

465 More Job Losses Linked To Offshoring

Yesterday the Bank announced plans by its Group Operations business unit to close five sites by November with the loss of 465 jobs.

Senior Management have also accepted that for many staff the prospects for redeployment will be slim and that redundancies will be inevitable.

But what the Bank has sought to conceal is the fact that these job losses are related directly to its 'Jobs To India' strategy.

The locations affected by the closures are:

* Swansea	211 staff
* Plymouth	126 staff
* Cardiff	38 staff
* Stockton	35 staff
* Taunton	55 staff

In an attempt to disguise the underlying cause of these job losses, work from the sites affected is to be redeployed to staff working at other sites whose work is already being transferred to India.

In other words, staff at the closing locations are being affected directly through 'offshoring by proxy'.

LTU believes there can be no excuse whatsoever for existing staff working in the UK facing redundancy merely because they

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can be replaced by staff based in India who are paid a mere fraction of their salary.

A Warning For Other Staff

This announcement will also serve as a warning to those staff working in other business units, whose reporting lines have - or might eventually - switch to the Group Operations business unit.

Two such areas are parts of Wholesale Banking Operations and Business Banking's BCSU's.

Group Operations has made no secret of its desire to operate from fewer premises and so there is a real risk that these staff will also eventually suffer from 'offshoring by proxy'; particularly since Group Operations is in the vanguard of transferring work to India.

Meaningless 'Offshoring Agreement' Exposed (Again)

This latest phase of the Bank's 'Jobs To India' strategy exposes yet again just how meaningless the 'Offshoring Agreement' reached last year between Unifi and the Bank really is.

This arrangement that was agreed to the Bank's delight with Unifi, has provided the Bank with the 'green light' to transfer even more jobs to India.

Its main feature was a so-called commitment to offer all staff directly affected by offshoring that they would be offered an alternative job in the Bank.

This was already effectively meaningless since the job neither be suitable or even in the same part of the country. Many staff who were made

redundant when the Bank closed its Newcastle Call Centre operation have said that they were not provided with any suitable alternative to redundancy.

But this latest announcement shows that the Bank is seeking to conceal the direct link between these 450 job losses and offshoring. It has done so by insisting that the specific work will remain in the UK, even if it is being transferred to staff whose own work is being reallocated to India.

So senior management is able to sidestep this so-called protection for staff by adopting a process of making UK jobs redundant through 'offshoring by proxy'.

Job Losses Unethical

LTU has always accepted that there are circumstances where - either through operating more efficiently or because of a reduction in customer demand - there is a case for closing an operation or site or reducing the number of staff the Bank requires.

But LTU will not accept circumstances where staff are made redundant merely because they can be replaced by staff paid a fraction of their salary on the other side of the world. Quite simply, such an approach is unethical.

The fact that the Bank has sought to conceal the direct link between these job losses and its

transfer of jobs to India serves only to make matters worse.

LTU believes that, rather than making 465 jobs redundant in the five areas currently affected by its plans - under the premise of consolidating activities for economies of scale - the Bank should reallocate work destined for India to these staff instead.

LTU will be working with the Media, Members of Parliament and Councils in the areas affected in an effort to prevent the Bank proceeding with these job losses.

AGM - Board 'Head In Sand' Over Customer Complaints

LTU attracted national media coverage when it petitioned shareholders and asked the Board questions over its offshoring strategy at the Bank's Annual General Meeting in Glasgow last week.

Shareholders Join LTU Campaign

Around 80% of shareholders attending the AGM signed LTU's petition calling on the Bank to stop transferring work to India.

Many shareholders were themselves dissatisfied with having their own financial arrangements handled from India and believed that the Bank was tarnishing its reputation through pursuing this strategy

Board Out Of Touch!

In the clearest indication yet that the Board is completely out of touch with the experience of customers and does not take seriously the level of customer dissatisfaction, the Bank's Chairman Maarten Van den Bergh was quoted in the media as saying:

- **that customers had congratulated him on the the bank's policy of outsourcing jobs to India, because they could now discuss the latest developments in cricket with help-desk staff.**
- **that the Bank only received one complaint for every 4,000 calls at its Mumbai call centre.**

If the Board is basing its offshoring strategy on this sort of nonsense then there must surely

be serious concerns for future profitability and shareholder value.

Time To 'Wake Up And Smell The Dahjeeling'!

The Board are clearly either unaware of the level of customer dissatisfaction over offshoring or simply don't care about customer satisfaction.

After all, the facts are that:

- **The Bank's own internal research has indicated that offshoring is the biggest single cause of complaints.**
- **Many branch report having to deal with customer complaints several times each day.**
- **Most branch staff have also indicated that they do not report customer complaints to more senior levels of management. This is because of a lack of time through work pressures, because they think it would be pointless as to do so would make little difference, or because they are discouraged from doing so by their managers.**

Whether it is through a lack of genuine awareness to the hostility customers have to the Bank's offshoring strategy - or simply that the Bank chooses to turn a blind eye to the seriousness of this problem - the fact remains that many customers are so dissatisfied with having their accounts managed abroad that they might eventually feel they have no option but to transfer to other financial institutions that remain committed to operating from the UK.

FSA Raises Offshoring Concerns

Last week the Financial Services Authority published a report on the offshoring of operations to countries such as India by the financial services industry.

Lloyds TSB's India operations were included in the FSA's investigations.

The FSA said its overall conclusion was ***“that offshoring can contribute a material risk to the FSA objectives of:***

- * ***market confidence;***
- * ***reduction of financial crime; and***
- * ***consumer protection”***

It said that the main cause of this risk was the ***“complexity of achieving suitable management oversight and control from a distance”***.

One of the main reasons raised by customers for signing LTU's petition has been concerns over data security and protection

Staff Turnover Concerns

Another area of risk raised by the FSA concerned the level of staff attrition (turnover) in India.

This is a particularly interesting point since, when the Bank first announced the closure of its Newcastle Call Centre, one of the main reasons Eric Daniels gave to Members of Parliament was the high level of staff turnover in the UK. He suggested that recruitment and retention difficulties were making it difficult to provide customers with a consistent service.

More recently, however, the Bank has admitted that staff turnover in Mumbai - at 40% - is higher than in its UK call centres.

Offshore Call Centre Fraud Exposed

Lloyds TSB's reputation could be severely damaged if it was the subject of a fraud concerning customer's accounts.

And the sort of concerns raised by the FSA are not mere hypothetical risks.

Just last month, it was reported that call centre employees in India, working on behalf of Citibank, allegedly stole customers' personal account information and transferred almost £200,000 from the accounts of four customers.

Commenting on the data theft, leading offshoring analysts Forrester Research said:

“The incident was an organised and systematic plot to steal customers' money ... This breach, coupled with recent onshore disclosures of sensitive customer data, will have far-reaching negative connotations for the offshore BPO space ... Call center BPO (offshoring) growth could drop by as much as 30 percent”.

If Lloyds TSB was to suffer a similar fraud arising from its offshoring policy, its reputation would not only be damaged but there would be a real risk of many customers - who are already dissatisfied with offshoring - switching to those competitors that are committed to operating from the UK.

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