Government and trade union responses to the economic crisis in the financial sector

—

Vera Glassner

Working Paper 2009.09

etui.

Government and trade union responses to the economic crisis in the financial sector

—

Vera Glassner

Working Paper 2009.09
european trade union institute

This report is based on a survey of financial sector unions in the Czech Republic (CMKOS), Denmark (Finansforbundet), France (CFDT), Germany (ver.di, Section Financial Services), Hungary (BBDS – Union of Workers of Banks and Insurance Companies), Italy (FABI, UILCA, FIBA) and the United Kingdom (Unite), carried out by the European Trade Union Institute and UNI Europa Finance between May and June 2009. The researcher is very grateful for the respondents' commitment and for the information provided.

Vera Glassner is researcher at the European Trade Union Institute (ETUI) in Brussels.
E-mail: vglassner@etui.org

Brussels, 2009

Print: ETUI Printshop, Brussels

D/2009/10.574/19
ISSN 1994-4446 (print version)
ISSN 1994-4454 (pdf version)

The ETUI is financially supported by the European Community. The European Community is not responsible for any use made of the information contained in this publication.

Contents

Abstract

The European banking sector has been among the areas of the economy most severely affected by the current crisis. Large-scale job cuts had already taken place in the European financial sector in recent years and more were announced as soon as the crisis hit in the autumn of last year. This report, which provides an overview of government and trade union responses to the crisis, is based on a survey carried out among financial sector unions affiliated to UNI Europa Finance in seven countries, namely the Czech Republic, Denmark, France, Germany, Hungary, Italy and the United Kingdom.

Government initiatives – aimed at restoring credit access for companies and re-establishing liquidity in European banking institutions through measures such as capital injections to ailing banks, loans and loan guarantees, the partial or complete nationalisation of banks and the establishment of 'bad banks' in order to deal with 'toxic assets' and defaulted credits – have been taken in all the countries under consideration with the exception of the Czech Republic. Yet these public aid measures have not served to avoid, or even significantly limit, the job losses, and the role played by the trade unions in dealing with the negative employment effects of the crisis is accordingly investigated in some detail. The following measures and instruments are considered: collective bargaining to deal with a reduction of working time; the promotion of statutory regulation and collective agreements on the protection of employees in case of restructuring and mass redundancies; the promotion of measures for vocational training and re-skilling; the initiation of social dialogue with employers and/or state actors, as well as instances of collective action to press for government measures to create and preserve jobs. The focus of union action has reportedly been on mitigating the social effects of redundancies and there has been, according to the reports, a distinct lack of collective bargaining designed to achieve innovative solutions for the preservation of jobs, in the wake of the crisis, by the adoption of flexible working time models (that is, short-term and long-term working time accounts or lifelong reorganisation of working time).

Rather than offering an exhaustive account of measures adopted in the European banking sector, this report focuses on a comparative presentation of trade union and government responses to the crisis, with particular emphasis on the country-specific conditions and practices of collective bargaining and social dialogue.

Introduction

The financial sector is one of the industries most strongly affected by the economic crisis. This report is intended to provide an overview of responses to the economic crisis on the part of state agencies and social partners from the banking sector, in particular the trade unions. The report is based on a survey carried out among financial sector unions in seven countries:[1] the Czech Republic, Denmark, France, Germany, Hungary, Italy and the United Kingdom.[2]

The first part of this report presents medium-term employment trends in the European banking sector between 2000 and 2007, followed by a summary of more recent developments in employment in the banking sectors of the countries under consideration. The focus is on reported job cuts since September 2008, when the crisis finally hit the financial sector throughout Europe.

The second part of the report will address government measures aimed at supporting the banking sector by re-establishing the lending function of banks through the provision of loan guarantees and avoiding bank failures by providing capital assistance. Although it has become clear that the – sometimes considerable – public resources spent on safeguarding banks are not contributing to the maintenance of jobs but rather require major restructuring measures that usually imply job cuts, the importance of trade unions in dealing with the effects of the crisis has clearly increased.

Therefore, the responses to the economic crisis on the part of banking sector unions – presented in Section 3 – are central to this survey. In particular, the unions' use of the instrument of collective bargaining in order to deal with working time reductions, the promotion of legal provisions on employment protection, the setting up of vocational training programmes and the promotion of social dialogue with the employers and the state are addressed in detail. In light of current employment developments in the banking sector, the

1. Remarks on the methodological approach of the survey, including the selection of countries, are given in the Annex.
2. The order of countries presented in the report deviates from the alphabetical order. As the extent and detailedness of information varies systematically across countries, those countries from which more comprehensive information has been obtained are described before those for which less information has been delivered. This pragmatic approach allows for a more coherent and comprehensive presentation of different government and trade union responses to the crisis.

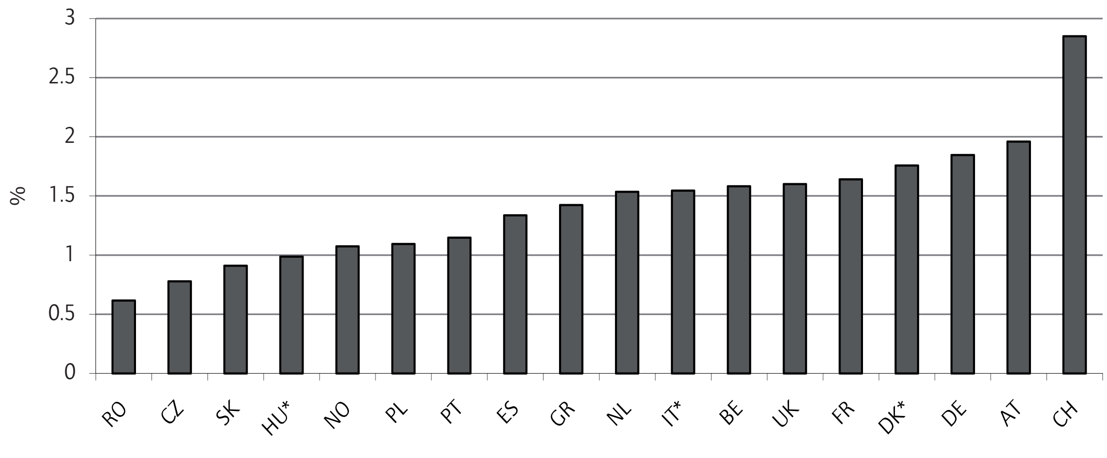
unions' interest is clearly focused on measures and instruments to maintain employment, mitigate the social effects of dismissals and promote the redeployment and retraining of workers whose jobs are endangered or who have already been made redundant.

Important issues such as the reregulation of financial markets – including the establishment of effective monitoring institutions for the global financial market – and the regulation of management pay and incentive schemes in the financial sector are not addressed in this report, however. The focus, rather, is on the important role being played by unions in dealing with the employment effects of the crisis and influencing the public debate on financial sector reform by mobilising financial sector workers and promoting social dialogue.

1. Employment situation in the banking sector

According to Eurostat data, around 6.5 million persons were employed in the European financial sector (banking and insurance services, financial intermediation) in 2007, representing almost 3 per cent of employment in the EU (EC 2009a). However, differences between countries with regard to the importance of the sector are considerable. For instance, in Luxembourg, employment in the sector accounted for 10.5 per cent of total employment, compared to 4.4 per cent (that is, 1.2 million employees) in the United Kingdom, and 3.5 per cent (1.3 million employees) and 3.1 per cent (0.8 million employees) in Germany and France, respectively. With regard to banking sector employment – that is, credit institutions – recent Eurostat data (2007) indicate that its share in the total labour force is highest in the German-speaking countries (see Figure 1). For instance, among the countries for which data are available, banking sector employment accounts for almost 3 per cent of total employment in Switzerland, followed by Austria, Denmark and Germany, in which the share is almost 2 per cent, while in Belgium, France and the UK around 1.6 per cent of the total labour force is employed in the banking sector. Furthermore, there seems to be a clear divide between 'old' and 'new' member states as the share of banking sector employment in total employment is lower in the Central and Eastern European countries (for example, 0.6 per cent of all em-

Figure 1 **Share of banking sector employment in total employment, 2006 (%)**



Note: * 2005

Source: Eurostat, 2009

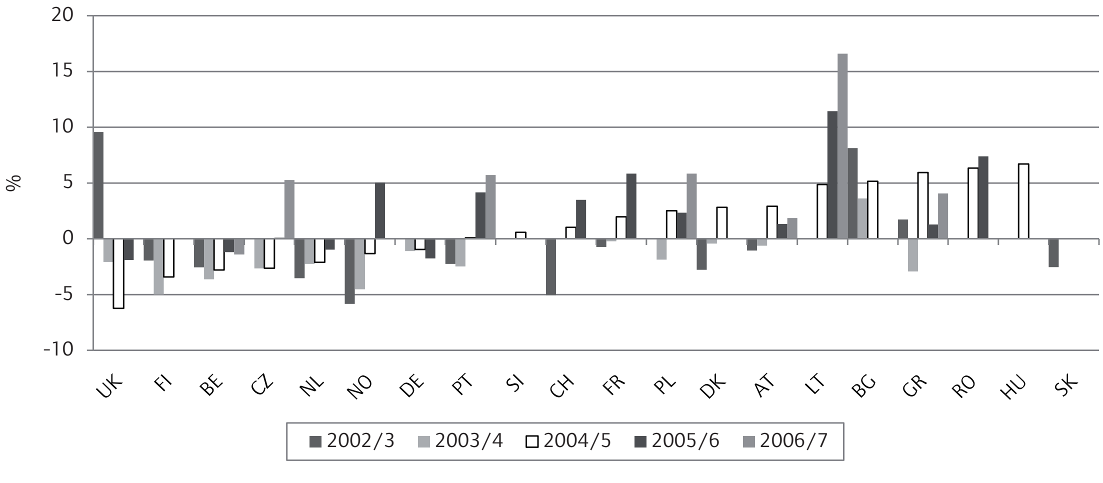
ployees work in banking institutions in Romania, while in the Czech Republic and Slovakia the respective figures are 0.8 per cent and 0.9 per cent).

1.1. Annual employment changes in the European banking sector, 2002–2007

Employment in the European banking sector is characterised by two main trends. First, a divide with regard to the dynamics of employment can be observed between western and eastern Europe (see Figure 2). In most western European countries for which data are available, employment in the banking sector shows a constant decline in the period 2002–2007: in the UK, for example, it fell by more than 10 per cent between 2003 and 2006, the only increase coming in 2002–2003. From 2003 to 2005, the number of banking employees fell by more than 10 per cent in Finland. In Belgium, annual decreases in employment were fairly moderate compared to those in the UK and Finland, although there was a negative employment trend for the entire period from 2002 to 2007 (–11.6 per cent). The same situation applies to the Netherlands and Norway, where banking sector employment shrank by approximately 9 and 7 per cent, respectively, in the period 2002 to 2006. Likewise, in Germany, banking sector employment fell by around 4 per cent between 2003 and 2007. Furthermore, it can be concluded that in the majority of western European countries for which data are available – Belgium, Denmark, Finland, Norway, Portugal, Switzerland, the UK and, to a lesser extent, Austria – as well as in the Czech Republic, employment adjustments occurred in the earlier years of observation, between 2002 and 2005.

