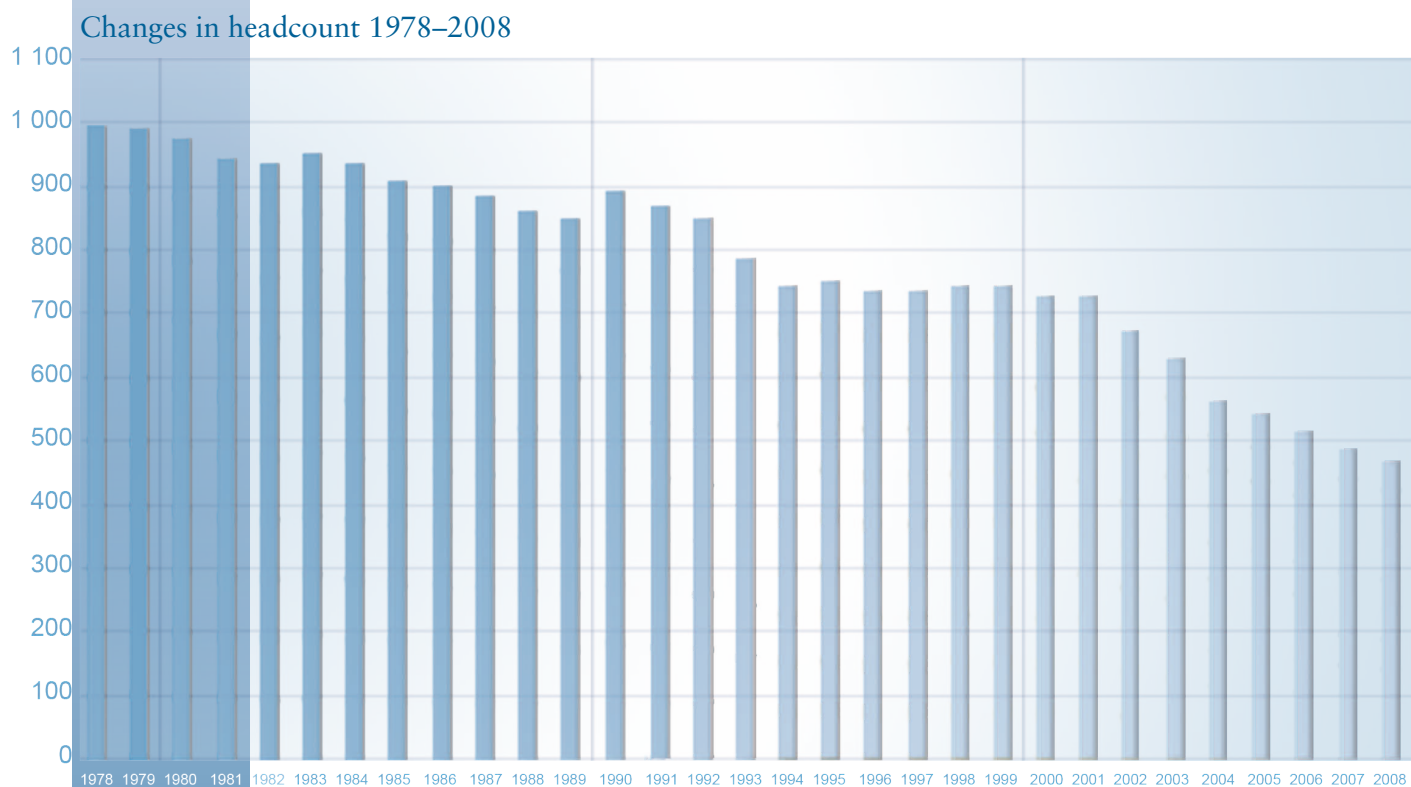


PERSONNEL AUDIT

2008

BANK OF FINLAND



EUROJÄRJESTELMÄ
EUROSYSTEMET



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Introduction

In 2008 the Bank employed 468 staff, 4.5% less than in the year before.

Competence building, management and wellness at work were promoted in a number of ways. More efforts were devoted to systematic learning within the organisation, compared with previous years. The coaching scheme for managers launched in 2007 continued and was extended to senior experts.

Job rotation was stepped up by clarification of the objectives and rules for internal mobility and adoption of a new appointments policy under which appointments for senior expert and managerial positions are made on a fixed-term basis for 3–5 years at a time. The average educational level of the staff measured higher in the year under review over previous years.

The performance evaluation model was developed further to include a new element, the wage negotiations. In spring 2008, a new pay policy under which 1.6% of the total pay increase was allocated for personal performance-related pay rises was applied for the first time, in keeping with the collective bargaining agreement.

This Personnel Audit includes an appendix with the Bank of Finland's equality guidelines and a review of the current equality situation at the Bank. The 2008 Equality Report shows that the Bank offers all employees equal opportunities to develop and apply their professional skills and advance their careers, irrespective of age and gender.

The 2008 Personnel Audit of the Bank of Finland is the thirteenth of its kind.

Happy reading!

Aura Laento
personnel manager

Management systems

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, cooperation and flow of information across functions, together with clear management systems and management responsibilities.

A readjustment of the Bank's organisation took place in 2008. Document Services in the Administration department were merged with Information Services in the Monetary Policy and Research department. Furthermore, the risk management function was separated from the investment function and relocated to Administration with effect from 2009. The purpose of this change was to enhance the independence of risk management from the investment function.

Bank of Finland's strategy and management system

In accordance 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. Changes in the operating environment, such as the escalation of the global financial crisis over the year and the preparations for the new supervisory authority for the financial and insurance sector, called for specification of the Bank of Finland's strategy in 2008. The strategy work aimed, for example, at improving the quality and effectiveness of the Bank's activities and enhancing the Bank's management culture and overall management. The aim is to build an inspiring management and employment culture that is more open to innovation and new ideas, as well as new policies and procedures. The Bank encourages a more ecological way of thinking and behaving, which it will support by preparing its own environmental programme.

The Bank's strategy has been formulated as a development programme and is presented in the form of objectives for the Bank's effectiveness and service competence, efficient use of resources, smoothly functioning internal processes and wellness at work and staff competence, in keeping with the various aspects of the objectives and results framework.

In addition to the strategy, the objectives and results contracts for departments and processes, results evaluations and action planning together with overall risk evaluation are prominent in the Bank of Finland's management system. Performance and wage negotiations represent key HR management tools for objectives setting and follow-up.

The departments are bound by staffing and budgetary ceilings fixed on the basis of the strategy and the objectives set out in the objectives and results framework before the annual action planning process. As a result of the action planning process, major objectives and development projects for the following period are stated in the objectives



and results contracts for departments and processes. Governance under the objectives and results framework is guided by the staffing and budgetary ceilings and takes place in 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. The Bank of Finland's Board conducts a bi-annual evaluation of achievement of the objectives stated in the objectives and results framework. The outturn of the budget and human resources plan and changes in the Bank's result and balance sheet are reported on a quarterly basis.

