: European regulations, e.g. PSD II, forced banks to invest, e.g. to upgrade their IT for the online use of bank cards, regarding the strong authentication of customers during an online purchase (SMS OTP), also for telephone banking. Implementation is more expensive for traditional banks, due to payment history etc. compared to the new actors. (FR)

Remuneration/Personnel costs: Globalisation has consequences for the labour market. National regulations are sometimes stricter than EU regulations, e.g. regarding remuneration. FinTechs and BigTechs are less or differently regulated because they do not have a banking license. They work with a leaner model with fewer employees and lower costs. On the other hand, there is an increase in demand for highly trained talent. Banking remuneration should focus on a level playing field for banks and other players in the financial markets. (DE, IT, NL, ES, SE).

Other effects:

Supervision, equity ratio and disclosure: The ECB has applied a single rule book on all states, on larger and smaller banks. This means an increased supervision, equity ratio and disclosure requirements for systemic banks. This is quite significant for banks but not for FinTechs. (MT, IT)

Lack of proportionality: Differences arise between the European prudential regulation and that of other countries, e.g. the United States. (FR, ES) Sometimes, EU regulations that apply to banks in general do not exactly fit the local, cooperative banks and had to be adapted. (RO) There is a lack of proportionality regarding banks of different sizes. (DE)

Retail customers: There are positive effects, such as better service, risk profiling and protection for retail customers, due to regulation that are significant for banks but not for FinTechs. (MT, IT)

6.14 How would you describe the impact of regulation on a future world of work?

Regulation such as PSD II fostered FinTechs and accelerated digitalisation, e.g. by verification tools, automation, information exchange, data protection and others. Increased cost pressures led to agile working and desk sharing. Changes in the future world of work are also driven by other factors such as digitalisation/ new technologies and globalisation. Digitalisation can be accelerated by regulation but is also a separate trigger. Regulation and customer demand for increased use of online services have automatically instigated a need for more digitalised processes.

<u>Future world of work impacted by regulation:</u>

Information Exchange and Data Protection: EU banking regulation has accelerated digitalisation processes, e.g. the change in information exchange systems. Also, the regulation of data protection has led to the introduction of new technologies in production/ procedures which made workers redundant. (ES)

Automation: Money and mortgages management is digitized and automated via the internet. There is an automation of work by robots, e.g. in call centres. Banks are becoming IT companies. (ES, SE, NL, IT, FR, RO, MT)

FinTechs: Banks had to keep pace with the Fintech industries while adhering to rules and regulations. This came at a cost of developing systems and opportunity costs, in respect to profits, because banks were no longer servicing certain industries. (MT)

Agile working/ desk sharing: PSD II had a major impact. Regulation has resulted in increased cost pressure, that led for example to agile working and desk sharing. (DE)

Verification: Legislation does not allow the sale of remote credit without certain verification tools. On the other hand, there is currently no legislation on digital signatures in Romania. (RO)

Risk models: There is a strong impact with reference to risk models and information technology. More attention and focus must be given to dDigitalisation and a new world of work. (IT)

Negative impact on repetitive jobs: The banking sector is declining. Regulation has mainly impacted the most repetitive tasks, e.g. retail and administration. Regulation is not, however, the main factor in the banks' "world of work" evolution process. (NL, FR)

Future world of work impacted by other factors:

Digitalisation/ technology:

Digitalisation impacted the evolution of the labour market. New jobs appeared and, compared to 11 years ago, others were reduced. New skills are needed by employees to adopt new technologies. Technology will change the banking model and financial services in general. With increasing digitalisation, there are considerable effects. Since everything is connected, everything is affected. Changes in the world of work are mainly technology-driven and not regulatory-conditioned. (RO, SE DE)

AI/Blockchain: The transformation of jobs remains very progressive (AI, blockchain). However, regulation is not the main factor in the banks' world of work evolution process. Currently, AI (artificial intelligence) is not used very often, only for KYC and payments, but in the future, there will be a significant usage in this area. (FR, MT)

Globalisation: As a result of globalisation, bank products and customers are less bound by national borders. Sweden sets its own wages but is influenced and affected by factors in the EU. Globalisation has consequences for the labour market. There is an increase in demand for highly trained talent. Banking remuneration should focus on a level playing field for banks and other players in the financial markets. (SE, NL)

6.15 Impact of regulation on changes to sales practices and customer relation requirements?

Sales Practices: Compliance caused a multiplication of processes and formalisation as well as an increase in documentation, which make sales practices more complex and rigid. Regulation changed the job profile and increased digital interaction with customers. **Customer Relation Requirements:** Banks have to invest more in the bank-customer relationship. The focus on customers' needs and protection increased. Employee training and certifications are required for these new requirements. Older customers have difficulties and are left behind.

Sales practises:

Adjustment of sales policies: Major interventions have happened due to compliance. Companies had to adjust their sales policies and sales activities. (IT).

