The Bank's Organizational Management in Fiscal 2009

I. Settlement of Accounts and Budget for Expenses

As for the Bank of Japan's expenses for fiscal 2009, the Bank improved efficiency in overall expenditure, while making, in line with the budget, the disbursements necessary to cover "The Bank of Japan's Strategic Priorities for Fiscal 2009–2011" (the 2009–11 Strategic Priorities). The settlement of accounts for expenses for fiscal 2009 decreased by 14.7 percent (31.5 billion yen) to 182.8 billion yen from the previous fiscal year.

Regarding the Bank's budget for expenses for fiscal 2010, the Bank has carefully examined overall expenditure to achieve a more streamlined budget while appropriating a significant portion to cover "The Bank of Japan's Strategic Priorities for Fiscal 2010–2012,"[1] including the construction of a new Bank of Japan Financial Network System (BOJ-NET).

II. IT Investment

The Bank steadily carried out the system development projects necessary to achieve the goals set out in the 2009–11 Strategic Priorities, such as the implementation of the second phase of the next-generation real-time gross settlement (RTGS-XG) project of the BOJ-NET Funds Transfer System (BOJ-NET FTS).

It worked to raise the efficiency and streamline the development of such projects, and as a result, the scale of system development for fiscal 2009 was 9,871 person-months[2] (including outsourced man-hours of 7,203 person-months), slightly lower than had been anticipated at the beginning of the fiscal year.

III. Ceiling on the Number of Employees

The Bank has been working to realize a net reduction of 5 percent or more in the number of its full-time employees during the five-year period from fiscal 2006 to 2010, in line with the Administrative Reform Promotion Act (Act No. 47 of 2006) and with the General Principles of Administrative Reform decided by the Cabinet on December 24, 2005.

The Bank maintained the number of employees necessary to achieve the goals set out in the 2009–11 Strategic Priorities without breaking the ceiling on the number of full-time employees for fiscal 2009, which was set at 5,000. The number of full-time employees was 4,804 at the end of March 2010, up 38 from the previous fiscal year (Table 1), due to the Bank's active recruitment of employees on fixed-term contracts[3] in response to the severe economic and financial conditions.

1. For the text of the Strategic Priorities for fiscal 2010–2012, see Appendix 2 on pages 76–82.
2. In system development, one person-month is the workload equivalent of one person working for one month.
3. Employees on fixed-term contracts are recruited based on the Bank's eligibility criteria, such as skills and experience, and include those outsourced from other institutions.

Regarding remuneration, the Bank decreased the annual remuneration for its officers in fiscal 2009 by 2.4 percent from the previous fiscal year. As for its employees, the Bank kept the levels of salaries unchanged in fiscal 2009 for the 14th consecutive year, while reducing total bonuses for May and November 2009 by 3.8 percent from the previous year.

Table 1

Number of Full-Time Employees as of the End of March 2010

number of people; figures in parentheses are as of the end of March 2009

Total	**4,804 (4,766)**
Head Office[1]	2,740 (2,702)
Branches	1,991 (1,990)
Local offices[1]	50 (50)
Overseas representative offices	23 (24)

Note: 1. Full-time employees of the computer center and the banknote operations center, two of the 14 local offices, are included in the number of full-time employees at the Head Office.

IV. Organizational Management Measures Implemented in Fiscal 2009

With a view to addressing the issues and moving forward with the action plans stated in the 2009–11 Strategic Priorities, the Bank implemented the following measures with respect to organizational management.

(1) The Bank continued to ensure that all operations were executed with precision and deliberation. In particular, it ensured that the necessary operational procedures were put in place in a swift and appropriate manner to implement policy measures effectively.

(2) The Bank assessed its business processes so as to identify where operational risks, including those associated with information security, existed and how such risks were being controlled. It then revised its business processes as necessary and worked toward further strengthening its risk management.

(3) Based on the Plan-Do-Check-Act (PDCA) cycle, part of which involved operational restructuring and the assessment of its business processes, the Bank made efforts to raise the efficiency with which it used management resources as well as the efficiency and productivity of its business operations. These efforts included the following: keeping low priority business operations to a minimum, or where possible abolishing them completely; streamlining business processes by, for example, making greater use of outsourcing; and achieving a more flexible allocation of human resources.

The Bank worked to achieve wide-ranging efficiency gains across areas that included, specifically, the construction of the new BOJ-NET, the provision of services relating to banknotes and treasury funds, and the compilation of statistics. The Bank also worked to improve the efficiency of its system development through streamlining development processes, employing new technology, and promoting outsourcing.

(4) The Bank continued to ensure the fairness of its business operations and organizational management by thorough compliance with all requisite laws and regulations.

(5) With regard to work-life balance initiatives, the Bank proceeded to improve the employment situation and labor conditions based on the first phase of the action plans set out in "Measures to Support the Development of the Next Generation."

(6) The Bank stepped up efforts to acquire and train employees. To this end, job rotation and career development programs were improved, and the Bank vigorously promoted personnel exchanges with outside institutions.

V. Internal Audits

The Internal Auditors' Office at the Bank conducts internal audits of the Bank's business operations at its Head Office, branches, local offices, and overseas representative offices in order to examine the appropriateness of its business operations and the adequacy of its operational risk management as well as the fairness with which its business operations are executed. The results of audits are reported to the Policy Board.

In fiscal 2009, the Internal Auditors' Office audited 3 departments at its Head Office (the Financial Markets Department, the Information System Services Department, and the International Department), 2 overseas representative offices (New York and Washington, D.C.), 15 branches (Kushiro, Sapporo, Hakodate, Akita, Sendai, Fukushima, Yokohama, Niigata, Kyoto, Kobe, Shimonoseki, Matsuyama, Kochi, Kagoshima, and Naha), and 6 local offices (Obihiro, Asahikawa, Morioka, Yamagata, Mito, and Miyazaki).