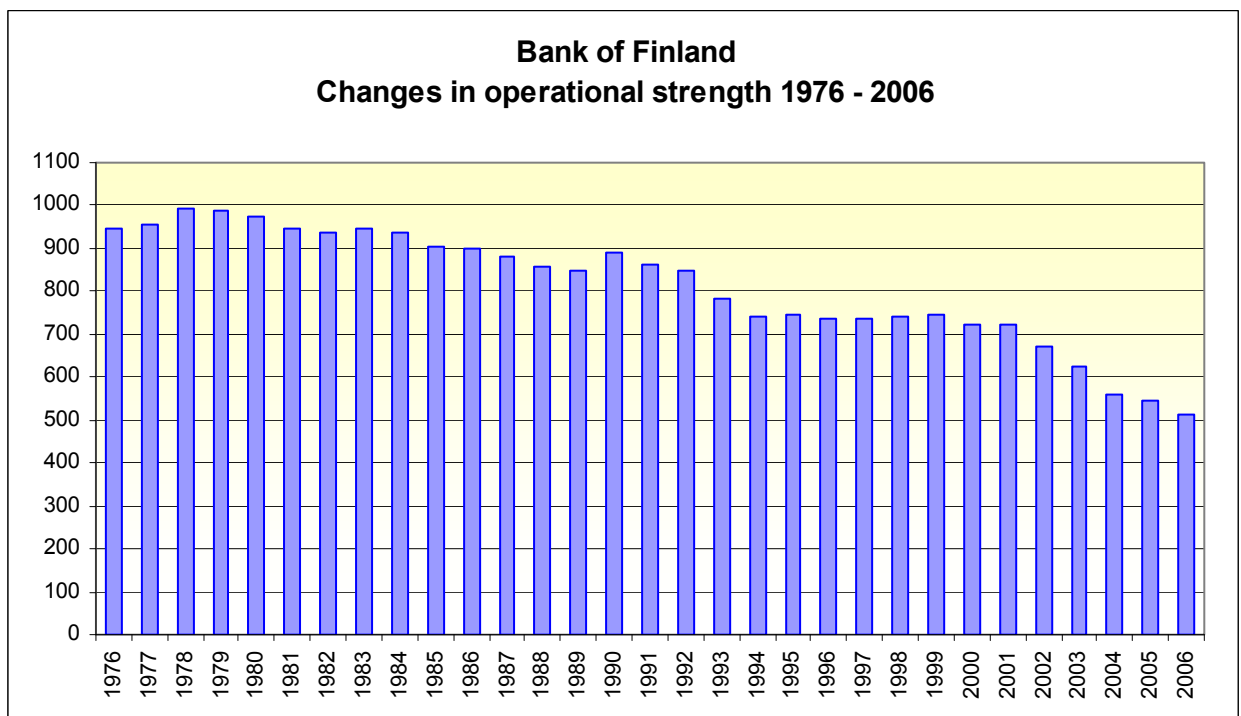


# Bank of Finland Personnel Audit 2006





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# PERSONNEL AUDIT 2006

## Introduction

The challenges and complexity of expert work and continuous staff skills development constitute the cornerstones of the Bank's good performance and healthy working environment.

The 2006 personnel audit of the Bank of Finland is the eleventh of its kind. The same key figures have been used in successive years. Benchmarking and analysis of the key figures of the personnel audit internally as well as externally have, over the years, contributed to a realistic picture of the state of the Bank's human resource management and future development needs.

The contents of the 2006 personnel audit have been restructured, in that subject areas have been regrouped thematically. We hope that the new structure will provide readers with a better overall understanding of human resource management and contribute to the design of internal development trends and external benchmarks.



*Head of Personnel*



# 1. MANAGEMENT SYSTEMS

## 1.1. Organisation

The Bank of Finland's operations have been divided between six departments and the internal audit unit. The aim is to concentrate functions into sufficiently comprehensive operational units to allow for efficient implementation of the strategy, use of resources and cooperation and flow of information across functions, together with a clear management system and management responsibilities.

## 1.2. Bank of Finland's strategy and management system

In keeping with the strategy, the Bank's activities aim at promoting price stability, the stability and efficiency of the payment and financial system and European integration of financial markets. The strategy takes the form of a development programme built around the objectives and results framework applied to the governance of the Bank and setting precise objectives for the Bank's influence and service competence, economy of resource use, efficient internal processes and work capacity and competence building.

In addition to the strategy, other prominent parts of the Bank of Finland's management system are the objectives and results agreements setting out concrete measures for the departmental level, together with staffing ceilings and budgetary framework, action planning, overall risk evaluation and objectives and results evaluation. Performance and appraisal discussions with the employees are an important part of the management system.

The strategy and the objectives of the objectives and results framework lay the basis for binding staffing ceilings and budgetary framework for the departments, which are set before the start of the annual action planning process. As a result of the action planning process, more precise objectives and key development projects for the following period are set out in the objectives and results agreements for the departments. Governance under the objectives and results framework is guided by the staffing ceilings and budgetary framework and takes place within the medium term of three years. The medium-term time horizon intensifies preparations for change and serves to create the conditions for long-term operational development.

Goals achievement is reported to the Board semi-annually in accordance with the objectives and results framework. Reporting of the outturn of the budget and human resources plan and the Bank's result and balance sheet takes place on a quarterly basis.

### 1.3. 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. Collective bargaining negotiations were conducted at the turn of 2005–2006, reaching a two-year agreement for the period 15 February 2006 to 15 February 2008. In spring, the labour market participants started discussions on the development of the Bank's holiday practices and the flexitime scheme. The proposals will be further processed during the term of the collective bargaining agreement by working groups including representatives of the labour market parties.

In addition to a full-time union manager, the Bank has a full-time chief shop steward and 5 shop stewards. The shop stewards also represent staff in the Bank's occupational safety and health scheme.

### 1.4. Human resource management

The Bank of Finland's guidelines for human resource management serve to promote the implementation of the Bank's strategy. There is a balance between the operational objectives of the departments and personnel resources in both quantitative and qualitative terms.

In the autumn, work started on the revision of the human resource guidelines for 2007–2009. The aim of the Bank's personnel policy is to foster the wellbeing of the organisation and staff, promote coping with work stress and build an ethically sustainable and egalitarian organisational culture. Good management and personal responsibility-taking by employees are designed to ensure achievement of the Bank's goals. Each and every Bank employee has a responsibility towards his own work contribution, his own continuous learning and his own working community.

The major development measures of human resource management embracing the whole Bank in 2006 were related to the feedback sessions of the employee satisfaction survey, held at department level, reform of the performance and appraisal discussion system and development of the bonus scheme. Furthermore, the experiment with flexible working hours for experts and the new functions of the human resources software (SAP eHR) roused a lively debate within the Bank. The decentralisation of human resource management took huge strides forward. Time management, insider register and management reports were built into the electronic human resources database known as eHR.

Cooperation across the personnel functions of the national central banks of the European System of Central Banks (ESCB) was stepped up. The implementation of the ESCB common organisational principles continued among other things with the introduction of the system-wide HR information channel, the HR-website, and the launch of a common introductory site with support material for all euro area central banks. The principles of secondment were clarified and staff were encouraged to engage in ESCB-wide job rotation. Furthermore a benchmark survey of the development of human resources expenditure over 2001–2005 was undertaken, involving all national central banks.



## 2. STAFF SIZE AND STAFF STRUCTURE

The share of full-time employees in the Bank was 99%. In 2006 there were 17 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.

The majority of the employees were employed on a permanent contract of employment, with 5% of employees on fixed-term contracts. At the end of the year 29 persons, or 5% of staff, were on leave of absence. Of these, 8 persons were employed by the European Central Bank (ECB).

