

24TH OCTOBER 2003

ALL MEMBERS 17/2003

# Bank's Competitors Reject Job Exports

**O**ver recent days two of the Bank's leading competitors have rejected moving jobs abroad on the grounds that to do so would present commercial risks.

Both the Royal Bank of Scotland (which incorporates Nat West Bank) and HBOS have said they have won't be transferring their operations overseas.

RBS, in explaining its reason for deciding against exporting jobs, has said:

**"We have concluded that the best outcome for our staff, our shareholders and customers is to continue to employ people in countries in which we operate".**

This assessment matches the position adopted by LTU in our discussions with Senior Management, in which we have additionally expressed concern about the impact on the UK economy and those local communities where jobs are currently based.

## Time To Think Again

The announcements by RBS and HBOS pull the rug from under one of the key arguments the Bank has used to justify exporting jobs abroad. Senior Management had argued that

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*Editor, Worthing Herald*

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it needed to export jobs abroad in order to remain competitive by cutting costs, since all its key competitors were planning to do so. This is clearly no longer true.

Instead, two of its main competitors have realised that they can make a virtue of displaying a corporate social responsibility and committing themselves to listening to their customers and supporting UK jobs and the UK economy.

It is not too late for the Bank to revise its own plans and the Union will be urging it to do so before it risks damaging its longer term prospects by jumping on the latest bandwagon.

# Putting HSBC's Plans in Context

The recent announcement by HSBC that it plans to transfer 4,000 UK jobs to the Far East quite rightly attracted considerable adverse media attention.

For many, it may also appear to have dwarfed Lloyds TSB's announcement of plans to transfer apparently 'only' 1,500 jobs to India by the end of 2004.

But the two announcements need closer examination.

HSBC has said its plans are to export 1,500 jobs abroad by the end of 2004. **This is exactly the same number as announced by Lloyds TSB Senior Management.**

The difference, however, is that HSBC has openly confirmed that its plans include longer-term job losses, with a further 2,000 jobs to be transferred in 2005 and 500 more in 2006.

**In contrast, Lloyds TSB has indicated that whilst this 'phase' involves 1,500 staff, it will make a further decision on how many more jobs will follow at the end of 2004. So it is quite possible that Lloyds TSB could eventually decide to export many more jobs abroad than that planned by HSBC.**

With the Bank admitting that 25,000 staff work

in the type of operations that could be outsourced, the eventual scale of outsourcing could easily outstrip that of HSBC.

## And The Other Leading Bank?

The other leading UK bank, Barclays, has dipped its toe in the water by transferring to India 150 data-processing jobs in its business banking and credit card businesses.

This announcement was, however, made some time ago and it is quite possible that having seen the backlash to the Lloyds TSB and HSBC announcements, as well as those concerning BT Directory Enquiries and National Rail Enquiries, it may consider that the commercial risks are too damaging to proceed further.

## Overwhelming Support From Customers

In my last Newsletter I explained that LTU's Customer Petition outside Lloyds TSB branches had attracted overwhelming support. At the time, the Union had even collected 635 signatures in a single day outside one branch (Tamworth).

Since then, this record has been broken twice with 679 signatures collected outside Walsall branch and an impressive 689 outside Neath branch.

With such considerable customer support being

demonstrated across the UK, it is clear the Bank would be putting its relationship with customers at real risk. This is even clearer now that two of its main competitors are saying they don't plan to transfer work abroad.

The Union is already aware of at least one MP who, having heard about the Bank's plans in the media, has decided to close his Lloyds TSB accounts. It is important that the Bank reconsiders its policy soon before such adverse customer reaction becomes a real problem.

## **Dangers For Local Communities**

The Bank's plans for transferring jobs abroad present real dangers for the local communities in which non-branch operations are based.

The five business units that the Bank has said will be affected by this first 'phase' of job exports - Group Operations, Telephony, General

Insurance, Scottish Widows and C&G - have large concentrations of staff in many of their offices.

To slash jobs in these operations could have a serious impact on local levels of unemployment, with a spill over effect on other service sector jobs. This would undoubtedly provoke a substantial customer backlash.

In Worthing for example, where the local press reported plans for large job reductions in Registrars - which the Bank has since categorically denied - a newspaper editor summed up the typical feedback that the Union has received from customers when he wrote on the front page:

***"If Lloyds TSB does transfer its Worthing jobs to india, they can kiss goodbye to my accounts and, hopefully, millions of others who would also condemn such a shameless pitch for increased profit on the back of cheaper labour".***

**IAN PARTRIDGE**  
General Secretary