

# Bancassurance Model Creates Uncertainty For Salesforce

The Bank's new bancassurance distribution model, which is not being rolled out yet and is still subject to further discussions with LTU, has created almost universal uncertainty about the future for FCs and FPMs. At a time when average performance is below threshold and not getting better, the salesforce are rightly concerned that these changes will result in them being financially disadvantaged through no fault of their own. Moreover, potentially that financial loss will be made much worse by the fact that some FCs and FPMs could find themselves being placed on PIPs and eventually dismissed from the Bank because they can't make up for the business lost to the new PFPM role.

**In an email to the Union's Bedford Office one of the Bank's top performing FPMs said "It is unlikely I will stay working for the Bank for much longer. It is with deep regret I feel I may look for alternative employment, perhaps in a company that can make me feel valued as a top performer.". Similar sentiments that have been expressed by a significant number of FCs and FPMs and even Premier FPMs over the last few days.**

## Mass Affluent Concept

No one would disagree that in today's competitive and crowded financial services market, the Bank needs to have in place a mass affluent offering with a dedicated set of products and a dedicated salesforce to deliver that service to its highest value customers. This new offering, in one shape or another, has been in pilot since April 2004 and the results we have been provided with have shown that there is the potential to get a higher share of this market.

According to the Bank the average ticket value for sales in the pilot have been 1048 VIPs compared to the national average ticket value of 307 VIPs. Clearly there is the potential out there to leverage more business from the mass affluent market.

# Changing A Successful Formula

FCs and FPMs, particularly those in the pilot areas, have pointed out that what the Bank is now seeking to roll out across the branch network is not the successful pilot but something completely different. In the pilot areas FCs and FPMs have continued to see their existing customers in the normal way and transact business appropriate to the product range available to them and advice authority. Where they have identified that the customer requires more detailed inheritance tax advice, retirement income advice and investment planning advice, those customers have been referred to the Premier Financial Planning Manager.

We have no detailed figures but on the basis of anecdotal evidence from FCs, FPMs and PFPs we believe that the vast majority of business transacted by PFPs has been as a result of referrals from either FCs or FPMs. What the Bank is now proposing is that all mass affluent customers or those who are eligible to be mass affluent customers, will, regardless of their existing profitable relationship with their FC or FPM, be transferred automatically to the PFP. Such strict segmentation rules were not used in the pilot so why introduce them now? We know that the pilot was successful and we know that FCs/FPMs referred business to PFPs so why change the formula now?

**The Bank has not said when the changes will be implemented and our discussions on the exact nature of the bancassurance model at a Local Director Group level are continuing. In the meantime, it is business as usual for FCs, FPMs and PFPs.**

## Reduced Referral Points

We know that in the pilot PFPs got the vast majority of their leads from FCs and FPMs and they shared any salespoints equally. Under the Bank's new referral reward process, which again is different from what happened in the pilot, the reward level will be cut to 25%.

But not only that, the Bank is also proposing to cap any referred rewards at £100,000. The feedback from PFPs involved in the pilot is that this arbitrary change of policy will demotivate those FCs and FPMs they have spent months motivating and encouraging to help deliver the mass affluent business.

## Proper Protection Arrangements

We have told the Bank repeatedly that they will need to put in place robust protection arrangements to allow the changes to bed down and relationships with new customers to develop, so that FPMs and FCs are not left financially disadvantaged. FCs and FPMs are innocent bystanders on the shifting sands of the bancassurance market and the Bank has a responsibility to give them the time and support to make up for the business they will lose through no fault of their own.

Our discussions on the exact nature of any protection arrangements are continuing. I will keep members informed of developments.

**Mark V Brown**  
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