

The Bank's Organizational Management in Fiscal 2014

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I. STATEMENT OF ACCOUNTS AND BUDGET FOR EXPENSES

As for the Bank of Japan's expenses for fiscal 2014, the Bank duly made, in line with the budget, the disbursements necessary to cover "The Bank of Japan's Strategic Priorities for Fiscal 2014–2018" (the 2014–18 Strategic Priorities). With regard to the Bank's statement of accounts for fiscal 2014, the total amount of actual expenses increased from the previous fiscal

year by 3.6 percent (6.5 billion yen) to 189.0 billion yen. Regarding the Bank's budget for expenses for fiscal 2015, the Bank has carefully examined overall expenditure in compiling a suitable budget for the year while securing the necessary budget to perform its role as central bank.

II. IT INVESTMENT

The Bank steadily carried out the system development projects necessary to achieve the goals set out in the 2014–18 Strategic Priorities, while working to raise the efficiency and streamline the development of such projects. Specifically, projects such as construction of

the new Bank of Japan Financial Network System (BOJ-NET) proceeded as scheduled. The scale of system development for fiscal 2014 was 13,067 person-months¹ (including 10,056 person-months that were outsourced).

III. HUMAN RESOURCES

The Bank maintained the number of employees necessary to achieve the goals set out in the 2014–18 Strategic Priorities without breaking the ceiling on the number of full-time employees for fiscal 2014, which was set at 4,900. Following the Bank's efforts to further increase the overall efficiency of its business operations while securing the staff needed to enhance its capabilities, the number of full-time employees was 4,593 at the end of March 2015, down 27 from the previous fiscal year (Table 1).

Regarding remuneration, the Bank raised the annual remuneration for its officers—through increasing their bonuses—in fiscal 2014 by 1.3 percent from the

previous fiscal year. The rate of increase was calculated based on a comparison with their remuneration in fiscal 2013, before a reduction was made as a provisional and exceptional measure in support of rebuilding efforts following the disaster caused by the Great East Japan Earthquake.

As for its employees, the Bank raised annual remuneration for fiscal 2014 by 1.5 percent from the previous fiscal year. For those in non-managerial positions, the Bank raised the base levels of salaries by 0.2 percent from the previous fiscal year and also raised total bonuses, paid in May and November, by 5.8 percent. For those in managerial positions, who are not subject to

1. In system development, one person-month is the workload equivalent of one person working for one month.

base salary increases, the Bank raised bonuses by 6.4 percent from the previous fiscal year. The rates of increase were calculated based on a comparison with employees' remuneration in fiscal 2013, before a reduction was made as a provisional and exceptional measure in support of

rebuilding efforts following the disaster.

In addition, the Bank decided to reduce its employees' retirement allowances—both lump-sum payments and pensions—by around 12 percent per employee on average.

Table 1

Number of Full-Time Employees as of the End of March 2015

number of people; figures in parentheses are as of the end of March 2014

Total		4,593	(4,620)
Head Office ¹		2,680	(2,704)
Branches		1,841	(1,844)
Local offices ¹		48	(48)
Overseas representative offices		24	(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

With a view to addressing the strategic objectives for its business operations stated in the 2014–18 Strategic Priorities, the Bank implemented organizational management measures for the appropriate conduct of business operations given changes in its environment, and those for the appropriate management of operational risks. As part of these measures, the Bank made changes to its organizational structure as follows.

- (1) With a view toward conducting more in-depth off-site monitoring of financial institutions, the Bank divided the Financial Institutions Surveillance Division of the Financial System and Bank Examination Department into three subdivisions (based on the type of financial institutions it monitors): Financial Institutions Division I, Financial Institutions Division II, and Financial Institutions Division III.
- (2) The Bank established the International Coordination Division in the International Department, building on and reinforcing the functions of its predecessor, the Center for Monetary Cooperation in Asia, so that it

can act as the principal liaison for the planning, coordination, and organization of Asia-Pacific regional meetings as well as other international meetings and also play a more active role in enhancing monetary cooperation as well as technical assistance, particularly in the Asian region.

As for other organizational management measures, the Bank worked to strengthen business continuity arrangements as follows.

- (1) The Bank further enhanced the disaster countermeasures in place at its Head Office and branches, particularly in light of lessons learned in responding to the Great East Japan Earthquake and the government's reappraisal of potential damage scenarios for large-scale earthquakes directly under Tokyo or in the Nankai Trough.
- (2) The Bank conducted, as scheduled, practical exercises performed under various disaster scenarios, including those for pandemic influenza.

(3) The Bank further strengthened cooperation with both the national and local governments through, for example, participation in the Central Disaster Management Council and various exercises.

In addition, the Bank indicated in the 2014–18 Strategic Priorities that it will secure and foster human resources in the execution of business operations and organizational management, expand its recruitment of women and encourage their promotion, and seek to offer various working arrangements to improve the work-life balance of its employees. The Bank made progress in addressing these measures as follows.

- (1) The Bank enhanced various staff education and training programs and continued to work to promote personnel exchanges with institutions both inside and outside Japan.
- (2) With regard to staff recruitment for fiscal 2015 of

future candidates for managerial positions, the Bank proactively recruited women, with the aim that they should account for about 30 percent.

- (3) In order to ensure that all of its employees, according to their respective stages of life, play an active role in its business operations and fully realize their potential, the Bank continued to work to improve the employment and working conditions of its employees based on the third phase of the action plans set out in "Measures to Support the Development of the Next Generation," so that they can balance work and child-rearing.
- (4) With a view to making the most of the skills and know-how of experienced workers and ensuring the stable conduct of its business operations, the Bank decided to abolish its existing reemployment system (the "senior staff system") and introduce a new system (the "expert staff system") from fiscal 2015.

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 2014, the Internal Auditors' Office audited 5

departments at the Bank's Head Office (the Monetary Affairs Department, the International Department, the Operations Department, the Information System Services Department, and the Institute for Monetary and Economic Studies), 3 overseas representative offices (London, Paris, and Frankfurt), 15 branches (Sendai, Fukushima, Yokohama, Kofu, Nagoya, Hiroshima, Matsue, Shimonoseki, Takamatsu, Matsuyama, Kochi, Kitakyushu, Fukuoka, Kumamoto, and Naha), and 5 local offices (Morioka, Yamagata, Tottori, Tokushima, and Saga).