Multiplication of processes/ formalisation: Increasing regulation has multiplied processes and controls in dealing with customers and made sales practices more complex and rigid, e.g. formalisation of loan offers and automation of decision-making processes. All regulatory documents are handed over to the customer (face to face), so that charges/fees and knowledge of the products are the responsibility of the customer. (FR)

Increase in documentation: A stronger focus on conflicts of interest in customer advice means a significant increase in documentation. MIFID and GDPR, in particular, have changed the way banks report, interact and provide information. It created an excessive paperwork for banks, customers and especially small investors. (DE, MT)

Increased digital interaction with customers: New legislation for retail and institutional segments created more uniformity and simplicity in retail products, which increased digital interaction with customers. Retail customers have to perform operations through the websites / online or at ATMs themselves. (NL, ES)

Change of job profile: The experts noted a change in the technical profile of the employees. The business focuses on wholesale banking and office / branch specialisation rather than traditional customer service. There is a mismatch in the methodological skills of employees in relation to decreased interaction. (NL, ES).

Customer relation requirements

Customer Relationship: Banks need to invest more in the bank-customer relationship to increase customer confidence. Banks must diversify the mix of alternative channels to reach the customers and to analyse their behavioural patterns. (RO, IT, SE)

Customers' needs: There is a drastic change from a sales and commission orientation to a focus on customer needs and services, driven by regulation. Enhanced risk profiling and protection for retail customers are necessary due to regulation. (MT) The change in customer relations is mainly due to MIFID, GDPR and similar regulations. (IT)

Customer protection: Experts and customer protection measures demanded regulation by the EU (ES). The requirements for sales talks, investment and credit advice have also increased. (DE) Compliance reminds banks that they have often introduced commercial policies that are not properly aligned. (IT)

Training of employees: Regulation has increased training needs and job profile requirements. New requirements need to be implemented in the sales process. Financial institutions needed to prepare employees for these changes. Employees need many certificates and must stay up-to-date, e.g. there is a strict obligation of the Dutch WFT law to regulate certificates for bank employees to interact with or to advise customers, e.g. necessary in retail, but also in IT (DE, RO, NL).

Problems for older customers: Older customers have difficulties with new technology. This means a large group that is left behind because they cannot or do not want to learn the system. There seems to be some resistance to keeping up with changes in IT. A lot of advice to customers is needed here. (SE)

6.16 How would you describe the impact of regulation on disciplinary procedures?

New regulatory requirements have increased the number of violations. Errors are easy to detect by IT and lead to disciplinary consequences, dismissals and fines. Money laundering regulations have obviously been stricter since enforcement. There is an impact on recruitment and variable remuneration. Employees are scared and under pressure.

Reasons for and effects of disciplinary procedures:

Violations increased: New regulatory requirements have increased the number of violations. Compliance is more important, there is more attention and control. The supervisory authorities' expectations are to deal with violations much more consistently than in the past. (DE, IT)

Disciplinary procedures have increased, but most sanctions are imposed at the US level and this leads to EU action. This framework is still weak at EU level. (MT)

Errors detected by IT: With the help of technology, inspections and controls can be done quickly and efficiently. It is easy to find errors, with the result of harsher disciplinaries and layoffs. In the past it could be seen as a mistake or carelessness but today with IT, there is no margin of error. (SE, IT)

Dismissals: There is an increase in layoffs due to violations of certain processes and dismissals of personnel who make mistakes. (FR, SE)

Fines: The fines that the banks received were painful for some minor negligence. Banks acquired a large share of the policies due to employee negligence or the inability of information systems, which resulted in a fine. (RO) Most sanctions relate to procedural errors, often without impact on the customer or the bank. (FR)

Money laundering: Money laundering regulations have obviously been stricter since enforcement. (ES) This increased disciplinary procedures and monetary penalties. Employees try to avoid mistakes. (NL)

Impact of disciplinary procedures on employees:

Recruitment: Sanctions and measures due to European regulations also affected recruitment. There is more attention required when banks select new staff and continue trainings for the new rules, e.g. GDPR (RO).

Remuneration: The disciplinary measures for variable remuneration also meant that a much more intensive system had to be introduced in the event of violations. (DE)

Employees scared and under pressure: There was a scandal on mortgages: Bank employees forged signatures because customers did not sign the documentation. The pressure was caused by tightened regulations, which were difficult or not possible to fulfil. (NL) People were afraid and became more cautious. Everything was treated with extreme harshness. (MT)

National regulation stricter than EU regulation: Dutch banking regulation is a kind of self-regulation for the banking sector, e.g. the societal regulations, the national banker code, banker's oaths, and the national law set up here, several codes of conduct on lending, it all has an enormous impact. (NL)

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6.17 How would you describe the impact of regulation on workload?

ECB rules increased the workload in nearly all areas, e.g. in administration, documentation, testing, training, organising business practices, implementing regulations, controls and processes, risk and technologies, KYC etc. Staff cuts increased the pressure on the remaining employees. Digitalisation reduces workload but also generates work, because of a lack of employees.

