

**Bank of Finland**

**Personnel Audit  
2000**



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# PERSONNEL AUDIT 2000

## Introduction

The personnel audit of the Bank of Finland is a report on the Bank's personnel that aims to measure and assess implementation of personnel policy principles and the pace of change and adequacy of developmental measures. The personnel audit is continually improved to serve management as a strategic planning tool.

The 2000 personnel audit is the fifth of its kind, and can thus be used as a basis for comparisons with previous years and as an aid in the debate on personnel strategy within the Bank.

As in previous years, the 2000 personnel audit was conducted separately in respect of the Bank of Finland and the Financial Supervision Authority (FSA). The personnel audit is a public document, which is primarily intended for internal use.

The personnel audit is distributed to senior management, supervisors and the Employees Association. It can also be accessed on the Bank's intranet.

Arno Lindgren

# I MANAGEMENT

## 1.1 Organizational structure

The Bank of Finland has a relatively flat-structured organization; there are three or four supervisory levels, varying to some extent by function. Heads of departments and units (19), advisers to the Board (4) and the Director (1) report directly to Board members, each of whom is responsible for a specific area. Decisions are however made on a collegial basis. The administrative decision-making power has been further delegated within the organization, primarily to department heads.

In 2000 the number of Board members decreased from four to three. Mr Matti Korhonen died of a serious illness in June. Mr Esko Ollila, the Deputy Governor, stepped down from active involvement in the Board's work in the autumn and retired on 1 January 2001. Mr Matti Vanhala continued as Governor and Mr Matti Louekoski was appointed new Deputy Governor with effect from 1 January 2001. Dr Sinikka Salo was appointed member of the Board with effect from 16 October 2000. In the autumn Mr Pentti Koivikko stepped down from his duties and retired in the spring of 2001.

At the end of 2000, Bank employees numbered 767.5, of whom 8% were heads of departments or divisions, 34% experts and 57% other employees. The two last-mentioned categories include 35 team leaders. The number of experts has increased by about 9% over the past four years (about 1% on the previous year). The number of supervisors and operative staff decreased slightly from the previous year.

The Bank's organizational structure is function-based, but in practice cooperation between units is frequent and operational management relies heavily on processes; this process orientation has also been encouraged via different developmental measures.

## 1.2 Organization

No changes were made to the Bank's organizational structure in 2000.

## 1.3 Strategic management

In the Bank's strategy work the vision of the Bank of Finland was encapsulated in the words 'Bank of Finland - promoter of stability', an expression that is readily accessible for both change management and communication purposes. The essential elements of stability are price stability, stable and secure financial markets and reliable payment systems and means of payment. Within the Eurosystem, the primary objective of the Bank of Finland is to maintain price stability throughout the euro area. The Bank's strategy was updated by setting long-term strategic guidelines for monetary policy, financial stability and payment systems. Priorities were also defined in the areas of communication, research, statistics, management of foreign reserves and resources.

In strategy work the Bank built on the scenario analyses of previous years. The Bank's departments conducted an extensive analysis of the Bank's vision in relation to the structure, ways of operating and functions of the Eurosystem. Potential changes in the Eurosystem that the Bank should prepare for were also identified in the analysis. Information was also obtained on the recent strategic approaches and change plans of some of the central banks within the European System of Central Banks (ESCB).

A strategy support group was set up at the beginning of 2000 to assist the Bank's Unit for Organization and Management Development in preparation of the Bank's strategic guidelines and in development of the strategy and action planning process to ensure that the process serves not only management but also the Bank's departments and units in the best possible way. The objective is achievement of modern public-sector strategic leadership and successful change management.

New elements such as proactive human resources planning and prioritization of duties were flexibly integrated with the Bank's strategy process where required. At the request of the departments, the action planning process was developed in a more function-specific direction and the line-specific strategy days were abandoned.

The vision and strategy of the Bank of Finland was communicated to the Bank's employees through different means. The Bank of Finland's and FSA's action plans and strategic guidelines, together with the action plans of individual departments, were compiled into a booklet and distributed to all Bank and FSA employees. The individual stages of the planning process were widely communicated to the staff via the Bank's intranet and e-mail.

## 1.4 Personnel strategy

The priorities of the personnel strategy are set out in the Bank's strategic guidelines, according to which the motivation of staff is promoted by an active personnel policy, professional supervisory work and reform of practices and procedures, as well as by appropriate competence allocation. Because of the large number of retirements over the next few years, the Bank's organization will shrink and at the same time adapt to a new, more expert-oriented profile.

The aim is to increasingly shift responsibility for the application of the personnel strategy and related day-to-day personnel management decisions to the line organization.

## 1.5 Performance discussions

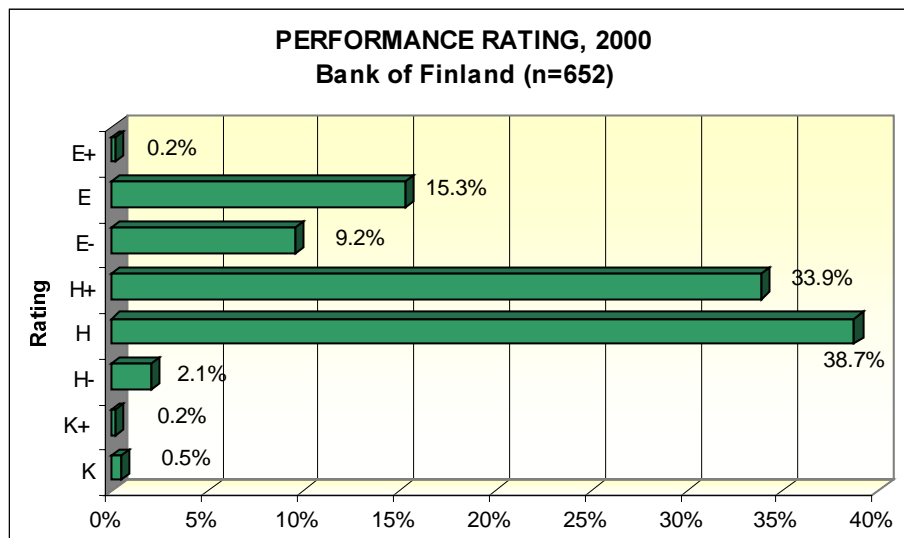
Performance discussions are part of the management system and they are designed to target and assess activities at individual level.

In 2000 the Bank's performance discussion policy was revised to bring it better in line with change control. The aim of performance discussions is to give tangible form to the Bank's vision, goals, ways of operating and competence needs. The dialogue between the supervisor and the employee ensures that the two are in agreement on the employee's tasks, priorities and working conditions.

Individual competence development plans and related monitoring constitute the second part of the discussion. In this respect, the Bank's policy was specified so that the time horizon of experts' development plans was extended to 2–3 years.

Performance discussions cover all employees. In the course of the year 90% of staff participated in performance discussions. The corresponding figure for 1999 was 87% and for 1998 90%.

In 2000 the Bank's employees were given the following personal performance ratings:



E = excellent performance, exceeds stated goals  
H = good performance, meets stated goal  
K = need for development, fails to meet stated goal

## 1.6 Pay and incentive schemes

The Bank of Finland's employees fall into one of two pay schemes: experts and supervisors are compensated under the ESA pay scheme and operative staff under the P pay scheme. Both schemes are based on job requirements and assessment of performance in relation to such requirements. The systems are subject to the same pay policy determined by the Bank's Board. The ESA pay scheme is based on a HAY system tailored especially for the Bank. For the P pay scheme, the Bank has developed a system of its own, which, owing to its similarities, enables participation in national HAY pay comparisons.

In 2000 an external consultant was employed to assist with the comparison of the point scoring system of both schemes with that of the HAY system. The comparison showed that the Bank's point scoring system is still comparable with the HAY scoring system and allows external comparisons to be made.

The Bank also operates a bonus scheme for granting lump-sum awards in respect of successful projects or outstanding individual performance, or, to employees at the top end of the relevant wage band, for individual performance that continually meets or surpasses goals.

## 1.7 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.

In 2000 negotiations on a general pay increase led to a one-year collective civil service agreement. The agreement was in line with the general rise (3.1%) under national collective agreements. The text of the collective civil service agreements was also revised as regards the provisions on eg flexible working hours, overtime, weekly leisure time and leave of absence for reasons of pregnancy, child birth and child care. The collective civil service agreement on the principles of cooperation and the shop steward's agreement were also revised to update and simplify the contents. The amendments to the text involve no cost effects. Upon termination of the previous contractual period, negotiations on new collective civil service agreements were commenced at the end of the year.

