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**WP3: Country case studies**

*Report - Portugal*

*Case study 2 – Portuguese bank*

**Raquel Rego & Sónia Apolinário**

**Instituto de Ciências Sociais – Universidade de Lisboa**

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## 1. Introduction

The Portuguese bank group started out as a voluntary association in 1840 founded to promote savings as a mutualist organisation. The association aim was therefore to deepen the level of social protection as a complement to the public system. Currently, the group holds more than 630,000 members, spans eight organisations and performs in the bank, insurance, health and wellbeing sectors.

One might say our case study, the Portuguese bank selected, belongs to the social economy and the entity operates under the status of ‘private institution of social solidarity’ (*instituição privada de solidariedade social- IPSS*) which, according to the Portuguese legal framework, means it acts under the ‘public interest’ with this status providing tax benefits as well as some prestige.

This report refers to the Portuguese bank, which was founded in 1844. The main reason for selecting this case study stems from its collective agreement representing one of the few to mention ‘technology’.

The bank sector is both highly qualified and highly technological as already detailed elsewhere (Rego, 2018) and confirmed with the Portuguese bank interviews. The sector counts on the largest trade union in the country, the SBSI, a member of the second largest union confederation, the UGT. Simultaneously, the sector is also very sensitive considering, on the one hand, its close relationship with the recent financial crisis/recession and, on the other hand, the internal board elections that recently became a topic of great media interest.

### 1.1. Methodology

The selection of the case study stems from the reference to technological matters in the collective agreement, as stressed elsewhere (Rego, 2018). The existence of such topics in social dialogue is otherwise rare in Portugal, as also reported by Ramalho (2018).

However, we came up against important obstacles when reaching out to the company and worker representatives. The total lack of public contact either by the Works Council or by the HRD as well as the press coverage on Portuguese bank’s controversial internal elections account for some of the obstacles.

Despite contact, some have nevertheless refused to give any interview, including the Works Council that failed to reach any consensus regarding cooperation with the research team<sup>1</sup>. Other had no free time during our fieldwork period.

Mediated by the HRD, we also requested an interview with the health and security representative, which finally came in the last days and by written.

Thus, we count on four interviews for this case study, listed in Table 1.

The research fieldwork took place between April-June 2019. Our findings are based on these interviews and desk research. Considering documental analysis, we have deployed different sources:

1. The Portuguese bank website;
2. The SNQTB and SBSI websites – the main trade unions in collective bargaining;
3. The Work and Employment Bulletin– the official deposit for collective agreements in Portugal;
4. Press articles;
5. Specific bibliography - as listed at the end of the report.

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<sup>1</sup> Only five in eleven members agreed to provide interviews.

*Table 1: List of interviews<sup>2</sup>*

Organisation	Code of interview	Date of interview
Academic expert	E5	14.05.2019
Company	E1	20.05.2019
Trade union	E3	11.06.2019
Health & Security rep	E4	12.06.2019

Note that the structure and sections of this report follow a common DIRESOC guideline.

## 2. General background

- Brief sectoral context

As Abrantes and Godinho (2015)<sup>3</sup> conclude, the current context is not favourable to banking trust: *'We are living in a context where distrust has arisen in relation to banks, largely as a result of their mismanagement and unclear practices and dubious ethical conduct of their bankers'* (2015: 11). In this sense, the Portuguese bank representative interviewed described a characterization depicting competitive pressures in a highly regulated and depressed sector experiencing anaemic growth (E1).

Furthermore, the Portuguese bank case also raises specific problems. According to Abrantes and Godinho (2015): *'Today, [Portuguese bank] is facing a serious crisis that is manifested in important financial losses and breaches of trust of members, investors, clients and partners'* (2015:13).

According to the analysis of these two authors, the negative Portuguese bank results may be attributed to an adverse external environment on the one hand, and governance problems, internal to the institution and management errors, on the other hand. Events beyond the institution's control include the subprime crisis, the sovereign debt crisis, austerity policies, declining GDP, declining investment, rising unemployment and a sharp drop in interest rates. The internal factors identified are the governance model in effect until 2015 and characterized by the overlap of governance between Portuguese bank and another group organization, which resulted in a lack of clarity as regards the supervisory systems of institutions.

We would note that the central Bank of Portugal intervened in 2012, stipulating for the separation of entities, however, Abrantes and Godinho (2015) stress that it did not resolve the overlap problem between the management structures.