Increase in workload:

ECB rules and legislative changes increased the workload in nearly all areas, e.g. in administration, documentation, testing, training, organising business practices, implementing regulations etc. Massive regulation increased the demand on employees, increased effort in the data to be reported and consultation with the authorities. Businesses needed to adapt to the regulations and therefore the staff also needed to adapt. This raised the question of proportionality. (DE, NL, RO, MT)

Documentation: A stronger focus on conflicts of interest when advising customers means significant increase in documentation. (DE) Increased compliance has been reflected in increased documentation requirements on all levels down to branches. This has a significant impact on the workload of every employee. In other areas, employees had to do the same kind of work in a shorter time frame. (DE, MT)

Workload shift to **controls and processes:** The new regulatory constraints have complicated processes and modified the type of work. That shifted the workload to controls and processes and reduced high-value trading and advisory tasks. (FR)

Risk and technologies: There is a higher workload in the area of risks, technologies and other areas. (ES)

KYC (Know your customer): Every customer needs to be documented, checked and validated 100%, e.g. for credit applications. Otherwise employees get problems. (NL, RO)

The mortgage credit directive (MCD) has caused a lot of work, e.g. training of workers and time to adapt to the new regulations. (ES)

MIFID and GDPR have especially changed the way banks report, interact and provide information. They created an excessive paperwork for banks, customers and especially small investors. (MT)

Further aspects which trigger an increase in workload:

Staff cuts increased pressure on other employees: Personnel capacities had to be reduced significantly, e.g. because the volume of sales decreased, and the banks closed branches. As a result, the burden on responsible employees has increased**.** There is insufficient staff capacity for consultations, management reports, customer service and sales activities. (DE, RO)

Recruitment: A series of activities have increased, e.g. hiring of new staff in certain areas. There is also an increase in attention due to regulation. (IT)

Digitalisation reduces workload but also generates work, because of a lack of specialised employees. (NL)

Time for trainings: Regulatory training is currently held during working time but may need to be performed outside of working hours in the future, which increases the workload. (FR) Training in Spain does not take place during working hours. (ES)

Impact of other regulations, e.g. GDPR: There must be more competence for different rules and regulations, with the focus on the completeness of the documentation. Many regulations are not bank-related, e.g. GDPR. (SE)

6.18 How would you describe the impact of regulation on work-related stress?

Work-related stress is triggered by the complexity and lack of clarity of regulations, the fear of violating rules that could result in huge sanctions in combination with increased pressure from customers and a loss of autonomy which leads to a reduction of commitment.

Negative effects:

Complexity and lack of clarity: Stress is triggered by the complexity of regulations, by uncertainty and lack of clarity about the interpretation of regulations. The way of interpretation can affect banking operations. However, there must be flexibility as regulations must be interpreted in 30 countries. (ES, MT, NL)

Fear of violating rules/fear of sanctions: Possible conflicts with national laws or guidelines of the supervisor cause stress. There is a lot of pressure and high expectations on employees to avoid violating rules. The possible imposition of huge sanctions increases stress in the daily work. (RO, NL, SE, DE, IT, MT)

Fear of failure: Bank employees, from the president to the basic workforce, feel they must perform 100%. Employees are scared and under pressure, which results in increased sickness and sick leave. (RO, NL, SE, MT)

Lack of knowledge: The bank's procedures force employees to have a greater technical knowledge of the products and their application. (ES)

Deadlines: There are partly retroactive deadlines for implementations (NL)

Conflict of interest: Employees must deal with pressure from customers to speed up processes, e.g. to conduct a transaction by telephone or via unsecured email, which is against compliance rules. (FR)

Loss of autonomy: Rigid rules hinder the sales process without better security. There is a loss of autonomy, responsibility and time for qualitative assessment of risk situations which leads to a reduction of commitment of the employee. (FR)

Increased workload: Personnel capacities were reduced significantly but responsibilities increased, so the burden on remaining employees intensified. (NL, IT, DE, RO)

Clarity: Banking regulations provide clear and concrete rules that must be known and adhered to. (ES)

6.19 How would you describe the impact of regulation on competence needs?

Increased competences are needed in the area of compliance but also in other areas such as advisory, securities and risk, as well as IT and behavioural science. Target groups are all levels of employees from upper management, 2nd and 3rd line to customer-facing employees. Certifications become extremely important and must be updated regularly.

Required areas of competence needs:

Compliance: There is a need for new professional staff, trained in technological, legal, and mathematic skills, to implement the new regulatory changes and to incorporate these profiles into the organisation. Certain jobs, especially in compliance areas, now require more qualifications and specialised professional expertise, which results in many trainings and tests: Topics are e.g. legal experience and implementation of regulation. This focus on control and compliance activities created specialised trainings which partly excluded the front office functions/duties staff. (ES, RO, MT, FR, ES, IT)

Reporting and risk: New areas of competences in reporting and risk management emerged. The definition of certain key functions must demonstrate that employees are sufficiently competent. (DE).

