WORKING PAPER

Anticipating and managing the impact of change

Restructuring trends in retail banking: Case study on CaixaBank (Spain)

Going digital: Restructuring trends in retail banking

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Introduction

The collective dismissal plan of *CaixaBank* in 2021 is the largest of the Spanish banking sector and the third largest in the history of the private sector at national level. This last restructuring of the company based in Barcelona is illustrative of the last decade of deep restructuring of the commercial banking sector in Spain. Restructuring has been mostly motivated by regulatory constraints and mergers, together with digitalisation and financial problems in some cases. After three collective dismissal plans in the last six years, Caixabank announced its merger project with the financial services company, based in Madrid, Bankia. Months later, it announced its plan to adjust employment and branch offices to solve duplication problems. The bargaining process provoked the first general strike in the history of the entity and finally resulted in a satisfactory agreement for both parties, reducing the number of affected workers, avoiding non-voluntary leaves, implementing internal relocations as alternative, and proposing economic compensations above the minimum legal.

The first section of this case study examines national and sectoral trends in terms of causes of restructuring processes and impact on employment. Section two discusses the background of the company under study and then focuses on the development of the bargaining process, the terms of the agreement, its implementation and the support provided to affected workers. Last section provides conclusions and highlights relevant aspects to consider in similar restructuring cases.

National level: context and sectoral trends

Drivers of change of restructuring processes

Digitalisation is one of the main drivers of recent restructuring processes in the commercial banking sector in Spain. However, other causes rooted in the structure of the entities and national regulation are key to understand changes in the last decade. The digitalisation has generated a disruption both in the supply and in the demand of financial services, promoting the use of digital tools for the interaction between entities and customers. In fact, commercial banking companies report an increase in the number of exclusively digital customers, changing the relation between entities and users, especially among the youngest. This trend is affecting all business areas, with more and more products being contracted remotely. The COVID-19 pandemic has accelerated the use of these channels.

However, traditional entities are generally compelled to maintain the combination of financial services for traditional customers not adapted to digital channels with the demand for digital services from younger customers. Maintaining high structural costs and, at the same time, investing in the digitalisation of the business is a challenge. Investment in new technologies is very high in the sector: Spanish banks increased their investment in digitalisation (IT services and processes) by 15% in 2019 (Tadeo, 2020). As aforementioned, the impact of COVID-19 has accelerated the digitalisation process. While in January 2020 only 28% of banks had more than 60% of customers using digital channels and internal bank platforms, in January 2021 the share increased to 50% (Funcas, 2021; García, 2021). In this regard, the two elements most demanded by commercial banking services customers are digital transactions (16%) and app/web usability (15%). On the contrary, the least demanded one is physical customer service (4%). In addition, some technologies are more widely implemented (Funcas, 2021). The 96% of customers surveyed by Funcas (2021) stated that their organisations have implemented document scanning technologies, 52% for chatbots, also 52% for facial recognition technologies, and 39% for roboadvisors. If we consider the most implemented technologies during 2020, coinciding with the digital acceleration of the pandemic, the most implemented ones were chatbots (40%), onboarding processes for new customers (29%) and the aggregator of accounts from different financial services (25%). Furthermore, while the 73% of banking operations were through point of sale (POS) in 2014, the share increased to 88% in 2021 (Funcas, 2021).

Another driver of digitalisation is the entry of new actors in the sector, such as fintech companies, which are more competitive in tech-related fields of the sector and are not under the banking regulatory framework. Although investment in fintech companies was marginal in Spain before 2017 (Mansilla-Fernández, 2017), since then the country has become the sixth largest economy in the world in investment in fintech businesses (Torrego, 2021).

Besides digitalisation, the banking sector was ‘oversized’ in terms of offer before the impact of the great recession (according to the expert interviewed). Spain was the EU country with the highest banking density (less than 1,000 inhabitants per branch), with a commercial network of 46,000 branches and a workforce of 278,000 people in 2008 (Domínguez-Martínez, 2019). During the late 1990s and the 2000s, there was an expansion of lending related to the construction and real estate sectors, sectors that lead the economic activities in Spain in that period. The initial impact of the 2008 crisis affected mostly these activities, and generated customers’ defaults and turnover decrease in the banking sector. Thus, the high concentration of risk in the real estate sector (60% of credit when the crisis began) and the corporate governance problems of the savings banks- which were an important part of the Spanish banking sector- made it necessary to correct these imbalances: excess installed capacity, high liquidity gap, among others (Cruz-García and Maudos, 2016). The increase in the default rate forced the reorganisation of many entities, especially savings banks, and caused the implementation of public aids and the request of bailouts from European funds (Cruz-García and Maudos, 2016).

