Organising Campaigning Influencing

Financial Services Union 2023 Pre-Budget Submission

ORGANISING CAMPAIGNING INFLUENCING

financial services union

STRONGER TOGETHER

Who are we?

The Financial Services Union (FSU) is the leading Trade Union representing staff in the Financial Services, Fintech, and Tech sectors. We have membership in over one hundred companies and are organised in the Republic of Ireland, Northern Ireland, and Great Britain with headquarters in Dublin and a presence in Belfast.

We support thousands of members building their career in the financial services sector – in banks, fintech companies, the life assurance sector, game and animation and specialists support firms. We are the collective voice of staff in some of the leading financial institutions across Ireland and beyond. Built on a network of locally elected representatives, we pride ourselves on being our members voice in negotiations with employers on critical workplace issues such as pay, the right to disconnect, leave entitlements, and health and safety. We are a representative and campaigning union based on shared common values of decency, fairness, equality, and respect in the workplace.

Introduction

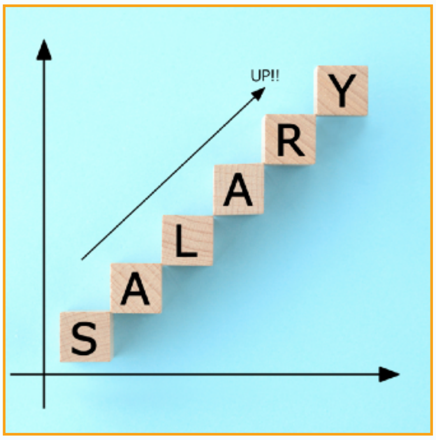
You can be assured that at any given time a major employer in the retail banking sector is on the brink of announcing a change programme which will affect staff, customers, and the wider community. Since the economic crash in 2008 the sector has changed dramatically with the shift to digital platforms and a distancing of the relationship between the customer and the Bank. The FSU is not averse to change but are of the opinion that change needs to be managed and controlled in a way that does not adversely affect staff and customers. We are clear in our position that change, carried out in a transparent and collegiate manner can bring benefits not just to the Banks but to the staff working in the sector and customers and businesses that rely on the service. Currently the main retail Banks seem to be oblivious to the benefits of stakeholder banking which is prevalent across the EU. That is why the FSU called for a Banking Forum in the Republic of Ireland and Northern Ireland. The announcement by Minister Conor Murphy, MLA at the FSU Conference in Belfast that he was commencing roundtable discussion with relevant stakeholders in the sector was welcome news and the FSU were effusive in our praise when Minister Pascal Donohue TD announced a banking review in the Republic of Ireland. The FSU participated fully in the roundtable discussion in Northern Ireland and have made a submission to the banking review in the Republic of Ireland.

The Government has a central role in the retail banking sector having a considerable shareholding in AIB and PTSB and a smaller shareholding in Bank of Ireland. While it cannot and should not involve itself in all the day to day decisions of the Banks it can through its decisions influence the banks decision making policy. In this submission we are calling on the Minister for Finance to adopt several positions which we feel will benefit staff, customers, and society.

Renumeration

Several pay restrictions were imposed as a condition of the State bailout of the Irish Banks. They can be summarised as:

- A prohibition on variable pay under €20,000 including profit share and any other benefits including health insurance and childcare.
- The "excess bank remuneration charge": the 89% tax on annual incentives of more than €20,000 paid to employees in the Irish banks.
- The salary cap, which prohibits any employee from receiving annual aggregate remuneration of more than €500,000.



Overall, we believe that the excess bank remuneration charge and the salary cap have served the public interest well. They were a proportionate and necessary condition for the unprecedented taxpayer support received by the Irish banks. They have preserved social cohesion by ensuring that the pay of senior executives working in institutions dependent for their survival on public funding is not decoupled from what the public deems acceptable.

We do not believe that there is any compelling evidence that the pay cap inhibits recruitment and retention of senior staff. Executive turnover in the Irish banks at levels of seniority at which the pay cap applies has been broadly consistent with that at other public companies and financial institutions to which the cap does not apply.

