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Rising wages reduce India's BPO advantage

According to a Deloitte research report, India may soon lose its status of being the most preferred BPO destination. The report states that wage inflation in the BPO segment is slowing India's potential in terms of cost competitiveness. Rapid growth in offshoring is also creating a shortage of qualified labour.

The report pointed out that rising salaries is forcing Indian vendors to sub-contract their routine processes to China in order to capitalize on the prevailing lower wage rates there. Salary hikes in India, which in 2003 were in double digits, far outpace the global average. Increasing demand for offshoring is driving wages up, thereby reducing the potential cost savings.

Barclays buys in India

It has been announced that Barclays Bank have bought a 50% stake in a processing centre in Mumbai. The company is buying shares in Intelenet, for £19m. The company already supplies telephone help services for Barclays On Line Banking and a number of third party businesses.

India call centre specialist sign up more UK insurers

The company's European head Matthew Vallance said the outsourcer already had three UK insurance companies on its books and hoped to sign up another "one or two" this year. I-OneSource has two sites in Mumbai and three in Bangalore. Last year the company generated \$42m (£23m) in revenues.

Bullied staff

New research has suggested that bullied workers go through the same emotions and stresses as battle-scarred troopers. Dr Noreen Tehrani has counselled victims of the troubles in Northern Ireland, soldiers returning from combat overseas and victims of workplace bullying. She argues "The symptoms displayed by people who have been in conflict situations and workplaces where bullying happens are strikingly similar".

She conducted a study of 165 professionals. Dr Tehrani found that 36% of the men and 42% of the women reported having experienced bullying. Overall, one in five people exhibited the main symptoms of Post Traumatic Stress Disorder (PTSD).

In 2002 research conducted for the British Occupational Health Research Foundation (BOHRF) found that bullying in the UK workplace is rife. The research found that one in 10 people had been bullied at work within the previous six months.

The government has committed itself to addressing the problem of bullying. It has given the Amicus £1m to conduct research into its causes. Patricia Hewitt, Trade and Industry Secretary, called workplace bullying "a terrible issue with terrible consequences". Amicus will shortly be launching a study into bullying and its impact upon employees.

Aviva pays £120m for car check

Insurance group Aviva has paid £120m for car checking business HPI, handing the firm's private equity owners a £50m profit in just 14 months. Aviva's Norwich Union Insurance division is paying £118.5m in cash and £1.5m in loan notes to Phoenix Equity Partners, which bought HPI from 3i in June last year for £70m.

Based in Salisbury and established in 1938, HPI is used by car dealers and private buyers to check whether a car has any outstanding finance owed on it and to authenticate its ownership. It also reveals whether the car has been involved in a serious crash or has been reported stolen.

AXA motor doubts

The future of AXA UK's private motor business has been called into question following demands from the French parent company for a written report into dismal underwriting results. The UK motor business, which registered a combined ratio of 120% in 2002 and 124% in 2003 (FSA figures), is thought to have achieved similarly poor results for the first half of 2004. Sources said this led to demands from Paris for a written explanation. A source said: "The French are crawling all over the results. The heat has really been turned up. They were asked on Monday for a written report into the problem."

Long hours culture punishes women

The culture of long working hours in Britain is condemning women to second-class jobs according to the Equal Opportunities Commission (EOC). They have found that because Britons work the longest hours in Europe, it is that mothers and carers are driven to the margins of employment or out of work. This in turn contributes to the gender pay gap.

Jenny Watson, deputy chair of the EOC, said: "Where you have an economy which expects people to work extremely long hours, you're going to block the rise of women to the top, because women still have primary responsibility for looking after the family. Often we see women end up in poverty when they're elderly, because they have taken time out of the labour market to look after children or sick relatives."

The facts clearly speak for themselves, one in three mothers have given up or turned down a job because of their children, recent research revealed. The same is true of only one in 10 fathers.

The Secretary of State for Trade and Industry, Patricia Hewitt, believes a flexible workforce results in a happier, more efficient workforce. "The macho long-hours culture does nothing to promote effective working," she said. "A good work-life balance can deliver happier, more loyal and more productive employees."

www.eoc.org.uk

Switch TM is to create 100 new jobs at its financial services telemarketing call centre in Salford Quays.

Barclays is looking to expand its international banking business, and is particularly interested in Spain, the Middle East and Africa.

Skipton Building Society has sold Industrial Equipment Finance to Hitachi Capital for GBP 4.4m. Skipton Building Society has acquired an 80% stake in Mutual One, the provider of compliance, internal audit and insurance services to building societies, for undisclosed terms.

Bcwgroup has set up a new GBP 5m credit management and outsourcing call centre in Rutherglen, and 200 new jobs will be created over the next eight months.

Marsh is planning to close an insurance office in London's Docklands next year, and up to 600 staff could be relocated to Norwich, Witham or its London head office

Royal Bank of Scotland is considering plans to outsource the management of its 3,000 properties, including high street bank branches.

HBOS is to rebrand 700 Halifax bank branches by adding the Bank of Scotland name, in order to highlight its business services.

Barclays is to shed 250 administration jobs at its Barclaycard division in Northampton.

Royal & SunAlliance has sold its general insurance operations in Pakistan to International General Insurance for GBP 0.7m.

Aviva has sold its Your Move estate agency and surveying operations to a management buy-out backed by Barclays Private Equity for GBP 42m.

TUC European review

The TUC European newsletter is now available to view at:

<http://www.tuc.org.uk/learning/tuc-8397-f0.cfm>

Aviva European Forum

The Aviva Forum met in May 2004. The main discussions of the group were around the issue of offshoring. Whilst the company was not keen to discuss the matter,

delegates from across Europe were able to raise concerns with Aviva directors about possible offshore moves from countries such as France to North Africa, Iberian Peninsula to Central & South America. The company did respond by saying that nothing was planned.

HSBC moves in on China

HSBC is buying a 19.9% stake in one of China's biggest banks, in an agreement worth \$1.75bn (£930m). The deal with Bank of Communications is the biggest foreign investment so far in mainland China's financial sector. It makes HSBC - founded nearly 140 years ago in Hong Kong and Shanghai - China's leading Western bank, ahead of rivals such as Citigroup.

Prudential has good results

The insurer has reported that sales up 13% and they have achieved basis operating profit up 55%. There were strong performances from all businesses; UK's strengthened distribution and product mix produces 15% sales growth.

RSA records a net loss of £83m

Royal & Sun Alliance Insurance Group has reported a first-half net loss after it sold assets to bolster capital and lost money on investments. The net loss was £83m compared to a restated profit of £97m in the same period a year-earlier. Pretax operating profit dropped to £301m from £351m. The insurer has raised more than £2bn since last year by selling new shares and assets including its life units to shore up its capital and focus on property and casualty insurance.

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