Second, in the 'new' member states – and France – the overall employment trend was positive between 2002 and 2007. For instance, between 2004 and 2007, employment in the Polish banking sector grew by 9 per cent, while in

Figure 2 **Annual employment changes in the banking sector, 2002–2007 (%)**



Source: Eurostat, 2009

Lithuania, the number of banking employees rose by one-third. In Romania, employment increased by around 14 per cent between 2004 and 2006, while Bulgaria showed employment growth of 17 per cent from 2002 to 2005.

However, as recent data are lacking, the employment effects of the economic and financial crisis can only be estimated. The onset of the financial crisis, heralded by the bankruptcy of the British Northern Rock in September 2007 and ensuing major bank failures in the USA in spring and autumn 2008, spurred waves of redundancies in the financial sector. However, as the European banking sector was already undergoing major medium-term restructuring, the causality of increased job losses and the emergence of the crisis is difficult to ascertain: for example, disentangling job losses arising directly as a result of the economic downturn and those due to restructuring, mergers and acquisitions. This was corroborated by the survey respondents, who pointed out that substantial redundancies were already under way.

1.2. Announced job losses since the crisis hit the banking sector

When it comes to estimating the number of jobs lost as a result of the crisis, a distinction must be drawn between actual job losses and the redundancies announced by bank companies. Table 1 provides an overview of job cuts in the banking sector in the Czech Republic, Denmark, France, Germany, Hungary, Italy and the UK, as announced by major banks between September 2008 and June 2009. The data included in the table are derived from trade union replies to the survey, complemented by media data summarised in the European Restructuring Monitor (ERM) (European Foundation for the Improvement of Living and Working Conditions 2009). Trade union respondents from countries such as France, Germany and Italy emphasise that reliable figures are not available on the number of employees who have effectively been made redundant. This is mainly because announced reductions in jobs have so far not been put into effect by management. Only in the cases of Denmark and the Czech Republic is an exact number of the jobs lost since April 2008 available. It must be noted that the data presented in Table 1 represent *minimum* numbers of *lost jobs* as they mirror only those figures announced by the most important banks in the countries under investigation.

According to trade union estimates, job shedding will be most pronounced in Germany and the UK. In the British banking sector, at least 17,000 job losses were reported by major banking institutions between September 2008 and June 2009. Likewise, major German banks reported cutting approximately 15,000 to 16,000 jobs. Enormous workforce reductions are considered likely in German banks. For instance, Hypo Real Estate (HRE) announced that it would cut between one-third and more than half of its total labour force in a major restructuring programme, set up by the bank in order to receive capital aid from the government. Large job cuts are also expected at a number of State (*Land*) Banks. The Federal State Bank of Bavaria (Bayern LB) announced that it would cut around 28 per cent of its workforce; at the West German Federal

State Bank (West LB), around 20 to 25 per cent of the labour force is estimated as being affected by redundancies; and at HSH Nordbank around 17 per cent of the workforce are likely to be affected by future job reductions (cf. Table 1). Levels of job reductions are lower in some UK banks. For instance, at Royal Bank of Scotland (RBS) and the Lloyds Group cuts in the UK labour force of around 6 and 5 per cent, respectively, have been announced.

In France and Italy, redundancies have so far not reached such high levels as in Germany and the United Kingdom. In France, the largest job reduction has been reported for a foreign-based bank, the Swiss UBS Group, which announced cuts of between 14 and 20 per cent of its French staff. Although exact figures on employees by countries are lacking, at present it can be assumed that job cuts at Calyon and Dexia are comparably lower and do not involve more than 5 per cent of the labour force employed in France. In Italy, the largest job cuts – affecting around 6 per cent of the bank's workforce in Italy have occurred at UBS and at Banca Popolare di Milano (around 5 per cent of the bank's total workforce, see Table 1). The comparably low levels of job losses in France are partly due to the more centralised structure of the banking system, which allows for more stringent and efficient control of subsidiaries. Unlike the German Federal State banks, some of which are on the brink of collapse due to their involvement in speculative lending, French provincial – and the vast majority of commercial – banks never adopted such high-risk business strategies. In Italy, banks pursued relatively cautious lending and borrowing strategies and maintained high levels of savings, which made them less vulnerable to the global financial crisis.

In Denmark, 1,673 jobs have effectively been lost since April 2008 in the banking/mortgage sector. The largest redundancies occurred at Danske Bank (350 jobs lost), Saxo Bank (315) and Sydbank (100, around 4 per cent of the bank's total labour force. According to trade union estimates, 8 to 10 per cent of jobs in commercial banking are in danger in Hungary, either as a direct result of the financial crisis (efficiency and consolidation programmes, branch closures) or indirectly, within the framework of medium-term cost-saving and restructuring programmes. In the Czech banking sector, 1,000 jobs have already been lost and further redundancies are expected within the next few months, the largest job losses having been announced at CSOB, 5 to 6 per cent of whose employees are expected to be made redundant by the end of this year.

With regard to future job losses, further waves of redundancies are expected to occur by the end of 2009. In the case of Italy, further job reductions are envisaged in the subsidiaries of a number of foreign banks, including BNP, Deutsche Bank, Citygroup and Fortis (see Table 1). In France, a second wave of redundancies is expected at Natixis and Société Générale (SG) (CFDT 2009c). Furthermore, according to trade union estimates, the merger between Caisse d'Epargne and Banque Populaire will cost 4,500 jobs, most of them in the form of early retirements. It has not been announced within what timeframe these redundancies will occur, however. At SG, the job balance for 2009 is expected to be positive, since job creation plans (plus 2.1 per cent more jobs at the bank's central services in Paris) outweigh planned cuts.

Table 1 **Overview of restructuring measures involving job losses in the banking sector**

Country/company	Previewed/announced job losses	Context
Germany		
HSH Nordbank	550 (Germany) 200 (other countries)	In September 2008, the bank announced it was planning to cut 750 out of 4,300 jobs (around 17 per cent of the total workforce) by 2010, within the framework of a major restructuring programme, aimed at cutting costs and raising overall profits.
Dresdner/ Commerzbank	6,500 (Germany) 2,500 (other countries)	The merger of Dresdner Bank and Commerzbank will probably be accompanied by the redundancy of around 9,000 employees – 6,500 of them in Germany – by 2013.
Bayrische Landesbank (Bayern LB)	5,000–5,600	Bayern LB announced in December 2008 that it would cut up to 5,600 jobs (around 28 per cent of the bank's 20,000 employees) by the end of 2013 within the framework of a major restructuring programme, aimed at saving €670 million. A total of 1,000 jobs (5 per cent of the workforce) are to be lost at the bank's headquarters in Munich and its office in Nuremberg.
Westdeutsche Landesbank (West LB)	1,300–1,500	In February 2009, West LB (6,000 employees in total) announced cuts of between 1,300 and 1,500 jobs (that is, 22–25 per cent) as part of a general restructuring programme which is intended to save the bank €300 million by the end of 2010. All establishments in North-Rhine Westphalia and West LB's headquarters in Düsseldorf will be closed. This will affect 120 employees out of 800 (15 per cent) in North-Rhine Westphalia.
Hypo Real Estate (HRE)	600–1,000	In December 2008, HRE announced that it would cut around 1,000 of its 1,800 jobs within the framework of a large-scale restructuring plan, aimed at lowering annual costs by €200 million by 2011, and another €250 million annually by 2013. However, the restructuring plan will incur one-off costs of €400 million. As stated by the bank, the job-cutting measures are necessary to receive financial support from the government. In February 2009, HRE announced 600 job losses after receiving a liquidity guarantee of €30 billion from the government. Thus, it is estimated that between one-third and more than half of HRE's total workforce will be affected by redundancies.
Deutsche Bank (DB)	800 (Germany) 300 (Poland, Spain, Italy)	In October 2008, DB management informed the works council that around 1,100 jobs (around 3.6 per cent of DB's labour force in Germany) would be cut within the framework of the 'growth and efficiency programme', aimed at reducing back-office activities, probably in the Leipzig office, whose employees are not covered by a collective agreement.
Total estimated announced **job losses**	**in Germany:** > 14,750–15,950 **outside Germany**: > 3,000	
France		
Natixis	750	Social plan
Calyon	221–250 (France) 279 (other countries)	In September 2008, the financial services provider Calyon (around 13,000 employees worldwide), affiliated to the Crédit Agricole group, reported 250 job cuts. Later, Calyon announced the establishment of a social plan for 500 employees. The bank plans to cut costs by €300 million by the end of next year through measures such as shedding staff and closing businesses, which will endanger around 1,200 more jobs.
Deutsche Bank	10 (France)	Ongoing negotiations on a social plan.
Dexia	260 (France) 640 (other countries, including 300–400 in Belgium)	Dexia bank (above 36,000 employees worldwide) announced 900 job cuts worldwide as part of a global cost-cutting plan, aimed at saving €200 million in 2009. Dexia plans to avoid direct dismissals and to implement the job cuts through voluntary redundancies and early retirement.
Société générale	No figures	SG plans to reduce the workforce in its back-office operations. However, negotiations on a social plan have not yet been announced.
UBS	90–140	UBS has announced that it will cut 90–140 of its 650 employees (around 15 to 20 per cent of the labour force) throughout France, including the closure of offices in Aix, Cannes, Lille and Toulouse.

