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SSF and the Financial Crash in Iceland in 2008

- union lessons from an industry that collapsed -

Jan-Erik Lidström

“SSF proved its value during the crisis. The responses of SSF showed the members the value of unions in time of a crisis. The members are in general far more positive towards the union now than they were during the expansion of the economy.”

Fridbert Traustason, president of SSF

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Preface: A stimulating task

In September 2009 I was offered the task to describe how the Icelandic financial union SSF - Samtök Starfsmanna Fjármálafyrirtækja – tackled the financial crash in Iceland in October 2008. Having worked for the Nordic trade union confederations NBU (Nordiska Bankmannunionen) and NFU (Nordiska Finansanställdas Union) for 30 years I felt honoured, after my recent retirement, being asked to undertake this task for one of the affiliated unions.

Because of the language barriers I have had a close co-operation with the secretariat of SSF. Thus Sigurdur A. Ármannsson has made all the interviews in Icelandic and then translated them into English. He has also helped me with translating parts of various documents, which were necessary for completing this study.

This year, in 2010, SSF experiences its 75 years Anniversary. I hope this report can serve as a remembrance of the importance of having a strong, solid union for the employees in banks and other financial institutions in Iceland.

Stockholm in March 2010
Jan-Erik Lidström

1. Introduction: A story to be told and lessons to be learnt

During a dramatic week in October 2008 the Icelandic government took over the three commercial banks in Iceland – Glitnir, Kaupthing and Landsbanki. The international financial crisis had already affected many nations, banks and financial institutions, trade unions and customers. For the Icelandic population this was the beginning of a night-mare with bankruptcies and liquidations, with increasing unemployment and with sky-high interest rates. For the Icelanders who had been confident in their own banks' strength and possibilities, secure of the fortunes of the nation's pension-funds and proud of the high degree of academics in the labour-force, the crash in Iceland came as an immense shock.

The ambition with this study has not been to explain how the crisis in Iceland unfolded or analyse its reasons and background. The main objective of this report is rather to describe how SSF, the union for finance employees in Iceland, acted during this dramatic period and how different groups in the finance sector experienced and estimated the union's work. What did SSF and its local unions do for their members, what did they achieve, which were the most difficult tasks and what did the union learn from it. These are some of the issues that are dealt with. The report is primarily based on two different sources. Firstly on interviews with five leading union representatives in SSF and with four personnel managers in the bank sector which were made in December 2009. Secondly on three different surveys – two to SSF's members and one to the public – which were undertaken in 2008 and 2009.

When writing this report I have deliberately chosen to allow the interviewed personalities to appear under different headlines instead of summarizing and concluding their different views and comments. To a certain extent it has made my job somewhat easier, but first of all the report has become more convincing and animated in this way. The five union representatives have been quoted directly and as carefully as possible. The four H.R. managers on the other hand were interviewed on the condition that they were not to be quoted. The outcome of those four interviews has therefore to a certain extent been used for the author's background information. But regarding the managers opinion of SSF's activities during the crisis their views are presented.

The crisis in Iceland was so extreme, so very special and far-reaching that it affected the whole financial system, the employees and their union – and the nation as a whole. Therefore the board of SSF decided to have their way of tackling this crisis described in a report as a memory and reminder of what happened and as a lesson and guideline for the future. The report is therefore primarily designed for the members of SSF and the bank employees in Iceland. But it is also meant for sister unions in the Nordic confederation NFU as well as in the International confederation UNI. The members of the board of SSF are of the opinion that the lessons they were forced to learn can be of interest to other unions and their union representatives.

2. The finance sector union SSF: A union that makes a difference

The Icelandic union for bank employees was formally established January 30, 1935. The founding meeting was convened in November 1934. The new union – Samband Íslenskra Bankamanna (SÍB) – then had two affiliates, from Landsbanki and Utvegsbanki. In 1936 the union of Bunadarbanki was affiliated to SÍB. From 1959 and onwards during the 1960's company unions from savings-banks and the Central Bank, Sedlabanki, became members of SÍB. And the number continued to grow and in 2008 there were in all 23 affiliated unions.

The commercial banks were for a long period owned by the state and according to a law from 1915 the bank employees were forbidden to go on strike. In 1977 the law was changed and SÍB got the right to take strike actions. In 1980 the union carried out a successful general strike in all banks during four days. According to the law from 1977 it was also regulated that SÍB could organize employees in commercial banks, savings-banks, Sedlabanki and other financial institutions. The commercial banks were then still owned by the state.

On February 1, 2008 the union's name SÍB was changed into SSF – Samtök Starfsmanna Fjármálafyrirtækja – the union for employees in financial companies. This was in accordance with a congress decision in 2007 which stipulated that the union should increase its area for recruitment and organisation. The union's congress, the Thing, meets every third year and elects the board which consists of 11 persons.

SSF is an independent national trade union and is not a member of any central federation in Iceland. SSF has, however, been active in the Nordic co-operation from 1937 within the NBU (Nordiska Bankmannunionen) and later on in the NFU (Nordiska Finansanställdas Union), when this organization was established after a merger between the two confederations for bank trade unions and insurance trade unions in 1999. SÍB followed the other Nordic bank unions' example and joined in 1984 the international confederation FIET (UNI from 2001).

SSF has during the years been successful in negotiating increased salaries for the employees in the financial sector. The finance employees have also acquired better terms for their pensions as well as regarding maternal leave compared to many other sectors in Iceland. When the collective agreement on salaries and general terms on employment expired on October 1, 2008 the two negotiating parties, the Bank Employers' Organization and SSF, had already agreed on a new agreement. This, however, had to be set aside due to the financial crash. And the two parties had to start new negotiations based on the changed economic situation.

When SÍB was established in 1935 the union had 128 members. At the end of 2007 the membership was at its peak with some 5 300 persons. At the end of December 2008 the membership was 4 600 and one year later, in December 2009, it was 4 480. This meant a decrease of over 800 persons, but still an impressive number of members out of a population of 320 000.

3. The financial sector and the crash: Iceland's economic collapse

The bank structure

Four retail banking entities were operating in Iceland in the early 1990's: two state-owned banks Bunadarbanki and Landsbanki, one private bank Islandsbanki and a network of loan funds and savings-banks. Landsbanki, Iceland's first bank, was founded in 1884 and Bunadarbanki in 1930. Islandsbanki was created in 1989 through a merger of four banks, Althydbanki, Induadarbanki, Utvegsbanki and Verslunarbani, with a total of 1 000 employees. The Central Bank, Sedlabanki, was established in 1961.

In 1988 the government combined several state-owned investment funds into a corporate bank called FBA – Investment Bank for Industry. This was followed by a period of privatization of the banking system. In 2000 the Icelandic government sold FBA to Islandsbanki. And in 2002 the government decided to let Bunadarbanki and Landsbanki be privatized. In 2003 Kaupthing, established in 1982, acquired Bunadarbanki and for some time acted under the name of KB Banki.

Iceland was a closed economy for a long time. But the management of Kaupthing decided in 1998 that the bank should become an international bank. In the same year Kaupthing opened the first Icelandic financial office on the continent, in Luxembourg. In 2001 and 2002 Kaupthing acquired two brokerages in Sweden and Finland. And in 2002 Kaupthing acquired the small Swedish investment bank, JP Nordiska. This takeover aroused irritation in Swedish finance circles and mass media and was considered as a hostile action.

