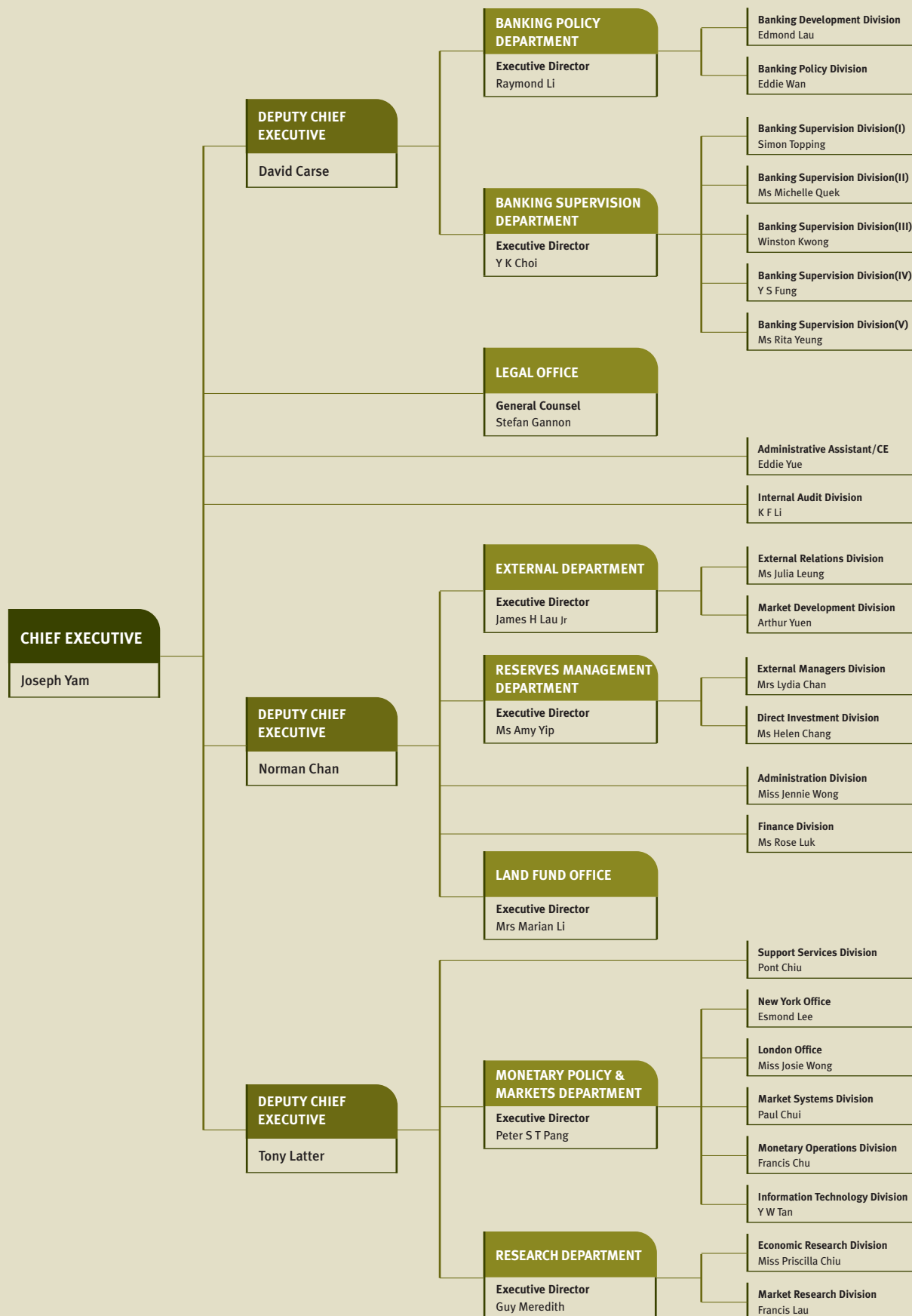


Chart 16 HKMA organisation chart, January 1999



Administration

Objectives

The objectives of the Administration Division are to provide efficient infrastructural support and an optimum working environment for the staff of the HKMA. The Division assists management in allocating resources, planning human resources, enhancing staff productivity, and fostering good communications between management and staff.

