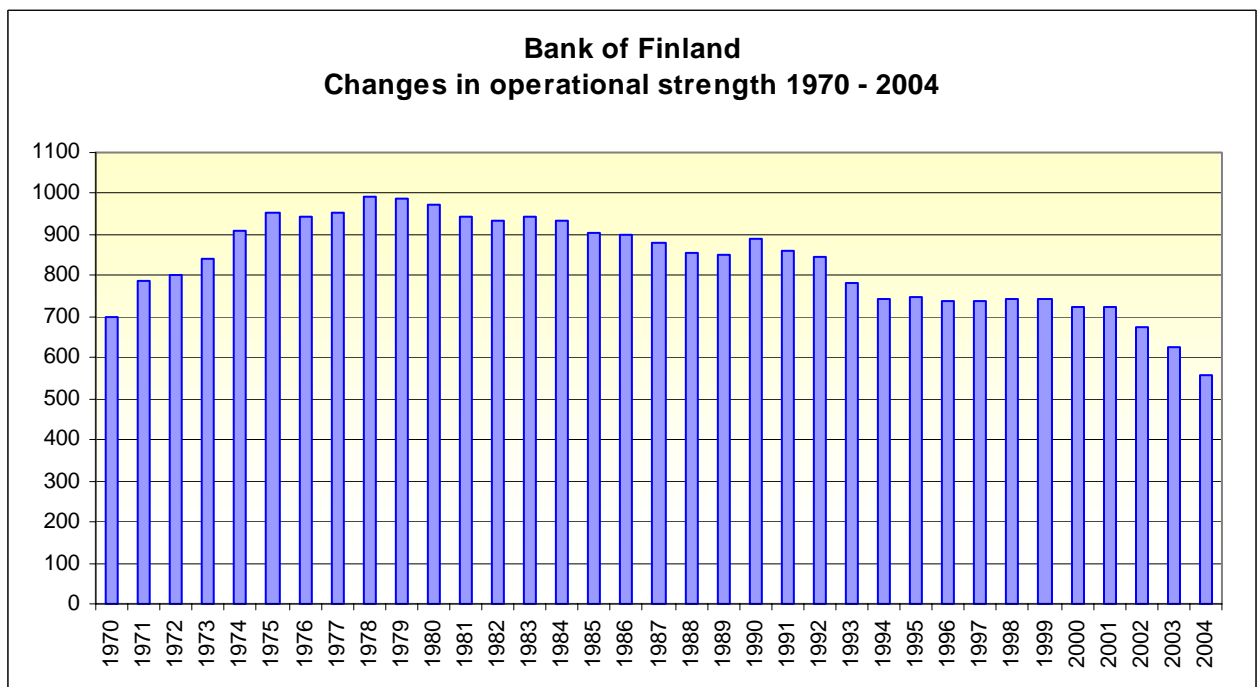


# Bank of Finland Personnel Audit 2004





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# PERSONNEL AUDIT 2004

## *Introduction*

The Bank of Finland's human resources management objectives are based on a skilled staff, efficient and effective operations and staff resources that are gauged in accordance with strategic objectives.

By employing key personnel figures, management and supervisors can assess their own human resources management performance and therefore identify and make appropriate allocation of development measures.

The 2004 personnel audit of the Bank of Finland is the ninth of its kind. The same key figures have been used over successive years, in order to ensure a reliable analysis of the Bank's human resources work.

We hope that you will find this personnel audit interesting and useful reading on the Bank's human resources work in 2004.

Sincerely

A handwritten signature in black ink, reading "Ann Laento". The signature is written in a cursive, flowing style.

*Head of Personnel*

## *Abstract*

By the end of the year in audit, there were 559.5 persons working at the Bank of Finland, down from 626.5 in 2003. The number of staff in attendance has dropped over the period 2000–2004 by 23%. At the end of 2004, support and service staff accounted for 46% and experts for 45% of the staff in attendance. At the end of 2004, Bank employees numbered 581.5 persons.

Of the total staff, the proportion of permanent staff to those on fixed-term contracts was 95% to 5% respectively. At the end of the year 22 persons, or 4% of staff, were on leaves of absence. Of these, 8 persons were employed by the European Central Bank (ECB).

Of the Bank's staff, 51% were women and 49% men. The average age of the employees was 45.6 (45.9 for women and 45.2 for men).

In line with the current two-year collective civil servant agreement, covering the years 2004–2005, an overall pay rise of 2.15% was effected in March 2004. At the end of 2004, the average pay for women was EUR 3,087 and that for men EUR 3,777.

Bonuses were awarded to a total of 122 employees, totalling EUR 168,799, or 0.64% of the annual payroll.

A total of 23,630 hours of additional and overtime hours were performed over the year, an increase of 18.1% on the previous year. Purchased staff resources represented 43 man-years,<sup>1</sup> with the costs for purchased services representing EUR 1.8 million.

Staff development discussions are an integral part of the Bank's management system and action planning as well as being key to change management and competence development. In the course of the year 87% of the staff participated in development discussions.

The Bank of Finland's educational level index is 5.3 (on a scale from 1 to 8) for the whole staff and 6.5 for those in expert positions. A total of EUR 1.08 million was allocated to training over the year, of which 55% was directed at staff working in expert positions, 20% went for the training of support staff, 13% to management training while 13% was spent on training directed at all staff categories.

The number of days of absence from work due to illness totalled 5,304 (of which 4,203 business days) and involved 459 employees (figure calculated on the total number of staff working at the Bank in the course of the year). Sick leave as a percentage of total working days was 2.89%.

Over the year, 36 persons retired directly from the Bank. The average effective retirement age, including those retiring from the Financial Supervision Authority, was 57 years. Pensions were paid out to 875 persons and totalled EUR 15.7 million.

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<sup>1</sup> **Man-year:** all pay earners converted into whole working years.

## Personnel audit key figures

	2002	2003	2004
<b>STAFF SIZE</b>			
Total strength	705	652	582
Operational strength (employees in attendance)	674	627	560
Turnover rate (Incoming)	6%	3%	5%
Turnover (Outgoing)	13.5%	12%	18%
Internal mobility	6%	6,5%	7%
External recruitment, No.	30	20	29
Staff on leave of absence	31	25	22
<b>STAFF STRUCTURE</b>			
Average age of staff	45.9 years	46 years	45.6 years
Proportion of female staff	-	53%	51%
Proportion of male staff	-	47%	49%
Proportion of support staff	52%	51%	45%
Proportion of expert staff	39.7%	40%	46%
Proportion of supervisors and management	7.7%	8%	8%
Proportion of senior management	0.6%	1%	1%
Proportion of permanent staff	94%	95%	95%
Proportion of fixed-term staff	6%	5%	5%
<b>STAFF-RELATED EXPENSES</b>			
Bank's own staff	EUR 43.2 million	EUR 42.6 million	EUR 41.1 million
Purchased staff resources	EUR 1.8 million	EUR 2.3 million	EUR 1.8 million
<b>TOTAL MAN-YEARS</b>			
Bank's own staff	734.5 man-years	674.3 man-years	601.2 man-years
Purchased staff resources	35 man-years	45 man-years	42.9 man-years
<b>SALARIES AND BONUSES</b>			
Total wages and salaries	EUR 30.7 million	EUR 30.1 million	EUR 29.4 million
Bonus as proportion of salaries	0.76%	0.25%	0.64%
Salaries related to market pay levels	-	104.8%	101.8%
Wage developments	-	3.7%	5.7%
Average pay, women	-	EUR 2,883	EUR 3,087
Average pay, men	-	EUR 3,573	EUR 3,777
<b>PENSIONS PAID</b>			
No. Retiring from service	29	51	36
Average age at retirement	56.2 years	57 years	57 years
No. receiving pension	796	838	875
<b>STAFF COMPETENCE</b>			
Training costs	EUR 1.18 million	EUR 1.26 million	EUR 1.08 million
Training costs/wages and salaries	3.8%	4.2%	3.7%
Educational level index	4,9	5,0	5,3
Books and articles published	168	216	213
Academic theses	4	5	3
<b>WELLNESS AT WORK</b>			
Total days sick leave	7,767	6,100	5,304
Sick leave as percentage of working days	3,3%	2,9%	2,8%
Health rate	26,4%	30,7%	26,4%