In 2004 Kaupthing acquired the Danish corporate bank FIH and in 2005 a London-based investment bank, Singer & Friedlander. The target set was that half of the bank's revenues should come from abroad within a period of five years. This target was exceeded by a broad margin. Kaupthing's development from a small local bank to a large international bank became possible after the deregulation of the capital market in Iceland and the setting up of a stock exchange in the 1990's.

In 2000 Landsbanki acquired a small UK bank, Heritable Bank. In 2006 Landsbanki started an Internet deposit system, called Icesave, in the UK. Since Icesave operated without any retail branch network or any associated fixed costs, it could offer higher interest rates than its British competitors.

In 2000 Islandsbanki acquired Basis Bank in Denmark and FBA took over the UK bank Raphael and Sons. Islandsbanki acquired two Norwegian regional banks in 2004 – Kreditbanken and BN. In the same year Islandsbanki's name was changed into Glitnir.

During the following years the three banks continued to expand their activities in the Nordic countries and in some other European states.

Some key dates in the autumn 2008

September 29: The Financial crash in Iceland started in reality on September 29. Just two weeks earlier the Lehman Brothers had gone bankrupt which increased the panic and the distrust in the financial market. If it had been difficult and expensive for a bank to take up big loans before the crash of the Lehman Brothers, it now turned out to be impossible. Glitnir had been working with Lehman Brothers and the majority of Glitnir's credit lines were obtained through that bank so when Lehman was shut down the flow of financing was shut off.

The CEO of Glitnir had asked the Central Bank, Sedlabanki, for a big loan which was refused. Instead the Icelandic state, with strong support from Sedlabanki, took over the bank by buying 75 percent of Glitnir for EUR 600 million. The background for this was Glitnir's strongly deteriorated solvency. The idea was that the state should sell its shares in the bank when the international finance market had been stabilized. But instead this purchase increased the crisis for the Icelandic banks and for Iceland. September 29 then became a black Monday for many European banks including Glitnir.

September 30: Far from stabilizing anything, the nationalization of Glitnir accelerated the loss of confidence in Iceland and its financial system. Fitch downgrades all the three banks from A-; Landsbanki and Kaupthing to BBB and Glitnir to BBB-. Moody's downgrades them from Aa1; Landsbanki to A2, Kaupthing to A1 and Glitnir to Baa2. In the following days the banks were downgraded step by step.

October 6: A special emergency law is introduced by the government and passed by the parliament, the Althing. The government declares that it guarantees all domestic deposits.

October 7: The Icelandic Financial Supervision Agency, FSA, takes over the administration of Landsbanki under the terms of the emergency law, including Landsbanki Luxembourg. It was therefore Landsbanki and not Glitnir that first completely came under state control. Sedlabanki extends EUR 500 million loan to Kaupthing and announces intentions to negotiate EUR 4 billion loan with the Russian government.

October 8: The UK government uses its special antiterrorist laws to secure their own inhabitants assets in Icelandic banks in the United Kingdom. This decision is aiming towards Landsbanki's Icesave accounts. Assets of Landsbanki in Britain are seized by UK authorities. The British FSA takes the control of Kaupthing Edge and Kaupthing Singer & Friedlander. The British Prime Minister Gordon Brown threatens to sue the Icelandic government to claim guarantee for Icesave deposits. The Icelandic Prime Minister Geir Haarde states that sale of Landsbanki assets will be used to refund Icesave depositors.

October 9: The Icelandic state takes over Kaupthing. New Landsbanki starts operations. The Dutch Finance Minister threatens to sue Icelandic government over Icesave deposit guarantee. The British Prime Minister Gordon Brown reiterates his threats.

October 9-13: The stock market in Iceland is closed.

October 10: A Dutch delegation arrives in Reykjavik and starts talks with the Treasury department about Icesave. Sedlabanki announces limits on currency outflow meaning low amounts for travel and import restricted to necessities. Companies must apply for currency to Sedlabanki.

October 11: A British delegation initiates talks with the Treasury department about Icesave deposits. An accord is signed with the Dutch government on a loan to guarantee a refund on Icesave deposits. Outlines of an accord are made with the British government on a loan to guarantee the refund of Icesave deposits.

October 15: New Glitnir starts operations. Sedlabanki lowers policy rate by 350 bp to 12 percent. Sedlabanki introduces auction systems to meet demand for foreign currency which results in an allocation of EUR 25 million at an ISK/EUR rate of 150. Iceland and Russia agree to continue discussions on a possible loan.

October 16: Sedlabanki announces that it guarantees that all payments will reach ultimate beneficiaries' accounts with local banks in an attempt to revitalize the payment system.

October 20: The three renewed banks: "New Glitnir", "New Landsbanki" and "New Kaupthing" are formally established.

October 22: New Kaupthing starts operations. A Norwegian delegation arrives in Iceland to gather information about the situation.

October 24: IMF announces a declaration of intent about a stand-by facility programme of financial help to Iceland of USD 2 billion. The Icelandic government formally requests assistance from the Nordic countries, the European Central Bank, ECB and the US Federal Reserve, FED. A delegation from the US Treasury arrives in Reykjavik.

October 28: Sedlabanki raises policy rate by 600 bp to 18 percent after a demand from IMF.

Banking system under state control

About 85 percent of the financial system collapsed in October 2008, when Glitnir, Kaupthing and Landsbanki were taken over by the state. Six months later two-thirds of the remainder fell and the FSA took control of a couple of savings-banks and loan funds and the investment bank Straumur-Burdaras. Among the savings-banks was the biggest one the savings-bank of Reykjavik, SPRON, which was dissolved and closed down in March 2009. This meant that about 95 percent of the Icelandic banking system was under state control. The three banks, Glitnir, Kaupthing and Landsbanki, operated under the “old bank-new bank” division outlined in the emergency law from October 6. They were not brought into default but had effectively become asset management companies and were now rebuilding and reorganizing themselves as domestic commercial banks.

When the state took over the three commercial banks in one week in October 100 persons lost their jobs in Glitnir, 170 got laid off in Kaupthing and around 300 in Landsbanki. Through the emergency law the collective agreement for the bank sector ceased to exist like all individual employment contracts in the sector. Totally around 1 500 employees lost their jobs in 2008. Those remaining in the banks lost between 5-50 percent of their salaries. Bonuses, options and other performance-based payments were gone. Those who lost their jobs were often well-educated and with international experience. They were mostly employed as specialists and advisers in the banks’ head-offices.

Political consequences

There were also political consequences. The government and its Prime Minister Geir Haarde denied any responsibility for the financial collapse and put the blame on the bankers. On January 24, 2009 Haarde announced his resignation due to health problems. Shortly afterwards the Social Democratic Party left the coalition government and formed a new, temporary minority government together with the Left-Green Party. In the parliamentary elections on April 25 the Social Democrats and the Left-Green Party obtained a majority and formed a new government. The CEO of Sedlabanki David Oddsson, Haarde’s predecessor as Prime Minister, had to leave his position when the new government came into office.

How could this happen? In his book “Why Iceland” Ásgeir Jónsson writes “So when the Icelandic banks reached the edge of the cliff in 2008 in an international crisis, Iceland was saddled with a bureaucracy of domestic scope, size and efficiency”. There were no officials who had the oversight and mandate to make independent observations about systemic risks and viability. This lack was the result, in part, of supervisory powers being spread among three or four ministries and several institutions, argues Jónsson. He also states “that the politicians seemed unable to fathom what was really happening and the bankers were not inclined or able to enlighten them”.

Jónsson also refers to the fact that Iceland became a member of the European Economic Area (EEA) in 1994.”The EEA allowed Iceland to develop a robust international finance sector, but when big, worldwide trouble swept over the island, there was no proper international political framework to deal with it”.

