

# The Bank's Organizational Management in Fiscal 2017

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## I. STATEMENT OF ACCOUNTS AND BUDGET FOR EXPENSES

As for the Bank of Japan's expenses for fiscal 2017, 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 2017, the total amount of actual expenses increased from the previous fiscal

year by 2.5 percent (4.8 billion yen) to 192.9 billion yen. Regarding the Bank's budget for expenses for fiscal 2018, the Bank carefully examined overall expenditure in compiling a suitable budget for the year while securing the necessary budget to perform its role as the country's 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. The scale of system development for fiscal 2017 was 13,254 person-months<sup>1</sup> (including 10,266 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 2017, which was set at 4,900. Following the Bank's efforts to secure the staff needed to enhance its capabilities while further increasing the overall efficiency of its business operations, the number of full-time employees stood at 4,653 at the end of March 2018, up 7 from the previous fiscal year (Table 1).

Regarding remuneration, the Bank raised the annual remuneration for its officers—through increasing their bonuses—in fiscal 2017 by 0.4 percent from the previous fiscal year.

Also, in consideration of such factors as the reductions in retirement allowances for national government officials, the Bank decided to reduce the retirement allowances of its officers by 3.5 percent.

As for its employees, the Bank raised the annual remuneration for fiscal 2017 by 0.2 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 paid semiannual bonuses in May and November, each amounting to 2.108 months of salary, on a basis excluding the base salary increase. For those in managerial positions, the Bank paid 2.204 months of salary per semiannual bonus.

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

Table 1

**Number of Full-Time Employees as of the End of March 2018**

number of people; figures in parentheses are as of the end of March 2017

<b>Total</b>		<b>4,653</b>	<b>(4,646)</b>
Head Office <sup>1</sup>		2,750	(2,766)
Branches		1,827	(1,806)
Local offices <sup>1</sup>		52	(50)
Overseas representative offices		24	(24)

Note: 1. Full-time employees of the Computer Center and the Banknote Operations Center 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 also for the appropriate management of operational risks.

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

- (1) Based on its experience following the Great East Japan Earthquake and the Kumamoto Earthquake, in addition to the government's reappraisal of potential damage scenarios for large-scale earthquakes directly under Tokyo or in the Nankai Trough, the Bank steadily implemented measures toward enhancing the disaster countermeasures in place at its Head Office and branches.
- (2) The Bank further strengthened cooperation with relevant parties such as the national and local governments as well as financial institutions 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 would 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) The Bank, under an action plan compiled and released in March 2016 pursuant to the Act on Promotion of Women's Participation and Advancement in the Workplace, undertook initiatives to ensure that its female employees could fully realize their potential at work, thereby making it easier for all of its employees to participate in the workforce. Having taken these initiatives, in May 2017, the Bank was awarded the highest rating, Level 3, of the *Eruboshi* (L Star) certification from the Minister of Health, Labour and Welfare in recognition of the excellence of its performance in this regard. In addition, 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 Raising Next-Generation Children," so that they can balance work and child-rearing. In March 2018, as the Bank had achieved the goals for the third phase one year ahead of the initial schedule, it formulated and released action plans for the fourth phase, to start from fiscal 2018.

(3) With regard to staff recruitment for fiscal 2018, the Bank proactively recruited women, with the aim that they should account for about 30 percent of future candidates for positions of Director, Chief Manager, and above.<sup>2</sup>

(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 continued to seek to embed firmly within the workplace culture the "expert staff system," a reemployment system that the Bank introduced in fiscal 2015.

Following an instance of misconduct in which an employee of the Bank stole commemorative coins held at the Bank's Head Office, the Bank took disciplinary actions against those involved. It also decided to redouble its efforts with regard to staff education and training so as to ensure integrity in the execution of duties by the Bank's staff.

## 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 2017, the Internal Auditors' Office audited 4 departments at the Bank's Head Office (the Monetary Affairs Department, the International Department, the Operations Department, and the Information System Services Department), 3 overseas representative offices (London, Paris, and Frankfurt), 15 branches (Sapporo, Aomori, Akita, Fukushima, Maebashi, Yokohama, Niigata, Kyoto, Osaka, Kobe, Okayama, Takamatsu, Oita, Nagasaki, and Kumamoto), and 3 local offices (Mito, Asahikawa, and Tokushima).

<sup>2</sup> Employees in the positions of Director, Chief Manager, and above oversee the execution of business operations assigned to them, and are responsible for organizational management within their sections.