



財團聯合信用卡處理中心
National Credit Card Center of R.O.C.



2013

ANNUAL REPORT



NCCC 聯合信用卡處理中心



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Preface

The global economy in 2013 remained on the downside from the latter half of 2012, mainly due to the US & Europe debt crisis causing economic turbulence in the first three quarters. However, global economic data reported has been mostly encouraging since the fourth quarter of 2013. The global economic growth in 2014 is likely expected to be better than the year of 2013 on condition of no major political and economic disturbances. With slow global recovery, domestic stifled economy and food safety problem in 2013, the stock market and economic performance in Taiwan showed a downward trend with stagnant growth that adversely affected private consumption and payment card industry development.

Despite the unfavorable economic factors, NCCC, as a pioneer of the payment card industry, has been upholding the mission to lead industry growth and seeking breakthrough in expanding existing businesses as well as developing business innovations. To enhance the security, stability and efficiency of domestic settlement funds transferring, NCCC applied as a “Clearing Institution” of “CBC Interbank Funds Transfer System” according to the “Directions for the Central Bank of the ROC to Govern Electronic Interbank Funds Transfer and Settlement” and obtained approval from the Central Bank on 2 September 2013. On 25 November 2013, NCCC commenced the operation of settlement funds transfer through “CBC Interbank Funds Transfer System”.

In line with the government policy, NCCC has been complying with the Personal Data Protection law and carrying out data protection practices. On 18 April 2013, NCCC obtained BS10012 Personal Information Management System Certification from the British Standards Institution; further passed BSI annual review on 17 October 2013 confirming and maintaining the validity of the Certification. Meanwhile, in preparing for adopting the International Financial Reporting Standards

(IFRS) from 2015, NCCC set up a special project team to formulate the migration plan, identify the accounting policy difference, and modify the related accounting system operations.

Moreover, NCCC has launched additional card brand of UnionPay in the acquiring business in recent years. As the government implements open policy for Mainland tourists, NCCC and UnionPay have been deepening cooperation by jointly conducting a great many merchant promotion campaigns, expanding merchant base, introducing hotel room booking payment service, and so on. To improve the transaction security, NCCC also initiated chip migration for UnionPay acquiring operation in 2013. On top of that, it is expected that the UnionPay Card transactions can be directly settled between Renminbi and NTD according to the government's cross-strait currency clearance policy. NCCC shall continue to help moving ahead with the policy and put into action accordingly to facilitate domestic credit card acquirers and issuers in engaging in UnionPay Card business.

To create innovative businesses, NCCC has drawn up a plan for setting up an ecommerce third-party payment platform, and has been engaged in signing in Internet Transaction Payment Collection & Transfer Service Provider as merchant since May 2013 according to the regulation ratified by the Financial Supervisory Commission on 7 March 2013, which is "Self-discipline Rules Governing Credit Card Acquirer Signing in Internet Transaction Payment Collection & Payment Transfer Service Provider as Merchant". In addition, responding to the mobile payment trends and aiming at building up mobile payment infrastructure, NCCC has introduced APP credit card purchase transaction acquiring service, simultaneously worked together with Financial Information Service Co. and The Taiwan Clearance House, trying to develop a platform that provides the issuers with cell phone credit card issuing operation service.

In the future, NCCC shall continue to maintain its strategic directions of expanding businesses, streamlining operations as well as developing cross-strait cooperation based upon the existing foundation, thus leading the payment card industry in Taiwan to keep on advancing in the years ahead.



Teng Cheng Liu
Chairman



Felix K. H. Ong
President

About National Credit Card Center

1. Historical Background

【Historical Background】

In May 1979, the Council for Economic Planning and Development, Executive Yuan, approved the proposal for issuance of National Debit Card and establishment of National Debit Card Center formed by banks and investment & trust companies. And the Ministry of Finance called for a meeting gathering the financial industry participants to discuss the operating guidelines for National Debit Card.

In October 1981, the Ministry of Finance promulgated the “Regulations Governing Banks Conducting National Debit Card Business”, and called a meeting gathering 24 financial institutions that determined to set up a Preparatory Committee for the National Debit Center comprised of 7 financial institutions: Bank of Taiwan, First Commercial Bank, International Commercial Bank of China, Taiwan Business Bank, Taipei Business Bank, Cathay Investment & Trust Company, and China Trust & Investment Company.

In May 1983, The Ministry of Finance amended the “Regulations Governing Banks Conducting National Debit Card Business”, and approved the organization type of the Center to be changed to “foundation” with donation fund of NT\$6 million as one unit. The donor institutions included

China Trust & Investment Company, Cathay Investment & Trust Company, the International Commercial Bank of China, the Central Trust of China, Taipei City Bank, Asia Trust and Investment Corporation, and Overseas Trust & Investment Corporation who formed the National Debit Card Center then. In July 1983, the donor institutions passed the “Regulations for Donations to National Debit Card Center” and the first term of Board of Directors was elected. Despite experienced many setbacks and changes during the preparatory period which was over five years long, the National Debit Card Center was established in September 1983 and the National Debit Card was officially launched at 1 June 1984.

In September 1988, to respond to the trend of financial liberalization and internationalization and to enhance the consumer convenience, the Ministry of Finance revised the regulations governing National Debit Card for the third time. Under the revisions, National Debit Card was changed to National Credit Card with service functions increased and the restriction of “one card for one person” was lifted. Also, the Center’s name was changed to “National Credit Card Center (NCCC)”; the National Credit Card was first issued at 1 January 1989. Meanwhile, NCCC/VISA credit card was launched through NCCC’s cooperating with VISA International. The American Express International (Taiwan), Inc., approved by the regulatory authorities, joined into NCCC and commenced issuing American Express Card in currency of NT\$. Subsequently, the CitiBank, Taiwan also joined into NCCC and started the VISA Card issuance. In April 1991, the Diner’s Club International (Taiwan), Ltd. was approved by the regulatory authorities to independently issue Diners Club Card at Taiwan market by way of

contributing to the NCCC's fund.

And, NCCC entered into business cooperation agreement with MasterCard International; started the NCCC/MasterCard credit card issuance in October 1991. Further, NCCC cooperated with JCB International and introduced NCCC/JCB credit card in July 1994.

As the NCCC's business continued expanding, the Kaohsiung Branch Office and the Taichung Branch Office were one by one set up in December 1989, July 1993, respectively, for accommodating the needs of business development.

In the year 2009, NCCC obtained approval from the regulatory authorities to conduct UnionPay card (including credit card and debit card) POS transaction acquiring, authorization switching and settlement in Taiwan. Subsequently, in 23 December 2011, NCCC again obtained approval to engage in UnionPay card Internet transaction acquiring, authorization switching and settlement in Taiwan.

To enhance the NCCC's computer workstation performance efficiency and to correspond with the energy-saving principle, NCCC established a new computer workstation named "DingPu Data Center" which project was approved by the regulatory authorities at 10 December 2010. The new computer workstation, presenting NCCC's high level of professionalism, completed construction and started using in July 2012. (The old Fu-Pei computer workstation is used as a backup.)

To be in compliance with the Personal Data Protection law requirements

and to deepen the client trust relationship, NCCC has established internal control system for personal data protection. And NCCC obtained BS10012 Personal Information Management System Certification from the British Standards Institution in April 2013. This constant effort to implement data protection measures is one way NCCC builds up the images of caution and profession for Taiwan credit card industry.

【Business goals and objectives】

NCCC, engaged in credit card business, is committed to responding to public interest, conforming to economic development trends, and enhancing consumer transaction convenience:

- * Coordinating with government policy; developing non-cash payment instruments; moving forward towards cashless society.
- * Promoting modernization of consumer payment habit.
- * Helping people to enjoy greater quality of life.
- * Improving public safety; preventing burglary crime.
- * Realizing the ideal concept of cashless society.

【Organization's defining features】

- * Public interest organization: NCCC is a non-profit organization, founded according to the ROC Civil Law, carries out social responsibility activities that are in line with the government's policies.
- * Membership organization: NCCC provides credit card issuing-related services to the issuers who join NCCC as members.
- * Centralized processing: NCCC helps the credit card business participants to achieve economies of scale by providing centralized processing system for authorization switching and clearing & Settlement.
- * NCCC manages its business as an enterprise organization.

【Business missions and visions】

NCCC adopts a mission to be innovative and to provide superior services to the clientele through forming collaborations and effective management.

- * N—New: to be innovative and creative for all the operations.
- * C—Cooperation: to provide services to the banks and the merchants through close cooperation.

