



# UNITE SOCIAL CONTRACT FOR FINANCIAL SERVICES

## EXECUTIVE SUMMARY

Unite is the trade union which represents employees in the financial services industry. The financial turmoil which has gripped the world has brought insecurity to staff in the UK and damaged the reputation of this vital sector of the economy.

Unite has welcomed the action by the Government to inject capital into the markets. The union is demanding that this financial support is tied to clear commitments to secure vital jobs and make the industry more transparent and accountable.

Unite has drawn up a Social Contract for Financial Services which it is calling the Government and finance companies to adhere to.

### **1. Recognition of Unite as a key stakeholder in the future of the financial services industry.**

The present financial crisis is the biggest challenge facing the industry in modern times. Unite is playing its part in rebuilding a successful and responsible industry. Finance workers are central to this and Unite must be recognised as a key stakeholder.

### **2. To ensure the employment security of employees in the finance sector.**

Employees have seen their job security continually threatened as companies making billions of pounds of profits focus on short-term rewards to shareholders. The loyalty and commitment of finance sector workers appear to have been overlooked in this crisis. Unite wants to see a halt to the rush to outsource and offshore without proper consideration of the effects on staff, customer service and proper international standards. Employment security is inextricably linked with the skills agenda.

### **3. To protect and improve the terms and conditions of employees, including pension arrangements.**

Terms and conditions of workers in the finance sector must be protected. Workers in this sector are subject to industry regulation and legislation requiring a highly skilled and proficient workforce who deserve recognition for the commitment and professionalism that they have brought to the industry. Decent pensionable pay increases should be awarded to workers for a fair day's work.

### **4. End the remuneration packages of senior executives which reward short-termism and irresponsible risk taking.**

Unite will not accept a situation where reward for failure is considered acceptable and wishes to challenge the short-termism which drives irresponsible risk. This is in stark contrast to employees in the sector who are increasingly involved in performance - based pay systems. These pay systems are often based on unrealistic or unachievable targets which are rarely agreed through two-way dialogue. Failure to reach targets can result in disciplinary action and zero percent pay increases.

### **5. Overhaul of the regulatory structures of the financial services sector to include trade union involvement in order to enhance the accountability of finance institutions.**

There needs to be tighter regulation of the market and strengthening of the framework which regulates the finance industry together with increased powers to hold to account, including criminal proceedings, those who contribute to failings on a massive scale. It is evident from the current financial situation that the FSA has failed as a regulator. It is necessary to consider in the regulatory overhaul to make the FSA a publicly accountable and independent regulatory body to include trade union representation as well as independent and academic experts. Unite wants to see trade union representation on the boards of all key agencies involved in the regulatory system.