



“Strengthening social dialogue – shaping European integration”: Special project for workers’ organisations in the Western Balkans 2018

Social dialogue in financial sector: “The future of labour relations in the financial sector”

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The Autonomous Trade Union of Employees in Banks, Insurance Companies and Other Financial Organizations of Serbia (SS BOFOS), in cooperation with the World Organization of Workers (WOW) and the European Center for Workers' Questions (EZA), and with the support of the European Commission, organized a seminar on *“Strengthening social dialogue – shaping European integration”*: Special project for workers' organisations in the Western Balkans 2018; Social dialogue in financial sector: *“The future of labour relations in the financial sector”*.

The seminar was held in Novi Sad from 18 - 20 April, 2018. The meeting was attended by colleagues from the Netherlands, Slovenia, Bulgaria, Slovakia, Macedonia, Montenegro, and Serbia, while the lecturers were from Austria, Luxembourg, France and Serbia.





The aim of the seminar was exchange of participants' experiences in relation to social dialogue in specific countries, as well as with digitizing the economy and its impact on the labor market, since in the process of adjusting jobs to changes brought about by digitization, trade unions will play an important role.

Mr. Vladislav Jevtović, SS BOFOS Deputy President

said that he prefers the definition of "industry 4.0": It is a smart factory in which smart digital devices are networked and communicate intelligently with raw materials, semi-finished products, products, machines, tools, robots and people.

- Even in Davos, the consequences of the 4th industrial revolution were discussed.

On March 20 this year, the first digital farm in Serbia was opened in Krivaja, which enables monitoring of crop conditions and planning of agricultural activities via mobile phones, based on data from satellites, drones, various sensors and meteorological stations. There is an enormous space for progress in the implementation of automation, primarily in the real sector in Serbia, while in the financial sector we already use a lot of new technology, said **Vladislav Jevtović**.





Mr. Bjørn van Heusden, Executive Secretary World Organization of Workers – WOW (Netherlands), and Member of the Board of European Centre for Workers' Questions – EZA (Germany) welcomed all participants at the beginning of the meeting and stressed that WOW trade unions and organizations work on the same values.

- Most WOW activities are carried out in Europe: we promote social dialogue through our members and offer services of our network. This is the sixth or seventh time we are organizing a seminar in this format and we are trying to move from country to country, said Bjørn van Heusden, highlighting the importance of the seminar theme.

Ms. Sabina Guerrero, co-founder of the Job Tailors Consulting Company from Luxembourg said that there were 3 billion people in the world connected to the Internet and 2, 13 billion accounts on Facebook.

- When it comes to digitization, I would first tie this term to information technology and business.

We are witnessing that the business model is changing. In the financial sector, everyday life has changed. Clients' behavior has also changed. When it comes to digital transformation, the mode of operation has changed, and the labor market has been turned to more flexible forms of employment. Many banks in the United States use tele-work, work from a distance. For such a change in business mode, it is necessary to "prepare a terrain" well since not all employees are ready to start teleworking.

In France, 96% of companies are satisfied with the effects of tele-work, while 77% of employees think that tele-work develops a sense of responsibility and create conditions for better time management.

Every company that wants to progress should work on attracting talents. And if we cannot attract them by high income, we can do so with flexible working hours. The quality of life attracts talents, and this is actually flexibility, said **Sabina Guerrero**.



Dr. Živko Kulić, a professor at the Faculty of Law, Belgrade Megatrend University says that everything is subject to change, and in the future the working relationships that are here in Serbia will not be significantly different from those in other countries because the world has become "the global village".

- The importance of international labor legislation strengthens and affects national labor legislation. Standards in the field of labor relations are also equalized, this is an inevitable process. The influence of multinational companies strengthens too, influencing with their power the flows in the sphere of labor relations. The capital of multinational companies exceeds the wealth of Serbia and the countries of the region, which is why their influence on the sphere of labor relations is important, said **Živko Kulić**.

Speaking about the future of labor relations in Serbia, Kulić predicts that the position of a job will become even less secure in the coming period, that party employment will be reduced, as well as speeding up the resolution of labor disputes, increasing flexibility (it will be easier to find a job, but also easier to lose it).



- More work at home is expected (in the sphere of programming, distance learning, helping elderly people), which is good for society as it strengthens the concept of “soft management”, and there are no travel costs. “Soft management” is tied to the new business philosophy: “The employee should be a subject of a management process rather than an object.”

We gave up self-management, but we did not give up participation. It is therefore impermissible that the employee is treated as a commodity. In Japan, those whose initiative can be characterized as utopian are rewarded simply because they had an initiative. We need such practice. A superiors should not scare workers, they should be mentors, teachers. They should twist their sleeves and work, and be an example to employees.

There are such examples in practice. This is not a utopia; this is a recommendation to employers, said **Živko Kulić**.

