

CATHAY BUSINESS CONNECT

FALL 2015
CATHAYBANK.COM



Stay on Top of the Hustle and Bustle of the Season

For many people, Fall brings a renewed rush of activity that increases as year-end approaches. One of the projects on your to-do list this Fall may be a conversion to EMV card terminals for your business. A shift in liability for counterfeit fraud card transactions took place Oct. 1. It increases your risk if you don't have **EMV technology** in place. EMV card transactions are fundamentally different than those processed with a magnetic stripe, and you may have questions about them. Read more on this page for answers to some of the most commonly asked questions.

Another item on your to-do list may be preparing to celebrate the holidays with your employees. A **holiday party** can be a morale booster for your business and enhance camaraderie among employees. But it can also be costly if you don't keep a careful eye on the budget. We provide tips for low-cost celebrations on page 3.

Fall is also the time many people look ahead to plan for the coming year. If you're considering ways to **grow your business** in 2016, the article on page 3 may help. There are always competing demands for your money so it's important to weigh which options could give your business the biggest boost. Strategies for **trimming expenses** are also included on page 2.

With all the other activity going on this season, it's nice to know that Cathay Bank makes it convenient for you to manage your business finances. With online banking, you can **manage your business finances anytime, anywhere**. Learn more about what you can do with online banking on page 4.

Irwin Wong

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



Helpful Information to Prepare You for the U.S. Transition to EMV Technology



In an effort to reduce fraud exposure and the likelihood of you and your customers becoming victims, Cathay Bank's Merchant Bankcard Services vendor has adopted EMV technology to provide more secure transactions. EMV, along with encryption and our Integrated Token Services, can provide a multi-layered security solution that provides data security across the entire payment process for customers, issuers and merchants.

EMV TECHNOLOGY FREQUENTLY ASKED QUESTIONS

Q: What is EMV?

A: A micro-chip payment standard created by Europay, MasterCard and Visa over 10 years ago as a way to improve security of credit and debit card transactions and reduce fraud.

Q: What exactly does the liability shift entail?

A: Starting October 2015, the liability for counterfeit fraud shifts to the entity with the lesser technology. If the card is EMV and the merchant is not, the liability will shift to the merchant. If the merchant is EMV-enabled and the card is not, the liability will remain with the issuer. If both the card and merchant are EMV-enabled, the liability will remain with the issuer.

Q: Is EMV being used domestically?

A: The U.S. is the last member of the top 20 world economies to commit to a domestic or cross border liability shift associated with chip payments. By the end of 2015, it is forecasted that the U.S. will have 166 million EMV credit cards and 105 million EMV debit and pre-paid cards in circulation.

Q. How are chip transactions different?

A. Instead of a merchant swiping a card through a terminal, the consumer retains possession of the card, inserting it themselves in the EMV slot rather than swiping it through a magnetic card reader.

Q. How does EMV benefit me and my business?

A: In lots of ways!

// continued on page 2



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Helpful Information to Prepare You for the U.S. Transition to EMV Technology // continued from page 1

- Reduces exposure and incidents of fraud
- Improves brand perception among customers
- Reduces liability costs, in light of pending liability shifts
- Increases security at the POS
- Ensures consistent processing across debit and credit cards

Q. What happens if an incorrect PIN is entered?

A. It is likely the issuer will decline the transaction. If not, a signature line will print on the bottom of the receipt, requiring the merchant to ask the cardholder to sign the receipt.

Q. What happens if the cardholder has forgotten their PIN?

A. Because this safeguard is critical, we strongly recommend that you ask for another form of payment.

Q. What if the transaction doesn't work?

A. First, make sure the card is inserted chip side up, chip in first. If that is not the problem, remove the chip card and swipe it through the card reader. If the transaction is approved, a signature line will print on the receipt. If the transaction is declined, request a different form of payment.

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For more information about EMV and its impact on your business, contact your Cathay Bank First Data Business Consultant.



4 Strategies for Trimming Expenses

Increasing sales is great news for your business, but as the old saying goes, it's not what you make, it's what you keep.

If your costs are going up faster than your revenue, consider these tips for getting spending under control.

1 Monitor T&E. Set a clear travel and entertainment policy for all employees that spells out acceptable expenses (for example, coach versus first-class air travel, car rental policy, etc.). Keep in mind that today's technology allows for low-cost alternatives to travel, such as video conferencing.

2 Negotiate with vendors. Just because you don't have the clout of Walmart doesn't mean you shouldn't ask for discounts from vendors. Examples include a 2 percent discount for paying invoices within 10 days, volume discounts or end-of-the-year rebates based on total spending. Competition among office-supply warehouses, long-distance phone

service and Internet providers is intense, so shop around for the best deals.

3 Sweat the small stuff. A few boxes of paper clips here and some highlighters there may not seem like much, but over the course of a year even a small business can spend thousands of dollars on office supplies. Centralize ordering to help avoid duplication and consider having one person order and another approve each purchase.

4 Keep employees in the loop. Remind employees that it's their responsibility to use resources wisely. Reward them if they suggest or implement cost-saving ideas.

IT ALL ADDS UP

If you think saving small amounts isn't worth your time, consider this: If your business targets a 5 percent net profit on sales, you'd need to book \$200,000 in new sales to equal the impact of \$10,000 in lower expenses.



Cathay Bank can help you save time and money with convenient online banking and cash management products and services. Contact your Account Officer or visit www.cathaybank.com to learn more.



