



Anticipating and managing
the impact of change

**Restructuring trends in retail
banking: Case study on ING
(the Netherlands)**

[Going digital: Restructuring trends in
retail banking](#)

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Introduction

This case study on restructuring in the financial services sector aims to describe restructuring activity within the ING Bank in the Netherlands. It analyses to what extent digitalisation and other drivers of change have affected employment as well as working conditions in the sector. The case study describes the restructuring process of the announcement 'Accelerating Think Forward (ATF)' on October 3rd, 2016. In this strategy update, ING announced an investment of EUR 800 million in digital transformation, an intended annual cost reduction of EUR 900 million by 2021 and an expected impact on around 7,000 employees in total, of which 2,300 in the Netherlands.¹

The case study first describes the Dutch national context and sectoral trends in the financial services sector, including employment trends and drivers of change such as digitalisation, finance and technology (fintech), regulatory change and corporate- and competitive challenges. It then touches upon drivers and motivations for the restructuring event within ING, how the restructuring process took place in practice, how collective representation took place within ING, how the information and consultation process went, and which types of support were available to affected workers. It discusses the outcomes of the restructuring process and ends with a conclusion and possible policy pointers.

The case study finds that digitalisation was one of the main drivers of the restructuring event. Also, while initially a job loss of 2,300 in the Netherlands was announced, ING has significantly more employees now than back in 2016. This indicates the complexity of describing the outcomes of the restructuring. While some results may directly be linked to the restructuring event, ING's story is not a linear process but rather a route forward that is continuously monitored and adjusted, within an organisation that is always changing.

¹ See also <https://www.eurofound.europa.eu/observatories/emcc/erm/factsheets/ing-27>

National level: context and sectoral trends

The financial services sector in the Netherlands is largely private. A couple of banks, for example ABN AMRO and De Volksbank have state interest, but it is likely that this state interest will disappear in the near future.² A significant number of foreign banks (with the parent company in a different country) is active in the Netherlands. Foreign banks bring a different dynamic, according to one interviewee, as they are often represented only by a country representative or simply have a hub in the Netherlands, rather than their headquarters.

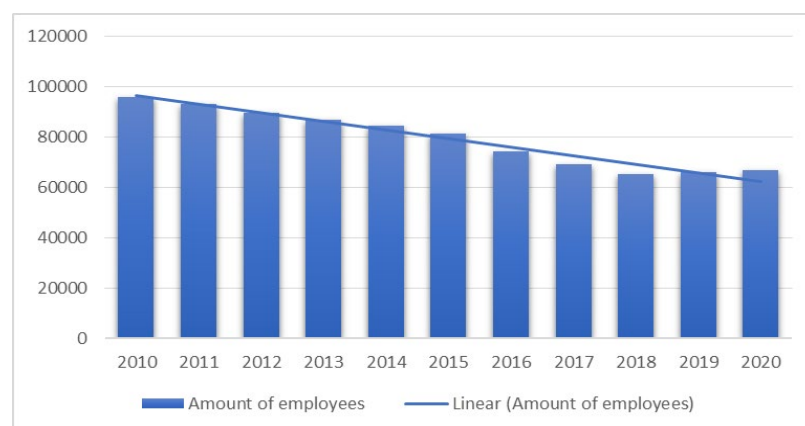
An important player in the sector is the Dutch Banking Association (NVB), which promotes the common interests of Dutch and foreign banks operating in the Netherlands. Their goal is to unite the interests of the banking sector and those of the society to contribute to a good business climate for banks. As this requires a good connection between the banking sector and society, the NVB proactively engages with other interest groups, industry associations, legislators, and regulators, both national and international.

Employment trends

The NVB keeps track of the amount of employees working for their member banks for many years. The NVB has about 60-70 banks as members. According to the NVB, some clearly defined employment trends have been identified, the most influential being the consistent decrease of employees in the banking sector. As we can see from figure 1, at the beginning of the century, Dutch banks had approximately 130,000 employees. In 2010, this was still 96,000, and in 2020 only 66,700. On average, employment has reduced by 3.5% in the past 10 years. 2016 was the worst year as it fell by 9%, and 2018 was the first year that employment grew for over 20 years (1.6%). The decline seems to have slowed down in the last few years.³

² In 2008, the Dutch government took over the Dutch branches of Fortis and ABN AMRO. Five years later, SNS REAAL was also nationalised. These acquisitions were made to prevent major problems for financial stability and the economy. When SNS REAAL was nationalised, the government did this in consultation with 'De Nederlandsche Bank'. Customers' savings were safe, and SNS REAAL's services were protected. New management was appointed and tasked with selling parts of the bank insurer. In 2015 the insurer REAAL was sold under its new name Vivat to a Chinese insurance company called Anbang Group Holdings Co. Ltd. The banking part called SNS Bank continued under the name 'De Volksbank' in 2017. Over the years, the Dutch government will sell its shares to ensure the bank is privatised. For more information, see Rijksoverheid (2021)

³ For more information see also: <https://www.nvb.nl/over-ons/nederlandse-vereniging-van-banken/>

Figure 1. Amount of employees in the banking sector, 2010-2020

Source: NVB, 2021

As of 2020, there are significantly more female part-time workers (39.12%) when compared to their male counterparts (5.35%) in this sector. Interestingly, females make up 43.53% of the employees in this sector, but they represent most part-timers.