### 2.1. Staff size

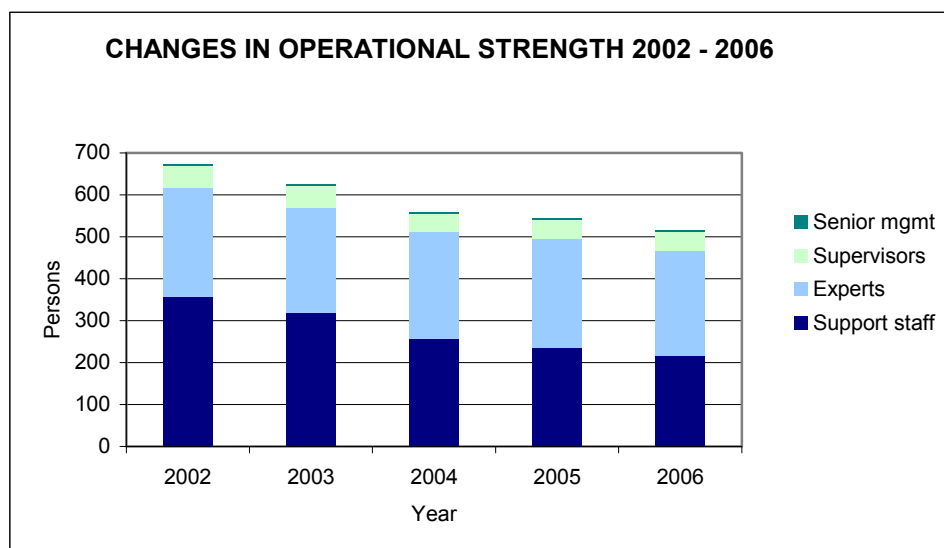
At the end of the year, Bank employees numbered 544. The supervisor to employee ratio, ie the average number of employees per supervisor, is around 10 at the Bank.

#### Breakdown of staff size by category, 31 Dec 2006

	Full-time		Part-time		Total	%
	Permanent	Fixed-term	Permanent	Fixed-term		
Support staff	210,5	5	5,5		221	41
Experts	244	20	5		269	49
Supervisors	50				50	9
Senior management		4			4	1
<b>Total staff strength</b>	<b>504,5</b>	<b>29</b>	<b>10,5</b>	<b>0</b>	<b>544</b>	<b>100</b>
On leave of absence	-29		0	0	-29	
<b>Operational strength</b>	<b>475,5</b>	<b>29</b>	<b>10,5</b>	<b>0</b>	<b>515</b>	

Those working shorter hours, having a part-time post or drawing a part-time pension qualify as part-time employees. In the Table, part-time employees have been included in the total staff strength and the headcount is in proportion to the agreed working hours.<sup>1</sup>

#### Changes in headcount, 2002–2006



1

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

*Headcount: permanent and fixed-term employees in attendance, excluding those on leave of absence, holiday substitutes, trainees and persons paid by the hour.*

## Changes in headcount by staff category, 2002–2006

	2002			2003			2004			2005			2006		
	Perm.	Fixed	Total	Perm.	Fixed	Total	Perm.	Fixed	Total	Perm.	Fixed	Total	Perm.	Fixed	Total
Support staff	340	18	358	302	17	319	246	11	257	229	6	235	212	5	217
Experts	240	19	259	239	12	251	241	13	254	244	18	262	229	20	249
Supervisors	53	0	53	53	0	53	45	0	45	43	0	43	45		45
Senior mgmt		4	4		4	4	0	4	4	0	4	4		4	4
<b>Total</b>	633	41	674	594	33	627	531,5	28	560	515,5	28	544	486	29	515

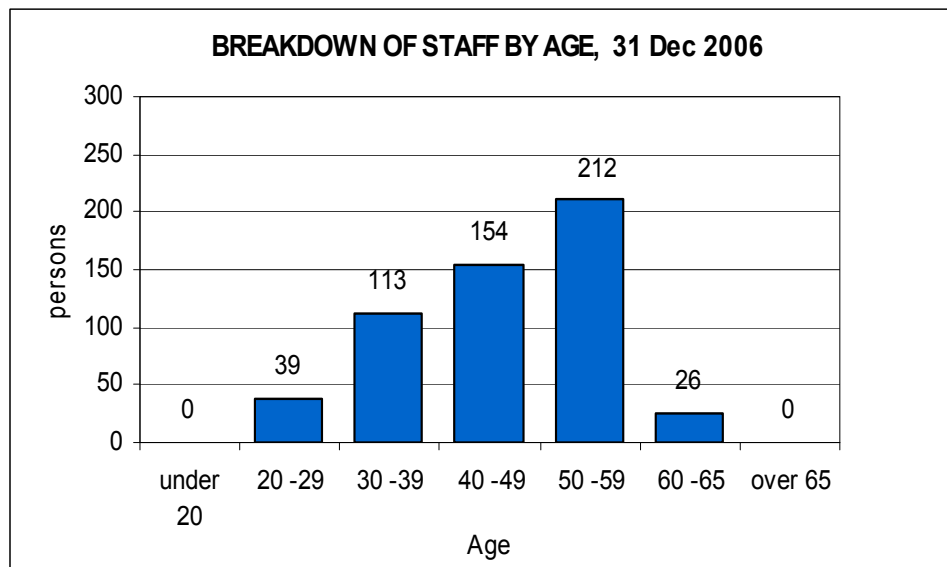
The number of staff in attendance fell by 24% over the period 2002–2006. At the end of 2006, support and service staff accounted for 42% and experts and management (incl. senior management) for 58% of the staff in attendance. The proportion of experts has grown steadily during the past few years. In the period under review, management accounted for about 8–9% and senior management for about 1% of staff.

The sought-after change in staff structure is visible. The share of experts (including management) has increased by 11% over the review interval, while the share of support staff has declined proportionately over the same period.

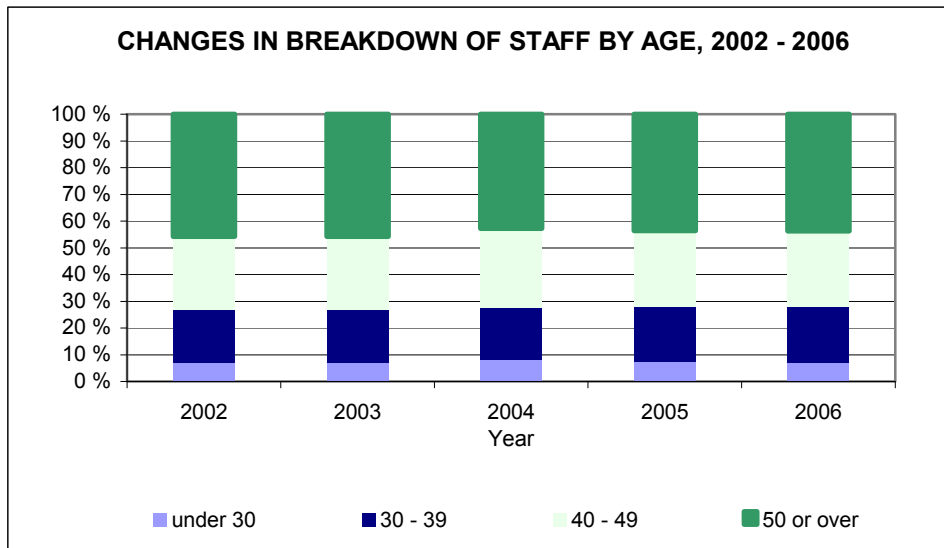
## 2.2. Age composition

The average age of employees in 2006 was 45.7 years (46.4 for women and 45.3 for men). Corresponding figures for 2005 were 45.8 years (46 for women and 45.4 for men). Of the Bank's staff, 44% are over the age of 50.

### Breakdown of staff by age, 31 Dec 2006



## Changes in breakdown of staff by age, 2002–2006



The breakdown of staff by age has remained more or less constant, although the number of personnel has declined by 24% over the period under review. The proportion of employees over the age of 50 has been 40–46 % during the whole period under review.

