



# The Impact of Regulation on Employment in the Banking Industry - II

Final Presentation

18. November 2020

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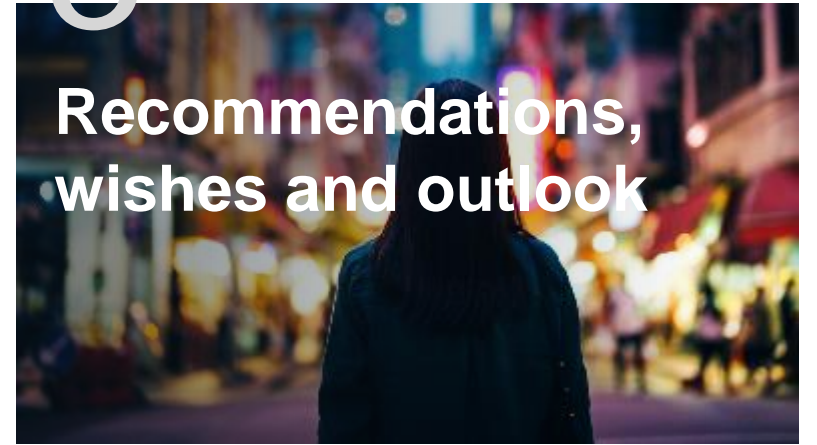
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# Aim and Methodology

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# Aim and Methodology of the Project

## Pillar II: Impact of banking regulation on employment

The European Social Partners of the Banking industry have set up this project

- to evaluate whether and how increasing regulation has led to **positive or negative developments**.
- to exchange and collect **good European, (multi)-national, group and (multi)-company practice** on how banks and their workers deal with the impact of regulation
- to develop and present a **joint European Social Partner approach** on how to commonly benefit from regulation whilst mitigating any negative impacts.
- To support this project, a **qualitative survey** was set up by Kantar, with interviews among members from EBF and UNI, which were experts in the field of regulation and its impact.

### METHOD

- 16 personal interviews by phone
- Respondents: 50/50 by UNI and EBF
- 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 local language apart from Malta and the Netherlands and were audiotaped.
- The questionnaire comprises quantitative and qualitative questions

### GEOGRAPHIC SCOPE

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

# Our main topics

What is the impact of regulation on.....

STRUCTURE OF WORKFORCE	STRUCTURE OF THE SECTOR	WORKERS' ROLES & RESPONSIBILITIES
<b>changes to job profiles</b>	<b>costs</b>	<b>disciplinary procedures</b>
employment levels in compliance	<b>banking models</b>	<b>workload</b>
direct or indirect impact of regulation	<b>structural changes</b>	<b>work-related stress</b>
	<b>level playing field</b>	<b>competence needs</b>
	<b>future world of work</b>	<b>amount of trainings</b>
	<b>sales practices</b>	
	<b>customer relation requirements</b>	

# Recommendations, wishes and outlook

BEST-PRACTICE LESSONS	WISHES OR RECOMMENDATIONS	MAIN ISSUES
What would <b>YOU RECOMMEND TO OTHER ORGANISATIONS</b> how to deal with the impact of regulation?	<b>WHAT</b> should we pass on to <b>REGULATORS?</b>	What will be the <b>MAIN ISSUES</b> of the banking industry in your country over the <b>NEXT TWO YEARS?</b>

This document has been prepared for the European Social partners, however it reflects the views of the interviewed persons. This view does not have to be the same as that of the European Social partners or the creator.

All interviews were conducted end of 2019 and thus do not reflect the effects of the coronavirus outbreak in 2020.



## 2 Main topics



# How would you describe the impact of regulation on CHANGES TO JOB PROFILES?

**Increase** in compliance, controlling, legal, IT and HR jobs and need for staff with new skills. **Decrease** of jobs due to regulation in retail banking, administration and lending, also in management. IT personnel is needed but outsourced very often.