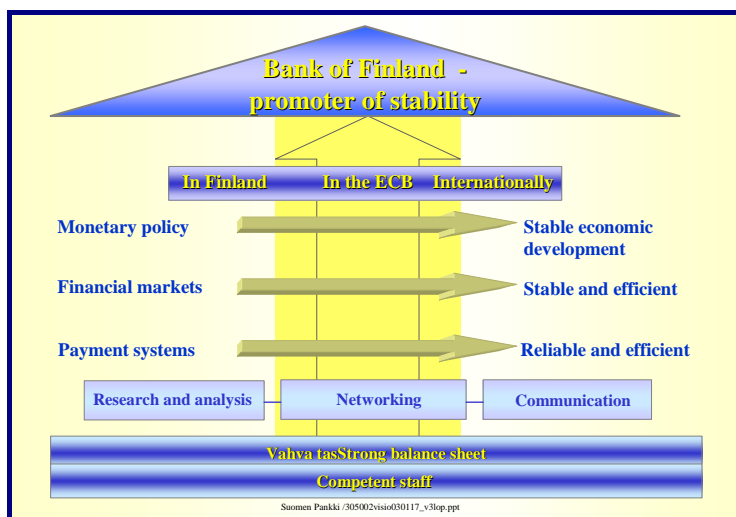
# 1. MANAGEMENT SYSTEMS

## *Bank of Finland – promoter of stability*

The long-term planning and development of the Bank of Finland's activities is based on regular analyses of the operating environment as well as on background studies of current topics relevant to the planning work. Topics related to action planning and development are dealt with at the senior management's strategy discussions and seminars. These discussions are also used as an opportunity to evaluate implementation of the plans and to identify any need for strategy change or adjustment. In their annual action planning, the various departments provide the Bank's strategy with a concrete operational form.

In line with the Bank's strategy, the Bank of Finland is Finland's monetary authority and an active and constructive member of the European System of Central Banks (ESCB). The Bank seeks to operate with reliability, high quality, cost efficiency and transparency.

Price stability, efficient and stable financial markets and sustainable public finances provide the framework for economic growth and employment. The Bank's activities are directed at promoting these objectives. The Bank's influence is based on high-quality and well-allocated monetary expertise and an efficient international and national cooperation network.



## *Organisational structure of the Bank of Finland*

Revision of the Bank's organisational structure was approved by the Board of the Bank of Finland in December 2004. The organisational revision was based on a functional approach, amalgamating many existing departments to achieve more effective allocation of resources, enhanced internal communication and operational transparency. The Bank's previous 18 departments were replaced by 6 new departments: Monetary Policy and Research, Financial Markets and Statistics, Banking Operations as well as Currency, Administration and the General Secretariat in addition to the independent Internal Audit unit.

The Board is composed of Erkki Liikanen, Governor, Matti Louekoski, Deputy Governor, and Sinikka Salo and Pentti Hakkarainen, Board Members. The Bank is overseen by the members of the Parliamentary Supervisory Council (9) elected by the Finnish Parliament. Decisions are however made on a collegial basis. The administrative decision-making power has been further delegated within the organisation, primarily to department heads.

## *Human resource management evaluation, 2004*

### **Human resource management revised**

In spring of 2004 the various roles within the HR function were realigned to comply with the human resources strategies. Supervisors are responsible for their respective departments' internal HR management while the personnel division is responsible for providing the organisation's centralised HR management and personnel development services.

### **Personnel's quantitative objectives achieved**

The quantitative objectives set for the personnel were achieved by August of 2004. By the end of the year, the Bank's employees numbered 581.5. Personnel negotiations and the agreed package concerning the measures required to bring about changes in the Bank's currency supply operations affected 40 employees. A tight recruitment policy involving a ban on external recruitment until the beginning of August and a 50% replacement policy of personnel leaving on retirement enabled the targets on staffing level to be met.

### **New approach to handling the Bank's employment policy**

Over the year in audit not only did the Bank of Finland's Employee Association's main negotiator change, but several other negotiators changed too. Despite the changes that took place, the Bank was able to negotiate a competitive two-year collective civil service agreement and to reach an understanding over the need to develop the shop steward organisation structure. Towards the end of the year cooperation with the staff association was mainly centred on the Bank's new organisational structure and related personnel negotiations.

### **Preparedness for retirement situation**

Potential supervisor-level staff have been given the in-house 'proJOKO' leadership training course. In addition to which, preparations were made over the year to implement a 'Young Professionals' training programme in the Bank. The programme is due to be put into operation at the beginning of 2006.



## **Enhanced personnel services through systems improvement and outsourcing**

A report on the outsourcing of the pay clerk function and the associated tender process to find an outsourcing partner were undertaken during 2004. The actual project was concluded in 2005 meaning that the pay calculation functions of the Bank of Finland will be fully outsourced from September 2005.

The 2005 reform of both the contents and systems behind the state employees' pension scheme (VEL 2005) created the need to outsource the Bank's pension administration. The Bank of Finland neither possessed adequate resources to bring about the extensive reform required by the amendments to the law governing the pension provision nor was it in a position to continue administering the pensions system. Outsourcing the Bank's pension service to the State Treasury Office was initiated in 2004 and will be completely transferred 2005–2006.

The Bank's eHR – electronic HR system – project commenced April 2004. This new electronic personnel management tool will enhance HR practices within the Bank by offering up-to-date personnel data, when and where it is required. The eHR project, which is expected to take 2 years to be fully operational, is designed to be a support function to supervisory activities and enhance administrative routines. Implementation of the first phase, in December 2004, brought a personnel register into use as well as an electronic portal for managerial use. From the beginning of 2005 an electronic form resource was added, as well as an approval procedure and a working-hours administration module.

## *Collective civil service agreements and shop stewards*

Collective civil service agreements are concluded between the Bank of Finland and the Employees Association representing the Bank's staff. In addition to a full-time union secretary, the Bank has a full-time chief shop steward, a part-time chief shop steward for employees engaged in currency distribution and a deputy chief shop steward acting as a substitute for both of them, as well as 12 part-time shop stewards. Shop stewards also represent staff in the occupational safety and health scheme.

## 2. WORKING HOURS

The daily regular working hours at the Bank of Finland are 7 hours and 40 minutes. The majority of staff is covered by the flexitime scheme. Annual holiday rights amount to 32–40 days, depending on years of service.

The following table sets out changes in the number of man-years, by regular working hours.

Man-years	2003 man-years	2004 man-years	change/m-y 2003-2004
Permanent	608,25	551,3	-57,0
Fixed-term	32,3	24,1	-8,2
<b>Sub-total</b>	<b>640,6</b>	<b>575,4</b>	<b>-65,2</b>
Holiday substitutes	26,8	19,5	-7,3
Trainees	4,1	4,3	0,2
Employees paid dy the hour	2,8	2,0	-0,8
<b>Total</b>	<b>674,25</b>	<b>601,21</b>	<b>-73,0</b>

### *Additional and overtime work*

The amount of additional and overtime work increased by 4,296 hours (18.1%) in comparison with last year.

### **Amount of additional and overtime work and related costs, 2004**

Year	Overtime worked		Overtime compensation	
	Hours, total	Employees, No.	Hours in lieu	EUR
<b>2000</b>	22644	412	1341	624 557
<b>2001</b>	29365	478	1653	856 741
<b>2002</b>	26644	483	1805	758 495
<b>2003</b>	19334	407	1534	627 554
<b>2004</b>	23630	484	904	816424

## *Holiday bank*

The number of holiday days, as well as days to be taken as overtime or flexitime leave, entered in the holiday bank increased by approximately 11.5% (1,606 days) in the year. One reason behind this increase was an amendment to the holiday-year calculation procedure, brought about after personnel negotiations.