A major improvement to the management system was undertaken in 2008 with the transition to process management in two key functions, ie the analysis and preparation of monetary policy as well as the implementation of monetary policy and liquidity management. With the importance of unrestricted flow of up-to-date information becoming increasingly important – especially at times of change in the operational environment – process management has the primary objective of ensuring smooth cooperation between different organisational units. The changes implemented also support the readjusted division of responsibilities among the members of the Board. Through process management, the aim is to improve the customer perspective and effectiveness of the Bank's activities, maintain job motivation and enhance the attractiveness of the working environment. Realisation of these objectives paves way for conditions conducive to efficient operations; consequently over time, process management is also seen as generating cost savings.

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. The major new provision in the collective bargaining agreement running from 15 February 2008 to 28 February 2010 concerns the wage negotiation model. As a result of the collective bargaining negotiations, an agreed percentage of the total pay increase percentage is earmarked for personal performance-related pay rises. The first wage negotiations under the new model were conducted in spring 2008, with 40% of staff being awarded performance-related pay increases.

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

Human resource management

In line with its HR vision, the Bank of Finland is a highly-respected employer that provides conditions for a modern, learning organisation. The Bank operates in an ethically sustainable, egalitarian and equitable manner, and leadership is characterised by a responsible and motivating approach.

The Bank's human resource planning continued to be guided by the staffing ceilings adopted and a tight recruitment policy. At the end of 2008, the Bank employed 468 staff and the Financial Supervision Authority 138. The Bank's personnel management services are also available to the FIN-FSA's staff.

Special attention was paid to wellness at work, the organisation's feedback culture and improvements in remuneration practices. Resources were devoted to enhancement of workplace skills. The Bank's staff was invited to various meetings to fuel an internally critical and externally loyal dialogue and promote interaction. New working methods were introduced on a broad scale by the departments, and innovation and creativity was encouraged within management and in the form of new technical solutions.

Staff mobility was encouraged through the new Movere job rotation concept and fixed-term appointments. The scope of the coaching scheme was extended from managers to senior experts.

In 2008, a framework was created for provision of personnel management services to the Financial Supervisory Authority, which started its operations on 1 January 2009, and agreement was reached on the terms of the contracts of employment of FIN-FSA staff.

Staff size and structure

Of the Bank's staff, 93% were employed on permanent contracts, while 7% held fixed-term contracts. Over the year, 13 fixed-term appointments were made for managerial and senior expert positions. Five per cent (5% or 25 persons) were on leave of absence, while 2% (14 persons) had a part-time job or shorter working hours.

Staff size

At the end of the year, Bank employees numbered 493. The manager to employee ratio, ie the average number of employees per manager, is around 9.

Breakdown of staff size by category, 31 Dec 2008¹

	Full-time		Part-time ²		Total	
	Permanent	Fixed-term	Permanent	Fixed-term	Persons	%
Senior management		4			4,0	1
Management	37	1			38,0	8
Experts	241	21	5,5		267,5	54
Support staff	169	8	5,0	1	183,0	37
Total staff strength³	447	34	10,5	1	492,5	100
On leave of absence	25				25,0	
Headcount⁴	422	34	10,5	1	467,5	

¹ As of 2008, advisers to the Board fall within the category of Experts.

² 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 headcount in proportion to agreed working hours.

³ Total staff strength: Permanent and fixed-term employees in attendance, including those on leave of absence but excluding trainees, holiday substitutes, persons paid by the hour and short-term researchers.

⁴ Headcount: Permanent and fixed-term employees in attendance, excluding those on leave of absence, holiday substitutes, trainees, persons paid by the hour and short-term researchers.

Fixed-term employees account for nearly 8% of experts. Most of them are employed for a project, for example as project researchers in Monetary Policy and Research.

The staff (excl. absent members) has been reduced by 25% over the years 2003–2008. At the end of 2008, support and service staff accounted for 38% and experts and management (incl. senior management) for about 62% of staff.

Development of the staff structure towards greater expert orientation continued throughout the period under review. In the past five years, the relative share of experts in the staff has grown by 13 percentage points (from 40% to 53%). In the period under review, management and senior management accounted for about 10% of staff. The proportion of support staff has dropped in response to retirements and job redescription.

Changes in headcount by staff category, 2003–2008¹

Year	Senior management	Management			Experts			Support staff			Total
	Fixed-term	Perm.	Fixed-term	Total	Perm.	Fixed-term	Total	Perm.	Fixed-term	Total	
2003	4	53		53	238.5	12	250.5	302.0	17	319.0	626.5
2004	4	45		45	240.5	13	253.5	246.0	11	257.0	559.5
2005	4	43		43	244.0	18	262.0	228.5	6	234.5	543.5
2006	4	45		45	229.0	20	249.0	212.0	5	217.0	515.0
2007	4	42		42	224.0	19	243.0	193.0	8	201.0	490.0
2008	4	36	1	37	229.5	21	250.5	167.0	9	176.0	467.5

¹ As of 2008, advisers to the Board fall within the category of Experts.

Changes in headcount, 2003–2008

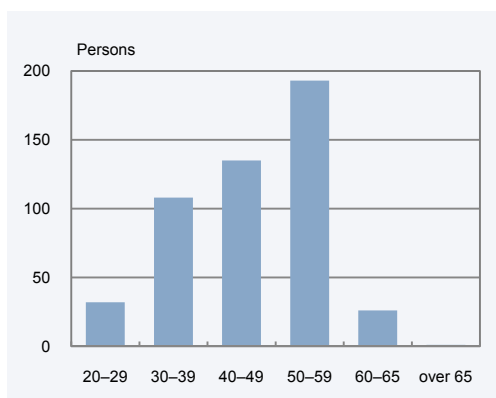




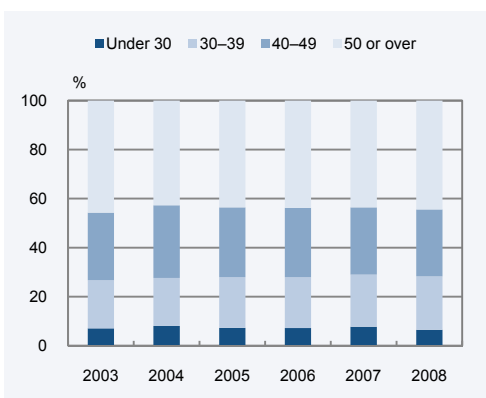
Age composition

The average age of employees in 2008 was 45.8 years (45.8 for women and 45.7 for men). Corresponding figures for 2007 were 45.8 years (46.3 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 2008



Changes in breakdown of staff by age, 2003-2008



Gender composition

Of the Bank's staff, 48% are women and 52% men. Until 2006 women accounted for more than half of the staff. Women account for one-third of managers and 42% of experts. In both internal and external appointments, consideration will be given to the development of an egalitarian organisational structure.

