Qualobster

Quality Assurance in Learning Organisation in the Banking and Financial Sector in Europe

LU/07/LLP-LdV/TOI/156005

National overview of the Banking Sector in Portugal

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INDEX

1. Overview over the Portuguese Banking Sector ..............................................................
   1.1. Description ..............................................................................................................
   1.2. Opportunities and challenges ................................................................................

2. The relevance of human resource development/training ..............................................
   2.1. Trends in employment ............................................................................................
   2.2. Institutional environment ......................................................................................
   2.3. Training practices ...................................................................................................
   2.4. Approach to Quality Assurance and Learning Organisation ...............................  
       Quality at IFB and the role of certification ................................................................
       Listening to the Banking Sector ............................................................................

3. Practices Towards a Learning Organisation .................................................................
   3.1. Literature ................................................................................................................
   3.2. Conferences and Workshops ................................................................................
   3.3. Practical examples ...................................................................................................

4. Conclusion .....................................................................................................................
1. Overview over the Portuguese Banking Sector

«The Portuguese Financial Services Sector (FSS) is solid, well managed, and competitive.

Its comparison with other EU countries FSS shows a good ranking in what concerns to efficiency, asset quality and solvability».

IMF – International Monetary Fund, October, 2006

In spite of the advanced development achieved by the banking sector in Portugal, where it is one of the most competitive, the companies in it cannot slow down their rate of improvement.

We have to recognise the growing importance of intangible assets, such as portfolios of customers and suppliers, structural capital (patents, processes, databases and networks) and human capital (employees' competences and knowledge).

Increasing and consolidating the company's stock of competences and fostering an increase in its employees' capabilities are, today, a central goal for management in spite of the economic slowdown, or perhaps even because of it.

The vast developments in information and communication technologies and the internationalisation of economic areas have resulted in an abundance of information. However, this situation alone cannot guarantee the advancement of knowledge. Promoting it requires, on one hand, the existence of a corporate culture that is prepared to take on board intangible assets and, on the other hand, programmes that are suited to the specific needs of each segment of the available human resources.
1.1. Description

The Banking Sector in Portugal comprises around 38 banks, 5 Mutualist Banks and 125 Mutual Agricultural Credit Banks.

It is important to enhance that the five large universal groups operating in the Portuguese Banking Sector with multi-channel distribution represent:

- 71% of Market resources in Portugal;
- 68% of Loan Market Share in Portugal;
- 67% of the Total Assets of the sector.

The banks are universal banks and according to their own strategy can act in several sectors such as investment or retail.

As for ownership — share of foreign capital by countries —, CGD is S.A. of public capital ownership; all the others have private capital (national, foreigner, or both).

1.2. Opportunities and challenges

The Portuguese Banks managed a deep restructuring of its HR with:

- Reduction of employees;
- Qualitative improvement of HR;
- Technological innovation and intensive use of IT.

The Portuguese banking sector is perfectly aware of the special, strategic role of vocational training and has continued to use it to develop its human resources and improve their qualifications.
However, the downsizing of personnel and budgetary restrictions imposed by the existing competition and operating conditions have led banks to reduce their demand for training services in comparison with previous years. This reduction has naturally affected both the Portuguese Bank Training Institute (IFB) and its Portuguese School of Bank Management (ISGB). They, in turn, have sought to guarantee the high standards of quality, suitability and opportunity with which they have always responded to the demand for their services.

As a whole, it has been a question of staying on the path to high performance taken by the two institutes and pursuing the ambitious objectives of constant improvement, adjusting services to actual and potential demand, promoting high quality modernisation and innovation, optimising the use of available resources and never giving in to the most obvious solutions.

For the Banking Institutes, there are new market opportunities and new challenges coming.
2. The relevance of human resource development/training

2.1. Trends in employment

The recent years have been marked by the reorganization of several financial groups as well as by the decreasing in the number of banking employees. In a context moved by the redefinition of strategies and priorities, new competences and new behaviours are expected.

Touched by this environment, the human resources politics represented a real challenge to the banks, due to the fact that banks human resources possessed, a general low level of qualifications and training, not coping, at all, with the new functional exigencies.

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>58 463</td>
<td>63 888</td>
<td>54 189</td>
</tr>
<tr>
<td>Number of branches</td>
<td>1 509</td>
<td>4 369</td>
<td>5 539</td>
</tr>
<tr>
<td>Average number of employees in the branches</td>
<td>39</td>
<td>15</td>
<td>10</td>
</tr>
</tbody>
</table>

Figure 1: Number of Employees and Branches in the Banking Sector

The number of branches have been increasing over the years, while the average number of employees in Portuguese branches have been decreasing (9,8 in 2008).
There has been an improvement in vocational qualifications in the Portuguese Banking Sector, which means that in 2007 the banks reached a percentage of 44% of banking employees with higher education, as compared to a percentage of 8% banking employees with higher education in 1988.

**2.2. Institutional environment**

A slight increase in the number of female banking employees (44.5%), has been reached for the first time.
One can observe, in fact, general tendencies in the sector, but the stress relies on the employed human resources qualifications improvement. This conclusion can be reached not only by observing the increasing number of banking employees with higher level of education but also with the increasing of banking employees with specific functions.
2.3. *Training practices*

All banks have their own training structure, that support the internal training but all of them make use of outsourcing as well, whenever they consider they don’t have proper know-how in a particular area. This outsourcing can be supplied by universities or training institutes or enterprises.

All the outsourcers try to keep up with new approaches in teaching and learning, taking advantage of the technologies at disposal. Thus, the training practices have been changing as well.