4. The union reaction: SSF's and the company unions' strategy

Fridbert Traustason, president of SSF

The board of SSF knew already in April 2008 that the banks were having some serious trouble in refinancing themselves, especially the foreign operations. Glitnir dismissed around 15 percent of their staff in April and some of the savings-banks followed suit and it was obvious that others were preparing downsizing. When we in the SSF's leadership started negotiations with the bank managers and met with the ministers of banking and social affairs we had the following objectives:

1. To secure as many jobs as possible.
2. To secure contractual rights for members and their continuing membership of SSF.
3. To secure the contractual rights for laid-off members.
4. To help laid-off members find new jobs, support those going into studies, look into possibilities of early retiring plans and to ensure gender equality in all decisions made.
5. To work with all parties - legislative, supervisory, decision-making etc – in order to minimize the damage to members and to the nation of a foreseeable downturn in the sector.

At first the policy of SSF evolved as events unfolded but then it became open and as such it was discussed and decided by the board.

Anna Karen Hauksdóttir, union leader at Glitnir and 1st vice-president of SSF

Our policy in the company union was to minimize the damage and to defend the jobs of our members. It was also to maintain good relations with the management of the bank in order to be able to influence decision-making regarding our members. Our ambition was to keep a steady flow of information to our members, to support them actively and to find methods and solutions for them.

Ingvar Skúlason, union leader at Kaupthing bank

The guiding strategy for my local union towards the employees of Kaupthing bank was, "No matter which union you belong to, we are your answer!"

Helga Jónsdóttir, union leader at Landsbanki

Our main concern at first in our local union was to deal with the huge emotional distress in the workplace – helping members find solid ground during the immense turmoil and all the different misleading news in the national media. We spent a lot of time on finding reliable information and transmitting it to our members, both those who remained in their jobs and those who lost their jobs. We had no plan for such operations and had to formulate our work from day to day. We had meetings with the shop stewards in our bank to inform them of the ongoing situation and sent e-mails to people at work.

Ólafur Már Svavarsson, union leader at SPRON

Yes, we had an overall strategy for our local union work in this extremely difficult situation.

5. The union agenda: SSF's activities for supporting the members

Type of activities

SSF's secretariat has three full-time employees. One of them is the elected president who also has the role of head of the secretariat. During the crisis the lawyers of SSF (approx. two full time jobs) worked closely with the leadership and the secretariat.

Already in the spring of 2008 a considerable unrest had started in the workplace at Glitnir bank. In April about 200 employees were laid off at Glitnir and the staff at SPRON, the savings-bank of Reykjavik, also saw monthly lay-offs of up to nine persons. As early as midsummer 2008 it became evident that big and unfortunate events were unfolding. Before the three Icelandic banks were taken over by the state in October the leadership of SSF together with the union's lawyers was repeatedly summoned to meetings by ministers and state officials regarding the situation and the options available. During this dramatic and difficult period SSF acted and reacted in many different ways, such as:

Negotiation, lobbying and consulting

After the financial crash the leadership of SSF stuck to the five objectives, mentioned on page 11, and used all means, connections and knowledge available. From the start of the crisis the lawyers of SSF worked together with the union's leadership to influence the government, various ministries, the financial supervisory boards and the banks. The emphasis was on those making decisions in order to create positive effects for the members of the union.

There were in fact three negotiating/lobbying periods for SSF in connection with the crisis.

- 1) The first task was to convince the government not to dismiss too many employees. SSF sought to attend all discussions on the problems of the Icelandic banks and on their future in order to state the points of view of the employees and to defend their rights. SSF's spokesmen reminded all parties involved of the need for experienced staff in financial institutions to help customers sort out their problems after the crash.
- 2) Through the emergency legislation all the contractual rights of those who lost their jobs were cut off at once. It was therefore important for SSF to ensure that all dismissed members would keep their salaries during the contractual lay-off period. Locally the company unions had to renegotiate all in-house rights and benefits. The main strategy was to discuss matters in a manner implying that the only option was to respect all agreements and items of salary contracts, including lay-off periods and other earned rights.
- 3) Since the general agreement on salaries and general terms on employment had to be set aside due to the financial crisis SSF and the Bank Employers' Organization had to conduct new negotiations in November 2008.

Support and guidance to laid-off members

SSF made agreements rather quickly with the Icelandic Incubation Centre, which assists in starting new enterprises, and two job agencies. The idea was to assist laid-off members with possibilities to start new businesses on their own or to find jobs in other sectors in Iceland. SSF also offered members to participate without costs in various courses that started after the financial collapse.

SSF started an Open house in the centre of Reykjavik where members could meet colleagues and get current information. Many churches all over Iceland were open as meeting-places for laid-off people who could come together there, get comfort and discuss what had happened. SSF paid for conversational therapy for members in need of that – a service which roughly a fifth of the members used. Another offer for the laid-off members was free admission to a gym in Reykjavik.

Supply of information

From October 2008 to the end of 2009 around 60 items were posted on the website designated

for members who had lost their jobs. Of these at least four were sent as surface mail to the members and several others were sent as e-mail to the list that SSF had (which, however, was incomplete). SSF's website was also the key information channel to the members who remained in their jobs.

Answering the media

Right from the start of the financial turmoil the domestic media were eager to get the views of the union leadership. One of the main interests of media was to get the union spokesmen to point out who was to blame for the situation. From the outset the leadership of SSF was consequent in stating that such judgement is for a judge to pass – not the union. Whether someone has broken the law, it is for the court to decide. The leadership of SSF was interviewed by the media almost every day in October and November and used every opportunity to provide information, protect the ordinary members of the union and focus on their rights.

When the foreign media showed up they asked questions in the same manner – getting similar answers. The journalists of the foreign media seemed to have been expecting something different from what they really saw, because they expressed real disappointment to the staff of SSF for the lack of visible signs of a disaster. They meant that the only sight implying that something was wrong was the number of inactive building cranes in Reykjavik. The questions they put forward regarding the situation indicated that they had expected to see something like a bomb struck city.

Surveys

Together with other organizations and institutions SSF carried out three surveys: one to laid-off members in November 2008, one to members working in banks in March 2009 and one to the public in April-May 2009.

Support to non-members

It should be noted that SSF also supported and helped non-members and laid-off people from other sectors. Thus, they were welcome to visit the Incubation Centre and the Open house for information and advice.

Activities in the autumn 2008

Below follows a week by week report on the actions taken by SSF in the autumn 2008, starting week 1 (= 1st week after the state's take-over of the banks).

Week 1/week 42: When Glitnir, Kaupthing and Landsbanki had been taken over by the state the main objectives of SSF were to: 1) locate decision-makers, 2) inform them of contractual rights of the staff within the banks, 3) make sure these rights would be respected and 4) work with the government officials on all possible solutions of the situation. Throughout the week the leadership and the staff of SSF were busy seeking answers and informing members on an ongoing basis.

Quite soon after the turmoil began private and public initiatives started courses for people without jobs and SSF financed the participation of members. These courses had names like "Reshaping the strategy of your own life" and "Activate your momentum".

Week 2/43: SSF made a contract with two job agencies which should interview and support members who were laid off. And the SSF leadership and staff continued their work on seeking answers and paving the way for the future. On Tuesday that week the secretariat realised that too many jobs were lost, even permanently, and new measures needed to be taken.