The crisis mainly affected the savings bank subsector, i.e., financial entities specialised in accepting savings deposits and granting loans with a special legal status regulated at regional level. These banks were private foundations with a social purpose where provincial governments and local social actors participated in their management board. Before 2007, 45 saving banks covered about 50% of the Spanish financial market's business volume. Today, only nine of these institutions remain, and only two of them-the smallest- are still savings banks. Only four of them have survived without public aid (Domínguez-Martínez, 2019). The others have been acquired (e.g., Caixa Catalunya acquired by BBVA), merged (i.e., Unicaja and Caja Jaén) and/or reconverted into private banks (i.e., CaixaBank). Most of these entities have experienced several of these processes during the last decade. These restructuring processes were the result of several reforms of the national regulatory framework aimed at counteracting the financial situation of these entities: the reforms have merged into the Law 26/2013 which regulates savings banks and banking foundations. This law allowed the maintenance of the traditional model of savings banks only for small entities with limited territorial presence. The rest were obliged to become private banks or ordinary foundations (Domínguez-Martínez, 2019).

Another important driver of restructuring in the financial services sector in Spain is the decline in the interest rate: in the early 1990s was around 15% and in 2016 stood at 0%. This has reduced the capability of financial entities to generate regular income. Moreover, the exponential growth of the Nonperforming Loan ratio forced a large-scale restructuring of assets, especially in savings banks, and it made necessary in many cases to implement public aids and to request a bailout from European funds. For example, the amount of write-downs in the real estate sector that had to be absorbed from 2008 to 2015 was around 300 billion euros. This led to the signing of the obligatory memorandum of understanding (MoU) accompanying any bailout, which defined the path followed by the sector in terms of capitalisation and restructuring (Cruz-García and Maudos, 2016).

As a result, it appeared how certain processes provoked lack of legal certainty for entities. The main example is the so-called 'floor clauses', a contractual clause in mortgage loans that establishes a minimum limit to the interest applied to monthly payments even if the interest rate falls, which were common in the real estate sector. The Supreme Court declared them illegal in 2013 and the Court of Justice of the European Union ratified this decision in 2016. The expert interviewed believes that this clause appeared transparent, had been established under the supervision of a notary and responded to an economic logic. The intervention of Justice has entailed unplanned costs to the banking entities, and the profit margins of financial intermediation have been greatly reduced. Therefore, the current low interest rates hinder recurring income in the banking business in Spain. However, if the interest rates were to rise sharply it would be a problem for the sector, because it would increase the default rate.

Large banks (i.e., Banco Santander and BBVA) have endured this period of crisis much better, and suffered less from the restructuring processes, generally caused by the impact of digitalisation and the renewal of their workforce (i.e., Banco Santander). These banks are in an advantageous position because they can diversify their income statement- mainly due to internationalisation, particularly in Latin America and to lesser extent in EU and US- and combine risks. Even so, the interviewed expert believes that there will always be room for small proximity banks, as the savings banks, with greater local knowledge of the territory and which know how to anticipate the needs of their customers: families, SMEs, and local entities. Even so, there is still an oversizing of these smaller financial entities. So, the banking supply must adjust to this new environment in which good services must be offered at a good price in order to survive.

Employment trends

Traditional banking entities face a major problem: they have to continue providing services with physical branches with large staffs and, at the same time, face digitalisation and other adverse factors such as the lack of recurring revenues and problems of duplication in acquisition and merger processes. This has led to a radical decrease in the number of save banking companies: from 60 save baking entities in 2008 to just two small save baking entities in 2018 (Caixa Ontinyent and Caixa Pollença). The rest of previous save banking entities were merged and restructured into different commercial baking companies (Banco de España, 2022; Domínguez-Martínez, 2019). This has also led to a sharp adjustment in the number of branch offices: from 46,065 to 24,004 in the period 2008-2020, with a reduction of 22,061 (-47.9%), higher than the figures for France (-9.2%), Germany (-32.7%), Italy (32.7%) or Portugal (-36.9%) (CCOO Servicios, 2021). Subsequently, the workforce of the financial services sector in Spain has decreased substantially in that period: 103,050 workers less (from 276,497 to 173,497), representing a decline of 37.3% of its employment. That duplicates the negative figures of the sector in the Eurozone, according to the structural Indicators for the EU Banking Sector of the CEB (CCOO, 2021). In terms of replacement, there were 120,311 leaves and 26,294 new employees in the period 2009-2019, two thirds of them working in the central services of companies of the sector (CCOO, 2021). The inflow of employment is generally composed of much younger workers than those leaving the sector (generally through pre-retirement plans). However, this did not impede the workforce of the sector to age more in the last 13 years (Table 1).

Table 1. Employment indicators in Commercial Banking sector* in Spain, 2007 and 2020

	2007	2020	Difference
Geographical concentration*	40.2%	44.6%	+4.4%
Female share	40.8%	51.6%	+10.8
Foreign nationality	3.1%	3.9%	+0.8%
Age group 45-65	35.3%	41.7%	+6.4%
Temporary rate	9.7%	8.0%	-1.7%
Part-timers	2.1%	2.7%	+0.6%

*Note: *Commercial Banking sector refers to NACE code 651 in 2007 and 641 in 2020 filtering the type of employer to select only private sector employees. **Geographical concentration refers to workers share in most populated provinces (Madrid and Barcelona).*

Source: Author own calculations, based on EPA (Labour Force Survey) microdata of INE (National Institute of Statistics).