## STAFF

### Increase

- **Compliance and risk management** increased, changes in the securities business. One reason is new applications for compliance area monitoring. (DE, RO, IT, MT, NL).
- **Controlling, legal:** Jobs in controlling, 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)
- Increase in jobs in **HR** and **behavioural sciences**. (NL).
- **IT/Cybersecurity:** High-level IT functions increased by 30%. Technical changes in IT, also due to digitization. IT staff must have more data knowledge. Banks becoming IT companies. (FR, IT, NL)
- Need for new staff with **technological, legal, and mathematics skills**, to implement the new regulatory changes and to incorporate them into the organization. (ES)

### Decrease

- **Retail banking, administration and lending:** Directives caused a pressure on jobs with lower education, e.g. retail, administration and corporate lending. Direct counselling, relations with customers and all retail activities have decreased. (NL, IT, FR, ES, RO, MT)
- Staff in the area of **commercial policies** and working with **NPL** (non performing loans) has decreased. (IT)
- **Outsourcing** has led to a decrease in internal IT staff by 13% between 2012 and 2018. (FR)
- **Executives:** Positions of bank executives decreased. (RO)

# How would you describe the impact of regulation on COSTS?

Compliance costs have tripled due to regulations, e.g. in Netherlands. Increase in costs of capital, equity ratio and liquidity, accompanied by costs for personnel, administration, supervision and IT. Cost reduction was managed through downsizing.

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## COSTS

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### Capital

- **Supervision:** Costs have tripled due to regulation, e.g. reporting to ECB in Frankfurt etc., documentation with authorities and regulators. (NL, SE)
- **Equity ratios and liquidity:** Constant increase in equity ratios, liquidity, costs of capital caused by tightening of regulations and new requirements, which means e.g. higher costs of lending Banks had to sacrifice certain areas of business to represent these changes. (NL, DE, MT)
- **Risk monitoring:** Higher costs of control and risk staff due to the 2nd and 3rd line of defense and due to anti-money laundry rules (KYC) (NL, MT).
- **Disproportionality:** Most of the small businesses (low-wage earners) have been especially burdened, compared to large companies who have suffered less economic disadvantages. (DE)

### Personnel and Administrative

- **Personnel costs:** Certain staff positions increased due to new requirements and administrative rules (DE). Strict rules on remuneration caused a shift in personnel costs from more variable to fixed pay. (NL)
- **IT systems** caused indirect and direct costs due to regulation - **capital** and **staff**. (MT). The counseling area is managed almost digitally. IT systems cost more, need specialized, expensive staff, e.g. for a more efficient monitoring, for the training of personnel and management of the digital trade and online banking. (SE, RO)
- **Administration and Implementation:** High costs to add and implement certain legal requirements caused by new regulations and administrative rules. (IT). More documentation with authorities and regulators (SE).

# How would you describe the impact of regulation on CHANGES TO BANKING MODELS?

PSD2 opened the sector for 3<sup>rd</sup> parties (FinTechs, BigTechs) and unregulated banking. Payment business will be taken over by FinTechs. The universal banking model compensated the impact in France. High risk banking was stopped.

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## BANKING MODELS

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### Operational

- **FinTechs/Payments:** PSD2 opened the sector for 3<sup>rd</sup> parties (FinTechs, BigTechs) and unregulated banking models. Other business models are entering the market. Payments will be outsourced to FinTechs. Large FinTechs are now applying for banking licenses, for example check24. Banks have to become more digital in order to remain competitive. (NL, FR, IT, DE, MT).
- **Digitization:** More services via the internet, e.g. mortgage loans, payment of bills followed the customers' use of the credit card. IT will take over technical and operational tasks, which will decrease staff and will lead to more bank branch closures. (NL, SE, IT).

### Financial

- **Universal banking model** with its different areas of business, compensated the impact of the 2008 crisis in France. French banks have doubled their equity since the crisis and reduced the risks. (FR). In other countries, the models are different. The traditional banking model is seen as bureaucratic, less agile and less able to react. (MT)
- **High risk banking stopped:** Risky business models are not as feasible as before. Banks stopped or reduced high risk banking e.g. investment banking. This incurred costs and banks became less competitive and more uniform. This boosted consolidation and increased macro economic risks. But penalties and risks involved in certain businesses outweighed the benefits. (NL, DE, MT, FR, IT, RO).



# How would you describe the impact of regulation on OTHER STRUCTURAL CHANGES?

Decrease of bank branches due to consolidation, M&As and increased policy costs. Further impacts are profitability problems, and disadvantages of Europe compared to the United States.