### **Changes in the days held in the holiday bank, 2000–2004**

2000	428 persons	11,495 days
2001	400 persons	11,562 days
2002	394 persons	12,089 days
2003	394 persons	12,345 days
2004	427 persons	13,951 days

The total days held in the holiday bank are the equivalent of approximately 55 man-years. The average banked is 33 days/person, or the equivalent of 1.5 working months. Practices concerning use of the holiday bank were covered by the previous round of negotiations over the collective civil service agreement. The most recent amendments concerning use of the holiday bank became valid at the beginning of 2005.

## *Purchased staff resources*

Purchased staff resources represented 43 man-years,<sup>2</sup> with the costs for purchased services representing EUR 1.8 million. The number of purchased staff members and related costs has dropped in comparison with the previous year. Purchased staff resources refer to non-employees of the Bank working in the Bank more or less on a daily basis.

Services purchased by the Bank typically cover such functions as various administrative, real estate, personnel, restaurant as well as occupational health services.

	2001		2002		2003		2004	
	man-years	EUR m	man-years	EUR m	man-years	EUR m	man-years	EUR m
Own staff	746.5	41.4	734.8	43.2	674.3	42.6	601.2	41.1
Overtime worked	15	0.9	13.8	0.7	10.0	0.6	12.1	0.8
Purchased services	38		35	1.8	45.0	2.3	42.9	1.8
<b>Total</b>	<b>799.5</b>		<b>783.6</b>	<b>45.7</b>	<b>729.3</b>	<b>45.5</b>	<b>656.2</b>	<b>43.7</b>

EUR 3.1 million was spent on specialist/consultancy services in 2004. This shows an increase of a little less than 30%. Consultant services were used, for example, in economist and research services, IT consulting, human resources, auditing and legal services.

<sup>2</sup> Man-year: all pay earners converted into whole working years.

### 3. PAY AND BONUSES

#### *Pay and incentive schemes*

All of the posts at the Bank of Finland have been subjected to the Hay point-factor job evaluation system when determining wage and pay levels. Assessment of the defining positions takes account of the responsibilities and effectiveness of the position, together with requirements of know-how, leadership and interactive skills and the extent and freedom of problem solving involved.

The objective behind the Bank's pay policy is to establish that the average target wage level is set according to market median, derived from the Hay pay comparison. The Bank has also in place a discretionary bonus scheme covering all employees.

#### *Pay increases and bonuses, 2004*

The current two-year collective civil service agreement (2004–2005) includes an overall pay rise of 2.15%. A sectoral allowance of 0.3% was awarded as a personal pay increase, according to proposals made by the individual employees' supervisors. Personal pay rises were awarded to 34 staff members from skills categories 8–13 and 24 from skills categories 14–19. Furthermore in spring, individual merit increases were given to 21 persons in skills categories 8–13 and to 76 persons in skills categories 14–19.

A total of EUR 168,799 was allocated to bonuses, which accounted for 0.64% of the annual payroll. Altogether 122 persons were given bonuses. The Bank of Finland's bonuses were clearly fewer and smaller than those of the companies participating in the HAY benchmark survey.

The results of a market place comparison, undertaken in July 2004, showed that the Bank of Finland and the Financial Supervision Authority were slightly above the average set as the pay policy objective.

Analysis shows a high degree of equality in the ratio of average pay for women to average pay for men of equivalent skills levels; the ratio is, on average 100% with a maximum variation by skills category of +/- 10%. The ratio of women's to men's pay levels, not calculated by category skill, is 82%. At the end of 2004, the average pay for women was EUR 3,087 and that for men EUR 3,777.

#### **Average monetary pay (basic pay + fixed supplements), by organisational level 2000 - 2004**

	<b>2000 EUR</b>	<b>2001 EUR</b>	<b>2002 EUR</b>	<b>2003 EUR</b>	<b>2004 EUR</b>
Supervisors	5 360	5 469	5 676	5 825	6 239
Experts	3 359	3 562	3 728	3 852	3 966
Support staff	2 025	2 058	2 189	2 264	2 361
Total	2 790	2 873	3 075	3 200	3 419

### Average by skills category

The table includes monetary pay for both permanent and fixed-term employees (basic pay + fixed supplements)

Skills category	2003			2004		
	No.	Average pay for men and women EUR	Average pay women/ Average pay men %	No.	Average pay for men and women EUR	Average pay women/ Average pay men %
22	3	8 015	-	3	8 194	-
21	10	7 295	96	11	7 371	94
20	11	6 628	91	10	6 693	-
19	26	5 409	105	25	5 762	107
18	32	4 940	99	28	5 188	101
17	71	4 255	99	76	4 365	98
16	71	3 742	101	68	3 815	98
15	50	3 267	101	52	3 341	100
14	36	2 797	105	34	2 807	104
13	58	2 535	102	58	2 582	104
12	86	2 444	102	75	2 491	101
11	74	2 242	99	68	2 276	98
10	60	2 097	95	34	2 188	97
9	29	1 922	90	14	2 012	92
8	20	1 671	109	11	1 824	-

### *Taxable fringe benefits*

The fringe benefits provided by the Bank included meals (EUR 98.70/month), use of a mobile telephone (EUR 20/month), housing and car benefits. Every Bank employee has the right to meals, while the use of a telephone and other benefits are accorded to individual employees on the basis of their duties.

## 4. STAFF STRUCTURE

### *Human resources planning*

The human resources plans are geared towards changing the Bank's staff structure by taking advantage of retirements. Needs for new resources are examined critically in terms of both numbers and skills.

### *Forms of employment*

The share of full-time employees was 98%. In 2004 there were 12 persons working on a part-time basis or on contracts involving reduced working days. Persons paid on an hourly basis were generally employed in service functions to help relieve pressure during rush periods.

Permanent employees accounted for 95% of all staff (compared with 95% in 2003) and fixed-term employees for 5% (compared with 5% in 2003). At the end of the year 22 persons, or 4% of staff, were on leaves of absence. Of these, 8 persons were employed by the European Central Bank (ECB).

### *Staff size*

At the end of 2004, Bank employees numbered 581.5 persons. The supervisor to employee ratio, ie the average number of employees per supervisor, is around 13 within the Bank's organisation.

#### **Breakdown of staff size by category, 31 Dec 2004**

	Full-time		Part-time		Total
	Permanent	Fixed-term	Permanent	Fixed-term	
Support staff	245	10	5	1	261
Experts	254	13	3,5	0	270,5
Supervisors	46	0	0	0	46
Senior management	0	4	0	0	4
<b>Total staff strength</b>	<b>545</b>	<b>27</b>	<b>8,5</b>	<b>1</b>	<b>581,5</b>
On leave of absence	-22		0	0	-22
<b>Operational strength</b>	<b>523</b>	<b>27</b>	<b>8,5</b>	<b>1</b>	<b>559,5</b>

*Those working shorter hours, having a part-time post or drawing a part-time pension qualify as part-time employees. The table shows part-time employees as a proportion of agreed working hours to total and operational strength<sup>3</sup>*

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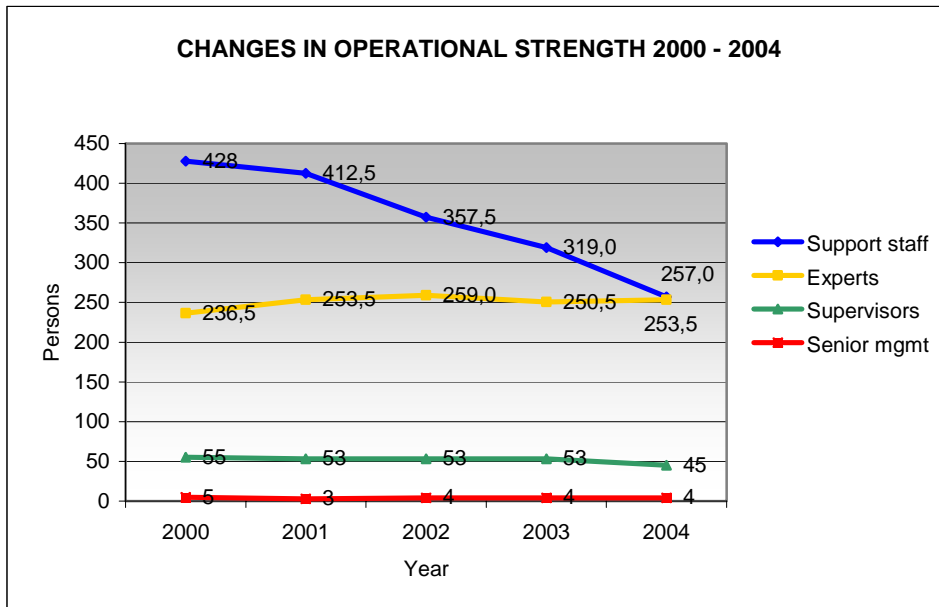
Total strength: permanent and fixed-term employees in attendance, excluding those on leaves of absence, holiday substitutes and trainees.  
Operational strength: permanent and fixed-term employees in attendance, excluding those on leave of absence, holiday substitutes and trainees.

