



Technical meeting on the impact of digitalization in the finance sector

Geneva, 24-28 January 2022

Conclusions

Technical meeting on the impact of digitalization in the finance sector,
Having met virtually from 24 to 28 January 2022,
Adopts the following conclusions:

Challenges to and opportunities for decent work in the context of digitalization, and other key drivers of change

1. The financial services sector plays a vital role in the functioning of economies and societies; it can also support the reduction of inequalities, when aligned with the broader sustainable development agenda, and reduce gaps in access to finance.
2. The sector provides considerable direct employment. In many developing and emerging countries, this applies particularly to young people and women. It is also a key enabler of job creation across sectors through access to finance. The sector has been fundamental for business continuity and economic recovery in relation to COVID-19, in reducing the negative consequences of the pandemic on the most vulnerable groups and will continue to be so.
3. The mass digitalization of the sector has been transformative. Through digitalization, the sector can further boost innovation and entrepreneurship, and it can support the just transition to a low-carbon economy. Digitalized financial services delivered by all workers have the potential to reach millions of people and enterprises in rural and remote areas, particularly micro and small enterprises, and facilitate the transition from the informal to the formal economy. To do so, we should eradicate the digital divide.
4. At the same time, digitalization and new technologies can be disruptive, and are changing business models and processes as well as the jobs and skills requirements in the sector. Changes in the organization of work – including the increasing use of remote work – can have important implications on conditions of work, on occupational safety and health, as well as on work-life balance.
5. Social dialogue is a key tool to manage the social impact of digitalisation and facilitate the introduction of new technologies.

6. The COVID-19 pandemic has modified the form in which the financial services are provided and increased digitized financial services; it has accentuated digital skills shortages in countries and accelerated the digitalization of work processes, the use of remote work, and task automation. The pandemic also highlighted the importance of frontline work and the importance of the sector for overall economic recovery and business continuity.
7. Digitalization has resulted in the restructuring of the financial sector, with in some cases job losses in traditional occupations in the sector. Social dialogue in all its forms, including collective agreements, where they exist, has proved effective in managing the impact of restructuring in the sector, including on working conditions and working arrangements.
8. Digitalization has also resulted in changes in job profiles and has created new types of jobs and occupations, calling for greater investment in education, the development of new skills, upskilling and reskilling to respond to current and future labour market needs, and to create decent work opportunities. Skills mismatches can be an obstacle for workers to enter the labour market and maintain jobs, to enterprise development and growth, and may lead to informalization of work, particularly in developing countries and in low-skilled jobs. Many people still do not have access to internet and considerable digital divides still exist between and within countries, and with respect to vulnerable groups.
9. New technologies support digital financial enterprises to collect, process and use a great amount of data, to comply with financial regulations and in relation to workers and customers, posing at the same time challenges around data protection and privacy, as well as cybersecurity and algorithmic decision making.

Harnessing the fullest potential of technological innovation in the financial sector, to achieve decent work, sustainable enterprise development and financial inclusion

10. In order to harness the sector's fullest potential and achieve decent work, policies and programmes should be put in place to address the existing digital and financial divides and ensure a just sharing of the benefits for all, through social dialogue.
11. Sustainable finance is particularly important in this context to ensure the alignment of the sector with the needs of workers, clients, and enterprises, and the goals of society, including the climate action agenda and the sustainable development goals, as well as the engagement of all social partners and other stakeholders in these processes.
12. Governments have a key role to play in establishing, and strengthening, where it exists, an adequate regulatory environment which creates a level-playing field for businesses to provide decent and productive work in the sector, both for traditional banks and insurance companies, as well as for new emerging actors such as tech companies. Together with the social partners, they can promote job creation and better working

conditions in the digital financial sector through investment in digital infrastructure, digital literacy, and skills, including digital skills development and lifelong learning. At the same time, measures need to ensure rights at work, digital inclusion, and equal access to benefits for all.