Regarding the amount of employees with a permanent contract versus the amount of flexible workers (with a non-permanent contract), the Netherlands is one of the countries with the most flexible contracts in Europe. One interviewee estimates about 30% flexible contracts versus 70% permanent contracts in this sector. During negotiations big banks pay much more attention than before to equal working conditions. Some flexible workers are united with the union ABU.⁴

Another visible trend is that the younger generations of workers want to work for companies that have a positive societal impact. The motivations of younger generations of workers are changing, and they expect from employers that they seriously contribute to changing the world for the better. Banks are responding to this trend. Furthermore, the banking sector is changing rapidly due to new technologies and the rise of new banks. These developments require employees to be vital and adaptive and take the initiative to develop their skills and competencies. Digitalisation is causing an increase in IT profiles required. Still, there are also more jobs related to laws and regulations that fit the new 'Know Your Customer' (KYC) departments for more professionalism. The KYC department takes the necessary actions to prevent and identify money laundering, terrorism financing, and other illegal activities. These departments must follow regulations; failure to comply can result in heavy penalties. Skills such as addressing people in a professional and supportive manner, offering a counterpoint, among others related to behavioural science, are becoming more important besides the classic subjects such as law and economics. At the same time, the closure of many local branches of banks and automatisations in the sector have caused a decrease in demand for staff working in local offices and call centres.

⁴ The 'Algemene Bond Uitzendondernemingen' (ABU) is a union that helps staffing and payroll companies that are members to make their employees more valuable to society. ABU also works to create fair working conditions for flexible workers. A collective bargaining agreement for flexible workers exists. ABU works to improve the agreement to create more simple and transparent rules for employers and employees. All of the efforts of the ABU have improved the working conditions and the bargaining power for flexible workers while also making these workers more valuable to employers. See also: <https://www.abu.nl/cao/cao-voor-uitzendkrachten/>

While the future is hard to predict, one interviewee expected that the employment trend in the sector will continue downward. The traditional business model of many banks is under pressure: with the current low interest rates, the margins are small. Thus, banks keep looking for ways to improve their efficiency.

Drivers of change

The main drivers of change in the financial services sector in the Netherlands are digitalisation, regulatory change and competitive challenges, including fintech. Digitalisation can be approached from two sides: what is possible on IT level (e.g., taking over tasks of employees), and what is it that customers desire (mobile/online banking rather than visiting a physical office). The creation of new technological inventions and developments in the financial technology world provides new methods of serving and providing the customers with a valuable product. As more data and more extensive data are gathered, banks gain more knowledge about their users. Data can provide insights into users' practices and help banks understand how to give their consumers a better service or product.

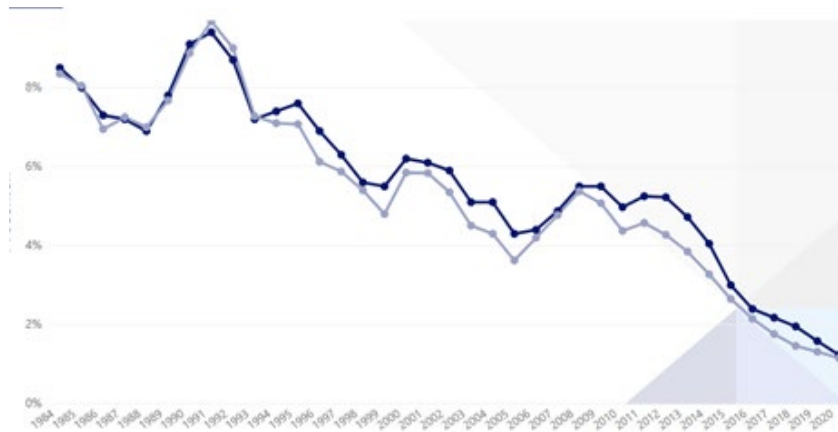
Next to digitalisation, regulatory change is a major driver of change, as it significantly increased costs for most banks, and made them decide that certain high-risk activities, high reward activities were no longer viable.⁵

The third major driver of change is the rise of fintech and the entry of new competitors alongside traditional banks. The fintech competitors are more flexible and less bound to bureaucracy than traditional banks, which have to develop a wide range of activities to counter cybercrime, for instance, so that traditional banks have to adapt to stay competitive. Estimates are that approximately 10,000 people are currently employed in fraud detection and related activities within banks in the Netherlands, which is one out of every six employees in the sector.

More banks have joined the Dutch and international banking market in the last few years. Digital banks such as the Dutch Bunq, the German N26 and the British N26 have entered the Dutch market. However, these banks are IT companies that have a banking department for very specific and basic banking services. These banks give limited customer usage and often only offer payment accounts, with no option for saving or loans. An app and a debit card are needed to become a user with an account number. In 2014 the Single Euro Payments Area (SEPA) was established: it has resulted in the digital banks attempting to offer better service and more flexibility (Business Insider, 2017).