Breakdown of staff by gender and organisational level, 31 Dec 2008



Staff size by gender and organisational level, 31 Dec 2008

	Women		Men		Total	
	Persons	%	Persons	%	Persons	%
Senior management	1	0	3	1	4	1
Management	11	5	27	10	38	8
Experts	112	47	157	61	269	54
Support staff	113	48	71	28	184	37
Total	237	100	258	100	495	100

Educational background

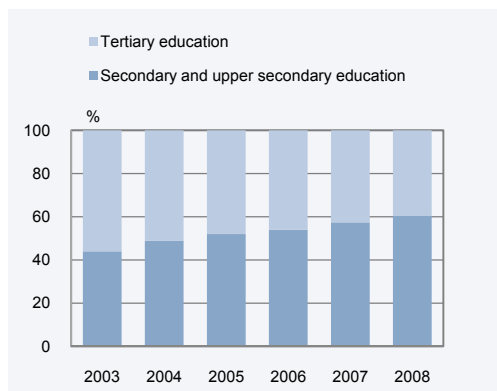
The Bank aims to raise the level of education of its entire staff and to increase the number of employees with an academic degree. The Bank of Finland's educational level index stands at 5.6, up from 5.5 in the year before. Of the Bank's staff, 61% have an academic degree, which is 4% more than in the year before, while 10% of the staff have researcher training, 29 of them holding a doctoral degree.

Breakdown of staff by level of education, 31 Dec 2008¹

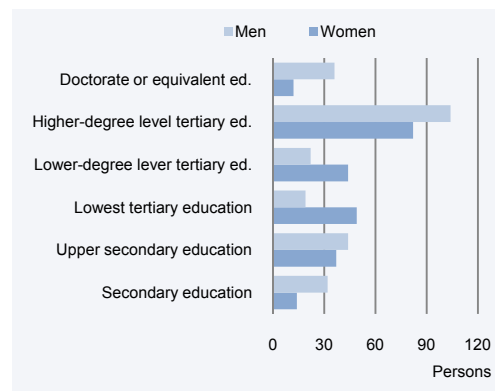
Level of education	Women	Men	Total	% breakdown by educational level
Secondary education	14	32	46	9
Upper secondary education	37	44	81	16
Lowest tertiary education	49	19	68	14
Lower-degree level tertiary ed.	44	22	66	13
Higher-degree level tertiary ed.	82	104	186	38
Doctorate or equivalent	12	36	48	10
Total	238	257	495	100
Educational level index			5,6	

¹ For definitions of educational index see the section on concepts and definitions.

Changes in level of education, 2003–2008



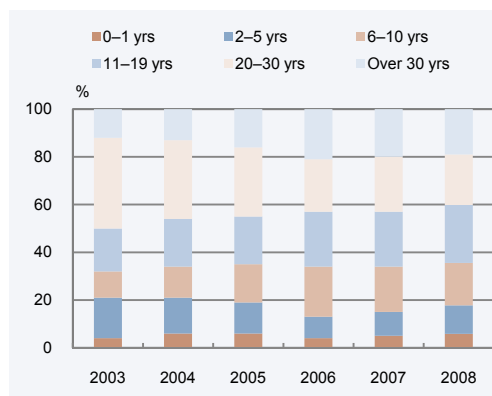
Staff size by level of education, 31 Dec 2008



Length of service

Of the Bank's staff, 18% have been in the Bank's service for less than 5 years, while 42% have a service record of 6–19 years and 40% of more than 20 years. The turnover rate for those entering the Bank's service has, for the last five years, hovered around 5%, which reflects the Bank's tight recruitment policy in the 2000s. Without special recruitment measures, the breakdown of staff by length of service will remain unchanged.

Changes in breakdown of staff by length of service, 2003–2008



Staff efficiency

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.

The Bank also has in place a flexible hours scheme based on mutual trust and tailored to the needs of the experts of the Monetary Policy and Research department. This new scheme was introduced from the beginning of 2008 in full consultation with the experts concerned.

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 dropped by 32 (6%) from the year before.

Changes in man-years, 2007–2008

Man-years	2007	2008	Change
Permanent	473.5	446	-27.5
Fixed-term	32.1	29.4	-2.7
Sub-total	505.6	475.4	-30.2
Holiday substitutes	13.9	14.9	-1.0
Trainees	3.4	2.2	-1.2
Employees paid by the hour	1.2	0.9	-0.3
Employees taxed at source ¹	3.2	2.2	-1.0
-	527.3	495.6	-31.7

¹ In Finland, 'employee taxed at source' is defined as a foreign employee with max. 6 month period of employment.

The amount of additional and overtime work increased by 33% (3,947 hours) in comparison with the year before. Overtime accounted for 1.6% of working hours in 2008. Overtime was registered for about 60% of staff (278 employees). More than half of the overtime was registered to members of the Administration division.

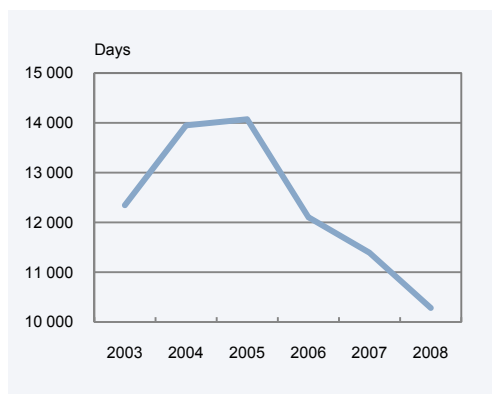
Annual leave

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

The holiday bank allows for deferral of accrued holiday days to be taken in future years (mainly during the following five years). Annually, a maximum of 10 holiday days may be banked. The maximum number of holiday bank days held per employee is 50.

Since 2007 it has been possible to sell annual holiday days (maximum 10 days/year) and, as a result, the number of days in the holiday bank has dropped by approximately 10%. The total days banked currently correspond to 44 man-years. The total number of days in the holiday bank averages 27 days per employee, which represents 1.3 months of working time per employee.

Changes in total holiday bank days, 2003–2008



Labour costs

The labour costs for 2008 amounted to approximately EUR 37.5 million/467.5 man-years (EUR 80,399/man-year; a 15% increase from the year before).

Indirect labour costs account for 86% of total labour costs, of which holiday pay and holiday bonuses represent 34%.

Purchased staff resources at the Bank of Finland represented 29 man-years in 2008 and were mainly used in administrative services.

