



The Bank's Organizational Management in Fiscal 2015

I. Statement of Accounts and Budget for Expenses

II. IT Investment

III. Human Resources

IV. Organizational Management Measures

V. Internal Audits

I. STATEMENT OF ACCOUNTS AND BUDGET FOR EXPENSES

As for the Bank of Japan's expenses for fiscal 2015, 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 2015, the total amount of actual expenses decreased from the previous fiscal

year by 2.2 percent (4.1 billion yen) to 184.9 billion yen. Regarding the Bank's budget for expenses for fiscal 2016, 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. Specifically, the Bank fully launched the new

Bank of Japan Financial Network System (BOJ-NET) on October 13, 2015 and proceeded with other projects, as scheduled. The scale of system development for fiscal 2015 was 11,045 person-months¹ (including 8,174 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 2015, 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 4,617 at the end of March 2016, up 24 from the previous fiscal year (Table 1).

Regarding remuneration, the Bank raised the annual remuneration for its officers—through increasing their

bonuses—in fiscal 2015 by 0.4 percent from the previous fiscal year.

As for its employees, the Bank raised annual remuneration for fiscal 2015 by 1.9 percent from the previous fiscal year. For those in non-managerial positions, the Bank raised the base levels of salaries by 0.6 percent from the previous fiscal year and paid semiannual bonuses in May and November, each amounting to 2.036 months of salary, on a basis excluding the base salary increase. For those in managerial positions, the Bank paid 2.099 months of salary per semiannual bonus.

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

In addition, the Bank reduced 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 2016

number of people; figures in parentheses are as of the end of March 2015

Total		4,617	(4,593)
Head Office ¹		2,724	(2,680)
Branches		1,819	(1,841)
Local offices ¹		50	(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) The Bank decided to establish the FinTech Center in the Payment and Settlement Systems Department in April 2016, aiming to reinforce efforts toward developments in FinTech that would contribute to enhancing financial services and achieving sustainable growth of Japan's economy.

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 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 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.

(3) In March 2016, the Bank compiled and released an action plan, pursuant to the Act on Promotion of Women's Participation and Advancement in the Workplace, 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.

(4) With regard to staff recruitment for fiscal 2016, 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.²

(5) 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 introduced a new reemployment system (the "expert staff system") and sought to embed it firmly within the workplace culture.

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 2015, the Internal Auditors' Office audited 5 departments at the Bank's Head Office (the Payment

and Settlement Systems Department, the Financial Markets Department, the Research and Statistics Department, the Currency Issue Department, and the Personnel and Corporate Affairs Department), 2 overseas representative offices (Hong Kong and Beijing), 15 branches (Sapporo, Hakodate, Aomori, Akita, Maebashi, Niigata, Kanazawa, Matsumoto, Kyoto, Osaka, Kobe, Okayama, Fukuoka, Oita, and Nagasaki), and 6 local offices (Mito, Asahikawa, Toyama, Fukui, Nagano, and Saga).

² 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.