- Trade unions should work on strengthening and improving social dialogue, because the collective agreement has no real or lasting alternative. It is expected that tripartism becomes multi-partism, i.e. to include new subjects in social dialogue. Apart from representatives of government, employers and trade unions in social dialogue representatives of the region, consumers ... can be included, and the subject of social dialogue can be expanded (expanding the number of questions about which the participants in the dialogue should discuss and decide), said **Živko Kulić**.

Titan - a robot of the future in an interview at Serbian national TV channel RTS

It will not be more than 25 years before robots will become general managers, ministers, and why not judges, said **Živko Kulić**. Last year, the robot of the future - Titan was in Belgrade and gave an interview for RTS. The question arises whether a man will be wise enough not to create himself his master, said **Živko Kulić** in conclusion.



Marko Bohinc, Workers Council NLB, Chairman, Slovenia

- In the conditions of digitization in NLB Bank, we are changing to the “open space” branch offices in Slovenia. We operate on an integrated platform and this is a challenge for us, but also for our business. Digitization in the financial sector leads to a change in the organizational culture within the bank (strengthening internal communication, anti-mobbing policy) emphasized **Marko Bohinc**.



Veselina Starcheva, Confederation of Labour PODKREPA, International Policy Senior Expert, Bulgaria

said that the banking sector in Bulgaria was solid.

- The largest banks are Societe Generale Bank and NBG. These are the former state-owned large banks that have been privatized. We have a problem that our workforce is getting older. Bulgaria ranks second in the world by the age of labor, immediately after Japan, **Veselina Starčeva** said.



Krstó Pejović, SFOCG, Advisor to the President, Montenegro

said that multinational companies in the financial sector have standards that are not applied to people from this region, while in their countries these standards are respected.

- The future of labor relations in the financial sector is not pink.

The utopia is to set the same standards for all countries and all employees within the same multinational company. More and more people are employed for a limited time. Fluidity and flexibility for employees are increasing. Flexibility can lead to erosion of labor rights. That's why the trade union should be more active.



Goce Trajkovski, SFDM, international cooperation coordinator, Macedonia

said that the system of Stopanska Bank was broken in Macedonia and smaller banks were created from that system.

- No one asks if there is a union, it is important for him to work in the bank, because wages in the financial sector are relatively higher compared to other sectors. Therefore, high income in the financial sector can be characterized as a reason for lack of interest in trade union and social dialogue. Another problem in Macedonia is the division of trade unions that is detrimental to representation of workers' interests. I am worried about the present, let alone for the future, said **Goce Trajkovski**.



Peter Farkas, NKOS, member, Slovakia

stressed that the financial sector is making a major contribution to the economy through employment.

- The financial sector also employs IT experts. The banking sector is changing, the largest number of employees in the financial sector in Slovakia was in the 60s of the 20th century (25,000 employees), and the smallest number of employees in this sector was recorded in 2009 (19,000) after the introduction of Euro in Slovakia, said **Peter Farkas**.



Dr. Živka Pržulj, a professor at the Belgrade Banking Academy, Faculty of Banking, Insurance and Finance, says that today is the time of the Fourth Technological Revolution, which opens up the possibilities of fusion of technology.

- In addition to the automation that is present in the industry, in the financial sector we have digital platforms and an increase in the technological literacy of users of banking services. Clean banking operations are lost; and bankers should be computer experts. This does not mean that there will be no work in the banking sector. Employee reduction involves, at different intensities, three groups of jobs: employees in routine jobs, employees who are engaged in more complex jobs, but with more repetitions, and employees in creative jobs, but not all of them, because human creativity cannot be completely replaced. In the future, we expect people to think and manage creative work. The estimate is that employers will save 60 to 80% of costs by digitizing.

-Asked if the human mind is replaceable, Živka Pržulj replied that everything should be used with the measure and that applies to new technologies, too.

- The financial sector is a service sector, and in this sector emotions are needed. The attention paid by an employee to a client cannot be replaced by robots.

Robots can also cause errors. In August 2012, Knight Capital Group company lost \$ 400 million in just 45 minutes in the electronic trading of financial derivatives, for which automatic trading systems were in charge, that is, "robot merchants". Therefore, giving robots great freedom can have many consequences. The new world of work will be primarily the world of individuals. However, we in Serbia are predominantly a collectivist society and we need time to accept that. Full-time employment will become a past. A new generation of employees will work by not having geographical constraints. Unfortunately, we may have to forget about the national economy. We will have a national state, but not a national economy, said **Živka Pržulj.**

Flexible forms of work can be different: (talent engagement on digital platforms, work from home and flexible working hours, part-time work, call-by-job, project work, occasional and temporary engagement, help at home...). The Labor Law of Serbia does not know many flexible forms of work (apart from temporary work, part-time work, work from home, and temporary and occasional jobs). Flexibility is uncertainty. We enter the world of uncertainty, and in all this we must have inner, personal, stability.