Organisational changes

An additional Executive Director was appointed in November, when the Economic Division was upgraded as the Research Department in order to strengthen HKMA's research capacities. The Research Department is now organised into two divisions, Market Research and Economic Research, with staff redeployed from the existing establishment. A redistribution of duties among the Deputy Chief Executives took place when one of them left the HKMA on 1 October. A new Deputy Chief Executive joined the HKMA on 4 January 1999.

The Real Time Gross Settlement project team merged with the Information Technology Division in January 1999, when the principal technical adviser of the team took up the Division Head post in the Information Technology Division.

The organisation of the HKMA is shown at Chart 16.

Staffing

The turnover rate during the year remained stable at about 4%. A breakdown of the establishment of the HKMA at the end of December 1998 is set out in Tables 18 and 19.

The integration of Land Fund Office staff into the staffing structure of the HKMA is under way. Plans are being drawn up to offer these Land Fund Office staff, who are currently employed on contract until the end of 1999, a conversion to the grading structure and appropriate terms and conditions of the HKMA before the expiry of their current contracts.

Table 18 : Establishment of the HKMA

Post	Establishment	
	1997	1998
Other than the Land Fund Office		
Chief Executive	1	1
Deputy Chief Executive	3	3
Executive Director	6	7
Division Head	23	24
Senior Manager	61	63
Manager	109	116
Manager Trainee	10	10
Assistant Manager	95	95
Technical Officer	69	72
Clerical Staff	51	43
Secretary	79	77
Office Assistant	9	9
Total	516	520

Table 19 : Establishment of the Land Fund Office

Post	Establishment	
	1997	1998
Executive Director	1	1
Deputy Executive Director	1	1
Director	4	4
Head	14	16
Chief Internal Auditor	1	1
Professional Auditing Staff	2	2
Professional Investment Staff	16	14
Professional Staff	19	20
Investment Analyst	5	5
Analyst	14	11
Officer	1	1
Secretary	5	5
Assistant	20	21
Total	103	102

Training and development

To enable staff to carry out their work effectively and professionally in a rapidly changing global financial environment, the HKMA provides them with an increasing variety of training opportunities both locally and overseas. In 1998 the HKMA arranged a total of 3,892 training days, including 436 days of overseas training. On average, each member of staff received an average of 7.5 training days. Training programmes provided in the year addressed such topics as central banking, investment, economics and finance, as well as management and communication.

In 1998 an in-house Central Banking Course was organised for 35 Senior Managers, Managers and Manager Trainees. The course provided participants with a deeper understanding of monetary policy and

management, exchange rate regimes, payment and settlement systems, international monetary co-operation and banking supervision.

To help provide newly recruited Manager Trainees and Assistant Managers with adequate banking supervisory knowledge and skills, the HKMA ran two six-week Enhanced Induction Courses in 1998.

External consultants and internal experts also conducted regular seminars and workshops to keep front-line banking supervisors up to date with the latest developments in their field. These seminars and workshops dealt with Year 2000 compliance, money laundering, risk management and prudential concerns in banking returns. The Master of Science Programme in Banking, jointly developed by the HKMA and the City University of Hong Kong in 1997, was attended by 40 Managers and Assistant Managers in 1998.

The Programme is designed for mid-level officers with the aim of providing them with intensive exposure to the theory and practice of central banking, commercial banking and finance.



Staff ponder a tricky problem at one of the HKMA's series of challenging team-building courses.

The HKMA places special emphasis on training in management and personal development. During the year, courses in team building, stress management, professional etiquette, time management and computer skills were conducted for staff at all levels. The in-house Putonghua training programme in 1998 was increased, with 28 classes and a total of 344 hours of individual tutorial lessons provided to officers who need to use Putonghua in their work.

The HKMA continued to send its staff overseas for training and international exposure. During the year, fifty staff attended courses organised by institutions such as the IMF, the World Bank, the Swiss National Bank, SEACEN, the Federal Reserve Bank of New York, the Bank of Japan, and the Bank of England.

As part of the staff development programme, one Economist was seconded to the World Bank Resident Representative Office in Beijing for one year and another Economist joined the OECD Secretariat in Paris for six months. On the regulatory side, a Bank Supervisor was seconded to the Federal Reserve Bank of New York for six months.

Office management and the environment

The HKMA continued in 1998 its efforts to minimise the consumption of paper and electricity and to foster environmentally friendly office practices. Following the successful introduction of the electronic leave application and staff appraisal systems in 1997, new measures in 1998 included the introduction of an electronic procurement system and an increased use of electronic communication for internal correspondence.