Other employment variables in the period 2007-2020 show a progressive concentration of banking sector employees in most populated territories (Madrid and Barcelona) (see table 1). This is related to the closure of offices in many rural areas, while banks concentrate their new offices in highly specialised central areas. Figures also show an increasing female workers share (+10.8%).

In Spain, temporary employment rate has decreased significantly in the economy, mostly due to the discontinuity and destruction of temporary workplaces during the COVID-19 pandemic, and also the Great Recession had showed a similar trend. The decrease seems to be minor in the case of commercial banking activities, although this sector generally shows much lower temporary rates than the total Spanish economy (31.9% in 2007 and 24.7% in 2020). Part-time employment and foreign employment have slightly increased in this period. Nevertheless, financial services workforce has generally lower levels of part-time and foreign workers than the average of total economy.

Case study: CaixaBank

CaixaBank's redundancy plan of 2021 comes after the takeover of Bankia. This restructuring event has been the largest dismissal in the history of banking in Spain and has affected 14% of the company's workforce. As previously said, all the banking sector is facing a huge process of restructuring. The pandemic has accelerated processes of workforce adjustment and reduction of the banks' commercial network. *BBVA* and *Sabadell* together with CaixaBank (three of the largest banks in Spain together with *Santander*) have also agreed collective redundancy plans in 2021 that will affect around 11,000 employees.

Organisational background

CaixaBank is a Spanish bank created in 1904 and traditionally based in Barcelona, although it changed its head office to Palma (Mallorca) in 2017. Nevertheless, the company maintain its operative headquarters in Barcelona. The original name of the company was *Caixa de Pensions per a la Vellesa i d'Estalvis de Catalunya i Balears* (Saving Bank for elderly and pensions of Catalonia and Balearic Islands), although its common commercial name was *la Caixa* (the Saving Bank). Currently, CaixaBank's main shareholder is *Criteria Caixa* (30% of shares), an unlisted investment holding company that manages the assets of 'la Caixa' Foundation. The Spanish Executive Resolution Authority (FROB) became the second largest shareholder (16%) after the merger of the previously bankrupted financial services company Bankia. The FROB, created in the wake of the 2008 financial crisis, is the public authority that manages the resolution processes of credit institutions and investment firms in their executive phase. The remaining shares are owned by institutions (37%) and minor stockholders (17%) (Cinco Días, 2020). CaixaBank was the second largest banking company in Spain by asset volume in 2019 (€355,416 million) and the third largest by market capitalisation in 2021. The company's net profit increased year-on-year until 2018. Then, this evolution was slower until 2021, when its profit more than tripled, mainly due to the positive impact of the merger with Bankia (Table 2).

Table 2. Annual evolution of CaixaBank profit (in millions of euros)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Profit	230	316	620	814	1047	1684	1985	1684	1611	5226*

*Note: *2359 not considering the extraordinary impacts associated with the merger with Bankia.*

Source: CaixaBank (2021b) and CaixaBank (2022)

The entity has changed its structure substantially throughout its history, most notably with the acquisition of *Caixa Barcelona* in 1990, *Banca Cívica* in 2012 and most recently the merger with Bankia in 2020 (see table 3). *Caixa Barcelona* was a savings bank founded in 1844 by several institutions, including Barcelona City Council. *Banca Cívica* was an Institutional Protection Scheme (a mechanism for consolidating credit institutions in Spain during the restructuring of the banking sector in the past decade) comprising *Caja Navarra*, *Cajasol*, *CajaCanarias* and *Caja Burgos*, before its acquisition by *CaixaBank*. It was already located in most Spanish provinces and, due to the takeover of *Banca Cívica* in 2012, it had more than 6,000 branches in Spain (Bernad, 2017).

Table 3. List of recent acquisitions and merging processes of CaixaBank (formerly 'la Caixa')

Year	Acquisitions and merging processes
2008	Acquisition of Morgan Stanley's private banking business in Spain
2010	Merger taking in Caixa d'Estalvis de Girona (local saving bank)
2011	Acquisition of Bankpime (small and medium-sized enterprises bank)
2011	Transformation of "la Caixa" (saving bank) in CaixaBank (private bank)
2012	Merger with Banca Cívica
2013	The Fund for Orderly Bank Restructuring (FROB) transfers Banco de Valencia to CaixaBank
2015	Merger taking in Barclays Bank
2018	Acquisition of the 100% of BPI (Banco Portugués de Investimento)
2020	Common merger project with Bankia

