



in the Financial Services Sector

Issue 14 - 6th August 2004

Outsourcing can be a disadvantage

A report by Gartner '*Debunking the Myths of Contact Centre Outsourcing*' has found that outsourcing does not create the cost savings that organisations often claim.

The study argues that there are five outsourcing 'myths'. Most notably that contact centre outsourcing tends to create substantial cost savings. They say that over the next three years, four of every five companies looking to cut costs through outsourcing will come up empty-handed. The average cost per interaction charged to an outsourcing client is 30 percent higher than the average cost per interaction for internal contact centres. The Research Director at Gartner stated that outsourcing decisions are too often made on the basis of outsourcer hype and managerial insecurities, rather than the true costs and benefits involved.

Discrimination in the workplace

A survey has found that the majority of females in UK organisations believe they are discriminated against when it comes to promotion.

The research from law firm Peninsula polled 879 female workers across the UK. It concluded that 95 per cent of respondents are frustrated with the lack of opportunities available for promotion

Peter Done, managing director of Peninsula said: "Sex discrimination is still very much [part of our] society. There is still the concept of the old-boy network in workplaces around the country. Many female employees argue that there is a glass ceiling for promotion and the best positions available will be reserved for the men."

Amicus Finance Sector Resources

The sector now has a range of 'Information and Resources' that can be downloaded from the website. This includes guidelines for reps on recruitment and representation. Visit: <http://www.amicustheunion.org/main.asp?page=455>

New Communications Officer

Jodie Mills has joined the Amicus Finance Sector as the Communications Officer. She will be working closely with the finance sector team to raise the profile of the sector. Jodie said, "I am very much looking forward to working with reps and officers in the sector. There is a great deal of positive work being achieved in every section. I

am excited about this opportunity to promote this work and to raise awareness of the challenges our members face”.

You can contact Jodies at:

- Jodie.Mills@amicustheunion.org
- Telephone: 07768 693 956 or 020 7420 8938.

RSA sells life business

Royal and Sun Alliance has sold its UK life operations to Resolution Life Group for £850m. RSA said the sale was in line with its strategy of focusing on general insurance. Backed by capital from leading institutional investors, Resolution Life has been set up to buy and run closed life funds.

Amicus National Officer for Finance, David Fleming, said: “Royal Sun Alliance and Resolution Life Group have worked closely with Amicus throughout the negotiations of this deal. Those Amicus members who remain at Royal Sun Alliance will benefit, as this move will free up capital for future investment. In addition those that transfer are safeguarded by confirmation from the new company that there will be no redundancies or relocations.”

Cornhill Direct Life the life insurance section of Allianz Cornhill is to cease writing new business after 31st December 2004.

Aviva gets strong results

Aviva has announced a 37% increase in operating profits and a 7% rise in sales of savings and other insurance products. The group said that there has been a gradual recovery in new life, pension and investment sales: total sales up 7%; life and pensions APE up 2% at £1.2 billion, including Continental Europe up 5% and UK up 3%. However, the insurer, best known for its Norwich Union brand in the UK, suffered a 3% fall in its shares, in part because its investment return fell by £499m. Aviva hopes to launch products which comply with the new 1.5% fee cap - recently imposed by the government - next year, when the regulations about the regime for selling these simplified products is expected to be finalised.

This is at a time when the insurer is in the process of cutting UK jobs and replacing 3,700 of them in India to save costs.

Barclays announces half year profits rise

The bank released figures that have shown that pre-tax profits for the six months to June rose 23% on the year to £2.4bn, ahead of City forecasts of about £2.2bn. Pre-tax earnings from investment banking surged 37%, against a 6% increase from retail banking. Costs rose 15% to £3.9bn as the bank invested more cash in its operations.

L&G's profits cut, but new business grows

Legal & General yesterday said it had boosted its reserves by £240m as it will have to increase its total annuity payouts to customers because they are living longer. L&G put an extra £240m into its life and pensions business in the UK following a warning from the Institute of Actuaries that longer life expectancy meant insurers had to reassess their liabilities on annuities.

The extra cost dented earnings, with operating profits falling from £365m to £292m in the six months to 30 June. L&G, which has grown rapidly in the past few years, did, however, manage another strong rise in new business in its core UK market, with sales increasing 27 per cent in the second quarter of the year compared with the same period in 2003.

HSBC makes £5bn profit

HSBC has reported pre-tax profits of £5.1bn in the first six months of the year. Only 22% of the total is generated in the UK, where it makes money from personal customers, businesses and major corporations. The bank has calculated that its 8.5m customers in Britain make it £80 profit a year each, or £1.54 a week.

The news comes at a time when HSBC is cutting 7,500 jobs over the next three years. The bank employs 232,000 people and claims 210m customers. About 55,000 work in Britain, 40,000 in the branch business. Unifi said: "We don't know how HSBC directors can sleep at night. Instead of rewarding staff for their part in making HSBC as profitable as it is, the bank is slashing 7,500 jobs in the UK and exporting more and more work to Asia in an attempt to cut costs."

Friends provides profit rise

Insurance group Friends Provident has reported a 25% increase in first-half operating profits. The results show that operating profits for the six months ended June 30 rose to £169m, largely due to increased sales of products such as critical illness insurance. New sales of life and pension products rose 7% to £212m. New pensions business sales dipped slightly, though this reflected the company's refocusing away from individuals to group pensions, where sales increased 1.1% to £86.5m.

Prudential abandons plans to sell Egg

It has been announced that Prudential is retaining its 79% stake in the business. The group had had talks with a number of suitors, thought to include credit card firms MBNA and CapitalOne. "We had an obligation to explore all the options for the business following the approaches we received," said Prudential chief executive Jonathan Bloomer.

After news that Prudential had dropped plans to sell its stake, Egg said it would concentrate on its plans to focus on its successful UK business and plans to invest further in the brand while increasing its customer base.

The joy of work

A study by The Work Foundation has found that work is very important to people's sense of well-being. More than 70% of participants felt that life is good. An even higher proportion felt they were happy with their life. The report also found that:

- Two thirds of UK workers are satisfied or very satisfied with their work or job.
- Over 4 million workers are dissatisfied or very dissatisfied with their jobs.
- Those suffering most are the unemployed and economically inactive that suffer from a well-being deficit.

The research also concluded that pay is less important to people than the content of the job and fulfilling personal ambitions.

However, over 4.2 million workers are unhappy with their work. The effects of such dissatisfaction are being felt in higher rates of absence, higher rates of turnover, lower levels of customer satisfaction and ultimately lower levels of productivity.

To view the findings from this research go to:

<http://www.theworkfoundation.com/newsroom/pressreleases.jsp?ref=139>

Working too hard

A survey by internet bank, Intelligent Finance has found that three-quarters of Britons are working more hours than their contracts state. This is having a detrimental effect on family life. 18% claim to work more than 48 hours a week and 4% claim to work more than 60 hours. The consequences of this long hours culture are spending less time with children, and sleep, dietary and lifestyle difficulties.

While many of those surveyed felt they worked harder than their boss, the majority of people thought their hard work paid off in terms of career progression. Women were slightly more likely to feel they were rewarded with praise and recognition than men, but were less likely to receive monetary rewards.

This bulletin has been produced by **Saba Mozakka**, Finance Sector Research Officer.

For more information on any of the items featured, or if you have any comments please contact me at:

Saba.Mozakka@amicustheunion.org

Tel: 020 7939 7071