

## Key Elements of Reforming the Financial System

### *A New Business Model – Financial Regulation – Restructuring and Bail-outs – Remuneration*

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#### **A New Business Model**

***We call for:***

A new customer-orientated and risk-conscious business model, sustainable and long-term that empowers customers and staff.

Internal operating procedures and practices should be transparent. The way employees are motivated and constrained in performing their jobs must be clear (remuneration, incentives, skills, and working conditions).

***We call for:***

Structured dialogue of unions representing financial workers with financial supervisory agencies at national, regional and international level as well as international colleges of supervisors for finance multinationals.

In each financial institution, there should be structured dialogue between unions and senior staff responsible for risk management.

Dialogue should address operating procedures, work practices affecting companies' risk management and the stability of the financial system.

***We call for:***

Charters for the responsible sale of financial products to be developed by each financial institution and to be agreed between management, unions and other stakeholders.

Such charters should make explicit, public and verifiable the principles being followed in sales and marketing as well as in operating procedures and work practices.

UNI Finance invites other stakeholders to develop a model charter jointly.

#### **Financial Regulation**

***We call for:***

A comprehensive framework of financial regulation and supervision to be created at world level.

This framework should cover all financial products and players in the industry, should stop 'regime shopping' and should ensure rules are strictly enforced.

There should be strong coordination at all levels between regulators/supervisors.

***We call for:***

The maintenance of diversity in the finance industry that includes private, public and cooperative organisations of all sizes.

***We call for:***

Commercial and retail operations that are insulated from high-risk speculative and investment banking activities.

## **Restructuring and Bail-outs**

### ***We call for:***

State aid that is provided based on normal market terms so that any losses are borne by shareholders and investors.

State aid provided should not have negative effects on competitor businesses, on other sectors or on other countries.

State aid should be accompanied with respect for core labour standards, especially the right to join a trade union, to engage in collective bargaining and to take part in consultation.

### ***We call for:***

Restructuring and bail-out plans based on negotiation and dialogue between management, unions and governments at national and international level as appropriate.

At company level, employees and unions in all countries affected should receive relevant information in adequate time to allow meaningful consultation. Global framework agreements are the most satisfactory mechanism to achieve this.

### ***We call for:***

Consideration of all possible measures short of lay-offs before any decision is taken on restructuring or staff rationalisation.

Collective agreements must be respected.

## **Remuneration**

### ***We call for:***

Remuneration and incentive systems at all levels that are realistic, fair, sustainable, long-term and customer-oriented. They should not be based foremost on increasing short-term revenues.

### ***We call for:***

The revision of remuneration and incentive systems for management and traders. In particular, variable pay schemes should be kept at reasonable levels, depend on the results of companies over several years and include claw-back provisions. Prudent and risk-conscious behaviour should be encouraged, rather than short-term revenue generation and excessive risk-taking.

### ***We call for:***

In remuneration policies, the autonomy of the social partners and the primacy of collective agreements must be respected.

UNI Finance is the Global Union for the banking and insurance industries representing 237 trade unions and 3 million workers worldwide.

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