Labour costs, 2008

Labour costs	EUR	% of pay for hours worked	% of payroll
1. Payroll	27,696,058	137.6	100.0
2. Payroll for hours worked	20,135,185	100.0	72.7
a. Indirect pay			
Holiday pay	4,222,960	21.0	15.2
Holiday bonus	1,913,035	9.5	6.9
Sick pay	853,907	4.2	3.1
Pay for training periods	581,996	2.9	2.1
Other paid days off	39,245	0.2	0.1
Pay during accident-related absence	431	0.0	0.0
Pay related to child birth and child care	154,825	0.8	0.6
Daily allowance under sickness insurance	-205,526		
Total	7,560,873	37.6	27.3
b. Statutory social security			
Employer social security contributions	1,058,266	5.3	3.8
Unemployment insurance contribution	767,182	3.8	2.8
Imputed pension insurance contributions	5,262,251	26.1	19.0
Statutory occupational health service	215,273	1.1	0.8
Other statutory contributions	29,631	0.1	0.1
Total	7,332,603	36.4	26.5
c. Other indirect expenses			
Training	1,100,795	5.5	4.0
Voluntary social security contributions	1,325,505		
Total	2,426,300	12.1	8.8
3. Indirect labour costs	17,319,776	86.0	62.5
4. Total labour costs	37,454,961	186.0	135.2

Staff requirements

Human resource planning

Human resource planning sets resource objectives for the departments and monitors their achievement on a quarterly basis. Human resource planning takes advantage of the continued large exit through retirement, and the staff structure is adjusted towards greater expert orientation through job redescription.

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 for the following three-year-period.

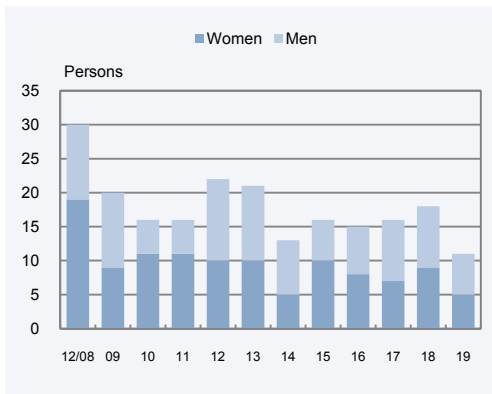
Retirement of current staff

In the course of 2008, 36 employees retired from the Bank. The average effective retirement age was 57.7 years.

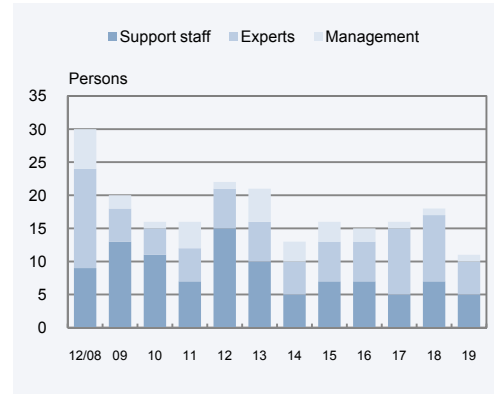
Employees reaching pensionable age, 2009–2019

Year	Women	Men	Total	Cumulative
31 Dec 2008	19	11	30	30
2009	9	11	20	50
2010	11	5	16	66
2011	11	5	16	82
2012	10	12	22	104
2013	10	11	21	125
2014	5	8	13	138
2015	10	6	16	154
2016	8	7	15	169
2017	7	9	16	185
2018	9	9	18	203
2019	5	6	11	214
Total	114	100	214	

Employees reaching pensionable age, 2009–2019, by gender



Employees reaching pensionable age, 2009–2019, by organisational level



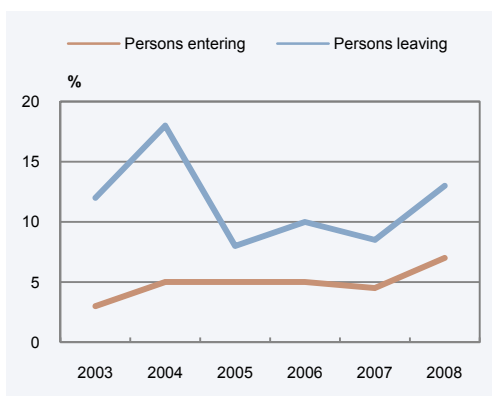
Appointments and staff turnover

There were 57 (31 in 2007) appointments at the Bank in all, 23 (8) of which were made internally and 34 (23) externally. A total of 46 employees were recruited as summer holiday substitutes.

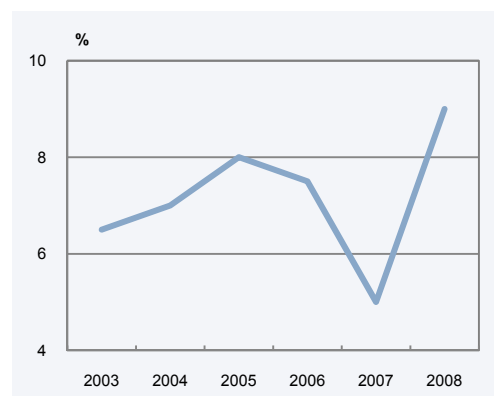
There was a marked increase in staff turnover rates in comparison with previous years. The average turnover rate was 13% (8.5%) for those leaving the Bank's service and 7% (4.5%) for those entering the Bank's service. Retirements accounted for nearly 60% of the turnover rate for those leaving the Bank's service.

The average age of externally recruited employees was 34.5 years, which was 3.5 years higher than the year before.

Staff turnover rates, 2003–2008



Internal mobility, 2003–2008



Higher internal mobility was one of the key objectives of the 2007 HR policy. In 2008, internal mobility increased 4 percentage points to 9%. For managerial and senior expert positions, 13 fixed-term appointments were made (=contract of employment permanent but term of position fixed at 3–5 years).

Employer profile

In spring 2008, Universum Communications conducted a Finnish Graduate Survey in search of the most popular Finnish employer out of a total of more than 100 organisations. The Bank of Finland ranked 11th in the survey among business and economics students.

The survey covered 25 Finnish institutes of learning and it was responded to by 5,800 persons. Of the respondents, 781 identified the Bank as a potential employer and 273 as their favourite employer (72% women, 28% men).

Bank of Finland's ranking in Universum Finnish Graduate Survey

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Ranking	14	10	6	6	4	16	13	10	11

The central banks of the other Nordic countries received the following rankings in corresponding surveys: Sveriges Riksbank 20th, Danmarks Nationalbank 26th and Norges Bank 11th. The European Central Bank (ECB) ranked 18th.

Universum Communications also conducts a Professional Survey. The subjects of this survey are 25–35 years of age and have less than eight years of labour market experience. In 2008, the Bank of Finland ranked 16th.

Bank of Finland's ranking in Universum Professional Survey

Year	2002	2003	2004	2005	2006	2007	2008
Ranking	28	20	20	29	15	21	16

The central banks of the other Nordic countries received the following rankings in corresponding surveys: Sveriges Riksbank 33rd, Danmarks Nationalbank 42nd and Norges Bank 5th.

Salaries and bonuses

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

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 also has in place a discretionary bonus scheme covering all employees.