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## STRUCTURAL CHANGES

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### Operational

- **Consolidation/M&A/closures:** Regulations like Basel will drive further market consolidation. There will be a boost to consolidation between banks including some cross-border consolidation. This trend will continue on EU and possibly on a global level. Large-scale mergers, acquisitions, partial closures and wind-downs of major banks. Small savings banks have merged with major banks. It is too expensive for small banks, to comply with regulatory requirements, so they have to give up at the end. (DE, SE, IT, NL, MT)

### Financial

- **Decrease of branches:** Rapid closure of bank branches due to digitalization and consolidation. Concentration of entities, but the entities being healthier, larger and having lower costs. Decrease of branches was less in France than in other economies in Europe (4.7% in France to 26.4% in the Euro Zone, 2009 to 2018). (NL, ES, FR)
- **Profitability problems:** Capital constraints intensified the profitability problems for European banks. European banking sector is less concentrated than in North America. (FR, NL).

# How would you describe the impact of regulation on a LEVEL PLAYING FIELD?

There is an unequal level 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.

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## LEVEL PLAYING FIELD

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- **Investments:** European regulations, e.g. PSD2, forced banks to invest, e.g. to upgrade their IT for the online use of bank cards, with regard to the strong authentication of customers during an online purchase, 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:** National regulations are sometimes stricter than EU regulations, e.g. regarding remuneration. FinTechs and BigTechs are less or differently regulated, because they don't have a banking license. They work leaner with less employees and lower costs. (DE, IT, NL, ES, SE)
- **Money market funds:** No level playing field for banks and shadow banks, as they are less or differently regulated (DE).
- **Supervision, equity ratio and disclosure:** ECB has applied a single rule book on all states, on larger and smaller banks. It means an increased supervision, equity ratio and disclosure requirements for systemic banks. This applies on banks but not on FinTechs. (MT, IT)
- **Lack of proportionality:** Differences arise between the European prudential regulation and that of other countries, e.g. the United States. Sometimes EU regulations that apply to banks in general do not exactly fit the local banks and had to be adapted. Lack of proportionality regarding banks of different sizes. (ES, RO, DE)
- **Retail clients:** Better service, risk profiling and protection for retail clients, due to regulation. Significant on banks but not on FinTechs. (MT, IT)

# How would you describe the impact of regulation on a FUTURE WORLD OF WORK?

Regulation such as PSD2 fostered FinTechs and accelerated digitization, e.g. verification tools, information exchange, data protection and others. Increased cost pressure led to agile working and desk sharing.

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## FUTURE WOLRD OF WORK

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- **Agile working/ desk sharing:** PSD2 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 a remote credit without certain verification tools. On the other hand, digital signatures in Romania have not yet any legislation. (RO)
- **Information Exchange and Data Protection:** EU banking regulation has accelerated digitization processes, e.g. the change of 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)
- **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)
- **Risk models:** There is a strong impact with particular reference to risk models and information technology. Digitization and a new world of work must have a greater attention and stronger focus. (IT)
- **Negative impact on repetitive jobs:** Banking sector is declining (NL). 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. (FR)



# How would you describe the impact of regulation on changes of SALES PRACTICES?

A multiplication of processes and formalism as well as an increase in documentation made sales practices more complex and rigid. Regulation changed the job profile and increased digital interaction with customers.

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## SALES PRACTISES

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- **Multiplication of processes/ formalism:** Increasing regulation has multiplied processes and controls in dealing with customers, which made sales practices more complex and rigid, e.g. formalism 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, clients and especially small investors. (DE, MT)
- **Increased digital/decreased personal interaction with clients:** New legislation created more uniformity and simplicity in retail products, which increased digital interaction with clients. Retail customers have to perform operations through the websites / online or at ATMs themselves. (NL, ES)
- **Change of job profile:** Change of the technical profile of the employees. The business focuses on wholesale banking and office / branch specialization rather than traditional customer service. (NL, ES).

# How would you describe the impact of regulation on CUSTOMER RELATION REQUIREMENTS?

Focus on clients' needs and customer protection increased. Employee training and certifications are needed for these new requirements. Older customers have difficulties and are left behind.

