

Bank Attempting To Conceal Full Offshoring Impact

Over recent months indications have emerged that the Bank is attempting to conceal from both its customers and staff the full impact of its Offshoring Strategy.

This would appear to be the result of the Bank now taking more seriously customers' hostility to having their financial arrangements handled abroad.

It is also clear that senior management has had to accept that staff cannot be duped into believing customers are happy with the India operation, when many customer-facing staff report having to deal with objections and complaints on a daily basis.

Examples of senior management's recent reluctance to being open and transparent about the impact of transferring work to India include:

- **The new practice of 'Offshoring By Proxy', through the two-step transfer of jobs to India.** An example of this has been the closure of various Service Centres across the UK, with their work being transferred to a number of key Group Operations sites. This has been possible because the sites receiving this work have themselves created surplus capacity by transferring work to India. So many hundreds of jobs are being made redundant as a direct result of offshoring.

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- **A switch in the type of work now being transferred to India. Most recent outsourcing announcements involve jobs with no direct customer contact.** This was certainly emphasised by Scottish Widows when last month it announced that in November it will transfer 125 more jobs to India.

LTU believes senior management is being naive if it believes it can get away with pulling the wool over the eyes of customers and staff over the extent and impact of offshoring. Instead, it should place customer satisfaction - rather than cost cutting - at the centre of its strategy by reversing the policy of transferring work to India.

Offshoring Job Losses Update

Over recent months, the following areas have been affected by the Bank's Offshoring Policy.

Group Operations

Group Operations has been at the forefront of the drive to transfer work from the UK to India and has played a pivotal role in 'Offshoring By Proxy'.

By transferring the work of hundreds of staff to India, the business unit has created surplus staff capacity in some of its key sites. This has enabled it to accommodate the work of other sites - or other business units such as Wholesale Banking Operations' B&CSC's - and thereby facilitate the redundancy of hundreds of UK jobs.

The closure of five Group Operations offices - at Swansea, Plymouth, Cardiff, Stockton and Taunton - will alone result in 465 job losses by the end of November.

The jobs being transferred to India are typically in processing areas rather than the types of roles involving direct contact with customers, showing that back office staff are just as much at risk from the Bank's 'Jobs To India' policy as those working in telephony areas.

Wholesale Banking Operations (B&CSC's)

Wholesale Banking Operations is in the process of closing down and consolidating its Service Centres. Ten offices are to close, with work typically being transferred to Group Operations sites which have spare capacity following the transfer of work to India.

In other words, hundreds of jobs are again being lost through the process of 'Offshoring By Proxy'.

Scottish Widows

In mid-August, Scottish Widows announced it is to offshore a further 125 jobs to India, raising to 164 the total number of jobs transferred to India.

These are all back office processing roles.

The transfer to India of these Edinburgh-based jobs will be completed during November.

Cheltenham & Gloucester

C&G has also been actively involved in 'offshoring by proxy', through making an additional 100 job cuts amongst Mortgage Telephony staff.

These jobs - which are based in C&G's Investment Processing Unit in Fareham - are being redeployed to C&G's other Barnwood and Scunthorpe sites.

LTU understands that this means those roles involving direct telephone contact with customers will remain in the UK, whilst processing and support jobs are to be transferred to India instead.

It can be no coincidence that exactly the same number of jobs will transfer to India from Scunthorpe and Gloucester as are being redeployed into these sites from Fareham!

2006 & Beyond

Though it is around this time of year that the Bank has previously shared its plans on the number of jobs it plans to offshore to India the following year, LTU has so far received no details.

It will be interesting to see whether the Bank will be as open with LTU as previously with its plans.

What LTU does know is that 2,500 jobs will have been transferred to India by the end of this year and as many as 7,500 more are expected to follow.

Whose Jobs Are At Risk?

Though there is a particular risk to the jobs of staff working in Lloyds TSB's Call Centres, Service Centres and other processing areas, the threat to jobs from offshoring doesn't stop there.

ICICI Onesource, which operates the Bank's offshore operation in Mumbai, has made no secret of its aim to extend the range of services it can provide UK clients. It has declared its strategy is to *"constantly add new capabilities", "expand our service offering and build an end-to-end service proposition"*.

Earlier this year senior management across Lloyds TSB were issued with an internal communication - 'Offshoring News' - in which it was confirmed that the Bank was contemplating offshoring 'higher end processes'.

The briefing which focussed on the cost savings - rather than service improvements - that could be achieved through offshoring, had a

section headed *'Which processes are suitable for offshoring?'*, in which it stated:

"as we see the offshore market mature we also see its capability for performing higher end process develop".

The briefing proceeded to detail a long list of types of activities the Bank believes would be suited to offshoring, followed by guidance to senior management on the steps they should take to **"formulate your offshore strategy and your process implementation roadmap"**.

LTU suspects that with the senior management being urged to consider what higher end processes could be outsourced to cut costs - and companies based in India such as ICICI Onesource 'pitching' for such business - then it will not be long before jobs in head office and other central units are also threatened by offshoring to India.

More Data Theft Concerns

Attempts to play down concerns over data theft and security - by the Bank and other companies offshoring work to India - have failed.

London police have confirmed that reports earlier in the summer of data theft were correct. A computer disk sold to a newspaper journalist had contained account numbers, secret passwords, bank card details and other personal details on 1,000 British bank customers.

More recently, in August a similar data theft was unveiled by Australian journalists who were offered banking PIN numbers, passport numbers, credit card details and personal information on

thousands of Australians.

Lower Data Security Standards In India

Standards of data protection and security are lower in India than those demanded within the United Kingdom and other European Union member states.

India does not feature on a list maintained by the EU of secure destinations for holding personal data.

Legal experts have pointed to loopholes in Indian legislation that means data theft is not treated as a criminal offence.

'Offshoring Agreement' Exposed Yet Again

Recent offshoring developments have exposed yet again just how meaningless the so-called 'Offshoring Agreement' - reached last year between the Bank and Unifi - really is.

The approach adopted by the Bank of 'Offshoring By Proxy' has meant that senior management have successfully been able to sidestep their agreement with Unifi Amicus. Because the jobs of staff in many affected areas - such as WBO and Group Operations - are not being transferred directly to India, but instead to other sites whose work has instead been transferred to India, the

Bank has been able to argue that the job losses are not *directly* related to Offshoring.

Of course, none of the hundreds of staff losing their jobs will be fooled by this smokescreen.

LTU has consistently argued that this agreement is a meaningless chirade. For staff affected, it provides no more protection than the existing Job Security Policy. Furthermore, through 'Offshoring By Proxy', the Bank has been able to easily sidestep its commitment to provide a training bond and a guarantee of an alternative job offer to all staff whose jobs are affected by offshoring.

LTU Stepping Up Campaign

LTU is stepping up its campaign of opposition to the transfer of jobs to India.

The success so far of the Union's campaign has included:

- **Reports from senior sources inside the Bank that senior management have been forced to slow down the process of offshoring in the face of such vigorous opposition organised by LTU from customers and staff.**
- **Collecting the signatures of over 400,000 customers of Lloyds TSB who have indicated that they are opposed to having their financial arrangements**

handled from India. Many have also written to the Chief Executive to reinforce their concerns.

- **Support for LTU's campaign from Members of Parliament, representatives of the Scottish Parliament and Welsh Assembly and local councils in those areas most affected.**
- **Regular coverage of LTU's campaign on local television, newspapers and national and local newspapers.**

LTU will be shortly introducing further new initiatives to intensify pressure upon the Bank to drop its Offshoring Strategy.

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