Country/company	Previewed/announced job losses	Context
France (cont. from previous page)		
Caisse d'Epargne – Banque Populaire	4,500 (mostly via early retirement)	The forthcoming merger between Caisse d'Epargne and Banque Populaire is expected to bring about 4,500 redundancies (including early retirements, and so on). The timeframe in which this will occur has not been specified by the banks, however.
Total estimated announced **job losses**	**in France**: > 5,831–5,910 (including merger of Caisse d'Epargne and Banque Populaire) **outside France**: > 920	

Italy		
Banca Popolare di Milano	400	In December 2008, the bank announced 400 job cuts in Italy (approximately 5 per cent of the bank's 8,590 employees) between 2009 and 2011 on the basis of a reorganisation plan in order to deal with the economic crisis.
Commerzbank/ Dresdner	88	88 redundancies are reported in the bank's Milan subsidiary.
Bayrische Landesbank	17	17 jobs are to be lost by the closure of the Milan branch.
UBS	~100	In spring 2009, UBS (which employed 79,200 people at the end of March 2009 in 50 countries) announced it would cut 119 jobs (including 24 management jobs) out of the 600 jobs in its Italian subsidiaries (i.e. 6 % of the bank's staff in Italy) out of total job cuts of 8,700 due to a CHF 35 billion loss in the first quarter of 2009. However, after negotiations with trade unions, the number of jobs lost by the closure of five UBS branches has been reduced to 102 (including 25 management jobs), i.e. 17 % of the banks total labour force in Italy.
Deutsche Bank	300	Deutsche Bank plans to cut 300 jobs between March 2009 and March 2010 in the course of major reorganisation (pre-retirement scheme on a voluntary basis)– partly – due to the financial crisis. The management is negotiating a social plan with the trade unions for 28 jobs cut in the Asset Management Division.
City Financial	300	The bank has cut 300 jobs out of its 370 workforce in the consumer house. The lay-offs involved trade union negotiations.
Total estimated announced **job losses** in **Italy**:	Approximately 1,200 announced jobs have been registered in Italy. It is estimated that several hundred jobs have **effectively** been **lost** as a direct result of the financial crisis. Indirect job losses as a result of internal restructuring measures are estimated to total a few hundred.	

United Kingdom		
Royal Bank of Scotland	Total of 7,500 in the UK	The cumulative figure for 2009 is 7,500, with a further 2,700 announced late last year in Global Banking and Markets, where there is no recognition agreement.
Lloyds Banking Group	7,381	The Lloyds Banking Group have announced 7,381 job losses in the UK since the beginning of 2009, with many more expected. Previously, the bank announced the closure of Cheltenham and Gloucester (which is a subsidiary of LBG, with 164 branches), but it has since rescinded this.
Goldman Sachs	600	The investment bank announced in October 2008 that it would cut 600 out of 6,000 jobs in London as a direct response to the economic crisis.
HSBC	500	In December 2008, HSBC announced that it would cut 500 jobs across the UK, affecting offices in Birmingham, Chester, Leeds, London and Sheffield. In March 2008, the bank declared that further cost reductions were inevitable due to the worsening economic situation, involving 1,200 job cuts.
Santander	1,900	The banking group announced, in December 2008, that it would cut 1,900 jobs in the UK in 2009 within the framework of a cost-cutting programme, aimed at saving £189 million by 2011.
Barclays	4,500	Since January 2009, Barclays Bank has announced 4,500 job losses, with more expected by the end of the year. In June 2009, Barclays announced plans to end the defined benefit scheme affecting 18,000 UK workers. The plans have been fiercely opposed by Unite members and industrial action is planned.
NAG (Clydesdale and Yorkshire Banks)	500	Since November last year, the bank has announced 500 job cuts, plus 130 jobs outsourced to AXA Life Insurance.

Country/company	Previewed/announced job losses	Context
United Kingdom (cont. from previous page)		
Northern Rock	2,000	The mortgage bank announced 2,000 job cuts by 2011, as well as restructuring activities (reducing its residential mortgage lending).
Deutsche Bank	1,000	Deutsche Bank reportedly cut around 1,000 jobs in the UK since December 2009.
Commerzbank	1,000	It is estimated that Commerzbank will cut around 1,000 jobs in London as a consequence of its acquisition of Dresdner Bank.
Total estimated announced **job losses** in **the UK**:	Figures reported in this table, i.e. around 20,000 cut jobs, have to be considered as a minimum as restructuring will continue in the British banking sector. Further large-scale redundancies are expected to arise by the end of next year. According to union estimates, a total of more than 40,000 jobs are expected to be lost due to the financial crisis by the end of 2010.	
Total estimated announced **job losses** of British banks **outside the UK**:	At least 13,000 at the Royal Bank of Scotland alone.	

Country/company	Previewed/announced job losses	Context
Denmark		
Danske Bank	350[3]	In December 2008, the bank announced 400 job cuts in Italy (approximately 5 per cent of the bank's 8,590 employees) between 2009 and 2011 on the basis of a reorganisation plan in order to deal with the economic crisis.
Saxo Bank	315	The Danish investment bank announced 315 job cuts within the framework of an internal restructuring programme, aimed at increasing internal efficiency.
Sydbank	100	In February 2009, Sydbank announced that 100 jobs (approximately 4 per cent of the total of 2,479 employees in Denmark) will be cut due to poor economic results for 2008. One of the major reasons was the collapse of EBH bank, which cost Sydbank more than €2 million. By the end of July 2009, the effective job losses had reached 15 in Sydbank.
UBS	~100	In spring 2009, UBS (which employed 79,200 people at the end of March 2009 in 50 countries) announced it would cut 119 jobs (including 24 management jobs) out of the 600 jobs in its Italian subsidiaries (i.e. 6 % of the bank's staff in Italy) out of total job cuts of 8,700 due to a CHF 35 billion loss in the first quarter of 2009. However, after negotiations with trade unions, the number of jobs lost by the closure of five UBS branches has been reduced to 102 (including 25 management jobs), i.e. 17 % of the banks total labour force in Italy.
Deutsche Bank	300	Deutsche Bank plans to cut 300 jobs between March 2009 and March 2010 in the course of major reorganisation (pre-retirement scheme on a voluntary basis)– partly – due to the financial crisis. The management is negotiating a social plan with the trade unions for 28 jobs cut in the Asset Management Division.
City Financial	300	The bank has cut 300 jobs out of its 370 workforce in the consumer house. The lay-offs involved trade union negotiations.
Total effective job losses in **Denmark**:	1,673 jobs were effectively lost between April 2008 and July 2009 in the Danish banking/mortgage sector.	

Country/company	Previewed/announced job losses	Context
Czech Republic		
CSOB	Total of 7,500 in the UK	The cumulative figure for 2009 is 7,500, with a further 2,700 announced late last year in Global Banking and Markets, where there is no recognition agreement.
Total effective job losses in the **Czech Republic**:	Approximately 1,000 jobs have so far been lost in the Czech banking sector. Restructuring measures are still ongoing in major banking institutions, which did not specify the exact timeframe of further redundancies.	

3. The total number of effective job losses in Danske Bank reached 570 by 11 August 2009.

Country/company	Previewed/announced job losses	Context
Hungary		
OTP Bank	130	In November 2008, Hungary's largest bank announced 130 job cuts (approximately 1.5 per cent of its 8,541 employees) by closing offices in Budapest and Pest county.
Merkantil Bank	50	The OTB Bank–owned Merkantil Bank, one of the leading banks in car financing in Hungary, declared it would be laying off 50 employees within the framework of a restructuring plan, aimed at reducing costs and increasing efficiency.
Total effective job losses in **Hungary**:	In general, it is estimated that 8–10 per cent of all banking sector jobs (approximately 25,000 in commercial banks) will be lost as a consequence of the crisis.	

Sources: ETUI–UNI Survey, May–June (including an up-date in July) 2009; ERM (Factsheets), June 2009.

2. Recovery measures for the banking sector

Government programmes to maintain solvency and re-establish liquidity in the banking sector have been launched in all the countries under consideration, with the exception of the Czech Republic. The sole measure taken by the Czech government in response to the banking crisis was to increase the deposit insurance limit (Czech National Bank 2009). The Czech banking sector has proved to be comparatively profitable.[4] Czech banks have focused mainly on traditional business operations, such as lending, and have even increased this activity, whereas investment banks and corporate funds have been severely hit by the falling value of assets. The liquidity position of Czech banks has been comparatively favourable (Czech National Bank 2009). High deposit-to-loan ratios, a low proportion of foreign currency loans and the relative independence of external funding are among the factors that have contributed to the resilience of the Czech banking sector.

2.1. Europe-wide programmes for banks in Central and Eastern Europe – the role of Czech, Hungarian and Italian banks

A number of European-level programmes involving the European Investment Bank (EC 2009b) or the European Bank for Reconstruction and Development (EBRD), aimed at promoting economic growth, enterprise competitiveness (in particular, SMEs) and industrial change have been launched since the onset of the economic and financial crisis. Furthermore, rescue measures have been taken by international institutions to help countries (such as Hungary) affected by the deterioration of exchange rates, which increased the risk arising from loans taken up in foreign currencies (especially euros and Swiss francs). Although the situation of the financial sector in Central and Eastern Europe was not specifically addressed in this survey, the position of the *Hungarian OTP bank* must be mentioned. OTP is the only non-foreign owned bank in Hungary and is strongly positioned in the Central and Eastern European region, in particular in Bulgaria, Croatia, Montenegro, Romania, Russia,

4. On average, Czech banks reported a slight annual increase in profits for 2008 of almost CZK 140 billion (Czech National Bank 2009).

Serbia, Slovakia and Ukraine. The *European Bank for Reconstruction and Development (EBRD)* launched a support programme for Central and Eastern European countries by providing a subordinated loan of €200 million to OTP. The EBRD loan is aimed at supporting the bank's domestic operations and its activities in other Eastern European countries. Furthermore, the EBRD acquired OTP treasury shares worth €20 million, which could improve OTP's capital adequacy ratio (Portfolio Hungary 2009a). Within a major EBRD programme aimed at stabilising the banking system in Central and Eastern Europe, several banks in CEE countries received loans in order to back up inter-bank and corporate lending, both domestically and in the region as a whole. One recent example is Erste Bank Hungary which received an EBRD loan of €100 million to expand lending to small and medium-sized companies in Hungary (Portfolio Hungary 2009b).

Another bank involved in an EBRD support programme is the Italian *UniCredit* Group. The two banks set up a plan to promote lending to SMEs in Central and Eastern European countries. ERBD investments in eight Eastern European countries now amount to more than €430 million, aimed at supporting the credit flow to companies, in particular SMEs, in the region. Credits are provided through UniCredit subsidiaries.

Another European initiative that should be mentioned here, as it involves – among others – banks from Hungary and the Czech Republic, is an *EIB (European Investment Bank) programme*, aimed at improving access to credits for SMEs in Central and Eastern European countries. EIB and Erste Group will provide loans worth €440 million via four Erste subsidiaries in Austria (Erste Bank Österreich – €100 million), the Czech Republic (Ceska sporitelna – €200 million), Hungary (Erste Bank Hungary – €40 million) and the Austria-based mortgage banking group Immorent (€100 million) with subsidiaries in a large number of CEE countries (EIB 2009).

2.2. National programmes targeted at the banking sector

Government measures to address the financial crisis include direct capital injections to ailing banks, state-backed loans and loan guarantees, state participation in banks which have received state aid, the nationalisation of banking institutions and the setting up of 'bad banks' to which banks may outsource 'toxic assets' and defaulted credits. A schematic overview of responses to the survey is given in Table 2.