## 1.8 Employee attitude survey

The Bank's sixth employee attitude survey was carried out in March. The aim of the survey was to find out employees' attitudes to the changes currently taking place. The survey focused on management, job motivation and coping with job stress and the subjective experience of change. The response rate was 56%, which is a rather low figure. The survey was carried out via the Internet for the first time.

The main factors contributing to job satisfaction included job motivation and competence, clear individual job targets, interesting job content and adequate job esteem and competence. However, most respondents reported that they found the workload to be unevenly distributed.

Some replies were critical: the future of the Bank was a cause of concern. Respondents called for more information on changes and greater transparency. They felt that traditions and customs hold back reforms. However, employees were most critical of the changes in pay policy and the credibility of the pay scheme.

Several discussion events were arranged for the department and division heads on the basis of the findings of the employee attitude survey. The findings were used for development purposes, ie for the design of a management training programme and the improvement of in-house communications. A survey of the pay scheme was also undertaken. For further details, see section 1.6 'Pay and incentive schemes'.

## II STAFF AND STAFF STRUCTURE

### 2.1 Human resources planning

The operational strength approved for 2000 was 741 employees. The operational strength turned out to be 724.5 employees. The lower-than-approved number was due to the Bank's stricter recruitment policy, which was aimed at controlled staff reduction through a process of natural wastage. The labour market situation also made it harder to find employees with the required skills.

The Bank continued to stress the importance of increasing internal mobility. Staff size continued to be monitored in terms of both operational strength and man-years along the lines adopted in 1999.

The goal of the Bank's personnel policy is to be a smaller and more skilled organization within the ESCB. The importance of human resources planning was underlined by the considerable number of retirements in the coming years and the changes in the Bank's operating environment. The Bank continued its policy of proactive human resources planning introduced in 1999. The aim was to bring added value to predicting change and prioritization in action planning by fostering the debate on personnel strategy within the departments. Proactive human resources planning was integrated with year 2001 action planning and implemented at department level. It involved coordination of the views of the department's priorities, needs as regards competence development and personnel projections for the following three-year-period.

When the Bank's human resources plan for 2001 was reviewed at the end of the year, a concrete target for staff reduction was set, ie the staff at the head office was to be reduced by 10 persons as compared with the situation at the end of 2000. In addition to natural wastage, achievement of the target requires continued prioritization at department level and strict recruitment policy at the total Bank level, coordinated by executive management.

### 2.2 Forms of employment

The share of full-time employees was 98%. In 2000 there were 14 persons working on a part-time basis or on contracts involving reduced working days.

Persons paid on an hourly basis were basically employed in service functions to help relieve pressure during rush periods.

Permanent employees accounted for 90% of all staff (compared with 91% in 1999) and fixed-term employees for 10% (compared with 9% in 1999). At the end of the year 43 persons, or about 6% of staff, were on leave of absence. Of these, 20 persons were employed by the European Central Bank (ECB), as in the year before.

### 2.3 Staff size

#### 2.3.1 Concepts used to describe staff size

In the 2000 personnel audit, staff size is described in terms of the following parameters:



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

**Operational strength:** permanent and fixed-term employees in attendance, excluding those on leave of absence, holiday substitutes and trainees. The operational strength is governed by the staff budget approved by the Board.

**Man-year** = all pay earners converted into whole working years.

### 2.3.2 Breakdown of staff size by category, 31 December 2000

	Full-time				Part-time*)		Total			%		
	Permanent Women	Men	Fixed-term Women	Men	Women	Men	Women	Men	Total	Women	Men	Total
Operative staff	268	117	35	13	5	2	308	132	440	40	17	57
Experts	98	140	10	14	1	1	109	155	264	14	20	34
Supervisors	15	46	0	0	0	0	15	46	61	2	6	8
Senior management	0	1	1	3	0	0	1	4	5	0	1	1
<b>Total</b>	<b>381</b>	<b>304</b>	<b>46</b>	<b>30</b>	<b>6</b>	<b>3</b>	<b>433</b>	<b>337</b>	<b>770</b>	<b>56</b>	<b>44</b>	<b>100</b>

\*) Those working shorter hours, having a part-time post or drawing a part-time pension qualify as part-time employees

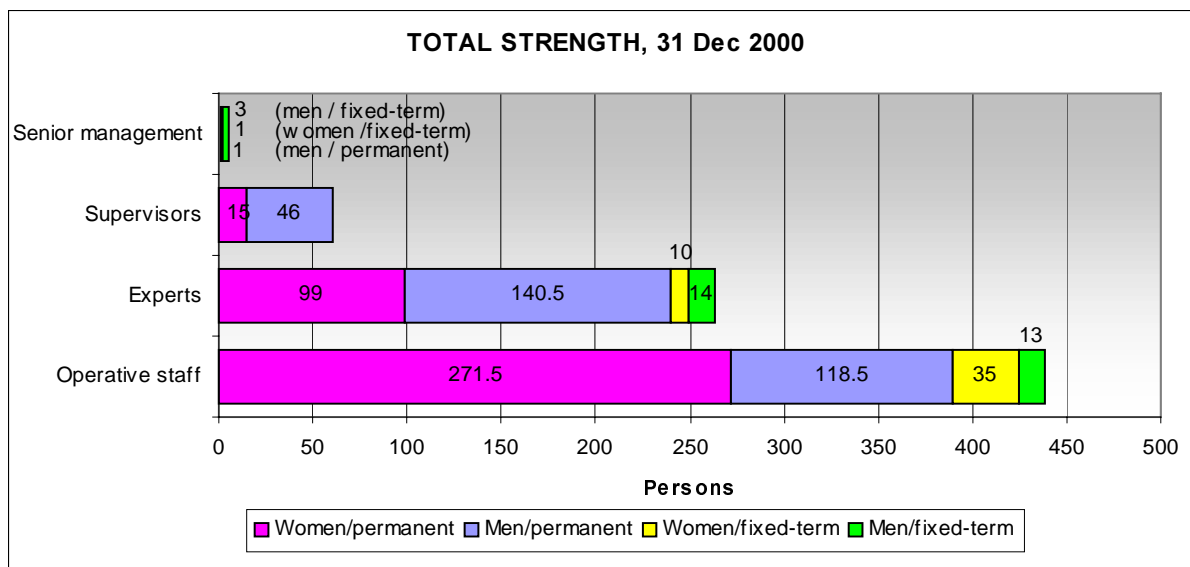
	Full-time				Part-time**)		Total			%		
	Permanent Women	Men	Fixed-term Women	Men	Women	Men	Women	Men	Total	Women	Men	Total
<b>Total strength</b>	<b>381</b>	<b>304</b>	<b>46</b>	<b>30</b>	<b>4.5</b>	<b>2</b>	<b>431.5</b>	<b>336</b>	<b>767.5</b>	<b>56</b>	<b>44</b>	<b>100</b>
On leave of absence	-16	-23	-3	-1			-19	-24	-43	-2,5	-3,5	-6
<b>Operational strength</b>	<b>365</b>	<b>281</b>	<b>43</b>	<b>29</b>	<b>4.5</b>	<b>3</b>	<b>412.5</b>	<b>312</b>	<b>724.5</b>	<b>57</b>	<b>43</b>	<b>100</b>

\*\*\*) In the column part-time employees have been included in the figures representing total staff strength and operational staff strength in proportion to their agreed working hours

In addition to the employees included in the table, 9 persons were employed by the Bank as trainees.