- 13.** Targeted policies are needed to support skills development and lifelong learning for all workers in the financial sector, including through social dialogue and partnerships across the education and training sectors, to enhance employability and adaptability for a just transition in the face of digital transformation and enhance workers' capacity to make use of the opportunities available for decent work.
- 14.** Measures should be developed so that remote work and other work arrangements effectively enhance productivity, facilitate job retention, promote decent work opportunities, and foster inclusion. Remote work arrangements should be voluntary, negotiated and should guarantee the fundamental principles and rights at work. They should ensure respect for working time agreements; the workers' rights not to engage in work-related activities and communication outside working time; work-life balance as well as privacy and data protection, in line with national laws and regulations.
- 15.** Measures should be developed to respond to emerging health and safety risks associated with digitalization, such as violence and harassment, psychosocial and ergonomic risks, and inappropriate use of data and surveillance systems, guided by international labour standards.
- 16.** Digitalization, when well-organized and regulated, can support women's access to financial sector jobs, as well as their career opportunities, by facilitating work-life balance. Policies and strategies need to ensure a balanced sharing of family responsibilities.
- 17.** Digitalization can also be a tool to provide decent work opportunities and inclusion for people with disabilities.
- 18.** Social dialogue has diverse forms and levels depending on the context and traditions in each country, with collective bargaining at its heart. Consultations, exchanges of information and other forms of dialogue between social partners and with governments can help identify strategies to address the impact of digitalization. Social partners in the sector have negotiated transnational agreements. Such agreements can ensure a more equitable access to skills development and lifelong learning for all and support the anticipation of skills needs in the sector, including investment in professional skills. Social dialogue can also help develop responsible financial products, and devise regulations and policies that are responsive to the needs of the sector, ensuring an enabling environment for private investment, innovation, sustainable enterprise development and decent work. For example, in Europe, the social partners have signed a number of Joint Declarations on the subject, including the "Joint Declaration on remote work and new technologies" in the banking sector, signed in 2021, and the "Joint declaration on the social effects of digitalisation" in the insurance sector signed in 2016 and 2018 (follow up).

Recommendations for future action by the International Labour Organization and its Members

19. Governments, in cooperation with employers' and workers' organizations, should:
- a) engage in effective social dialogue in the sector, including on the impact of digitalization, in order to ensure decent work for all and a human-centred approach to the future of work in the financial services sector;
 - b) put in place a policy environment and measures to promote the creation, attraction and retention of decent and sustainable jobs and harness the fullest potential of digitalization, to develop adequate protection for all workers, including with respect to remote work arrangements, to promote productivity growth, and to improve labour conditions;
 - c) promote public investments in digital infrastructure as well as investments in lifelong learning, skills development, including professional skills and technical and vocational education and training, that ensure decent and sustainable employment for the current and future workforce in the rapidly transforming financial services sector;
 - d) create an enabling environment for entrepreneurship and sustainable enterprises and support the role of the private sector as a principal source of economic growth and job creation, including through investments and innovation, as well as financial inclusion for micro, small and medium sized enterprises;
 - e) provide adequate working conditions and safety and health at work, including in relation to the prevention and management of psychosocial risks for all financial services workers, and protect them against violence and harassment, regardless of the nature of their employment status or working arrangements;
 - f) ensure access to universal, comprehensive, adequate and sustainable social protection to all financial services workers;
 - g) explore policies and strategies that promote respect for working time agreements; the workers' rights not to engage in work-related activities and communication outside working time; work-life balance; as well as issues around privacy, cybersecurity and data protection, algorithmic decision-making and protection of whistleblowers.
 - h) explore measures that combine the promotion of women in technology and in leadership positions and governance with policies promoting broader gender equality, including equal opportunities, equal pay, equal participation, equal treatment, and a balanced distribution of family responsibilities;

