

# CATHAY BUSINESS CONNECT

WINTER 2017  
CATHAYBANK.COM



## Make 2017 a Success: Use the Right Business Tools

Happy New Year and good fortune in the Year of the Rooster!

On this page of *Cathay Business Connect*, we share ideas on how to show you appreciate your workers and wish them the best for the new year, even in a cost-conscious environment.



Cathay Bank offers products and services that are hard-working and geared toward helping you and your business succeed. A line of credit provides flexible financing for a variety of circumstances. Learn how it works and compare different types of credit lines on page 2.

To help you choose the best credit card for your company, we describe on page 3 the features you'll want to examine before choosing a card.

Also on page 3, we offer suggestions for guarding your business against data breaches as the new year unfolds. Following the tips can help you protect your business from a cyberattack.

Thank you for relying on Cathay Bank to provide your financial services. We work every day to earn your trust.

Mr. Irwin Wong  
Senior Executive Vice President,  
Chief Operating Officer

## Holiday Rewards Employees Appreciate (Even if Your Budget Is Tight)

If lavish parties and big bonuses aren't your organization's style – or you've had to cut back recently – there are still ways to show your employees you appreciate them.

**First things first:** If employees are expecting large bonuses and/or grand festivities and your company can't afford them this year, be honest about the situation. Although the news will be a letdown, your staff will respect your honesty and appreciate being kept in the loop. It may even inspire employees to pool resources and share in efforts to make the season bright.

**Give the gift of time.** Extra time to travel or enjoy the company of friends and family is greatly appreciated. Depending on your type of business, consider letting employees leave early the days before major holidays. Or stagger time off among your staff so everyone gets an extra day or afternoon off.

**Host a party with a personal touch.** Instead of dining at a fancy restaurant, opt for a potluck where the focus is more on fun and togetherness rather than the food. Invite employees to think of group activities before the event (such as a scavenger hunt or talent show). Contributing to good causes – such as employees organizing a silent auction to raise money for charities of their choosing – can boost morale and warm, fuzzy feelings.

**Write personal thank you messages.** Instead of a generic companywide memo, give each employee a personalized card that recognizes his or her hard work, skills and talents. People like knowing their work truly makes a difference, and that can make a big difference for the livelihood of your business.

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# Close the Cash Gap with a Credit Line

For many businesses, cash flow can vary over the course of a year. You may be caught between paying suppliers and awaiting payment from customers. A credit line could be just the lifesaver you need. Used wisely, a credit line can help a company bridge the gaps across the peaks and valleys of its cash flow and even help it grow.

## FILLING SHORT-TERM NEEDS

A credit line is usually intended for short-term financing of up to a year. If it has been used prudently and paid off promptly, it may be extended from year to year. Manufacturers often use a credit line to buy raw materials, then pay it off when the products are sold. Seasonal companies may use a credit line to cover expenses during slow months, and repay it when business picks up. Import/export firms might find a credit line convenient for managing the sometimes long wait times for payments or goods to arrive.

Credit lines can also help finance growth. You might need a cash boost in order to accept that one big order that's going to put your company in a different league.

## HOW IT WORKS

**Structure** – A credit limit is established, and you can draw against that limit. As the money is repaid, it becomes available for you to borrow again, as many times as needed. However, there may also be a “cleanup” provision that requires you to pay off the balance or pay it down to a certain level for 30 days or more at some point, to ensure the credit line isn't being used for long-term needs.

**Interest** – The interest rate on a credit line is usually variable, and tied to prevailing interest rates such as the prime rate or some other standard. When interest rates rise, the cost of a credit line goes up.

**Collateral** – Most credit lines must be secured by collateral. Often, companies use a percentage of their accounts receivable or inventory as collateral. The loan agreement defines the amount of control the lender has over the collateral and cash proceeds.

**Guaranty** – Lenders also frequently demand that the business owner or a majority stockholder serve as the personal guarantor of a credit line. This helps ensure that the business treats the borrowed funds prudently.



## Type of Credit Lines

**Credit cards** can be used to finance anything from a \$50 business dinner to a \$10,000 trade show expense. The monthly statement allows you to easily track and categorize business expenses.

**Asset-secured lines of credit** are generally backed with an asset such as inventory or accounts receivable.

**Nonsecured lines of credit** are much less common than collateralized credit lines. The financial institution waives a requirement to secure the credit line with assets.

**Credit lines that convert to loans** are available through some lenders. This may allow you more time to repay, but puts a halt to further borrowing from the credit line.

## WHAT'S RIGHT FOR YOU?

Your Account Officer can help you review your company's borrowing needs to determine if a line of credit is the best financing option for you. Contact us today.



# Choose the Best Credit Card for Your Company

A company credit card is a powerful tool in your day-to-day business, so it's important to select one that fits your needs. Consider these features as you shop around:

**Rate.** If you pay off your balance every month, card features such as rewards and fees may be more important than securing the lowest rate. But for those who maintain a balance, a low rate can lead to cost savings.

**Fees.** Look out for annual, over-the-limit, late payment and additional card fees. These fees vary from card to card, and may be negotiable. It can pay to select a card with as few fees as possible, or ask if the advertised fees can be lowered.