Advisory: Skills on how to advise the customer about investments of money are necessary, so qualifications become part of the regulation for securities advisors. (DE, SE)

IT and data protection: More IT know-how is requested. There is also the need to keep knowledge up-to-date because of new tasks, e.g. in data protection, (RO, SE)

Need for specialised **counter trainings**. More attention is paid to codes of conduct and ethical dilemmas.
Skills in **behavioural science** gained importance in addition to classical skills in economics and law. (NL)

Know Your Customer (KYC): Skills in the area of KYC are required to avoid money laundering. (NL)

The mortgage credit directive (MCD) has caused a lot of work, e.g. training of workers and time to adapt to the new regulations. (ES)

MIFID II requires training programmes at national and bank level, for all employees who give advice to customers. (NL, DE)

Trainings to find new jobs: As regulation and other factors lead to job reductions, it can be useful to support people to help them develop, offer professional trainings and courses to cope with the new regulations. Thus, mobility increases and the ability to find new positions. This approach mitigates negative publicity of redundancies and gains public trust in the process. Union agreements can manage education on all levels. (NL, RO, FR, IT)

Which level of hierarchy is affected by regulation?

Management: EU rules guide on the suitability of executives and management with a focus on broader skills. There is an increase on management and board level. (MT, IT, NL)

Employees in the 2nd / 3rd line of defence need communication skills, e.g. to train employees and to fill the counterpart at board level. (NL)

Customer-facing employees need specialised counter trainings. More attention needs to be paid to codes of conduct and ethical dilemmas. Training is needed for all employees who provide information or advice to customers. (NL)

Responsibility shifts: In Romania, the responsibilities shift from compliance employees to the staff in sales and bank branches. (RO)

6.20 How would you describe the impact of regulation on the amount of training?

Training in compliance issues has increased drastically. But regulatory trainings often reduce product, behavioural and skills-trainings because of budgetary constraints. Training is sometimes inadequate. There is more focus on work rather than on trainings. Certifications are important and must be constantly renewed and updated. There is a need for connection of the requirements. In Romania, a governance team needs to ensure trainings and updates.

Development of the amount of training:

Drastic increase in training: In 2018, 86% of all employees were trained in regulations. This corresponds to a constant increase compared to the previous year (78% in 2017). (FR) Training in compliance issues has increased drastically, e.g. on ethical dilemmas, code of conduct, explanation of regulations and guidance. MIFID II requires training programmes at national and bank level, for all employees who provide information or advice to customers. Being up-to date is important. (NL, DE)

Regulatory training reduces product and skills training: There is more and more mandatory regulatory training. The impact of the regulatory training is at the expense of product or behavioural training. French banks have not increased the total time spent on trainings. In a tight budgetary environment, this reduces the budget for skills and employability-oriented training.

Inequity: The creation of specialised training for controlling and compliance partly excluded some of the employees with front office functions/duties. (FR)

Inadequate training: If new skills are required then naturally more training is needed. The problem is that the training is often inadequate. Banks do not put enough effort into this and often do not offer the required training. In Italy, there are many training agreements and a bilateral body. (IT)

Priority on work, not on training: A lot of work was required due to regulation, and training was not a priority. The focus was on getting the job done and then completing the training. There is too much bureaucracy. It is a burden to prove that the training has been completed to a high standard. (MT)

Time for trainings: Regulatory training currently takes place during working hours but may need to be done outside of working time in the future, which will affect employees. Training in Spain generally does not take place during working hours. (FR, ES)

Need for certifications and regularly updates:

Education: There are demands on education from universities and the IT industry to have knowledge of rules and law and keep it up to date. (DE, NL, SE)

Certifications and updates: Certification requirements have increased but it is difficult to get them on time and when required. Constant training and renewing of the certification, which is only valid for a certain amount of time, is obligatory. Trainings must usually be updated every year. In Romania, there is a repetition of tests and courses four times a year. The trainings are important and very positive for the sector. (ES, NL, DE, SE, RO)

Need for connection of the requirements: The need for connection of the requirements and the competences becomes greater. The training is competency based, e.g. on mortgage loan and money laundering. At the same time, the staff must be able to help the customer with their entire banking business. (SE)

A governance team must ensure training and updates: Regarding remuneration, legislation comes from European regulations. In Romania, the banking system has set up a governance team and a dedicated body to deal with EU regulations. They want to ensure the professional training of employees, e.g. in the compliance area. (RO)

6.21 How would you describe the impact of regulation on other topics?

Regulation influenced all banking activities. It lowered the level of wages and focused on staff reductions. As a result, issues such as remuneration, sustainable employability, vitality and agility of banks become more important.

