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SEEDING

Social Economy Enterprises addressing Digitalisation, INdustrial relations and the European Pillar of Social Rights

CASE STUDY POLAND

Cooperative Bank in Kruszwica (Bank Spółdzielczy w Kruszwicy)

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NAME OF THE PRACTICE	INTRODUCTION OF INTERNET SERVICES CENTRE
Responsible actor	• management
Type of practice	• business plan
Challenges addressed	• automation of work
Employment impact	• skills and training • working time • work organisation and work-life balance
Geographical coverage	The mission of this Cooperative Bank is to meet the need for financial services in the local market – primarily the needs of customers who are bank shareholders – so that they can make their businesses competitive or maintain the value of their savings as safely as possible. The Cooperative Bank operates in the Kuyavian-Pomeranian Voivodship and in the Konin Poviat and conducts business activities guided by the needs of its members. It has about 300 member-shareholders. Becoming a shareholder costs PLN 4,000 (approx. €930). In return, members receive dividends, as well as insight into the bank's work. However they cannot claim preferential loans from the bank. In the city of Kruszwica, there are three other banks and several finance companies that are the bank's competitors. It should be emphasised that in the Kruszwica urban and rural area the bank's share in the banking services market is satisfactory and is relatively stable. To meet customer needs and to improve customer service, six cash desks are open every day – four at head office, and two in the branch. Additionally, two ATMs are available 24/7 (on the ground floor of the bank's head office, and in the Mila store on Kujawska Street).

Sectoral coverage	The highly competitive banking sector forces Bank Spółdzielczy w Kruszwicy (BS Kruszwica) to use online channels. Poland is at the forefront of electronic and mobile banking solutions. Payment with a watch or a smartphone equipped with an appropriate module is not unusual nor a sign of luxury. The bank has to meet these expectations, especially taking into account that in Poland everyone must have a payment account. Since August 2018 every bank in Poland has a legal obligation to provide their individual customers with a basic payment account. This obligation results from the Act of 30 November 2016 amending the Act on payment services and some other acts (Journal of Laws of 2016, item 1997) and introducing the EU Payment Accounts Directive (PAD) in Poland. The basic payment account is intended for consumers who do not have another payment account in the Polish currency, maintained by the supplier in the territory of the Republic of Poland, which enables the execution of transactions provided for the basic account. As part of basic payment account, banks must provide: • no payment account fee, • 5 free transfers from the account per month, • 5 free withdrawals from all ATMs in Poland. Any bank that offers more will usually gain wealthier customers.
Company coverage	40% of bank customers used the Internet Services Centre (CUI). The 2018 report shows that the bank's customers had 2,180 payment cards, i.e. 244 more than in 2017, and that a total of 903 clients, including 875 natural persons and 28 corporate clients, used CUI services.
Occupational coverage	The bank employs 42 people and is looking for new employees. Digitalisation does not result in job losses. There are new tasks that must be performed by people supported by IT systems. The priority is the quality and comfort of customer service. There is one more thing. Local banks are where interpersonal relationships are valued. Employees know their customers from the neighbourhood. Customers are familiar with the bank's employees. They recognise each other on the street. Nobody is anonymous in Kruszwica. This applies to both the bank's management board and employees of all departments. They are all neighbours. But if the bank lags behind the competition, that is by not investing in digital channels, the same kind neighbours would not understand it and would give up its services. In Poland, banks advertise digital channels on a massive scale. The lack of them in the offer raises customer anxiety whether it is worth associating with this bank. It is about creating the impression that this digital bank will take better care of our finances. Here, it is less important whether they really have the appropriate digital skills to use online banking.
Workforce addressed	The bank employs people with higher education – minimum a bachelor's degree, preferably a master's degree.

