

MORI Survey Blow To Bank's 'Jobs To India' Plans

A MORI Survey commissioned by Ltu has confirmed that there is substantial opposition from Lloyds TSB customers to having their banking arrangements handled abroad.

The survey by MORI, the leading independent market research company, shows many customers would consider transferring their banking arrangements to another bank rather than having their accounts managed in India.

MORI's key finding was that nearly half (49%) of Lloyds TSB customers say they would consider transferring to another bank rather than have their banking arrangements transferred to India.

This would be equivalent to Lloyds TSB losing around 7.8 million accounts to those competitors that have committed themselves to operating from the UK such as Royal Bank of Scotland

78% of Lloyds TSB customers say they disapprove of closure of Newcastle Call Centre

7.8 million customer accounts at risk

Other banks already claiming many Ltsb customers switching to them

(including NatWest), Halifax Bank of Scotland, Nationwide and Alliance & Leicester. HBoS has already boasted success in poaching customers from Ltsb.

If the Bank is to avoid the haemorrhaging of accounts to other banks it is essential that it acts now by taking full account of this independent

MORI Question: "Thinking about if your bank moved work connected with the management of your account to India. Which one of these statements comes closest to your own point of view?"

| Opinion | All Adults Aged 16+ | Ltsb Customers |
|--|----------------------------|-----------------------|
| Would make me more likely to consider moving to another bank | 45% | 49% |
| Would make me less likely to consider moving to another bank | 2% | 2% |
| Would make no difference | 40% | 40% |
| Don't know / No bank account | 13% | 9% |

Time To Drop 'Jobs To India' Plans

The independent research carried out on behalf of LTU by MORI confirms the Union's own findings that customers are hostile to their banking arrangements being handled in India. Around 90% of customers approached outside Lloyds TSB branches have agreed to sign our Petition opposing the transfer of the management of their accounts abroad.

The Union has already collected a third of a million customer signatures and is well on its way to meeting its target of half a million signatures. Tens of thousands of customers have also written to the Bank's Chief Executive, Eric Daniels, to insist that their accounts should be handled only in the United Kingdom.

LTU has argued that rather than leading the charge to transfer work to India - putting pressure on other companies to follow suit and threatening UK jobs and the UK economy - Lloyds TSB should make a virtue of committing itself to operating from the UK.

The MORI research shows that by committing to the UK, Lloyds TSB could win an even bigger share of UK customer accounts.

Not only would this make good commercial sense but it would avoid the risks of not doing so. At the time Halifax Bank of Scotland - which has committed to keeping jobs in the UK - announced its profits, it indicated that it was having particular success in attracting customers from Lloyds TSB.

MORI Question: "Lloyds TSB has announced that it is to close a call centre in Newcastle, with approximately 1000 jobs being transferred to India and other call centres around the UK. To what extent do you approve or disapprove of this decision." (LTSB customers only)

| Opinion | LTSB Customers |
|--------------------------------|-----------------------|
| Strongly / Tend To Approve | 5% |
| Neither Approve nor Disapprove | 16% |
| Tend to Disapprove | 27% |
| Strongly Disapprove | 51% |
| Don't Know | 1% |

* **Technical Note:** MORI Financial Services (MFS) interviewed a nationally representative sample of 1808 adults aged 16+, face-to-face, across Great Britain between 18th and 23rd March 2004

Tide Turning Against 'Jobs To India'

The tide has begun turning against the transfer of jobs to India as more and more companies realise just how unpopular such policies are with their customers, that the quality of service in India does not meet expectations and that the actual savings that can be made from running

operations from India are less than originally predicted.

In fact the Bank's growth strategy is looking increasingly at risk if it refuses to reconsider its 'Jobs to India' policy.

Lower Quality Service Abroad

Earlier this year the independent analysts, ContactBabel, published findings from a detailed study of UK and Indian Contact Centres that showed that customer service was significantly better in the UK than in India.

One of its key findings was that *“whilst Indian agents work longer hours (6 more a week), those working in Call Centres in the UK deal with 5% more calls an hour and resolve 17% more first time”*.

Companies Returning Operations To UK

A number of companies have repatriated some, if not all, operations from India over recent months - typically because of customer service problems. These include Capital One, Dell, AXA and Littlewoods.

Most important is the decision by ShopDirect

(formerly known as Great Universal Stores or GUS) to move 250 jobs - according to press reports - *“back to the UK as a result of poor service and that the level of service to customers was not up to the required standard.”* This is significant since their operations were being handled by ICICI-Onesource; the same Indian company Lloyds TSB has selected to run its operations in Mumbai.

Research Shows Cost Savings Exaggerated

Research published over the last few weeks indicates that cost savings from transferring work to India are far lower than originally claimed.

A report on the experience of 180 companies by analysts DiamondCluster found that *“Most buyers in the previous study expected gains in efficiency in the range of 50 percent. Today, those expectations have declined to 10 to 20 percent.”* Further research by PA Consulting group found that 66% of businesses felt the benefits they expected from outsourcing contracts had either been only partially realised or not realised at all.

Lloyds TSB Scotland Distances Itself From ‘Jobs To India’

At the end of March Susan Rice, Chief Executive of Lloyds TSB Scotland, appeared to be attempting to distance her business unit from the Group’s wider “Jobs to India” plans.

When announcing the Bank’s results she made a particular reference to the fact that *“Lloyds TSB Scotland have no plans to offshore anything at all”*.

Could this have been because having successfully increased organic growth by 64.4% since 2000, Lloyds TSB Scotland is concerned that the unpopularity of the Group’s ‘Jobs to India’ policy could turn this into reverse? If this is the case then it has

serious consequences for the Lloyds TSB Group’s wider strategy of ‘Organic Growth’; that is aiming to become more profitable from its existing customer base and attracting new customers, rather than taking over other companies.

As if to reinforce this point, Susan Rice also said *“Our focus this year to get more and more customers to at least try out what we have”*.

The research carried out on LTU’s behalf by MORI clearly shows that the prospects for “Organic Growth” are slim if the Bank continues to turn a ‘deaf ear’ to its customers and persists with its plans to transfer customers’ banking arrangements to India.

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