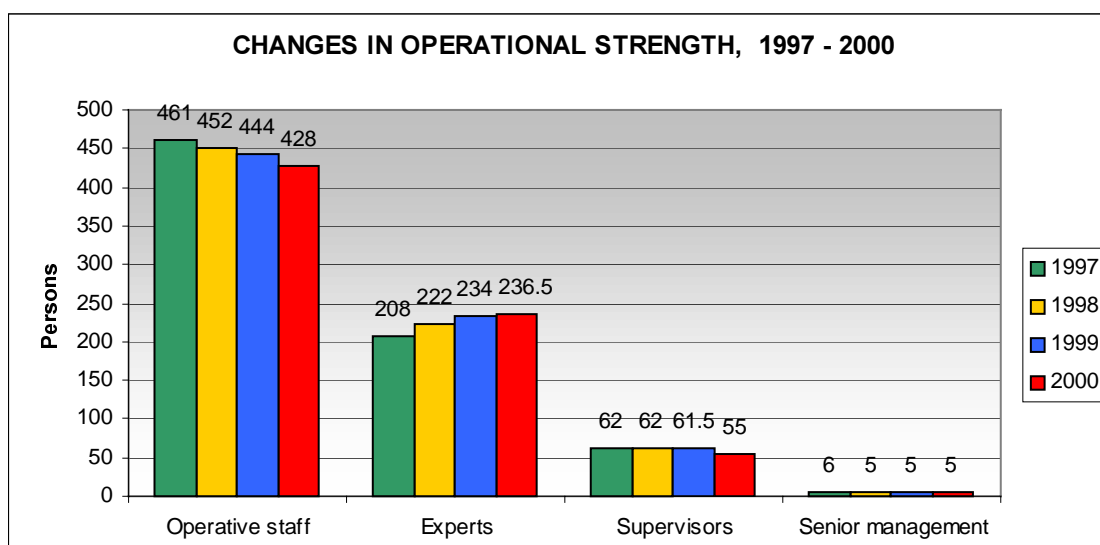
Since 1 January 1998 the term of office for Board members has been of fixed duration (chairman 7 years, other members 5 years).

2.3.3 Total staff strength, 31 December 2000



2.3.4 Changes in operational staff strength, 1997–2000

	1997			1998			1999			2000		
	Perm.	Fixed-t.	Total	Perm.	Fixed-t.	Total	Perm.	Fixed-t.	Total	Perm.	Fixed-t.	Total
Operative staff	422	39	<b>461</b>	417	35	<b>452</b>	396.5	47.5	<b>444</b>	382	46	<b>428</b>
Experts	173	35	<b>208</b>	200	22	<b>222</b>	216	18	<b>234</b>	214.5	22	<b>236.5</b>
Supervisors	61	1	<b>62</b>	62	0	<b>62</b>	61.5	0	<b>61.5</b>	55	0	<b>55</b>
Senior management	6	0	<b>6</b>	1	4	<b>5</b>	1	4	<b>5</b>	1	4	<b>5</b>
<b>Total</b>	<b>662</b>	<b>75</b>	<b>737</b>	<b>680</b>	<b>61</b>	<b>741</b>	<b>675</b>	<b>69.5</b>	<b>744.5</b>	<b>652.5</b>	<b>72</b>	<b>724.5</b>



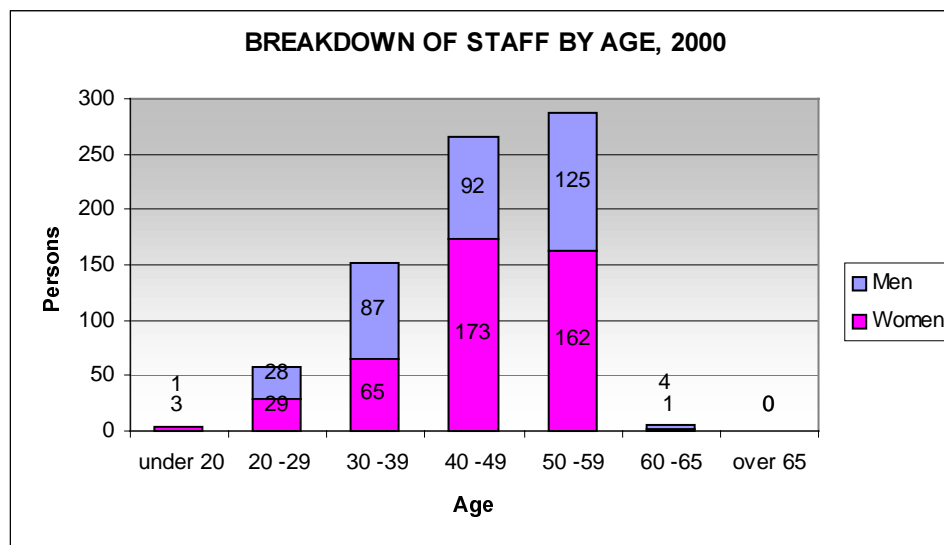
As at the end of 2000 the operational strength of the Bank was 724.5 employees. Converted into man-years, the work input of permanent and fixed-term employees amounted to 727.4. This does not include the work input of holiday substitutes and persons paid by the hour, which totalled 29.8 man-years.

## 2.4 Age composition of employees

The average age of employees was 44.7 years (45 for women and 44.2 for men). Corresponding figures for 1999 were 44.4 (44.4 for women and 44.3 for men).

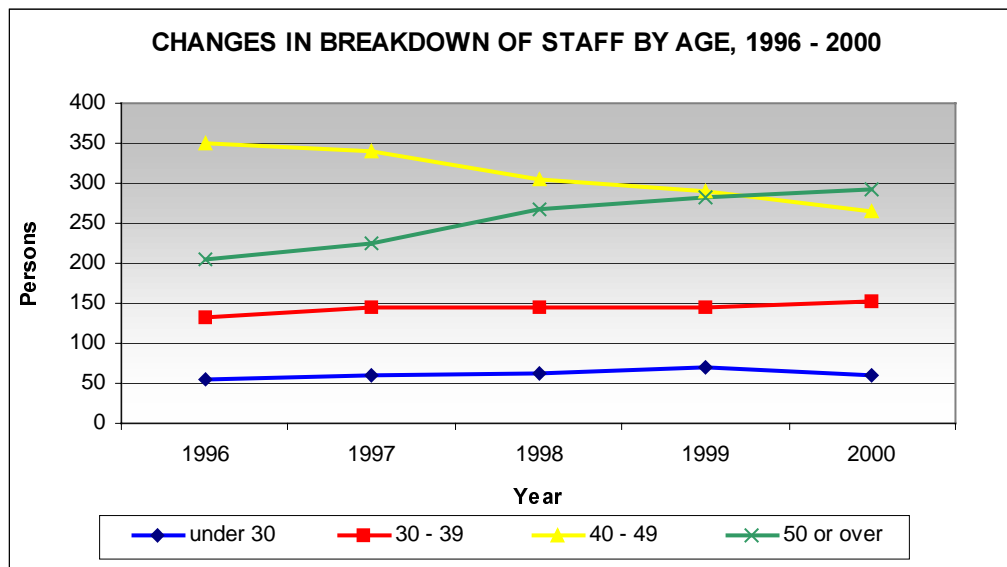
### 2.4.1 Breakdown of staff by age, 2000

Age years	Year 2000			% -breakdown by sex, 2000		
	Women	Men	Total	Women	Men	Total
under 20	3	1	4	0.4	0.1	0.5
20 -29	29	28	57	3.8	3.6	7.4
30 -39	65	87	152	8.4	11.3	19.7
40 -49	173	92	265	22.5	11.9	34.4
50 -59	162	125	287	21.0	16.2	37.3
60 -65	1	4	5	0.1	0.5	0.6
over 65	0	0	0	0.0	0.0	0.0
<b>Total</b>	<b>433</b>	<b>337</b>	<b>770</b>	<b>56</b>	<b>44</b>	<b>100.0</b>



### 2.4.2 Changes in breakdown of staff by age, 1996–2000

Age group	Year 1996		Year 1997		Year 1998		Year 1999		Year 2000	
	Number	%	Number	%	Number	%	Number	%	Number	%
under 30	54	7	59	8	62	8	69	9	61	8
30 - 39	133	18	144	19	145	19	146	19	152	20
40 - 49	351	47	340	44	305	39	291	37	265	34
50 or over	206	28	225	29	267	34	282	36	292	38
<b>Total</b>	<b>744</b>	<b>100</b>	<b>768</b>	<b>100</b>	<b>779</b>	<b>100</b>	<b>788</b>	<b>100</b>	<b>770</b>	<b>100</b>



The average age of employees has remained more or less the same as in previous years. However, the proportion of over 50-year-olds is growing.

External recruitments have not led to an increase in the share of younger age groups, because recruitments have focused on people with labour market experience.

## 2.5 Recruitment

### 2.5.1 Hirings and staff turnover

A total of 574 persons applied for vacant posts in 2000. The average number of applicants was 13 per vacancy. There were 73 hirings in all, of which 5 were done internally and 68 externally. Aptitude tests were used in connection with 19 recruitments of supervisors and experts. In 2000 hirings focused on external recruitment, as a consequence of which the average number of applicants reached a fairly high level. Notwithstanding this, the Bank had difficulties recruiting IT professionals in particular.