## Changes in operational staff strength, 2000 - 2004

	2000			2001			2002			2003			2004		
	Perm.	Fixed	Total	Perm.	Fixed	Total	Perm.	Fixed	Total	Perm.	Fixed	Total	Perm.	Fixed	Total
Support staff	382	46	<b>428</b>	360.5	52	<b>412.5</b>	339.5	18	<b>357.5</b>	302	17	<b>319.0</b>	246	11	<b>257.0</b>
Experts	214.5	22	<b>236.5</b>	228.5	25	<b>253.5</b>	240	19	<b>259.0</b>	238.5	12	<b>250.5</b>	240.5	13	<b>253.5</b>
Supervisors	55	0	<b>55</b>	53	0	<b>53</b>	53	0	<b>53</b>	53	0	<b>53</b>	45	0	<b>45</b>
Senior mgmt	1	4	<b>5</b>	0	3	<b>3</b>		4	<b>4</b>		4	<b>4</b>	0	4	<b>4</b>
<b>Total</b>	<b>652.5</b>	<b>72</b>	<b>724.5</b>	<b>642</b>	<b>80</b>	<b>722.0</b>	<b>632.5</b>	<b>41</b>	<b>673.5</b>	<b>593.5</b>	<b>33</b>	<b>626.5</b>	<b>531.5</b>	<b>28</b>	<b>559.5</b>

Over the period covered by the Table (above), the number of employees in attendance has reduced by 23%, a majority of these leaving over the last three years. At the end of 2004, support and service staff accounted for 46% and experts for 45% of the staff in attendance. The ratio of experts to other staff has been growing steadily over the last few years.

## Changes in operational staff strength, 2000 - 2004

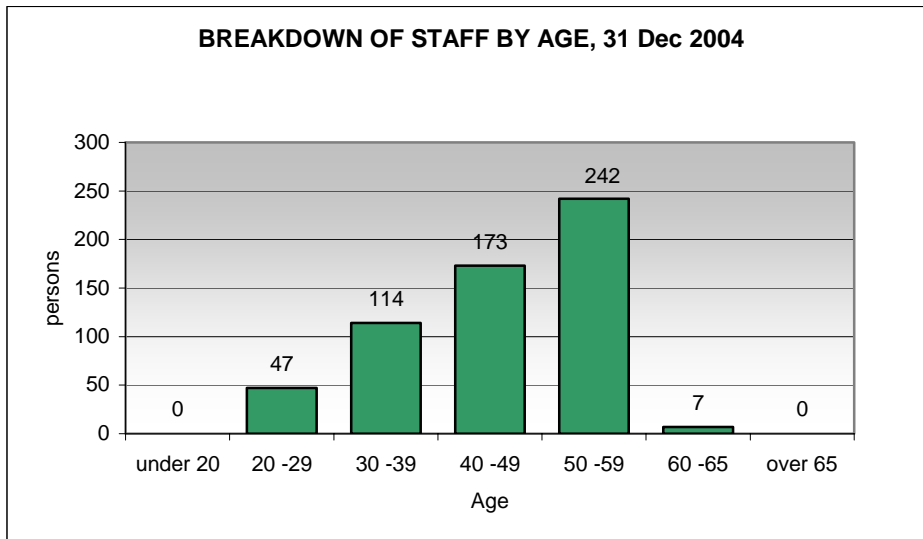


Over the audit period supervisors accounted for 8% of staff and senior management for 1% of the total. Objectives set for the organisational structure are already in sight, as the proportion of experts within the organisation has increased by 13% over the period while the ratio of support and service staff has similarly dropped by 13% over the same period.

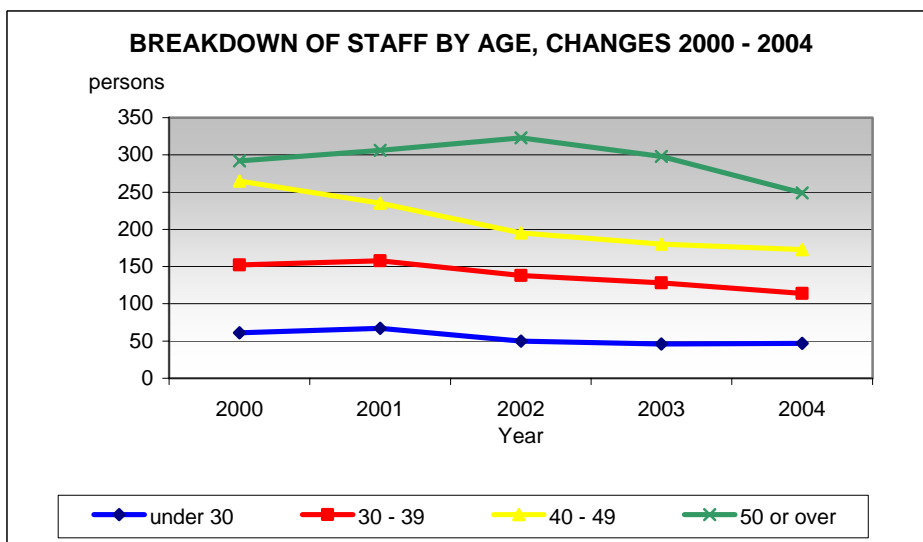
## Age composition of employees

The average age of the employees was 45.6 (45.9 for women and 45.2 for men). The average age of employees was 46 (46.4 for women and 45.5 for men). Of the Bank's employees 43% are over 50.

### Breakdown of staff by age, 31 Dec 2004



### Changes in breakdown of staff by age, 2000 - 2004

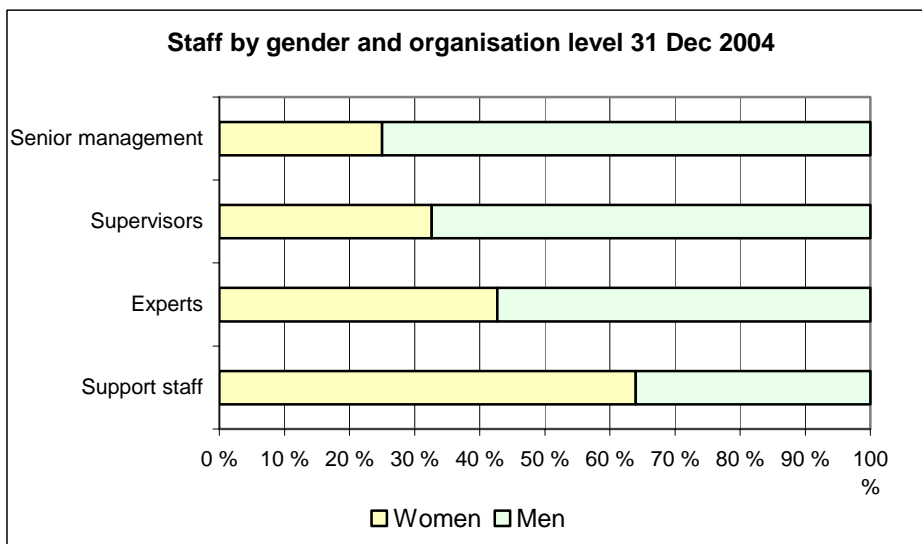




### Staff by gender and organisational level, 31 Dec 2004

	Women		Men		Total	
	persons	%	persons	%	persons	%
Support staff	167	56	94	33	261	45
Experts	115.5	39	155	55	270.5	47
Supervisors	15	5	31	11	46	8
Senior management	1	0	3	1	4	1
<b>Total</b>	<b>298.5</b>	<b>100</b>	<b>283</b>	<b>100</b>	<b>581.5</b>	<b>100</b>

Of the Bank's staff, 51% were women and 49% men. In developing an egalitarian organisation, the Bank will continue to focus its attention on the gender spread of the most demanding expert and supervisory appointments as well as in the external recruitment process.



