

Recommendations of the ILO Tripartite Workshop to Promote Social Dialogue on Financial Services Reforms in Selected Asia and Pacific Countries

(Jakarta, Indonesia, 5-6 August 2015)

General Introduction

1. In accordance with a decision of the Governing Body, the ILO organized a tripartite workshop in Jakarta, Indonesia, on 5-6 August 2015. The workshop brought together delegations from Australia, China, India, Indonesia, Japan, Malaysia and the Philippines, although not all tripartite. Worker observers also participated from India, Indonesia, Japan, and the Philippines, as did resource persons from UNI global union and the International Organisation of Employers to present international perspectives on the issue under discussion. The purpose of the workshop was to promote social dialogue on financial services reforms in Asia and Pacific countries, especially in the context of anticipating and putting in place guiding principles to deal with financial crises as well as with the on-going integration of the member States of ASEAN into an Economic Community, including into a single financial services market.
2. The following are the agreed recommendations adopted by workshop on 6 August 2015.

Preparing contingency strategies to anticipate, prevent, and mitigate the effects of crises on the financial services sector and the wider economy

3. The workshop noted that the region had emerged relatively unscathed from the global financial and economic crisis, probably because, as a result of lessons from the 1997-98 Asian Financial Crisis, countries in the region had put fundamentals in place to ensure better and more effective supervisory and regulatory systems for the banking and financial services industries and accumulated sufficient reserves while ensuring that their banks had more

adequate capital ratios to weather crises. However, concern remained that persistent negative effects of the crisis in their main trading partners could still bring delayed impacts of the crisis to the economies of countries in the Asia and Pacific region. Furthermore, given the cyclical nature of financial crises, it was essential that Governments and the social partners put in place contingency strategies and mechanisms to anticipate, prevent or mitigate the social, economic and employment consequences of the current or any future crises.

The critical role of social dialogue in crisis response, including the formulation and implementation of stimulus packages

4. Participants underlined the importance of social dialogue in all crisis response. It was essential for the ILO's tripartite constituents to put in place institutions of social dialogue as well as mechanisms to ensure the effectiveness of such dialogue.
5. This required that governments in the region work closely with their social partners to create conducive environments in which worker and employer organizations enjoy effective independence and autonomy and in which all parties refrain from interfering in the establishment, functioning and/or administration of social dialogue counterparts. It is also necessary to ensure that social dialogue in all its forms, whether in the form of information exchange, consultations or collective bargaining, is carried out in full observance of the autonomy of the parties and the respect for the rule of law, through effective labour inspection and enforcement and strengthening of dispute prevention and resolution mechanisms.
6. Emphasizing the crucial role of social dialogue in effective labour-management relations, including for crisis anticipation, prevention or mitigation, and managing adjustments, participants recommended that national bodies to

consider anti-crisis measures should include ministries of labour, as well as representatives of employers' and workers' organisations. This was the only way to guarantee that the voice of the actual actors in the real economy, including the financial industry, was taken into account. It would ensure, moreover, that any crisis prevention and response measures incorporate the essential elements of the ILO Decent Work Agenda. Some examples cited by participants from their countries, which had been effective in responding to effects of crisis and change management, could inform the design and implementation of measures by the ILO's tripartite constituents in other countries of the Asia and Pacific region, as well as in ensuring a social dimension to the ASEAN economic community integration project. These included policy measures to encourage enhanced consultation among a wide range of concerned government departments and the social partners to formulate appropriate national and sector-specific anti-crisis contingency strategies as well as the robustness of measures to ensure a social dimension to the ASEAN single market project.

7. Within overall policy strategies to anticipate and prevent crises, the ILO tripartite constituents should also consider the constitution of national and regional tripartite councils, as in the case of the Banking Industry Tripartite Council in the Philippines, to act as a tripartite national and regional sectoral monitoring and evaluation mechanisms on crises anticipation, prevention and mitigation.

Addressing employment and the labour and social dimensions of crises

8. The workshop recognized that restructuring, whether as a result of eventual effects of the current global crisis or future crises, could affect jobs and employment in the financial services sector of different countries in the region. In any situation where restructuring might become necessary for whatever reason, efforts should always be made to explore alternatives to redundancies

and terminations, using them only as a last resort, after timely sharing of information and proper consultation with workers' representatives. Contractual commitments made to workers and national worker protection legislation must be respected.

9. Governments, employers' and workers' organizations should, through social dialogue, among other things, promote the retention of as many jobs as possible. In order to improve affected workers' employability it was proposed that workers' skills be continuously enhanced through life-long learning and supportive active labour market policies. Training and retraining should be stepped up to address job displacement, providing skills that are properly aligned to the requirements of the labour market and accessible to all without discrimination on any basis. In this context, innovative approaches to training, including through e-learning and its financing should also be explored. The social partners shall work together to introduce effective training programmes, at appropriate levels.
10. It was also important for governments and the social partners to ensure equitable employment and other human resource management practices in the sector, even in the context of crises-related reforms or from other causes.

Taking account of the jobs and labour implications in monetary and regulatory aspects of crisis response

11. In responding to economic and financial crises, it was essential to look beyond monetary and fiscal policies, to encompass the objectives of job creation and the safeguarding of employment across both the economy as a whole and in the financial services sector specifically. This should also be included among the topics for social dialogue.

12. Efforts aimed at modernising the regulatory frameworks for the financial services sector should take into account lessons learnt from this and previous global crises. Consultations on such reforms should take into account the views and sector-specific knowledge of the social partner organisations in the sector. This should extend to consideration of how enhanced and continuous professional development programmes could ensure managers and workers in financial institutions and the sector as a whole have the knowledge, skills and commitment to act in a manner fully commensurate with their fiduciary and other obligations.
13. Given the critical role of financial services to the health and vitality of the economy and society as a whole, greater oversight and prudential management of the sector's institutions was required to avoid or at least reduce the frequent eruption of financial crises. It was instructive to note in this regard, how state-owned banks and other financial institutions in some of the countries with participants at the workshop had played a very critical stabilising role during crises.

The role of the ILO

14. The workshop considered that the conclusions of the Global Dialogue Forum on the Impact of the Financial Crisis on Finance Sector Workers, especially the call in Part 2 of the conclusions was particularly relevant to the countries of the Asia and Pacific region. The ILO should, as appropriate, provide technical, advisory and material support to constituents in the financial services sector to monitor signs that crises might be in the offing and advise on the formulation of reforms most supportive of employment and the social and labour dimension in accordance with each country's decent work circumstances.
15. In order to ensure that member States in the region effectively use social dialogue to anticipate crises, and formulate and implement effective strategies

and practical measures to prevent them or mitigate their negative impacts, participants considered it imperative that the ILO provide support to the sectoral constituents to strengthen their capacity for genuine social dialogue. Such support should include training of Government officials involved in social dialogue, reinforced capacity of labour administrations and inspectorates, as well as support to the social partners for their effective participation in social dialogue, including for anticipating and responding to possible effects of global crises.

- 16.** The ILO should also more actively promote in the Asia and Pacific region the labour standards and ILO policies and decisions most relevant to the monitoring, analysing and responding to global crises in ways that promote thriving and sustainable financial services sectors that support healthy economies, equitable outcomes for working people, and positive benefits for the wider society as a whole.

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