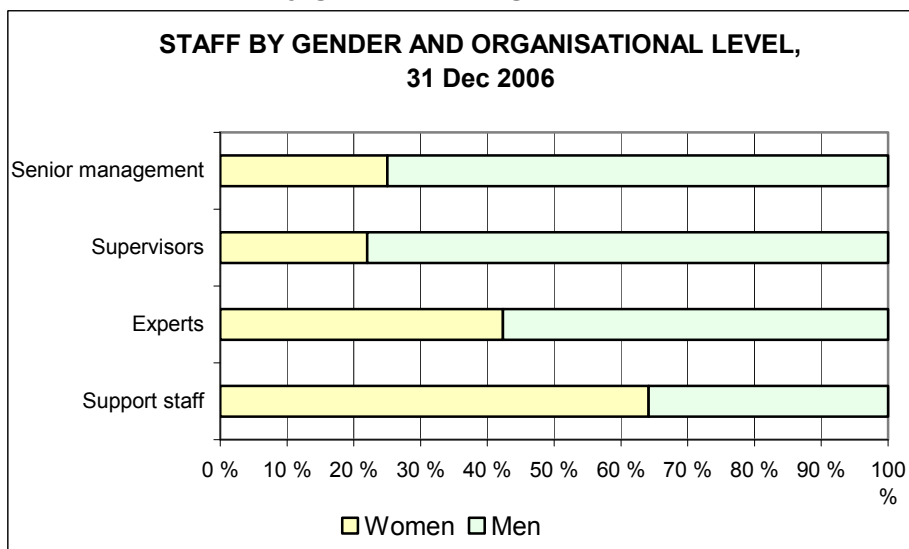
### 2.3. Gender composition

Of the Bank's staff, 51% are women and 49% men. In the development of an organisational structure with equal rights for women and men, the Bank should continue to focus its attention on the most demanding expert and supervisory appointments and the equal gender spread of external recruitments.

#### Breakdown of staff by gender, 31 Dec 2006

	Women		Men		Total	
	persons	%	persons	%	persons	%
Support staff	143	53	80	29	223	41
Experts	113	42	154	56	267	49
Supervisors	11	4	39	14	50	9
Senior management	1	0	3	1	4	1
<b>Total</b>	<b>268</b>	<b>100</b>	<b>276</b>	<b>100</b>	<b>544</b>	<b>100</b>

#### Breakdown of staff by gender and organisational level, 31 Dec 2006



## 2.4. Educational background

The Bank of Finland's educational level index is 5.4 on a scale from 1 to 8 (5.4 in 2005). The educational level indices calculated for individual departments have risen from the previous year.

The staff's basic level of education has increased over the past few years and 54% of staff now has an academic degree. The number of staff trained as researchers was 53 (10%), 29 of them with a doctor's degree. Recruitments have focused on persons with academic degrees and researcher training.

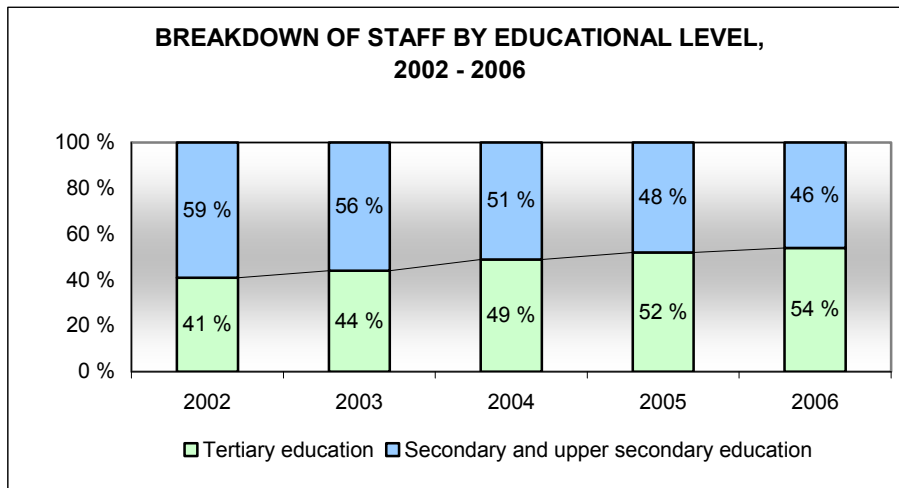
### Breakdown of staff by level of education, 31 Dec 2006

	Persons			% breakdown by educational level
	Women	Men	Total	
Secondary education	19	41	60	11
Upper secondary education	43	48	91	17
Lowest tertiary ed.	79	21	100	18
Lower-degree level tertiary ed.	43	21	64,0	12
Higher-degree level tertiary ed.	72	104	176	32
Doctorate or equivalent ed.	12	41	53	10
<b>Total</b>	<b>268</b>	<b>276,0</b>	<b>544</b>	<b>100</b>
Educational level index				<b>5,4</b>

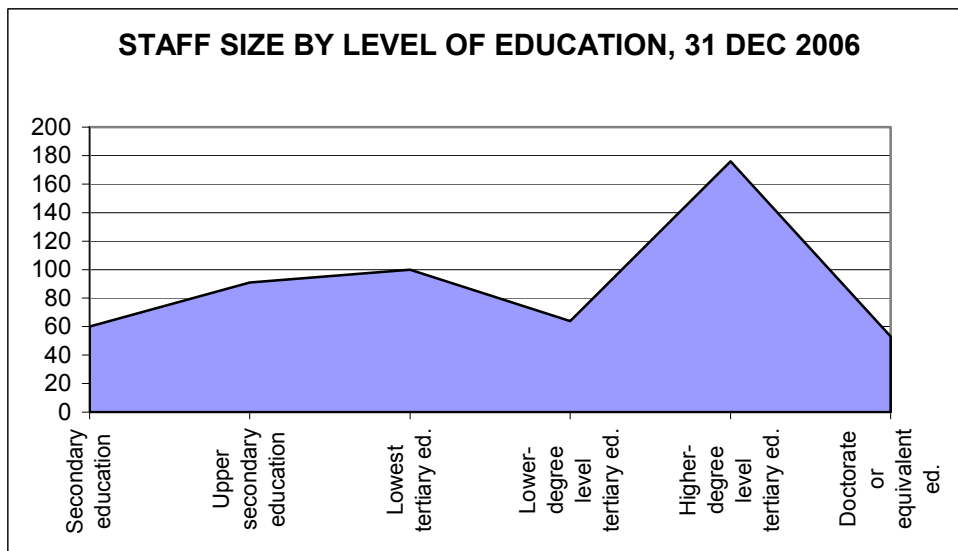
Degree and educational details are classified in six different categories, ie

- **Primary education**, covering comprehensive and elementary school education, former lower secondary school education and levels of education unknown.
- **Upper secondary education**, covering matriculation examination and vocational studies of 1–3 years' duration, basic vocational studies, vocational studies and specialised vocational studies, eg studies of mechanics, basic IT studies, basic nutritional studies.
- **Lowest level tertiary education**, covering eg technical school and business school degrees other than polytechnic degrees.
- **Lower-degree level tertiary education**, covering polytechnic degrees and lowest level university degrees (ie Bachelor of Arts, Economics or Science).
- **Higher-degree level tertiary education**, covering higher-level university degrees (Master's degrees).
- **Doctorate or equivalent level tertiary education**, ie doctoral and licentiate degrees.

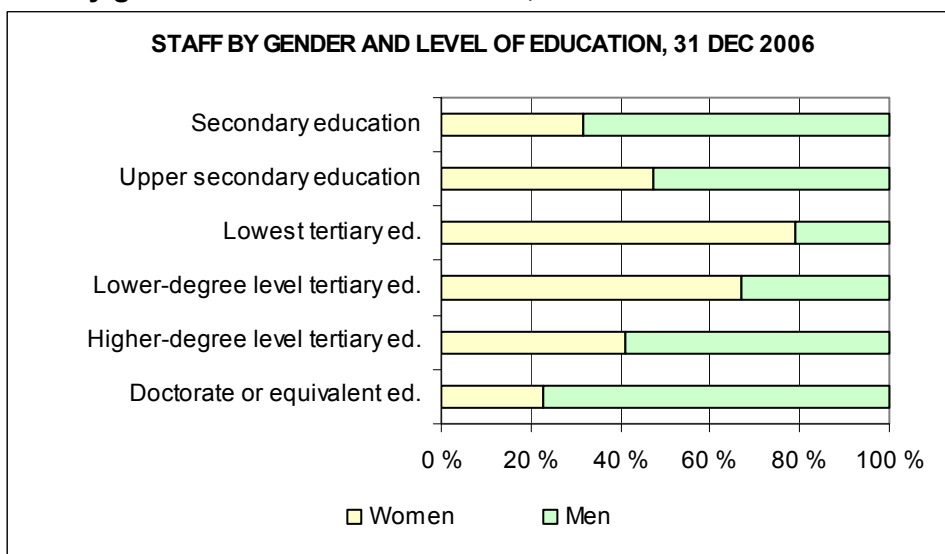
**Changes in level of education, 2002–2006**