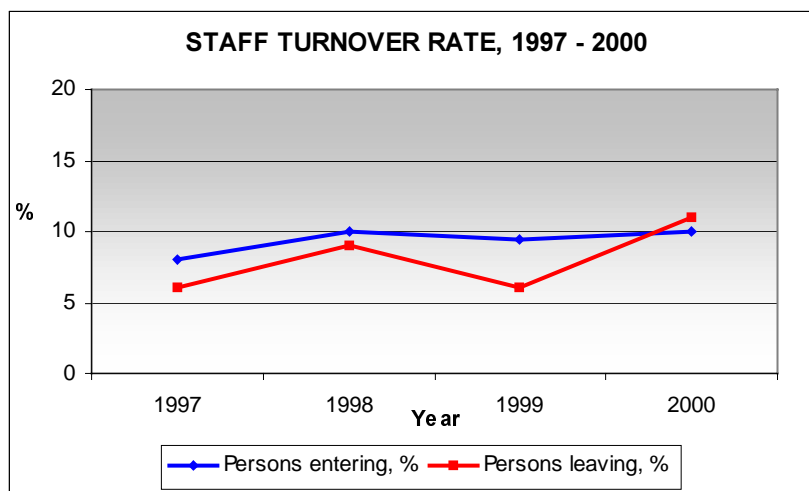
A total of 136 persons were hired as holiday substitutes out of 850 applicants. Converted into man-years, the work input of holiday substitutes equalled the annual work input of approximately 30 employees.

In 2000 the turnover rate was 10% for those entering the Bank's service and 11% for those leaving the Bank. The turnover rate for those entering the Bank's service was much the same as that for the year before, whereas the turnover rate for those leaving the Bank was higher than the year before (in 1999 the turnover rate for those entering the Bank's service was 9.5% and that for those leaving the Bank about 6%). Underlying the rise in the turnover rate for those leaving the Bank in 2000 were the good employment prospects in the financial and investment markets and IT sector, which also induced Bank employees to change employer.

Turnover rate for those entering the Bank's service = Number / Average operational strength of staff \* 100

Turnover rate for those leaving the Bank = Number / Average operational strength of staff \* 100.

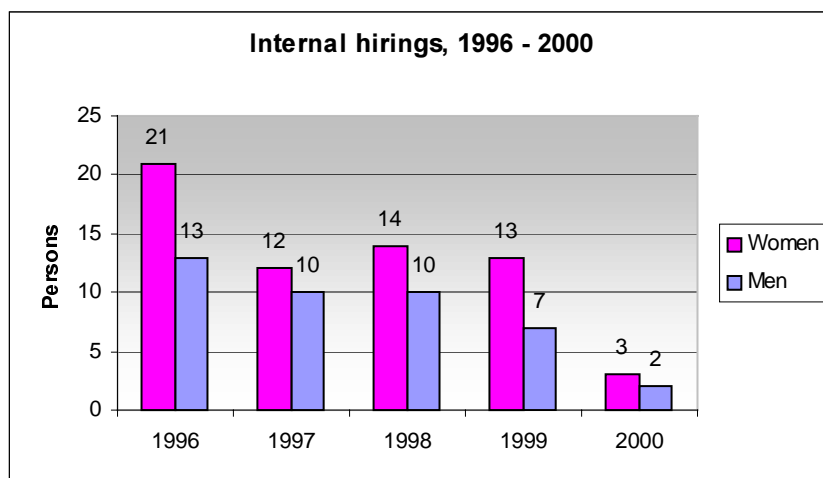
Calculations of staff turnover include all persons who have been employed by the Bank for more than 3 months.



## 2.5.2 Internal mobility

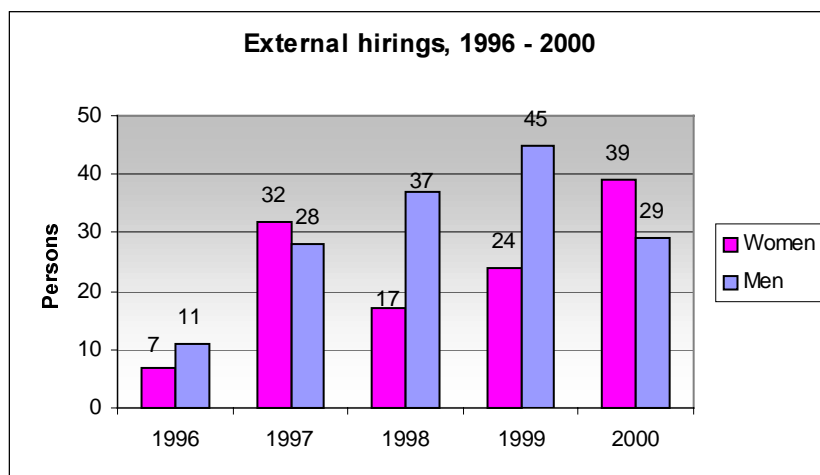
The Bank continued to advertise job openings in line with agreed policy. In 2000 there were 5 internal hirings comprising 2 male and 3 female employees. The internal hirings comprised 1 member of the operative staff, 3 experts and 1 supervisor. The number of internal hirings was clearly lower than in the previous year, as it was difficult to find employees with the required skills from within the Bank.

In the payment instruments sector, 69 employees participated in systematic job rotation: employees in different cash handling operations rotated between different work areas.



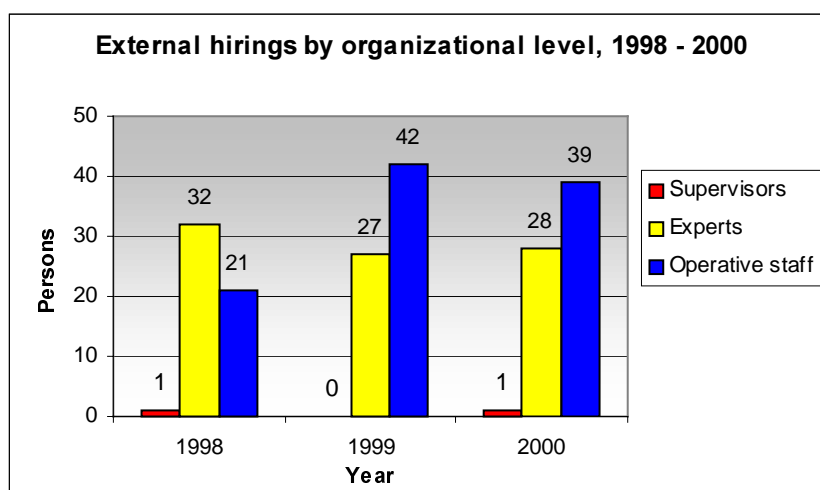
A total of 22 persons on fixed-term contracts were made into permanent employees in 2000.

### 2.5.3 External hirings



In 2000 the total number of hirings was 68, which was about the same as the year before. The number of external hirings was boosted especially by recruitments in the payment instruments sector as many people were hired on fixed-term contracts for money handling purposes, 27 persons in all. The focus on experts was reflected in the external recruitment of altogether 28 persons for expert positions, including 13 economists. In addition, the Bank recruited specialists in the areas of development, translation, investment and IT systems. Excluding the note and coin handling functions, the emphasis in recruitments was on experts, which was consistent with the priorities of the Bank's personnel strategy.

#### External hirings by organizational level, 1999–2000



All newcomers were subject to a probationary period of 4 to 6 months.

#### 2.5.4 Employer image

The student cooperation initiative started in 1997 with universities and vocational training establishments continued in 2000 with a special emphasis on recruitment. The Bank participated for the fourth time in Contact Forum, a recruitment venture for university students.

In the course of the year, electronic media (mainly the Bank's website and Jobline) established their position as recruitment channels. The parallel use of multiple media in advertising job opportunities became increasingly important because of the short supply of labour. In the year the risk of losing competence together with personal resources increased for some operations. The Bank has found it increasingly difficult to compete for professional skills in the tighter recruitment market.

The Bank participated for the fourth time in the student survey conducted by Universum and designed to determine the appeal and popularity of different employers. According to the findings, the Bank of Finland was placed thirteenth among ideal employers, which is lower than the previous year's ranking primarily owing to a different sample.

### III STAFF COMPETENCE AND COMPETENCE DEVELOPMENT

The activities aimed at competence development serve to increase the Bank's ability to perform the core central bank functions for achievement of its goals and its ability to respond to the needs of the operating environment. In the Bank's activities expert orientation is also becoming increasingly important for operative staff. The key strategic competences are based on influence within the ESCB, active involvement in Finland and change management at the Bank of Finland. It is important to make a distinction at the Bank between those tasks that require excellent procedures and competence and those that require adequate procedures and competence.