**Rewards.** Cards may offer cash back or points toward travel, merchandise, etc. But rewards cards typically come with a cost – higher interest rates than non-rewards cards. If you typically carry a balance, it may be better to choose a lower-rate, non-rewards card. Consider the type of rewards offered, as well. A card with a choice of rewards may be a better option for your business.

**Fraud protection.** Most cards offer zero-liability policies. Confirm that the card you're considering does.

**Online access.** Will you be able to cancel a card, pay the bill or request new cards online? Managing your card online can save you time and potential headaches.

**Travel features.** If card users travel abroad often, pay close attention to the foreign transaction fee. Card issuers may charge between 1 percent and 3 percent, so choosing a low-fee issuer can make a big difference. For those who travel closer to home, consider a card that offers features such as auto rental insurance coverage, concierge services, flight insurance and baggage delay coverage.

When you choose a business credit card from Cathay Bank, you'll enjoy a competitive rate and online access to track business expenses. To learn more, visit [www.cathaybank.com](http://www.cathaybank.com).

## 7 Ways to Help Avoid a Data Breach

If it seems the need for cybersecurity is growing, it is. It's not just well-known businesses getting hit. Sixty percent of targeted attacks struck small and medium-size organizations.\* Here are some tips to help protect your business:

**1 Develop IT security policies.** The basics may include multi-layered endpoint security, network security, encryption and strong authentication technologies. Look into the IT security policies of your vendors to help ensure they don't expose you to unnecessary risk. Consider hiring a reputable cybersecurity firm to review your potential vulnerabilities and/or manage your IT security if you don't have sufficient internal resources.

**2 Train employees and enforce strict internal controls.** In a survey of federal government IT decision makers, 53 percent of respondents said careless or untrained insiders are their greatest security threat.\*\* Create policies for strong password creation as well as email and social media usage. Ensure employees are aware of the policies and the consequences of failing to adhere to them.

**3 Consider carefully the data you collect and store.** The more sensitive information you keep, the greater the risk to you and your customers if a breach occurs. Encrypt the information you must keep and restrict access to only those who need it.

**4 Monitor, monitor, monitor.** Although your current procedures may be effective, hackers come up with new and ingenious ways to attack data every day. Your IT team should constantly monitor IT security using

automated and manual checks and react immediately should a threat be suspected or detected.

**5 Create a response protocol.** Your IT team, along with input from other departments such as human resources, marketing, corporate communications, legal and management, should have a policy in place for reacting to cyber threats. This includes stopping them, correcting internal policies and communicating with the public when necessary.

**6 Use the latest technology.** For example, credit card companies encouraged businesses to replace magnetic card readers with more secure chip card readers by Oct. 1, 2015. Those that haven't and continue accepting payment with magnetic stripe cards may be liable should counterfeit fraud occur.

**7 Purchase cyber liability insurance.** Talk to your risk management and IT teams about the impact of potential breaches to determine the type of coverage your organization may need. This may include coverage for the costs associated with a breach, the expense of updating or replacing business assets, business interruption, liability and/or cyber extortion or cyber terrorism.

Although there are no guarantees, taking commonsense measures can help protect your business from a cyberattack. Be assured that Cathay Bank takes IT security seriously and has robust measures in place to protect your accounts and personal information.

\* Source: Symantec ISTR20 Internet Security Threat Report, April 2015, Volume 20.

\*\* Source: SolarWinds® Federal Cybersecurity Survey Summary Report, 2015.



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### Happy New Year!

We wish you success in this time of new beginnings. Cathay Bank's years of experience and broad spectrum of commercial financial products are here to help you. Connect with us!

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## CATHAY BUSINESS CONNECT WINTER 2017



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# LUCKY DATES

These "lucky dates" are provided for entertainment purposes only. The "lucky dates" were provided to us by a third-party source unrelated to Cathay Bank and derived mainly from the *Bai He Ming Almanac*, and other sources including the internet and the *Tung Shing*. Cathay Bank does not endorse, sponsor or guarantee the use of this information, and makes no warranty or representation regarding the accuracy, reliability or results that may be obtained from the use of this information.

	Days Suitable for ...	Days Unsuitable for ...
<b>OPENING A BUSINESS</b>		
January	9, 21, 24, 28	6, 7, 8, 11, 13, 15, 18, 19, 20, 23, 25, 28, 31
February	6, 15, 18, 21, 24, 27	3, 5, 10, 17, 22, 25, 26
March	2, 5, 7, 19, 21, 31	8, 10, 15, 20, 22, 23, 26, 27
<b>SIGNING CONTRACTS</b>		
January	3, 9, 13, 16, 21, 25, 28	7
February	6, 8	N/A
March	3, 5, 7, 12, 14, 16, 17, 19, 20, 29, 31	8, 10, 15, 27
<b>TRAVEL</b>		
January	7, 16, 17, 26, 28, 31	6, 14, 15, 18, 24, 27
February	6, 9, 13, 15, 17, 18, 21, 25	7, 8, 10
March	5, 9, 10, 15, 17, 22, 24, 25	3, 7, 28, 31