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## CUSTOMER RELATION REQUIREMENTS

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- **Customer advice:** Drastic change, from a sales and commission orientation to a focus on customer needs and services, driven by regulation. This increased the requirements for sales talks, investment- and credit advice. Change in customer relations is mainly due to MIFID, GDPR and similar regulations. (MT, IT)
- **Customer protection:** Experts and customer protection measures demanded regulation by the EU. Enhanced risk profiling and protection for retail clients is a result. (ES, DE, IT)
- **Training / Certificates:** Increased training needs and job profile requirements. Employees need many certificates and have to stay up-to-date. There is a strict obligation in the Dutch WFT law to regulate certificates for bank employees, who interact with or advise customers. This is necessary in retail, but also in IT (DE, RO, NL).
- **Problems for older customers:** Older customers have difficulties with the 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 keep up with changes in IT. A lot of advice to customers is needed here. (SE)

# 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.

## DISCIPLINARY PROCEDURES

### Reasons

- **Violations increased:** New regulatory requirements have increased the number of violations. There is more control. (DE, IT)
- **Money laundering:** Money laundering regulations (AML) have obviously been stricter since enforcement. This increased disciplinary procedures and monetary penalties. (ES, NL)
- **Errors detected by IT:** With the help of technology, inspections and controls can be done quickly and efficiently. Easy to find errors. In the past it could be seen as a mistake, but today with IT, there is no margin of error. (SE, IT)
- **Fines:** Banks acquired a large share of policies due to employee negligence or the inability of information systems, which resulted in a fine. Most sanctions relate to procedural errors, often without impact on the customer or the bank. (RO, FR)

### Effects

- **Dismissals:** Increase in layoffs due to violations of certain processes. Dismissals of personnel who make mistakes. (FR, SE, IT)
- **Employees under pressure:** Scandal on mortgages: Bank employees forged signatures because customers didn't sign documentation. Pressure was caused by tightened regulations, which were difficult or not possible to fulfill. (NL)
- **Recruitment:** Sanctions and measures due to regulations, affected also recruitment. 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)



# 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, organizing business practices, implementing regulations, controls and processes, risk and technologies, KYC etc.

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## WORKLOAD

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- **ECB rules and legislative changes** increased the workload in nearly all areas, e.g. in administration, documentation, testing, training, organizing business practices, implementing regulations etc. This raised the question of proportionality. (DE, NL, RO)
- **Documentation:** Compliance has increased significantly and has been reflected in documentation requirements on all levels down to branches. This has a significant impact on the workload of every employee. (MT)
- Workload shift to **controls and processes:** New regulatory constraints have complicated processes and modified the type of workload. That shift to controls and processes reduced high-value trading and advisory tasks. (FR)
- **Risk and technologies:** There is more workload in the area of risks, technologies and other areas. (ES)
- **KYC (Know your customer):** Every client needs to be documented, checked and validated 100%, e.g. for credit applications due to the AML (Anti Money Laundering Regulation) (NL, RO)
- **The Mortgage Credit Directive (MCD)** has put a lot of work into it, e.g. training of employees and time to adapt to the new regulations. (ES)
- **Recruitment:** A series of activities have increased, e.g. hiring of new staff in certain areas. (IT)
- **Cut of staff increased pressure on other employees:** Personnel had to be reduced significantly, so the burden on remaining employees has increased. As a result, there is insufficient staff capacity for consultations, management reports, customer service and sales activities. (DE, RO)

# How would you describe the impact of regulation on WORK-RELATED STRESS?

The complexity and lack of clarity of regulations, the fear to violate rules that could result in huge sanctions, increased pressure from customers and the loss of autonomy triggers work-related stress.

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## WORK-RELATED STRESS

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- **Complexity and lack of clarity:** Stress is triggered by complexity of regulations, by uncertainty and lack of clarity about the interpretation of regulations. The way you interpret them can affect banking operations, but they have to be interpreted in 30 countries. (MT, NL)
- **Fear to violate rules/fear of sanctions:** Possible conflicts with national laws or guidelines of the supervisor cause stress. Pressure and expectations on employees to avoid violating rules. The possible imposition of huge sanctions increases stress in the daily work. (RO, NL, SE, DE, IT)
- **Fear of failure:** Bank employees, from the president to the basic workforce, feel they have to perform 100%, this results in increased sickness and sick leave. (RO, NL, SE)
- **Deadlines:** Retroactive deadlines for implementations (NL)
- **Conflict of interest:** Employees must deal with pressure from customers to speed up the process, 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. Loss of autonomy, responsibility and time for qualitative assessment of risk situations leads to a reduction of commitment of the employee. (FR)
- **Lack of knowledge:** The bank's procedures force you to have a greater technical knowledge of the products and their application. (ES)
- **Increased workload:** Personnel capacities were reduced but responsibilities increased, so the burden on remaining employees intensified. (NL, IT, DE, RO)