The fringe benefits provided by the Bank include meals, use of a mobile phone, car and housing benefits. Every Bank employee has the right to meals. Individual employees may also have other benefits related to their tasks.

Average remuneration by skills category (basic pay + fixed supplements), 2007–2008¹

Skills category	2007			2008		
	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	8,812		6	8,999	
21	8	8,051	98	7	8,431	99
20	8	7,109		6	7,215	
19	24	6,051	105	22	6,432	105
18	32	5,341	98	31	5,601	97
17	84	4,582	100	87	4,710	98
16	72	3,889	105	79	4,044	100
15	54	3,420	101	42	3,535	98
14	28	2,923	95	34	3,039	98
13	52	2,780	100	53	2,905	104
12	48	2,601	101	33	2,719	104
11	52	2,404	98	55	2,507	99
10	29	2,244	92	18	2,230	93
9	7	2,082		3	2,158	
8	10	1,936		9	2,042	

¹ Average pay, women/average pay, men has not been calculated if less than 3 employees per gender in category concerned.

The ratio of average pay for women to average pay for men of equivalent skills level is approximately 99%.

Changes in average monetary pay (basic pay + fixed supplements) by organisational level, 2003–2008

	2003	2004	2005	2006	2007	2008
Managers	5,825	6,239	6,503	6,659	6,604	7,024
Experts	3,852	3,966	4,015	4,111	4,223	4,375
Support staff	2,264	2,361	2,447	2,477	2,507	2,639
Total	3,200	3,419	3,568	3,680	3,716	3,929

Pay increases and bonuses, 2008

The general pay increase under the current two-year (2008–2010) collective civil service agreement was 2.9%.

The Bank of Finland introduced wage negotiations modelled on financial sector practices. The fixed sum available for personal pay rises represented 1.6% of the total pay rise in 2008. Fixed performance-related individual pay rises were afforded to 192 Bank employees, which represents 41% of staff.

The Board approved that 0.35% of the payroll for the departments be used for incentive pay.

The findings of the market pay survey conducted in July 2008 showed that the basic wages of the Bank of Finland, including benefits, are 4% above the market median for the benchmark.

Competence development

The Bank of Finland devotes notable resources to systematic learning within the organisation, and management focuses on innovation, inspiration, competence and working climate.

Competence development is undertaken to ensure the Bank's future performance and the quality and efficiency of the processes of importance to the operation of the Bank's departments. Continuous learning is integrated with all tasks, with the aim of updating knowledge and staff skills; each employee being responsible for updating his own knowledge and skills. In addition to training courses, the focus lies on job circulation, 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.

Job rotation guidelines and practices were reformed to promote employees' prospects for a versatile career and for developing broad-based central bank competence.

All in all 35 Bank employees participated in the common training programmes organised by the ESCB central banks.

In 2008, the Bank's training expenditure totalled EUR 1.1 million (4% of payroll), which is about 33% more than in the year before. Of training expenditure, 13% was allocated to managers, 53% to experts and 15% to support staff, while 19% was spent on training intended for all staff categories. Training for all staff focused on delivery of basic IT skills (Office 2007) and management and organisational skills.

Training

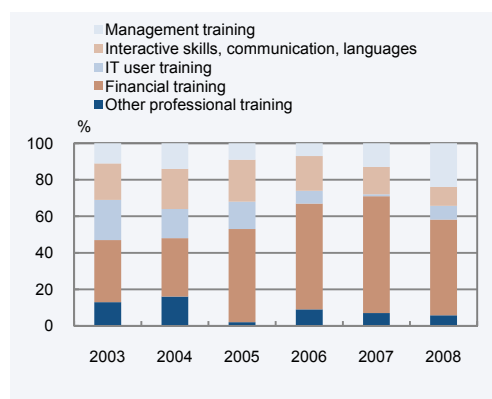
The training for economists was dominated by an emphasis on methodological competencies in key areas of the bank's strategy. Particular weight was placed on tools for the construction and use of macroeconomic models, such as the statistical and econometric methods that modelling work requires.

The Bank also runs a coaching scheme to promote inspiring and interactive management. The scheme was extended to cover senior experts, as well as managers. By the end of 2008, 74% of the managers and 20% of the senior experts had completed the scheme. The coaching scheme was supplemented by a follow-up session in which 14 persons took part in 2008. A work approach favouring general dialogue and interpersonal communication was promoted by way of various events under the overall theme of 'Speak up!'. The new working approach reflected in the introduction of the process management model for two core processes entails new kinds of challenges to competence development and competence utilisation across departments.

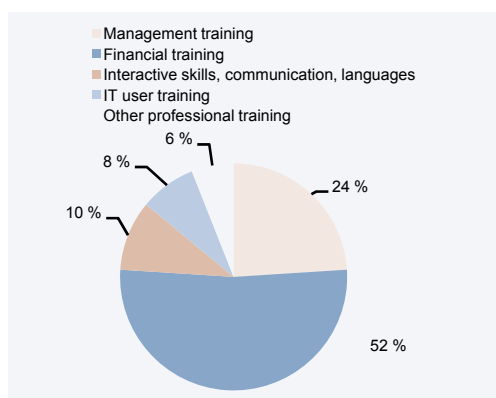
Breakdown of training expenditure by staff category, 2003–2008



Breakdown of training expenditure by field, 2003–2008



Breakdown of training expenditure, 2008



Time and costs allocated to training, 2003–2008

	2003	2004	2005	2006	2007	2008
Total use of time/days	3,581	2,996	2,399	1,936	1,407	2,154 ¹
Days/man-year	5.6	5.2	4.4	3.6	2.7	4.3
% of working hours	2.2	2.0	1.7	1.4	1.1	1.7
Total costs, EUR million	1.26	1.08	0.93	0.78	0.83	1.10
EUR/man-year	1,967	1,884	1,713	1,435	1,574	2,217
% of payroll	4.2	3.7	3.2	2.8	3.0	4.0

¹ Not all days of external training are recorded.

Research function viewed as developing economists' competencies

Analytical, quantitative skills were further developed in research focus areas, ie monetary policy modelling, financial market and payment system innovations, efficiency and stability analysis and research on economies in transition and their economic policies. In the two research units of the Monetary Policy and Research department, economists from the Bank's and FIN-FSA's departments were involved in fixed-term research projects spanning periods of six to twelve months.

The visiting scholars' programme continued, with Finnish and foreign high-level researchers being recruited to the Bank's research units for various lengths of time. Common research projects with external researchers were maintained. The Bank's researchers took an active interest in academic and central bank research networks. International scientific conferences were arranged, as in previous years. The successful research efforts of the Bank's employees continued in 2008, and their papers were admitted to many scientific conferences and accepted for publication in scientific journals.