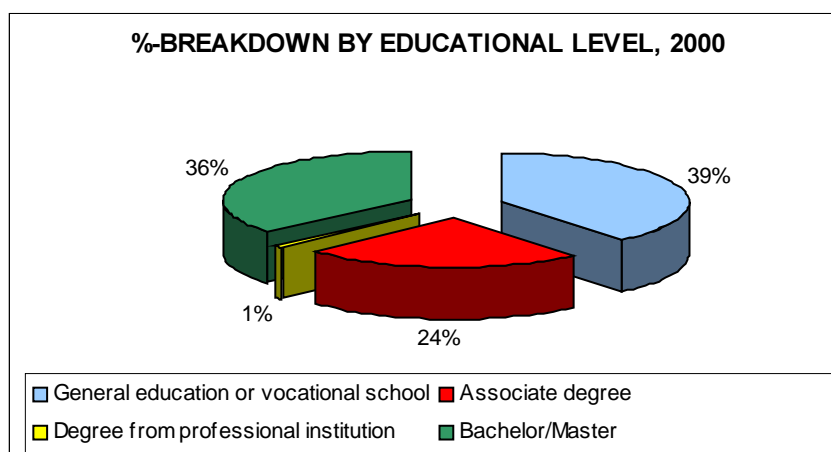
To ensure appropriate allocation of development measures, personal development plans covering the next 2–3 years were drawn up both for research staff and experts and supervisors in spring 2000 in connection with performance discussions. The plans are updated annually. A personal development plan had been drawn up for 82% of the experts by May.

In autumn 2000 a model organization was designed for the Bank's development and training services to enhance the implementation of the Bank's personnel strategy and to ensure more effectively the success of human resources development projects involving the whole organization. Special attention was focused on the organization of training services aimed at competence development. The aim is that training and development services are able to respond to the Bank's actual needs more effectively.

#### 3.1 Educational background

##### Educational background

	Number 1998			Number 1999			Number 2000			% 2000		
	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total
General education or vocational school	179	144	323	177	133	310	171	132	303	39	39	39
Associate degree	155	41	196	160	45	205	152	31	183	35	9	24
Degree from professional	3	2	5	7	2	9	7	3	10	2	1	1
Bachelor/Master	90	122	212	95	121	216	96	134	230	22	40	30
Licentiate	4	16	20	4	19	23	3	19	22	1	6	3
Doctorate	3	20	23	3	22	25	4	18	22	1	5	3
Total	434	345	779	446	342	788	433	337	770	100	100	100

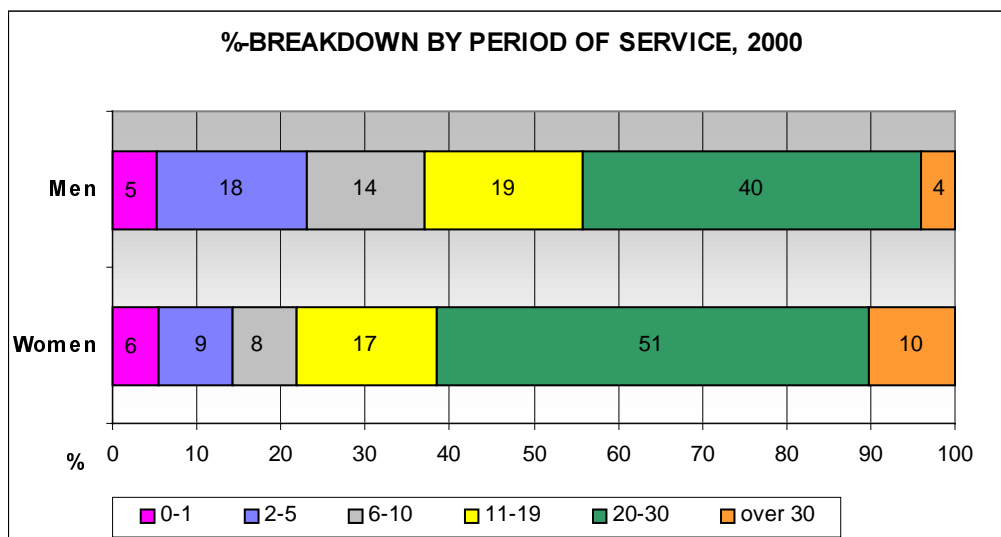




### 3.2 Employment record

#### Number of employees by period of service, 1997 - 2000

Period of service at BoF	Number, 31 Dec 1997			Number, 31 Dec 1998			Number, 31 Dec 1999			Number, 31 Dec 2000			% -breakdown by period of service, 2000		
	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total
0-1	31	28	59	31	44	75	44	34	78	24	18	42	6	5	5
2-5	33	45	78	33	44	77	36.5	49	85.5	38	60	98	9	18	13
6-10	30	51	81	33	51	84	39	56	95	33	47	80	8	14	10
11-19	92	63	155	84	66	150	73	59	132	72	63	135	17	19	18
20-30	221	129	350	217	127	344	212	131	343	222	135	357	51	40	46
over 30	34	11	45	35	14	49	39	13	52	44	14	58	10	4	8
<b>Total</b>	<b>441</b>	<b>327</b>	<b>768</b>	<b>433</b>	<b>346</b>	<b>779</b>	<b>443.5</b>	<b>342</b>	<b>785.5</b>	<b>433</b>	<b>337</b>	<b>770</b>	<b>100</b>	<b>100</b>	<b>100</b>



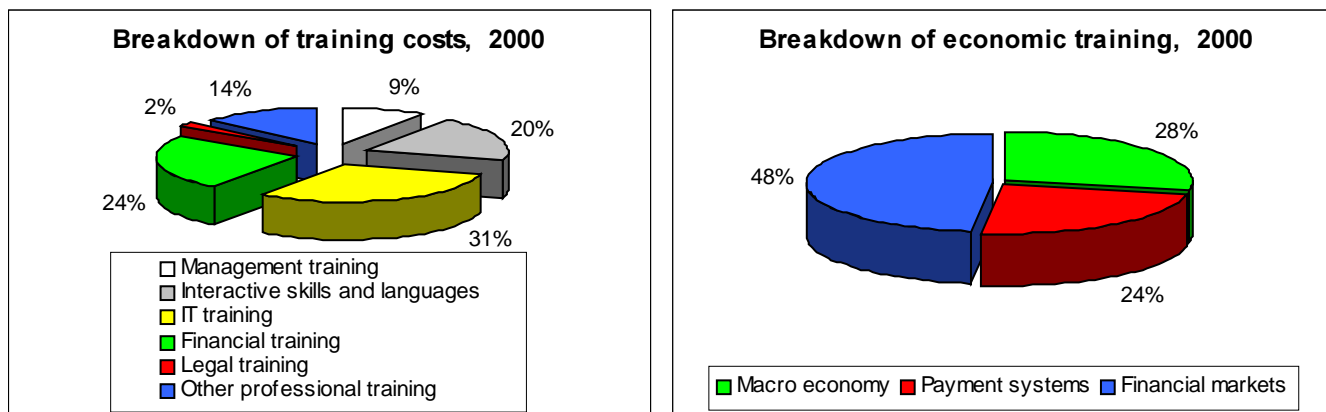
### 3.3 Competence development priorities

The following table indicates the time and costs allocated to training

	1996	1997	1998	1999	2000
Use of time, days	3,200	4,000	3,400	3360	<b>3325</b>
Days/person	4.0	5.2	4.3	4.3	<b>4.6</b>
% of working time	1.5	1.8	1.7	1.7	<b>1.8</b>

Total expenses, FIM million	5.6	6.7	6.8	7.1	<b>7.6</b>
FIM/person	7,527	8,464	8,606	9,067	<b>10,414</b>
% of payroll	3.6	4.3	4.0	4.0	<b>4.0</b>

In 2000 the Bank allocated FIM 7.6 million, ie 4% of total salary expenses, to training. Compared with the previous three years, the proportion of training costs in the payroll has remained the same or declined slightly. In the financial and insurance sector, the corresponding median was 5.2%, the range being 2.2%–6.9% (benchmark survey of 2000). The time allocated to training has also remained at the same level as in previous years.



Of the training budget 38% was allocated to economic training (financial markets, macro economy and payment systems) and other vocational training, 31% to IT training, 20% to interactive skills and language training and 9% to management training.

IT training included courses introducing the professionals in the field to new methods and equipment, computer driving licenses of basic IT users and administrative application training.