We agree with the position outlined by the Minister for Finance when he stated in October 2021 that the issue of senior executive bank remuneration was inextricably linked to further restoring public confidence in the culture and accountability of the banks. It is clear from recent events regarding the tracker mortgage investigation and other regulatory findings that the project of improving the culture of the Irish banks remains a work in progress.

We therefore believe, (1) that in order to preserve public confidence in the banking system, (2) because there is no demonstrable impact on the ability of the Irish banks to compete, and (3) due to continuing deficiencies in the culture and accountability of the banks it would be appropriate to retain both the excess bank remuneration charge and the salary cap at this time.

The aspect of the pay restrictions that has garnered considerably less public attention has been the prohibition on variable pay. These restrictions dictate that performance-based remuneration, profit share and any other workplace benefits including health insurance and childcare supports cannot be paid to any staff members. They affect around 23,000 workers within the Irish banks. This is unjust as bank staff earn as little as €26,000.

In concrete terms, the restrictions on variable pay and benefits place ordinary bank workers at a material disadvantage to all other employees in the state and the private sector more generally. Staff in the Irish banks have participated in an ongoing process of change management and workplace reform over the past decade. They have been at the frontline as major shifts to work practices, customer requirements and technological changes have unfolded. Throughout this, they have continued to meet the needs of customers and work in partnership with the management of the banks as the sector has transformed.

Furthermore, due to the absence of standard benefits as part of their remuneration package, ordinary bank workers are severely challenged by the cost-of-living crisis.

This is an even more compelling argument given that dividends have been restored to shareholders and the recent decision to restore pay of senior civil servants and judges on salaries of over €200,000 when bank workers earn as little as €26,000 have their pay restricted. This leaves bank workers as the only group of workers in the State who are subject to pay restrictions.

In the event that the Minister decides to end the current restrictions on variable pay and benefits, the FSU will seek to have these covered by new collective agreements. Taking stakeholder governance seriously means that senior management of the banks should not have the sole discretion to decide whether such benefits will be paid without input from staff union representatives.

We therefore believe, that as a matter of equity, that the Minister for Finance should consider the removal of the restriction on variable pay up to €20,000 per annum and standard workplace benefits.

Tax on Benefits/Vouchers

Currently employers can reward their staff by giving them up to €500 in value, tax free, each year.

A qualifier on this is that if more than one benefit is given in a year, only the first one qualifies for tax free status. During Covid, the Revenue Commissioners made it possible for employers to give two benefits throughout a calendar year but the maximum amount of €500 tax free remained the same.

With inflation peaking close to 10%, the rising cost of living is having an adverse effect on workers in every sector. The cost of essentials is becoming a problem for people and all the commentary surrounding Budget 2022 is that it will be deemed a success if it focuses on alleviating the cost-of-living increases for ordinary people.

The FSU are of the opinion that the maximum amount that can be received in one year from the benefit/voucher scheme should be increased to €1,000 tax free. It should also be able to be made in two payments throughout the year. This can be reviewed, if necessary, in future budgets.

Worker Directors

A new form of Governance for the Banks is required.

Giving greater representation to employees has been supported by the EU for many years, through employee financial participation. Ireland increasingly looks like a laggard when it comes to this more representative and progressive form of corporate governance. There are some straightforward steps the Government can take to advance this, including implementing the UK Code of Governance recommendations on Worker Directors which apply to publicly listed Irish Boards, by legislating for board-level representation for employees and consumers.

The inclusion of worker directors and consumer representatives to the Boards of retail Banks would provide a wider perspective on issues of acute public concern such as branch closures, the loss of ATM facilities and the relentless push for customers to go online. Worker directors and customer representatives on the Board would help ensure that financial institutions hold themselves to high standards of customer care and issues like that which were highlighted recently by the Central Bank about bank call centres may be avoided.

Tax Credit for Game Sector

In budget 2021 the Minister for Finance Pascal Donohoe TD announced a Digital Gaming Sector Tax Credit similar to Section 481, Tax Credit for Film, Television and Animation.

The FSU would qualify our support for this tax incentive as we feel a full, transparent discussion needs to take place on the meaning of "quality employment".