Delegates from SSF therefore met with the Icelandic Incubation Centre to get their help in creating paths for jobless members willing to start their own ventures. Before the week was ended SSF had made an agreement with the Incubation Centre and later encouraged the banks to support the idea. The result of this initiative was probably the first positive media coverage since the crisis began and two start-up centres were launched in housing provided by the banks.

The owner of a big gym in Reykjavik showed up, quite unexpectedly, bringing gift cards for three months free admission to his gym for all those who had been laid off. That was 18 % of SSF's total membership. SSF distributed these gift cards together with a letter to all those members who had lost their jobs.

Week 3/44: On SSF's website a special section was set up for communication to those who had lost their jobs. All sorts of information was posted there and proved to be of great help since the union did not have e-mail addresses to all these members after their e-mail addresses at work had been closed down.

To establish communication with members SSF started this week an Open house in the centre of Reykjavik for all members who wanted to contact union staff and to meet with colleagues. There were arranged lectures on the effects of lay-offs and introduction of possibilities at the Incubation Centre, meetings with the leaders of the local union clubs etc.

Week 4/45: SSF's leadership, secretariat and lawyers worked with collective demands for breach of salary contracts made by the banks towards some of those who were rehired. The Open house for the members continued with information meetings on the present situation and introduction of the options at the Incubation Centre.

Week 5/46: Wage negotiations restarted. Before the financial collapse the two parties had finished negotiating a new collective agreement but it had not been formally signed. After the events in October all negotiations had to start anew and there was much less to negotiate on. Still the leadership of SSF managed to pull off the new agreement. All shop stewards in the three big banks were invited to meetings on the situation. The Open house was still on but now with very little attendance.

Week 6/47: The Open house continued but with hardly any attendance. SSF leadership was seeking answers and being interviewed by the media.

Week 7/48: This was the media mania week. Every day the leadership of SSF and the local unions and the staff of SSF were answering inquiries for contact with those who were laid off. Foreign media were particularly present e.g. from Norway, France and Japan.

Week 8/49: A contact was made with NFU in order to get a statement of support. A statement was outlined in co-operation between SSF's and NFU's leaderships and secretariats. This message of solidarity, which is to be found in section 9, was published on SSF's and NFU's websites.

Continued efforts in 2009

The first months after the turmoil SSF was busy working for those who had lost their jobs or had had their contracts breached. Then as 2009 started, it was decided that it was time to find out how the members who still had a job were doing. Therefore in March 2009 a survey was carried out on the health and workplace situation of members working in the finance sector.

In April-May a survey to the public was done about attitudes towards the banking staff. In September SSF started new proactive measures to assist job seeking members, inviting them to courses on how to find new jobs etc.

The lack of board representation

In this context it should be noted that SSF has no legal right to board representation in banks. In Denmark, Finland, Norway and Sweden there are special legislation which permits union representatives to have a seat in the board of companies, such as banks. This is an important part of the influence and strength of Nordic trade unions. Such a law is missing in Iceland and would have been useful for SSF and their company union representatives before the crash occurred. It could have given the company unions' representatives valuable information and knowledge and thereby, perhaps, a possibility of exercising more influence on the situation.

When NFU arranged its yearly sector conference in Reykjavik in June 2004, Sigurdur Einarsson, the Managing Director of Kaupthing, made a presentation. Answering a question why the staff of the bank was not allowed to have a representative in the board Mr. Einarsson replied without any hesitation: "Why should they? I don't think the union has anything to gain from this. We have different opinions." Knowing today what then happened it is easy to conclude that the banks and their customers possibly could have had something to gain from a union representation on the boards.

6. Effects of the crash on employees: Results from three surveys

During the most intense and troublesome period SSF initiated three different surveys to three different target groups. The first one was conducted to laid-off members in October 2008, the second to members still employed in banks in March 2009 and the third was made in April-May 2009 regarding the public's attitudes towards the staff in banks.

Survey among laid-off members

In November 2008 the first survey was done. It was directed to those who had lost their jobs as a consequence of the financial crash. The survey was carried out by the Department of Social Science at the University of Iceland. It was sent by e-mail to 630 members. 63 percent, 397 persons answered the questionnaire. The bulk of questions dealt with the effects of lay off and the consequences for the physical and mental health.

Health situation

17 % reported that they had to see a doctor due to the effects of the lay-off.

41 % commented that they sometimes or often had sleeping disorders as a consequence of the lay off. And 4-8 % answered that they suffered from increased depression, anxiety and stress, markedly higher among women than men.

17 % felt that their job loss was the result of a fair choice made by superiors, but 44 % sensed little or no fairness in the choice of people who were dismissed.

The most common job positions of those laid-off were specialists (39 %) computer staff (15 %) and back office (13 %).

69 % of the respondents were working in head offices of a bank. 54 % of the respondents had been working less than 3 years in the bank.

Union support

There were also some questions about the support that SSF offered.

62 % said that they got much or rather much support from SSF. 11 % meant that they got little or no support from the union.

71 % said that SSF had guarded the interests of this group well or rather well, but 7 % said that the union had done badly.

42 % of the respondents had used the information on SSF's website which was designed for laid-off members. 43 % had sought assistance from the union's office.

25 % said that they had taken advantage of the various courses which were offered to laid-off members.

Survey about health situation for bank employees

In March 2009 a survey was made about the well-being, health and working environment situation for members employed in financial companies. This survey was made by SSF in co-operation with the Administration of Occupational Safety and Health and the University of Iceland. The survey was sent to all the members in commercial banks and savings-banks. Sedlabanki was not included in this investigation. 3 939 questionnaires were sent out and the response rate was 62 %, meaning 2 442 answers. The survey contained around 100 questions. The main findings were as follows:

41 % have had their jobs changed as a result of the turmoil.

50 % have had active support by the bank to deal with the effects of the turmoil.

74 % answered that they have faith in the managerial skills of their nearest bosses.

47 % reported that they had experienced that colleagues were laid off.

50 % said that they have felt some or quite a lot of guilt towards those who lost their jobs.

50 % said that they were afraid of losing their job.

47 % reported that their well-being at work had seriously deteriorated as a result of the events in October 2008.

75 % got active support with their assignments from their colleagues if they needed it.

87 % said that they got most support from family and friends in times of trouble at work.

94 % replied that they often or very often in general were happy in their job.

Survey about public's attitudes towards bank employees

At the end of April and the beginning of May 2009 a survey was conducted regarding the public's attitudes towards the staff in financial companies. Capacent Gallup performed this survey. Questions were put to a random sample from "the opinion group" of Gallup Iceland, all in all 1 300 persons from all over Iceland. The final sample was 1 148 and the answer percentage 47 or 658 persons.

What initiated this survey were several extremely spiteful articles on the people working in banks. SSF in co-operation with the PR managers of the banks decided to find out whether an actual danger was on the rise for the people working on the frontline in the banks.

Some of the main results were:

28 % of the respondents reported negative attitudes towards the staff in the banks and 32 % reported positive attitudes. A considerably more positive attitude was reported towards frontline staff than towards superiors or bosses.

52 % said they can not trust the advice given by the staff in banks.

55 % stated that they were negative towards managers; 21 % said they were positive. 53 % said they do not trust the advice given by bank managers. But 19 % said they trust their advice fully.

Over 60% said they have much or rather much sympathy with the frontline staff because of the harassments they are facing from the customers after the turmoil. 70 % expressed much or rather much sympathy for the cashiers and 61 % for the back-office staff. 69 % said that they have no sympathy with the bank managers.