Another driver for change has been the decrease in interest rates. Over the past ten years, interest rates have continued to decrease, making it more difficult for banks to stay on the same level of profitability, thus forcing them to create new revenue models, save costs, and become more risk-averse. A long-term development of mortgage interest rates is shown in Figure 2.

⁵ On risks for banks: banks can reduce risks such as credit, market and liquidity risks. Credit risk can be reduced by diversification of the portfolio or reducing exposure through loaning only to those with good credit histories or collateral to back up the loans. The market risk banks face comes from their activities in capital markets. Due to the unpredictability of such markets, reducing risk can come from diversification or hedging their investments. Liquidity can cause another risk for banks; delays in the provision of cash can motivate customers to take out their deposits as their confidence in the bank decreases. A reduction in long term loans or investments can reduce this liquidity risk and lessen a bank's ability to offer mortgages and other long-term loans. Almost all risk-reducing methods either: decrease the number of activities that come with potentially high rewards, increase costs or lower the potential profit.

Figure 2. Development of mortgage interest rates, 1984-2020, %

Source: Hypotheker (2021) Note: light blue line 5 years, dark blue 10 years

Remuneration is a relevant topic in the Netherlands, where regulations regarding the variable share of salaries (bonuses) are often stricter than EU regulations. The Netherlands has a ceiling for bonuses of 20% of structural base pay. In practice, as one interviewee explained, banks tend to incorporate the bonuses in the structural base pay of (mostly top-level) employees, which changes their cost structure significantly. It leads to higher fixed costs and thus less flexibility for the organisations to adapt.

The COVID-19 pandemic can be identified as another driver of change. Although the health crisis started after the restructuring case, it is worth mentioning that banks in the Netherlands have been forerunners in rethinking how to work differently on a major scale. They were not only early adapters to teleworking policies, including mental health programmes for employees, but also started reassessing the function, value and costs of their office spaces, as well as behavioural change in leadership.

Case study: ING Bank

Drivers and motivations for the restructuring case

The ING Group is a Dutch multinational banking and financial services corporation with its headquarters in Amsterdam. Its primary activities are retail banking and wholesale banking. ING has approximately 57,000 employees worldwide, serves around 38.4 million customers and is active in over 40 countries. It is one of the biggest banks in the world and on the list of Systemically Important Financial Institutions (SIFIs). In the Netherlands, ING Bank (part of the ING Group) has about 8 million private customers and 625,000 business clients. As of July 1st, 2021, the bank has 15,293 employees in the Netherlands, 107 offices and 248 service points in the Netherlands.⁶ Service points are located inside post offices and other stores; clients can start digital banking, create a new account, or make smaller requests.⁷ All these locations have personnel trained by the ING. In comparison, the offices help customers primarily on appointments with bigger inquiries. ING is the biggest bank in the Netherlands, followed by Rabobank, ABN Amro and De Volksbank (Banken.nl, 2021).

Accelerating Think Forward (ATF) was the name of the strategy update presented on October 3rd, 2016 at the ING Group Investor Day in Amsterdam, and essentially an update of the Think Forward strategy launched in March 2014. The announcement noted that customers of ING Bank have become increasingly digital and they have been carrying out banking transactions more often via mobile devices. As a self-defined leader in digital banking, the bank's goal was to "start a path of convergence towards one digital banking platform"⁸. The restructuring had three main drivers: digitalisation, people and risk awareness.

ING Bank primarily focused the ATF strategy on the **digitalisation** of ING's practices. An investment of € 800 million in digital transformation over the period 2016-2021 was announced, aimed at improving the bank's online platform. Improved efficiency was also expected to lead to approximately € 900 million of annual cost savings by 2021. The digital transformation foreseen was not only supposed to take place in the Netherlands. The ATF investment and cost reduction effort were announced worldwide, the job losses foreseen (7,000 total) were mainly in the Netherlands (2,300) and Belgium (3,500). The banking platforms of the Dutch and Belgian divisions of ING Bank were to be integrated. Furthermore, the Belgian division existed of a double bank: ING was operating under two existing banking licenses, those of ING and Record bank. These were to become one bank. ATF aimed at integrating the two banks within Belgium and integrating the Dutch and Belgian banking platforms into one. One interviewee pointed out that another reason for pushing for digitalisation in Belgium was to motivate customers to make more frequent use of digital platforms, as this would help reduce costs by allowing more local offices to close, as the need to visit them would have decreased.

The digitalisation part of the restructuring played a big role in reducing costs; the investment in the digitalisation of the ING required an investment of € 800 million. Furthermore, € 1,1 billion was set aside to finance the restructuring itself. What specifically was financed with this is unclear, but ING

⁶ See also: <https://nieuws.ing.nl/nl-NL/about/>

⁷ See also: <https://www.ing.nl/particulier/klantenservice/servicepunten/index.html>

⁸ See also: <https://www.ing.com/Newsroom/News/Press-releases/ING-strategy-update-Accelerating-Think-Forward.htm>

likely used it to finance the activities related to the social plan. An interviewee explained that the IT departments have undergone major changes in the past years. The activities of IT staff shifted from programming and coding to engineering. In practice, this means IT engineers design software with consideration for end-users. In contrast, programmers focus on creating functional code for an already designed program. The work changed, and so did the job profiles at ING. The bank recruited many of the new IT staff required abroad. Specialised personnel were recruited in India, Manila, Czech Republic, Poland and Romania through off-shoring, because this was preferred from a cost-saving perspective. ING's offshore locations are organised under their IBSS department. Over the last years, ING has experienced significant growth in the IBSS and currently approximately 8,000 people are employed in it.