Further seminars were arranged in the series of regular research seminars introduced in 2007. At the seminars, invited internationally renowned speakers discussed research topics in macro economics and financial markets. At the BOFIT (Bank of Finland Institute for Economies in Transition) seminars, corresponding issues related to transition economies were addressed. Both seminar series are also open to external experts. Top-level experts from other organisations were invited to speak at the Bank's economist seminars.



Wellness at work

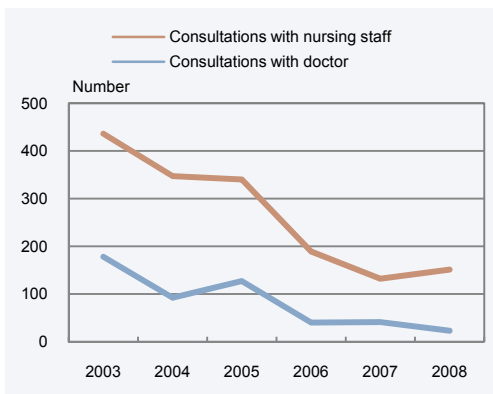
The Bank of Finland caters for the health and wellness of its staff in many different ways, for example by providing catering, a variety of sports services, occupational health services and equivalent services, in addition to other activities designed to promote working capacity.

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 a broad range of hobby activities, library services and leisure services and facilities. The staff has access to a sports hall and club facilities in Kruununhaka, Helsinki, a seaside villa in Vuosaari on the outskirts of Helsinki and holiday cottage facilities at Saariselkä in Lapland. The facilities are also used for training, meetings and business entertainment purposes. There are 16 hobby clubs at the Bank.

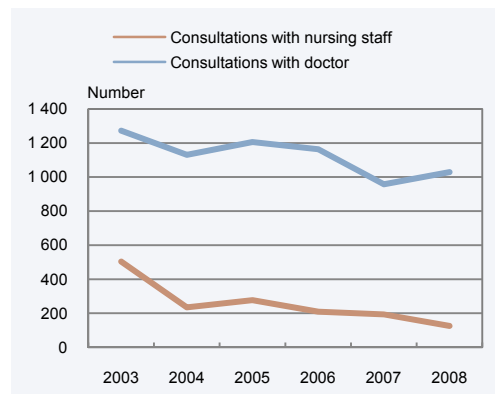
Occupational health services focus on improving pre-emptive health care, and the Bank has put particular emphasis on early rehabilitation and developed cooperation with a sports service provider. Pre-emptive health care includes medical examinations upon service entry and age-related check-ups as well as assessments of working capacity, including follow-up assessments. Consultations with the doctor because of illness have decreased further.

The Bank also covers dental care costs, subject to a fixed annual ceiling.

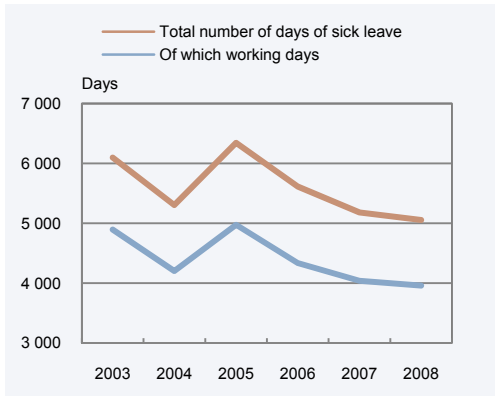
**Health care visits 2003–2008;
pre-emptive health care**



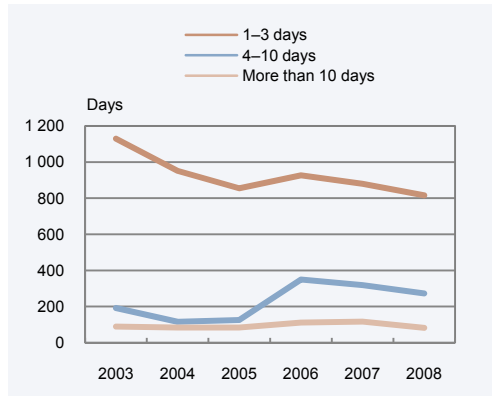
**Health care visits 2003–2008;
practitioner nurse level**



Total days of sick leave, 2003–2008,



Periods of sick leave, 2003–2008



The number of days of absence from work because of illness totalled 5,055 (of which 3,960 business days) and involved 341 employees. The total number of days of sickness absence because has declined by 2.4% from the year before.

Short spells of absence accounted for 70% of all absence spells, which is 3 percentage points higher than in the year before.

The absence rate is 3.27%, up 0.08 percentage points from the year before (3.19% in 2007). The absence rate is one of the Bank's performance indicators and its target value is < 3.5%. The absence rate is calculated using a ratio of regular working days based on man-years.

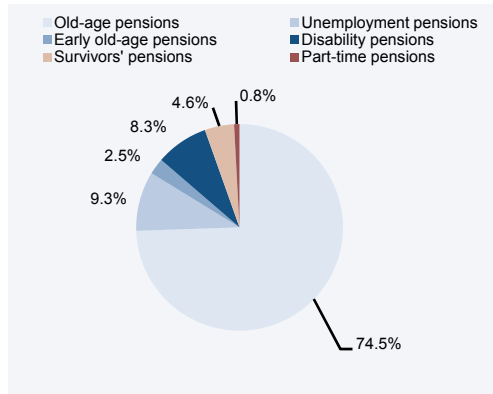
Bank of Finland pension fund¹

The Bank of Finland operates an independent pension fund, which provides and decides on the employees' retirement benefits in line with the State Employees' Pension Scheme. The Bank of Finland is responsible for the financing of pensions. 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. The State Treasury Office is responsible for the Bank's pension determinations, prepares pension decisions and pays out the pensions.

Number of pensioners

As of 31 December 2008, the Bank of Finland paid pensions to 1,065 persons in the total amount of EUR 20,368,210. EUR 10,624 was paid out in rehabilitation allowance.

Pensions by benefit



¹ The figures include the pensions of the Financial Supervision Authority.

Equality

The Bank of Finland and the Financial Supervision Authority have had an Equality Plan in place since 1998.

At the Bank of Finland, equality is defined as the provision of equal opportunities for all employees to develop and apply necessary professional skills and advance their careers, irrespective of age and gender. The Equality Plan also emphasises that each employee is expected to promote equality at the Bank of Finland and intervene in any irregularities he or she may come across within the line organisation.

The Equality Plan addresses recruitment and remuneration issues, working conditions, integration of work and family life, discrimination in the workplace and sexual harassment.