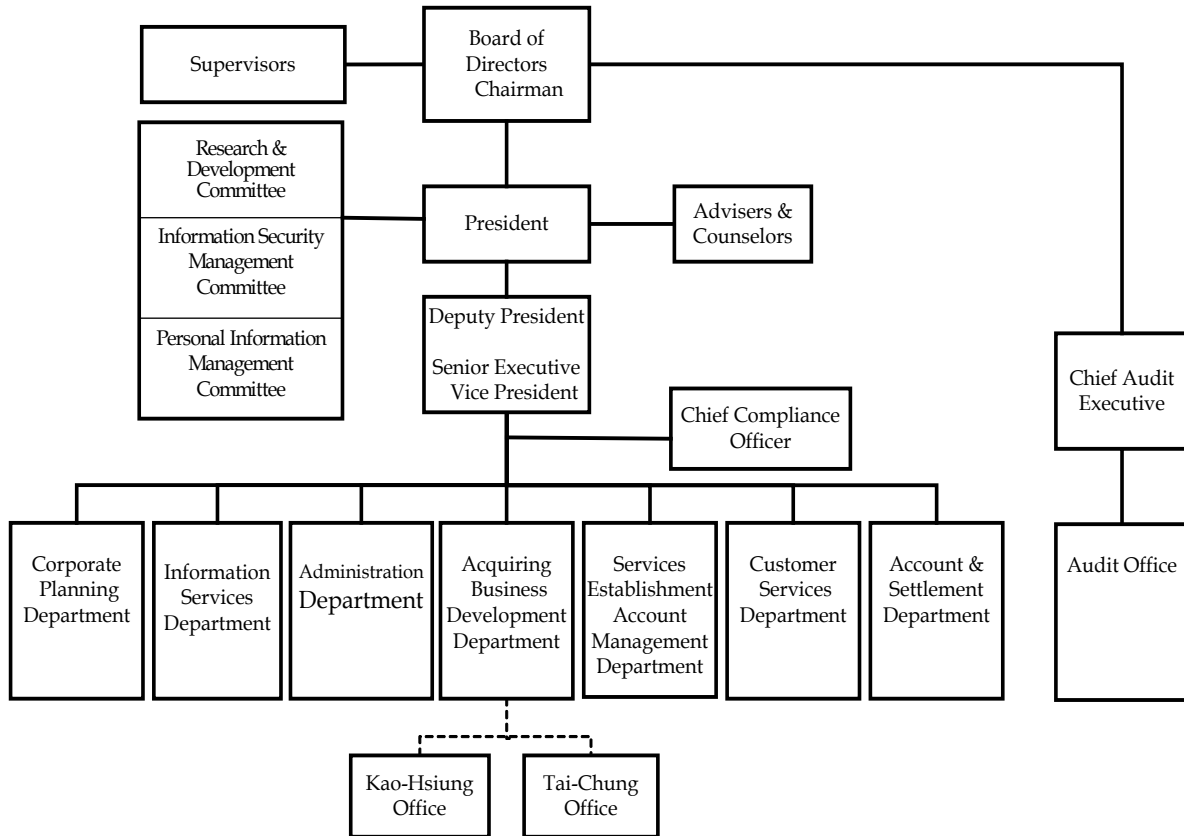
* C—Control: to establish control mechanisms including internal operation controls, computer system security controls, information security controls for operational security and effectiveness.

* C—Customer: to adopt market- and consumption-oriented approach and to be customer oriented.

About National Credit Card Center

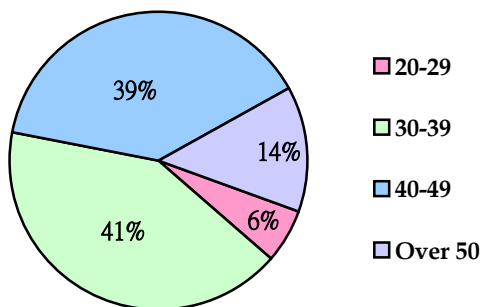
2. Organization Structure

(1) Organization Chart

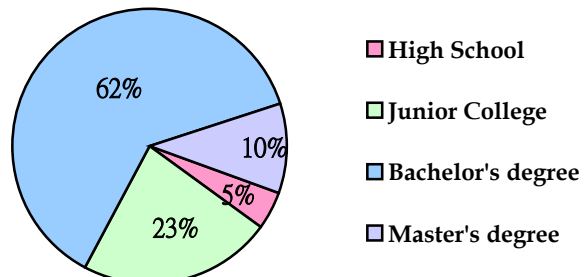


(2) Employees

Age Statistic



Educational Background Statistic



No. of Staff 306, Average age 40.80, Average years of service 14.20

About National Credit Card Center

3. Directors / Supervisors (at Year-end 2013)



財團聯合信用卡處理中心
NATIONAL CREDIT CARD CENTER OF R.O.C.

第十一屆董監事合影留念 103.1.23

Title	Name
Chairman	Teng-Cheng Liu
Director	Gregory K. H. Wang
Director	Felix K. H. Ong
Director	Charles L. F. Lo
Director	Daniel M. Tsai
Director	Ching-Nain Tsai
Director	Mckinney Y.T. Tsai
Director	Ming-Gii Hsu
Director	C-F Lin
Director	Meei-Yeh Wei
Director	Frank Hsu
Supervisor	Tsu-Pei Chen
Supervisor	Thomas Chen

About National Credit Card Center

4. The Executives of NCCC (at Year-end 2013)

Title	Name
President	Mr. Felix K.H. Ong
Deputy President	Mr. Hanover H.H. Chu
Senior Executive Vice President	Ms. Margaret Yin
Chief Audit Executive	Mr. Charles Chiu
Acting Executive Vice President Corporate Planning Dept.	Mr. Te-Ho Chen
Executive Vice President Account & Settlement Dept.	Ms. Carolyn Yao
Executive Vice President Acquiring Business Development Dept.	Mr. Eric Hwang
Executive Vice President Customer Services Dept.	Mr. Michael T.L. Wu
Executive Vice President Information Services Dept.	Ms. Christina Wang
Executive Vice President Administration Dept.	Ms. Carolyn Liu
Executive Vice President Services Establishment Account Management Dept.	Mr. Kevin Lin

About National Credit Card Center

5. Research & Development Committee (at Year-end 2013)

Title	Name	Job Title/ Company Name
Chairman	Mr. Felix K.H. Ong	President, National Credit Card Center.
Deputy Chairman	Mr. Hanover H.H. Chu	Deputy President, National Credit Card Center.
Member	Mr. Frank Hsu	Executive Vice President, Taiwan Cards and Payment Group, CTBC BANK CO., LTD
Member	Ms. Shu -Luan Kao	Vice President & General Manager of Card Center, Mega International Commercial Bank
Member	Ms. Sally Li	Executive Vice President, Individual Banking Group, Cathay United Bank
Member	Mr. Biing-Liang Chen	Senior Executive Vice President, Credit Card and Payment Finance Division, E. Sun Bank
Member	Mr. Terrence Lin	CEO of Credit Card Group, Union Bank of Taiwan
Member	Ms. Wan-Yu Ma	Senior Vice President & Manager, Credit Card Center, The Shanghai Commercial & Savings Bank, Ltd.
Member	Mr. Jerry Su	Senior Vice President, Head of Consumer Banking Credit Department, Bank SinoPac
Member	Ms. May Lin	Head of Cards & Personal Loan, Consumer Lending, Retail Banking Products, Consumer Banking, Standard Chartered Bank
Member	Mr. Qian Lee Hua	Executive Vice President, Consumer Banking Group, Cosmos Bank, Taiwan
Member	Mr. Oliver Huang	Senior Vice President, Central Operation Department-Retail Banking, Taipei Fubon Commercial Bank
Member	Mr. Alan Lee	Executive Vice President, Consumer Banking & Credit Card Group, Far Eastern International Bank
Member	Mr. I-Tang Chang	Senior Assistant V.P., Credit Card Division, Jih Sun International Bank
Member	Ms. Amy Hsia	Senior Vice President, Head of Payment Service Division, Taishin International Bank