5. Bosnia, Bulgaria, Croatia, Hungary, Kazakhstan, Kyrgyzstan, Serbia and Ukraine (EBRD 2009).

Table 2 **Schematic overview of survey replies**

Question 1: Statutory short-time working	**YES (existing)**	**YES (applied in the banking sector)**	**NO (not existing)**
Replies by countries	DE, FR, HU, IT	–	DK, UK, CZ
Question 2: See Table 1 (above)			
Replies from all countries			
Question 3.a: Direct capital injections to banks	**YES**	**Question 4: YES – also for (subsidiaries of) foreign banks**	**NO**
Replies by countries	DE, DK, FR, HU, IT, UK	–	CZ
Question 3.b: Provision of loans and loan guarantees for banks	**YES**	**Question 4: YES – also for (subsidiaries of) foreign banks**	**NO**
Replies by countries	DE, DK, FR, HU, IT, UK	DK	CZ
Question 3.c: (Partial) state ownership of banks ('nationalisation')	**YES**	**NO**	
Replies by countries	DE, DK, UK	FR, IT, HU, CZ	
Question 3.d: Establishment of 'bad banks' with state assistance to deal with defaulted credits and 'toxic' assets	**YES**	**NO**	
Replies by countries	DE, DK, UK	CZ, FR, HU, IT	
Question 3.e: Other measures	**YES**	**NO**	
Replies by countries	(IT)*	CZ, DE, DK, HU, FR, UK	
Question 5.a: Collective agreements at company level dealing with the flexibilisation/reduction of working time (working time accounts, and so on)	**YES**	**NO**	
Replies by countries	IT	CZ, DE, DK, FR, HU, UK	
Question 5.b: Legal provisions and/or collective agreements on employee protection against dismissal	**YES**	**NO**	
Replies by countries	DE, DK, FR, HU, IT,UK	CZ	
Question 5.c: Social plans in case of major redundancies	**YES**	**NO**	
Replies by countries	CZ, DE, DK, FR, HU, IT, UK	–	
Question 5.d: Re-skilling and qualification programmes for employees	**YES**	**NO**	
Replies by countries	DK, HU, IT, UK	CZ, DE, FR	
Question 5.e: Voluntary, temporary leave for employees with a guaranteed return to the job (for example, 'sabbaticals')	**YES**	**NO**	
Replies by countries	DK, IT	CZ, DE, FR, HU, UK	
Question 5.f: Other union responses to the economic crisis in the banking sector (for example, social dialogue, mobilisation, collective action)	**YES**	**NO**	
Replies by countries	FR, IT, DK	CZ, DE, HU, UK	

Note: * 'Hybrid instruments' issued by state-led funds and agencies in addition to capital aids and loan guarantees

Source: ETUI-UNI Finance Survey, May–June 2009

2.2.1. Capital injections

France

Direct capital injections to ailing banks have been made by governments throughout Europe. In France, the most prominent example is Dexia, which received a total of €6.4 billion from the French, Belgian and Luxembourgian governments in October 2008. The bulk of this – €3 billion – was provided by the French government, €2 billion being raised by the French state-owned Groupe Caisse des Depots et Consignations (CDC). However, the trade unions have not been consulted by the Finance Ministry in the 'rescue' of Dexia.

Germany

A number of German '*Landesbanken*', or federal state banks, have been heavily involved in risky transactions and investment practices. The volume of 'toxic' assets and defaulted credits taken up by German banks exceeds that of many other European banks and is estimated to amount to several hundred billion euros. Also, private banking institutions, such as HRE, Dresdner and Deutsche Bank, were highly leveraged, with high debt ratios in net assets compared to banks in the UK and the US. Federal state banks, underpinned by state guarantees laid down in a law of 2001, made large-scale investments in high-risk US securities and derivatives in pursuit of high returns. Aggressive investment practices backed by state guarantees resulted in the severe deterioration of most *Landesbanks*' capitalisation, which had chronically low equity levels.

From the onset of the financial crisis in September 2008, troubled banks have received an enormous amount of public money in the form of direct capital injections. For instance, the Federal State Bank of Bavaria has received a total of €30 billion, including €10 billion from the state of Bavaria. Capital injections to the Westdeutsche Landesbank so far amount to €9 billion, the most recent tranche having been disbursed in June this year. In May 2009, a €10 billion capital injection for Commerzbank, provided by the public *financial market stabilisation fund ('Soffin')* which provides for guarantees up to €400 billions and capital aid up to €80 billion was approved by the European Commission. However, Commerzbank, which is to take over Dresdner Bank, must meet a number of conditions laid down by the Commission, such as the sale of subsidiaries (for example, the real estate bank Eurohypo) and refraining from merger activity. Direct capital injections to Commerzbank – which received €8 billion in state aid from the German government in December last year – amount to €18 billion. Other banks which have received direct financial aid from the German government include the state-run IKB (Deutsche Industriebank), which provides long-term financing to medium-sized enterprises in the manufacturing, commercial and service sectors, as well as real estate financing. IKB was one of the first major banks to apply for state aid from the financial market stabilisation funds. Likewise, the struggling Hypo Real Estate (HRE), which is planned to be fully nationalised, has been supported by capital aid so far totalling approximately €15 billion. In addition, large loan guarantees have been provided by the government to HRE (see below).

Italy

As things stand, the government has not provided Italian banks with direct capital injections. Italian banks have not been so strongly affected by the crisis. According to trade union respondents, in 2008, the profits of Italian banks decreased, on average, by ‘only’ 56 per cent compared to 123 per cent in the largest EU countries. This is mainly due to the more ‘conservative’ business approach of Italian banks. For instance, the greatest part of revenues (63 per cent) derives from traditional banking activities, such as the provision of loans (compared to only 38 per cent in other EU banks). Financial investment activities account for only 18 per cent of revenues (47 per cent elsewhere in the EU). A large number of banks are controlled by local-level foundations, which tend to be comparatively risk averse. Furthermore, cooperative banks and credit unions are still an important part of the credit business. In general, banking sector unions have a long tradition of promoting corporate social responsibility by addressing issues such as support for local economies, consumer protection and fair bonus systems. For instance, in 2004, the banking sector unions and the Italian Banking Association concluded the ‘Protocol for sustainable and compatible development of the bank sector’.

Despite the comparative stability of the Italian banking system, there is much uncertainty with regard to future losses, toxic assets and defaulted credits. In particular, the extensive involvement of some Italian banks – such as UniCredit – in Eastern Europe may result in losses which cannot be foreseen.

United Kingdom

The provision of direct capital injections to ailing banks has generally involved their nationalisation (either full or partial). Northern Rock, the UK bank which collapsed when the crisis crossed over to Europe from the USA, was fully nationalised in February 2008, after having received liquidity aid from the Bank of England in September 2007. Royal Bank of Scotland (RBS) has received around £20 billion (around €22 billion) in government aid, the Lloyds Banking Group has received £17 billion (around €19 billion) and Bradford and Bingley has obtained £2 billion (€2.2 billion).

Denmark

In Denmark, the Act on state-funded capital injections was adopted in January 2009 as part of the second recovery package.[6] A total of DKR 100 billion (€13.4 billion) – that is, 75 billion for banks and 25 billion for mortgage institutions – are available in loans if certain conditions are fulfilled. The loans have to be paid back at an average interest rate of 10 per cent.

6. The provision of state guarantees to companies hit by the crisis has been an important element of the *first* national recovery package, adopted in October 2008 on the basis of the Act on Financial Stability, which includes the establishment of a winding-up company to settle the activities of any ailing banks covered by the scheme and to secure the claims of depositors and other creditors. Although this package was targeted at all industries, the financial sector alone accounts for the first DKR 35 billion (€4.7 billion). According to the Act on Financial Stability, the measures also cover foreign companies resident in Denmark.

The financial institutions drawing on this credit facility will also be subject to certain restrictions laid down in the Act. At the expiry of the deadline end June applications from 50 banks and mortgage institutions had been filed for a total capital of 63 billion DKR (€8.5 billion). The applications received cover by far the greater part of the Danish market. Leaving aside the Swedish Nordea bank and the institutes taken over by the Financial Stability Company (formerly the Winding Up Company), the degree of utilisation will be approximately 80 per cent.

Danske Bank requested loan guarantees worth DKR 26 billion (€3.5 billion); Spar Nord Bank applied for DKR 1.2 billion (€ 161 million); FIH (carrying out financing for Danish industry) requested DKR 1.7 billion (€228 million); and Jyske Bank asked for DKR 3.1 billion (€416 million).

Hungary

Hungary was among the first recipients of an international 'rescue package' worth over €18 billion provided jointly by the IMF (around €11 billion), the World Bank (€900 million) and the EU (over €5.5 billion) in October last year in order to avoid bankruptcy. Part of the IMF/EU/World Bank package is a HUF 600 billion aid programme for the banking sector, which has been severely hit by the credit squeeze deriving from the collapse of Western parent banks. HUF 300 billion of the package are aimed at reinforcing bank lending to the corporate and retail sectors by providing loan guarantees and the other HUF 300 billion will serve to directly increase the capital base of financial institutions. The initial aim of the government to participate in the management of banks – for example, by exercising veto rights – benefiting from liquidity assistance was curtailed, partly due to the banks' resistance. Among those banks which have announced that they would request liquidity assistance is the MFB (Hungarian Development Bank Ltd.).

2.2.2. Loans and loan guarantees

France

The provision of loans and loan guarantees has been a fundamental part of 'rescue packages' for banks in several countries. In France, a total of €341 billion has been made available in order to stabilise the financial situation of banks. All the major banking institutions in France have benefited from state-guaranteed bonds worth €320 billion provided by the SFFE (Société Française de Financement de l'Economie) aimed at guaranteeing long- and medium-term loans. Furthermore, state guarantees worth €21 billion have been earmarked for the recapitalisation of banking institutions such as Banques Populaires, BNP Paribas, Caisse d'Epargne, Crédit Mutuel, Crédit Agricole and SG, in accordance with their economic weight.[7]

7. Initial plans to provide for state-guaranteed capital aids of up to €40 have not been realised.

Germany

In order to respond to the oncoming crisis, in October 2008 the governing coalition decided to establish a special fund for the stabilisation of the financial market, the so-called '*Soffin*', which, at the time this survey was carried out, provided for a total of €480 billion, thereof €400 billion for loan guarantees. The aim of the funds is to guarantee or to re-establish the liquidity of banks and other companies and to re-activate inter-bank and corporate lending. Although it is difficult to determine the number of banks that have applied for loans and loan guarantees provided by Soffin, it can be estimated that the number of around 20 banks, which applied for state aid worth around €300 billion in February 2009, has further increased. Among the most prominent cases is the Federal State Bank of Bavaria which received loan guarantees within the framework of the €30 billion package that was provided at the end of November 2008. The single largest sum has been provided to HRE. In October 2008, the ailing bank received state guarantees worth €35 billion within the framework of a first 'rescue package' of €50 billion; since then, further guarantees have been provided, totalling €87 billion. The Hamburg-based HSH Nordbank has benefited from a liquidity guarantee of more than €30 billion, negotiated in November 2008, while the state of North Rhine-Westphalia has provided West LB (Federal State Bank of Western Germany) an 'asset shield' worth €23 billion. Other banks, such as the Federal State Bank of Baden-Württemberg, have also applied for state aid from the Soffin.