And finally: 91 % said that the bank managers are fully or to the greatest part responsible for the economic downturn in Iceland since October 2008, while 5 % answered that they are little or not at all responsible for the downturn.

7. SSF's role and achievements: Comments from the union leaders

Fridbert Traustason, president of SSF

What was the most important task?

The most important part of the work of SSF was to keep up good relations with decision-makers within the government, various ministries, the financial supervisory boards and the banks. Luckily enough for SSF the H.R. managers of the three banks kept their jobs and they whole-heartedly worked with the board of SSF to support the union in keeping the contractual rights for all members. Three other important tasks were: 1) to defend all the interests of the members, both short and long-term; 2) to inform members on an ongoing basis of the evolution of events; 3) to defend and support those who got laid off, and to actively show them interest, sympathy and support.

- Did SSF succeed in fulfilling these tasks?

On most issues SSF managed to fulfil its mission. SSF succeeded in defending contractual rights and long-term interests, but looking back there should have been a wider flow of information. The problem was to get reliable information in the fast lane of rumours. It is obvious that the limited size of the population and the personal contacts of SSF's leadership with ministers, bank governors and chairmen of supervisory boards had considerable positive effects. Without these connections the defence of the rights for SSF's members would undoubtedly have been less successful.

- Is there anything SSF could have done otherwise?

A more extensive spread of information would have been helpful to update members on the progress, including for example publishing some kind of regular information on the situation.

Anna Karen Hauksdóttir, union leader at Glitnir

- What was your most important task?

The most important issues were to reduce the damage, to keep up a healthy relationship with the management, to inform members. Even when nothing new was happening and the lack of information was at its greatest it was important to inform the members. And to let them know that we were searching all channels to support them, whether they kept their job or were laid off.

- Did you succeed in fulfilling these tasks?

We managed to live up to most expectations under the circumstances. Still it was difficult to reach those who were laid off. We had no e-mail addresses to them and it was difficult to find

ways to reach them – but in the end it worked out.

- Is there anything the local union could have done otherwise?

It was unbelievable how things worked out under those circumstances. Those who were available worked together in order to support the staff. Looking back some issues may have been done otherwise but we are satisfied with the progress we made.

Ingvar Skúlason, union leader at Kaupthing bank

- What was your most important task?

The most important task was just being there for the employees, both the ones that lost their jobs and those who kept it. Except for that, the most important task I personally had was to guide people who thought their rights were in any way broken. I advised them in the right direction, to SSF in most cases, or helped them to find out that everything was in fact OK.

- Did you succeed in fulfilling these tasks?

I am satisfied with my work in this matter.

- Is there anything the local union could have done otherwise?

Honestly no, I think that the union could not have acted in a better way under these circumstances. I also think that the employees finally understood what being in a union really means. Because during the good years with high economic growth, no one really thought of it, but they can see now that the union is necessary.

Helga Jónsdóttir, union leader at Landsbanki

- What was your most important task?

The contractual rights of those who were laid off were cut off with the emergency legislation and therefore it was crucial to ensure that they would keep their salaries during contractual lay-off periods so they could get a dignified exit from the bank. SSF took over the service to this group which was of great importance for us in the leadership of the local union. Then we could focus on those who kept their jobs. People were enormously distressed and the absence of reliable information about the development only made matters worse. A great part of the staff had to accept a considerable reduction of salaries. Incoming reporters from all kinds of media took a lot of our time. We also had to renegotiate all our in-house rights and benefits.

- Did you succeed in fulfilling these tasks?

We took it a day at a time and always made sure we were there for our members to talk to. It is difficult to evaluate the results of our own work but we succeeded in negotiating similar rights and benefits as we had at the former bank. Most of our colleagues in the bank made use of the assistance offered within the bank to help people cope with the ever changing situation but the supporting work is not over. We can still easily spot the vibrations from the crash since many colleagues have a damaged self-image and the fuse in many of us is very short. I hope we managed to support the majority of our members but I fear that these events may have a damaging effect on some of our people in the long run.

- Is there anything the local union could have done otherwise?

To the best of my knowledge, the work of SSF was impressive and good information was accessible on the union's webpage. If anything then, it would have been useful if someone had defended the ordinary finance employee in the media but whether that should have been the task of SSF I am not so sure.

Ólafur Már Svavarsson, union leader at SPRON

- What was the most important task?

To guard the contractual rights of the staff, both during lay-offs and during the closing of the bank, and to stay informed about the situation among the staff and discuss issues with the management. We held meetings with our members and discussed the situation from time to time. There was considerable unrest among our members during all this time because of the lay-offs and the media discussion on the future of the bank.

- Did you succeed in fulfilling these tasks?

Yes, I believe we did.

- Is there anything the local union could have done otherwise?

No, not to the best of my knowledge.

**8. SSF's work and achievements: The H.R. managers' opinions
Hafsteinn Bragason, head of Human Resources department at Glitnir**

- What was your impression of SSF and your local union's role in the situation?

The local union did a tremendous job and the management worked closely with the leader of the local union who also is the first vice-president of the union SSF. This co-operation was kept running through the terrible state of having to lay off many experienced people and to follow up on the situation after that. Since the leader of our local union has this status within SSF we were in less direct contact with the union headquarters, but still I am convinced that the union was of great importance in the situation. The handling of the communication to the staff in a situation like this is crucial and that was all handled very professionally by the union, both locally and centrally.

- What do you think about the local union's activities to support employees in your bank?

This task was mainly in the hands of the Human Resources management-team and we have contributed considerably to increasing the visibility of the local union within the bank. We have also included the leader of the local union in meetings of middle and upper management in order to present the view-points of the staff there.

Jónas Hvannberg, head of Human Resources department at Kaupthing bank

- What was your impression of SSF and your local union's role in the situation?

Looking back I feel that the local union and the finance union SSF supported us quite well during these times. The local union was informed on an ongoing basis and they supported the management. They also directed our staff to contact the union for support or explanations.

- What do you think about the local union's activities to support employees in your bank?

The actions of the local union were undoubtedly of great importance. There was no "them and us" atmosphere in this, only we are all in this together, and that really made a difference. There was a very good and ongoing co-operation between the management and the local union.

Atli Atlason, head of Human Resources department at Landsbanki

- What was your impression of SSF and your local union's role in the situation?

Our co-operation with the local union has always been good. We respect the communication rules set out by the general agreement and the status of the shop stewards. The leadership of the local union understood from the start that we were doing our utmost in this complicated situation and they stood by us in providing support to the staff. For the most part I believe that

SSF was doing a great job. My contact with the union was mainly to inform them as events unfolded. We also had good co-operation with the union through the lay-offs and the following consequences.

- *What do you think about the local union's activities to support employees in your bank?*

The co-operation with the union SSF was very professional and good. It is after all their task to preserve the contractual rights of their members and we did our best to honour all contracts in good co-operation with them. We were all rowing in the same direction. The management and the local union worked together within the established framework of co-operation.

Harpa Gunnarsdóttir, head of Human Resources department at SPRON

- *What was your impression of SSF and your local union's role in the situation?*

The union SSF actively participated in all this with the company by being present and by helping solve issues and find answers to questions posed by our staff. Of course some of the issues being touched upon were outside the jurisdiction of the union but they were always ready to support and help to find answers in any circumstances. I thought they were doing a good job at that.

- *What do you think about the local union's activities to support employees in your bank?*

The local union club was not very active. The situation was different from that in the other banks because our company was shut down completely and only a small minority was rehired. The leader of the local union and the shop stewards were present and supportive but being in the same boat they were hit in the same way as the others. There was considerably more of a support from the union and the management of the company which jointly backed up the staff in the times of distress. The issues of distress were quite varied, from leaving their customers without guidance to being stricken by the fate of the company or their colleagues.