Title	Name	Job Title/ Company Name
Member	Mr. Jeff Tsai	Vice President, Retail Banking Group, Head of Retail Banking Products Dept., EnTie Commercial Bank
Member	Ms. Stephanie Hsu	Senior Vice President, Unsecured & Credit Card Division, Ta Chong Bank
Member	Ms. Angel Cheng	Vice President, Consumer Banking Department, DBS Bank (Taiwan)
Member	Mr. Hung-Jen Huang	Executive Vice President, Taiwan Shin Kong Commercial Bank
Member	Mr. Eric K. Chiu	Executive Senior Vice President, Consumer Banking, Yuanta Commercial Bank
Member	Ms. Pony Sung	Vice President & General Manager, Credit Card & Vehicle Loan Department, SUNNY BANK
Member	Mr. Johnny Chen	Vice Manager, Marketing Department, HWATAI Bank
Member	Mr. Hung-Chang Chiang	Manager, Credit Card Center, COTA Commercial Bank
Member	Ms. Terry Tsai	S.V.P. & Division Chief, Credit Card Division, First Commercial Bank
Member	Mr. Vincent Chuang	Section Chief, Credit Card Division, Taichung Commercial Bank
Member	Mr. Ming-Jen Chen	Compliance Officer Legal & Compliance Department, ÆON CREDIT CARD(TAIWAN) Co., Ltd.
Member	Mr. Tsung-Hsien Li	Senior Vice President & General Manager, Consumer Banking Department, HUA NAN Bank
Member	Ms. Margaret Yin	Senior Executive Vice President, National Credit Card Center.
Member	Mr. Charles Chiu	Chief Audit Executive, National Credit Card Center.
Member	Mr. Michael T.L. Wu	Executive Vice President of Customer Services Dept., National Credit Card Center.
Member	Mr. Kevin Lin	Executive Vice President of Service Establishment Account Management Dept., National Credit Card Center.
Member	Mr. Eric Hwang	Executive Vice President of Acquiring Business Development Dept., National Credit Card Center.

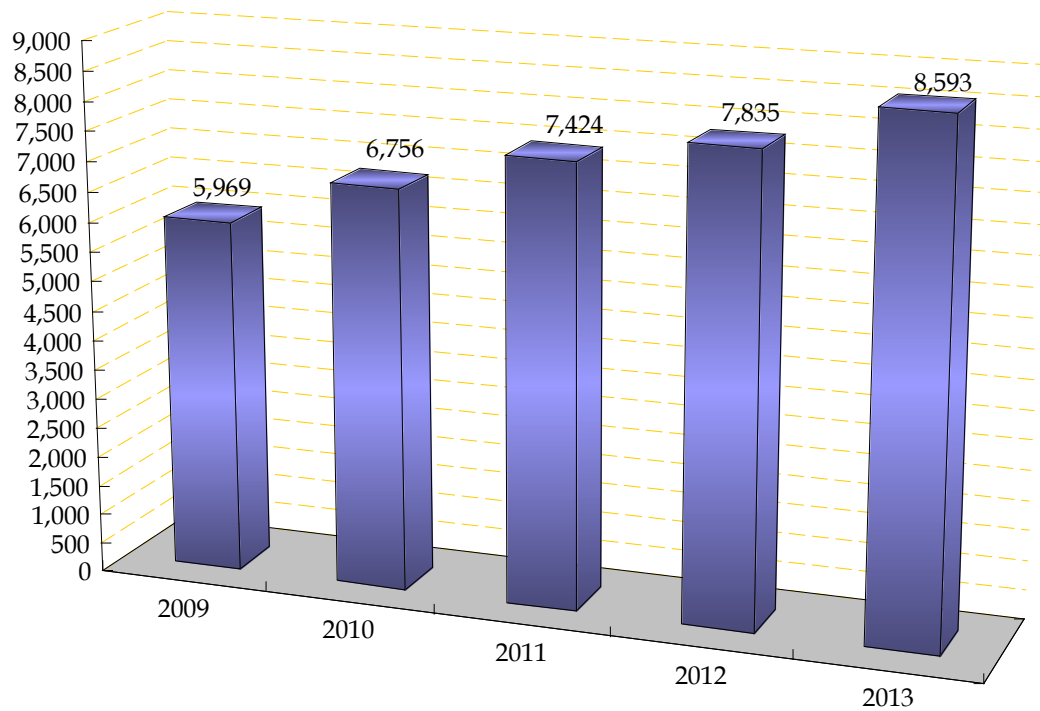
Title	Name	Job Title/Company Name
Member	Ms. Carolyn Yao	Executive Vice President of Accounting & Settlement Dept., National Credit Card Center.
Member	Ms. Christina Wang	Executive Vice President of Information Services Dept., National Credit Card Center.
Member	Mr. Benjamin Chen	Acting Executive Vice President of Corporate Planning Dept., National Credit Card Center.
Member	Ms. Carolyn Liu	Executive Vice President of Administration Dept., National Credit Card Center.

Briefing in Business Operation

1. Domestic Interchange Settlement

(1) Sales Volumes

Unit : NT\$Hundred Million



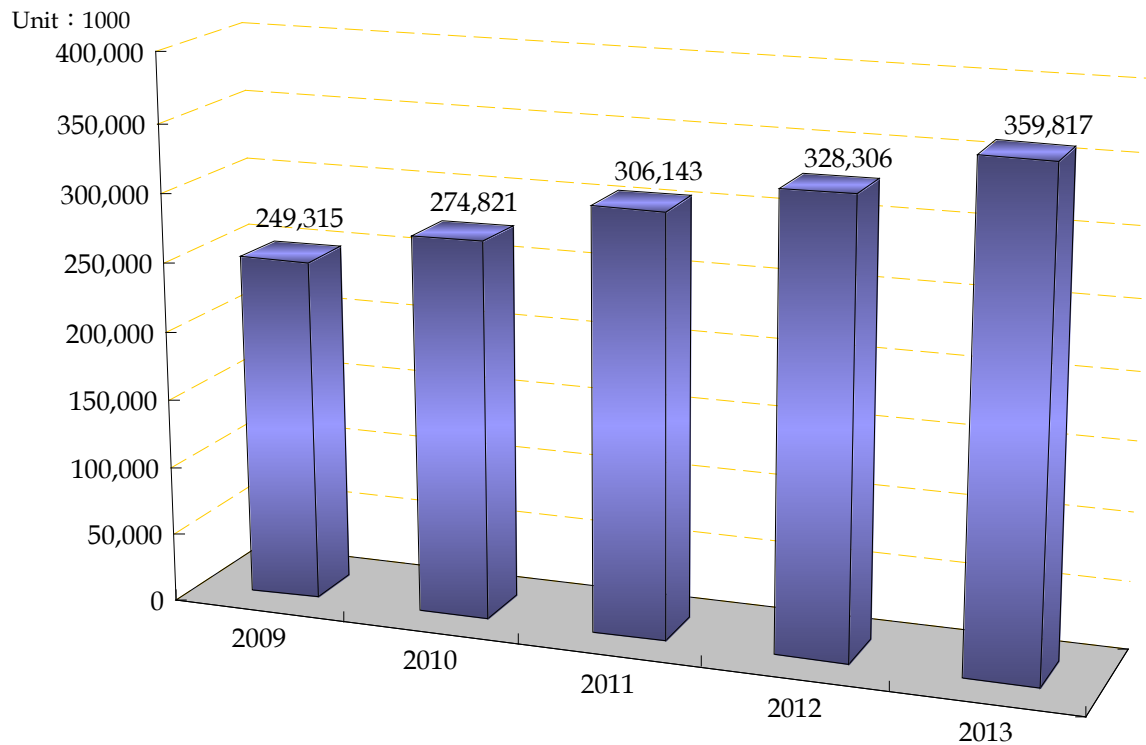
P.S.

1. The Sales Volumes of Domestic Interchange Settlement include U Card, VISA, MasterCard and JCB Credit Card and Debit Card transactions as applicable.
2. The Credit Card Domestic Interchange & Settlement Service means all the domestic interchanged credit card transactions acquired by different acquirers will be centralized and consolidated through NCCC for processing and for settlement between issuers and acquirers, totaling 39 institutions.