The second driver behind the restructuring was **people**. Some functions were about to change significantly in nature, the location of functions and jobs, and office and IT positions were to cease to exist. Moreover, the way of working was going to be changed. People at ING were starting to work in self-organising teams. Until 2010, project and program management were based on the waterfall model⁹ and Prince II (Pawar and Mahajan, 2017) and were applied at a large scale as a project and program management framework. Then since 2010, different entities at ING adopted a new method for software development based on agile work. This resulted in the adaptation of several varieties of agile working.

The Agile Way of Working was introduced to all levels of the organisation.¹⁰ Such a working method allowed for a quicker 'time to market', where new products and services can be launched significantly faster than before. This is a method in which processes are divided in smaller steps. These processes are not linear but follow a loop: smaller 'sprints' (periods of time and activity, e.g., one or two weeks) are used to create a minimal viable product on the basis of customer insights. Once customers' needs are translated into a prototype, the clients are periodically asked if they require any changes to satisfy their needs. Using that information, employees can create a path towards a final product although there is no specific end-product as there is always room for improvement. This is also reflected in the 'continued digital transformation' aspect of ING's restructuring. Several changes in the way of working make the work environment at ING become much more dynamic, which meant the company needed different skills from some of its employees.

The higher amount of job losses in Belgium, where ING is significantly smaller than in the Netherlands, is explained through several reasons. First, the Dutch retail division of ING is more productive than the Belgian one. In the Netherlands, 9,270 employees manage € 53.6 billion of risk-weighted assets, a ratio of € 5.7 million per full-time employee (FTE). In Belgium, 8,700 employees manage € 32.9 billion of assets, a ratio of € 3.78 million per FTE (Business Insider, 2016). Secondly, the merger of ING and Record Bank, as discussed above, resulted in some jobs being merged and done by one person. Thirdly, the merger of the digital platforms into one for the two countries required less staff than operating different platforms. Digitalisation has helped reduce costs over time, and as one interviewee stated, "the company basically changed from a bank to an IT company with a banking license".

⁹ For further information see: <https://www.sciencedirect.com/topics/computer-science/waterfall-model>.

¹⁰ See also: <https://www.ing.com/Newsroom/News/Squads-sprints-and-stand-ups.htm>

The third driver behind the restructuring process is related to **risk awareness**. **The Basel Accords- resulting in the Basel standards** for global bank capital requirements- made requirements stricter for all banks, including ING. Due to the stronger regulation from the ECB and national authorities, ING's interest incomes have declined over time, resulting in a need for different revenue streams. Furthermore, ING had to start working to improve and enhance compliance risk management. This started in 2017, and these efforts were stepped up in 2018 following ING's settlement with the Dutch authorities, after that an investigation found serious shortcomings in the execution of customer due diligence and transaction monitoring requirements¹¹.

Finally, as an interviewee pointed out, the rise of fintech and high-tech played a major role in the initial motivation to reposition the bank, as the board recognised that an unwieldy service provider such as ING had to adapt to keep its right to exist in its rapidly changing environment.

The restructuring process

Restructuring events in the financial services sector in the Netherlands are generally guided by social plans and advisory trajectories- the process where work council's ask stakeholders and social partners for their advice-, as one interviewee explained. An agreement is often reached with trade unions. These agreements used to be very generous, and while they have moved along with stricter regulations, however they are still more generous than in other sectors, as one interviewee explained. This may sometimes obstruct labour mobility, as employees in the sector tend to be reactive rather than proactive. While in the past banks often paid significant financial remuneration in the event of dismissal, now they seek to support the employability of their employees more, also intersectoral mobility (i.e., banks cooperating with educational institutions).

The announcement of the restructuring plan was made according to regulations: the trade unions (FNV, CNV and De Unie), as well as the various works councils were promptly informed. The time limits were set on three months upfront the planning. ING must inform stakeholders and employees promptly, but it is not specified how much soon before the action is taken. However, the bank also notifies all unions and other stakeholders at least four times a year, or even more, regarding any important developments within the ING that could impact employment¹². Shortly after officially informing the unions and works councils, the restructuring plans were made public by the management of the bank. In fact, as an interviewee stated, the main points of the ATF strategy were already leaked to the press and were revealed by the Dutch newspaper 'Het Financieele Dagblad' (FD) in the weekend before the announcement was made.

Generally, the management of ING bank starts the process of designing a restructuring event in cooperation with the company's works council. The bank's management has a certain idea of what the goal of the restructuring process should be, and how to achieve it. The works council is then

¹¹ In 2016, the Dutch Fiscal Information and Investigation Service (FIOD) started an investigation into money laundering through ING bank accounts. The court later ruled that the bank did not do enough to prevent large-scale money laundering through ING bank accounts in the period between 2010 and 2016, and ING had to pay a fine of € 775 million.