9. Support from other organizations: To be or not to be – alone

As can be seen in other parts of this report the SSF leadership felt very lonely during the crisis. The union president, Fridbert Traustason, notes (cf. section 11) with disappointment that "SSF also learnt that some of the "friends" of the union, both other unions and interest groups, proved to be our most dangerous adversaries when it came to defending contractual rights". He was also missing support from NFU and its affiliates.

NFU's yearly Union Council meeting was held in Tallinn on October 28-29, 2008. One of the main items on the agenda was the financial crisis' effects in the Nordic countries and the affiliates' engagement in this situation. All Nordic countries then had in varied degrees been struck by the international financial crisis – especially Denmark and Iceland. Introductory presentations were therefore given from the Finance Sector Union, Finansforbundet (DK) and SSF about the status and the way the two unions tackled the situation. SSF's two representatives at the meeting Anna Karen Hauksdóttir and Andrés Erlingsson, the union's first and second vice-president, made it very clear how pressing the situation was for the union, for the staff and all the employees in the sector. A big part of the time in Tallinn they were busy talking to depressed members in their banks back at home. Nevertheless the Nordic colleagues, including myself, failed to take this given opportunity to make a strong declaration of support for SSF.

Some weeks later, however, after contacts between the SSF and the NFU secretariats the following declaration of support was made from NFU on November 14, 2008:

Support Iceland in combating the financial crisis

NFU, The Confederation of the Nordic Bank, Finance and Insurance Trade Unions, support our Icelandic colleagues in their struggle to sort out the repercussion of the global financial crisis. The economy in Iceland is currently in a position where the Icelandic banks, their customers and their employees are faced with unprecedented hardships. They are left to sort out the remnants of an economy that was brought to the brink of collapse, mainly through the doings of others. We are all in this together, not only as employees in the finance sector, but as citizens in a globalised economy. We therefore urge the Nordic governments and national banks to support Iceland in combating the financial crisis.

Nordiska Finansanställdas Union (NFU)

This statement of support was also sent to the Central Banks in the Nordic countries.

Massmedia's coverage of the financial crash in Iceland was immense. The union representatives I have spoken to are generally dissatisfied with the way Nordic newspapers and media reported about the situation. They do not feel that it was a correct or just description of the crash and the following development. And they also feel that it gave a too negative picture of the Icelandic population in general and the bank staff in particular. They sense in a way that other people were glad that the Icelanders' "crusades" had been stopped.

Out of SSF's seven sister organisations in NFU two sent a journalist to Iceland. In December 2008 the Swedish finance sector union, Finansförbundet's magazine FinansVärlden had a large covering story with interviews with some of the union people who appear in this report. And in April 2009 the Danish finance sector union, Finansforbundet's magazine Finans had a broad follow-up story of what had happened to the Icelandic finance sector and to the bank employees. I am firmly convinced that it was important that the two journalists, BrittMari Lantto and Elisabeth Teisen, visited Iceland, talked to people and made a very professional job from this dramatic development in Iceland. They could to a limited extent neutralize the negative reports in other magazines and newspapers.

The international confederation UNI arranged a meeting with IMF officials in January 2009 in Washington. Allan Bang, president for UNI-Finance and also for NFU and Finansforbundet (DK), got the opportunity to open up channels between trade unions and IMF. At this meeting Allan Bang could inform about SSF's negotiating role and the bank employees' rights in Iceland.

10. Situation in March 2010: Uncertainty and unsolved problems

The renewed banks

One and a half year later the three banks still exist but under different names. They have lost most of their economic strength and are once again local Icelandic banks. All their earlier assets in Nordic and European countries have been closed down or sold out. Their status is still a bit foggy but it is obvious that New Landsbanki will remain a state owned bank. Arion banki (former Kaupthing) and Islandsbanki (former Glitnir) will have a majority of foreign ownership. Most likely all three of them will be separate entities for several years while they are regaining strength and reorganizing the companies that owe them the biggest sums of money. The savings-bank's system is still under observance and its future is still in the mist.

Arion bank is the new name for Kaupthing bank. The Icelandic state owns 13 percent and the claimants 87 percent. The number of employees is around 1 100-1 150. In the spring 2008 the bank had 1 250 jobs in Iceland but in total there were 3 500 employees in the bank.

Islandsbanki, former Glitnir, has also found private owners. This privatization took place in January 2009 when the creditors bought 95 percent of the share-capital. The Icelandic state will keep the remaining 5 percent. At present the bank employs in total around 1 000 people. Before the crash there was 1 350 employees in Iceland.

New Landsbanki (NBI) is mainly owned by the state with 1 186 people in 1 090 positions, full-time jobs. In March 2008 there were 1 530 full-time jobs. The bank expects to play a big part in the reconstruction of the society.

SPRON – the savings-bank of Reykjavik is now closed down. SPRON was taken over by a Winding-up Committee and deposit accounts moved to Arion bank. SPRON had a staff of 180 persons, at present only 25-30 are working for the Winding-up Committee.

As a consequence of the crash around 1 500 Icelandic bank employees lost their jobs. Today, in March 2010, some 100 persons are still unemployed. The great majority of the laid-off members have, however, found jobs in other sectors of society, are studying at university or high-school or have left the country. SSF lost “only” some 800 members. Many of those who were forced to leave the finance market have remained as members of SSF.

Legal investigations and the Icesave case

Two legal processes are going on after the bank collapse in Iceland. A parliamentary commission, the Truth Commission, is studying what went wrong during the crisis. They are investigating if political mistakes were done or the supervisory system failed. The commission has got access to secret bank documents and will produce a report about what led to the crash. This report is expected in spring 2010. Asgeir Jónsson is critical towards the politicians in his book “Why Iceland” and comments: “Speculation aside, the Icelandic government, which secured no foreign reserves and had no solutions, bears a heavy responsibility”.

A special attorney, Olafur Hauksson, is investigating suspected criminal activities in the banks and in the companies that borrowed money from the banks. Some 25-30 people will be checked, the so called “finance-vikings”. It is well-known that there have been close links between banks and companies and between people and ownership. The first prosecutions are expected to take place in the spring 2010, but the whole investigation will take many years. Olafur Hauksson leads a team of some 25 lawyers and is also being assisted by the famous French-Norwegian lawyer Eva Joly.

At the end of August 2009 the Icelandic parliament decided that foreign customers (mainly in the UK and the Netherlands) who lost their money in Landsbanki’s internet bank Icesave should have their money back. The Dutch and the UK governments did not, however, accept the terms in this parliamentary decision. A new version of the agreement was therefore voted by the parliament, the Althing, on December 30, 2009. According to this agreement Iceland shall pay EUR 3.8 billions to the UK and the Netherlands until 2024. After massive public protests in Iceland the president Ólafur Ragnar Grímsson decided not to sign the law that was the result of the agreement but to let it be subject for a referendum. This referendum took place on March 6, 2010. Around 144 000 persons voted, out of which 93 percent said no to the agreement. The political situation is now unclear.

The fact that the Icesave case is not solved has meant that promised loans from IMF and the Nordic countries have not yet been paid out to Iceland, a fact that irritates the Icelanders. Eva Joly has commented that “it is a scandal that the Nordic countries are hiding behind IMF and the Great Powers. The Nordic countries should not act as collectors for the UK.”