Regarding the perspective of trade union organization, it is necessary to redefine the role of trade unions. The union cannot focus on the cost of labor, as flexible forms of work will entail individual contracting of salaries. The trade union should deal with principled matters. The union is necessary to employees to provide them with various forms of support and union should be ready for new flexible forms of work.

- The insurance market is expected to grow and those who are redundant in banks will find their "refuge" in insurance companies, said **Živka Pržulj.**



Denis Strieder, General Secretary of the FCG - youth section from Austria, said that digital transformation is present in all industries.

- With regard to digital transformation in the banking sector, there are six key areas:

- **clients;**
- **operational models of the bank;**
- **income models for banking,**
- **platforms,**
- **bank value chain,**
- **data-driven banking.**

The key question is how **clients** can serve themselves. Personally, I have not been in the bank for years. The behavior of my generation and the generation of my parents differ. People

are increasingly not going physically to the bank. The consequence is that the demand for lower educated tellers is declining.

When it comes to the **operational models of the bank**, it was calculated that 60% of all expenses of the bank, exactly the salaries of employees. What we can expect in the future is “outsourcing” or relocation of certain sectors and services in banks outside the bank.

Regarding **future models of banking income**, clients will only pay for special services, while those “ordinary” will be free.

The key question is what are the services (advisory) that banks will offer to clients in the future, and which customers will be willing to pay?

When it comes to **platforms**, the most important is the blockchain leading software platform for digital resources (bitcoin technology). It represents a new important digital platform that enables financial operations without the involvement of banks.

Data management allows banks to collect more information about their clients, improve their quality and develop new services.

Know-your-customer model, or model “getting to know your client” will be the key to banking business.

Banking will increasingly rely on customer data, it will become **data-driven banking**, said **Denis Strieder**.



Dr. Milan Erdelj, a scientific associate at the University of Sorbonne, University of Technology, Compiègne, France,

pointed out that the development tends to move towards smart facilities, and development of artificial intelligence is present in all aspects of the industry. He emphasized Internet facilities or Internet of everything as an important thing - that's the Internet that will contain everything in it. However, there must be an infrastructure that supports it.

- We are not far from having a smart glass that signals when it's empty. Machine learning is a set of algorithms, called deep learning. Earlier we had the development of artificial intelligence, such as AI that played chess, and in the 90s, machine learning mailboxes that analyze what is "spam". It started from that. Afterwards, to put it simply, for

the purpose of machine learning, 10,000 photos of a single object such as a table or creature like a cat were brought in a large neuro network so that when a machine saw a cat or a table it could itself recognize that it was about that object or being. For the first time, the machine itself recognized the cat in 2010, and since then, much has been done on machine learning.

The question arises: should we be afraid? The answer is: no. Machine learning and deep learning do not pose a danger. We can turn off the machine.

We should be scared of the Internet because it cannot be turned off and can be replicated, said **Milan Erdelj.**

- When it comes to the impact of automation on the world of work, there are predictions that about 10 percent of jobs will disappear, and these are jobs that taxis, trucks, radiologists, accountants, traders of financial instruments, brokers, real estate agents are now doing ... Also, it is predicted that 50% of jobs will be transformed, and the remaining 40% will not change.

The group of jobs that are expected to be transformed include: personal banker, software engineer, doctor, lawyer, film director, screenwriter, plumber, electrician, etc.

Jobs that will not undergo major changes are those on which they work: nurses, teachers, psychologists, philosophers, artists, cooks, actors, etc.

- "The recommendation I would give is that we must be ready for constant learning," said **Milan Erdelj.**



Dr. Djordje Mitrović, professor at the Faculty of Economics, University of Belgrade, said that the biggest problem of growth today is actually access to information technology. There is a digital division.

The digital division is the unequal economic development in the country and between countries, as well as the growing economic and social differences between individuals, households, businesses and regions in terms of access to and use of information technology.

Certain countries use technology more and some less. It has everything to do with the principle of lifelong learning. Mentality of people differs. In some countries, lifelong learning culture is more developed than in others. In Serbia, the principle of lifelong learning is not widespread.

In Serbia, there is a greater participation of employees with less complex (simpler) tasks than the EU-28, while there is less participation of those employees whose job involves learning new things.

At the same time, the participation of employees in trainings paid by the employer, as well as in

other forms of training at work, is low in Serbia, compared to the EU-28. Participation in lifelong learning is insufficient. The level of computer use at work, general digital skills, problem solving skills is also relatively low. It is necessary to improve the ability of the labor force to deal with the contemporary challenges in the labor market, which are due to the impact of new technologies, said **Djordje Mitrovic.**

After the first day of the seminar, the participants visited the “Beekeeping Museum and the Živanović Wine House” in Sremski Karlovci, where wine and honey tasting was organized along with the dinner.