Seven of the Bank's supervisors attended common management training programmes of the European System of Central Banks (ESCB).

Language training focused on English language instruction to promote contacts within the ESCB.

### Post-graduate studies

As in previous years the Bank of Finland continued to support post-graduate studies in the area of economic science. Part of the Bank's research projects took the form of academic research studies. The preparation of licentiate and doctoral theses required six man-years, spread over ten different projects. This is almost twice as much as the previous year.

## IV PAY AND BONUSES

Achieving the market median continued to be the objective of the Bank's pay policy in 2000. The targeted pay structure of the ESA pay scheme was revised to bring it in line with this level. The targeted pay structure of the P pay scheme remained more or less the same.

Under the comprehensive incomes policy settlement covering the whole staff, wages and salaries were raised by FIM 400, or at least 3%, in February. The cost effect of this settlement was 3.1%.

A comparative study of HAY pay schemes conducted in 1999 showed that the pay under the ESA pay scheme was 2–5% below the market median, ie the targeted level of the pay policy. The efforts taken in the year to bridge the gap through structural adjustments had been successful. Further measures were taken in spring and autumn in the form of merit awards. Thirty-five per cent of the employees covered by the ESA pay scheme (137 persons) were given a pay rise. Corresponding figures for operative staff were 12% (52 persons). However, the findings of the benchmark survey undertaken at the end of the year after the pay rises showed that the rise in market salaries had been faster than expected and that pay under the ESA pay scheme had again fallen 5–7% below the market median.

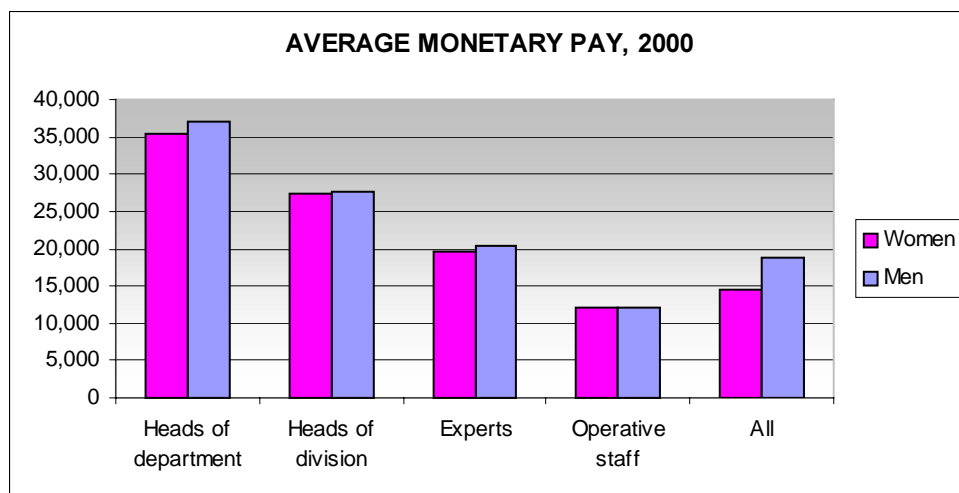
Bonuses were awarded to 65 Bank employees and 16 FSA employees. Altogether, FIM 616,000 was used for bonuses. About half of the bonuses were awarded for successful completion of Y2K projects.

### 4.1 Average pay by organizational level

#### Average monetary pay (basic pay + fixed supplements), 1996–2000

	1996		1997		1998		1999		2000	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Heads of dept.							31,946	35,337	35,498	37,118
Heads of division							25,825	26,203	27,311	27,545
Experts	17,422	19,568	18,153	20,107	18,671	19,181	19,116	19,957	19,509	20,439
Operative staff	10,718	11,125	11,272	11,110	11,602	11,420	12,092	11,900	12,049	12,037
All	12,172	14,372	12,590	15,765	13,314	15,601	14,333	19,352	14,509	18,668

Experts and division heads were classified in the same category in the personnel audits for 1996–1998.

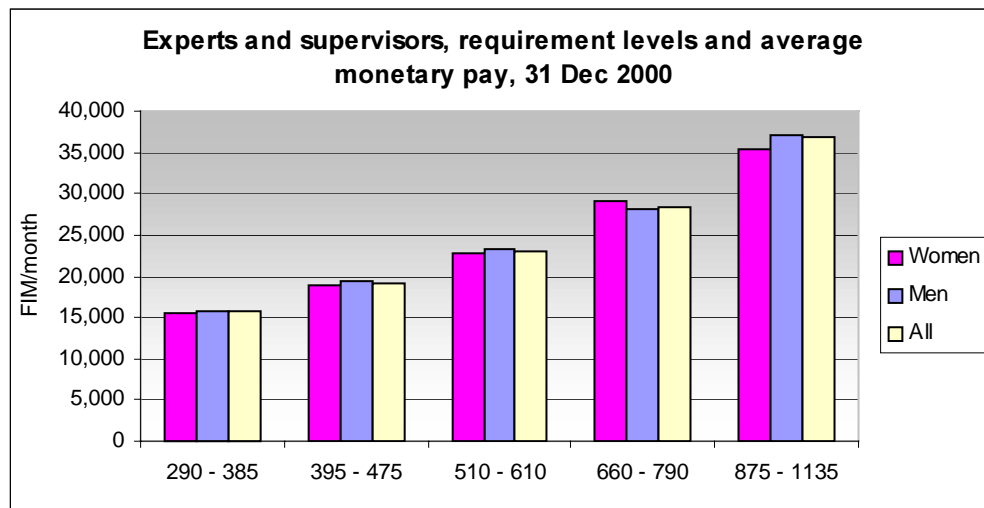


## 4.2 Average pay by job requirement level

### Experts and supervisors

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

Level	2000			Number
	Women	Men	All	
290 - 385	15,627	15,719	15,677	54
395 - 475	19,006	19,345	19,188	108
510 - 610	22,885	23,184	23,078	93
660 - 790	28,975	28,089	28,352	37
875 - 1135	35,498	37,118	36,859	25

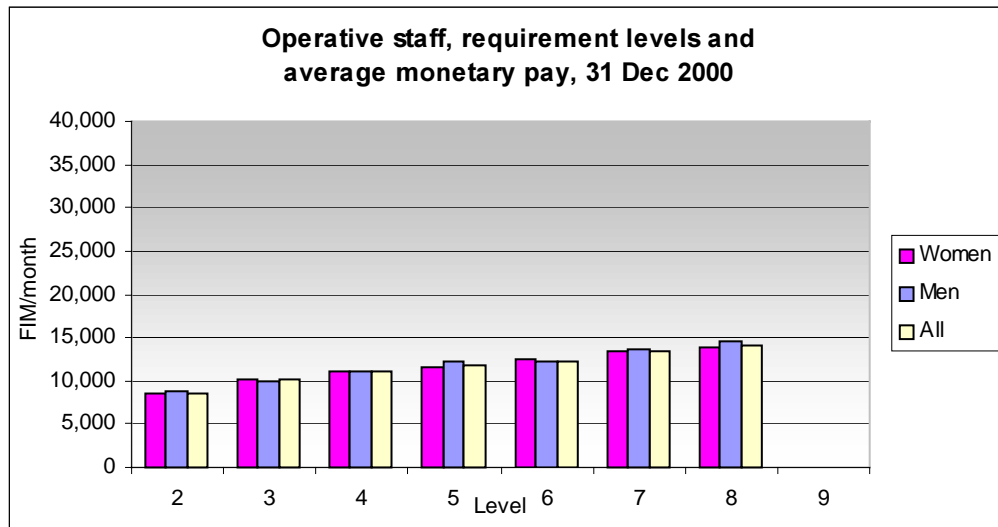


### Operative staff

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

Level	2000			Number
	Women	Men	All	
2	8,588	8,858	8,608	41
3	10,159	9,912	10,117	29
4	11,010	11,193	11,090	43
5	11,541	12,146	11,765	54
6	12,392	12,268	12,328	110
7	13,357	13,606	13,394	93
8	13,982	14,601	14,050	55
9				2

Groups of less than three persons are not included in the table.



### Fringe benefits

Fringe benefits comprise free meals (FIM 525 per month), the use of a telephone (FIM 100–120 per month), house or car. Every Bank employee has the right to free meals, while the use of a telephone and other benefits are accorded to individual employees on the basis of their duties.