Source: CaixaBank

Bankia was a Spanish bank with operational headquarters in Madrid founded in 2011 during the restructuring process of the Spanish financial system. It was the result of the merger in 2010 of mainly *Caja Madrid* and *Bancaja*, together with *Caja de Canarias*, *Caja de Ávila*, *Caixa Laietana*, *Caja Segovia* and *Caja Rioja* through an Institutional Protection Scheme. This resulting entity managed a significant part of the banking business at that time and received a loan from the FROB. The entity resulting from this merger had a controversial Initial Public Offering in 2011, which attracted some 360 thousand investors and was affected by the economic crisis and its impact on the financial markets. Subsequently, the entity released its real annual accounts, and its investors went to court to reclaim the amounts invested (El Economista, 2020). The state bailed out some financial institutions in 2012, as Bankia, and became the main shareholder of the institution. Between 2012 and 2013, *Bankia* received substantial public aid (€17,959 million added to the €4,465 million in 2010). The arrival of a new board of directors and the conditions imposed by the European Commission for its rescue plan led to an adjustment plan, reducing its branch network by 39% and its workforce by 28% by 2015 (El Economista, 2020).

Table 4. Number of employees and branch offices of CaixaBank, 2015-21

	2015	2016	2017	2018	2019	2020	2021
Number of employees	29972	29990	29119	29441	27572	27404	43315*
Number of branch offices	5211	5027	4875	4743	4112	3782	4600

*Note: *after the merger with Bankia financial group*

Source: Caixabank (2021a, 2021b).

CaixaBank has undergone several restructurings processes impacting on employment over the last decade, mainly in 2015, 2016, 2019 and 2021 (see table 5). As a result, the workforce of the company and the number of establishments have changed substantially over the last six years (see table 4). The company implemented a collective dismissal plan in 2015 affecting 700 formerly employees of *Banca*

Cívica (Eurofound, 2015), a supplementary voluntary early retirement plan for 431 employees in 2016 (Eurofound, 2016) and an employment adjustment plan in 2019 implying 2,023 voluntary leaves and the expenditure of €890 million to compensate affected workers (Eurofound, 2019). Moreover, before 2021, the company reports to have 3,177 new employees integrated in its workforce, 31% of them to work in central services. However, the other 69% are mostly internship or short-term contracts. The number of the branch offices has also gradually decreased (until 2021) together with the percentage of employees in its traditional model of branch offices (see table 6).

Table 5. Restructuring processes of CaixaBank, 2015-21

Year	Aims	Employees affected
2015	Adjustment after the full implementation of the merge with *Banca Cívica*.	750
2016	Pre-retirement of older employees.	431
2019	Digital transformation of its branch network.	2000
2021	Adjustment after the merge with *Bankia*.	6452

Source: Eurofound (2015, 2016, 2019 and 2021).

Moreover, according to the Management, changes in the financial sector make it necessary to keep employees constantly updated and open to changes in the business model. CaixaBank's training model differentiates between standard training- mandatory by regulation-, training recommended by the entity and self-learning training- decided by each employee. Within the recommended training, the bank has various programmes aimed at improving the digital skills of its employees: a digital proximity programme (aimed at the functions of the branch network to learn more about digital commercial tools), to which 42,655 employees participated in 2020. A programme of transformation pathways in the digital era (to strengthen digital talent and learn how digital transformation impacts the business model with customers and employees) with 20,042 participants. A programme on financing safety and security systems, to which 18,027 employees participated. Another programme on commercial culture and office management with 16,098 participants. And a final training programme on Office 365 use with 8,444 employees participating (CaixaBank, 2021a).

Table 6. Employment indicators of CaixaBank, 2016 and 2020

	2016	2020
Female workers	52.6%	55.2%
Average age of workers	43	44
Rotation ratio	2.8%	1.5%
Average seniority	15	17
Commercial workforce in traditional branches	79%	50%

Source: Caixabank (2021a).

In 2020 the company acquired 2,101 offices and 15,911 employees of Bankia. This led to the announcement of a new collective redundancy plan in 2021, initially affecting 8,291 employees (18.7% of the workforce) and resulting in the closure of 1,500 branches (27% of the total network) (Eurofound, 2021). The most affected communities were Madrid, Andalusia, Valencia, and Catalonia. The estimated cost of compensation to implement this plan was €2.2 billion, but the figure now stands at €4 billion.

Currently, 88.4% of CaixaBank's employees work at its commercial network, 7.5% in central services and 4.1% in support services. The percentage of women in the workforce has risen from 52.6% in 2016 to 55.2% in 2020, due mostly to the greater number of men leaving the company in recent collective dismissals. But also, the slightly higher recruitment of women (51% of new employees). The average salary is €64,471 and the average length of service is 17 years. The average age of employees has increased slightly from 43 in 2016 to 44 in 2020 (see table 5). Even so, the company considers that it has avoided a further ageing of the workforce thanks to early retirement plans and voluntary leaves of workers older than 50 years, as well as the partial replacement of these leaves with new younger employees (CaixaBank, 2021a). The temporary rate in the company was 0.6% in 2020.

