UNI Europa Finance

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Introduction

Now five years after the financial crisis Europe is still struggling to come to terms with high unemployment, hardship and struggling economies.

Austerity measures have been detrimental to the real economy, and have deepened the crisis. Austerity has lead to stagnation, recession and widespread social hardship. A new economic course is required where the finance sector serves the real economy and broader economic recovery.

The financial sector has experienced a wave of regulation as a response to the financial crisis. Capital requirements, liquidity ratios, solvency etc. have been necessary regulatory initiatives for the confidence in the financial sector, but have resulted in negative consequences for our members and society as a whole.

Regulation and supervision of the finance sector is needed.

But, are we regulating the right ones, when the shadow-banking sector in Europe is rapidly growing and we see that some companies in the financial sector continue questionable business practices excluding many Europeans from proper financial advice.

Are we regulating in the right way, when consolidation in the banking sector is going on, and as a consequence big is becoming bigger and small (but healthy) is slowly disappearing in the name of regulation and financial stability?

Are we regulating in the right way when finance companies are excluding big groups of finance consumers and concentrating on the wealthy few?

Are we regulating in the right way when the finance sector is shrinking in terms of finance employees and branches at the cost of good quality advice to all customers?

There is a need for the banks, the unions and governments to work together to get it right for the finance sector, because the finance sector concerns us all. It is our jobs. It is our economy and welfare at stake.

We, the finance workers in Europe represented by UNI Europa Finance, believe that sustainability, proper advice for the customers and finance jobs with no sales pressure is all good for Europe.

Sustainability

We need a sustainable finance sector, acting ethically, because it is good to society. A sustainable finance sector is the pre-condition for growth and job creation both within the finance sector, but also in society in general, since households, business and governments rely on funding from the sector to support the real economy.

We need governments and regulators to provide the right framework for all financial companies to grow. A framework which ensures that the sector will continuously be able to provide productive loans and investments that create long-term value and jobs for the European citizens. A framework that allows for a diverse sector (small and big, universal, savings banks, cooperative and retail banks and mortgage institutions – transnational and national) to make business on equal terms.

In return, the finance sector must commit to sustainability by creating quality jobs in the sector, by investing in the real economy and by providing finance employees time and room for giving all finance consumers the right quality advice, so all Europeans obtain the possibility for the best development of their personal finances in forms of savings, loans, insurance and pensions. Healthy households and personal finances of the European citizens will support growth in the real economy and will create more jobs in general. We must ensure that financial products and services should serve the economy – or be banned.

It is not all about regulation. We call for the owners of the finance sector to think and act long-term as well by setting new sustainable standards for the financial companies in which they are investing. The companies hunt for short-term profit has increased both before, during and after the financial crisis in order to maximize dividends to investors. An increasingly bigger part of a company's result is being paid as dividend to investors. The hunt for short-term profit undermines the companies' ability to create value for the society in the long run.

Company business strategies and culture have become more and more volatile also due to the great number of changes in ownership. In 1997, an average shareholder held a share for 5 years on the London stock exchange. Today, the number has fallen to 7 months. Short-term profit has become the rule at the expense of long-term investment to the good of the real economy and citizens.

UNI Europa Finance urges the shareholders in financial companies to change the investment model for finance, so that it will be about investing, not betting.

Proper Financial Advice

The primary product in the finance sector is financial advice. UNI Europa Finance believes that all European citizens should have access to proper financial advice, because it is good for the confidence in the financial system and it is good for the real economy.

Proper financial advice creates value for companies, customers and society, since it is decisive for many consumers economic well-being and thus, for their confidence in the finance sector.

In many European countries financial companies' revenue comes partly through advice and sale of financial products. It is a completely natural part of any business operation, but it is crucial that financial sale takes place in connection with competent and relevant advice, so the products fit the consumer and the consumer feels informed about what it is that she/he is buying.

The financial companies have a responsibility to constantly ensure that the framework for financial advice is optimal. The financial companies must ensure sufficient time for financial advice, they must ensure the financial advisor regular training and competence development, and the incentive structure must not in itself create sales pressure, but should stimulate to responsible sale of financial products.

The structure of remuneration should be balanced, meaning that the fixed part of the remuneration should be absolutely prevalent compared to the variable part of it. Top managers' pay should not generate excessive risk taking and commercial pressure on sales staff, and there should be a balance between the highest and the lowest salaries in the company.

Furthermore, customers must be able to rest assured that they receive competent advice, regardless of institution and product type.

Consumer protection through transparency about products and prices is the way to go. Transparency is decisive for making it possible for customers to assess the content of the advice and make a real comparison among the various financial institutions. It strengthens the foundation for giving advice. Consumers should also demand that the financial companies keep focus on customer satisfaction and loyalty.

Politicians and businesses have a responsibility to create a framework that allows all clients access to advice. Not least, it is important that vulnerable customer groups are not excluded from financial advice

Surveys show that the non-affluent customers are not willing to pay for financial advice. The introduction of such a scheme, where the customer will pay separately for financial advice to either a financial company or to an independent advisor, will have a strong social impact implying that those consumers, who in fact are most in need of financial advice, do not get it thus weakening their financial strength.

We need regulators, governments and companies to ensure a proper framework for financial advice for all customers regardless of their economic strength, and there should be focus on education of future consumers.

Better finance jobs

We need finance jobs free of fear and free of sales pressure because quality jobs allow finance employees to play their active and basic role for the sake of consumers, companies, society and not least finance workers themselves.

We strongly oppose that governments in Greece, Portugal and Spain are putting aside collective agreements and collective workers' rights in the finance sector in the name of financial and economic stability. Financial crisis management should be founded on effective stakeholder involvement including finance unions and finance workers both nationally and in Europe.

There is ever greater pressure on employees because they have to comply with MiFID and different in-house codes of conduct, and they are under commercial pressure to achieve higher return on investment.

We strongly oppose the excess pressure for reaching targets, untenable stress to increase sales that is currently taking place in the finance sector If scorecards are used for evaluation of employees they should include a long term perspective for advice and involve groups rather than focus on short term individual performance.
The sector should be inspired by the declaration from 26. January 2010 from the sectorial dialogue of the insurance sector addressing lifelong learning and addressing a job without stress.

The Job Loss Survey reports of deaths and serious health problems in the finance sector. We believe this is the tip of the iceberg with serious health problems due to sales pressure mounting in the finance sector. Indeed, the 2013 Job Loss Survey shows that 80% of our respondents in Europe and many worldwide report health problems. This shows that pressure is now at such an unprecedented level that Government and Employers need to commit to a change that brings back safety, health and quality of life in the financial sector.