Critics have complained, however, that the financial market stabilisation funds favour large companies over SMEs and lack clear eligibility conditions. Supervisors and decision-makers of the state-led Soffin may be overburdened by the task of assessing the financial situation of applicant companies, the sustainability of their business consolidation plans, the general 'economic utility' of saving them and the 'public interest' in the companies' survival. Furthermore, the case of HRE, the largest recipient of state aid, has given rise to fears that some companies may turn out to be bottomless pits of debt.

Italy

The government has provided around €12 billion within the framework of a national 'rescue plan' aiming at re-establishing the supply of credit to SMEs. The government is buying *special security bonds* ('Tremonti bonds') issued by the banks in order to guarantee greater liquidity. Banks requesting state bonds have to accept certain conditions (limits on credit volumes and the suspension of mortgage payments). The country's second largest banking group,[8] UniCredit, requested aid from the Italian and Austrian governments worth €3 billion and €1 billion, respectively, in March 2009. Two billion euros of the state aid for UniCredit has been provided in the form of government bonds. Furthermore, by May 2009, Banco Popolare had requested state bonds worth

---

8. In August 2006, Banca Intesa and Sanpaolo IMI merged to form Italy's largest banking group.

€1.45 billion. For Banca Popolare di Milano, the requested bonds total €500 million and for Monte dei Paschi di Siena, bonds amounting to €1.9 billion have been provided. Banca IntesaSanPaolo has announced that it also intends to seek state aid.

The government liquidity bonds are limited to domestic banks. However, as some of the Italian banks – in particular, the UniCredit group – have widely expanded their business operations to Eastern Europe, measures to stabilise the financial situation of banks in Central and Eastern Europe have been adopted at the European level (see Section 2.1).

A further €15 billion to €18 billion of hybrid instruments have been issued by various state agencies and institutions (Cassa Depositi e Prestiti, the National Fund for Small and Medium-sized Companies, among others) in order to maintain the banks' lending to companies.

United Kingdom
The establishment of a 'Special Liquidity Scheme' by the Bank of England in April 2008 was one of the first emergency measures of the crisis. Several banks, such as Northern Rock, have swapped 'toxic', mortgage-backed debt for government bonds. In total, British banks have received liquidity bonds worth £185 billion (over €200 billion) within the framework of this scheme, which was closed in January 2009 (Guardian 2009a).

The British mortgage bank Northern Rock has received loans and guarantees to other lenders worth over €60 billion (£55 billion), on the basis of which the bank is obliged to repay loans provided by the Bank of England worth around €28 billion (£25 billion) by 2010. Furthermore, the government and a number of building societies have set up various arrangements for the provision of loans and loan guarantees.

Denmark
The Financial Stability Company was established in October 2008 as part of the agreement between the Danish State and the Danish financial sector (the Private Contingency Association – 'PCA') on a scheme to secure financial stability in Denmark.Virtually all finance institutions are members of the PCA.

The total contribution from the PCA in the form of guarantee commission and guarantee may total up to DKR 35 billion (€4.7 billion) over the two-year period. The financial sector itself will, therefore, finance the first DKR 35 billion, and the government will provide an additional, unlimited guarantee, if required.

The scheme runs until 30 September 2010. From this date, a three-year transition scheme will be introduced with regard to the government guarantee provided in the Agreement on Financial Stability, and the cover provided by the Danish Depositors' Guarantee Scheme will be raised to DKR 750,000 (€101,000), with effect from 1 October 2010.

On 4 February 2009, the Financial Stability Company was authorised to enter into agreements for the provision of a government guarantee on behalf of the Danish state.

Applications may be submitted by Danish banks, subsidiaries of foreign banks operating in Denmark or mortgage credit institutions complying with the solvency requirement of 8%, the institution's individual solvency needs and any higher individual solvency requirements fixed by the Danish FSA.

Banks which are granted a guarantee become subject to certain restrictions with regard to, for example, dividend payments, capital reductions and implementation of share-option programmes or similar schemes which would benefit the bank's executive management.

Banks and mortgage institutions applying to the Government Guarantee Scheme have to meet certain solvency requirements laid down in the Act. By the end of May 2009, four major banks had applied to the scheme: Danske Bank requested loan guarantees worth DKR 26 billion (€3.5 billion); Spar Nord Bank applied for DKR 1.2 billion (€ 161 million); FIH (carrying out financing for Danish industry) requested DKR 1.7 billion (€228 million); and Jyske Bank asked for DKR 3.1 billion (€416 million). As the closing date for applications was 30 June 2009, the full number of applicants was not known at the time the survey was conducted.

Hungary

The Hungarian banking sector rescue package includes HUF 300 billion for the purpose of loan guarantees to banks. In general, it has been reported that Hungarian banks are not burdened by 'toxic' assets and defaulted credits, unlike banks in many other countries. Nevertheless, the OTP – the only domestically owned bank – received a government loan worth €1.4 billion, half of which is supposed to be used for corporate lending. The Hungarian government established a 'guarantee undertaking' scheme that allows for the extension of loan guarantees up to HUF 1.5 billion. Only domestic banks – which are in most cases owned by foreign banking groups – are entitled to government aid programmes.

2.2.3. State ownership of banks

France

In France, state participation in ailing banks is fairly indirect. The state-owned CDC (Groupe Caisse des Depots et Consignations) took a minor shareholding in Dexia in the form of the capital injection mentioned above. The 'rescue plan' for the finance sector adopted in October 2008 provided for the establishment of a state-governed body, i.e. SPPE (Société de Prise de Participations de l'État) aiming at the control of financial institution that received public loan guarantees. For instance, the SPPE has intervened in the case of safeguarding Dexia. The state holds parts in banks such as SG, BNP Paribas and Credit Agricole as capital injections have been provided by SPPE. However, there is no information about the exact extent of state participation of banks that received public aid.

Germany

The case of the German Hypo Real Estate (HRE) represents one of the most prominent instances of the nationalisation of a European bank. At the time the survey was conducted, the state took over around 45 per cent of the shares. However, the German Federal State ('Bund') is aiming at 90 per cent of the shares via a capital increase in order to squeeze out the main shareholder J.C. Flowers. The government has already adopted a special law for the expropriation of HRE in the event that this fails. It is not expected that the – highly contested – expropriation will involve the wholesale takeover of the bank by the state, however, although the European Commission has refrained from setting legal restrictions on the state's actions in this regard. For the *Landesbanken*, 'nationalisation' is not applicable as they are already partly owned by the '*Länder*' or regional savings banks.

United Kingdom

In February 2009, Northern Rock, which has received loans and loan guarantees from the state and has been supported by a capital injection from the Bank of England (see above) was fully nationalised. Other banks which received state aid, such as the Royal Bank of Scotland and the Lloyds Group, are now partly owned by the government (58 per cent and 43 per cent, respectively).

Denmark

In August 2008, the operations of Roskilde Bank were taken over by the National Bank of Denmark and the Private Contingency Association in anticipation of a forthcoming winding-up. In August 2009, the shares in Roskilde Bank were transferred to the Financial Stability Company, which has thus assumed ownership of and liabilities relating to Roskilde Bank. In total, the Danish state, through the Financial Stability Company, has taken over six financial companies and is now the seventh biggest bank in Denmark.

The six subsidiaries of the Financial Stability Company are, besides Roskilde Bank, EBH and Fionia, two regional banks, Løkken Sparekasse, a regional savings bank, and Gudme Raaschou , an investment bank, as well as Straumur Burdaras Investment Bank.

2.2.4. Establishment of 'bad banks' or public assistance to deal with 'toxic' assets

In *France* and *Italy*, the establishment of a 'bad bank' has not been considered; in general, French banks are less burdened by defaulted credits and non-performing assets than, for instance, banks in Germany, the UK and the USA.

Germany

In May 2009, the German cabinet agreed on a '*bad bank*' *scheme* that allows banks to swap defaulted credits and toxic assets for state-backed bonds. The banks have to pay a market-rate annual fee and carry part of the possible losses. Toxic debts can be outsourced for a period of up to 20 years. As stipulated in the law on 'bad banks', 'maximum transparency' should be guaranteed by requiring banks to reveal all risks related to the outsourced assets. The law on bad banks has been criticised by both parliamentary factions of the ruling government, as well as by representatives of the financial sector. In particular, the requirement of writing off the transferred assets is considered likely to lead to further deterioration of banks' equity capital base.

United Kingdom

In February 2009, the government launched the *Asset Protection Scheme* aimed at stabilising bank lending by providing state-funded insurance against future losses from defaulted credits. Among others (such as the Lloyds Group, which had to transfer assets worth about £250 billion to the Treasury), Royal Bank of Scotland has placed assets worth £325 billion (around €360 billion). The Treasury covers a large part (94 per cent) of the arising losses (Guardian 2009b). The fee the bank must pay to in order to place toxic assets, as well as for the share of the risk taken over by the state are negotiable, depending on the assessed value of the risk of the bank's bad loans. In return, the state acquires a stake in the bank and, thereby, a controlling interest.

In the UK, a range of other measures have been adopted, such as the Bank of England's Special Liquidity Scheme and the Asset Protection Scheme, as well as the support programmes for firms launched by the Department for Business and 'quantitative easing' on the part of the Bank of England in order to encourage lending. All these measures are limited to domestic banks. Royal Bank of Scotland is the only major bank with foreign subsidiaries which has made use of government support measures, although they will be sold off.

Denmark

The *Danish Contingency Committee* and the *Financial Stability Company* have been established by the government and the Private Contingency Association (PCA), representing financial institutions, has set up a 'bailout fund' to cope with liquidity and funding problems in the Danish banking sector. The aim of the bailout fund is to guarantee – for a two-year period – unsecured claims, such as deposits, senior unsecured bonds and inter-bank deposits for the participating banks. The two-year period may be extended, if necessary. The PCA's members are financing the funds up to DKR 35 billion (€4.7 billion) and the government will provide an additional, unlimited guarantee if required. Only banks affiliated to the PCA are entitled to apply for aid provided by the bailout fund. Virtually all the banks in Denmark, including foreign-owned subsidiaries, are members of the Association.

In all the countries under consideration – with the exception of the Czech Republic – the banking sector has been targeted by state measures in the form of capital injections and loan guarantees. In one country, namely Denmark, subsidiaries of foreign banks are also entitled to apply for loans and loan guarantees provided by the state (see Table 2). In three countries – Denmark, Germany and the United Kingdom – banks have which received government aid have been fully (Northern Rock, the Danish Roskilde Bank) or partly (HRE, RBS, and so on) nationalised. Furthermore, in these three countries, schemes have been established for the outsourcing of 'toxic' assets and defaulted credits ('bad banks'). Notwithstanding these public aid measures, job losses have not been avoided or limited. Trade union responses to the employment effects of the crisis are laid out in more detail in Section 3.