Briefing in Business Operation

1. Domestic Interchange Settlement

(2) No. of Sales Drafts Processed



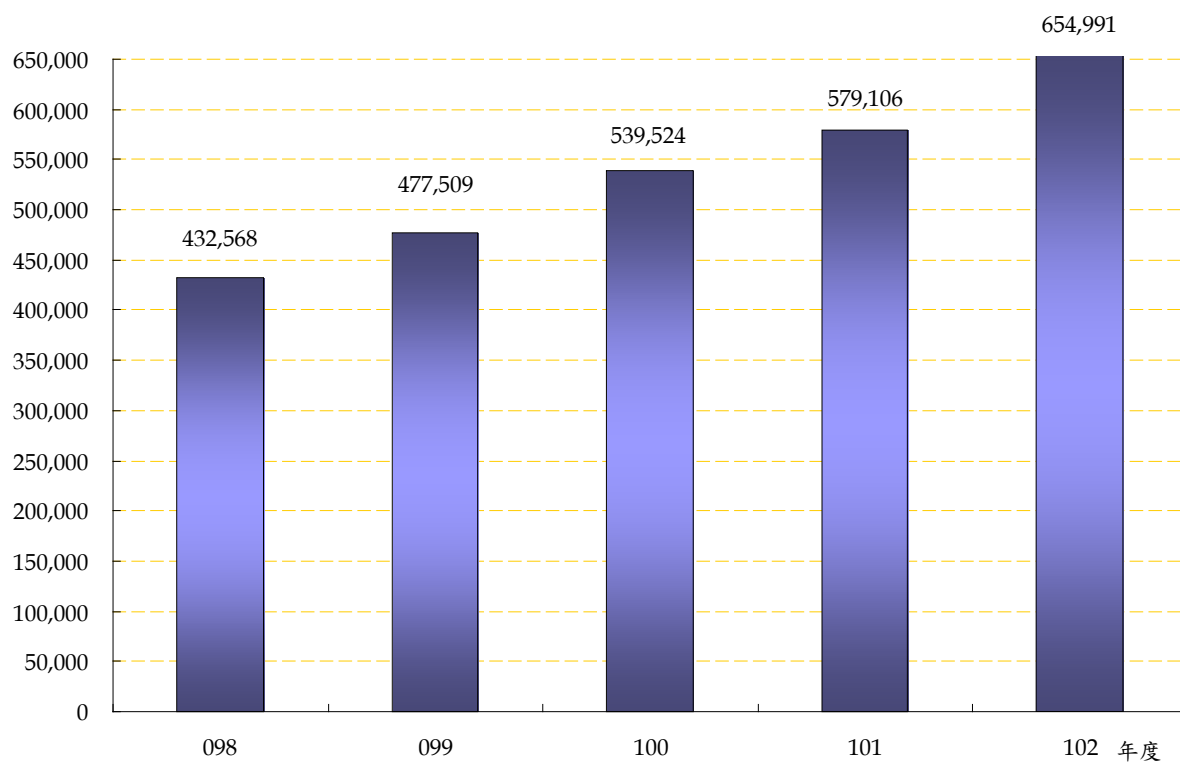
P.S.

1. The number of sales drafts processed in Domestic Interchange Settlement includes U Card, VISA, MasterCard and JCB Credit Card and Debit Card transactions as applicable.
2. The Credit Card Domestic Interchange & Settlement Service means all the domestic interchanged credit card transactions acquired by different acquirers will be centralized and consolidated through NCCC for processing and for settlement between issuers and acquirers, totaling 39 institutions.

Briefing in Business Operation

2. No. of Authorization Process Interchange Authorized

單位：千筆



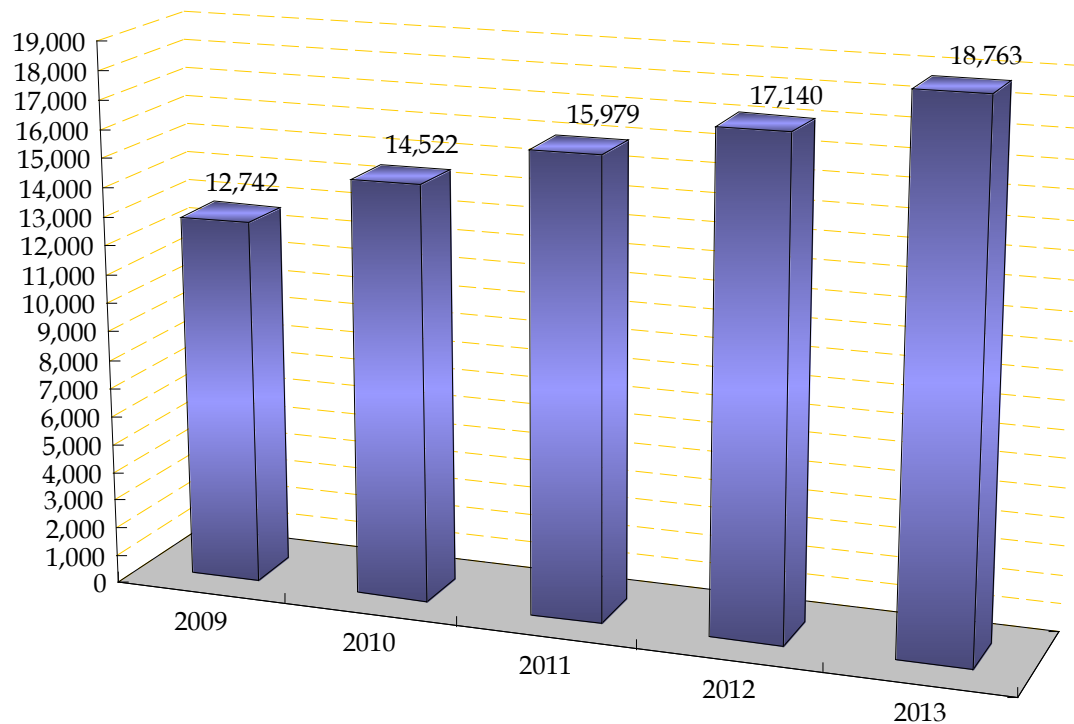
P.S. The number of authorization processed in interchange authorized includes U Card, VISA, MasterCard, JCB and Amex Express Card.

Briefing in Business Operation

3. NCCC's Business Statistic data

(1) Sales Volumes

Unit : NT\$Hundred Million



P.S.The above Sales Volumes include U Card, VISA, MasterCard, JCB and UnionPay Credit Card and Debit Card as applicable. The following transactions included :

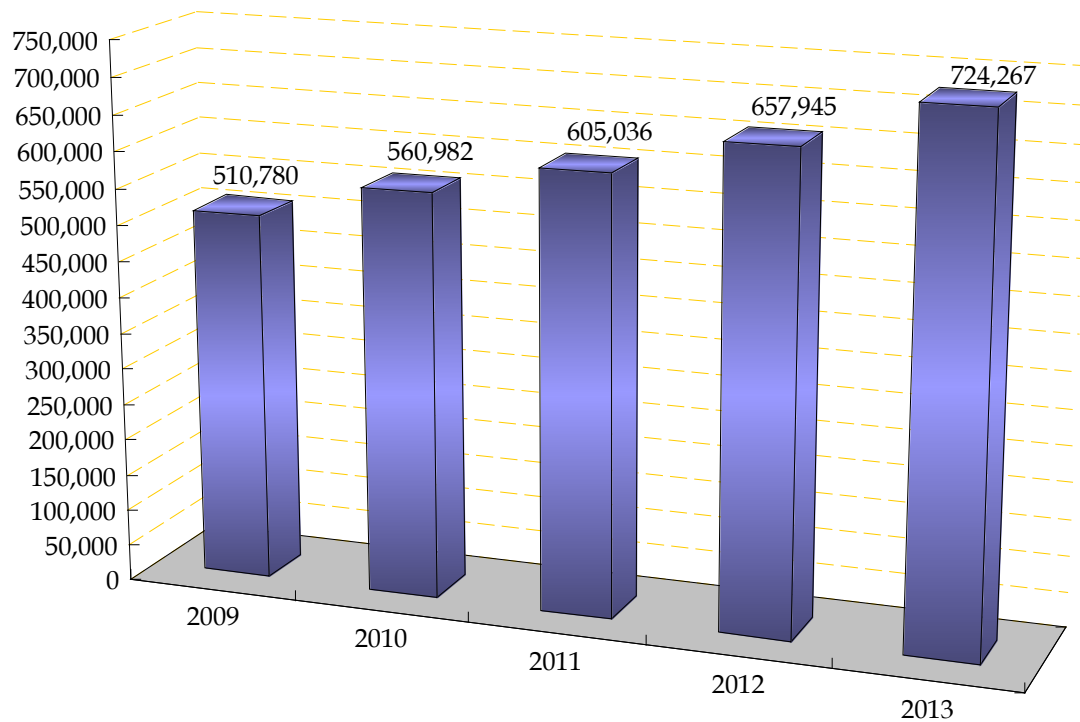
1. Transactions from NCCC's issuing members, including transactions made inside/outside Taiwan
2. Transactions from NCCC's acquiring of Non-NCCC members
(Including Taiwan-issued card and foreign-country-issued card transactions)
3. Transactions from Non-NCCC's acquiring of Non-NCCC members
(Including Taiwan-issued card and foreign-country-issued card transactions)

Briefing in Business Operation

3. NCCC's Business Statistic data

(2) No. of Sales Drafts Processed

Unit : 1000



P.S. The above Sales Draft numbers include U Card, VISA, MasterCard, JCB and UnionPay Credit Card and Debit Card as applicable. The following transactions included :