## Recruitment

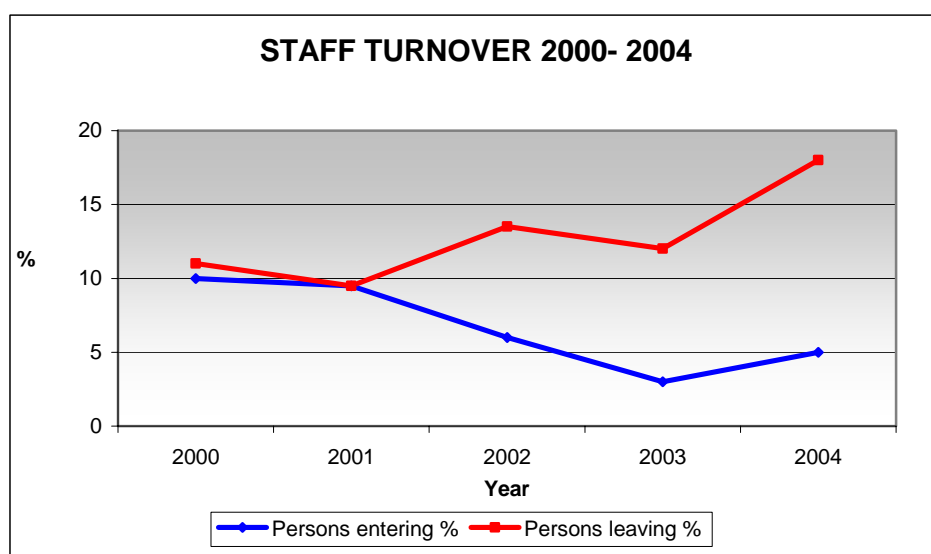
The number of staff recruited into the Bank in 2004 was up slightly on the previous year. There were 53 appointments in all (in comparison with 41 the previous year), of which 24 were made internally and 29 externally. A total of 69 persons were recruited as summer holiday substitutes.

Recruitment expenses amounted to a total of EUR 63,700, of which recruitment advertising accounted for EUR 49,000, aptitude tests EUR 11,200 and other recruitment expenses EUR 3,500.

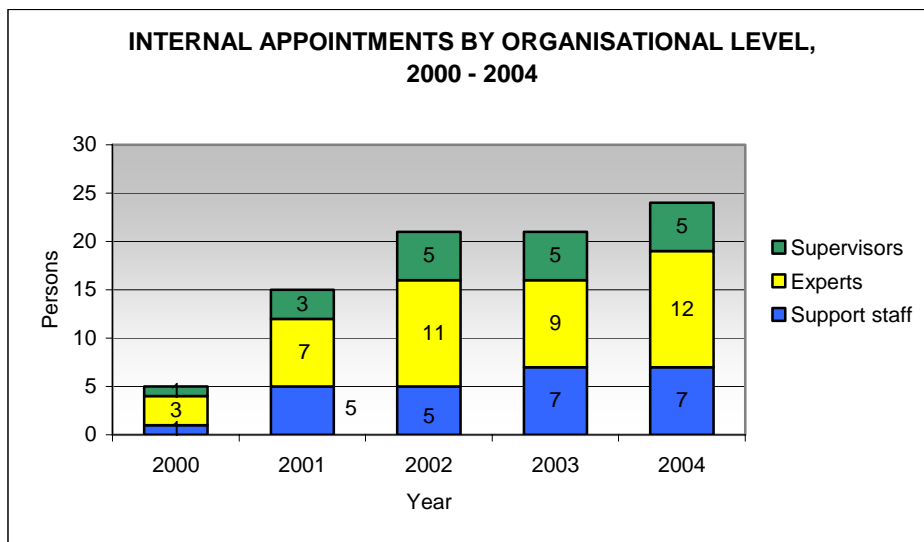
## Appointments and staff turnover

	2000		2001		2002		2003		2004	
	Internal (N=5)	External (N=68)	Internal (N=15)	External (N=66)	Internal (N=21)	External (N=40)	Internal (N=21)	External (N=20)	Internal (N=24)	External (N=29)
Men	40	43	40	55	43	52.5	38	65	33	62
Women	60	57	60	45	57	47.5	62	35	67	38
Total, %	100	100	100	100	100	100	100	100	100	100
Fixed-term	40	73	13	80	33	70	29	85	12	83
Permanent	60	27	87	20	67	30	71	15	88	17
Total, %	100	100	100	100	100	100	100	100	100	100
Support staff	20	57	33	61	24	43	33	25	29	31
Experts	60	41	47	39	52	55	43	75	50	66
Supervisors	20	2	20	0	24	2	24	0	21	3
Total, %	100	100	100	100	100	100	100	100	100	100

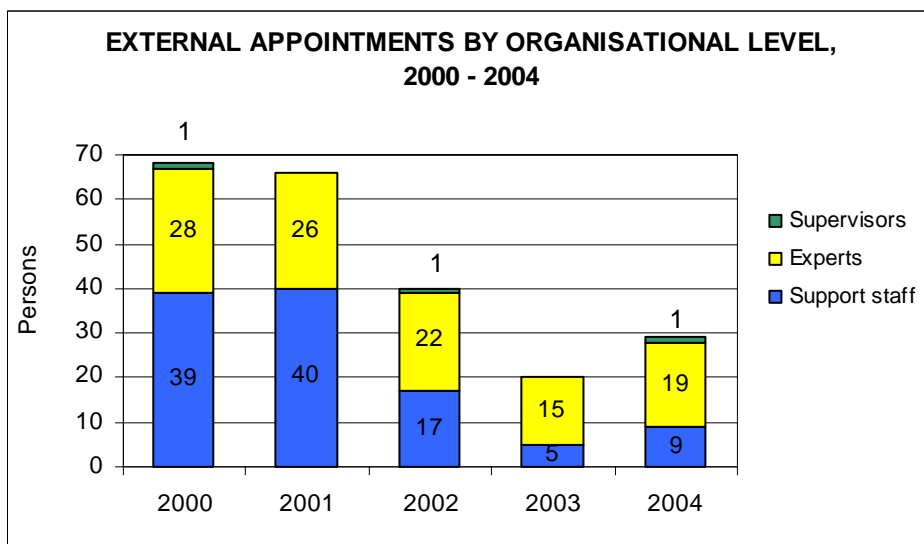
The turnover rate for those leaving the Bank reached record levels in 2004, at 18%. A key factor behind this level was the number leaving on retirement, on top of measures required to bring about changes in the Bank's currency supply operations. Due to the tight recruitment policy that remained in place during 2004, the turnover rate of those entering the Bank remain at a similarly low level to the year before, (5%). In contrast the turnover rates for those leaving and entering the Bank's service were 12% and 3% respectively.



Staff members were encouraged to change duties through job rotation to broaden or strengthen their skills. In addition which there were 40 cases of internal appointments, either through an open internal recruitment process or through appointment by senior management or within departments. The internal mobility rate for 2004 was 7%. Internal recruitment was focused mainly on filling permanent positions.



A majority of external recruitment was for fixed-term positions, most of which were for project-based researcher posts. The emphasis in the external recruitment process was placed on work experience gained in the labour market. The average age of externally recruited employees was 34 years.



### Employer image

Since 1997 the Bank of Finland has participated in a student survey conducted by Universum Communications which has mirrored the Bank's appeal as employer among university students. The survey, conducted among students of economics and business studies, revealed that the Bank of Finland ranked among the 10 most sought-after employers in the country. Over the period under review the Bank of Finland's popularity as employer has steadily heightened and by the 2004 survey the Bank was already in 4<sup>th</sup> position in terms of employer image.