The conflict between Iceland and the UK and the Netherlands puts in focus a problem in EU’s regulations for economic stability. There are no rules or regulations for how a financial crash in a transnational bank shall be handled. An intensive work has, however, started to find principles for preventing and handling such situations. The present work, which is carried out in EU and G20, shall also try to find a solution to the complex question on how burdens shall be divided between countries when a transnational bank must be saved by the tax-payers’ money.

11. Conclusions and recommendations: The union leaders again Fridbert Traustason, president of SSF

- Is there anything special that you have learnt from this crisis?

Positively: I was surprised by the strength of the union in general and the importance and strength of the contractual rights, but also by the strength of the union as a partner in the discussions with the banks and the government. SSF proved its “raison d’être” and its importance as partner in negotiations at a critical point. It was crucial to stick to the core objectives of trade unions which are to defend all contractual rights of members and to visibly support those who were laid off.

Negatively: SSF also learnt that some of the “friends” of the union, both other unions and interest groups, can prove to be our most dangerous adversaries when it comes to defending contractual rights. SSF had several disputes with unions within the Icelandic trade union confederation ASI due to our demands (and maybe our successes) for full payment during lay-off periods. It was most disappointing, when those you regard as friends let you down when you need support.

- Is there anything you could recommend to future SSF activists?

Again a negative reflexion, I am sorry to say. It is obvious that staff in British and Danish owned banks increased the crash of the economy in Iceland with an organized “lock out” for many days during October 2008. During all that time not a word was heard from our sister organizations in the Nordic countries that they opposed the treatment which our members working in Icelandic banks were receiving from their colleagues in Denmark, Norway and Sweden. I mean that Nordic co-operation should be based on mutual support. And when anything serious strikes one union the leaders of the other unions should show up in order to get first-hand knowledge, and also to show visible support. Friends should show up in times of crises – without being asked to.

- Can you see anything positive in what happened in 2008?

Positively: SSF proved its value during the crisis. The responses of SSF showed the members the value of unions in time of a crisis. The members are now in general far more positive towards the union than they were during the expansion of the economy. It is also publicly acknowledged that the leadership of SSF succeeded in defending contractual rights of the members and actively supported the victims of the downsizing.

Negatively: After this crash we are more realistic in what to expect from foreign friends. So called co-operation of the Nordic countries is actually overrated when it comes to the inter-

action of one country with the rest of the world. The EU member states are now solely working mutually within that framework and EU interests override all Nordic “brotherhood”. We Icelanders were by far too “blue eyed” towards the other Nordic countries. The little brother in the North seems to have been threatening the other countries or to have insulted them in some way.

Anne Karen Hauksdóttir, union leader at Glitnir

- Is there anything special that you have learnt from this crisis?

You need to be aware of the situation and environment of your company and not trust blindly what is going on. Constructive criticism should be welcome without risking the position of workers airing such views. When the crisis legislation nullified all our contractual rights people realised the value of a union – SSF managed to reinstall the contractual rights. Still many individual contracts and bonuses outside the union contract seem hard to regain. Through this situation our members have regained the knowledge of the “raison d’être” of labour unions and now realise the necessity of the collective agreement and its methods of communication with the company when making salary contracts.

- Is there anything you could recommend to future SSF activists?

The members need to realise that a formal system and collective agreement must be at hand in order to ensure the safety of members when lay-offs or crises occur, also in good times. By doing so we simplify matters and reduce the possible risk of damage when things go wrong. The local unions and SSF worked together closely in the complicated situation which occurred. Individual support and group solidarity is important in times like these – also from the Nordic allies. We were busy solving problems and didn’t have the capacity to spend time on informing other Nordic unions. We relied on them following up on the media for information on the situation. Our society was awash with negative news and we would have greatly appreciated public initiative and support from colleagues – Nordic or international. It would have been helpful and constructive in these difficult times, when the positive image of our members was melting away.

- Can you see anything positive in what happened in 2008?

We now have a different value system in the broad sense. Unrealistic demands of working hours and fast pace are now off. A more human approach is now taken into the workplace with increased respect for the different tasks and people – taking into account the family situation of each individual. The productivity and work rules are now more valued.

Ingvar Skúlason, union leader at Kaupthing bank

- Is there anything special that you have learnt from this crisis?

I don’t think that I can pin anything special down. I have learnt a lot in this process, and I have acquired important knowledge to use in life and work.

- Is there anything you could recommend to future SSF activists?

I hope that they do not have to deal with anything similar to what SSF and my finance union colleagues have dealt with. But knowledge about laws would have come in handy, and of course it is vital to know your own union contracts.

- Can you see anything positive in what happened in 2008?

There is always a positive side to everything. For the individuals, they needed to learn that everything can not be bought with money they don’t have. For the financial world, be careful

and finance your banks long term and not expand to fast. For the employees, don't make contracts with your employer with low monthly salaries and high bonuses.

Helga Jónsdóttir, union leader at Landsbanki

- Is there anything special that you have learnt from this crisis?

The main lesson I have learnt is that money and power isn't what counts, but rather good health, the family and quality moments with those who are dear to you.

- Is there anything you could recommend to future SSF activists?

I sincerely hope that we will never have to face similar tasks again. What I would in particular have liked to see was a unified Nordic support. I sincerely believe that all the leadership of NFU should have come over here and showed us a visible sign of support and solidarity and by addressing the media. We were so terribly alone in this situation and had the feeling that our friends in the Nordic countries didn't care about us at all and that they even made mockery of our situation.

- Can you see anything positive in what happened in 2008?

During all this finance employees showed great tolerance and stamina, and SSF, our union, proved its value. Just after the crash we managed to negotiate a new collective agreement in these harsh times. My belief is that good old values have now regained their worth and that the times of labour unions have emerged again.

Ólafur Már Svavarsson, union leader at SPRON

- Is there anything special that you have learnt from this crisis?

Be a member of a labour union! Make sure you know about your pension rights and that your payments are getting there.

- Is there anything you could recommend to future SSF activists?

Yes, that is to learn from this situation and have a checklist available for a similar situation. Hopefully it will never occur again!

- Can you see anything positive in what happened in 2008?

The bank sector is now paying more attention to basic retail service – formerly old fashioned approach. The focus on selling has been reduced because repayment problems are now the main issue so bonuses and high salaries are no more the issue. The downside is that many people lost their jobs and lots of specialized knowledge is gone with them, the international connections are in many aspects lost. The remaining jobs are mainly in the retail sector and now we have a decrease in the supply of jobs for well educated people returning home from abroad.

I can see nothing positive for **the staff** in the finance sector. There is still considerable unrest around finance jobs, discussion of too big a finance sector for domestic needs. The majority of finance workers has taken on reduced salaries and is at the same time facing ever increasing difficulties of their customers.

The union, SSF, became more visible during and after the crash and it proved itself to be a strong supporter of those who lost their jobs. Now many have joined the union – people who regarded unions as obsolete. So in a way SSF has gained in reputation from the situation. But the union also lost many members.