Drivers for the restructuring case

There were different drivers in each of the restructuring processes implemented in the last six years. In 2015, CaixaBank's management requested a necessary reduction of surplus staff in the regions where the absorbed Banca Cívica previously operated: Andalusia, the Canary Islands, Navarre, and Burgos. The adjustment carried out in 2016 had the same motivations as it was a continuation of the 2015 plan. Unlike the two previous ones, the main driver highlighted in the 2019 adjustment plan was to advance in the transformation of the urban branch network, maintain the branch network in rural areas and strengthen digital services. The bank wanted to extend its store branch model in urban areas: larger offices, focused on personalised customer service and with longer opening hours, which also meant closing branches.

Regarding the restructuring process agreed in 2021, as a consequence of CaixaBank's merger with *Bankia*, there was a branches duplication. 7 out of 10 of its branches provided services in a geographical area already covered by other branch offices of the company. In addition, the existence of negative interest rates since 2016- which causes the reduction in the bank's profits- also motivated the adjustment. The company's technical report, which was delivered to the unions at the beginning of the consultation process, also highlighted the digitalisation as one of the drivers of this latest restructuring. Changes since the start of the pandemic (i.e., increased use of digital and remote tools by customers and employees) have redefined the bank's priorities to further accelerate its digital transformation. Indeed, the bank presented the merger between CaixaBank and Bankia as a great opportunity to achieve success before the challenge of digital transformation. With this merger, CaixaBank expected to reach a larger number of customers, with a great optimisation of costs by reducing branches and employees, and to carry out joint investments for digital transformation (CaixaBank, 2020). Moreover, the bank invested €933 million in the digital and technological transformation of the company in 2020: for the migration of solutions and processing to the cloud and for the transition to an internal IT architecture based on APIs (Application Programming Interface), to significantly reduce operating costs, reduce projects time-to-market, accelerate application development and increase IT resilience (CaixaBank, 2021a). The aim of these investments was, for example, to increase the 25% of people in IT departments working in agile methodology in 2020 to 33% in 2021 and to reduce by 25% the time-to-market of new projects (CaixaBank, 2021a).

However, the CaixaBank Employees Union (SECB) believe that real reasons behind the restructuring event were to increase profits at the cost of closing branch offices, reduce the number of middle managers and employees at headquarters, and worsen rights previously attained (i.e., social plan to supplement pensions). In any case, once productive and organisational causes described in the technical report were analysed, both parts agreed to consider adequate the mentioned before causes reported by the Management. Thus, the agreement recognizes that the restructuring process is to be implemented to 'achieve a unified structure for both entities in terms of centralised services, avoid overlaps in the commercial network, and change towards a more efficient business model that adapts to the new market conditions and demand currently existing in the financial sector' (CC.OO., 2021).

The restructuring process

CaixaBank announced to the workers representatives its plans to negotiate a collective redundancy plan in April 2021, following formal procedures according to articles 41 and 51 of the Workers Statute. The company presented the plan from the outset as a restructuring plan. However, trade union representatives submitted a 'counter-report' which, according to SECB, refuted all the reasons put forward by the company to justify the plan. The company initially proposed the layoff of 8,291 employees (18.7% of the workforce), mostly branch staff, as more than 1,500 branches were to be closed (28.7% of the total network). The most affected geographical areas were Madrid, Barcelona, Valencia, Murcia, Balearic Islands, Las Palmas, Alicante, Granada, Seville and Cadiz, among others (Eurofound, 2021).

According to the union side, the company's first proposal offered dismissed employees worse compensation compared to previous adaptation plans and did not offer good working conditions for those who remained employed at the company. In particular, the company proposed the payment of 50% of salary multiplied by four (maximum two annuities) for employees aged 55-58 and 15 years of seniority; an indemnity for early retirement of 50% of salary for employees aged 58-63 with more than 15 years of service; 20 days per year worked (maximum one annuity) for those older than 63; and 25 days of compensation per year worked with a maximum of 18 monthly payments for the rest of the staff (Zuloaga, 2021).

In addition, the management required half of affected workers to be younger than the age of 50. At this age is more likely that workers begin to voluntarily join collective redundancy plans. Therefore, the strategy would have implied that a part of the redundancies could be non-voluntary. The union side expressed their opposition to this initial proposal. These clauses were unacceptable for SECB. For the Working Commissions (CC.OO.), it was a provocation since it was entailing very low conditions for severance payments. General Union of Workers (UGT) stressed out that the adjustment was falling only on the workforce (De Barrón, 2021). Furthermore, the beginning of the negotiation process coincided with the pay rise for CaixaBank board members. In the case of the new president of the entity, the remuneration tripled (from €500,000 to €1.65 million). For the unions, this was 'absolutely incongruent' with the cuts in staff and conditions of the restructuring process.