## 5. STAFF COMPETENCE AND COMPETENCE DEVELOPMENT

Staff development discussions are an integral part of the Bank's management system and action planning as well as being key to change management and competence development. In the course of the year, 87% of staff participated in staff development discussions. The corresponding figure for 2003 was 89%, for 2002 90% and for 2001 also 90%.

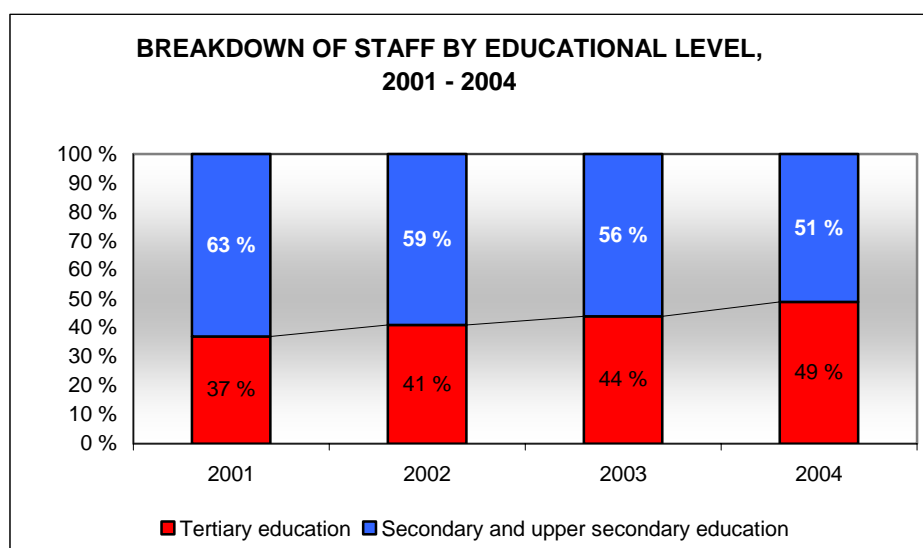
### *Educational background*

The Bank of Finland's educational level index is 5.3 on a scale from 1 to 8 for the whole staff (5.0 in 2003) and 6.5 for those in expert positions (6.4 in 2002). The basic educational background of the staff has risen overall in the past few years and in 2004 49% of the staff had qualifications from some kind of institute of higher education or university.

### **Educational background, 2004**

	Persons			% breakdown by educational level
	Women	Men	Total	
Secondary education	25	44	69	12
Upper secondary education	55	53	108	19
Lowest level tertiary ed.	91	27	118	20
Lower-degree level tertiary ed.	43	21	64	11
Higher-degree level tertiary ed.	75	100	175	30
Doctorate or equivalent ed.	10	39	49	8
<b>Total</b>	<b>299</b>	<b>284</b>	<b>583</b>	<b>100</b>
Educational level index				<b>5.3</b>

### **Staff breakdown by educational level, 2001 – 2004**

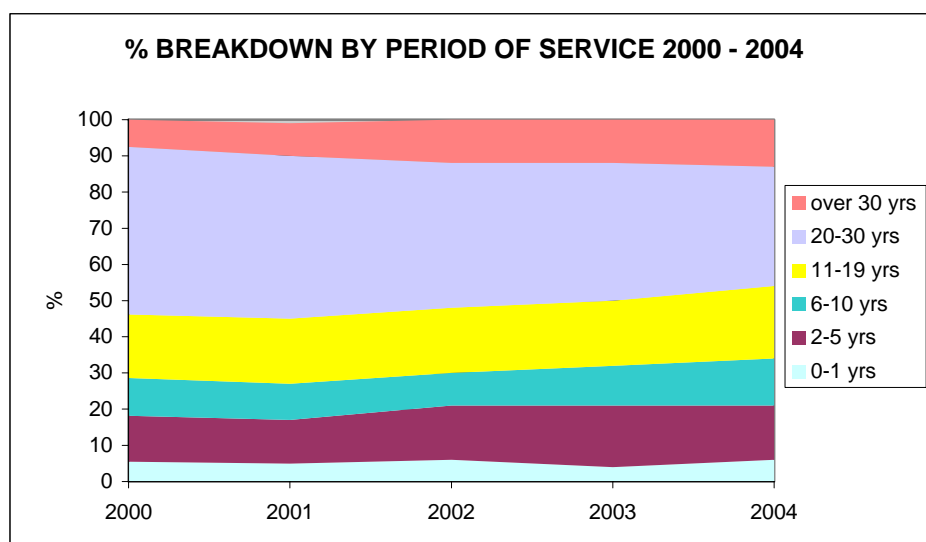


## Employment record

### Period of service at the BoF 2000 – 2004

Period of service at BoF, years	2000 % breakdown by period of service	2001 % breakdown by period of service	2002 % breakdown by period of service	2003 % breakdown by period of service	2004 % breakdown by period of service
0-1 yrs	5	5	6	4	6
2-5 yrs	13	12	15	17	15
6-10 yrs	10	10	9	11	13
11-19 yrs	18	18	18	18	20
20-30 yrs	46	45	40	38	33
over 30 yrs	8	9	12	12	13
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Of the Bank's employees, 46% have been in the Bank of Finland's service for more than 20 years, with the proportion of employees with more than 30 years of service having remained the same over the past few years.



## Competence development priorities

In 2004, training costs amounted to EUR 1.08 million (3.7% of the total payroll). Of training expenditure, EUR 0.22 million was used for financial training, EUR 0.28 million for IT training, a total of EUR 0.23 million for interactive skills, communication and languages, EUR 0.13 million for leadership training and EUR 0.14 million for other professional training. Over half (55%) of the training budget was allocated to experts, 20% to support staff, 13% to supervisors and the remaining 12% was spent on training directed at all staff categories.

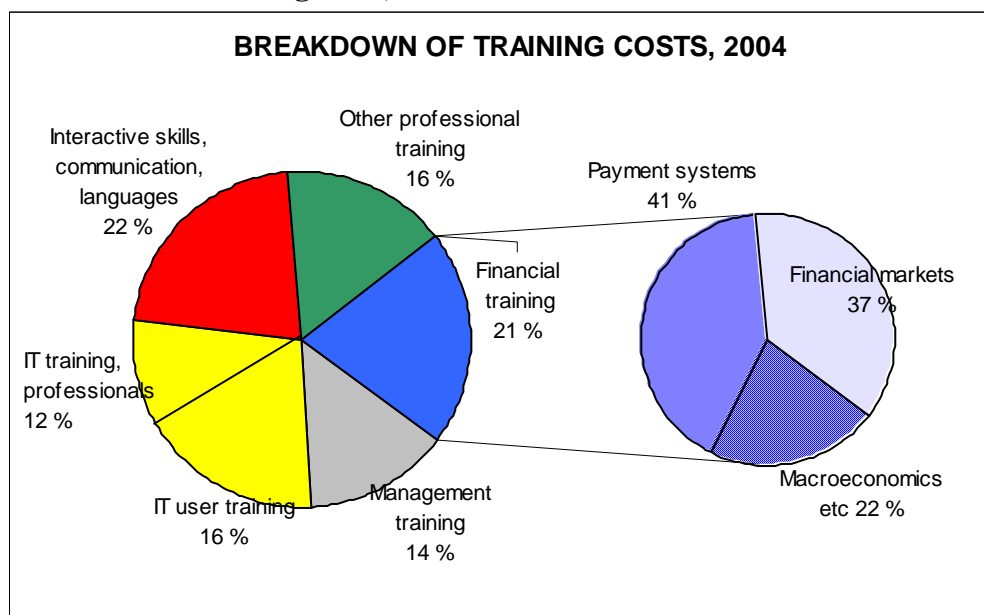
### Breakdown of time and costs allocated to training 2000 – 2004

	2000	2001	2002	2003	2004
Time allocation, days	3325	4343	3035	3581	2996 *)
Days/man-years	4,6	6,1	4,3	5,6	5,2
% working time	1,8	2,4	1,7	2,2	2,0

	2000	2001	2002	2003	2004
Total expenses, EUR million	1,28	1,36	1,18	1,26	1,08
EUR/man-years	1 752	1 917	1 684	1 967	1 884
% of payroll	4,4	4,6	3,8	4,2	3,7

\*) Does not include record of all days of external training

### Breakdown of training costs, 2004



Training for economists was focussed on issues related to international financial crises, the basics of monetary economics and juridical matters relating to financial markets. In addition to which the Bank organised an international seminar on inflation dynamics in general equilibrium macro models. A series of *Studia Monetaria* lectures was initiated at the Bank of Finland Museum – a series of lectures on issues within the Bank's sphere of influence.

