In Uruguay, training and strategic thinking is safeguarding employment in the banking sector

The Uruguayan banking sector union AEBU has responded to technological advances and their negative impact on employment by focusing on training for the sector's workers.
With fewer employees and lower paid jobs, the trade union has had to take a proactive approach to defend the rights of banking workers.

By Luis Curbelo[1]

The financial sector has a long history of adopting new technologies. While the pace of change in information and communication technologies (ICT) has accelerated in recent years, the sector had already indicated the direction it was taking during the 1990s – when the first ATMs and self-service machines, available 24 hours a day, started to appear.

It was also around this time that financial institutions were introducing the 'executives' that could manage entire financial or banking product processes from start to finish via a computer terminal. This meant a radical change in the financial system's production chain, according to the AEBU, the only union representing workers and retired employees from every area of the private and public financial sector. The companies in the sector took advantage of these technological advances to gradually reduce both their workforce and their labour costs.

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From the internet to cellular technology

The AEBU's general secretary, Fernando Gambera, tells *Equal Times* about the impact of the emergence of the internet on the workforce and the infinite possibilities it opened up within the financial system, at the expense of jobs in the sector, a conclusion also reached by the Friedrich-Ebert-Stiftung (FES) study, *Banking on Training and Pensions – How a Uruguayan union negotiates automation in the financial sector*, by Lucía Pittaluga, Soledad Giudice, Aníbal Peluffo and Natalia Otero, with the collaboration of Agustín Correa and Federico Lacaño, published in September.

Banking sector workers at a demonstration called by AEBU in Montevideo rally to defend pay and working conditions. In recent decades, rapid technological advances have meant that the AEBU banking union has had to adapt to a new environment: fewer employees, lower membership, outsourcing of services and new jobs with lower wages. (Ricardo Antúnez/Adhoc Fotos)

The process accelerated exponentially with the advance of mobile phone technology, which meant that users no longer needed to come into physical contact with a financial institution: "The mobile phone allows you to connect with the financial system and carry out all the transactions you need without ever coming into contact with an employee," says Gambera.

These technological changes, which have brought new business opportunities and a wealth of services to the traditional financial sector, have been implemented in Uruguay at almost the same pace as in more developed economies, thanks to the country's excellent telecommunications infrastructure.

The presence of international financial institutions has contributed to speeding up these changes, in line with the executive guidelines issued by the parent companies, although the main bank on the national financial scene, the state-owned Banco de la República, which has over 50 per cent of the market, is by no means lagging behind when it comes to incorporating new technology.

In 2002, when Uruguay was hit by a severe financial, economic and social crisis, the private sector of the financial system began a major process of restructuring and concentration that is continuing to this day.

The replacement of jobs by technology has directly impacted the number of members the AEBU (a union founded in 1942) now has in the traditional banking sector. This decline has, however, been compensated for in recent decades by the union's intensive drive to recruit workers from companies that provide services linked to the financial system, such as credit unions, finance companies, insurance companies, money transporters, credit card firms, saving circles and ATM businesses.

The banking union still has a membership of about 12,000, including workers from the public and private sectors, but this is thanks to its organising work with new players in the financial system.

According to AEBU figures, union membership in the private financial sector is around 50 per cent of the total (some 6,000 workers). Although the membership rate is very high, only 40 per cent corresponds to what is considered 'pure banking'. The remaining 60 per cent of these 6,000 workers are spread over other companies linked to the system, such as card issuers and credit managers, businesses which are mostly owned by the private banks themselves.

AEBU's proactive approach

As the FES study highlights: "AEBU identified the risks of automation early on and centred its approach on safeguarding employment rather than specific posts, with a strong commitment to worker training and the negotiated management of the changes with the employers. AEBU has maintained the historical features of its work: pragmatism, flexibility, research, and the willingness to look ahead and identify strategies for adapting to change while protecting current employees," underlines the publication. The reports also reveal that the union is currently working on a more comprehensive study into the effects of technology, the risks of automation, the intensity of the tasks and the identification of the skills and knowledge required.

As Gambera points out, the union realised that it could not stop the advance of technology or directly oppose it: "We made a collective decision to be proactive, focusing not only on training workers in the use of technological tools but also

on basic training, especially within the ancillary firms where many workers have not completed their secondary education."

The focus on employment rather than on specific jobs, together with social dialogue in the management of change, has been fundamental to the trade union's approach, as has the inclusion of the gender perspective in all its negotiations. Most of the new jobs in the non-traditional services are held by women workers, according to the study conducted by Lucía Pittaluga and the Technical Advisory Committee of the Uruguayan Banking Association.

Despite the loss of so-called 'traditional' jobs in the sector, other openings have been created in what are called 'channels' for generating financial products, such as application support and maintenance. The reduction in the number of people working in banks has also been 'compensated' for by the rise in demand for lower skilled and thus lower paid labour in related firms, which has obliged union organisers to exercise more creativity in their efforts to convince such workers to join the union.

Gambera underlines that these new circumstances have an inevitable impact on the sector's pension system. AEBU began working over a decade ago to minimise the reduction in contributions to the sector's pension fund, the *Caja de Jubilaciones y Pensiones Bancarias*. In 2008, when the pension fund was technically bankrupt, AEBU put forward a number of proposals – which seemed unthinkable at first, controversial even – such as reducing the replacement rate, increasing the retirement age and even a vote to approve an extraordinary capital contribution.

During the same negotiations, AEBU also managed to get companies to start paying a tax on the technological assets they introduce into the financial system. "In a nutshell, we managed to get companies to contribute to the pension fund every time they introduce a new ATM, as if it were a person," says Gambera.

The pandemic and as yet unregulated telework

The challenges experienced over recent years have been compounded by the health emergency caused by the coronavirus in 2020. The technology investments that companies have made have enabled them to keep running their business operations via telework during the pandemic.

AEBU decided to relax its position regarding trade union demands during the health emergency, to prevent job losses.

The union has nonetheless already made it clear to companies that it wants to negotiate the new working conditions arising from the pandemic, especially telework, which – in many respects – is here to stay, in a country with no laws that regulate it.

Other factors to be considered in forthcoming negotiations include safety issues, workers' stress levels and the additional costs they are having to shoulder, to use the internet, for example. In spite of the difficulties, the union feels that the Uruguayan financial system is stable, with solid finances in both banking and other financial services in the sector and that it will undoubtedly play a key role in the country's vital economic recovery.