**Staff size by level of education, 31 Dec 2006**



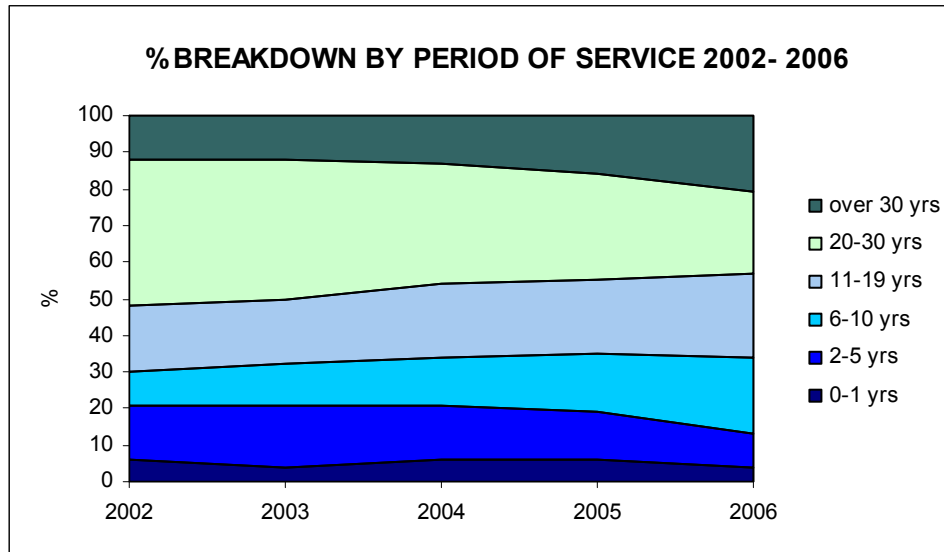
**Staff by gender and level of education, 31 Dec 2006**



## 2.5. Length of service

Of the Bank's staff, 43% have been in the Bank's service for more than 20 years. The proportion of employees with more than 30 years' service has increased by 5% from the year before. In the period 2002–2006, the proportion of employees with less than 20 years of service has increased by 9% (48% → 57%). Over the same period, the proportion of employees with a service record of 20–30 years has fallen by 18% due, to a significant degree, to the large number of retirements.

### Changes in breakdown of staff by length of service, 2002–2006



## 3. STAFF EFFICIENCY

### 3.1. 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.

In 2006, a review of more flexible working time concepts for the research and economist functions was undertaken. An experiment with more flexible working hours for the experts in the Monetary and Research Department was launched at the turn of 2006–2007. The results of the experiment will be evaluated in the course of spring 2007

### 3.2. Use of working time

The following table sets out the changes in the number of man years by regular working hours. The number of man years fell by 4% from the year before.

#### Changes in man years, 2005–2006

Man-years	2005 man-years	2006 man-years	change /m-y 2005-2006
Permanent	518.38	498.3	-20.1
Fixed-term	26.1	24.7	-1.4
<b>Sub-total</b>	<b>544.5</b>	<b>523</b>	<b>-21.5</b>
Holiday substitutes	15.2	11.8	-3.4
Trainees	3.4	2.7	-0.7
Employees paid by the hour	2.3	1.8	-0.5
Employees taxed at source		2.8	
<b>Total</b>	<b>565.41</b>	<b>542.1</b>	<b>-23.31</b>

#### Amount of additional and overtime work and related costs, 2006

Year	Overtime worked		Overtime compensation	
	Hours, total	Employees, No.	Hours in lieu	EUR
2002	26644	483	1805	758 495
2003	19334	407	1534	627 554
2004	23630	484	904	816 424
2005	16539	310	831	541 617
2006	16928	273	648	521 535

The amount of additional and overtime work increased by 389 hours (2.4%) in comparison with last year, whereas the number of employees who had worked overtime declined by 12%.

### 3.3. Annual leave

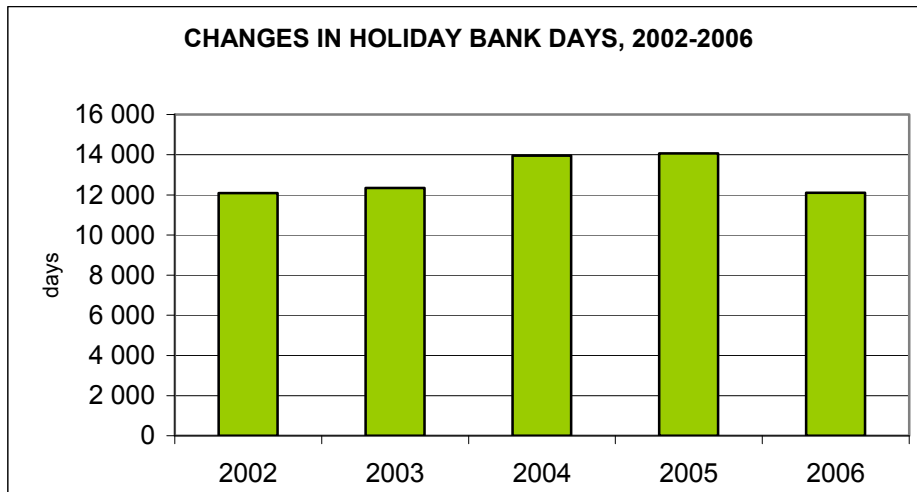
Annual holiday rights amount to 32–40 days, depending on years of service.

The Bank of Finland has a holiday bank, which allows for the deferral of accrued holiday days to be taken in future years. Annually, 1–10 holiday days may be banked. The maximum number of holiday bank days per employee is 50 days.

The total number of days banked declined by 14% (1,971 days) in the year. The days banked correspond to approximately 48.2 man years. The total number of days in the holiday bank averages 28 days per employee, which represents 1.3 months of working time per employee. For around 20% of the employees, no holiday bank days have been registered.

	2002	2003	2004	2005	2006
<b>Persons</b>	394	394	427	430	436
<b>Total days held in the holiday bank</b>	12 089	12 345	13 951	14 072	12 101

### Changes in holiday bank days, 2002–2006





### 3.4. Labour costs

The Bank of Finland's labour costs for 2006 amount to approximately EUR 37.7 million/542.1 man years (EUR 69,719/man year). Staff costs include salaries paid, indirect salary-related expenses, statutory social security costs and other indirect costs arising from, for example, training, industrial safety activities, optional social security and occupational health services.

#### Labour costs 2006

Labour costs	EUR	% of pay for hours worked	% of payroll 2006
<b>I. PAYROLL</b>	<b>27 926 718</b>	<b>136,8</b>	<b>100,0</b>
<b>II. PAY FOR HOURS WORKED</b>	<b>20 418 823</b>	<b>100,0</b>	<b>73,1</b>
<b>A. INDIRECT PAY</b>			
Holiday pay	4 235 295	20,7	15,2
Holiday bonus	1 933 685	9,5	6,9
Sick pay	875 746	4,3	3,1
Pay for training periods	512 218	2,5	1,8
Other paid days off	37 770	0,2	0,1
Pay during accident-related absence	4 039	0,0	0,0
Pay related to child birth and child care	210 462	1,0	0,8
Daily allowances under sickness insurance	-301 320		
<b>Total</b>	<b>7 507 895</b>	<b>36,8</b>	<b>26,9</b>
<b>B. STATUTORY SOCIAL SECURITY</b>			
Employer social security contributions	1 119 303	5,5	4,008
Unemployment insurance contributions	784 741	3,8	2,8
Imputed pension insurance contributions less employee's share	5 306 076	26,0	19,0
Statutory occupational health service	315 000	1,5	1,1
Other statutory contributions	40 000	0,2	0,1
<b>Total</b>	<b>7 565 120</b>	<b>37,0</b>	<b>27,1</b>
<b>C. OTHER INDIRECT EXPENSES</b>			
Training	778 126	3,8	2,8
Voluntary social security contributions	1 524 956		
<b>Total</b>	<b>2 303 082</b>	<b>11,3</b>	<b>8,2</b>
<b>III. INDIRECT LABOUR COSTS</b>	<b>17 376 097</b>	<b>85,1</b>	<b>62,2</b>
<b>IV. TOTAL LABOUR COSTS</b>	<b>37 794 920</b>	<b>185,1</b>	<b>135,3</b>

Purchased staff resources in 2006 represented 40 man years, with the costs for purchased services amounting to approximately EUR 2 million. Purchased staff was mainly engaged in administration services.