The Portuguese bank became a joint-stock company (*sociedade anónima*) in 2017. It also operates in other countries in addition to Portugal, in particular African countries with Portuguese as their official language even while its priorities remain in the national market.

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<sup>2</sup> The full identification of interviewees remains confidential considering some declared their preference for remaining anonymous.

<sup>3</sup> António Godinho is a manager and has also worked at CEMG. Today, he is also an opinion maker on Portuguese radio and television. Alexandre Abrantes has worked at the World Bank in Washington and is currently a Professor at Universidade Nova de Lisboa.

- Description of activities

According to the company website, the Portuguese bank business focuses on retail intermediation, with private clients, micro-enterprises, SMEs, individual entrepreneurs and third-sector institutions as the clients. The Portuguese bank defines its activities as 'relationship banking' between people; either in person or through distance channels<sup>4</sup>.

- Typology

Large national company while also operating abroad.

- Employment by sex, age, occupation, educational attainment

There are 3,610 employees; 52% are male and 48% female; only 20% of the workforce is aged under 40; the majority, 59%, holding at least undergraduate degrees.

- Job quality

According to the company representative interviewed, temporary, part-time and other precarious contracts represent a very small proportion of the bank's workforce. However, no figures were forthcoming (E1). Our interviewee also declared that the wages match the average levels for the country and the sector but again providing no additional data (E1).

- Industrial relations

#### *Worker representation*

At the company level, the employees are represented by the Works Council, by the Health and Security representatives and by a Union Committee.

The Works Council is composed by members of different trade unions and is now quite active, according to one of our interviewees (E3). The company meets regularly with the Works Council that gets involved in every structural project (E1).

The company source also terms this social dialogue as serious, mutually cooperative and providing an important contribution to the performance of the bank as well as the sector (E1).

The workers representatives' structure for health and security at work was the first to be created in december 2004, today being in force the forth mandate (E4). According to the same source, in the Portuguese banking sector there is only one more elected health and security at work structure, a recent one created at the Portuguese central bank, the Banco de Portugal (E4).

This health and security structure meets the company administration, as well as the health and security management department four times per year. Our interviewee considers that: "*...in the everyday life, the health and security structure often dialogues with management, which is substantiated by exchange of information, requests for opinions (under the right of consultation and issuing prior opinions), making*

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<sup>4</sup> Website anonymized but accessed on 03.06.2019.

*recommendations, submitting proposals, etc. Thus, regarding social dialogue, in short, it exists and is frequent / regular” (E4).*

However, although regular, social dialogue is not much effective because the bank applies the law but is not necessarily implementing the health and security structure recommendations, according to the same source (E4). In this sense, overall, there are no satisfied health and security conditions.

Members of the workforce belong to six trade unions of which some are affiliated to the two main social partners, CGTP-IN and UGT, while others remain independent:

- the Sindicato Nacional dos Quadros e Técnicos Bancários – SNQTB (<http://www.snqtb.pt/SNQTB/site/>) – an independent union of qualified workers;
- the Sindicato Independente da Banca – SIB (<http://www.sibanca.pt/>) – an independent union;
- the Sindicato dos Trabalhadores da Actividade Financeira, (<https://beta.sintaf.pt/>) – a union affiliated to the CGTP-IN;
- the Sindicato dos Bancários do Norte – SBN (<https://www.sbn.pt/>) – a northern union affiliated to the UGT;
- the Sindicato dos Bancários do Centro – SBC (<https://www.sibace.pt/>) – a central union affiliated to the UGT;
- the Sindicato dos Bancários do Sul e Ilhas – SBSI ([www.sbsi.pt](http://www.sbsi.pt)) – a union representing members in the south and archipelagos of Portugal and affiliated to the UGT.

According to a trade unionist interviewed, more than 50% of the bank employees are members of one trade union, which has about 1,800 members (E3). The new union president may explain why three years ago the picture was different. One of the changes introduced by the new leadership is a more effective communication through digital channels, besides the relevance of the health service, and the legal support of members (E3).