# How would you describe the impact of regulation on COMPETENCE NEEDS?

Increased competence needs in the area of compliance, advisory, securities and risk, also IT and behavioural science. Target groups are all levels from management, 2<sup>nd</sup> and 3<sup>rd</sup> line to client-facing employees.

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## COMPETENCE NEEDS

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- **Compliance/Law:** Certain jobs, especially in compliance areas, now require more qualifications and specialized professional expertise, which results in many trainings and controls: Topics are e.g. legal experience and implementation of regulation. (RO, MT, FR, ES, IT)
- **Reporting and risk:** New areas of competences in reporting and risk management. (DE).
- **Advisory:** Skills how to advice the customer about investments of money. Qualification requirements are part of the regulation for securities advisors. MIFID 2 requires training programs for all employees who provide information or advice to customers. (FR, NL, DE, SE)
- **IT and data protection:** More IT know-how is requested. Also the need of keeping knowledge up-to-date, because of new tasks, e.g. in data protection (RO, SE)
- **Skills in behavioural science and communication skills** gained importance in addition to classical skills in economics and law. (NL)
- **KYC:** Skills in the area of KYC (Know your customer) to avoid money laundry. (NL)



# How would you describe the impact of regulation on the AMOUNT OF TRAINING?

Training in compliance issues has increased drastically. But regulatory trainings often reduces product, behavioural and skills-trainings because of budgetary constraints. Trainings are sometimes inadequate. Certifications are important.

## AMOUNT OF TRAINING

### Increase

- **Drastic increase in training:** In 2018, 86% of 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, advisory (FR, NL, DE).
- **Regulatory training reduces product and skills training:** There is more and more mandatory regulatory training. Many banks (e.g. in France) have not increased the total time spent on trainings. In a tight budgetary environment, this reduces the budget for product-, skills-, behavioural- and employability-oriented trainings (FR).

### Difficulties

- **Inadequate trainings/ not focused on requirements:** Training should focus on actually needed skills. Many trainings are competency based, e.g. on mortgage loans and money laundering, but the staff must be able to help customers with their entire banking business. Sometimes trainings are inadequate and should be connected with requirements (SE, IT).
- **Certifications and up-dates:** Certification requirements have increased. Constant training and renewing of certifications, which are only valid for a certain time, is obligatory. Trainings have to be updated normally every year, in Romania, four times a year. It's a burden to prove that the training has been completed to a high standard. But the trainings are of course very important and positive for the sector. (RO, ES, NL, DE, SE, IT, MT)

# 3 Recommendations, wishes and outlook



# BEST-PRACTICES: What would you RECOMMEND to other organisations?

**Best practices** are a strong regulatory foresight with a preventive impact analysis and self-regulation initiatives and an early involvement of employees with trainings and courses to support them to cope better with new regulations.

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## IMPLEMENTATION

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### Before

- **A strong regulatory foresight** and a **preventive impact analysis** is necessary prior to the introduction of new regulations. Set up a team that can give insights into issues, so you can plan processes. Early involvement and anticipation to 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:** Go one step further. In order to plan ahead, associations should take own regulatory initiatives e.g. societal regulations, own banking codes, own banking oaths, disciplinary law, codes of conduct on lending, etc. (NL)
- **Financial support:** General and financial support by the organization for the area, where legislative changes affect, to support the workforce. (RO, IT).

### During and after

- **Exchange of Experiences:** The exchange of experiences and the role of business associations is very important to facilitate compliance with the new standards. (ES)
- **Co-Determination/Social dialogue:** More dialogue between employees and employers. Dialogue with employees before changes. Employees can influence their work situation, so that there are fewer contradictions after dialogue. Sweden did this early. Italy has set up a fund for it. (DE, SE, IT).
- **Trainings:** Support people to help them develop, offer professional trainings and courses to cope with the new regulations: Help to increase mobility and ability to find new positions. Mitigates negative publicity of redundancies and gains public trust in the process. Trainings should be conducted during working-time. Union agreements to manage education on all levels (NL, RO, FR, IT).