The pay accounting functions of the Bank of Finland and the FIN-FSA were outsourced to Personec and the transfer of pension provision services to the State Treasury Office, that had been in progress for the past two years, was completed in December.

## 4. STAFFING REQUIREMENTS

### 4.1. Human resource planning

Human resource planning is an integral part of the action planning process, which extends over a three-year-period since the autumn of 2005. Human resource planning sets resource objectives for the departments and monitors their achievement on a quarterly basis. Human resource planning serves to govern a controlled reduction in staff size, based on the high rate of exit through retirement, which will continue during the next few years, and the development of an increasingly expert-oriented staff structure.

The human resource planning process is supported by medium-term resource forecasting (known as proactive human resource planning). The annual planning process starts with the setting of resource forecasts for the departments, which serve as a basis for the Board's decision on the staffing ceilings that will govern the resource planning of the departments in the following three-year-period.

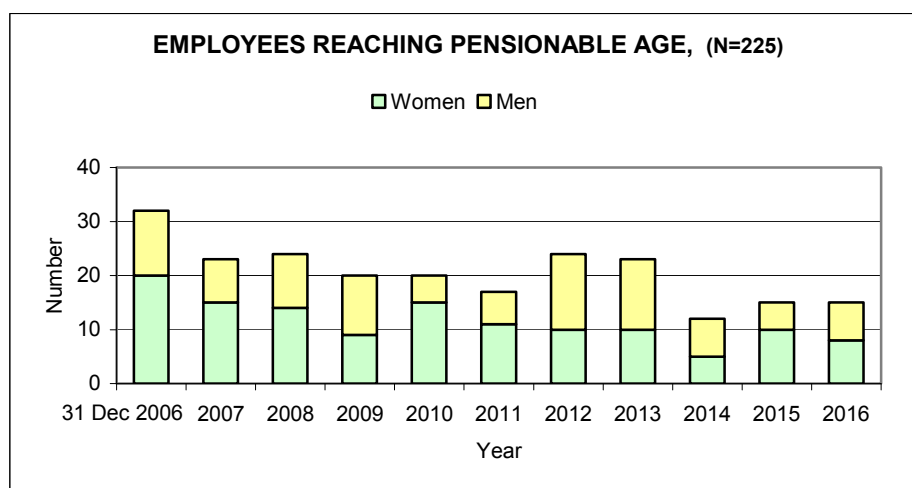
### 4.2. Retirement of current staff

In the course of 2006, 29 employees retired from the Bank. The average effective retirement age was 58 years.

#### Employees reaching pensionable age, 2007 – 2016

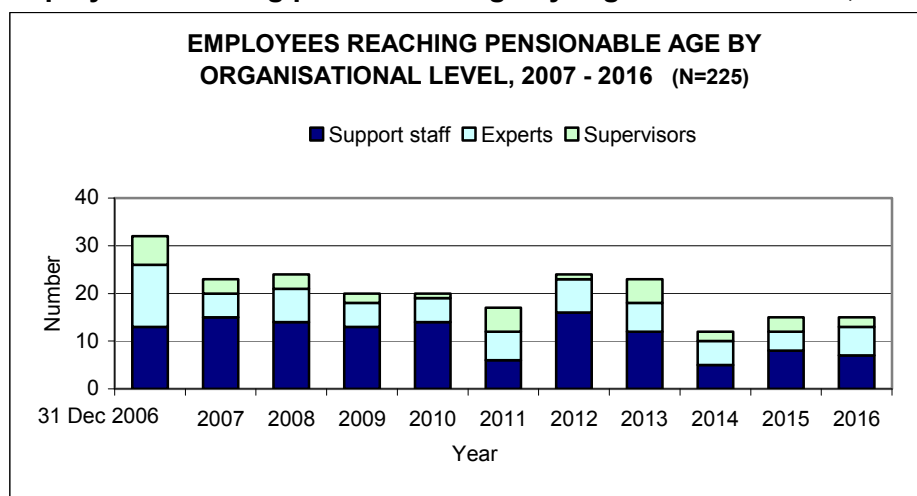
Year	Women	Men	Total	Cumulative
31 Dec 2006	20	12	32	32
2007	15	8	23	55
2008	14	10	24	79
2009	9	11	20	99
2010	15	5	20	119
2011	11	6	17	136
2012	10	14	24	160
2013	10	13	23	183
2014	5	7	12	195
2015	10	5	15	210
2016	8	7	15	225
<b>Total</b>	<b>127</b>	<b>98</b>	<b>225</b>	

#### Employees reaching pensionable age, 2007 - 2016



As in previous years, a considerable number of employees will reach pensionable age over the next few years. The relatively large exit through retirement provides an opportunity to steer staff resources in accordance with strategic priorities and skills objectives.

### Employees reaching pensionable age by organisational level, 2007–2016



### 4.3. Appointments and staff turnover

There were 44 appointments in all (39 in the year before), of which 15 were made internally and 29 externally. A total of 49 employees were recruited as summer holiday substitutes.

The turnover rate of those leaving the Bank increased slightly from the year before, to 10%. Due to the strict recruitment policy, the turnover rate of those entering the Bank remained at the level of 5%, as in the two previous years.

### Staff turnover rates, 2002–2006



The internal mobility rate for 2006 was 7.5%, which is almost at the same level as the year before (8% in 2005). The figure includes internal hiring and appointments by the management. Over the period 2002–2006, internal mobility displays a steady growth trend (6% in 2002), although the number of personnel declined by 24% over the same period. Of those changing jobs within the Bank, half were engaged in fixed-term job circulation and half changed positions permanently. The focus in external recruitment was on labour market experience, together with researcher training for economists. The average age of externally recruited employees was 32 years.

#### 4.4. 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, has revealed that the Bank of Finland has ranked among the 16 most sought-after employers during the ten-year-history of the survey. The survey covers more than 100 Finnish organisations. In 2006, with 13<sup>th</sup> position, the Bank of Finland's ranking improved somewhat from the year before.

The Bank of Finland's annual ranking in the student survey

Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Ranking	8	8	6	14	10	6	6	4	16	13

The central banks of the other Nordic countries ranked in respective studies in each country as follows: Sveriges Riksbank 21<sup>st</sup> position, Danmarks Nationalbank 13<sup>th</sup> position and Norges Bank 11<sup>th</sup> position.

For a few years, Universum Communications has conducted a survey of young professionals addressed to employees between the ages of 25 and 35 and with less than eight years of labour market experience. The Bank of Finland participated in this survey for the first time in 2006 and ranked 15<sup>th</sup>.

## 5. SALARIES AND BONUSES

The principles of the Bank of Finland's pay policy are derived from the duties and responsibilities assigned to the Bank of Finland as the monetary authority of Finland and as an independent member bank of the European System of Central Banks. The objective of the Bank of Finland's pay policy is to establish that the average target wage level is set according to market median, derived from the HAY pay comparison (basic pay + benefits).

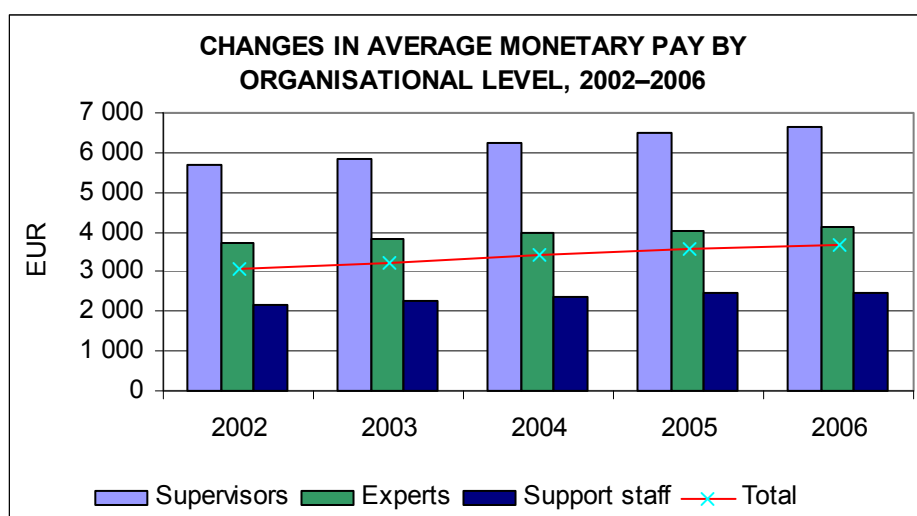
The Bank's remuneration practices are based on the definition of skills requirements, performance appraisal and market salary comparisons. All the posts at the Bank of Finland have been subjected to a Hay point-factor evaluation system when determining wage and pay levels. The Bank has also in place a discretionary bonus scheme covering all employees.