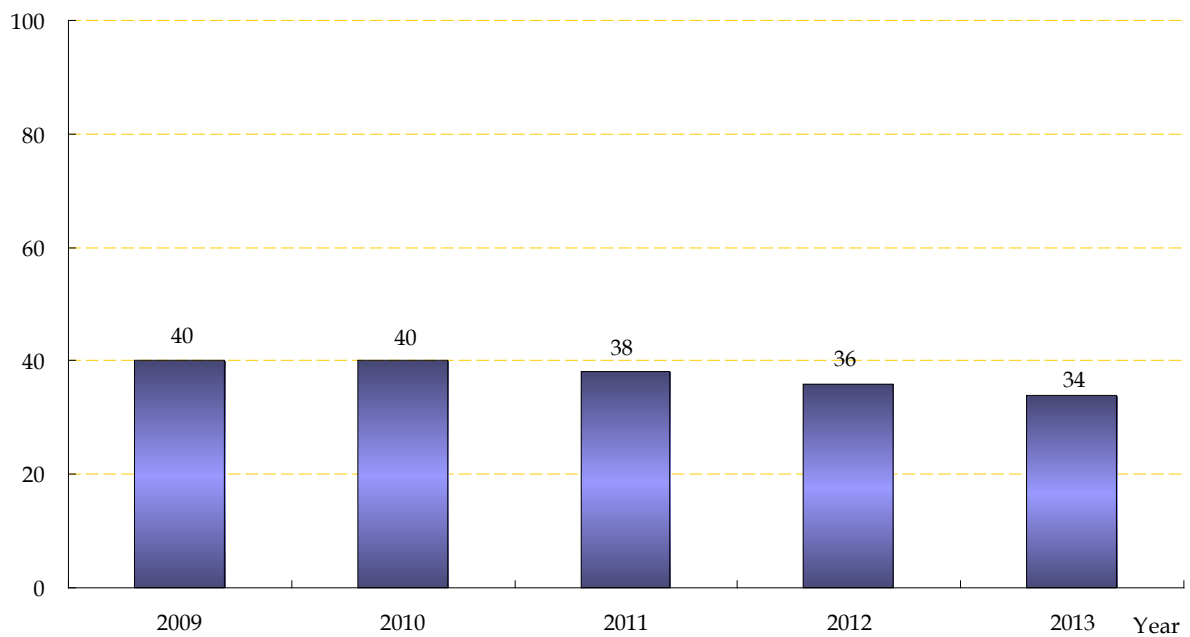
1. Transactions from NCCC's issuing members, including transactions made inside/outside Taiwan
2. Transactions from NCCC's acquiring of Non-NCCC members
(Including Taiwan-issued card and foreign-country-issued card transactions)
3. Transactions from Non-NCCC's acquiring of Non-NCCC members
(Including Taiwan-issued card and foreign-country-issued card transactions)

Briefing in Business Operation

4. ATM Cash Advance Transaction in NCCNET

(1) ATM Cash Advance Volumes

Unit : NT\$ Hundred Million



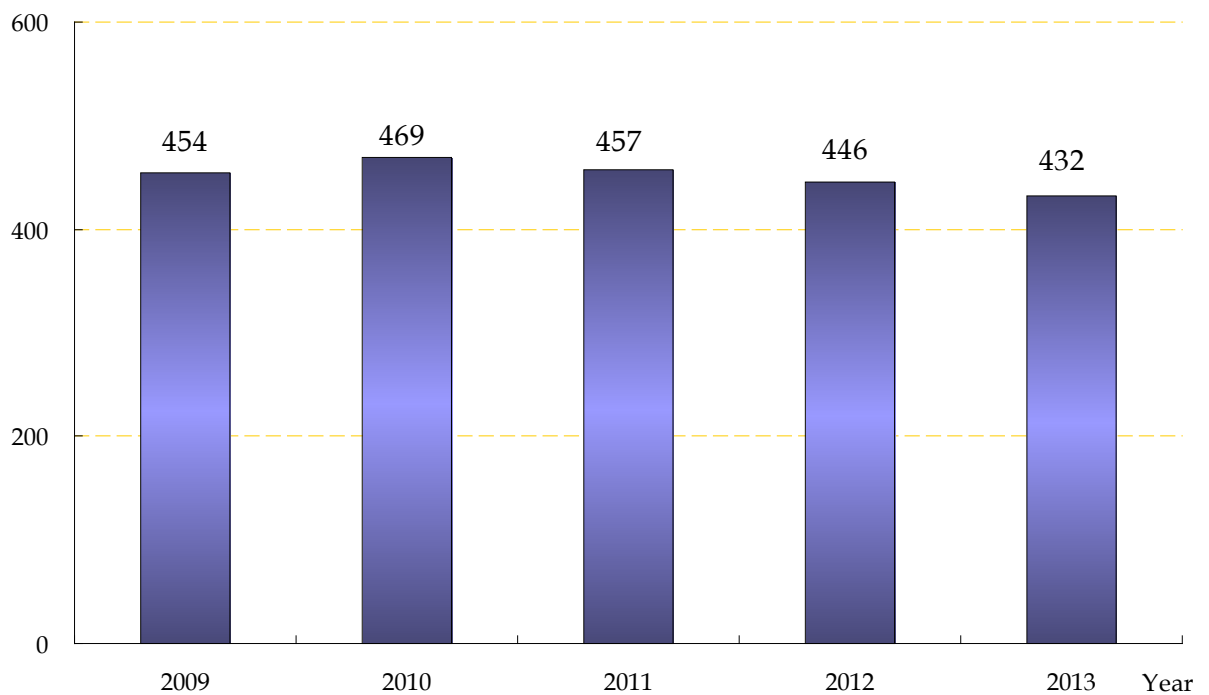
P.S. ATM cash advance volumes in NCCNET include the transactions processed by NCCC.

Briefing in Business Operation

4. ATM Cash Advance Transaction in NCCNET

(2) No. of ATM Cash Advance Drafts Processed

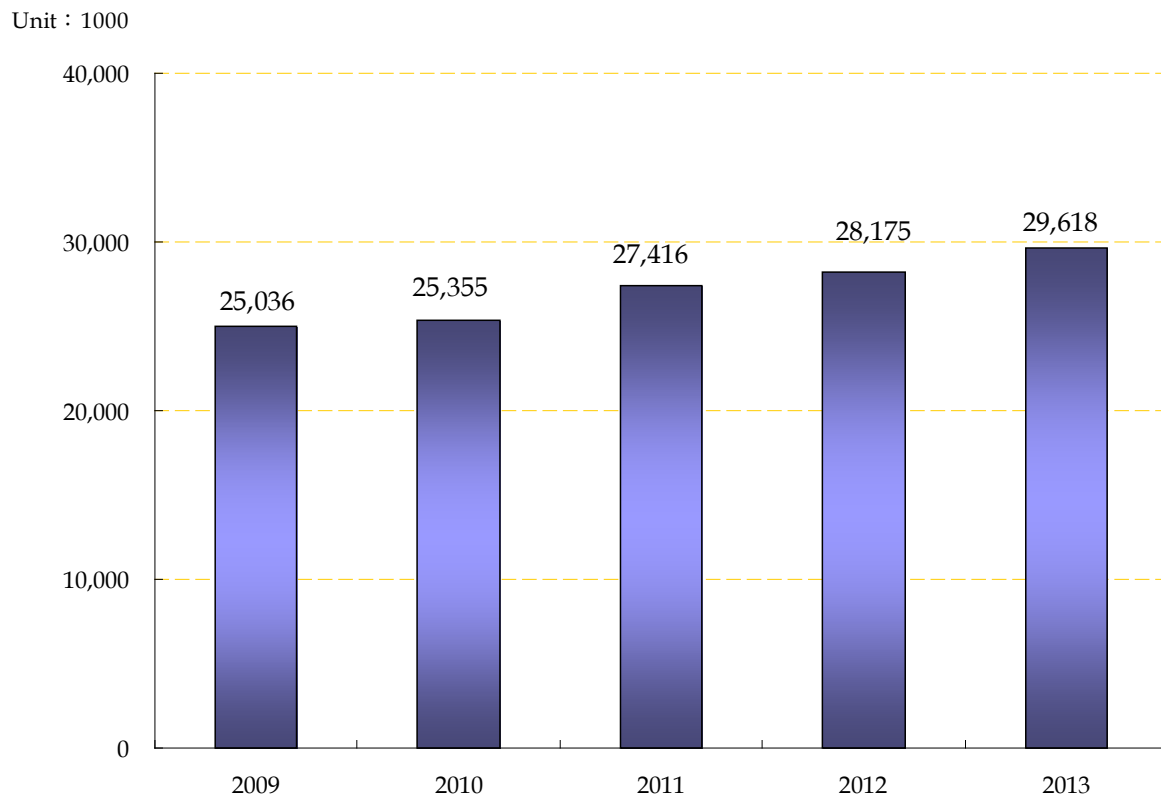
Unit : 1000



P.S. ATM cash advance drafts in NCCNET include the transactions processed by NCCC.