The Union Committee has monthly meetings in average with the company representatives and almost every week with the Human Resources Department. The general climate is good: *“The Administration has and always had - both the previous Administration and this Administration - a strong link with the structures of workers. Of course, when going through difficult times, sometimes all of us, both bosses and workers, must get help, but the bank has a very correct behavior” (E3).*

### *Collective bargaining*

There are two collective agreements in effect. The ‘Acordos Coletivos de Trabalho’ (ACT – Collective Working Agreement) ensures collective bargaining takes place between trade unions and multi-employer organisations<sup>5</sup>. In fact, when mentioning Portuguese bank as a bargaining partner, we are referencing three different organisations.

The full text for the aforementioned collective agreements dates to February 2017 even though wages were revised in April 2019.

The first agreement was reached by an independent trade union structure, thus, a trade union federation of bank unions that remains unaffiliated to either of the two main national trade union confederations, the CGTP-IN and the UGT that hold the social partner status on the social concertation council. In fact, this agreement was signed in

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<sup>5</sup> An ACT is neither a sector/branch agreement nor a company agreement. A sector/branch agreement would be represented by an employer association and would be called a CCT. A company agreement has one company representing the employer’s side and is referred to as an AE.

the beginning of 2017 between the Portuguese bank and the Federation of Independent Bank Unions (Federação dos Sindicatos Independentes da Banca – FSIB)<sup>6</sup>.

One week later, a second agreement was signed by the same multi-employer partners and the Finance Sector Federation (Federação do Sector Financeiro – FEBASE), which covers banking employees in the Centre and South and the Archipelagos (Sindicatos dos Bancários do Centro e do Sul e Ilhas- SBSI), and its peer entity for the North region (Sindicato dos Bancários do Norte-SBN).

In practice, both agreements are similar, especially on technological issues. Technological issues are nevertheless very scarce and cannot be considered a central reason for negotiations. These are, in any case, among the few examples of technological content one may find in any Portuguese collective bargaining agreement (Rego, 2018)<sup>7</sup>.

*Section III - General Duties of Employer and Employees*

*Clause 18. Obligations of the subscribing institutions*

*(...)*

*c) Gradually adopt new technologies with the aim of improving productivity and efficiency of services, adjusting working conditions to these technologies and promoting the technological training of workers<sup>8</sup>*

Both SNQTB and SBSI, the main organisations signing these two agreements, have since claimed that the collective agreement has failed to undergo implementation.

In September 2018, the SBSI, declared in a union communication that Portuguese bank had committed to apply a series of contents, including on restructuring, and assuring that it would never be a job reduction. Furthermore, the bank had informed that members of staff would be informed about the strategic plan as soon as possible<sup>9</sup>. In that communication, no reference was made to technology.

More recently, in May 2019, SBSI and SBC asked for an urgent meeting with the Board of Directors of the Portuguese bank to clarify certain issues, inclusively the closure of some company offices and the temporary transfer of workers. The meeting was originally scheduled but then subsequently cancelled by the company<sup>10</sup>.

According to the trade unionist interviewed, the Portuguese bank stands out by its social nature. In that sense, the last wage revision was more positive than other bank cases. The wage increase was settled to +0.75% for the highest levels, while the lowest levels were increased in +1.5% (E3).

### **3. Process of digitalisation linked restructuring**

The company representative interviewed considers new digital services have already been introduced and the motivations for digitization stem from simplifying the bureaucratic processes, increasing the quality of the client services and as well as making a positive contribution to reducing the organisation's environmental footprint (E1). These digitalisation processes implied: Skype calls, digital saving and MS Office tool 365. The company strategy adopted was digital training (E1).

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<sup>6</sup> The FSIB is composed of two trade unions: the Sindicato dos Quadros e Técnicos Bancários (SNQTB) and the Sindicato Independente da Banca (SIB).

<sup>7</sup> The Rego (2018) report is available at DIRESOC website.

<sup>8</sup> Cf. BTE.

<sup>9</sup> Cf. SBSI site (accessed on 03.06.2019)

<sup>10</sup> Cf. SBSI site (accessed on 03.06.2019).

Another interviewee also highlights common procedures like the creation of a bank account that no longer uses paper, collecting clients' signature through a tablet and sending documents by email. Also the training is reported by this interviewee who recalls the use of tablets, e-learning contents and training videos, besides a special support for commercial staff (E4).

Two European Directives are also responsible for changes at the Portuguese bank as in many other companies. First, the General Data Protection Regulation that came into force in May 2018. Second, the Payment Services Directive 2 (PSD2), which seeks to '*...contribute to the creation of a more integrated single payment service market in Europe*'. This Directive imposed four principles:

- Security (for all the entities involved);
- Efficiency (both communication infrastructures and transaction costs);
- Innovation (promotion of new digital services);
- Competitiveness (boosting distinct services).