The fringe benefits provided by the Bank include meals (EUR 102.90/month), use of a mobile telephone (EUR 20/month), housing and car benefits. Every Bank employee has the right to meals, while other benefits are accorded to individual employees on the basis of their duties.

### Changes in average monetary pay (basic pay + fixed supplements) by organisational level, 2002–2006

	2002 EUR	2003 EUR	2004 EUR	2005 EUR	2006 EUR
Supervisors	5,676	5,825	6,239	6,503	6,659
Experts	3,728	3,852	3,966	4,015	4,111
Support staff	2,189	2,264	2,361	2,447	2,477
Total	3,075	3,200	3,419	3,568	3,680

Average wages showed a more moderate development by staff category compared with 2005. The salary adjustments in 2006 focused on bonuses and, therefore, the changes in basic pay (2.5%) at the Bank of Finland have been more moderate than for the reference group of the Hay pay comparison (3.5%). The changes in average salaries by staff category are in line with the changes in basic pay, excluding support staff.



**Changes in average monetary pay by skills category (basic pay + fixed supplements), 2005–2006**

Skills category	2005			2006		
	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	5	8,466	-	5	8,641	
21	9	7,668	94	9	7,764	95
20	9	7,044	-	8	6,935	
19	24	5,799	103	26	6,152	104
18	36	5,148	99	32	5,382	97
17	71	4,510	99	81	4,553	98
16	71	3,929	99	68	3,925	101
15	56	3,382	103	51	3,458	104
14	38	2,886	103	33	2,928	101
13	53	2,736	98	53	2,762	96
12	67	2,539	101	62	2,588	102
11	61	2,334	98	58	2,365	99
10	29	2,244	96	29	2,290	97
9	12	2,060	92	9	1,996	88
8	10	1,861	-	10	1,899	

Analysis shows a high degree of equality in the ratio of average pay for women to average pay for men of equivalent skills level; the ratio is around 98.4% on average, with a maximum variation by skills category of +/- 10%. The ratio of women's to men's pay levels, not calculated by skills category, is 81.5%.

### 5.1. Pay increases and bonuses, 2006

The general pay increase according to the current two-year (2006–2008) collective civil service agreement was 2%. Of the Bank's annual payroll, 0.15% was used for discretionary individual pay increases and 0.60% for bonuses.

The findings of the 2006 Hay market salary comparison showed that the remuneration practices of the Bank are close in line with the Bank's pay policy guidelines and objectives and that the Bank's remuneration practices somewhat exceed the median pay of the reference groups in terms of both basic pay and benefits and overall remuneration.

## 6. COMPETENCE DEVELOPMENT AND WELLNESS AT WORK

### 6.1. Competence development

Competence development is undertaken to ensure the Bank's future performance and the quality and efficiency of the key processes for the operation of the Bank's departments and units. Continuous learning is integrated with all tasks, the aim being updated knowledge and skills of staff. In addition to training courses, the focus lies increasingly on job circulation and networking, as well as on research, literature, common knowledge building, information sharing and problem solving and argumentation skills, which are not directly reflected in the training budget. Each employee is responsible for updating his own knowledge and skills.

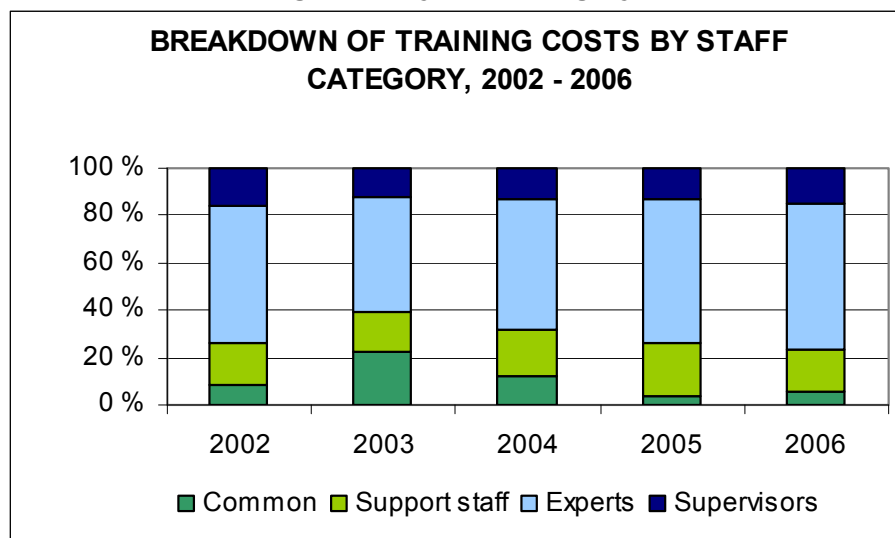
In 2006, the Bank's training expenditure totalled EUR 0.78 million (2.8% of payroll). Of the training budget, 62% was allocated to experts, 17% to support staff, and 15% to management, while 6 % was spent on training directed at all staff categories.

#### Time and costs allocated to training, 2002–2006

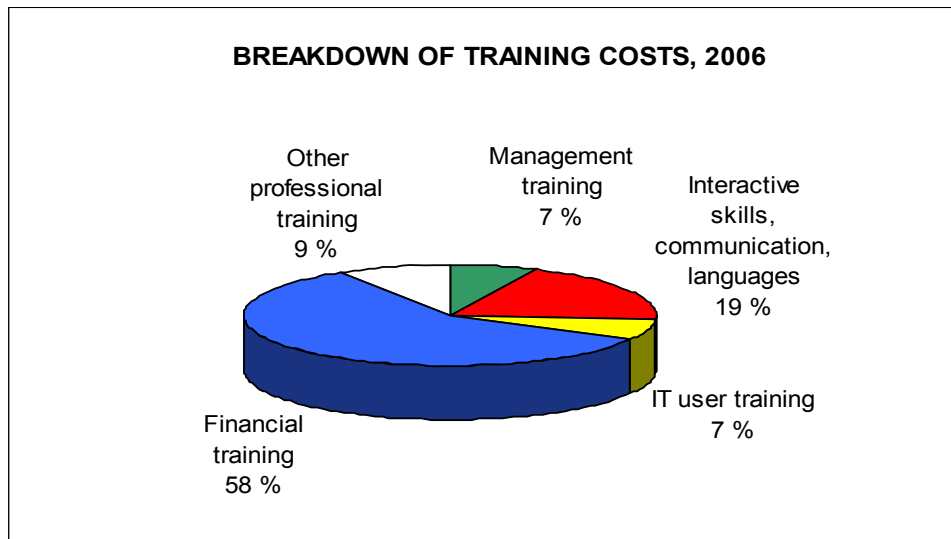
	2002	2003	2004	2005	2006
Time allocation, days	3035	3581	2996	2399	1936 *)
Days/man-years	4.3	5.6	5.2	4.4	3.6
% working time	1.7	2.2	2.0	1.7	1.4
Total expenses, EUR million	1.18	1.26	1.08	0.93	0.78
EUR/man-years	1,684	1,967	1,884	1,713	1435
% of payroll	3.8	4.2	3.7	3.2	2.8

\*) Not all days of external training are recorded.