# BEST-PRACTICES: What would you RECOMMEND to other organisations in the next years?

**Banks' to do's** are more investment in the customer relationship and digitalization. The defense of the French universal banking model could help success, if adaptable to other economies, also the investment in talent recruiting and employees.

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## BANKS' TO DO'S

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- **Customer Relationship:** Banks have to invest more in the bank-client relationship, to increase customer confidence. Banks have to diversify the mix of alternative channels to reach the clients and to analyse customer behavioural patterns. (RO, IT, SE)
- **Digitization:** Banks must succeed in their digital transformation. Traditional banks have to come up with simple products to sell, as Fintech's can. There will still be changes and the banking industry has to gear up and keep up 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 has to be analysed, as other economies have different market structures. (FR)
- **Talent recruiting/ employee management:**  
Reasonable salaries for employees to stay competitive. Regular trainings in the new rules. Competence supply and trainings to be an attractive employer. Setting up adequate wage rules for female workers (IT, SE)



# WISHES OR RECOMMENDATIONS we should pass on to regulators

A **key wish** is that EU banks remain globally competitive. This requires mitigation of competitive disadvantages of EU-compared to non-EU-banks, an equal level playing field between FinTechs, BigTechs, “shadow banks” and traditional banks.

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## POLICY

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### Planning

- **Equivalence and Harmonization:** EU should remain competitive as a global banking player. Harmonization of regulations in all European countries. Mitigation of competitive disadvantages of EU banks compared to non-European banks, which lead to profit-transfers to non-EU countries and have a negative impact on employment. (DE, MT, FR)
- **Principle of Proportionality:** Regulations must have the flexibility to adapt to the individual situations and regional dimensions of the countries. Customization of European regulations e.g. for local cooperative banks. Fewer and simpler rules for smaller and less-complex banks, than for larger ones. (MT, IT, RO, DE, SE)

### Implementation

- **Equal level playing field** between all parties involved in the financial market. 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:** Realistic deadlines for the implementation of regulations. Not too many regulations at the same time and more time for regulations to be put in place, that society and entities can adapt to changes. (NL, MT, ES) Countries should be forced to pass a directive in the shortest time possible, that banks can install processes in time to deal with the changes. This is a specific problem in Romania. (RO).

## WISHES OR RECOMMENDATIONS we should pass on to regulators

Further wishes are more flexibility to adapt to individual situations and regions and realistic deadlines. In addition more coordination between national and EU-regulators and increased critical evaluation of regulations and their impact.

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### POLICY EVALUATION

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- **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 should be done with constant dialogue between companies and workers' representatives / the unions. (IT, SE)
- **Evaluation and Review:** More critical evaluation of necessity and impact of new regulations, e.g. bank tax. To go one step further: An evaluation of a reduction in the regulation binds from Brussels is a wish.  
(FR, NL, SE, IT)

# What are the MAIN ISSUES of the banking industry over the NEXT TWO YEARS?

**Main expectations** are a further negative development of the economy with mergers, consolidation and job loss. FinTechs and digitization are a major threat and to keep pace banks must succeed in their digital transformation.

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## EXPECTATIONS

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- **Consolidation, mergers, job cuts:** Banks will have difficulties adjusting to changes. Digital mergers of national and international nature will continue. Consolidation pressure and trend of branch closures or mergers will continue. Continuing decline of employment in the sector. (FR, NL, DE)
- **Threat by Fin- and BigTechs:** Competition with FinTechs but also large technological and commercial conglomerates (Google etc.) is a major threat. They have a huge budget, are 100% digitized and aim to cover a large part of the market. 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, ES)
- **Digitization:** Trend of banks losing touch with customers and moving more to online media (applications) will increase. Stronger move to digitalization on service, with a focus of reducing costs in the longer term. (DE, NL, ES, MT)
- **Business models:** Splitting up commercial and retail banking is discussed. Payment process will be outsourced from banks. (NL)
- **Cyber security/GDPR:** Security connected to technological operations and network systems. Data protection regulation should also apply to GAFA (Internet companies: Google, Apple, Facebook, amazon). (FR, NL, ES)

# Thank you

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