3. Trade union responses to the crisis in different countries

There are many possible trade union responses to the crisis, going beyond the negotiation of collective agreements aimed at the flexibilisation or reduction of working time (for example, working time accounts and short-time working with partial compensation). In principle, *six areas of trade union action* can be conceived for the purpose of actively countering the crisis:

1. The unions may negotiate agreements on the flexibilisation or reduction of working time (working time accounts, time banks). In those countries in which there are schemes for *statutory short-time working*, unions may promote the adoption of this instrument in the banking sector and seek the implementation of short-time working by collective agreement at the company level.
2. They may directly contribute to negotiated responses to the economic crisis by concluding *collective agreements* on issues such as the protection of workers in the case of corporate restructuring or the reskilling and qualification of employees.
3. The unions may promote the *legal regulation* of workers' protection in case of mass redundancies and restructuring.
4. They may monitor the *implementation* of collective agreements or legal provisions at the company level and/or provide advice and support to company-level employee representatives with regard to the implementation of agreements, measures and programmes aimed at tackling the effects of the crisis on employees.
5. On a more general level, the unions may enter into *bi- or tripartite social dialogue* or directly address the *government* or other state agencies (for example, labour ministries).
6. *Collective action* may be taken by unions to attract the attention of workers, citizens and state actors to press for joint solutions to the employment and distributional effects of the economic crisis.

In what follows, *different responses* by *financial sector trade unions* in the Czech Republic, Denmark, France, Germany, Hungary, Italy and the UK to counter the effects of the current economic crisis are described. The trade unions' responses in the abovementioned six areas include the following *instruments, measures* and *activities*:

– collective agreements/collective bargaining on the flexibilisation/reduction of working time, including statutory short-time working, where such schemes exist;

– legal provisions and/or collective agreements on protection against dismissal;
– social plans in case of major redundancies;
– reskilling and qualification programmes for employees;
– voluntary, temporary leave for employees – such as ‘sabbaticals’ – with a guaranteed return to the job;
– other measures, such as social dialogue and collective action (see also Table 2).

The measures taken and instruments employed, as specified by the banking sector unions in the countries under consideration, are summarised in the following sections.

3.1. Collective bargaining on the flexibilisation and reduction of working time, including statutory short-time working

In general, ‘negotiated responses’ on the part of unions to address the reduction and/or flexibilisation of working time have been only marginal. Collective agreements on working time reduction or flexibilisation do not seem to be in common use in the banking sector. The limited role played by collective bargaining in dealing with the crisis seems to be characteristic of the service industries in general (with the partial exception of retail services) and of the banking sector in particular. In other industries – in particular, in manufacturing sectors, such as automobiles, metals and ICT – collective agreements on the flexibilisation of working time were widely adopted in the first phase of the economic crisis (that is, September 2008 to February 2009) throughout Europe (Glassner and Galgóczi 2009, SEC). However, in most of the countries under consideration here, collective bargaining on working time has been strongly linked to the implementation of statutory short-time working schemes aimed at providing public support for companies which maintain employment by reducing employees’ working hours. There are legal provisions on short-time working in a number of countries, including Austria, Belgium (‘*chômage economique/technique*’), Bulgaria, France (‘*chômage partiel*’), Germany (‘*Kurzarbeit*’), Hungary, Italy, the Netherlands, Slovenia and Spain (Glassner and Galgóczi 2009, SPC 2009). However, short-time working schemes differ considerably with regard to the duration of entitlement, coverage of different types of workers (permanent staff/agency workers) and their embeddedness in the national collective bargaining system and active labour market policies, such as reskilling and qualification programmes for employees working shorter hours. However, the use of short-time working seems to be very limited in the service sector, and in banking in particular. According to the survey respondents, the instrument of short-time working has not been made use of at all in those countries where such provisions exist, namely the Czech Republic, France, Germany, Hungary and Italy.

The crisis is strongly influencing collective bargaining, however. For instance, in *Germany*, negotiations on a new sectoral collective agreement were more conflictual and protracted than in previous years. Some employers' demands, such as Saturday work and the large-scale introduction of variable pay, were not met, however. The main financial sector union, ver.di, reported that it was not possible to mobilise members during the negotiations. Nevertheless, new demonstrations and strikes are planned for the second half of the year.

In *Italy*, *part-time working* has been promoted by some employers in the financial sector, mostly within the framework of restructuring plans.

In the *Hungarian* banking sector, the publicly subsidised reduction of working time in order to maintain employment and reduce dismissals has been adopted only rarely. This has been particularly true in the banking sector, in which the instrument of short-time working has not been applied. In some banks, management has reduced working time, although without compensating the lost working hours (for example, the KBC Group).

3.2. Legal provisions and/or collective agreements on employee protection against dismissal

Although the current crisis has not resulted in the promotion of legal provisions on employee protection against dismissal in the banking sector of the countries under consideration, in some countries this issue has been addressed in collective bargaining.

Germany – 'Rationalisierungsschutzabkommen'
In Germany, a provision on the protection of employees against dismissal (the so-called '*Rationalisierungsschutzabkommen*') has not been included in the sectoral agreement concluded in 2008, although a company agreement on this issue was concluded in September 2008 for Postbank, which is partly owned by Deutsche Bank. However, in the sectoral agreement, ver.di managed to obtain a guarantee from the employers to renegotiate provisions on dismissal protection, in particular in the case of dismissals due to operational/ restructuring measures ('*betriebsbedingte Kündigungen*'). Ver.di is currently negotiating on this issue. It is expected that a new agreement on employment protection will be concluded by September 2009.

Italy – Collective agreements on employment and income protection
In Italy, a national *collective agreement* on *collective redundancies* was signed by all unions (i.e. FABI, FISAC-CGIL, FIBA-CISL UILCA-UIL, FALCRI and Dircredito) and the Italian Banking Association (ABI) in 1999. This agreement has to be implemented at company level with the involvement of unions and workers' representatives. For instance, at UniCredit, an agreement was concluded in August 2007 with regard to restructuring and reorganisation resulting from the merger with Capitalia. The agreement provides for voluntary pre-retirement and early retirement. According to trade union estimates, it is expected that 7,000 employees will make use of the scheme.

Based on a 1998 framework agreement, a fund was established in 2000 for the support of income, employment and retraining in the financial sector. This so-called '*solidarity fund*' provides resources for retraining and the management of redundancies in cases of restructuring and reorganisation, as well as in an economic crisis. However, this agreement is applicable only to member companies of the Italian Banking Association. Thus, employees working in subsidiaries of foreign banks, such as Dresdner Bank, Deutsche Bank or UBS, are excluded from measures funded by the solidarity fund. The fund, which is exclusively financed by employers and employees in the banking sector, provides financial support for the following *measures*:

- retraining and qualification;
- reduction of working hours or temporary suspension of activity;
- early retirement.

In the case of early retirement, employees are entitled to retire five years before the statutory retirement age. They receive a subsidy of 77 per cent of their last wage from public pension funds.

Measures supported by the funds have to be implemented by collective agreement at the company-level. Since 2000, about 30,000 employees have benefited from measures financed by the solidarity fund and 7,500 employees have taken early retirement. It has however to be noted that the solidarity funds is an instrument to safeguard employment and avoid redundancies only in companies with a relatively diversified workforce with regard to age. Pre-retirement schemes provided for older workers in order to maintain employment among younger workers requires a multi-generational labour force. However, the employment of older workers (more than 55 years) is comparably low in the banking sector – in particular in foreign banks. Thus, the function of the solidarity fund to cope with redundancies is strongly limited.

United Kingdom – Collective agreements on job security

According to the trade union respondent, collective agreements on employee protection are in place at the major banking institutions. Agreements such as the '*Redeployment Support Guide*' negotiated by Unite, Clydesdale Bank and Yorkshire Bank, or the agreement on *Security of Employment* concluded by HBOS (Halifax Bank of Scotland)[9] and Unite (2006) commit the company to seeking to avoid compulsory redundancies, usually 'wherever possible', and set out measures to support employees in retraining and finding a 'suitable alternative' role for them. Furthermore, training and upskilling measures and outplacement support for those employees made redundant are specified in company agreements. However, agency workers and temporary staff are generally not covered by such agreements and are frequently dismissed ahead of

9. HBOS was taken over by Lloyds TSB in January 2009 and has been incorporated in the Lloyds Group.

permanent staff. In the UK, an individual employee has no legal redress in case of redundancy if they have been employed by the company for less than one year.

Denmark – Collective agreements to mitigate the effects of dismissals

Protection of employees against redundancy is regulated in the law on mass redundancies. In the event of forthcoming large-scale redundancies, the national sectoral collective agreement requires the social partners – the Financial Services Union Denmark (Finansforbundet) and the Danish Employers' Association for the Financial Sector (FA) – to convene a meeting at the earliest possible date. Both management and employee representatives from the company, as well as the social partners, shall be present at the meeting. The parties will decide about further proceedings, including whether the negotiations shall continue at the level of the two peak organisations or shall devolve to the company level. The purpose of the negotiations, be it at organisational or company level, is to discuss measures to prevent dismissals, as well as to mitigate the effects of dismissals, in addition to other terms and conditions relating to the dismissals before they are made public. The sectoral collective agreement contains provisions on redundancy compensation as a supplement to the legal provisions governing mass dismissals, provided that workers' period of employment is at least 12 years. The sectoral agreement also stipulates that measures to mitigate the consequences of collective redundancies shall be negotiated with the aim of ensuring the best possible employment opportunities for the redundant employees. Since April 2008, around 50 such company agreements have been concluded in order to reduce the number of lay-offs and set up measures for the retraining and replacement of employees. Furthermore, Finansforbundet has concluded a code of conduct on mass redundancies that includes measures such as the search for alternatives to dismissals (outplacement and retraining), information and support of employees (skill-development programmes and training) and the provision of additional financial compensation for those dismissed.

Hungary – Lacking protection for temporary agency workers

In Hungary, legal regulation is in place on the protection of employees against dismissals in the form of notice periods, exclusively for permanently employed workers. In the banking sector – as in other sectors – companies have started to shed temporary agency workers and employees on fixed-term contracts. Temporary workers are less protected against dismissals: for instance, their term of notice is uniformly 30 days, without consideration of the duration of employment. As a widespread company response to the economic crisis, fixed-term contracts have not been prolonged.

With regard to employee protection against dismissal, provisions on the setting up and implementation of social plans in the case of mass redundancies are in place in all the countries under consideration (see below).