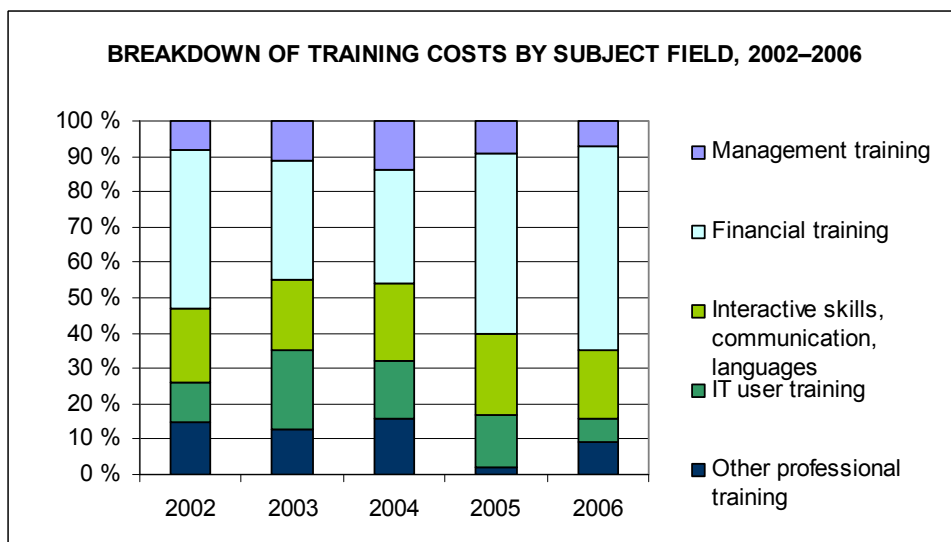
#### Breakdown of training costs by staff category, 2002–2006



## Breakdown of training costs by subject field, 2006



## Breakdown of training costs by subject field, 2002–2006



The proportion of the training budget outturn accounted for by subject-matter training to update expertise increased by 7% over the review period, whereas the proportion of skills training declined slightly. The Bank's competence development guidelines place emphasis on the connection of individual development plans with current or future tasks. The increasing efforts devoted to management training will be reflected in the 2007 budget.

In research, the focal points of expertise include monetary policy modelling, development of financial and payment systems and financial stability policy, as well as knowledge of economies in transition and their economic policy. Research work is centred in the Bank's research unit and the Institute for Economies in Transition (BOFIT). According to current research guidelines, the research resources amount to a total of 18 man years and the resources of research projects are mainly derived from fixed-term secondment both from within and outside the Bank.

Fifty-two (52) studies (33 by the research unit and 19 by BOFIT) were published in the Bank's Discussion Paper Series. Sixteen (16) earlier studies were published, and 20 studies approved for publication, in refereed journals.



Determined efforts have been taken to increase networking, which improves the quality of research. The Bank recruits Finnish and foreign top researchers to the Bank's research units for various lengths of time. Several common research projects are continuously underway with visiting scholars or other external researchers.

The researchers of the Bank have taken a more active interest in academic and central bank research networks. In 2006, the Bank held four international scientific conferences. Two were arranged in cooperation with international organisations and the speakers were selected according to normal scientific criteria. The Bank's employees were also more active in presenting their research at external scientific conferences.

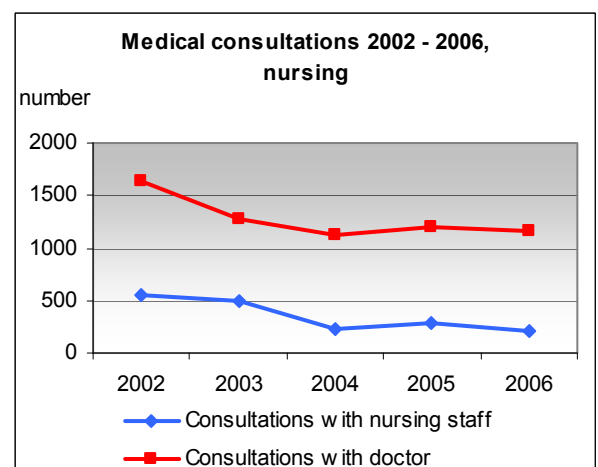
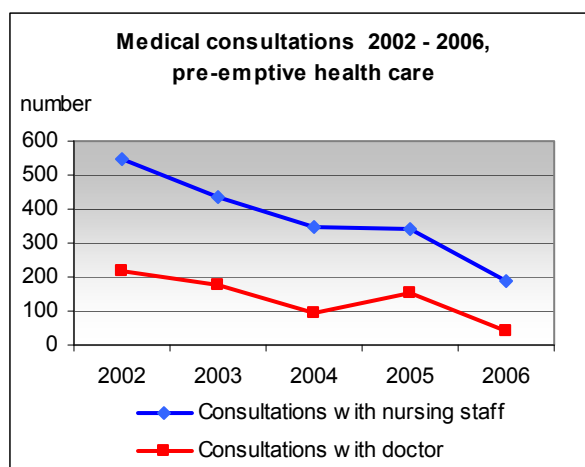
## 6.2. Wellness at work

Improvement of staff motivation and wellness at work is part of the objectives outlined in the strategy. The aim is to confirm these objectives by developing management. The Bank of Finland caters for the health and wellbeing of its staff in many different ways, for example by providing catering, sports services and occupational health services, in addition to other activities designed to promote working capacity

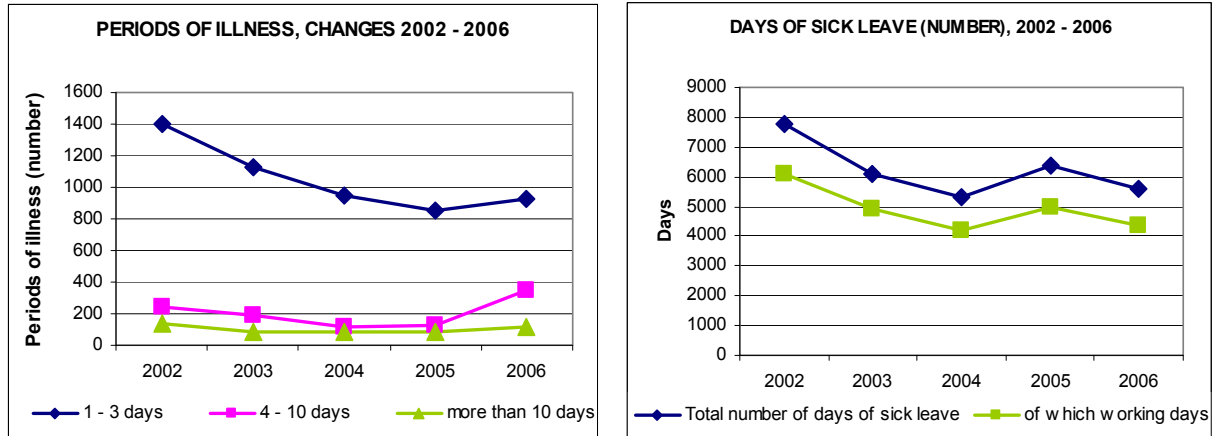
With a view to contributing to employees' ability to cope with work stress and promoting the conditions for a balanced life, the Bank also supports hobby activities, library services and leisure services and facilities. The staff has access to sports hall and club facilities in Kruunuhaka, Helsinki, a villa in Vuosaari in the outskirts of Helsinki and holiday cottage facilities in Saariselkä in Lapland. The facilities are also used for training, meeting and representation purposes. There are 16 hobby clubs at the Bank to which the Bank annually allocates a small grant. Some of the clubs also charge a membership fee.

Occupational health services focus on improving pre-emptive health care, and the Bank has put particular emphasis on early rehabilitation and developed cooperation with a sports service provider. Pre-emptive health care includes medical examinations upon service entry and age-related check-ups as well as assessments of working capacity, including follow-up. The Bank's occupational health service scheme also covers dental care costs, subject to a fixed annual ceiling.

### Health care visits, pre-emptive health care and nursing



## Changes in days and spells of absence, 2002–2006



The number of days of absence from work because of illness totalled 5,616 (of which 4,336 business days) and involved 410 employees. The total number of days of absence because of illness has declined by 23% from the year before. Short spells of absence accounted for 67% of all absence spells. There were 105 persons for whom no absences from work because of illness were registered (the corresponding figure for the year before was 121). The health rate was 20%, which is 2.2% lower than in the previous year.

Sick leave as a percentage of total working days was 3.18%, or 0.32 percentage points lower than in 2005. The absence rate is calculated using a ratio of regular working days based on man years.

### 6.3. Job satisfaction

The Bank monitors job satisfaction through an employee satisfaction survey undertaken every other year. A job satisfaction index constructed of 12 key questions among the survey question series was introduced as an indicator monitoring changes in job satisfaction. The selected questions are directly connected with the Bank's goals of competence building and wellness at work. The job satisfaction index for 2005 was 3.35 (on a scale from 1 to 5).

The findings of the employee satisfaction survey conducted in November 2005 showed that the working climate of the Bank was basically found to be good and that the employees hold the Bank in high regard as employer. Improvements are, however, also called for in matters underlying job satisfaction. In 2006, measures were especially devoted to promoting the understanding of the contents of the revised strategy and appreciating the effects of the strategy on the day-to-day activities. Several discussion meetings on the matter were held. Change management and cooperation were the key subjects of in-house training.