- i) put in place strategies and policies to promote financial literacy, in particular for rural women, youth and micro entrepreneurs, as well as people vulnerable to discrimination.
- 20.** Governments have the duty to adopt, implement and effectively enforce national laws and regulations and to ensure that fundamental principles and rights at work and ratified international labour Conventions protect and are applied to all workers in the financial services sector, taking into account their obligations under other international labour standards. Governments, employers, and workers should respect the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.
- 21.** The Office, based on its mandate reinvigorated by the ILO Centenary Declaration for the Future of Work, should:
- a) promote the ratification and effective implementation of international labour standards and strengthen the capacity of constituents to respect, promote and realize the fundamental principles and rights at work;
 - b) build the capacity of constituents to develop strategies and engage in effective social dialogue to ensure decent work and a just transition for the current and future work force and to effectively participate in the design and implementation of lifelong learning and skills development programmes, including training and development on digital competencies;
 - c) develop research, collect and regularly disseminate good practices and data on digitalization and on its impact on industrial relations in the finance sector; as well as on emerging OSH issues and skills development and life-long learning and on employment, and other trends and developments concerning technological innovation and digitalization and gender-responsive methodologies to forecast future skills needs;
 - d) provide guidance on effective policies aimed at harnessing the fullest potential of technological progress and digitalization in the sector, especially for MSMEs;
 - e) conduct regional meetings and workshops to ensure that the digital transformation, including changes in the organization of work, provides decent work in the sector, and to discuss other relevant topics as deemed pertinent;
 - f) design and implement development cooperation projects to advance decent work and digital financial inclusion in the sector, taking into account the diverse circumstances, needs, priorities and levels of development of its Member States;
 - g) reinforce its cooperation with relevant multilateral organizations, particularly the WBG, IMF, OECD, WTO and ITU, and regional organizations, including Eurofound, to promote decent work in financial services in support of a human-centred recovery,

long-term development and growth of the sector that are inclusive, sustainable, and resilient.

Appendix

Non-exhaustive list of ILO declarations, instruments and tools referred to in the technical meeting on the impact of digitalization in the finance sector

List of the instruments and tools

Declarations:

- ILO Declaration on Fundamental Principles and Rights at Work (1998)
- ILO Declaration on Social Justice for a Fair Globalization (2008)
- Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (2017)
- Centenary Declaration for the Future of Work (2019)

International Labour Standards:

Fundamental Conventions:

- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
- Forced Labour Convention, 1930 (No. 29) (and its 2014 Protocol)
- Abolition of Forced Labour Convention, 1957 (No. 105)
- Equal Remuneration Convention, 1951 (No. 100)
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111)
- Minimum Age Convention, 1973 (No. 138)
- Worst Forms of Child Labour Convention, 1999 (No. 182)

Governance (priority) Conventions

- Employment Policy Convention, 1964 (No. 122)
- Employment Policy (Supplementary Provisions) Recommendation, 1984 (No. 169)
- Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144)

Technical Conventions and Recommendations:

- Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187)
- Promotional Framework for Occupational Safety and Health Recommendation, 2006 (No. 197)
- Protocol of 2002 to the Occupational Safety and Health Convention, 1981 (P155)
- Occupational Safety and Health Convention, 1981 (No. 155)
- Occupational Safety and Health Recommendation, 1981 (No. 164)
- Violence and Harassment Convention, 2019 (No. 190)
- Violence and Harassment Recommendation, 2019 (No. 206)
- Human Resources Development Convention, 1975 (No. 142)
- Human Resources Development Recommendation, 2004 (No. 195)

- Home Work Convention, 1996 (No. 177)
- Social Protection Floors Recommendation, 2012 (No. 202)

- Labour Clauses (Public Contracts) Convention, 1949 (No. 94)
- Labour Clauses (Public Contracts) Recommendation, 1949 (No. 84)
- Employment Relationship Recommendation, 2006 (No. 198)

Other ILO instruments and tools:

- Global call to action for a human-centred recovery from the COVID-19 crisis that is inclusive, sustainable and resilient (2021)
- Guidelines for a just transition towards environmentally sustainable economies and societies for all (2015)
- Code of Practice on workplace violence in services sectors and measures to combat this phenomenon (2003)
- Code of Practice on the protection of workers' personal data (1997)