## V EMPLOYEE WORKING CAPACITY

### 5.1 Occupational health service

The Bank of Finland purchases occupational health services for the main office and the FSA from Diacor Terveyspalvelut Oy (Diacor Health Services), with the Aikatalo Medical Clinic being the primary clinic. Under exceptional circumstances, Bank and FSA employees have also visited the Aleksi, Diakonissalaitos and Tikkurila medical clinics.

The branch offices have made agreements with local providers of occupational health services.

Occupational health services focus on pre-emptive care and the design of long-term plans to implement health care measures.

Number of medical consultations under the occupational health service scheme

	1997	1998	1999	2000
<b>1) Pre-emptive health care</b>				
(Medical examinations upon service entry and age-related checkups, estimates of working capacity)	337	324	335	407
Consultations with nursing staff				
Consultations with a doctor	153	184	157	204
<b>Nursing</b>				
Consultations with nursing staff	1,226	1,306	1,091	561
Consultations with a doctor	2,502	2,566	2,691	2,249

Consultations reflect the shift of focus towards pre-emptive care. Consultations because of illness have decreased by about 25%, whereas pre-emptive care has increased by the same amount.

Absence from work because of illness

The number of days of absence from work because of illness totalled 8,899 (of which 6,805 business days) and involved 592 employees (73%). In 2000 there were 221 employees (27%) for whom no absences from work because of illness were registered. Absence from work because of illness as a percentage of total working days was 3.0 (2.9% in 1999).

The number of days of absence increased by 5% from the year before. The number of days of absence in relation to staff size was highest in the payment instruments sector and the Administration Department. The corresponding figures for the Payment and Settlement and Statistics departments were also among the highest at the Bank.

Absence because of accident at work

During the year under review there were 27 accidents at work or on a journey to and from work, of which 13 led to absence from work. The number of days of absence amounted to 685. Corresponding figures for 1999 were 28 accidents and 67 days of absence.

### Cost of occupational health service

The costs of the occupational health service at the Bank amounted to FIM 2.8 million in 2000 (FIM 3,600 per person). Dental services accounted for FIM 0.6 million of the total (FIM 770 per person). Occupational health service expenses compensated by Finland's Social Insurance Institution amounted to FIM 0.9 million (FIM 1,150 per person).

Corresponding figures for 1999 were FIM 3.0 million (FIM 3,800 per person).

The Bank operates a fully experience-rated industrial accident insurance scheme, the costs of which amounted to FIM 337,000 in 2000. The annual costs are dependent on the number of accidents.

## 5.2 Work environment reviews and maintenance of working capacity

In early 2000 the new occupational health professionals devoted time to the review of the special circumstances of the Bank and the FSA. Work environment reviews of nine different units were undertaken. Each review led to measures designed to improve working conditions. These measures include ergonomic surveys undertaken by the occupational physiotherapist in the Statistics and IT departments and in catering services. The employees of the Publication and Language Services Department met under the guidance of the occupational psychologist to discuss factors promoting working capacity.

All the division heads participated in a survey measuring resources at work and the working capacity index. As a result of this survey, an application for collective rehabilitation under the ASLAK rehabilitation scheme (rehabilitation geared to a particular illness or occupation) was filed for 10 division heads for the following year.

Individual rehabilitation was fostered through cooperation between the person undergoing rehabilitation, the supervisors, the occupational health service and the personnel department.

In 2000 the Bank's medical referral policy was revised to bring it in line with current corporate practices. The role of supervisors was emphasized both as regards referral for medical treatment and monitoring leave of absence due to illness in general.

The occupational health services team was joined by an occupational physiotherapist whose duties include inspection of the ergonomics of work areas and work postures and the provision of advice and personal guidance to promote working and functional capacity.

The Bank's own physical training instructor led stretching and back-strengthening exercises at the staff sports hall throughout the year and arranged various sports tryouts and activity events.

As part of the age-related checkups, the physical training instructor tested the physical fitness of 62 Bank employees and 15 FSA employees. Another 15 Bank employees took a physical fitness test at their own initiative, a little over half of them women. The results of the ergometer test showed that 62% had a good or very good physical condition, whereas 15% had a fairly poor or poor physical condition and 23% average physical condition. The physical condition of women was, on average, slightly better than that of men.

### Levels of working capacity

In connection with age-related and other health checkups, data on the working capacity index was collected from altogether 72 Bank employees. The findings show that 37% had excellent working capacity and 56% good working capacity. Of the respondents, 7% belonged in the lower category of reduced working capacity that requires closer examination of the situation and possible further support measures. The breakdown was similar to that of last year, when there were only 44 respondents.



## VI PENSIONS

### 6.1 Retired employees and employees reaching pensionable age

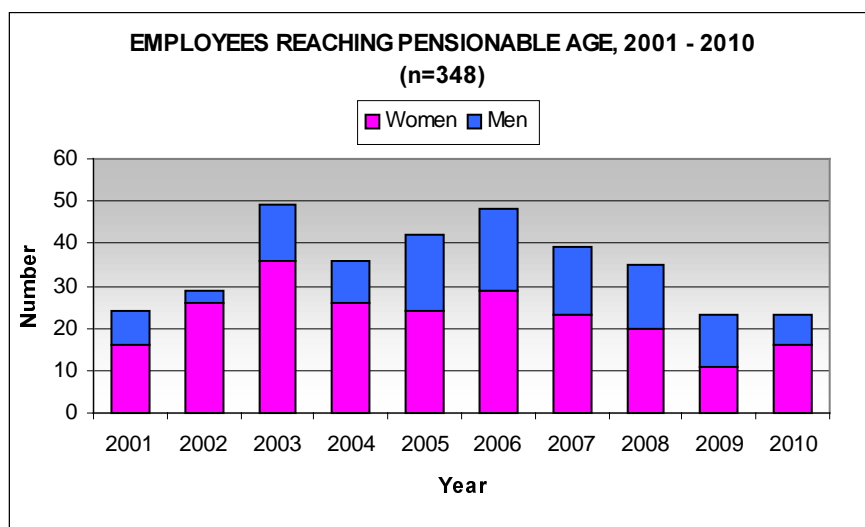
In 2000 the number of direct retirements at the Bank totalled 16, with 15 employees retiring upon reaching pensionable age and 1 on the basis of a general early retirement pension scheme. One part-time pension was awarded.

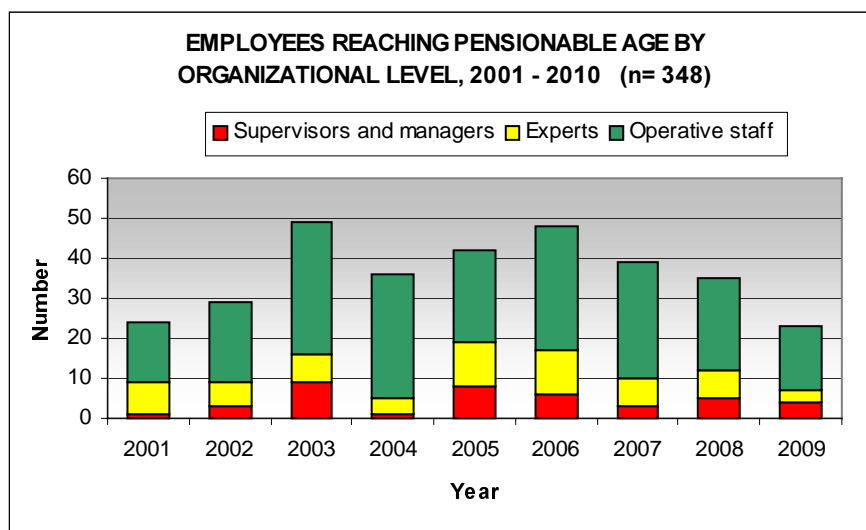
Corresponding figures for 1999 were 13 employees retiring upon reaching pensionable age, 1 on the basis of a general early retirement pension scheme and 1 on the basis of individual early retirement pension schemes. One partial disability pension was awarded and two part-time pensions.

The average effective retirement age in 2000 was 57.4 years compared with 57.4 years in 1999, 56.5 years in 1998 and 55 years in 1997. At the end of the year, 10 persons over pensionable age were in the Bank's service.

#### Employees reaching pensionable age, 2001–2010

Year	Women	Men	Total
2001	16	8	24
2002	26	3	29
2003	36	13	49
2004	26	10	36
2005	24	18	42
2006	29	19	48
2007	23	16	39
2008	20	15	35
2009	11	12	23
2010	16	7	23
<b>Total</b>	<b>227</b>	<b>121</b>	<b>348</b>





The tables and figures do not include employees covered by adjustment schemes.