Invest In and Grow Your Business

If you're a business owner, one of the best ways to build your venture is to invest in areas that could ultimately help expand and grow your business. With many small businesses doing better financially the past few years, understanding the benefits of reinvesting is more important now than ever. But it's crucial that you weigh the pros and cons of various investment options – because not every investment is right for every business. Here are some common ones to consider:

COMPUTING TECHNOLOGY

As technology advances, it's important to keep your hardware up to speed because the faster it operates, the faster your business can operate. It's an ongoing process since the life of a business computer is approximately three years (which reflects the typical length of warranty offered by manufacturers). Your computers will experience heavy demand from three distinct areas:

- Maintaining and securing your data
- Memory intensive applications
- More everyday business tasks going online

When computers begin to show their age, they could cost you money through lost time. But far more dangerous is the risk to your data. A breach could result in fines or lawsuits from customers.



SPECIALIZED EQUIPMENT

From sewing machines for a tailor shop to a grill for a burger joint, almost every business has some sort of specialized equipment that needs to operate efficiently for the venture to be successful. When your equipment starts requiring frequent maintenance and repairs or no longer meets safety or emissions requirements, it's time to replace it. Even if your equipment is satisfactory, upgrading to newer equipment may elevate your business's productivity and sales.



VEHICLES

If your business operation depends on transportation to sell or provide a service or if you independently move your product, investing in new vehicles can end up paying off down the road. New advancements in automobile safety features could save you money on insurance and maintenance. Additionally, hybrid vehicles with good fuel economy could reduce the flow of capital at the pump.



COMMERCIAL REAL ESTATE

You can add stability to your business by buying your company's building(s). Eliminating the risk of an extreme rent hike takes a big investment – asking the following questions can help you

ASK AN EXPERT

Contact an experienced and knowledgeable Account Officer at Cathay Bank to explore financing options for investing in your business.



make sure it's the right move for your business:

- **How do your current lease payments compare to the potential mortgage payments?** The latter makes your monthly cost more predictable and stable.
- **How long do you foresee your business staying in this location?** Typically seven years or more is the amount of time needed to make buying cost less than leasing.
- **Does it offer additional space for future expansion?** It's likely you could rent out extra space until your business needs it.
- **Is the building specialized to your business or can you easily sell/lease it?** A more adaptable building could have greater value down the road.



Low-Cost – and Fun! – Holiday Parties ❄️ ❄️ ❄️ ❄️ ❄️ ❄️ ❄️

In slow economic times, employee perks – including the company holiday party – are often the first things trimmed from your budget. But don't let belt tightening turn you into a Scrooge! Here are some low-cost ways you can celebrate the holiday season with your employees.

- * **Plan a potluck.** You will save money and your employees will feel involved. Try turning it into a cook-off with prizes awarded for the best dish!
- * **Embrace your inner child.** Take your employees bowling, ice skating, to a local arcade or bring out the board games. These activities are often free or very affordable.
- * **Opt for lunch instead of dinner.** A low-key lunch during work hours will be much cheaper than a fancy dinner – and employees will enjoy an afternoon out of the office.
- * **Celebrate the true meaning of the season.** Have your employees donate time to a local soup kitchen, or wrap toys and deliver them to a shelter.

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.

OPENING A BUSINESS	Days Suitable for ...	Days Unsuitable for ...
October	2,4,9,11,21,27	5,10,15,16,17,18,22,24,28,29,30,31
November	2,6,7,10,11,14,17,20,22,29	1,3,4,12,16,19,21,24,27
December	4,5,16,27	1,2,3,6,11,18,21,23,24,25,28,30
SIGNING CONTRACTS	Days Suitable for ...	Days Unsuitable for ...
October	2,11,21,27	3,8,15
November	1,6,11,17,22	24
December	4,14,15,16,27	11
TRAVEL	Days Suitable for ...	Days Unsuitable for ...
October	1,2,4,9,11,13,14,18,24,25,26	3,8,15
November	2,4,7,8,10,11,14,17,19,20,22,24,29	9,12,15,21
December	1,2,5,15,16,21,22,25,27,30	12,24,31

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PAGE 2: 4 Strategies for Trimming Expenses

PAGE 3: Invest In and Grow Your Business

Low-Cost – and Fun! – Holiday Parties

PAGE 4: Manage Business Finances Anytime, Anywhere



CATHAY BANK

Think Success
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Manage Business Finances Anytime, Anywhere

Cathay Bank supports the entrepreneurial spirit that makes small businesses succeed and brings greater prosperity to our communities. One way we support our local businesses is by making business banking easy and convenient.

Online business banking puts your accounts at your fingertips. You can manage your business finances safely and securely from the convenience of your home or office, 24/7. Out of town for the holidays or unexpectedly stuck at home? You can still keep close tabs on your business accounts. Working late? Online banking is only a few clicks away, even in the middle of the night.

Take advantage of all that online business banking has to offer:

- Check real-time account balances on deposits and loans.
- View check images, deposit tickets and withdrawal slips.
- Transfer funds between accounts and make loan payments.
- View account history or a specific transaction.
- Draw on an existing credit line.
- Import or export account information.
- Initiate stop payments.
- Pay bills and federal taxes electronically.
- Make electronic deposits to your account. Just scan checks from your computer and send them electronically over a secure connection.
- Upload positive pay files to help prevent fraud.
- Initiate domestic or international wire transfers without having to visit a branch.



HAVE IT YOUR WAY

Cathay Bank believes in your business and wants to see it succeed. We know that sometimes you want convenient services, like online banking, that help you operate more efficiently. And other times, you want the in-depth knowledge and expertise that an experienced business banker can provide. Either way, we've got you covered. Visit www.cathaybank.com or call **1-800-922-8429** today.