<table>
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<tr>
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<tbody>
<tr>
<td>Classroom Training</td>
<td>82%</td>
<td>79%</td>
</tr>
<tr>
<td>Distance Learning (paper-based)</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>e-Learning</td>
<td>12%</td>
<td>15%</td>
</tr>
<tr>
<td>Outdoor Training</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>Other Training Activities</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Σ</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

\[+ 4.6\%\]

![Figure 4: Comparison between 2005 and 2007 in terms of courses’ methodology adopted, employees attendance and expenditure on training](image)

e-Learning methodology emerged as a valuable way of learning anytime and anywhere. In fact, in the last few years, e-learning was adopted in a significant number of courses.
Banks and Financial Institutes maintain the investment in the qualification of their human resources. In 2008, the expenditure on training was over € 25 million, and the number of courses was over 14,736, of which a significant number in external entities.

An average of 89% of the employees attended those courses.

The permanent markets’ change and the growing competition have impact on the courses’ contents. Training programmes aim to develop in bank sector’s employees the competencies that are necessary to an optimal performance. Thus, training is looked upon as a fundamental component of banks’ efficiency.

2.4. Approach to Quality Assurance and Learning Organisation

Quality at IFB and the role of certification

The Portuguese Bank Training Institute (IFB), together with its The Portuguese School of Bank Management (ISGB), belongs to the Portuguese Bank Association (APB) and is responsible for training and specialised higher education. The IFB has official certification from the DGERT, which is the state body responsible for certifying quality at training institutions.

The IFB is certified in the following areas:

- Planning of training courses and activities;
- Design of training courses, programmes, instruments and supports (with specific validation for distance learning);
- Organisation and promotion of training courses or activities (with specific validation for distance learning);
- Development and implementation of training courses and activities (with specific validation for distance learning).
The IFB recognises quality as part of everyday practice, in order to be able to meet the high expectations of those using its services.

The IFB's quality policy is based on the following premises:

- The competence and dedication of its employees, combined with the experience and prestige of the specialists, executives and academics making up the institute's teaching staff;
- The use of high-quality teaching materials produced within the framework of appropriate research and development policies;
- The use of state-of-the-art information and communication technologies, making it possible to create online student training and support processes;
- The principle of assessment and certification, with a view to lending consistency and credibility to the diplomas awarded, making them a truly meaningful credential for their holders, attesting to the level of knowledge acquired.

**Listening to the Banking Sector**

In order to matching the current demand, IFB has two main lines of action:

- The evaluation of training courses
- The close contact to participants and stakeholders

For better respond to the sector needs, it was established a Training Advisory Council.

The Training Advisory Council meets four times a year and constitutes an important interface between the IFB and the banks. Its members include representatives of training and human resource departments and trade unions in the sector.

The Portuguese Bank Training Institute (IFB) and The Portuguese School of Bank Management (ISGB) have supported studies conducted by researchers that usually cooperate with these two Institutions. Some good examples of this work are the following:

**Assistant Professor Teresa Pereira**

Teresa Pereira is researcher and Assistant Professor at the Portuguese Banking Management School. She has published several articles in the Human Resources field.

**Assistant Professor Maria do Rosário Cabrita**

Maria do Rosário Cabrita is researcher at the Universidade Nova de Lisboa and Assistant Professor at the Portuguese Banking Management School and Universidade Lusíada, in Lisbon. Involved in international projects, she also works as consultant in private and public sector. She has several years of experience in various management positions in international banks. She is member of the Editorial Board of the International Journal of Business and Systems Research and has published several articles in the intellectual capital field.

Maria do Rosário Cabrita received her PhD in Business Administration from the Institute of Economics and Business Administration, Lisbon Technical University. Her research interests are focused on concepts such as strategy, intellectual capital and human capital. In January 2005, Maria do Rosário received the Edvinson-Saint Onge’s best paper award at the 26th McMaster World Congress. She was Conferencist at the 9th European Conference on Knowledge Management, in Southampton Solent University, Southampton, UK, that took place in 4th and 5th September 2008.

3.1. Literature

These two researchers have their studies published by national and international publications. Herewith are some examples of their studies:


Teresa Pereira (2005). “Qual o Valor da Implicação Organizacional para os Indivíduos e para as Organizações?“.


### 3.2. Conferences and Workshops

The Portuguese Bank Training Institute (IFB) and The Portuguese School of Bank Management (ISGB) are represented in conferences and other training related events like the following:

Maria João Lima e Paula Diogo

Paula Diogo
Conferencist at: 1st National Training Symposium
ISCTE, Lisbon, PT, 21-22 January 2009

Rita Machado
Conferencist at: 1st National Training Symposium
ISCTE, Lisbon, PT, 21-22 January 2009
3.3. Practical examples

There are some case studies conducted by Portuguese Universities related to learning organisations.

Example:
Ydreams – a technology company that was chosen because there was prior information of the existence of certain practices of learning that made this organisation become a good subject of research. The study is published in a Portuguese publication:

4. Conclusion

The rapid changes that continue to occur all over the world, intensifying the globalisation of economies and generating increasing competition between companies have increased the need for innovation and the demand for knowledge. As a result, in open markets, identifying and improving intellectual capital and managing knowledge are at the top of the list of company managers' concerns.

The Portuguese Bank Training Institute (IFB) and its Portuguese School of Bank Management (ISGB) continue to guarantee the high standards of quality, suitability and opportunity with which they have always responded to the demand for their services. This is a challenge that the IFB and the ISGB have to face from the sector to which they belong, where they are important, supportive partners of the banks and provide permanent support in the anticipation of training needs and the creation and provision of the necessary courses.