3.3. Social plans in case of major redundancies

The negotiation of social plans in the case of major redundancies, either as a direct result of the crisis or within the framework of medium-term restructuring measures in banking companies, is a widespread, but rather defensive reaction by the sector's unions.

France

In France – as in other countries – procedures for the setting up and implementation of social plans are stipulated by labour law. It provides for the conditions governing the dismissal of more than 10 persons within 30 days. Social plans are obligatory for companies with more than 50 employees and have been negotiated in companies such as Natixis, Calyon, Deutsche Bank and Dexia. At SG, no social plan has been concluded so far. In general, a *social plan* comprises the following three *elements*: first, the 'reclassification' of employees to maintain their employment within the company or group of companies; second, 'reskilling' and training in 'transfer companies'; and third, 'redundancy compensation' in the form of severance pay (up to three annual salaries), which is often the solution preferred by employees.

In the case of mass redundancies affecting more than 1,000 people, the Labour Ministry has to be involved in major state-supported and -led restructuring measures, including the establishment of special working groups at the Ministry. This has occurred in the case of company bankruptcies and site closures in the automotive and textile industries. Official figures on job losses emerging from the forthcoming merger of Banque Populaire and Caisse d'Epargne are not available though according to estimates around 4,500 jobs might be lost. Possibly, this merger will involve not only a social plan but also the non-replacement of a large part of retiring employees.

Germany

The procedures for setting up and implementing social plans are regulated in the Works Constitution Act ('*Betriebsverfassungsgesetz*'). In the case of major restructuring ('*Betriebsänderungen*'), involving the dismissal of more than 5 per cent of the workforce, a social plan must be negotiated with the works council. Trade unions are involved only indirectly, that is, by providing 'supportive' measures to company-level employee representatives, such as strikes and the mobilisation of members. The influence of trade unions clearly depends on their organisational strength in a given company.[10] For instance, restructuring at the Western German Federal State Bank is expected to require the negotiation of a social plan for 1,350 employees.

10. Union density in the German banking sector is around 15 per cent. It is approximately 10 per cent in private banks and highest at Postbank (70 per cent).

United Kingdom

Although no equivalent of legal procedures for social plans in the case of mass redundancies of the kind existing in countries such as Germany and France are in place in the UK, measures to cushion the effects of dismissals and to promote redeployment have been applied in the British banking sector, such as at Royal Bank of Scotland, National Australia Group and Barclays Bank. Employment security has worsened. For instance, the introduction of Robust Performance Management measures in some banks (for example, RBOS and NAG) which permit the dismissal of individual employees within a 12-week period when they are falling short of their sales and other targets. In NAG, the performance improvement procedure has been amended so that employees can be dismissed within six months instead of the previous process, which took up to a year. The consequence of this is that job security terms – which would be a substantial cost to the bank – do not apply and employees are dismissed with only the usual notice period.

Denmark

Social plans and measures to minimise the negative impact of redundancies are negotiated on an ad hoc basis – that is, at company level – by Finansforbundet and the Danish Employers' Association for the Financial Sector (see above).

Czech Republic

Social plans have been negotiated at ČSOB/KBC, Komerční banka/Société Général and Unicreditbank Czech Republic.

Hungary

Social plans are negotiated by company-level employee representatives. In companies in which works councils have been established, conditions governing lay-offs are better than in the case of standard dismissals. This has for instance been the case for CIB (Central European International Bank) where more favourable conditions than those stipulated by law for workers who have been made redundant has been negotiated by the works council.

3.4. Reskilling and qualification programmes for employees

According to trade union respondents, no particular programmes have been adopted at the industry level for the retraining of banking sector employees. The adoption of individual qualification measures goes beyond of the scope of this survey, however.

In *Italy*, training measures are financed by the 'solidarity fund' which has been set up by the banking sector social partners and is applicable in situations of restructuring and reorganisation (see above). In the current crisis, the fund has proven to be an important instrument to reskill the labour force in the banking sector.

Measures for workers' retraining are included in the collective agreements that are in place in the most important *British* banks (see above). Some of these agreements provide for the payment of a lump sum by companies if jobs are outsourced or 'offshored'. According to the trade unions, however, a frequent response on the part of employers is simply to abolish particular posts in order to cut costs (for example, by removing agency workers or paid overtime). In some cases, employees have been paid the same salary on condition that they agree to perform a 'lower grade role'. If the worker then leaves, the lower grade role – with a corresponding lower salary – is retained for any replacement employee.

In *Denmark*, programmes for the retraining and skill formation of those made redundant or redeployed are an integral part of company-level agreements on collective redundancies negotiated by the sector's social partners, namely Finansforbundet and the Danish Employers' Association for the Financial Sector (see above).

The adoption of reskilling and training programmes in preparation for an economic upswing has, in general, not been a common response on the part of company managements in *Hungary*. This also holds true for the banking sector. In contrast to other countries, training measures are generally not supported by public funds but are rather financed by employers. Trade unions are involved in the setting up of training measures only if they are present in the company.

3.5. Voluntary, temporary leave for employees with a guaranteed return to the job

In most of the countries considered in the survey, voluntary leave for employees (for example, sabbaticals) has not been adopted on a large scale by banking sector employers.

In *Italy*, the banking sector 'solidarity fund' (see above) provides for financial support for early retirement measures. In addition, in a few banks, such as UniCredit, employees may take voluntary sabbatical leave. The sectoral collective agreement guarantees the right to up to 12 months' unpaid leave for private or individual reasons.

In *Denmark*, temporary voluntary leave can be included in collective agreements on mass redundancies as a measure to maintain jobs. These collective agreements are negotiated by the sector's social partners on a case-by-case basis, in other words, for individual companies (see above).

The implementation of measures to increase flexible working in order to reduce working time or to better make use of existing staff resources has gained in importance as the crisis has developed in the UK. According to a survey by the Confederation of British Industry (CBI), the reduction of paid overtime and the reduced use of agency workers are among the most frequent measures for dealing with the crisis. The widespread use of flexible working arrangements also includes – though to a lesser extent – temporary leaves and 'sabbaticals' for employees, which are considered to respond better to employees' requests for a better work–life balance (CBI 2009).

3.6. Social dialogue and collective action

France

Trade union responses to the crisis in the French banking sector have been manifold. Although the acquisition of 75 per cent of the state-owned part of Fortis Belgium by the French BNP Paribas group in March 2009 – in order to safeguard Belgium's largest financial holding company and largest private sector employer – was generally received positively by both French and Belgian unions, fears of future job losses have been expressed by Belgian unions. For instance, the Belgian white-collar union LBC-NVK estimates that job cuts over the next few years will total 15,000 (EIROnline 2009). The influence of the French state – which also acquired part of the Luxembourgian share in Fortis – in the newly formed BNP Paribas-Fortis group – the largest deposit bank in Europe – has been the subject of discussion among trade unions in Belgium and Luxembourg. The Fortis case represents a prominent example of *cross-border cooperation* between banking sector unions in Belgium, France and Luxembourg in order to address the consequences of possible restructuring resulting from acquisition. Likewise, in the case of Dexia – another multi-national banking group which has received financial support from the governments of Belgium, France and Luxembourg – financial sector unions in Belgium, France and Luxembourg entered into cooperation and mutual support, mostly involving the exchange of information.

Entering into *social dialogue* has been another trade union response in the French banking sector. For instance, in February 2009, the union CFDT Banques sent a letter to the Minister of Economic Affairs, Christine Lagarde, calling for a *tripartite meeting* of government officials, the financial sector unions and representatives of the banking sector. At a tripartite meeting, the issues of executive pay in banks, the improvement of bank governance (risk control and so on) and financial market regulation – including a call to the president of the council of the European Banking Federation to launch a joint European approach on regulation – were discussed (CFDT 2009a). Although the French government has adopted a clear stance on strict regulation of financial markets and the monitoring and control of financial institutions, a tripartite meeting between state, union and business representatives has not taken place so far. However, *bipartite meetings* between the French Bankers Association (AFB – Association Française des Banques), the French Banking Association (FBF – Fédération Bancaire Française) and the banking sector union CFDT Banques took place in October 2008 and again in February 2009. At the October meeting – when the extent of the crisis in the European banking sector became apparent – the issue of the devaluation of assets and pressing liquidity problems of banking institutions were addressed. In particular, upcoming redundancies due to large restructuring programmes ongoing in the French banking sector – and which are expected to be extended in the course of the crisis – have been an issue of concern for CFDT Banques. The agenda of the February meeting of the CFDT and the banking associations was shaped by the forthcoming G20 meeting in early April 2009. Thus, the regulation of financial markets – including the demand for an increased role for the European Union in financial market control and supervision – and more stringent rules for the financial control and governance of banking institutions have been demanded by organised labour.

In the course of the crisis, French banking sector unions have adopted several measures involving *collective action*. For instance, an inter-union delegation of the main union federations CFDT, CFTC, CGT, FO and SNB-CGC was received at the Finance Ministry in March 2009 (CFDT 2009b). One of the most important demands of the union delegation was the convening of a tripartite meeting of representatives of the state, the banking sector and employees. Issues that should be addressed at such a meeting include government strategies with regard to employment, in particular in the merger of Caisse d'Epargne/Banque Populaire, management remuneration rules, risk control and sanctions, increased transparency and information exchange between management and employee representatives, financial market regulation and supervision and the abolition of 'tax havens'.

Furthermore, in June 2009, CFDT Banques called for an inter-union demonstration in support of a number of crisis-related issues, such as increased government support for training, the extension of short-time working to all companies, including banks, improved employment prospects for young people, the maintenance of purchasing power by ensuring adequate pay increases and the control of executive pay. Other financial sector unions launched similar initiatives aimed at mobilising employees and the wider public, as well as promoting crucial issues such as financial regulation, fair pay and state support for vocational training. However, only those initiatives reported by the unions responding to this survey are considered in this report.

Italy

In Italy, there are formal structures for *social dialogue* at the national, sectoral and company levels. However, social dialogue between the banking sector unions and the Italian Banking Association (ABI) has been limited to the exchange of information in order to monitor the crisis and has not yet resulted in agreements or joint declarations.

Denmark

In Denmark, social dialogue – in particular, in the event of crisis – is formally required, as laid down in the collective agreement. The sector social partners – Finansforbundet and the Danish Employers' Association for the Financial Sector – have to negotiate the terms and conditions of mass redundancies. As a more unilateral ad hoc measure, Finansforbundet adopted a '*contingency plan*' in the case of dismissals which provides for special support services for employees experiencing or expecting redundancy, to be provided by legal advisers, social workers, unemployment benefit consultants and labour market consultants. In addition, a code of conduct has been issued by Finansforbundet in order to specify good practice and accompanying measures in the case of redundancies aimed at maintaining employment, supporting redeployment and retraining and mitigating the negative effects of dismissals on individual workers.