Remuneration: The compensation systems have changed a lot due to regulation, especially on the variable side, such as performance bonuses. (DE) Wage formation has been affected. (SE) Regarding remuneration, legislation comes from European regulations. (RO)

Regulation influenced the whole activity of banks: In general, all banking activity has been influenced by new regulatory activities, some broadly, some less, some directly, some indirectly, but in general all banks had to change their structure and therefore the impact on employment has been extended to the whole activity of the bank. There is an impact due to the evolution of customer behaviour/habits in addition to that caused by regulations. All areas of the bank have been under this influence/trend. (IT)

Legislation led to downsizing. This supports the focus on employability and agility: National legislation lowered the level of wages (e.g. variable pay) and focused on staff reduction. As a result, issues such as education and training, sustainable employability, vitality and agility are at the heart of the discussion topics between employers and unions. (NL)

7. Results of the workshops

The two workshops in Bucharest and Malta provided additional insights into learnings on how to deal with the impact of regulation. The results are summarised in the following. Information and recommendations from the workshops have been added to the corresponding points in the results, unless they have already been mentioned there to avoid duplication.

Impact of regulation on employment:

- Regulation, such as the IDD (Insurance Distribution Directive), can lead to a conflict of interest between consumers, employers and banking employees and massively affect workload and costs due to high implementation costs.
- EU Directives had a significant impact, e.g. on payroll manner. Therefore, the sector became less attractive for talents.

Wishes to the regulators:

More Dialogue:

- The voice of the banking sector should be better heard during discussions about further regulations.

More time for implementation and training:

- The banking sector should be given more time for implementation and training.

More harmonisation and standardisation:

- In the financial sector, e.g. in Romania, more standardisation is needed. E.g. for classification of job profiles or occupational standards. It is necessary to work by European standards.
- Guidelines, process flows, salary revision & benefits should bear no discrimination factors.
- EU wide standards are necessary to guarantee equality and the same requirements in the whole of Europe.
- There is no level playing field in the Netherlands, as there are lower regulations for FinTechs to ease development. There are no collective agreements with FinTechs.

Best practises and recommendations for other organisations:

Training:
- Banking jobs are under scrutiny due to digitalisation, innovation and regulation; therefore, knowledge and training is mandatory.
- The bank of Valetta (amongst others) provides an e-learning-platform on the intranet to face regulation. There are courses that can be completed during working hours e.g. about money laundering.
- Most Banks in Malta have switched to mandatory training with strict assessment and accreditation requirements as directed by the Malta Financial Services Authority (MFSA).
- Dutch trade union FNV aims to help employees to identify which jobs will vanish and what new roles will arise and offers trainings for personal change, both within and outside the banking sector.
- Training for employees must precede implementation.

Working conditions:

- Workplace happiness and good working conditions are important to be more productive and to better accept e.g. a higher level of regulation.
- Communication is crucial and determines relations within the working environment, between the workforce and the business to the benefit of the customers.

Digitalisation:
- Banks should focus on a professional switch to digitalisation.
- Key challenges: Job security and digitalisation.

Social Dialogue, Communication and Industrial Relations
- Positive industrial relations secure good governance.
- More communication with politicians and MEPs.
- A fair and wide social dialogue between employers and trade unions is crucial.

Reduction of products:
- A reduction of products means a reduction of workload, which can help customers and employees to better accept regulation.

Impact Assessment:
- A proper regulation impact assessment before enacting EU legislation is needed.

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8. Abbreviations and acronyms

Abbreviation/acronym	Definition
AMLD	Anti-Money-Laundering Directive
BCESA	Banking Committee for European Social Affairs
BRRD	Bank Recovery and Resolution Directive
CIB	Corporate and Institutional Banking
CPSS	Committee on Payments and Settlement Systems
CRR/CRD	Capital Requirements Regulations and Directives IV
DPA	Data Protection Act
EACB	European Association of Co-operative Banks
EBA	European Banking Authority
EBF	European Banking Federation
ECB	European Central Bank
ESA	European Supervisory Agency
ESBG	European Savings and Retail Banking Group
ESMA	European Securities and Markets Authority
FATCA	Foreign Account Tax Compliance Act (US)
FNV	Large Trade Union in the Netherlands
FTE	Full time equivalent = Full time employees
FTSE	Financial Times Stock Exchange
GAFA(M)	Internet companies: Google, Apple, Facebook, Amazon, (Microsoft)
GDPR	General Data Protection Regulation
HR	Human Resources
IDD	Insurance Distribution Directive
IT	Information technology
KYC	Know Your Customer (part of Anti-money laundering rules)
M&As	Mergers & Acquisitions
MEPs	Members of the European Parliament
MFSA	Malta Financial Services Authority
MCD	Mortgage Credit Directive
MiFID I, MiFID II, MiFIR	Market in Financial Instruments Directives and Regulation
NPL	Non-Performing Loans
PSD II	Payment Service Directive II
SMS OTP	Short Message Service One Time Password
UNI Europa Finance	European trade union federation for finance sector workers (part of UNI Europa/UNI Global Union)
WFT	‘Wet op het Financieel Toezicht’ (Dutch Financial Supervision Act)