Briefing in Business Operation

5. Statistic of Cards in Circulation via the Center

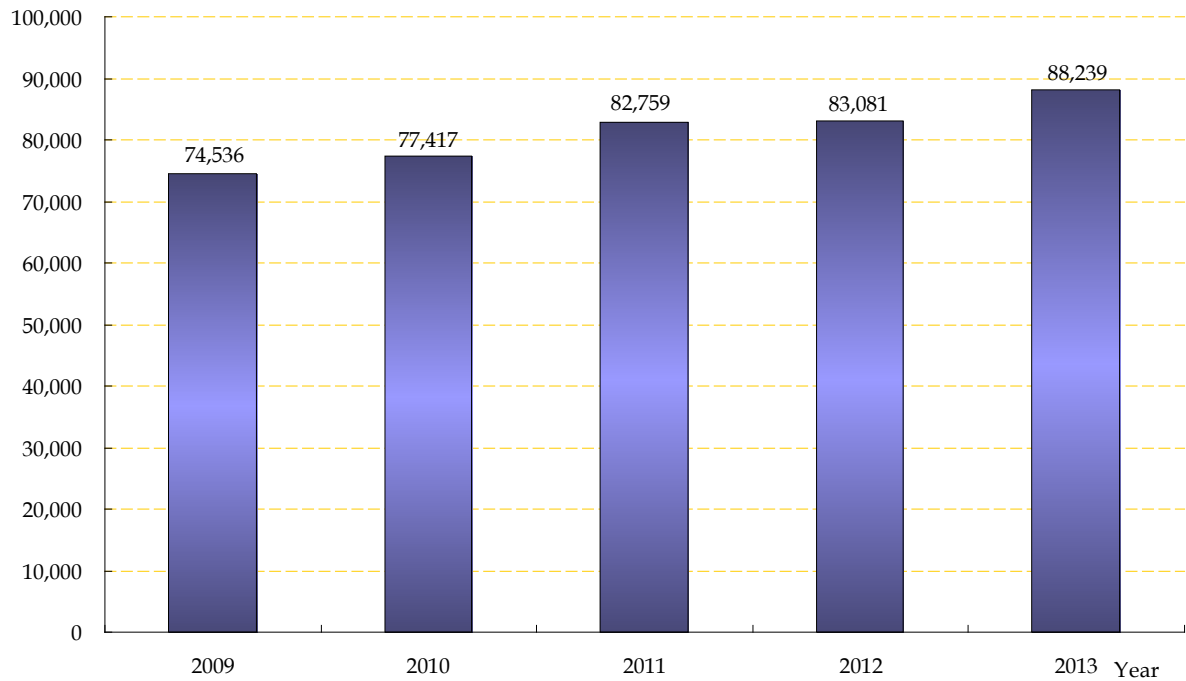


P.S. Card in Circulations : No. of cards issued and in normal condition minus no. of cards cancelled.

Briefing in Business Operation

6. No. of NCCC-acquired Merchants

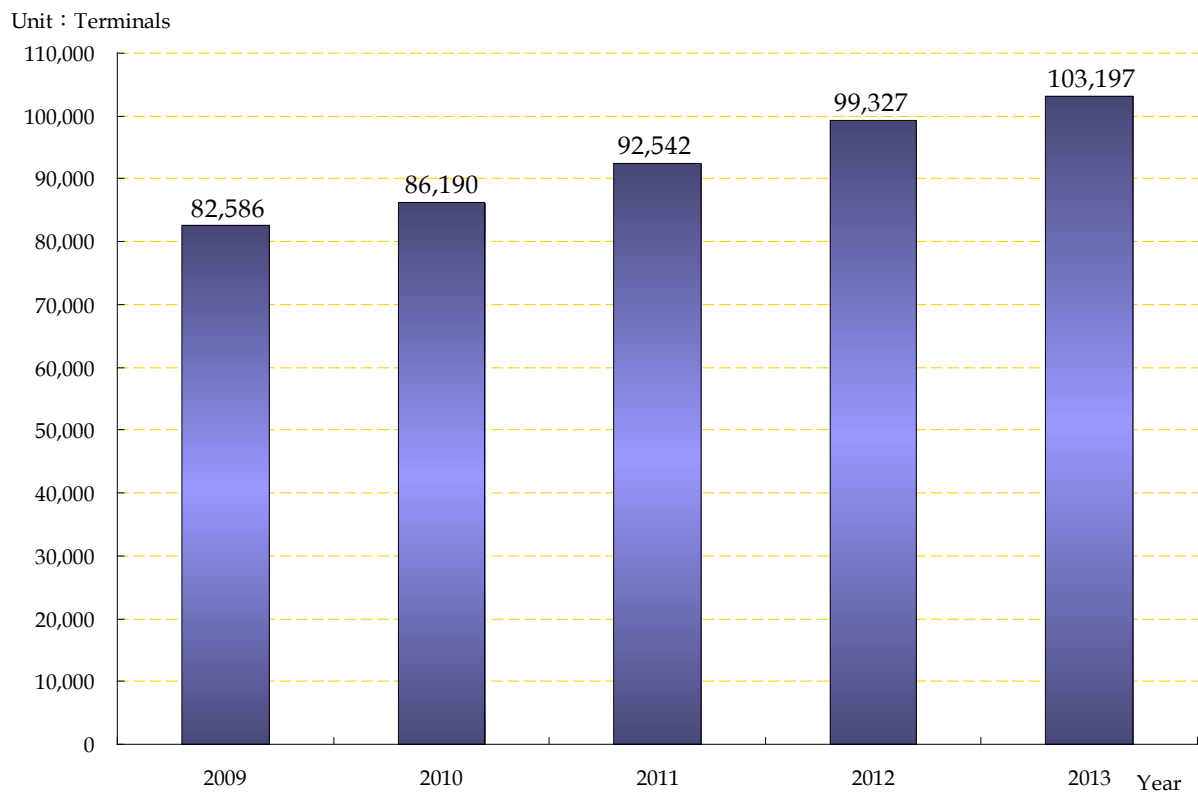
Unit : Merchants



P.S. The above data represents No. of VISA Card acceptance locations from 2009 to 2013, including Installment Payment merchant locations.

