

# **Individual flexible working time in Danish banks**

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## **INTRODUCTION**

In 2008 an agreement was made between the Financial Services Union (FSU) and the Danish Employers Association for the Financial Sector (FA) about individual flexible working time. According to this agreement the ordinary working time limit in Denmark of 37 hours per week can be decreased or increased. The maximum is 42.5 hour per week. The new possibility to make an agreement of a different working time pattern is as well in the employees as in the banks interest. One of the new elements in the agreement is an "hour bank", where working hours in surplus can be vested.

Along with the agreement joint guidelines were made by FSU and FA which in detail explain the contents of the new agreement. The guidelines also contain paradigms to the agreements that must be entered into between the individual bank and the individual employee.

The agreement and the guidelines is an example of how we in Denmark regulate salary and working conditions through collective agreements and how we aim to adjust these to changed conditions and demands. The agreement about individual flexible working time is hardly the end of the line in this development. Increased digitalization and the changed concept of work will also influence working time regulations in the future.

## **THE FINANCE SECTOR IN DENMARK**

The finance sector consists of a financial area and insurance. The financial area is constituted of banks, savings banks, mortgage credit institutes, IT companies and other affiliated companies. The total number of employees was per June 1 2008 71.425 employees and among them 56.199 in banks etc. In addition to that there are a minor number of employees who are employed in businesses not members of FA. The numbers of employees have been increasing the latter years but have recently started to decrease due to the financial crises. Within the banks etc. about 80% of the employees are members of the FSU as well as the major part of Danish banks are members of the FA.

FSU and FA renewed the standard agreement in 2008. It covers all financial institutions and mortgage credit institutes. However there is a possibility to enter into company agreements where the regulations in the standard agreements about salary and

working time within a certain frame work can be deviated from. Several of the largest banks and mortgage credit institutes have entered into company agreements.

The standard agreement was renewed on April 1 2008 and a new element this time was the agreement about individual flexible working time. The duration period for the standard agreement and the new agreement is a 3 years period.

#### **WORKING TIME REGULATION IN THE STANDARD AGREEMENT**

One particular aspect about the labour market in Denmark is that there is no general legislation about working time. The regulation about working time is as a general rule vested in the collective agreements. However in the law of health and safety there are regulations about resting time and time off.

Chapter II in the standard agreement about working time is introduced with a regulation saying that the weekly working time must not surpass 48 hours over a 13 weeks period. This regulation has a basis in the existing directive from EU which is implemented in the collective agreement and not by legislation. Another Danish speciality. Furthermore it goes on saying that the effective working time for fulltime employees is 1.924 hours on a yearly basis equal to 37 times in the single week.

See the whole chapter II on working time in the standard agreement here <https://www.fanet.dk/downloads/Chapter II standard collective agreement.pdf>

#### **THE AGREEMENT ABOUT INDIVIDUAL FLEXIBLE WORKING TIME**

The background for the new agreement was a long time wish from as well management and employees about having more flexible regulations on working time. The companies wanted the possibility in situations with much work to take advantages work wise of the steady and experienced employees in the companies. The employees on their side get a better opportunity to plan working time according to their situation. An employee with small children would appreciate to work less in a period without the bindings that are reflected in part time employment. On the other hand an employee in other periods of his life has resources to work extra. By putting the extra hours in an hour bank the employee has the possibility to use the hours saved for longer holidays, studies or the like. The so called hour bank is as such an important tool in connection with change of working time.

In the new agreement the working hour per week is still 37 hours but the employer and the employee can once a year enter an agreement in which the working hours can be increased or decreased. Maximum working hours per week are 42 ½ hours.

If an employee works more than 37 hours per week he or she can either have an increase in payment or demand that the surplus hours is put in the "hour bank". The total amount of hours in the "hour bank" must not exceed 143 hours unless you agree on something else. If an employee leaves the company he or she can demand payment for the hours in the bank.

In the agreement on individual flexible working time there is also permission on how to calculate the working hours and there is a possibility of working 2, 3, 4, 5 or 6 days per week. The agreement explains how to do with special payment for working between 18.00 or 07.00 and what to do in different forms of absence. The agreement has a lot of consequences for the normal way of working. Therefore FA and FSU have published a booklet/or a guide explaining how the rules work.

#### **JOINT GUIDE**

The regulation about individual flexible working time is a new creation interfering with rather complicated working time regulation already existing. Therefore FSU and FA agreed to make a joint guide to banks and to the employees and to their shop stewards. The purpose with a joint guide was to give a joint answer to questions which always arise when there is something new. Same advice and identical answer from the two partners to the agreement mean that problems become less in the individual company where employees and management then concentrate on consider if they need the increased flexibility.