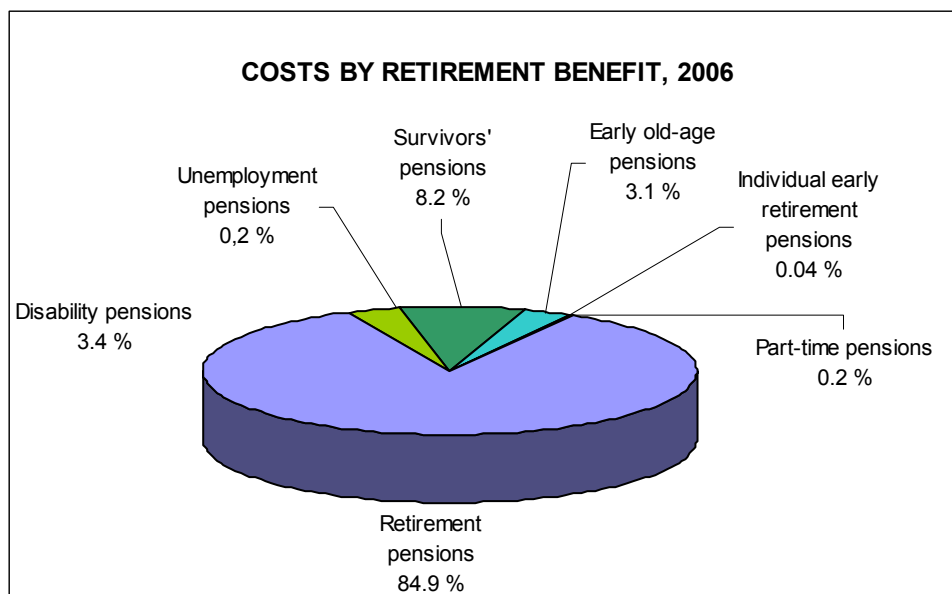
The following employee satisfaction survey will be carried out in autumn 2007.

## 7. PENSION FUND OF THE BANK OF FINLAND

The Bank of Finland operates an independent pension fund, which provides for and decides on the employees' retirement benefits, in line with the State Employees' Pension Scheme. The public-sector pension reform was implemented at the Bank of Finland as of 1 January 2005 and 1 January 2007 in accordance with the changes in the State Employees' Pension Act, where applicable. As of 1 January 2005, the State Treasury Office has been responsible for the Bank's pension determinations and for preparing the pension decisions, and in 2006 it also started to pay out the pensions of the Bank. The Bank of Finland is responsible for the financing of pensions.

As of 31 December 2006, the Bank of Finland paid pensions to 983 persons totalling EUR 17,479,275. EUR 31,043 was paid out in rehabilitation allowances.

### Costs by retirement benefit, 2006



## 8. SUMMARY OF KEY FIGURES<sup>2</sup>

	2006	2005	2004	2003	2002
<b>STAFF SIZE</b>					
Total strength	544	565	582	652	705
Staff on leave of absence	29	21	22	25	31
Headcount	515	544	560	627	674
Turnover rate (Incoming)	5%	5%	5%	3%	6%
Turnover rate (Outgoing)	10%	8%	18%	12%	13,5%
Internal mobility	7,5%	8%	7%	6,5%	6%
External recruitment	29	27	29	20	30
<b>TOTAL MAN YEARS</b>					
Bank's own staff (man years)	542,1 m.y.	565,4 m.y.	601,2 m.y.	674,3 m.y.	734,5 m.y.
Purchased staff resources (man years)	40 m.y.	43 m.y.	42,9 m.y.	45 m.y.	35 m.y.
<b>STAFF STRUCTURE</b>					
Average age of staff	45.7	45.8	45.6	46	45.9
Proportion of female staff	51%	50%	51%	53%	-
Proportion of experts and managers	58%	57%	55%	49%	48%
Proportion of fixed-term staff	5%	5%	5%	5%	6%
<b>SALARIES AND BONUSES</b>					
Payroll	27.9 EURm	28.9 EURm	29.4 EURm	30.1 EURm	30.7 EURm
Bonuses as proportion of payroll	0.60%	0.23%	0.64%	0.25%	0.76%
Salaries related to market pay levels (total remuneration <sup>3</sup> )	101.1%	102.0%	101.8%	104.8%	-
Salaries related to market pay levels (basic pay + benefits <sup>4</sup> )	105.1%	105.9%	106.1%	107.7%	-
Average pay women/average pay men	98.4%	98.8%	99.6%	99.6%	-
<b>STAFF COMPETENCE</b>					
Training costs	0.78 EURm	0.93 EURm	1.08 EURm	1.26 EURm	1.18 EURm
Training costs/payroll	2.8%	3.2%	3.7%	4.2%	3.8%
Educational level index	5.4	5.4	5.3	5.0	4.9
<b>WELLNESS AT WORK</b>					
Total days of sick leave	5,616	6,346	5,304	6,100	7,767
Sick leave as a percentage of working days	3.18%	3.5%	2.8%	2.9%	3.3%
Health rate	20%	22.2%	26.4%	30.7%	26.4%
<b>STAFF-RELATED EXPENSES</b>					
Bank's own staff	37.8 mill. €	39.7 mill. €	41.1 mill. €	42.6 mill. €	43.2 mill. €
<b>PENSIONS</b>					
Pensions paid	17.5 EURm	16.6 EURm	15.7 EURm	14.5 EURm	13.7 EURm
No. Retiring from service	29	25	36	51	29
Average effective retirement age	58	57	57	57	56.2
No. Receiving pensions	983	917	875	838	796

<sup>2</sup> Figures excluding the Financial Supervision Authority for which an own personnel audit is prepared.

<sup>3</sup> Total remuneration includes basic pay + benefits and discretionary bonus (incentive pay), if any.

<sup>4</sup> Basic pay + benefits also includes fringe benefits (meals, car, housing and mobile phone).



## 9. CONCEPTS AND DEFINITIONS

<b>Man year</b>	Man year refers to regular normal annual working hours, excluding overtime and any other working time in excess of normal working hours. The man year of one person is always one at the most. In the calculation of man years, all pay earners converted into whole working years are considered.
<b>Total staff strength</b>	Permanent and fixed-term employees in attendance, including those on leave of absence but excluding trainees, holiday substitutes, persons paid by the hour and persons taxed at source.
<b>Total remuneration</b>	Includes basic pay + benefits as well as discretionary bonuses (incentive pay).
<b>Educational level index</b>	<p>Calculated on the headcount based on staff member's basic level of education as follows</p> <ul style="list-style-type: none"><li>• Primary education = 1.5 x number of employees at this educational level</li><li>• Upper secondary education = 3.5 x number of employees at this educational level</li><li>• Lowest level tertiary education = 5 x number of employees at this educational level</li><li>• Lower-degree level tertiary education = 6 x number of employees at this educational level</li><li>• Higher-degree level tertiary education = 7 x number of employees at this educational level</li><li>• Doctorate or equivalent level tertiary education = 8 x number of employees at this educational level</li></ul> <p>The educational level index is obtained by adding up the numerical values and dividing the sum with the total number of persons. The educational level index ranges between 1 and 8.</p>
<b>Turnover rate of those leaving the Bank's service</b>	<p>The percentage of average headcount accounted for by those leaving the organisation (excluding contracts of service under 3 months).</p>
<b>Part-time employment</b>	Those working shorter hours, having a part-time post or drawing a part-time pension qualify as part-time employees.
<b>Basic pay + benefits</b>	Includes fringe benefits (mobile phone, meals, car, housing and telephone) in addition to monetary salary.
<b>Internal mobility</b>	Percentage of average headcount accounted for by those having changed jobs within the organisation.
<b>Health rate</b>	Percentage of man years accounted for by those for whom no absence from work due to sickness was registered.
<b>Headcount</b>	Permanent and fixed-term employees in attendance, excluding those on leave of absence, holiday substitutes, trainees, persons paid by the hour and persons taxed at source.
<b>Turnover rate of those entering the Bank's service</b>	<p>The percentage of average headcount accounted for by those entering the organisation (excluding contracts of service under 3 months).</p>
<b>Absence rate</b>	Sick leave as a percentage of regular annual working hours.