¹¹ While this case was settled in 2018, so after the restructuring events in this case study were initiated, it illustrates the great need for ING (and all other banks) to invest Know-Your-Customer (KYC) and anti-money laundering measures.

¹² According to 'Mijn Sociaal Plan Hoofdstuk in de cao 2016-2017'

informed of the plans, and both parties aim to draft the details of the restructuring plan. Consequently, once an official consultation request is submitted, the works council already has a good understanding of the plans and can provide management with their advice. Before formulating their advice, the works council involves other stakeholders, such as unions. They can help the works council formulating their position, can influence the process and alter plans, as they may have different solutions or proposals which may yield the same results, but for example could be more advantageous for workers. In the restructuring event of this case study, the unions negotiated the initially planned 2,300 job losses down to 1,700, saving 600 jobs in the process.

Multiple interviewees stressed that the approach of ING Bank is sound and usually very reasonable. According to the law, employers have an obligation of good employment practices, and while the law does not specify this, ING considers that this responsibility does not come to an end when someone is made redundant. However, this does not take away the fact that employees will be affected by dismissal. As an interviewee pointed out, if an employee has been working for an employer for a long time and is abruptly made redundant, this may place a heavy emotional burden on an employee. This can have a negative impact on a person, as one can feel eliminated; even though a dismissed employee may be offered very good terms, the event of dismissal may cause a negative shadow over the experience of an employee with an employer. This is one of the reasons why the works council of ING considers it very important to help employees find another job in case of dismissal. The strength of ING's social plan lies in its efforts regarding mobility, education and retraining of their employees to assist them in finding a new job. The focus on moving to a new position or job makes it a better than average social plan as there are no costs for its redundant employees to take part in this trajectory.

For organisations with no social plan, the Netherlands has the formula to calculate how much severance pay an employee is entitled to. The formula uses the monthly salary and the number of years the employee has worked at the organisation; for each year worked, an employee will receive 1/3 of his monthly salary as severance pay (Rijksoverheid, 2022).

A social plan in the Netherlands stipulates the provisions that employees receive in the event of collective dismissals (more than 20 employees dismissed). A social plan is drawn up by an employer. This may be done before a restructuring event is going to take place, but in many instances the social plan is permanent and renegotiated every couple of years. This is also the case with ING bank. All interviewees mentioned that ING's social plan offers a good safety net to mentally support people and offers employees opportunities for education and (re)training, possibly to find a different job within ING bank. As one interviewee explained, the aim at ING is to help someone find a new job either within the company or elsewhere, rather than having them leave with financial compensation.

Collective representation, information and consultation process

Regarding employee representation in the financial services sector in the Netherlands, the NVB has been recording a strong decline in union membership for many years already. Unions have difficulty finding new members, and existing members are often in the older age groups. One interviewee pointed out that a relatively new phenomenon is the creation of internal trade unions, where employees of a bank (or other types of companies) organise themselves internally. These internal trade unions often participate in collective bargaining negotiations, together with the works council. According to one interviewee, it is mostly young people starting these initiatives. Some financial

service providers decide not to negotiate with trade unions at all, and only with their works council. Generally, the degree of organisation in trade unions is considered very low. There is also no sectoral collective bargaining agreement (CBA) in the financial services sector, but big banks all have their own CBA. 24 smaller banks, including Dutch branches of international banks, work together in the 'CBA Banks'.

Operation of the ING bank's work councils

ING Bank has different works councils. The bank has local works councils in several countries where they operate, including the Netherlands, Belgium, and Spain. The Dutch Central Works Council (COR) represents around 15,000 (July 2021) employees in the Netherlands. ING also has a cross-border European Works Council (EWC), which is consulted when decisions that affect employees in multiple countries have to be made and cannot be negotiated locally. ING's works councils are elected by employees to represent and promote their interests and ensure alignment with ING's purpose and strategy. The works councils advise management on important company decisions, such as reorganisations, and provide consent on behalf of employees, for example to make changes to social benefits.

Function of the Central Works Council

The Central Works Council comprises representatives from each of the (currently six) departmental works councils in the Netherlands, each representing a different department/domain within the bank. The COR is the overarching body that engages with management on issues that impact 4 or more Works Council area's or generally all employees in the Netherlands in areas such as diversity, wellbeing, communication, conduct and social benefits.

Roles of the ING's Works Councils

At the time when ATF was initiated in 2016, apart from the COR ING in the Netherlands had a workers' council (OR) for each of their (back then) seven departments. Each OR has around 15-20 members, from which two represent their department in the COR. In total, there were approximately 130 members in the ORs. Each department operates on its own with its board, director and OR. Only when a matter impacts the areas of 4 or more domains or the organisation on a national scale, the COR is involved. How more specific measures for a department are to be carried out is decided within its board, director and OR.

Restructuring process

The first step for the board and its advisors after conceiving the restructuring idea as part of the ATF strategy was to explain it to the COR. As one interviewee pointed out, due to the size of the COR and the ORs, it is possible for the works councils to look at things from a variety of perspectives. This gives the COR a very broad representation since, at the time, there were 130 people involved in the different works councils.

The next step was to look at how other organisations deal with these kinds of issues, which in turn led to discussions with other companies and provided new perspectives. Ultimately this resulted in advice that consisted of additional agreements that were aimed at social employment.