As in the previous year, efforts were put into reinforcing the language and communication skills of the expert staff members, with courses in both Finnish and English. On top of which, the Bank of Finland participated in joint management, induction and communication training programmes with the European System of Central Banks. The main emphasis in IT training was placed on the Bank's customised 'IT Driving Licence' programme.

### Breakdown of training costs by staff category, 2001–2004

	2001 %	2002 %	2003 %	2004 %
<b>Supervisors</b>	17	16	12	13
<b>Experts</b>	53	58	49	55
<b>Support staff</b>	19	18	17	20
<b>Total</b>	11	8	22	12

The supervisors' induction programme offered within the Bank was thoroughly overhauled. Supervisory training for middle management was continued and extended to cover group leaders. The final segment of the 'ProJOKO' leadership training programme for experts covered the subject of the BoF management system.

## Other professional development

The Bank's role as an expert organisation can, for example, be illustrated by such measurements as the staff's publication activities, frequency of external professional contacts, visiting scholars and frequency of in-house seminars.

<b>PUBLICATIONS</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Published books and articles	189	189	168	216	213
of which in refereed scientific journals	16	11	19	22	25

The Bank's experts continued to contribute to publications at home and abroad on an extensive scale. As many as 213 articles and books by the Bank's expert staff were published over the year. Of which 25 were published in widely-cited professional journals.

<b>ACADEMIC THESES</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Projects	12	6	4	5	3
Man-years	8	4	2.1	3.4	1.8

The development of cutting-edge skills among experts was reflected for instance in academic research studies pursued by 3 persons in 2004 and representing approximately 1.8 man-years. As in recent years, the number of academic theses produced continued to decline slightly.

<b>IN-HOUSE SEMINARS, WORKSHOPS &amp; INTL CONFERENCES</b>		
	Number of seminars	Participants/seminar
<b>Economist seminars</b>	23	23
<b>Workshops</b>		
Research Department	45	10
BOFIT**	31	8,5
<b>Scientific conferences*</b>		
Research Department	4	32
BOFIT**	3	25

\*Participation in conferences limited in number. This includes outside participants, mostly from abroad.

\*\*Bank of Finland Institute of Economics in Transition

A total of 23 brief seminars intended for all the Bank's experts were arranged on current topics in the field of research and economic policy. These seminars attracted an average of 23 participants.

<b>VISITING SCHOLARS</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Persons	15	17	21	23	24
Man-years	5	6	6.8	7.1	6.9

The number of short-term scholarly visits to the Bank continued to increase, with 24 mainly foreign visiting scholars working in the Bank's research department and the Institute for Economics in Transition in the course of the year. The total work input of visiting scholars amounted to approximately 7 man-years.

## 6. WELLNESS AT WORK

The Bank of Finland caters for the health and wellbeing of its staff in many different ways, for example by providing catering, sports and equivalent services and occupational health services, in addition to other activities designed to promote working capacity

With a view to contributing to employees' ability to cope with work stress and promoting the conditions for a balanced life, the Bank also supports hobby activities (EUR 140,000 in 2004), library services and leisure services and facilities.

Bank staff has access to sports hall and club facilities in Kruununuhaka, Helsinki, a villa at Vuosaari in Helsinki and holiday cottage facilities at Saariselkä in Lapland.

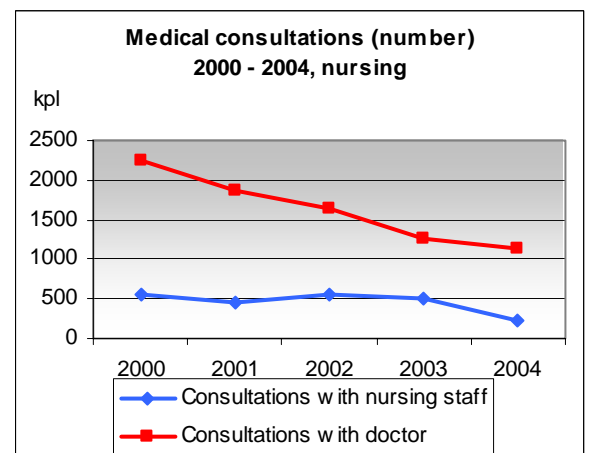
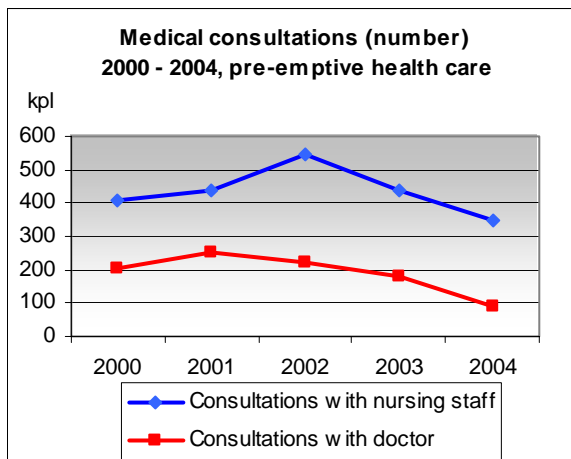
### *Occupational health service*

The Bank of Finland purchases occupational health services for the head office and FSA staff from Diacor Terveyspalvelut Oy (Diacor Health Services).

The Bank's occupational health service scheme also covers dental care costs, subject to a fixed annual ceiling. The Bank's dental services are provided in cooperation with Hammaslääkäriasema Fossa Oy (Fossa Dental Clinic) and Hammassairaala Oral Oy (Oral Dental Hospital).

The health care at the regional offices is taken care of via locally negotiated arrangements.

Occupational health services focus on improving pre-emptive health care and the Bank has put particular emphasis on early rehabilitation by developing cooperation with a sports service provider.



Consultations because of illness and pre-emptive health care have both continued to reduce in number. Pre-emptive care includes medical examinations upon service entry and age-related check-ups as well as assessments of working capacity, including follow-up.



### **Absence from work due to sick leave**

The number of days sick leave totalled 5,304 (of which 4,203 working days) and involved 459 members of staff. Sick leave as a percentage of total working days was 2.8% or 0.1 percentage points lower than in 2003. The absence rate is calculated using a ratio of regular working days based on man-years.

The total number of days of absence due to illness is down 15% from the previous year. Part of this drop can be explained by the reduction in overall staffing strength at the Bank.

<b>Length of absence</b>	<b>1–3 days</b>	<b>4–10 days</b>	<b>more than 10 days</b>
Periods of illness	952	116	84
Persons	416	93	71

Short-term absences accounted for 82.6% of the total, having risen somewhat from the previous year.

A total of 148 members of staff took no days of sick leave (down from 247 the previous year) giving a health rate of 26.4%, which 4.3 percentage points lower than the year before.

### **Absence due to accidents at work**

During the year under review there were 21 accidents at work or on journeys to and from work, of which 8 were work injuries. The number of days of absence due to recent work accidents or work accidents having occurred in the year before amounted to 159 (109 of which were working days). Corresponding figures for 2003 were 25 accidents and 544 days of absence.

### **Costs of the occupational health service scheme**

Health care service costs for the Bank's staff in 2004 came to EUR 455/head. This was 19% lower than the previous year's cost.

### **Drug testing**

Drug testing was introduced at the Bank of Finland in 2003 in accordance with the anti-drug programme adopted by the Board. In 2004 the Bank undertook 76 drug tests.