The Equality Plans of 1998 and 2002 focused for example on the following development measures:

- Encouraging women to apply for more challenging managerial and senior expert positions.
In connection with the proactive HR planning for 2002, 43 potential experts were nominated for more challenging posts. Of them 37% were women. In 2003 and 2004, leadership training programmes were arranged for these potential experts. The programmes attracted 30 participants, 40% of whom were women. The key selection criteria were age and gender equality. In 2008, there were 12 appointments of senior experts, 4 of them women.
- Taking pay equality between women and men one step further.
The Bank introduced the HAY pay scheme based on skills levels in 2003. In 2008, the ratio of average pay for women to average pay for men of equivalent skills level stood at 99%.
- Shifting the Bank's age structure towards a higher proportion of persons in the 30–40-year-old age bracket.
The shift in age structure is achieved through the recruitment policy. The average age of recruited employees was 34.5 years in 2008, but it has not had an effect on the desired shift in age structure.
- Promoting organisational renewal and development through external appointments for managerial positions.
Three of the six new managers appointed in 2008 were externally recruited.



- Paying particular attention to development of the profile of equal rights employer.

The findings of the 2008 Universum Survey convey the general impression of the Bank as a male-dominated organisation. In 2008, there are only 2% more men than women employees at the Bank. Of the students (of business and economics) that listed the Bank as their favourite employer, 72% were women and 28% men.

During the first few years, a separate Equality Report was released on the implementation of the Equality Plan and related development measures. Since 2001 the Personnel Audit includes a separate section with a review of the equality situation, and the report on the equality situation is discussed by the Bank's Cooperative YT Committee.

In addition, the occupational safety and shop stewards' organisations have addressed individual equality issues falling within their competence.

During the past ten years (1998–2008), no legal action has been taken for any suspected infringement of equality at the Bank of Finland, other than appeals to the Insurance Court concerning equality of pension provision. The Insurance Court has not yet passed judgment on the 'Barber' cases. One of the 'Barber appeals' has been reviewed by the Supreme Administrative Court.

To our knowledge, the Bank's Board has only reviewed one case of suspected infringement of equality.

No actual suspected cases of infringement of equality or harassment have been brought before the Occupational Safety and Health Committee during the past five years. In the past year, one case of suspected harassment was brought to the chief shop steward for settlement and was duly settled.

The Cooperative YT Committee last improved the discussion of equal rights issues at the Bank of Finland in 2006.

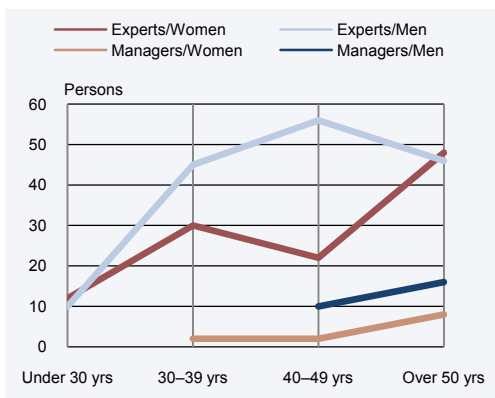
Equality report

Breakdown of staff by age and gender

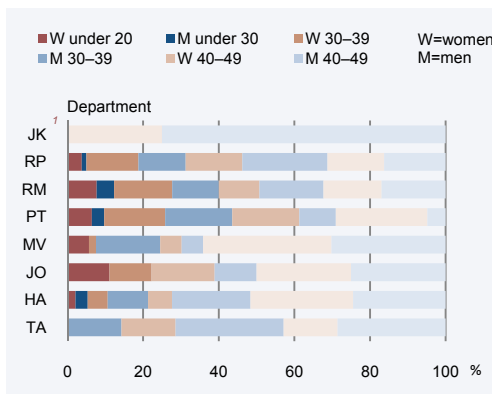
Of the Bank's experts, 41% are women, and of the women, 43% are over the age of 50, 46% are between 30 and 50 years of age and 11% are under the age of 30. The corresponding breakdown for male experts is 29%, 65% and 6%, respectively.

Of the staff, slightly over 30% hold managerial positions, about 40% have expert positions and 60% are support staff.

Managers and experts, breakdown by age and gender



Breakdown by age, gender and department



¹ JK = The Board, RP = Monetary Policy and Research
RM = Financial Markets and Statistics,
PT = Banking Operations, MV = Currency
JO = General Secretariat, HA = Administration
TA = Internal Audit

Training and educational background

Of the training offered in 2008, 56% was channelled to men and 44% to women. Needs for training are based on job requirements, with the division of costs reflecting the breakdown of staff by gender and staff category.

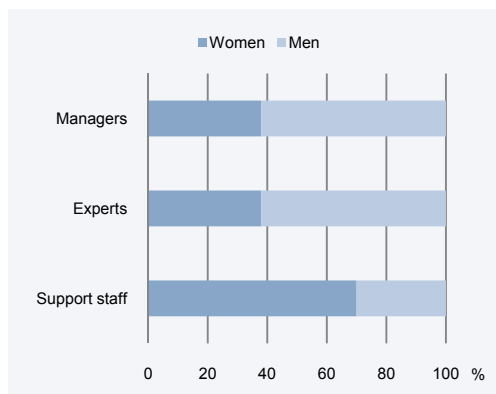
Of the employees holding a higher academic degree, 44% are women, while 25% of employees with researcher training are women. Of staff, 61% have an academic degree (incl. lower academic degree), with 54% of them being women.

In general government¹, employees with researcher training account for 10% of staff, which is reflected as the same level at the Bank. At national level, women account for 39% of employees with researcher training and for 52% of employees holding a higher academic degree.²

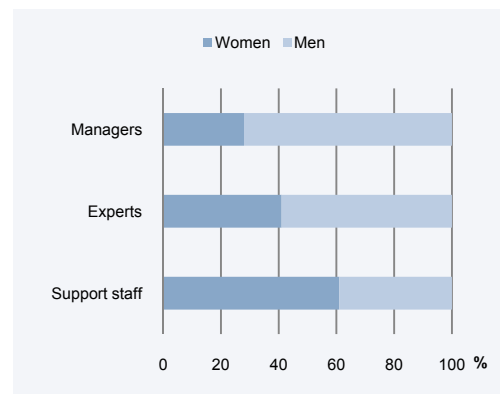
¹ See the key figures of the Government Personnel Audit, 2008.

² Statistics Finland, 2007: Women and Men in Finland.

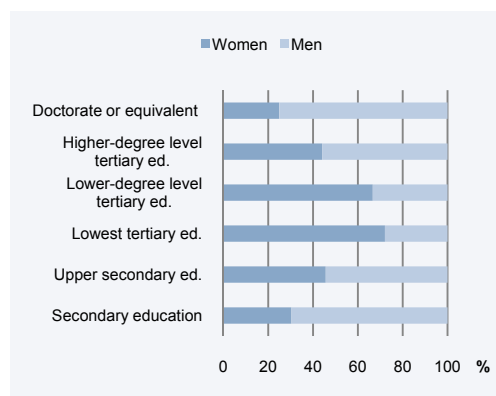
Training participants by gender and organisational level, 2008



Breakdown of staff by gender and organisational level, 31 Dec 2008



Breakdown of staff by gender and educational level, 31 Dec 2008



Appointments

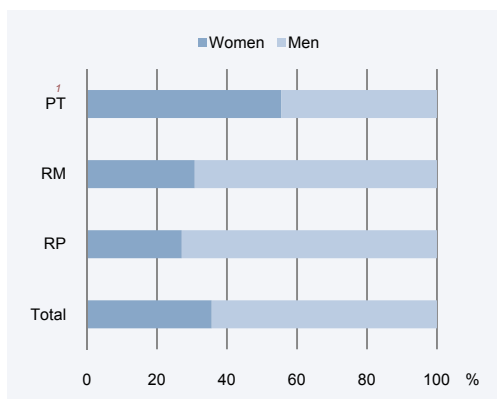
There were 57 appointments in all in 2008.