9. Definitions

Term	Definition
BAC+5 graduates	Bachelor + 5 years = Master’s Degree

Basel (I, II, III)	Basel I is the first of the Basel accords and mainly means an increase the equity ratio. Basel II is the second of the Basel accords, (now extended and partially superseded by Basel III), and contains recommendations on banking laws and regulations issued by the Basel Committee on Banking Supervision. Basel III is a global, voluntary regulatory framework on bank capital adequacy, stress testing, and market liquidity risk.
Big Techs	The term refers to the largest and most dominant companies in the information technology industry such as Google, Apple, Facebook, Amazon, Microsoft, Alibaba and Tencent (WeChat)
Cybersecurity	given the proliferation of cybercrime and the decentralized storage of data, cybersecurity and fintech are intertwined.
FinTechs	FinTechs (Financial Technology companies) are young companies (start-ups) that offer improved and particularly customer-oriented financial services with the help of new technologies such as apps. FinTechs are working in a variety of financial activities, especially in payment services.
FTE/ Full time equivalent	The ratio units are FTE units or equivalent employees working full-time. In other words, one FTE is equivalent to one employee working full-time.
Robo-advisors	Robo-advisors utilize algorithms to automate investment advice to lower its cost and increase accessibility.
Shadow banks	The shadow banking system is a term for the collection of non-bank financial intermediaries that provide services similar to traditional commercial banks but outside normal banking regulations.

10. Country Abbreviations

Abbreviation	Country
DE	Germany
ES	Spain
FR	France
IT	Italy
MT	Malta
NL	Netherlands
RO	Romania
SE	Sweden

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Appendix

Questionnaire

European bank social partners project (VS/2019/0005) on

The impact of banking regulation on employment: Analysing best practice at European, national and company level and developing joint approaches through European Social Dialogue

Questionnaire

This is an EU-funded research project, initiated by the **European Social partners** (UNI, EBF, ESBG and EACB), and led by the **European trade union federation UNI Europa Finance**, to assess how increasing **European regulation** impacts the banking industry and their employees. The goal is to find out, whether and how the implementation of certain EU regulations has had a **positive or negative** impact for Europe's banking sector workers. The aim is also to collect **good practice** from across Europe on how banks and their workers have dealt with the impact of increasing regulation.
This survey will be carried out in co-operation with the research agency Kantar.
We contact you, because you have given your consent to (UNI Europa, EBF, ESBG or EACB, please adapt your organization). Your participation is of course voluntary, and the evaluation is anonymous. You can revoke your consent at any time.
The entire survey will be treated in the strictest of confidence. Kantar is working in accordance with the guidelines of the European data protection regulations (GDPR).
Important:
1. Please refer to the attached questionnaire to prepare for the interview.
2. You will be contacted in advance by email or phone from a representative of Kantar or one of its partners, to arrange an appointment with you to conduct the **interview by phone**.
3. The interview will take place between: **18.-22.11.2019.** (Please make sure, that you will be available within this week.)

We would like to thank you in advance for your kind co-operation and assistance!

If there are any questions or uncertainties, please contact:

UNI Europa Finance

Content

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Assessment of the impact of regulation on banking sector employment since 2008

A. General information

Following the 2008 financial crisis, the EU has issued numerous new regulations and directives to improve risk management practices among financial institutions and to protect the investments of consumers and investors. We would like to talk with you about the impact of regulation on employment in the banking sector.

In a first step, we would like to ask for some general information about yourself and your role.

A1 In which country are you currently based? If you are working in multiple countries, please indicate the country where you are most knowledgeable for answering the subsequent questions.

France	Germany	Italy	Malta	Netherlands	Romania	Spain	Sweden
☐	☐	☐	☐	☐	☐	☐	☐

A2 Which bank organisation do you represent?

☐	National Employers Association (EBF, ESBG, EACB)
☐	National Trade-Union (e.g. UNI)
☐	other*

*If other, please specify:

Klick here to insert your text

A3 What is your area of responsibility/ title in the organisation you represent?

Klick here to insert your text

B. Impact on employment figures

First, we would like to talk to you about the development of the banking business and of employee figures since the financial crisis of 2008.

1. How has the banking business in your country developed economically since the crisis of 2008? Three to four bullet points would be sufficient.

Klick here to insert your text

2. From ECB statistics we know, that since the financial crisis of 2008, the total number of banking employees showed for…

   a) Sweden and Malta: **an increase** in employees.
   b) France, Germany, Italy, Spain, Romania and the Netherlands: **a decrease** in employees.

   When you think about your country, from your point of view, what were the main reasons for this development of employee figures after the financial crisis?

Klick here to insert your text

3. There might be many reasons for this employee development since 2008. Do you see that EU banking regulation has had an impact on **employment figures in your country**?

no impact	low	moderate	strong	don't know
☐	☐	☐	☐	☐

INT: If no impact/don't know: *go to next topic*

4. Please mind that an impact of EU regulation could be **direct** or **indirect.**

   Direct impact means for example, that a regulator or regulation has instructed directly to reduce or to increase staff in certain sectors. **Indirect impact** means that the employment was affected by side-effects, e.g. an increase or decrease in workload or costs due to regulation.