ACTORS INVOLVED IN THE ACTION	
Company management	Yes
Worker members of the cooperative at large	42
Works councils	No
Trade unions	No
Employers' organisations	No
NGO	No
Public authority	No
DESCRIPTION	
Rationale for the adoption of the practice	In the short-term perspective, online banking is not profitable for the bank. As this is a very cheap access channel it requires a high number of transactions to bring profit. Therefore, initially electronic transfers generate losses, but in the long term it is a measurable benefit. Digitisation creates a barrier for older customers who own older-generation mobile phones or computers. On the other hand, it is a blessing for the young.
Process of the adoption of the practice	As competitors started using online channels, the bank had to react quickly so as not to lose customers. The cooperative bank in Kruszwica has invested in its Internet Services Centre (Centrum Uslug Internetowych CUI) and in this way it has retained younger customers and is slowly convincing the older ones.
Description of the practice	The number of customers using online banking is the key here. Today it is 40%, and the goal is to reach 60%. One way to achieve it is the association agreement with SGB-Bank S.A. based in Poznań in order to create an association called Cooperative Bank Group (Spółdzielcza Grupa Bankowa). Within the banking consortium, BS Kruszwica and SGB-Bank S.A. cooperate in the field of joint provision of loans. In addition, the Associating Bank prepares for BS Kruszwica various types of templates of regulations, as well as instructions for granting loans, deposits, accounting and issuing payment cards. Together with BS Kruszwica, the Associating Bank makes efforts to attract new customers, offers various banking products, including term deposits with prizes, home loans, and internet banking. Therefore, bank employees can focus on day-to-day service.
Dismissed alternatives	There is no alternative to online and mobile banking. Today, a modern bank in Poland must increase its share of electronic channels or otherwise lose customers. Even a neighbourhood bank must think globally. It must be a step ahead of its clients' digital competences. Those under the influence of the current situation, e.g. an epidemic, may simply be forced to give up their habits and instead of coming to the bank in the morning, they will start logging into the banking system from home.

Assessment	
Impact of the practice on:	
Job stability and secure employment	Yes
Skill needs and training	Many employees, including managers of individual departments, take part in training in the field of loans, savings, settlements, local government activity and risk management, organised by the Banking Consultancy and Education Centre in Poznań, which improves the quality and efficiency of customer service.
Working conditions	The secure job of a bank clerk from 7.45 a.m. to 3.30 p.m. enjoys prestige among the local residents. It cannot be performed without access to the ICT system. Yet, the increased use of digital devices leads to risks of back and wrist pain. Employees also undergo additional training in cybersecurity of banking systems, service of the so-called difficult client and detection of suspicious financial operations. Digitalisation reduces watchfulness. The control of digital systems should be strengthened.
Company performance	Balance sheet total: PLN 179,493,504.94 (€41.74 million) Own funds: PLN 16,231,070.14 (€3.77 million) Net profit: PLN 829,592.82 (€192,920) Solvency ratio - 17.22% The bank's lending activity is the most important and most profitable activity, but is also associated with the highest risk. In the case of deteriorating financial standing of borrowers, it may result in losses, as the payment discipline of borrowers may deteriorate. The issue for the bank is to remain among the first-choice banks in the area. Therefore, it is not surprising that the BS in Kruszwica plays an active part in economic and social life in the Kruszwica urban and rural area, marking its presence by sponsoring many sporting and cultural events, including Kruszwica days, co-financing of sports clubs, schools, kindergartens, local fire brigade, foundations for the disabled people, diabetics support group, Polish Red Cross etc. In addition, BS Kruszwica has been cooperating with Kruszwica municipality for many years by providing services related to the council budget. The bank's cooperation with Kruszwica municipality is very good, as evidenced by the fact that it has been a member of the bank for many years now.
Overall strengths and weaknesses	• A strong local brand • Shareholders – neighbours • Employees are clients' neighbours • Attachment to tradition: the bank has been operating continuously since 1899 • Implementation of world-class digitalisation • One weakness is the reluctance of people to become new members of the bank – the bank must find the way to convince them • The introduction of online banking attracts a generation of children and grandchildren of customers • Employees have additional training in electronic banking • Electronic banking makes a local bank dependent on IT support provided by the Cooperative Bank Group

Overall opportunities and threats	• The bank is trusted by the local community • It has a secure financial position and can grant attractive loans • Digitalisation opens the bank to younger customers • Unclear and quite frequent changes in legal regulations influence the quality of work. As a small bank, it has trouble keeping up with strict security rules • Cybercrime is also a threat
Potential for social partners and collective bargaining to upscale/transfer the practice	The experience of BS Kruszwica shows that the digitalisation of bank services does not necessarily lead to dismissals, if employees are equipped with the proper digital skills to work with the new systems, including their possible drawbacks (e.g. cybersecurity risks), as well as to provide new services to a possibly growing number of customers. These aspects will inform the activities and services of social partners as well as collective bargaining, especially at firm level.
Potential for public authorities to support upscaling/ transferring the practice	Cooperative banks that follow the path of BS Kruszwica will gain new customers and maintain a strong position in each region. As mentioned above, the state banking supervisor (Polish Financial Supervision Authority) will soon have to consider the banks' applications for permission to reduce employment due to progressive digitisation. Examples of practices at cooperative banks will be particularly taken into account. But if cooperatives prove that digitisation increases the efficiency and productivity of work, which fewer employees could henceforth perform, they will not be able to defend their jobs.
List of annexes, sources	• Company website • ekrs.ems.gov.pl – access to annual financial and technical reports
Company website	http://www.bskruszwica.pl/

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