The negotiation process between the management and the union side lasted for more than two months: the agreement was reached in July and led to the reduction of the maximum number of affected workers to 6,452 employees. That involved 22% less than the initial number and the 14.5% of the total workforce (85% of them branch staff). This adjustment represents the largest collective redundancy in the history of Spanish banking sector and the third largest in the Spanish private sector after Seat (9,000 affected workers in 1993) and Telefónica (8,500 in 2011). Moreover, the agreement established the implementation of exclusively voluntary leaves for affected workers, requiring at least six years of seniority. According to CaixaBank's management, the agreement signed is consistent with obtaining a minimum of €770 million in total cost synergies targeted in the announcement of the merger with *Bankia* (CaixaBank, 2021c). Likewise, the company estimated €2.2 billion of cost for the collective dismissal plan during the merger project, and the current estimation is to finally reach around €1,9 million (Cinco Días, 2022).

Compensation scheme

The agreement establishes an economic compensation scheme above the legal minimum (Eurofound, 2017a). Specifically, it defines three age groups for the application of this scheme to employees who voluntarily leave the bank (CaixaBank, 2021c):

- Affected employees aged 54- 63 receive an instalment payment of 57% of their annual gross fixed salary and a bonus between €18,000 and 28,000 gross depending of their age. In addition, *CaixaBank* guarantees the maintenance of 100% of the contributions to the company's pension plan, to the private health care policy, and to other social benefits (i.e., capital insurance in cases of absolute permanent and severe disability). Although these conditions are applicable to all employees older than 54 years with the required seniority, the agreement establishes a maximum of 1,750 employees aged 54 and 55 in order to prioritize older workers.
- Affected employees aged 52 and 53 receive an instalment payment of an amount equivalent to 57% of their annual fixed salary multiplied by 7, plus an additional bonus payment of €38,000 gross. The amount is monthly paid until the age of 63. The maximum number of members of this age group is 750 people.
- All other employees receive a one-off payment of 40 days fixed salary per year worked, with a limit of 36 monthly payments and an additional bonus (€23,000 for employees with more than six years seniority and €13,000 for employees with less years of service).

Implementation phases

The agreement provides for several stages for the gradual implementation of the redundancies (see table 7), according to the location in the case of the commercial network and according to functions in the case of central corporate services (CaixaBank, 2021c). During the first phase, 8,246 employees applied to join the voluntary redundancy plan (for 6,452 positions). The SECB identifies this as a symptom of the level of stress and pressure on the business goals of employees in the company. This can be related to the accelerated transformation of the sector, where functions in branch offices rapidly change and traditional assisting customers occupations tend to disappear. Nevertheless, the proposal of good conditions to pre-retire, which guarantees almost the same level of earnings until retirement age, seems to be an important incentive for voluntary leaves.

Table 7. Implementation phases of the CaixaBank collective dismissal plan in 2021

Phases	End date	Summary
First phase	October 2021	8,246 workers applied to join the voluntary redundancy plan. 5,937 applications accepted.
Second phase	December 2021	Internal flexibility measures to avoid non-voluntary leaves. 1,233 workers voluntary dismissals.
Third phase	January 2022	2,700 voluntary redundancies.
Fourth phase	March 2022	600 voluntary leaves expected.
Last phases	End of 2022	2,700 voluntary redundancies expected.

Source: Caixabank (2021a).

In October 2021, CaixaBank completed the first phase of the collective layoff plan; it accepted 5,937 applications. Therefore, the second phase began with over-requests in 32 provinces. However, the use of internal flexibility measures- functional and territorial mobility- allowed to adjust the acceptance of voluntary leaves in centres and territories with too many applications. Therefore, it solved the surplus in other business areas and territories and avoided the possibility of non-voluntary redundancies. This second phase concluded with the dismissal of the first 1,233 workers in November and the closure of 500 offices in December. The third phase of the plan ended in January 2022 with another 2,700 voluntary redundancies, thus completing more than 60.5% of the redundancies planned in the agreement.

According to CaixaBank, the next phase of the plan is finishing in March 2022, with a new round of voluntary redundancies. The plan is expected to be fully implemented at the end of 2022, the 70% of affected workers will be dismissed in the first quarter of 2022. Thus, at least 600 more employees are expected to leave in March, although the management assures that this figure is defined and adjusted according to the commercial and business strategy. On the contrary, SECB assures that all redundancies are expected to be implemented by July 2022.

Collective representation and consultation process

As said before, CaixaBank's management and the unions had agreed on several collective redundancy plans in recent years. However, there was no prior agreement or protocol on how to handle new cases of restructuring. According to SECB, the management set up the negotiating table with the unions on 13 April, informed them of the initial restructuring plan on 20 April, and on 14 May the plan was reported at a shareholders' meeting. It is a legal obligation that workers' representatives are informed first and then the staff, shareholders, the press, etc. In the following days, the negotiating committee for the agreement was formed. On the one hand, CaixaBank's management was mainly represented by the heads of the bank's labour law department. On the other hand, the workers representatives' side agreed on the structure of the negotiating table according to the percentages of representation of each trade union decided by union elections at company level:

- Working Commissions (CC.OO.) is the largest trade union in Spain and at CaixaBank is represents 36.33%.
- Force, Independence and Employment Federation (FINE), a banking sector union with 25.74% representation in the company. Its members CaixaBank Employees Union (SECB) and Independent and Plural Union Action (ASIP), corporate unions of CaixaBank and Bankia respectively, participated directly in the negotiation process.
- General Union of Workers (UGT) is the second largest Spanish union and the third largest at the CaixaBank with 17.96% of representativeness.
- The union of technicians and managers (ACCAM) and Financial Sector Employees Union (SESFI) are formerly Bankia's corporate unions, with 6.96% and 1.54% of representatives respectively; Banking Employees Association (ACB) is a professional union affiliated to the Spanish Federation of Financial and Saving Services Federation (FEPFA), with 0.65%. These three unions merged after the agreement (September 2021) to form the Credit Entities Employees Association (ACEEC), which is now the fourth largest union at CaixaBank.
- The Credit Workers' Union (CIC) and the Autonomous Savings Workers' Union (SATE) are professional unions in the financial services sector. Both have an alliance representing the 5.90% of CaixaBank’s employees.
- The General Confederation of Workers (CGT) is a minority union at national level, with 1.78%.
- The Balearic Working Union (UOB) is a minority regional union with 1.29%.
- The also minority regional Balearic Independent Union (SIB) has 0.89% of representativeness.
- The professional union Catalan Saving Federation (FEC) has 0.89%.
- The alliance of the regional Commissions of Abertzales Workers (LAB) and Solidarity of Basque Workers (ELA) has 0.16%.

As mentioned before, trade unions completely rejected the company's initial plan, especially regarding the number of people affected, the compulsory nature of a large part of the redundancies and the number of economic compensations. But they also complained on the modification of recently signed labour agreements (i.e., the welfare pension plan). The SECB president claimed that controversies arose because the management provided information that was biased in favour of its interests to justify the restructuring. SECB therefore produced a counter-report taking to pieces many of the management arguments to validate the adjustment. The SECB also blamed the management for lack of cooperation to provide enough information to reach economic conclusions and assessments (i.e., the negotiation of the employee pension plan).

The consultation period began on 11 May 2021 with the delivery to the workers' representatives of the legally required documentation and the formal constitution of the negotiating committee. The committee held 15 meetings (three in May, eleven in June and one in July) during which the Management provided additional information and documentation, according to SECB president. Both parties discussed and negotiated at these meetings firstly the causes of the collective redundancy procedure and then the measures to reduce its impact and minimise its consequences. During this period, the trade union side called several days of strike action at national level. First three partial stoppages with the aim of extending the consultation period for another month (initially until 10 June): on 2 June (30 minutes), 7 June (one hour) and 9 June, the latter of which was called off after the management extended the consultation period by three weeks. The unions then called for two more days of strike action (this time for the whole day). On the one hand, on 22 June, with a 90% follow up and the closure of 70% of the offices (according to unions). On the same day, the management proposed to the unions a reduction of the number of workers affected to 6,950 and finally on 29 June, close to the end of the consultation period, decided the closure of more than 90% of the bank's branches and a drop-in activity of more than 95% (according also to the union side), which led topublic protests by thousands of workers. The goal of this protest was to make all the leaves voluntary in the adjustment process. This has been the first general strike call in the long history of the company (except for the labour reform of 2012).

According to the SECB president, forced dismissals were avoided thanks to the role of collective bargaining and the support of the staff following strike calls. The SECB president emphasised that CaixaBank's redundancy plan is the only one agreed in the financial sector in Spain only with voluntary leaves and relates this to the union's independence. Other commitments in the agreement that have been proposed by the union side for employees who remain in the company are, for example, leave for medical treatment for children of up to 10 recoverable hours per year and an additional day off when the worker must take regulatory training exams on Saturdays or holidays.

From its side, the CaixaBank‘s management thanked all workers representatives involved in the two and a half months of negotiations for their efforts and willingness to bargain in order to reach an agreement that could assure the bank's competitiveness and sustainability in the future (CaixaBank, 2021c). The management and unions maintain a committee to regularly monitor the negotiating table, as the process of implementing redundancies is still open. In addition, these monitoring committees also serve to solve problems that arise when applying the agreed measures.

Support to affected workers

In addition to the 6,452 people affected by voluntary redundancies, the agreement includes an internal relocation plan: 570 direct relocations and 138 indirect relocations offered to the entire workforce through a selection process in subsidiaries of the CaixaBank Group (see table 8), involving in some cases geographical mobility within Spain. Relocated workers are selected based on their professional profile and needs of destination companies. These employees will have the possibility to return to the bank after a period of five years (CaixaBank, 2021c).