   How would you describe the impact of EU regulation on **employment figures** in your country, Was it direct or indirect? Please elaborate and give examples.

Klick here to insert your text

C. Impact on employment levels in compliance in 2007 compared to 2018

5. The next subject we would like to discuss with you is employment levels especially in **compliance.** Compliance functions might be increased or decreased due to regulation.

   Do you see that EU banking regulation has had an impact on **employment levels in compliance since 2007 compared to 2018**?

no impact	low	moderate	strong	don't know
☐	☐	☐	☐	☐

INT: If no impact/don't know: ***go to next topic***

6. How would you describe the impact of regulation on employment levels in compliance? Did you observe an increase or decrease? Please elaborate and give examples.

Klick here to insert your text

D. Impact on job profiles

In the following we would like to speak about **changes to job profiles**. Job profiles might have changed since 2008 due to different requirements. This could mean for example increased jobs in compliance and IT and decreased in retail banking or any other changes.

7. Do you see that EU banking regulation has had an impact on **changes to job profiles** since 2008?

no impact	low	moderate	strong	don't know
☐	☐	☐	☐	☐

INT: If no impact/don't know: ***go to next topic***

8. How would you describe the impact of regulation on this development? Which job profiles increased, which decreased? Please elaborate and give examples.

Klick here to insert your text

E. Impact on costs

Now we would like to talk about the impact of regulation on **costs** in the banking sector. This might be for example due to increased requirements on the equity ratio to reduce capital risks, which ties up capital (e.g. Basel III, Capital requirements directive (CRR)).

9. Do you see that EU banking regulation and compliance has had an impact on **costs** in the banking sector since 2008?

no impact	low	moderate	strong	don't know
☐	☐	☐	☐	☐

INT: If no impact/don't know: ***go to next topic***

10. How would you describe the impact of regulation on costs (increase or decrease)? Do you see any impact on employment triggered by increased costs due to regulation? Please elaborate and give examples.

Klick here to insert your text

F. Impact on banking models

Now we would like to talk with you about changes in **banking models**. This could be for example the entrance and success of new players, especially FinTechs or other new business models, beside the universal bank model.

11. Do you see that EU banking regulation has had an **impact on changes to banking models** since 2008?

no impact	low	moderate	strong	don't know
☐	☐	☐	☐	☐

INT: If no impact/don't know: go to next topic

12. How would you describe the impact of regulation on changes to banking models? Please elaborate and give examples.

Klick here to insert your text

G. Impact on structural changes

In addition to new banking models there might be other structural changes in the banking industry, e.g. consolidation of the market, closure of banks and bank branches, M&A etc.

13. Do you see that EU banking regulation has had an **impact on other structural changes** since 2008?

no impact	low	moderate	strong	don't know
☐	☐	☐	☐	☐

INT: If no impact/don't know: go to next topic

14. How would you describe the impact of regulation on **other structural changes**? Please elaborate and give examples.

Klick here to insert your text

H. Impact on a level regulation playing field

Another important subject is a **level regulation playing field**. That means that the same rules and regulations apply to all players in the market, this includes banks as well as FinTechs and other players.

15. Do you see that EU banking regulation has had an **impact on changes concerning a level regulation playing field** since 2008?

no impact	low	moderate	strong	don't know
☐	☐	☐	☐	☐

INT: If no impact/don't know: *go to next topic*

16. How would you describe the impact of regulation on this development? Please elaborate and give examples?

Klick here to insert your text

I. Impact on a future world of work

Now we would like to talk about the **future world of work,** e.g. influenced by digitization, automatization, etc.

17. Do you see that EU banking regulation has had an **impact on changes concerning a future world of work** since 2008?

no impact	low	moderate	strong	don't know
☐	☐	☐	☐	☐

INT: If no impact/don't know*: go to next topic*

18. How would you describe the impact of regulation on this development? Please elaborate and give examples?

Klick here to insert your text

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J. Impact on sales practices and customer relation requirements

The next topics are sales practices and customer relation requirements.
This could be for example more digital interaction with clients, changed work in bank branches (shift from sales person to advisors, or from human advisor to online/digital tools), more documentation, etc.

19. Do you see that EU banking regulation has had an impact on **sales practices and customer relation requirements** since 2008?

no impact	low	moderate	strong	don't know
☐	☐	☐	☐	☐

INT: If no impact/don't know: *go to next topic*

20. How would you describe the impact of regulation on changes of sales practises and customer relation requirements? Please elaborate and give examples.

Klick here to insert your text

K. Impact on disciplinary procedures

We would like to move on to disciplinary procedures. This could be for example violations against regulations or directives (e.g. AML) which caused monetary penalties, warnings or dismissals.