At ING bank, an interviewee explained, it is generally not the case that a request for advice is submitted to an OR, or the COR, only for these councils to give a positive or negative recommendation. Especially in smaller organisations, it is common practice for the OR to obtain a request for advice without much previous knowledge regarding the submission. The OR responds

after some time with a positive or negative recommendation. However, this is not how the ING's (central) works council operates. As mentioned, the central works council is involved at a much earlier stage. During this period there is a substantive dialogue about the intended changes and/or decisions where there should be room for actual influence. Once they receive the official request for advice, their advice is more extensive than just a positive or a negative recommendation. In this case, it was clear that it would have had a longer social impact. Therefore, this was considered when they gave their advice, which is why the ING decided to evaluate its effects periodically. Because different parts of ING operate rather independently, the ATF strategy and repositioning influence differ per branch. For example, the retail banking branch might have had more IT employees than its corporate banking counterpart and could have experienced more impact from the restructuring.

Assessment of the restructuring

In the case of the ATF strategy, one of the ways in which the influence of ATF was assessed was through the organisational health index (OHI). The OHI is a means of scoring how people view the strategy. Through the OHI, the bank could see that the index score went up in the first years after the start of ATF (2016-2018). People believed in the strategy and thus understood that change was necessary, and that the organisation would benefit from it. However, after this period, the index score started to drop again. The decrease in the OHI score could be interpreted by the fact that the long-term vision of the ATF was quite abstract and that after those two years, employees started to think what the next step would be and how things would move forward, as there was no clearly defined end-goal.

Role of trade unions in restructuring events

Trade unions generally also play a major role in this type of restructuring event. However, it is important to stress that they play an indirect role through their involvement in negotiating changes to the Collective Bargaining Agreement and the social plan of ING. The bank negotiates CBAs and the social plan with the trade unions, and the works councils are not involved. Liaison days are usually planned to ensure that such matters are discussed properly. These days were also organised, for example, when ING drafted the new social plan for 2018-2022 in 2017. Extensive consultation between the bank and trade unions took place here, while the works councils had no formal say in this. However, it is common in negotiations like this for both parties to have a dialogue with the works councils, so they can ensure the employee perspective is represented properly in the social plan and new CBAs. Yet, in short, the works councils of ING have no direct influence on CBAs and the social plan.

Support to affected workers

As a result of the restructuring process, ING also created many new jobs. The company's social plan stipulates that redundant worker should be supported in finding a new position within the organisation or elsewhere. Besides assisting employees in finding a new job, ING also offers financial support to those redundant employees nearing retirement age, or those who want to pursue their own business ideas, for example by starting their own company. These types of financial support create incentives for redundant employees to leave the organisation voluntarily. It is important to

stress that the social plan of ING bank applies to employees with a permanent contract only, and only to those who earn between € 1,571.50 and € 13,166.32 monthly on a contractual basis¹³.

Once an employee is informed that he or she will be made redundant, the employee can start looking for a new job within ING Bank. During this time, employees have access to a mobility expert who supports them in this process. ING employees aiming for within-the-company mobility are generally given priority for vacancies over external applicants. However, this only applies when the internal applicants fit the requirements and/or can realistically develop the necessary skills to do so within six months.

For all redundant employees that want to find a job at ING or elsewhere, the mobility expert will help create an action plan within the first two weeks after the effective date of the employee's redundancy. Such a plan will include a start date for efforts made to change jobs, activities to be carried out by the redundant employee and the mobility expert, agreements about time for these activities, the tasks and responsibilities for the employee and the mobility expert.

There are multiple instruments in place to support employees who have been relocated within ING which are described in ING's Social Plan 2016-2017:

1. Employees relocated to a position with one salary scale lower get a redeployment allowance combined with a one-time payment of the redeployment allowance times 13.96.
2. Employees moved to a salary scale multiple scales lower, get redeployment allowance covering the change between their new salary scale and the maximum of the next salary scale. They are also given a one-time payment of the difference between the maximum of one salary scale higher and their old salary times 13.96.
3. Employees relocated to a function with fewer hours obtain a one-time payment of the change in monthly salary times 13.96.
4. Employees relocated to a different location will get a one-time travel allowance if they have to travel at least an additional 20 km. Based on the distance from 20km to 50km or more, employees can receive between €2,000 and €5,000. The one-time travel allowance can be lower if employees work less than four days a week. For each day less, the payment is reduced by 25% up to 25% for employees that work once a week.

If a redundant employee at ING bank does not manage to find a different job within the bank after three months of mediation, he or she can choose to leave the company with severance pay. The severance payment is calculated as follows: $A * B * C$, where A is the number of weighted years of service, and B is the gross monthly salary. If a new job has been found at the time of the settlement agreement, C is 0.8, if not, it is 1. To incentivise leaving the company as soon as possible after the three months of mediation, the ING offers three additional monthly salaries in the fourth month, two additional salaries in the third month, up to minus three-monthly salaries in the tenth month. For example, an employee who earns € 2,500 monthly made redundant would receive a bonus of € 7,500 ($3 * 2500$) if they leave in the fourth month after being made redundant, as they receive their monthly salary thrice as a bonus.