- The real or expected axes of change in the company  
Not Available (NA)

- Most important digital innovations  
NA

- Business strategies  
NA

- Primary reason for restructuring or one factor among others?  
NA

#### **4. Impacts**

There are references to changes in job creation and staff transfers (internal mobility) but with no other information provided by the company representative (E1).

In the same sense, the Safety and Health workers' representative refers to the timely creation of jobs in the technical areas of support for the digital processes of customer and account creation (E4).

#### **5. Role of industrial relations**

- Management's view and strategies

From the company interviewee perspective, digitization is considered a very important issue in the social dialogue context; however, this issue does not yet play a leading role. Regarding preparations for the subsequent discussions, the respondent stated that '*We believe that we all need some framework and contextualization so that the analysis and discussion of this theme can take place with rigor and wisdom*' (E1).

Considering the respective context, the company's representative highlights legislation, public authorities, the labour market and the Social Security system as important constraints. In sum, the respondent explained that '*The sector is greatly regulated,*

*which makes the banking business very difficult. Some moderation would be desirable in the near future’ (E1).*

- Workers representatives’ view and strategies

According to the health and security representatives’ structure, both sides of labour relations are prepared for the debate. It considers having itself the skills and specific training to discuss digitalization (E4). This is also the opinion of the trade unionist interviewed, even if he considers that despite the qualified actors they have other priorities, such as the wages in early career stage, the early retirement, etc. (E3).

At the same time, the health and security structure considers that, in general, the national public agency, the Working Conditions Authority (Autoridade para as Condições do Trabalho), in which the labor inspectorate is integrated, should be more aware of social dialogue and health issues raised by the digitalisation impact, as well as other social actors like trade union confederations or the Bank Portuguese Association (E4).

- Involvement of workers representatives

According to the company representative, the employee representation structures are involved ‘...at all levels, since [digitalization changes] are usually structuring and transformative projects that are often transversal to the whole organization’ (E1).

On the other side, the health and security structure argues that it is not consulted as it should and despite the claims presented to the company (E4).

The trade unionist interviewed considers that digitalisation has been mentioned in a very vague way in the meetings with the company (E3).

## **Outcomes**

The parallel collective agreements are the only objective signal of social dialogue. Most such contents refer to issues including: levels of employment, work contracts and salaries, the working organization (including timetables and workloads, tasks, occupations and skills, and the division of training, internal and external mobility, as well as health and safety at work). This negotiation does not address digitization and there is only a brief reference to technology – as detailed above.

## **6. Conclusions**

As underlined by the academic expert interviewed, Nuno Boavida from Universidade Nova de Lisboa, ‘the Portuguese banking sector disappeared’ (E5). Every bank is either foreign owned or belongs to a majority of foreign owners, with the Portuguese bank selected being one of two exceptions (not counting on BES/Novo Banco still undergoing restructuring).

The banking sector has been one of the first to digitalise and, according to the academic expert interviewed, possibly also among the most worried about maintaining



harmonious industrial relations. Furthermore, some services are providing home banking solutions for clients and making bank services more efficient and transparent, such as one through which employees interact with clients through an iPad instead of providing these services in bank branches through recourse to paper based means.

As already identified (Rego, 2018), this sector contains certain specific features including factors such as the prevalence of qualified workers and a leading tradition in implementing important technological advances. Therefore, employees are quite used to adapting to technological change. In any case, we must maintain caution, as we did not manage to collect the views of workers and not even of all trade unions’.

The selected Portuguese bank has recently been subject to coverage in the mass media. This may partially explain the refusals to cooperate with DIRESOC. Furthermore, social dialogue is apparently based on collective bargaining and, at the company level, the Works Council seem to be more informed than involved in a technological debate.

Collective agreements date from 2017 and contain only scant references to technology. One of the agreements was signed by the largest Portuguese trade union, the SBSI. The SBSI reflects its value in the provision of health insurance and services, which include hospital facilities, a rare case in Portuguese unionism.

Union membership, according to the expert we interviewed, is mainly based on retired workers worried over their pensions. The same source also explained how this may partially explain why digitalization does not yet seem to have raised any great concerns among union members.

## **Acknowledgment**

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