Information Technology

The main priorities for the Information Technology Division in 1998 were to further improve information technology (IT) services to the HKMA and to ensure Year 2000 compliance for all the HKMA's internal systems.

ISO 9002 Certification

In recognition of the high quality of its IT infrastructures, the HKMA was awarded an ISO 9002 Certificate in 1998, presented jointly by the Hong Kong Quality Assurance Agency and the British Standards Institution - Quality Assurance. The HKMA is understood to be the first monetary authority in the region to have received this certification, which was awarded after extensive examinations of computer centre operations, helpdesk operations, the office automation system and network support and logistics control.



Chief Executive Joseph Yam receives ISO9002 certification, on behalf of the HKMA, from Dr John Lo, Chairman of the Hong Kong Quality Assurance Agency.

Euro operations in reserves and monetary management

In preparation for the introduction of the euro in January 1999, the Reserves and Monetary Management IT system was enhanced to accommodate euro operations. While only government bonds in EMU-related countries were redenominated in the big-bang conversion on 1 January 1999, the enhanced system is fully prepared for the redenomination of other investment instruments over the three-year transition period.

Progress with STET

Since its establishment in December 1997, more than 90% of authorised institutions in Hong Kong have joined the network for the submission of bank statistical returns through electronic transmission (STET).

Continuous improvements

An in-house User Satisfaction Survey of office automation services was conducted in early 1998. The survey results provide a useful basis to set the standards in meeting user requirements. Separately, a benchmark study has been conducted and the results suggest that the HKMA has been cost-effective in delivering IT services compared with peer organisations. We have also made continued efforts to upgrade our office automation system. In 1998, we introduced electronic systems for staff appraisal and for the tax benefit scheme.

Year 2000 compliance in the HKMA

Year 2000 compliance is a major concern and a challenge for all businesses. The HKMA attaches great importance to the Year 2000 problem and has placed special emphasis on tackling this time-critical issue with a complete correction and testing programme, the "Year 2000 Compliance Testing Programme". The Programme's objective was to have all internal systems, including all information technology-related systems and embedded systems, tested and certified Year 2000 compliant by the end of 1998.

The HKMA has adopted the British Standards Institution Committee's DISC PD2000-1 as the definition of Year 2000 compliance. This definition includes the following objectives:

- No value for current date will cause any interruption in operation.
- Data-based functionality must behave consistently for dates prior to, during and after year 2000.
- In all interfaces and data storage, the century in any date must be specified either explicitly or by unambiguous algorithms or inferencing rules.
- Year 2000 must be recognised as a leap year.

The HKMA's Year 2000 Compliance Testing Programme was initiated in early 1997, starting with a preliminary assessment of the Year 2000 impact on both critical and non-critical systems in the HKMA. In December 1997, the HKMA launched the programme full scale and implementation continued

throughout 1998. The programme includes detailed inventory assessments, test plan development, test plan execution, risk analysis, contingency plan development and third-party audits. A consultancy firm was hired as the independent third-party facilitator and auditor for the programme.

By the end of 1998, all HKMA internal systems had been tested and audited Year 2000 compliant. In November 1998, the HKMA received ITAA*2000 Certification from the Information Technology Association of America (ITAA), an internationally recognised Year 2000 certification body. To obtain this certification, the HKMA participated in a rigorous evaluation of its approach to date conversion, with extensive analysis in eleven discrete process areas deemed necessary to a successful Year 2000 conversion. The certification means that the ITAA believes that the HKMA has the core capabilities needed to address the Year 2000 challenge and that it meets the information technology industry's best practices for addressing the Year 2000 issue.

The HKMA has also initiated formal communications with all counterparties, its technology vendors, service providers, and those global financial market infrastructure operators (payment and clearing systems) with whom the HKMA has business to determine the extent to which the HKMA is vulnerable to third parties' failures to remedy their own potential problems related to the Year 2000 problem. The HKMA is assessing these risks and developing contingency plans to address perceived risks.

Challenges

We are taking the final steps in our plan to make all our internal systems Year 2000 compliant. Detailed contingency plans are being finalised and contingency drills conducted. Other priority areas include system integration of the Land Fund Office system with the Reserves and Monetary Management system; implementation of Extranet technology between the HKMA and authorised institutions to facilitate efficient information dissemination and transfer of data; and continuous enhancement of IT services.