12. The H.R. managers: There are some positive consequences

The four interviewed H.R. managers also got the question if they could find anything positive in what happened to the financial industry in Iceland. Here are the positive comments that we received:

- There is nothing positive about what happened, but in the reconstruction of the banking system the staff of the banks did a tremendous job under very difficult conditions. I am immensely proud of the staff in the bank through these times of trouble. I think all finance employees did a very fine job under these extreme times.
- You can of course always find something positive even though the events in general were destructive and we really could have done without them. People are becoming more down to earth and more realistic and the basic values of life have regained their status. Our staff is now supporting each other more and better – this I believe we can say is for the better.
- We have found out that many aspects of internal communication as well as person to person communication have turned out to the better from what it was before the crash. There had been a certain degree of arrogance in some departments and individuals towards other departments and individuals. In our employee interviews it was, however, obvious that aspects such as arrogance, lack of tolerance had diminished, people were supporting each other. Respect for other peoples' assignments had increased.
- As we were emerging from the crisis we implemented many positive events to pep up the morale among the staff. We may have started that too early since people were not ready for such moves. However, there was one project that really made it – a health incentive which started in the autumn of 2009 aiming at increasing the health of the people working for the bank. This proved to be the best move to unite all departments and get all to work towards a common goal – bringing with it good spirits to the working place.

13. Final comments: Engagement, solidarity, good partnership

The role of SSF

The three mottos of SSF are Trust, Knowledge and Ambition and in accordance with these the SSF's leadership and staff went to great lengths to establish contact with members who were laid off by the banks. The ambition was to defend and support members, to provide the best service and conditions possible and to show understanding, interest and sympathy. As a result of the financial collapse 1 500 bank employees lost their jobs. Most of them did find other jobs or are studying and some have left the country. Around 100 persons are still unemployed.

The interviews with the union representatives as well as with the H.R. managers show that SSF made a difference. Not as many people as feared lost their jobs and many of those who were laid off found other solutions afterwards. But many well-qualified employees and members had to leave the finance sector. And the majority got a lower salary after the crash. But the results of the survey to laid-off members shown in this report are a positive reading for the union and its activists.

62 percent of the respondents in the survey covering laid-off members answered that they got much or rather much support from SSF and 71 percent said that SSF had guarded the interests of this group well or rather well. 11 percent said they got little or no support while 7 percent meant that their union did a bad job. Considering that all the people in this situation must have

been very depressed, angry and generally negative it is a stimulating result for SSF and its achievements during the crisis.

It is also encouraging for the union to see how many of the laid-off members that really used the service that SSF could offer. 42 percent of the respondents had used the information on SSF's website. 43 percent had sought assistance from the union's office. And 25 percent said that they had taken advantage of the various courses which were offered to laid-off members. But there was of course also a minority of negative respondents. It has not been possible to deepen this study with interviews with some of those who had a critical opinion of SSF's contribution.

Nordic solidarity missing

When Iceland's minister for foreign affairs, Össur Skarphedinsson, was interviewed on the Swedish Radio January 23, 2010, he said with pride that an Icelandic rescue team – although they had the longest way to go – was the first to arrive to Haiti after the terrible earthquake two weeks earlier. In the same interview he could not help showing disappointment over the lack of Nordic and European countries' support to Iceland in his country's critical situation.

The financial crash in Iceland was something of a psychological earthquake, the entire nation almost collapsed. Listening to many Icelanders in general and to the union representatives of SSF in particular you can note and feel that they missed the moral support of Nordic friends, from governments and union colleagues, not the least from the Nordic family within the NFU. Fridbert Traustason comments with some bitterness that “during all that time not a word was heard from our sister organizations in the Nordic countries that they opposed the treatment which our members working in Icelandic banks were receiving from their colleagues in Denmark, Norway and Sweden.” And he even indicates that the crisis was prolonged by the way members of the staff in British and Danish banks acted.

It is important that the SSF's leadership initiates a discussion with their colleagues in other NFU-unions in order to bring this situation of mistrust to an end. I hope that in the time to come the SSF's leading personalities will look more to the results they achieved by themselves than to the support they felt that they never received.

The importance of a good partnership

A positive factor in this turbulent time is the good co-operation as testified by all the people who are interviewed in this report. There is a long-standing tradition for co-operation in the banks between the union representatives and the H.R. departments. There was evidently no “them and us” thinking during this tough period. The union representatives are pleased with the assistance, support and understanding they received from the banks' H.R. managers.

The four interviewed managers have similar comments to the unionists' acting. One of them explains: “We were all rowing in the same direction. The management and the local union worked together within the established framework of co-operation.” This situation of mutual respect and understanding was most probably important for finding joint solutions together.

Concluding words: Some personal proposals

While writing this report I have been impressed by the way SSF and the union representatives tackled the crisis and managed to support the members, the employees, in the sector. And I am convinced that the comments of the interviewed persons must be of interest for future activists in SSF and for trade unions in the finance sector in other countries.

From my standpoint and with the knowledge and inspiration I have acquired while working on this report, I would finally like to point to some possible follow-up activities for the board and secretariat of SSF.

- Draw up a kind of memorandum based on experiences, good and bad, and what was really done and achieved by SSF and its company unions during this tough period in the history of SSF and Iceland.
- Conduct a new survey to all the members in commercial banks and savings-banks about their health and stress situation in the autumn 2010 to observe and compare how the mental situation has developed among the bank staff two years after the crash.
- Make some follow-up interviews for SSF's magazine, SSF-bladid, with 5-10 members who lost their jobs establishing what has happened to them two years later.
- Check with some of the negative respondents what they would have liked that SSF did for them during the crisis.
- Start lobbying with political parties and other unions in order to get an Icelandic legislation on board representation for employees similar to the legislation that exists in other Nordic countries.
- Initiate a discussion within the NFU and its affiliates about establishing recommendations and rules for mutual support in possible future crisis' situations.
- Invite the banks in Iceland to a joint campaign or project to increase the respect for the banks and the employees. This is a given challenge for the two parts in co-operation: To increase the respect for the sector as a whole and for all the bank employees who are making an important and qualified job.

As stated in the preface I have felt honoured being offered the possibility of undertaking this study. I was, indeed, pleased to get this opportunity since I have so many good friends and earlier colleagues in SSF as well as positive memories from several joint activities and experiences during the years.

I sincerely hope that this report may be useful for SSF's future work.

JEL

Appendix: Background material and sources

Interviews

Anna Karen Hauksdóttir, union leader at Glitnir (Now Islandsbanki)
Atli Atlason, staff manager at Landsbanki
Fridbert Traustason, president of SSF
Hafsteinn Bragason, staff manager at Glitnir (Now Islandsbanki)
Harpa Gunnarsdóttir, staff manager at SPRON (Now closed down)
Helga Jónsdóttir, union leader at Landsbanki
Ingvar Skúlason union leader at Kaupthing bank (Now Arion bank)
Jónas Hvanberg, staff manager at Kaupthing bank (Now Arion bank)
Ólafur Már Svavarsson, union leader at SPRON (Now closed down)

Surveys

Survey among laid-off members, SSF, November 2008
Survey about health situation for bank employees, SSF, March 2009
Survey about the public's attitudes towards bank employees, SSF, April-May 2009

Literature

Ásgeir Jónsson: "Why Iceland? How one of the world's smallest countries became the meltdown's biggest casualty."
Finans, Finansförbundet (DK), magazine no 4/2009
FinansVärlden, Finansförbundet (SE), magazine no 11/2008
Icelandic Chamber of Commerce: Report Financial Crisis in October, 2008.
NFU-report: NFU sector conference in Reykjavik 21-22 October, 2004.
Samband Íslenskra Bankamanna 1935-1975
Samband Íslenskra Bankamanna 1935-1995: Bankamenn í sextíu ár

“We now have a different value system in the broad sense. Unrealistic demands of working hours and fast pace are now off. A more human approach is now taken into the workplace with increased respect for the different tasks and people – taking into account the family situation of each individual.”

Anna Karen Hauksdóttir, leader of union at Glitnir (now Islandsbanki)