One aspect of the section 481 tax incentive specifically relates to the maintenance and provision of 'quality employment'. To avail of this tax incentive employers will have to undertake a signed statement that they will provide quality employment opportunities.

The FSU released a report on working conditions in the game sector, that highlighted several worrying issues, including that:

- 64% of respondents have experienced low pay in the games sector in Ireland and 17% of respondents have experienced missed payments, while 45% note working unpaid overtime.
- 55.5% of respondents have been required to work crunch time (overtime, often unpaid, towards the end of a project/deadline or near game release) in their jobs.
- 62% of survey respondents do not have secure employment contracts, while 43% of respondents note experiencing frequent job instability, including through lay-offs and impermanent contract status.
- 12% have experienced harassment and/or intimidation based on their gender, ethnicity, age, or sexuality. Furthermore, experiences of discrimination came in the form of interpersonal relations (20%), working conditions (10%), workloads (8.5%), pay and bonuses (8.5%) and more.

Game development is an international industry and without the cultivation of decent quality employment in Ireland, our sector risks losing its best talent to international markets potentially negating the benefits of investment and incentives in the sector.

The FSU propose the Minister makes it a legal requirement for any employer who wishes to avail of the tax incentive to show that they at a minimum pay the living wage, provide secure contracts of direct employment, give proper pension provision and support employer engagement with trade unions.

Home Working Allowance

One of the many consequences of Covid 19 was that the concept of remote working was fully embraced by employees and employers. New legislation was brought forward and a new code on the right to disconnect has been implemented.

The FSU partnered with the research Department of the University of Limerick to carry out a survey of Bank staff on their views on remote working.

The survey results were clear and illuminating:

- Eighty-eight percent say they would like to work from home some of the time.
- Seventy-one percent indicate that their employer did not provide financial support for costs associated with working from home.

- A majority indicate that their employer had not conducted a risk assessment of their home working arrangements.
- Forty-four percent of respondents report feeling drained from work.
- Almost two thirds of respondents either believed that remote working had resulted in reduced career opportunities, or they did not have a view on it.

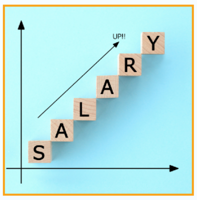
Some of these issues are currently under discussion between the FSU and the employer. For this submission, we would like to concentrate on the home working allowance that is currently available from the Revenue Commissioners.

Currently If your employer does not make a payment of €3.20 per day, or pays you less than your allowable costs, you can claim remote working relief. The Tánaiste is on the record as stating that €3.20 per day does not cover the real costs for the employee of working from home and should be looked at in future budgets. The FSU agree with the Tánaiste and feel that the daily payment amount should be raised to take into account the real cost of working from home, the savings that are been made by the employer on rent and other items and the basic issue that costs should not be moved from the employer onto the employee.

The FSU would argue that the current €3.20 per day should be dramatically increased to take account of the rising cost of home heating, electricity, broadband, insurance, and other ancillary items. If an employee is working remotely this should be a mandatory payment made by the employer for every day the employee is working remotely.

Summary

In summary the FSU position is that the following recommendations would help bring better working conditions for those in the banking and gaming sectors.



1. The Minister for Finance should remove the restriction on variable pay up to €20,000 per annum and standard workplace benefits imposed on ordinary employees of the three bailed out retail Banks.

2. Increase the maximum amount that can be received in one year from the benefit/voucher scheme to €1,000 tax free and enable it to be made in two payments throughout the year.

3. The €3.20 per day home working allowance should be dramatically increased to take account of the rising cost of home heating, electricity, broadband, insurance, and other ancillary items. If an employee is working remotely this should be a mandatory payment made by the employer for every day the employee is working remotely.

4. The FSU propose the Minister for Finance makes it a legal requirement for any employer who wishes to avail of the digital Gaming tax incentive to show they at a minimum pay the living wage, provide secure contracts of direct employment, give proper pension provision and support employer engagement with trade unions.

5. The Government should legislate for board – level representations for employees and consumers in the three retail banks.

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