As touched upon earlier, redundant employees can also decide that they want to start their own company. To support these employees, ING Bank offers up to € 12,000 to assist them in starting

¹³ The measure actually applies to employees which are in job scales from 1 to 15 the salary value mentioned refers to the year 2020 according to the appendix CAO 2019-2020 from ING, those values might change in other years.

their own business, for example in drawing up a business plan, giving financial advice or coaching and guidance.

The restructuring case announced in October 2016 affected many administrative jobs and positions in the IT department, while at the same time the number of local office representatives and managerial staff shrunk significantly. At the same time, ING's 'Know Your Customers' (KYC) department grew substantially, for reasons explained previously. In practice, many redundant employees were able to apply for new jobs within the KYC department.

Restructuring outcomes

The ATF strategy and the restructuring events had a major impact on ING bank. Over time, teams have changed to accommodate the Agile Way of Working. In practice, this meant more smaller teams, more self-management, and a very limited number of leadership roles within those teams. In addition, due to the digitalisation of services, many local offices and branches of the bank were closed. As more banking offices are being closed over the past few years, the locations left are being transformed into what the bank calls 'ING houses' and 'Service Points'. These are different types of banking offices adapted to the needs of customers. The rapid digitalisation of customer processes and increasing adoption of digital means of banking by customers meant that fewer customers were visiting an ING branch to do their daily banking.

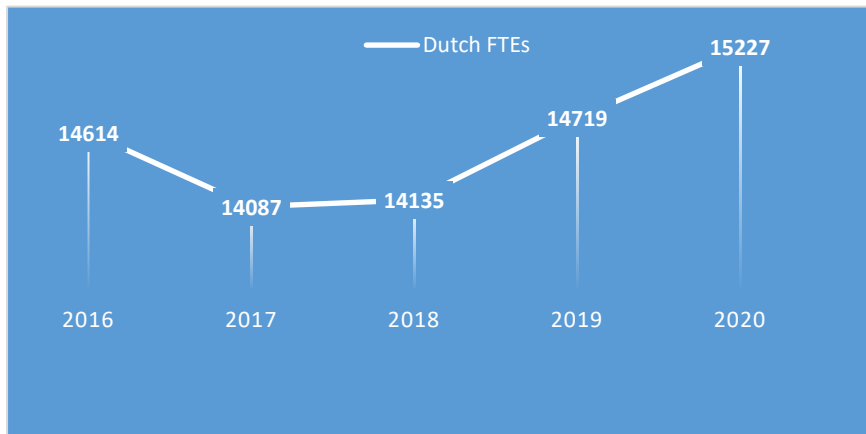
In addition, the use of cash keeps decreasing. Together with other banks in the Netherlands, ING is in the process of converting the ING ATMs into 'Geldmaat' ATMs. 'Geldmaat', an independent company that installs, manages and maintains all ATMs, will then ensure that cash will remain available nationwide, but the result is that ATMs are no longer available at the main banks. Naturally, this will lead to a situation where there will be no more visitors at ING branches to take out cash. This transition also means fewer customers will visit the bank's local branches, ultimately leaving insufficient customer visits to keep a branch open. Therefore, ING is currently in the process of expanding its ING service points to 321 locations. Here, they can help customers with their daily banking needs. Furthermore, they also offer 59 ING houses where a distinctive added value is being provided to customers who need more personal financial advice or assistance. However, this increase in ING service points and ING houses is developing simultaneously at the cost of a decrease in traditional banking offices (local branches). The ING previously had 243 banking offices and 380 service points in mid-2016 which has been reduced to 142 and 249 in 2020.

All in all, both the interviewees of ING Bank and one of the unions involved in the negotiations surrounding this restructuring event estimated that approximately 1,500 FTE were lost. However, this is not directly visible in yearly employee figures of ING Bank, as it was a trajectory comprising multiple years and the employees were not all laid off at once.

Based on data provided by interviewees, 13% of the dismissed people have been redeployed within ING, 56% have been placed in another job via ING and 31% have had to leave ING without a new paid job. Those who were able to find a job with the help of the bank's mobility experts relocated to many different sectors. An estimated quarter of them found a job as a government official, an estimated 20% elsewhere in the financial service industry, and an estimated 20% in the ICT sector. The others were able to find jobs in the following sectors: healthcare, education, HR, retail and others.

The impact that the restructuring event had on the number of FTEs in the Netherlands is visible, as can be seen in Figure 3. Comparing 2016 and 2017, one observes a decline of 3.62% in the amount of FTEs within ING Netherlands (a decline of 530 FTEs in absolute numbers). While still a decline, this does not match the number of 1,500 FTEs lost because of the restructuring event. The smaller than expected decline in FTEs is explained through the many new jobs created within the bank after the restructuring event. Even though only 13% of employees affected by the restructuring was repositioned within ING, a significant number of new employees has joined the company during the same period. The large amount of people employed by ING makes it very difficult to assess the precise impact of the restructuring events connected to the ATF strategy. This is due to the fact that changes are also taking place on regional level over time, while these changes might have no national implications or connection to the general national restructuring events. A location with a big customer service department will have experienced a more significant impact from the restructuring compared to a location with a big HR department.