Briefing in Business Operation

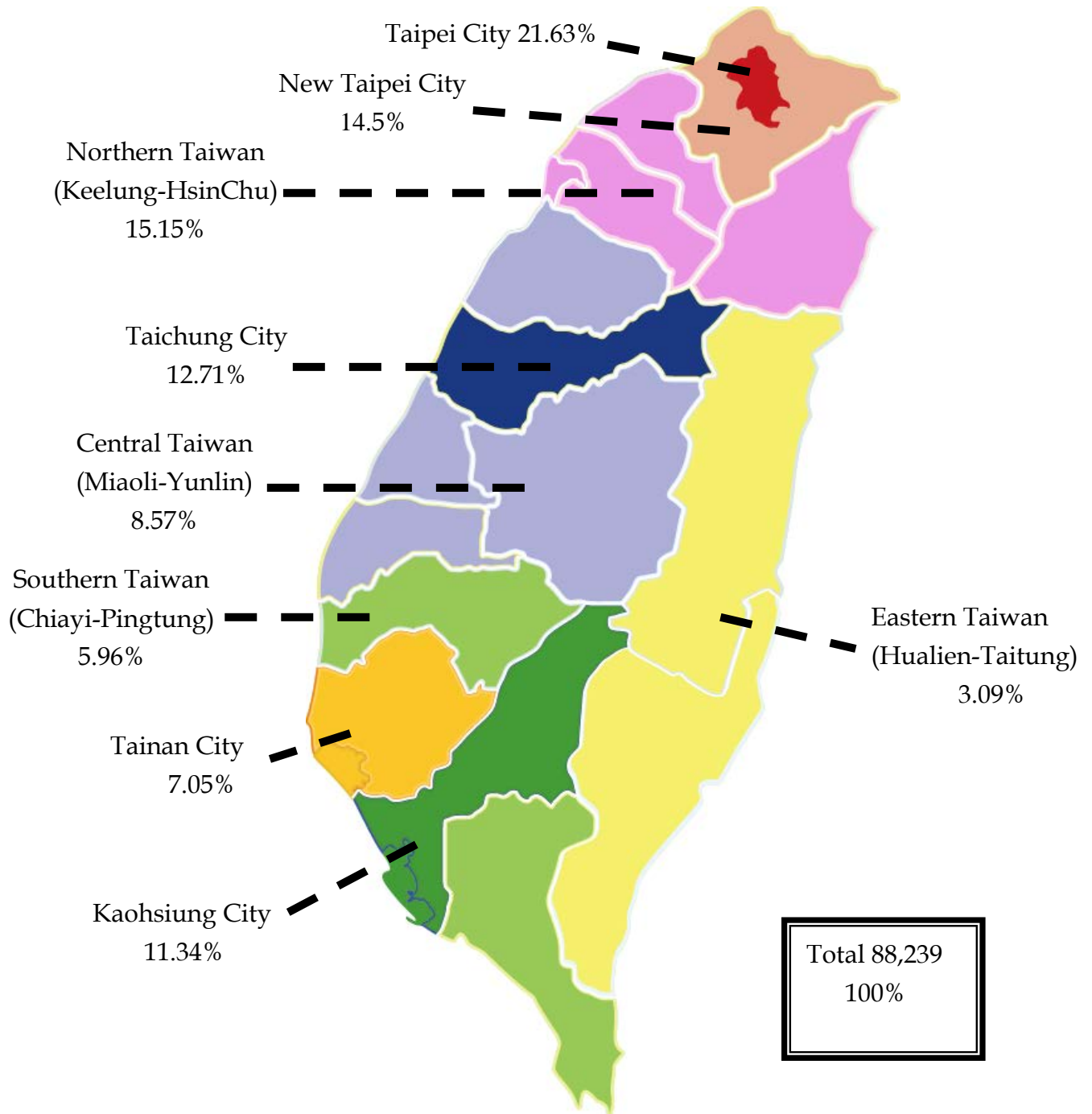
7. No. of POS Terminals Installed



P.S. The above data , NCCC's POS Terminals Installed from 2009 to 2013 , includes Terminals owned by NCCC 、 purchased by the Merchants 、 virtual Terminals.

Briefing in Business Operation

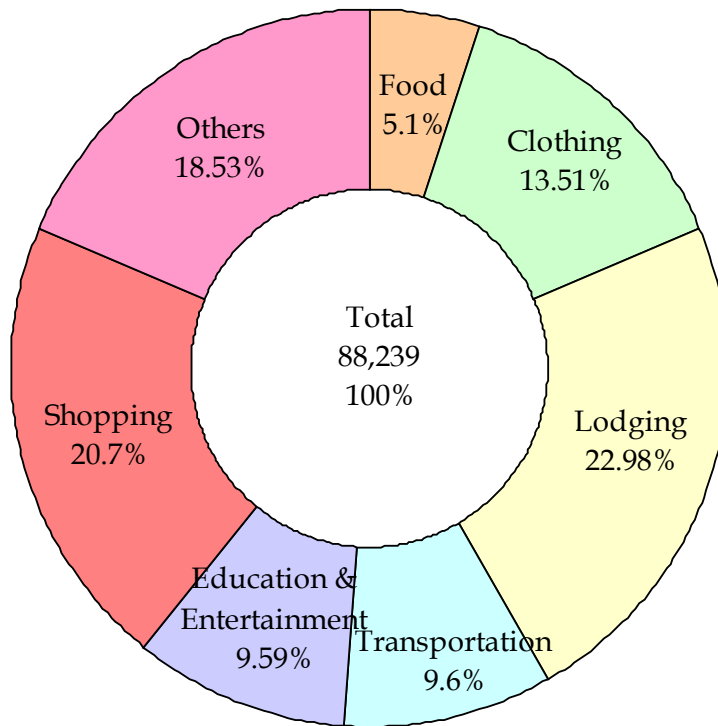
8. Network of Service Establishments



P.S. Based on the No. of VISA Card acceptance locations as at December 2013, including Installment Payments merchant locations.

Briefing in Business Operation

9. Merchant Categories & Percentage of Shares

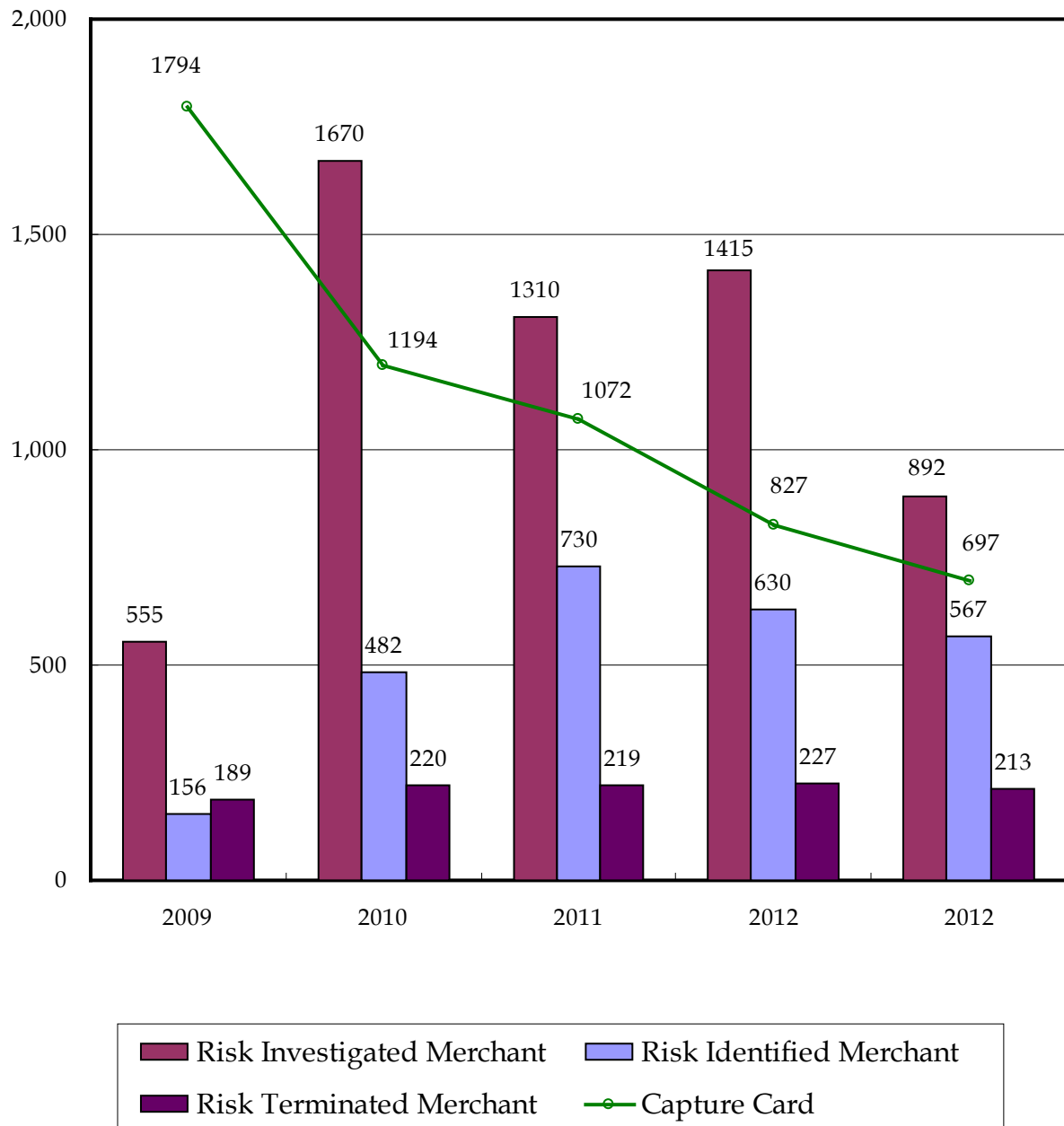


- (1)Food : Including food stores and restaurants, cafes,and snack bars,Total : 4,497
- (2)Clothing : Including footwear,leather goods, fashion shops,etc.Total : 11,923
- (3)Lodging : Including hotels,interior decoration, electrical appliances,etc.Total : 20,277
- (4)Transportation : Including motorcycles,auto-mobiles,airline tickets etc.Total : 8,472
- (5)Education & Entertainment : Including medicine,book & stationery stores,sportgoods,recreation centers, & culbs.Total : 8,458
- (6)Shopping : Including department stores,supermarkets,etc.Total : 18,263
- (7)Others : Including gifts,optical instruments,beauty parlors,etc.Total : 16,349