Conclusions

The survey carried out among financial sector trade unions in the Czech Republic, Denmark, France, Germany, Hungary, Italy and the UK shows that, in almost all the countries under consideration – with the notable exception of the Czech Republic – far-reaching government programmes aimed at stabilising the banking sector by enhancing liquidity and guaranteeing loans have already been adopted in the early stages of the crisis. Frequently, these programmes are part of national 'rescue' packages, including a multiplicity of demand- and supply-side measures. Due to the limited scope of this report, however, national responses on the macroeconomic level are not addressed here. Likewise, monetary policy measures, such as quantitative easing, were not dealt with in the survey.

Instead, the centre of interest is trade union actions and strategies to counter the crisis. One of the key issues is the question of safeguarding employment in the banking sector. It is clear that state assistance to safeguard banks is aimed at re-establishing banks' lending function and improving their liquidity base rather than safeguarding jobs. On the contrary, public rescue programmes require restructuring measures on the part of bank managements that usually go hand in hand with job cuts. Job losses in the countries under consideration vary quite widely, with the highest cut jobs in the United Kingdom and Germany, and lower job losses in the Czech Republic and Denmark. It must be noted, however, that the figures reported by trade union respondents and obtained through other sources (see Table 1) refer to *announced* job losses and not to those which have actually been effected. Job losses due specifically to the crisis are difficult to assess as major restructuring has been going on in the European banking sector for the past few years. The disproportionately strong increase in unemployment among *temporary workers* compared to permanent staff has been reported as being particularly worrying in a number of countries, such as Hungary and Italy.

With regard to trade union responses to the economic crisis, the main focus has been on cushioning the social effects of redundancies, establishing social dialogue with the employers and the government and mobilising rank-and-file and employees in general. Furthermore, innovative solutions in collective bargaining aimed at maintaining employment by adopting flexible working time models (that is, short-term and long-term working time accounts, lifelong reorganisation of working time) have not been reported as frequent responses to the crisis. Likewise, trade union involvement in the retraining and qualification of employees has reportedly not been very strong. This may be due to the stronger role of company-level employee representatives and management on this issue. However, a coordinated and sector-wide approach on vocational training would seem to be important in order to avoid ineffectiveness, short-term orientation and lack of coordination of company-level training initiatives.

As statutory short-time working has not been adopted in the banking sector in all of the countries under consideration (see Table 2), companies have to achieve internal flexibility to deal with the economic downturn in other ways. Interestingly, voluntary forms of internal flexibility – such as unpaid leave, wage freezes and concession bargaining in order to maintain employment – have not been reported as widespread in the European banking sector.

Important issues such as regulatory initiatives launched at the European or international level for the regulation of financial markets, the establishment of active and effective global supervisory and monitoring institutions and the regulation of executive pay in the financial sector have not been addressed in this survey, although they have clearly dominated the trade union agenda in recent months.

This survey underscores the important role of trade unions in drafting and implementing national and sectoral government economic stimulus packages. In all the countries under consideration, the unions have not only participated in social dialogue, but have also been the main driving forces in entering into dialogue with organised business and state actors. However, against the background of ongoing and far-reaching restructuring in the European banking sector and the anticipated high number of future job losses, trade unions will continue to face the challenge of effectively participating in and influencing the management of change in the sector.

Annex 1 Remarks on survey methodology

Some remarks are necessary concerning research design and the selection of the sample for this survey carried out among UNI Finance member organisations in seven countries: the Czech Republic, Denmark, France, Germany, Hungary, Italy and the United Kingdom. The ‘bias’ towards western European countries in the survey sample derives from the fact that Europe’s largest banking groups are located in western Europe (Véron 2007).

The selection of the countries was based on two criteria. First, the relative importance of the banking sector in the country’s economy and, second, the existence of labour market instruments to support companies’ internal flexibility in order to keep workers in employment in the current crisis.

The selection of countries was guided by the weight of employment in the banking sector in relation to total employment. Thus, the share of banking sector employees in the total labour force served as an indicator to estimate the importance of the banking sector in a particular country. As laid out in more detail in Section 1, the banking sector is relatively important in Denmark, France, Germany and the UK. In order to avoid a north-western European bias, one southern European country (Italy) and two Central and Eastern European countries (the Czech Republic and Hungary) were included in the study, although in these countries the weight of the banking sector in terms of employment is rather moderate (as in Italy) or relatively small (as in Hungary and the Czech Republic).

With regard to the second criterion for the selection of countries – the existence of statutory labour market instruments aimed at providing financial support to companies which keep workers in employment during the economic downturn (‘short-time working’) – such schemes are in place in five of the countries considered, Denmark and the UK being the exceptions. One of the aims of this survey was to identify the significance of short-time working in the banking sectors of the countries under consideration, in particular in combination with collective bargaining responses to deal with temporary working time reductions. As the majority of EU member states have in place at least basic provisions for public support of the incomes of employees working shorter working hours than stipulated in the collective agreement (cf. Glassner and Galgóczi 2009), a certain bias towards countries in which such schemes exist was inevitable.

Annex 2 Responding trade union organisations (listed according to date of reply):

CFTD Banques	French Democratic Confederation of Labour, Banks (telephone interview, 5 May 2009)
CMKOS	Czech Moravian Confederation of Unions (questionnaire, 6 May 2009)
Finansforbundet	Financial Services Union, Denmark (questionnaire, 12 May 2009)
ver.di	Unified Service Sector Union, Section Financial Services (telephone interview, 15 May 2009)
FABI	Independent Federation of Italian Bank Workers (telephone interview, 18 May)
UILCA	Union of Italian Credit, Collection and Insurance Workers (questionnaire 25 May 2009)
Unite	Unite the Union, UK (questionnaire, 27 May 2009)
FIBA	Italian Banking and Insurance Federation (questionnaire, 22 June 2009)
BBDSZ	Union of Workers of Banks and Insurance Companies, Hungary (questionnaire, 29 June 2009)

References

CBI (Confederation of British Industry) (2009) *Employment trends 2009. Work patterns in the recession*, June.

CFDT (2009a) *CFDT Banques*, Syndicalisme Hebdo, Flash Banks, 3/2009.

CFDT (2009b) *CFDT Banques*, Syndicalisme Hebdo, Flash Banks, 5/2009.

CFDT (2009c) *CFDT Banques Magazine*, May 2009, No. 353.

Czech National Bank (2009) *Financial Stability Report 2008/2009*.

European Commission (2009a) 'EU employment situation and social outlook', *Monthly Monitor*, April 2009.

European Commission (2009b) Communication: 'Temporary Community framework for state aid measures to support access to finance in the current financial and economic crisis,' 7 April (2009/C 83/01).

European Foundation for the Improvement of Living and Working Conditions (2009) European Restructuring Monitor (ERM), Factsheets.

European Investment Bank (2009) 'EIB unterstützt mittel- und osteuropäische KMU über Erste Group Bank-Netz mit 440 Mio EUR', Press Release, Luxembourg, 19 May 2009.

Eurostat (2009) Industry, Trade and Services, Structural Business Statistics, Main Indicators.

Galgóczi, B. (2009) 'Central Eastern Europe five years after: from 'emerging Europe' to 'submerging' Europe?', ETUI Policy Brief Issue 4/2009.

Glassner, V. and B. Galgóczi (2009) Plant-level responses to the economic crisis, ETUI Working Paper 2009.01, Brussels: ETUI.

Portfolio Hungary (2009a) 'EBRD grants EUR 220 million loan facility to Hungary's OTP', *Online Financial Journal*, 10 July 2009.

Portfolio Hungary (2009b) 'Hungarian Erste unit gets EUR 100 million EBRD loan to beef up SME funding', *Online Financial Journal*, 10 July 2009.

Social Protection Committee (SPC) (2009) 'First joint assessment by the SPC and the European Commission of the social impact of the economic crisis and of policy responses', SPC/0902/2.

Van Gyes, G. (2009) 'Impact of financial crisis on bank employees'. Available at: EIROonline: http://www.eurofound.europa.eu/eiro/2008/12/articles/be0812019i.htm

Véron, N. (2009) 'Is Europe ready for a major banking crisis?', Brueghel Policy Brief, Issue 2007/03, August 2009.

ETUI Discussion and Working Papers

Igor Guardiancich
Institutional survival and return: Examples from the new pension orthodoxy
WP 2009.08

Alison Johnston
Wage policy in Austria and the Netherlands under EMU. A change in performance or the continuation of the status-quo?
WP 2009.07

Anna Maria Sansoni
Limits and potential of the use of vouchers for personal services. An evaluation of titres-services in Belgium and the CESU in France
WP 2009.06 (EN, FR)

Andrew Watt, with the collaboration of Mariya Nikolova
A quantum of solace? An assessment of fiscal stimulus packages by EU Member States in response to the economic crisis
WP 2009.05 (EN, FR)

Sigurt Vitols
European Works Councils: an assessment of their social welfare impact
WP 2009.04

Béla Galgóczi, Janine Leschke and Andrew Watt
Intra-EU labour migration: flows, effects and policy responses
WP 2009.03

Christophe Degryse and Philippe Pochet
Paradigm shift: social justice as a prerequisite for sustainable development
WP 2009.02 (EN, FR)

Vera Glassner and Béla Galgóczi
Plant-level responses to the economic crisis in Europe
WP 2009.01

Janine Leschke and Andrew Watt
Job quality in Europe
WP 2008.07

Magdalena Bernaciak
Labour cooperation or labour conflict in the enlarged EU? Trade union responses to the rise of the automotive industry in Central-Eastern Europe
WP 2008.06

François Rycx, Ilan Tojerow and Daphné Valsamis
Wage differentials across sectors in Europe: an east–west comparison
WP 2008.05

Maarten Keune
Between innovation and ambiguity – The role of flexicurity in labour market analysis and policy making
WP 2008.04

Janine Leschke and Andrew Watt, with Mairéad Finn
Putting a number on job quality? Constructing a European Job Quality Index
WP 2008.03

Marton Kovács
How do trade unions interact with the European Parliament?
WP 2008.02

Maarten Keune
EU enlargement and social standards: exporting the European Social Model?
WP 2008.01

Reiner Hoffmann and Otto Jacobi
Bridging gaps – Strengthening Social Europe
WP 2007.04 (EN, DE)

Béla Galgóczi, Maarten Keune and Andrew Watt
Relocation: Challenges for European trade unions
WP 2007.03

Thomas Blanke and Jürgen Hoffmann
Towards a European Social Model – Preconditions, difficulties and prospects of a European social policy
WP 2007.02

Maarten Keune and Maria Jepsen
Not balanced and hardly new: the European Commission's quest for flexicurity
WP 2007.01

Pragma Consulting
Acquis Communautaire related to pensions
DP 2005.02

These publications can be downloaded free of charge from our website.
Please visit: http://www.etui.org/research/publications