Figure 3. Development of Dutch FTEs at ING



Source: ING Group year reports 2016-2020

As mentioned before, ING makes use of the Organizational Health Index (OHI) as an employee satisfaction tool. The OHI survey assesses an organisation's capacity to unite around common goals, how to effectively to achieve them, innovate, and adapt to change faster than the competition¹⁴. According to McKinsey research, there is an important link between organisational health and overall success. McKinsey carries out the study, and a link to the survey is sent to all ING employees.

The OHI is a tool to check ING's so-called organisational health and identify areas that the organisation needs to improve. There are nine elements of organisational health: direction, accountability, coordination and control, external orientation, leadership, innovation and learning, capabilities, motivation, and last culture and climate. There is no specific data available for external parties, and however, there is a summary of the results in annual reports.

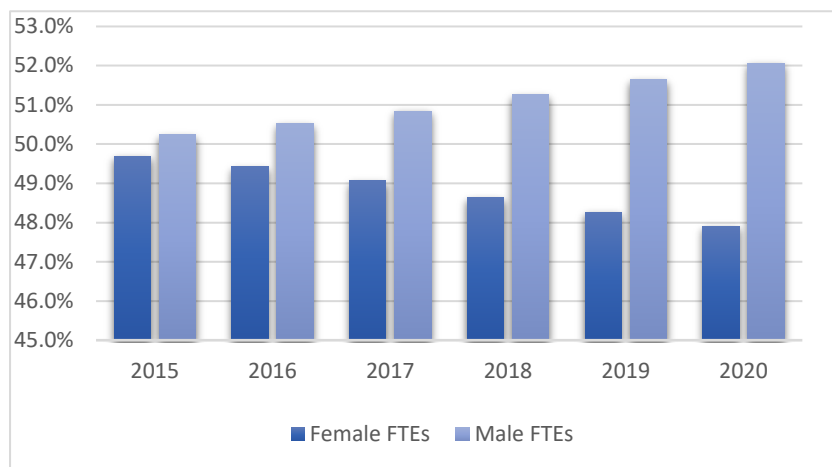
In 2017, the year following the announcement of the ATF strategy, the results were very positive as ING improved its organisational health across all nine 'health outcomes'. For 2019 the results were less positive: the survey indicated that there was room for improvement. However, the leadership practices encouraged honesty, transparency and open dialogue. Unfortunately, some employees also felt less involved with ING's direction and made less progress. The management board had three priority areas: direction, leadership and innovation & learning. In 2020 ING carried out two

¹⁴ According to the ING non-financial data reporting protocol 2016.

surveys to measure improvement for their priority areas, these indicated improvements across all business lines in the three regions. Many employees indicated that ING's purpose is communicated more clearly and that they now understood their contribution to ING's success. The employees also felt more included in decision-making and felt more concern from their leaders regarding their welfare. This is to indicate that they are still looking at the impact of the restructuring.

Over the last five years, there have been small changes to the gender balance of employees within the bank. In 2015, the division between men and women was quite equal, with 49.7% female workers and 50.2% male workers (0.1% non-reported). Each year following, there have been fewer female workers and an increase in male workers at the organisation. In this period (2015-2020), 2.9% more female workers joined the company, whereas 10.6% more male workers joined. They changed the balance between male workers and female workers to 52.1% and 47.9%, respectively.

Figure 4. Comparison of Male and Female FTEs at ING Group



Source: ING Group year reports 2016-2020

Conclusions

The main drivers for this restructuring case within ING Bank Netherlands were digitalisation and adaptation to a new digital era, the different jobs and people that were required within ING to allow for the digital adaptation, and a strong focus on risk awareness in order to comply with EU and national level regulation.

The restructuring process followed rules, regulations and common practices set out in collective bargaining agreements and the company's social plan. Relevant bodies were involved and informed on time, with the right information and were given sufficient time to react and deliver input to the proposed plans. The consultation process was regarded positively by trade unions, employee representatives and employer representatives within the organisation.

Based on data provided by interviewees, 13% of the (approximately) 1,500 dismissed people has been redeployed within ING, 56% has been placed in another job via ING and 31% had to leave ING without a new paid job. While all interviewees acknowledged the impact that a dismissal can have on an employee, they all emphasised the generous support to affected workers offered by ING Bank, both to those wishing to stay within the company and find another job, and to those looking to pursue other career paths or retire.

It is important to recognize that although ATF was a restructuring event, it was also a strategic repositioning within a dynamic and changing environment for ING. In a normal situation, a restructuring process is clear and measurable. While the bank tried to determine clear and measurable outcomes and communicated them with the announcement of the restructuring event, the changes proved complex and took years to implement fully and properly. The COVID-19 pandemic later accelerated these changes and the digitalisation of ING. A final interesting observation is the way digitalisation affected the number of clients served digitally by ING: over time, they became more active in mobile banking, from 2.8 million users in 2016 to 5 million in 2020.

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List of interviewees

Name and Surname(s)	Position
Anonymous	HR employee of ING
Anonymous	Work Council employee of ING
Gerard van Hees	Trade union representative of FNV
Anonymous	Employee of NVB

Note: Some interviewees wished to remain anonymous, in line with their request in the data protection notice.

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