Outplacement plans are a legal obligation in Spain for companies when collective redundancies affect more than 50 workers (Eurofound, 2017b). In the case of the recent restructuring of Caixabank, the agreement establishes an outplacement plan for 24 months (over the mandatory minimum of 6 months) for those affected, including training programmes. The novelty of this plan is that once affected workers get a new job, there will be an additional year of accompaniment to ensure that the employment is stable. During this time, they will be able to access training and new job offers. For this plan, CaixaBank has contracted to the outplacement company Lee Hecht Harrison (part of the Adecco group) supported by the consultancy firm McKinsey and sectoral organisations to analyse new employment opportunities at local level in the short and medium term (CaixaBank, 2021d). In any case, the trade union side stressed that this outplacement plan does not specify either its content or its form and generates false expectations of job placement, as it would have been very difficult to find new opportunities in the sector for dismissed workers, due to the current restructuring of the financial services sector (SECB, 2021b). Additionally, the SECB chairman believes this program will not be very necessary because the adjustment has only affected people who voluntarily left the company, assuming many retirees are in early retirement or have plans outside the financial sector.

Table 8. Internal relocations among CaixaBank's subsidiary companies

Subsidiary company activity	Direct relocation	Indirect relocation
Design of new financial services	457	
Divestment of the group's real estate portfolio	26	52
Management of non-performing loans, legal advice, and operational banking services	26	24
Customer service	23	32
Big data analysis	29	16
Digital services platform for young people	3	
Health & Safety services	3	
Facilities Management services	3	
Granting of microcredits to businesses, entrepreneurs, and families		4
Life insurance and pension plans		10

Source: SECB (2021a)

Restructuring outcomes

Business model conversion

The CaixaBank's management and union representatives also agreed to modify the bank's commercial model, by increasing the number of branch offices- known as Store branches- from 574 to 928. This new model is more focused on better adapted to new customer advice and habits. CaixaBank opened the first of these store branches in 2013, which are larger than traditional offices, with extended opening hours (i.e., in the afternoon, unlike other branches in the banking sector) and more services aimed to improve the customer experience. Each branch has experts for specific customer segments, with whom they can make an appointment, avoiding queues. In addition, the number of employees assigned to inTouch centres, i.e., the digital customer service model that offers personalised attention to customers through remote technological channels, increased to 2,900 (CaixaBank, 2021c). The agreement also reinforces the customer service model in rural areas, by expanding the number of branches and maintaining the mobile branch service. In this regard, the bank and the unions have also agreed to maintain its services in all areas where they are the only banking operator, to promote financial inclusion. Specifically, CaixaBank's forecast is that, by 2022, 41% of its branches will be in towns with less than 10,000 inhabitants.

Labour integration agreement of formerly Bankia employees

Both parties have also reached an agreement on the labour integration of the formerly 15,000 Bankia employees into CaixaBank. The agreement guarantees Bankia's current annual remuneration and establishes a progressive alignment with the conditions in force at CaixaBank. Thus, the working conditions established for CaixaBank will apply to the absorbed Bankia employees from September 2022. Contributions to employee pension plans will also be progressively aligned with CaixaBank's conditions over the same period. The rest of CaixaBank's social benefits and healthcare policy will be applied immediately.

Conclusions

The recent restructuring event of CaixaBank has been very significant: the largest collective redundancy in the history of Spanish banking sector and the third largest in the Spanish private sector. But it is also a legacy of the substantial restructuring process in the financial services sector over the last decade: the institution is the result of mergers and takeovers of savings banks which have been implementing employment adjustments due not only to digitalisation, but also to problems of workforce duplication in the merger processes and to other aspects related to the sector's regulatory framework. This is the case of the judicial ban of ‘floor clauses’, that entailed unplanned costs and reduced profit margins of banking entities. Although the COVID-19 crisis has accelerated the digitalisation of processes in the company, the impact of the pandemic seems to have played a minor role in this restructuring. This adjustment represents the culmination of the long process of restructuring of the Spanish banking sector over the last decade. Likewise, future restructuring processes at CaixaBank will be more related to changes in the financial market and new mergers.

CaixaBank's latest profit figures for 2021 show that the merger project was economically coherent. However, the bank's first proposal for the restructuring process after the merger did not seem consistent with the estimated figures. The initial rejection of the workers' representatives had one main message: if the merger of CaixaBank and Bankia was expected to generate greater profits, the costs of this operation should be distributed fairly. In the end, the agreement established economic conditions far above the legal minimum and even above those of other restructuring processes in the Spanish banking sector; it resulted in a reduction of the number of announced affected workers, in the avoidance of non-voluntary leaves, and in the implementation of internal relocations as an alternative to dismissals.

The bargaining process proved the importance of institutional resources: the maintenance of regular meetings between mutually recognised actors under the legally established framework granted a satisfactory agreement between both sides. Also the use of structural resources by unions has been relevant. The call for the first strike in CaixaBank's history seemed to be decisive in reducing the number of employees affected and the absence of non-voluntary dismissals. In this sense, the management finally made a commitment to social peace in the company, by increasing the planned expenditure on compensations derived from the employment adjustment plan. In any case, the company had room for manoeuvre because the adjustment plan was not caused by financial or bankruptcy problems but resulted from a merger operation aimed at making the business grow. Therefore, the real impact of some union strategies to counterbalance the bargaining processes must be considered in relation to each economic reality or sector.

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List of interviewees

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Begoña Peiró	President of SECB - Sindicato de Empleados de CaixaBank

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