### **Rehabilitation**

A group of 10 research assistants and department secretaries were offered the opportunity to receive open rehabilitation under the ASLAK scheme at the Suomen Selkäinstituutti (The Finnish Back Rehabilitation Centre), at the expense of the Social Security Institution. Following the actual rehabilitation programme, further rehabilitation measures within the framework of the occupational health scheme were agreed on with the members of the group. Individual rehabilitation programmes were fostered through cooperation between the person undergoing rehabilitation, their respective supervisor, occupational health and the personnel department.

## *Physical training*

The Bank has a cooperative agreement with the Sport for All Association for the provision of physical training to Bank employees. The Federation is responsible for arranging regular physical exercise classes and preparing physical fitness tests and physical exercise programmes. The physical exercise classes are designed to attract employees of all interest levels.

The Sport for All Association also carried out, as a cooperative project, a physical exercise evaluation at the Bank in 2004. It was discovered that 71% of the Bank's staff participate in some form of exercise for health or fitness purposes, having done so for over three years, at least once a week so that their pulse rate rises either moderately or extremely. This is clearly higher than in other companies.

There are also two promoters and organisers of physical training in the Bank, ie the Bank of Finland sports club and the Bank's tennis club.

In 2004 the Bank's sports hall was used on a regular basis by 284 employees.

## *Leisure services and facilities*

The Bank has leisure facilities in Helsinki as well as in Saariselkä, Lapland. These are all available to the Bank's units and clubs for informal functions. The facilities are also used for training, meeting and representation purposes. Altogether 3,331 persons attended functions held at the club facilities and 1,794 persons at the Kallvik Villa in Vuosaari, Helsinki. The Luppomaja facilities in Saariselkä, Lapland had a 37% occupancy rate.

There are 16 hobby clubs at the Bank to which the Bank allocates a small grant annually. Some of the clubs also charge a membership fee.

## 7. PENSIONS

### *Retired employees and employees reaching pensionable age*

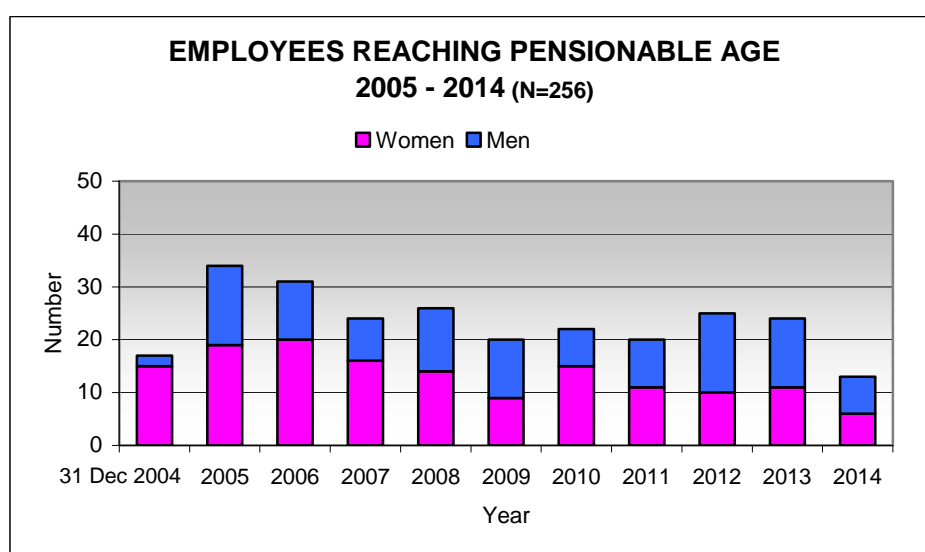
Over the year, the number of direct retirements from the Bank totalled 36, with 33 employees retiring upon reaching pensionable age (3 of whom on the grounds of equality of pension provision) and 3 on the basis of the disability pension scheme. One part-time pension was awarded.

The average effective retirement age, including those retiring from the Financial Supervision Authority was 57, in 2004.

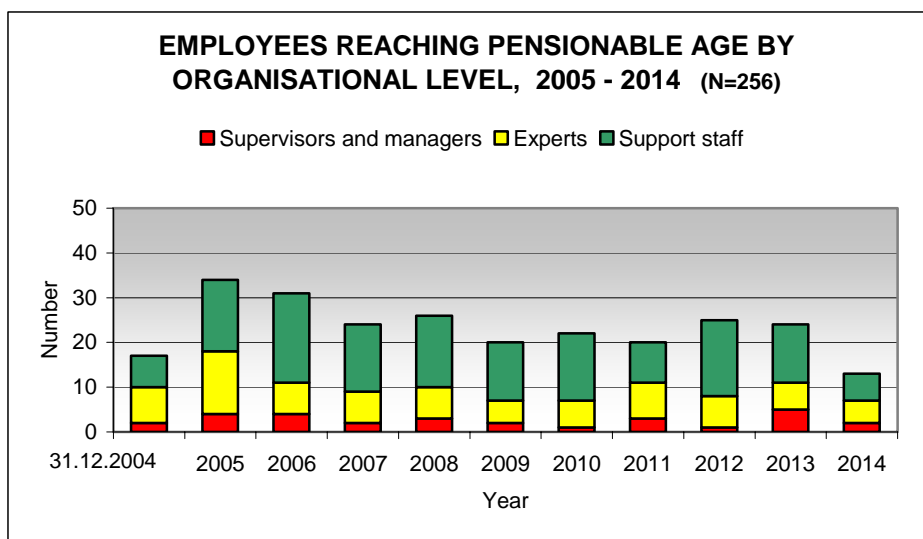
#### **Employees reaching pensionable age, 2005 - 2013**

Year	Women	Men	Total	Cumulative
31 Dec 2004	15	2	17	17
2005	19	15	34	51
2006	20	11	31	82
2007	16	8	24	106
2008	14	12	26	132
2009	9	11	20	152
2010	15	7	22	174
2011	11	9	20	194
2012	10	15	25	219
2013	11	13	24	243
2014	6	7	13	256
<b>Total</b>	<b>146</b>	<b>110</b>	<b>256</b>	

#### **Employees reaching pensionable age, 2005 - 2013**



## Employees reaching pensionable age by organisational level, 2005–2014



### *Bank of Finland pension fund*

The Bank of Finland operates an independent pension fund, which provides retirement benefits in line with the State Employees' Pension Scheme. From 1 January 2005, the Finnish State Treasury has taken over the disability pension determination procedure and pension decision-making process. New pension payments are now made through the State Treasury Office.

Like other Finnish pension providers, the pension fund and the State Treasury Office cooperate with pension providers and the Finnish Centre for Pensions in the administration of the pension scheme. The Bank of Finland's pension calculation and medical expert services are purchased from the pension service unit of the insurance sector of the State Treasury Office, occupational health services from Diacor Terveyspalvelut Oy and pension liability calculations necessary for meeting pension liability from SILTA Oy. Pensions decided on before 1 January 2005 will continue to be paid as a partly outsourced provision of the Bank's personnel department. In addition, certain short-term employment contracts have been insured with the Etera Mutual Pension Insurance Company.

The Bank of Finland is responsible for the financing of the employees' pensions. In order to provide financing for the pension fund, the assets representing the pension provision are marked as a dependant pension fund. The Bank of Finland pension fund is separately administered. The provision of investment services are outsourced to portfolio managers.

## *Number of pensioners*

As of 31 December 2004, the Bank of Finland paid pensions to 875 persons, approximately 72% of whom were women. Of the pensioners, 591 had retired directly from the service of the Bank or the FSA. The rest are either survivor's pension beneficiaries or deferred pensioners, ie people who previously worked at the Bank but have retired from the service of another company.

Thirteen (13) of the pensioners take retirement or part-time retirement from the FSA.

Breakdown of retirement benefits in current payment in 2004:

<b>Retirement benefit</b>	<b>Number of persons</b>	<b>Payment, EUR</b>
Retirement pensions	639	13 166 514
Disability pensions	76	556 780
Unemployment pensions	18	26 180
Survivors' pensions	101	1 306 417
Early old-age pensions	34	587 740
Individual early retirement pensions	2	14 767
Part-time pensions	5	55 426
<b>Total</b>	<b>875</b>	<b>15 713 824</b>