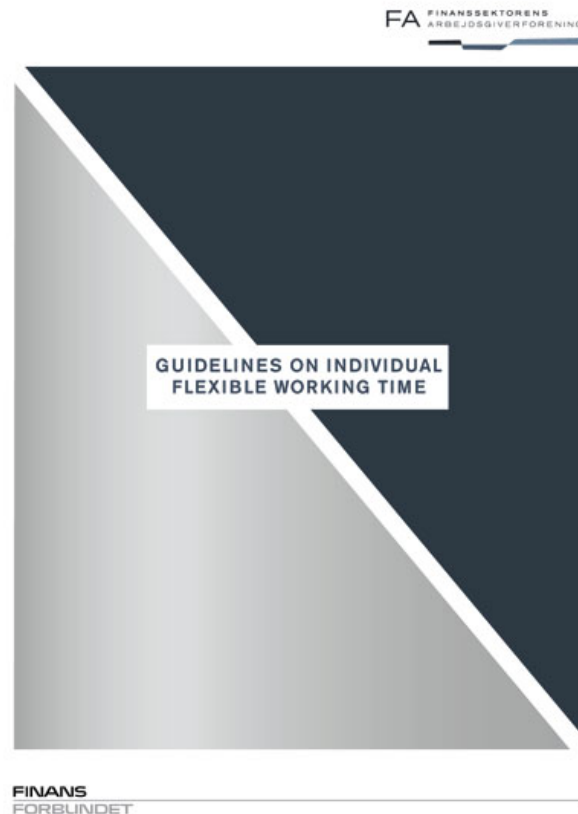
In the booklet it is explained that an agreement can cover the whole company or a part of it. That means that an agreement for instance can cover all bank offices or some of them. You can also make agreements for special parts of a company or specific kind of jobs. The parties in an agreement are on the one hand management which in practice means the HR functions. On the other hand it is the board of the local trade union or the head shop steward.

When a local agreement in a company is signed it is up to the individual employee to take the initiative to enter in an individual agreement for him or her. The parties in the individual agreement are the employee and the local manager. The individual agreement shall contain 8 different informations. Among those the amount of working hours and when to work.

In the guide for individual flexible working time there is also an explanation of the function of the "hour bank". In a way the bank works as an ordinary bank with rules for deposit, registration and withdrawal. If the employment stops the balance is paid to the employee in cash.

The booklet also explains what to do when there is an agreement of total reward. That kind of an agreement is most common in the Danish banks.

In the booklet are examples for local and individual agreements.



The booklet can be seen here:

[https://www.fanet.dk/downloads/1875-08\\_v1\\_Vejledning\\_om\\_fleksibel\\_arbejdstid.pdf](https://www.fanet.dk/downloads/1875-08_v1_Vejledning_om_fleksibel_arbejdstid.pdf)

### **PRACTICE**

As one of the first banks the Danske Bank has made a local agreement which is very close to the general agreement about individual flexible working time. The goal with the agreement in Danske Bank is to simplify regulations and draw a wider framework for planning work. The employees are supposed to have more influence in how to execute work and finally the purpose with the Danske Bank-agreement is to increase job satisfaction for the employees. Danske Bank-agreement also introduces flexible meeting and exit time for the employees. Management may however refuse that if the daily work in the unit does not make it possible.

In other banks representing the other major banks in Denmark, the use of the agreement on individual flexible working time has been more limited at this point in time.

Some of the banks questioned on the subject said that they had entered into the agreement with the local union representative but only few employees had taken the opportunity to ask for an individual agreement. In one bank employing 3500 persons,

only 8 individual agreements were entered into. Another bank with 600 employees had 2 agreements, while most of the others, even if they had the agreement ready, had had no interest from the employees. One comment was that the agreement was too complicated to administer.

One of the reasons for the limited use of the possibility for individual flexible working time may be a reflection of the present financial crisis, where employees might be more preoccupied with their daily tasks, than experimenting with a new working time opportunity.

#### **THE FUTURE**

The agreement about individual flexible working time with the guide and the local agreements express an important but also a necessary adjustment of the collective agreements to what is happening in the companies. If that is not possible the collective agreements become outdated and risk to lose the importance as the primary regulator of salary and labour market conditions in the Danish companies.

Having said that it is on the other hand not definite that the agreements about individual flexible working time are the end of the development. A very complicated net of rules have been created because it also has to take into account of other regulations as holidays, sickness etc. Besides the experiences obtained it will mean that the regulations will be adjusted when they are to be renegotiated in 2011. What is even more important at that time is the increased digitalization of the work in Danish banks. That will change the contents of work and the demands to where and when work is done. It will be the task of social partners to adjust the agreement to that development so you avoid that the collective agreements are too much behind in relation to the development of the labour market.