- Of those recruited, 33 were women and 24 men.
- Six management appointments were made, half of them women. Of the applicants, 23% were women and 77% men. Three team leaders were appointed, one woman and two men.
- In 2008, there were 12 appointments of senior experts, 4 of them women. Half of those appointed for senior positions through external recruitment were women.

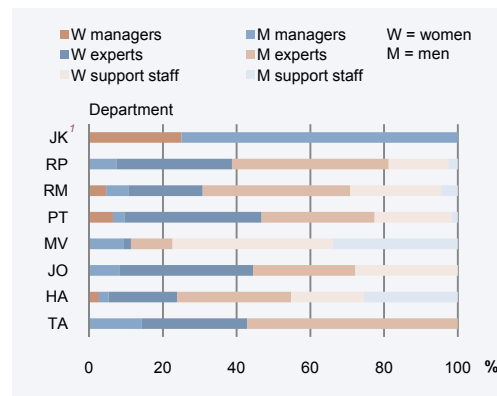
Higher skills categories

The gender distribution in the higher skills categories of the core function departments reflects the general gender distribution of the departments. Experts are a male-dominated category, with the exception of the Banking Operations department, where the majority of managers and senior employees are women.

Breakdown of staff by gender for core function departments and skills categories 17–22



Breakdown of staff by gender, department and organisational level, 31 Dec 2008



- / JK = The Board
- RP = Monetary Policy and Research
- RM = Financial Markets and Statistics
- PT = Banking Operations
- MV = Currency
- JO = General Secretariat
- HA = Administration
- TA = Internal Audit

Summary of key figures¹

	2003	2004	2005	2006	2007	2008
Staff size						
Total staff strength	652	582	565	544	521	492,5
On leave of absence	25	22	21	29	31	25
Headcount	627	560	544	515	490	467,5
Turnover rate for those entering the Bank's service, %	3	5	5	5	4,5	7
Turnover rate for those leaving the Bank's service, %	12	18	8	10	8,5	13
Internal mobility, %	6,5	7	8	7,5	5	9
External appointments	20	29	27	29	23	34
Man-years						
Own staff	674,3	601,2	565,4	542,1	527,3	495,6
Purchased staff resources	45	42,9	43	40	39	29
Staff structure						
Average staff age	46,0	45,6	45,8	45,7	45,8	45,8
Proportion of women, %	53	51	50	51	48	48,1
Proportion of experts and managers, %	49	55	57	58	60	62,8
Proportion of fixed-term employees, %	5	5	5	5	6	7
Salaries and bonuses						
Payroll, EUR million	30,1	29,4	28,9	27,9	27,3	27,7
Bonuses as a proportion of payroll, %	0,25	0,64	0,23	0,60	0,70	0,35
Salaries compared to market level (total remuneration), ² %	104,8	101,8	102,0	101,1	98,3	98,2
Salaries compared to market level (basic pay + benefits), ³ %	107,7	106,1	105,9	105,1	102,0	104,0
Average pay for women/average pay for men, %	99,6	99,6	98,8	98,4	98,0	99,0
Competence						
Training expenditure, %	1,26	1,08	0,93	0,78	0,83	1,10
Training expenditure/payroll, EUR million	4,2	3,7	3,2	2,8	3,0	4,0
Educational level index	5,0	5,3	5,4	5,4	5,5	5,6
Wellness at work						
Total number of days of absence	6 100	5 304	6 346	5 616	5 182	5 055
Absence rate, %	2,9	2,8	3,5	3,18	3,19	3,27
Staff costs						
Own staff, EUR million	42,6	41,1	39,7	37,8	36,8	37,4
Pensions						
Pensions paid, ⁴ EUR million	14,5	15,7	16,6	17,5	18,8	20,4
Number of retirements	51	36	25	29	26	36
Average effective retirement age	57	57	57	58	58	57,7
Number of pensions currently paid ⁵	838	875	917	983	1 007	1 065

¹ The key figures refer to the Bank of Finland, unless otherwise mentioned. The key figures for the Financial Supervision Authority are published in its own Personnel Audit.

² Total remuneration includes basic pay and benefits as well as discretionary bonuses (incentive pay).

³ Basic pay + benefits includes fringe benefits (meals, mobile phone, car, housing and telephone) in addition to the remuneration.

⁴ Includes the pensions of the FIN-FSA.

⁵ Includes pensions paid to the retired employees of the FIN-FSA.

Concepts and definitions

MAN-YEAR

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 and salary earners converted into whole working years are considered.

TOTAL STAFF STRENGTH

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.

TOTAL REMUNERATION

Includes basic pay + benefits as well as discretionary bonuses (incentive pay).

EDUCATIONAL LEVEL INDEX

Calculated on staff's basic level of education as follows

- primary education = 1.5 x number of employees at this educational level
- upper secondary education = 3.5 x number of employees at this educational level
- lowest level tertiary education = 5 x number of employees at this educational level
- lower-degree level tertiary education = 6 x number of employees at this educational level
- higher-degree level tertiary education = 7 x number of employees at this educational level
- doctorate or equivalent level tertiary education = 8 x number of employees at this educational level

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 varies between 1,5 and 8.

Degree and educational details are classified in six different categories:

- 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 and eg BSc Engineering.
- Higher-degree level tertiary education, covering higher-level university degrees (master's degrees) and degrees of medical specialisation.
- Doctorate or equivalent level tertiary education, ie doctoral and licentiate degrees.

TURNOVER RATE FOR THOSE LEAVING THE BANK'S SERVICE

Percentage of average headcount accounted for by those leaving the organisation (excluding contracts of service under 3 months).

PART-TIME EMPLOYMENT

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

BASIC PAY + BENEFITS

Includes fringe benefits (mobile phone, meals, car, housing and telephone) in addition to monetary salary.

INTERNAL MOBILITY

Percentage of average headcount accounted for by those having changed jobs within the organisation.

HEADCOUNT

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.

TURNOVER RATE FOR THOSE ENTERING THE BANK'S SERVICE

Percentage of average headcount accounted for by those entering the organisation (excluding contracts of service under 3 months).

ABSENCE RATE

Sick leave as a percentage of regular annual working hours.