## 6.2 Pension fund of the Bank of Finland

The Bank of Finland operates an independent pension fund which is responsible for financing the employees' pensions, providing retirement benefits under the State Employees' Pension Scheme, taking pension decisions and effecting the payment of pensions.

The Bank has purchased services for the calculation of pension estimates (State Treasury Office) and pension liability (Pensionservice Ltd). In addition, short-term jobs have been insured with the Pension Fund for performing artists and certain other groups of employees (TaEL).

## 6.3 Number of pensioners

As at 31 December 2000, the Bank of Finland paid pensions to 739 persons, of whom 70% were women. Of the pensioners, 486 had retired from the service of the Bank or the FSA. The rest are deferred pensioners, ie people who previously worked at the Bank but have retired from the service of another company.

Seven of the pensioners take retirement or part-time retirement from the FSA.

Breakdown of retirement benefits in current payment in 2000:

<u>Retirement benefit</u>	<u>Number of persons</u>	<u>Payment</u>
Retirement pensions	515	FIM 58.0 million
Disability pensions	71	FIM 3.4 million
Unemployment pensions	10	FIM 0.1 million
Survivors' pensions	112	FIM 7.7 million
Early old-age pensions	21	FIM 2.2 million
Individual early retirement pensions	5	FIM 0.1 million
Part-time pensions	5	FIM 0.3 million
<b>Total</b>	<b>739</b>	<b>FIM 71.8 million</b>

## VII STAFF EFFICIENCY

### 7.1 Use of working time

Year 2000

Bank of Finland

Activity	Working days, Number	Man-years, Number	Days/ man-year	Hours/ man-year	Breakdown of working time 2000 %	Breakdown of working time 1999 %
<b>A. Time worked</b>	<b>151102</b>	<b>602.0</b>	<b>199.34</b>	<b>1534.94</b>	<b>79.42</b>	<b>80.51</b>
a. Training	3325	13.2	4.39	33.78	1.75	1.70
<b>B. Other use of working hours</b>	<b>35831</b>	<b>142.8</b>	<b>47.27</b>	<b>363.98</b>	<b>18.83</b>	<b>17.79</b>
* Annual vacation	27180	108.3	35.86	276.10	14.29	13.99
* Illness	6805	27.1	8.98	69.13	3.58	3.33
* Paid maternity leave	544	2.2	0.72	5.53	0.29	0.10
* Accidents	685	2.7	0.90	6.96	0.36	0.03
* Illness of a child	400	1.6	0.53	4.06	0.21	0.22
* Other leave under the agreement on terms and conditions of employment 1)	217	0.9	0.29	2.20	0.11	0.12
<b>C. Regular time worked</b>	<b>190258</b>	<b>758.0</b>	<b>251.00</b>	<b>1932.70</b>	<b>100</b>	<b>100</b>
<b>D. Overtime worked</b>	<b>2941</b>	<b>11.7</b>	<b>3.88</b>	<b>29.88</b>	<b>1.55</b>	<b>2.09</b>
<b>E. Total time worked</b>	<b>154043</b>	<b>613.7</b>	<b>203.22</b>	<b>1564.82</b>	<b>80.97</b>	<b>82.60</b>
Average length of working days/hours					7.7	7.7
Number of working days a year					251	252

1) Examples: wedding day, moving day and matriculation day.

The method of calculation applicable to the table 'Use of working time' has been changed and so the figures only cover two years.

The number of days entered into the holiday bank continued to increase in 2000. At the end of 2000, there was a total of 9,804 days in the holiday bank, ie an average of 25 days per employee. The days entered in the holiday bank correspond to approximately 39 man-years.

Number of days entered in the holiday bank, 1996–2000:

1996	290 employees	5,893 days
1997	309 employees	6,744 days
1998	331 employees	7,977 days
1999	375 employees	9,257 days
2000	386 employees	9,804 days

In 2000 the holiday bank also included the flexitime balance of 1,691 days. As of spring 2000 it has no longer been possible to enter the flexitime balance in the holiday bank.

## 7.2 Extra and overtime work

### 7.2.1 Amount of extra and overtime work and related costs

Overtime worked			Overtime compensation	
Year	Hours, total	Employees, number	Time, leisure	FIM
1996	18210	360	1671	2,680,000
1997	28599	421	2042	4,481,873
1998	27151	384	1543	4,488,000
1999	31870	447	1711	5,204,320
2000	22644	412	1341	3,713,450

In 2000 the amount of overtime work decreased considerably as compared with the year before as there was no such need for major system modifications (eg Y2K) as in 1999. The breakdown of extra and overtime work is presented in the following table.

### EXTRA AND OVERTIME WORK, 2000

Unit	EXTRA AND OVERTIME WORK/HOURS			
	Operative staff	Experts	Supervisors	Average hours/person
Security	5536	21	0	121
Employees Association	0	116	0	58
Publication and Language Services	16	1343	40	54
Payment Instruments Department	3359	373	0	53
Administration Department	4532	437	16	48
IT	267	1794	40	32
Oulu Branch	617	0	0	27
Payments and Settlement Department	537	663	61	22
Personnel Department	162	232	0	21
Organization and Management Development	71	83	0	19
Kuopio Branch	447	0	0	18
Internal Audit	11	136	0	16
Economics Department	75	364	85	15
Tampere Branch	434	0	0	15
Turku Branch	241	0	0	10
Management Secretarial Staff	14	0	0	9
Communications	49	7	0	8
Market Operations Department	7	199	5	7
Institute for Economies in Transition	93	0	0	6
Research Department	45	56	0	4
Financial Markets Department	8	50	0	3
Statistics Department	0	2	0	0
International Secretariat	0	0	0	0
Legal Affairs	0	0	0	0
<b>Total</b>	<b>16521</b>	<b>5876</b>	<b>247</b>	<b>32</b>

### 7.2.2 Stand-by service

As from the beginning of 1999, the new collective civil service agreement includes provisions on compensation for stand-by service to ensure the operation and maintenance of international payment systems. The number of hours in stand-by service amounted to 12,896 during the year, for which FIM 817,233 was paid out in compensation.

## 7.3 Labour costs

Bank of Finland		% of pay for hours worked	% of payroll
<b>Labour costs</b>	<b>FIM</b>		
<b>I. PAYROLL</b>	<b>171,595,585</b>	<b>134.22</b>	<b>100.00</b>
<b>II. PAY FOR HOURS WORKED</b>	<b>127,846,905</b>	<b>100.00</b>	<b>74.50</b>
<b>A. INDIRECT PAY</b>			
Pay for vacation periods	24,513,913	19.17	14.29
Vacation bonuses	9,934,884	7.77	5.79
Sick pay	6,137,497	4.80	3.58
Pay for training periods	2,998,851	2.35	1.75
Other paid days off	195,714	0.15	0.11
Pay during accident-related absence	617,808	0.48	0.36
Pay related to child birth and care	851,403	0.67	0.50
Daily allowances under sickness insurance	-1,501,390		
<b>Total</b>	<b>43,748,680</b>	<b>34.22</b>	<b>25.50</b>
<b>B. STATUTORY SOCIAL SECURITY</b>			
Employer social security contributions	11,668,500	9.13	6.80
Unemployment insurance contribution	5,792,548	4.53	3.38
Imputed pension insurance contributions less employee's share	32,259,970	25.23	18.80
Statutory occupational health service	661,625	0.52	0.39
Compensations by the Social Insurance Institution	-217,135		
Other statutory contributions	222,975	0.17	0.13
<b>Total</b>	<b>50,388,483</b>	<b>39.41</b>	<b>29.36</b>
<b>C. OTHER INDIRECT EXPENSES</b>			
Training	7,574,827	5.92	4.41
Health and safety at work, civil defence	298,171	0.23	0.17
Voluntary social security contributions	9,777,875		
Occupational health service	2,108,970	1.65	1.23
Compensations by the Social Insurance Institution	-679,350		
<b>Total</b>	<b>19,080,493</b>	<b>14.92</b>	<b>11.12</b>
<b>III. INDIRECT LABOUR COSTS</b>	<b>113,217,655</b>	<b>88.56</b>	<b>65.98</b>
<b>IV. TOTAL LABOUR COSTS</b>	<b>241,064,561</b>	<b>188.56</b>	<b>140.48</b>

Labour costs, %	%
1. Pay for hours worked	53.0
2. Indirect pay	18.1
3. Social security contributions	20.9
4. Other indirect expenses	7.9
<b>Total costs</b>	<b>100.0</b>