21. Do you see that EU banking regulation has had an impact on **increase of disciplinary procedures** since 2008?

no impact	low	moderate	strong	don't know
☐	☐	☐	☐	☐

INT: If no impact/don't know: *go to next topic*

22. How would you describe the impact of regulation on this development? Please elaborate and give examples?

Klick here to insert your text

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L. Impact on workload

The next subject we would like to discuss with you is **workload**. Increased workload could be for example by increased documentation, due to the implementation and execution of EU banking regulation and compliance.

23. Do you see that EU banking regulation has had an impact on **workload** since 2008?

no impact	low	moderate	strong	don't know
☐	☐	☐	☐	☐

INT: If no impact/don't know: *go to next topic*

24. How would you describe the impact of regulation on workload? Did you observe any increase or decrease? Please elaborate and give examples.

Klick here to insert your text

M. Impact on work-related stress

Another point of interest is work-related stress. Work-related stress could be triggered by high workload due to EU banking regulation or by conflict of interest due to compliance and others.

25. Do you see that EU banking regulation has had an impact on **work related stress** since 2008?

no impact	low	moderate	strong	don't know
☐	☐	☐	☐	☐

INT: If no impact/don't know: *go to next topic*

26. How would you describe the impact of regulation on work-related stress? Did you observe any increase or decrease? Please elaborate and give examples.

Klick here to insert your text

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N. Impact on competence needs

Could we now talk about the change of competence needs in the banking industry?

27. Do you see that **EU banking regulation** has had an impact on **competence needs,** due to the implementation or execution of EU regulation since 2008?

no impact	low	moderate	strong	don't know
☐	☐	☐	☐	☐

INT: If no impact/don't know: *go to next topic*

28. How would you describe the impact of regulation on **competence needs**? Please elaborate and give examples.

Klick here to insert your text

O. Impact on the amount of training

29. Do you see that EU banking regulation has had an impact on the **amount of training** in the banking industry, since 2008?

no impact	low	moderate	strong	don't know
☐	☐	☐	☐	☐

INT: If no impact/don't know: *go to next topic*

30. How would you describe the impact of regulation on training (increase or decrease)? Do you think, that the amount of training is too much or too little? Please elaborate and give examples.

Klick here to insert your text

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P. Further impact of regulation on employment in the banking sector

31. Are there any **other topics or areas** in employment in the banking sector, that have been strongly influenced by regulation since 2008?

Yes	No	don't know
☐	☐	☐

If no/don't know: ***go to next topic***

32. How would you describe the impact of regulation on other topics? Which other topics or areas were affected? Please elaborate and give examples.

Klick here to insert your text

Q. Best practises and future development

33. Out of your experience are there any best-practice lessons how to mitigate negative effects of regulation on employment? What would you recommend to other organisations how to deal with the impact of regulation?

Klick here to insert your text

34. If you had to summarize again, which three wishes or recommendations should we pass on to the relevant regulators, i.e. the European Commission, the European Banking Authority or national regulators? Please elaborate.

Klick here to insert your text

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35. The banking industry is undergoing global changes through issues such as new competition from large e-companies (Google etc.) and FinTechs, digitization, changed customer demand, consolidation, etc. What expectations do you have for the development of the banking industry in your country over the next two years? What will be the main issues? Some bullet points would be sufficient.

    Klick here to insert your text

36. How do you assess the development of the burden of compliance in this context over the next two years? Do you expect a positive or negative development? Please elaborate.

    Klick here to insert your text

37. Any further comments?

    Klick here to insert your text

Thank you very much for your contribution to this survey

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About Kantar

With offices in more than 100 countries, Kantar is one of the world's leading companies for data science, insights and consulting. Kantar's more than 30,000 employees combine expertise in human behaviour with advanced technologies, contributing to the success and growth of the world's leading companies and organizations.

- First-class generalists and specialists - 30,000 analysts, consultants, strategists everywhere
- State-of-the-art methods - in (market) research, analytics and consulting
- Extensive knowledge base - with global databases and benchmarks
- Proven success - Numerous case studies, long-term customer relationships (~ 17 of the top 20 have worked with us for more than 10 years)
- Technologically and digitally - state of the art

About Kantar Business Intelligence

Kantar Business Intelligence is the desk research expert for Kantar and is thus part of one of the world's leading market research and consulting companies. We are experts in providing national and international market, industry and competition information.

Being part of one of the leading global market research groups, we have access to a worldwide network of market researchers and benefit from their knowledge of local markets, sources and languages in up to 90 countries around the globe. This guarantees that the data is always validated where it is generated.

Our consultants are experts in researching consumer and market data, industry insights and information on key players. We have access to a large number of exclusive databases.
In case of information gaps, we conduct targeted interviews with suppliers, dealers, retailers or industry experts and verify, evaluate and analyse our research findings.

From 2017 to 2018 Kantar Business Intelligence conducted the first pillar of the European social partners project "The Effect of Regulation on Employment in the Banking Industry – Pillar I."