Note : The above data of merchant locations including
Installment Payment merchant locations

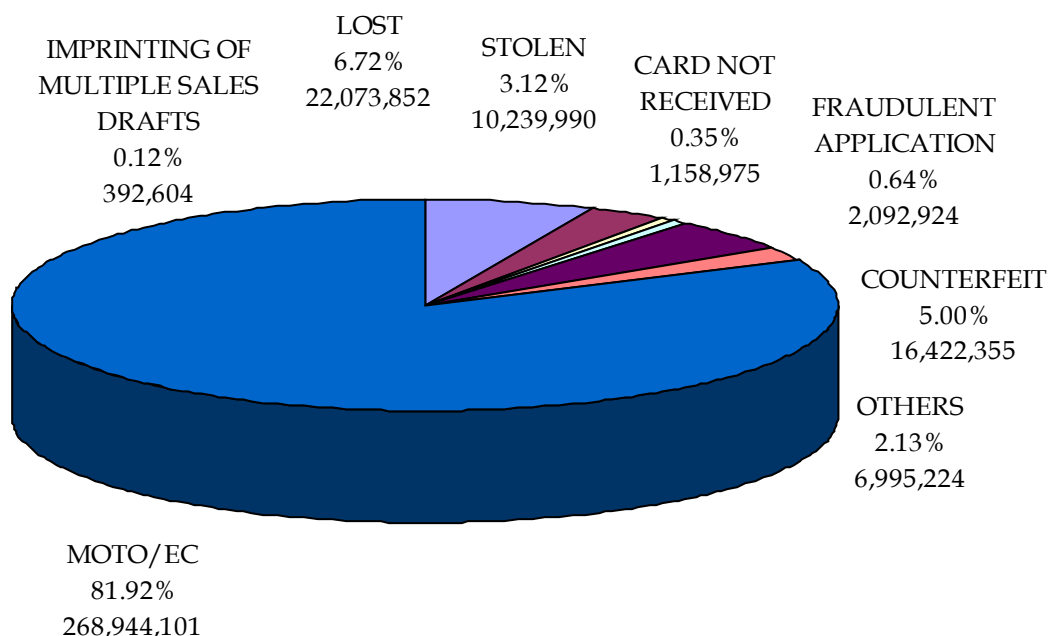
Briefing in Business Operation

10. Merchant Risk Management & No. of Recovered Cards



Briefing in Business Operation

11. NCCC Member Banks' Card Issuing Fraud Types -% shares



From : NCCC Member Banks' Card Issuing Fraud Volume Reporting (Not actual loss)

Period : 2013/01~2013/12

Card Type : U Card, VISA , MasterCard, and JCB Card

Total Amount : NT\$328,320,025

Note:

- (1) Lost : Card lost and used falsely
- (2) Stolen : Card stolen and used falsely
- (3) Card not received : New/Renewed Card intercepted during mail and used falsely
- (4) Fraudulent application : Card applied and used falsely without authorization by the real cardholder
- (5) Counterfeit : Card counterfeited and used falsely
- (6) MOTO/EC : Non-face-to-face transaction made without authorization by the real cardholder
- (7) Imprinting of Multiple Sales Drafts : Merchant falsely uses Card Number, Cardholder's data and forges transactions.
- (8) Others : Other types of fraud not listed above

Directory of Member Banks (at Year-end 2013)

ISSUING BANKS	ADDRESS	TELEPHONE
CTBC Bank Co., Ltd	No.18, Yongji Rd., Sinyi District, Taipei City 110, Taiwan (R.O.C.)	(02) 27680505
Mega International Commercial Bank Co., Ltd	4F., No.99, Sec. 3, Chongyang Rd., Sanchong District, Xinbei City 241, Taiwan (R.O.C.)	(02) 89822222
Cathay United Bank	9F., No.88, Sec. 1, Jhonghua Rd., Wanhua District, Taipei City 108, Taiwan (R.O.C.)	(02) 23830111
E. Sun Commercial Bank Ltd	No.1, Lane 86, Tiansiang Rd., Zhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02) 25871313
Union Bank of Taiwan	5F., No.399, Rueiguang Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02) 27192233
The Shanghai Commercial Savings Bank Ltd	3F., No.87, Jhengjhou Rd., Datong District, Taipei City 103, Taiwan (R.O.C.)	(02) 25582111
Bank Sinopac Co., Ltd	6F., No.17, Bo-ai Rd., Jhongjheng District, Taipei City 100, Taiwan (R.O.C.)	(02) 23752277
Standard Chartered Bank(Taiwan Limited)	B1F., No.168, Dunhua N. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02) 25477888
Cosmos Bank, Taiwan	2F., No.188, Jingping Rd., Zhonghe District, Xinbei City 235, Taiwan (R.O.C.)	(02) 80239099
Taipei Fubon Commercial Bank Co., Ltd.	6F., No.50, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02) 66112555
Far Eastern International Bank	No.33, Alley 3, Lane 182, Sec. 2, Wunhua Rd., Banciao District, Xinbei City 220, Taiwan (R.O.C.)	(02) 80731166
Jih Sun International Bank	4F., No.358, Zhonghe Rd., Zhonghe District, Xinbei City 235, Taiwan (R.O.C.)	(02) 22310818
Taishin International Bank	3F., No.207, Sec. 2, Jiouzung Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02) 87989999
Entie Commercial Bank	2F., No.36, Sec. 3, Bade Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02) 25778577
Ta Chong Bank Ltd	6F., No.58, Jhongjheng 2 nd Rd., Lingya District, Kaohsiung City 802, Taiwan (R.O.C.)	(07) 2257770
DBS Bank (Taiwan) Ltd	12F., No.399, Rueiguang Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02) 6612-9888
Taiwan Shin Kong Commercial Bank	8F., No.31, Lane 11, Guangfu N. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02) 87877272
Yuanta Commercial Bank Co., Ltd	6F., No.210, Sec. 3, Chengde Rd., Datong District, Taipei City 103, Taiwan (R.O.C.)	(02) 21821998
The Kaohsiung Third Credit Cooperative	2F., No.327, Jianguo 3rd Rd., Sanmin District, Kaohsiung City 807, Taiwan (R.O.C.)	(07) 2872725
Sunny Bank	No.88, Sec. 1, Shihpai Rd., Beitou District, Taipei City 112, Taiwan (R.O.C.)	(02) 28208166
Hwatai Commercial Bank Co., Ltd	11F., No.33, Jingye 4th Rd., Zhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02) 27525252
COTA Commercial Bank	2F., No.339, Dajhih Rd., East District, Taichung City 401, Taiwan (R.O.C.)	(04) 22805288

Aeon Credit Card (Taiwan) Co., Ltd.	5F., No.87, Songjiang Rd., Zhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02) 25010880
First Commercial Bank	9F., No.203, Sec. 2, Bade Rd., Zhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02) 21731988
Hua Nan Commercial Bank	7F., No.203, Sec. 2, Bade Rd., Zhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02) 87723112
Taichung Commercial Bank	No.87, Mincyuan Rd., West District, Taichung City 403, Taiwan (R.O.C.)	(02) 22236021

Development Strategy

NCCC has a history of positioning itself to provide professional card payment services based on the existing solid foundation and in the entrepreneurial spirit of achieving sustained growth. In the year 2013, although the food safety problem lingered in the fourth quarter, the private consumption showed mild growth, fueled by automobile sales going up from vigorous promotions and a livelier stock market compared to year 2012. Looking forward to 2014, the private consumption expenditures growth would likely be slow due to consumption willingness hard to be boosted up for limited increase of individual income. NCCC, in addition to improving operating efficiency, enhancing service quality, reducing costs and strengthening risk control, shall continue to work with the members and the merchants to jointly build up a sound operating environment. Meanwhile, NCCC shall continue to be in line with the government policy to promote Taiwan payment card industry development aimed to foster an orderly payment card market and contribute to domestic economic growth.

1. Expanding acquiring service channels / network value-added services & Enhancing NCCC's core competitiveness:
 - (1). To develop domestic UnionPay Card chip migration plan in accordance with UnionPay International's chip migration timeline.
 - (2). To get united of marketing resources from the banks and the merchants in order to enhance NCCC value-added application platform service functions.
 - (3). In line with the government policy of "Financial Business with Cross-strait Characteristics" allowing credit card acquirers to engage concurrently in the Third Party Payment Platform services, NCCC shall provide UnionPay Cardholders with multiple payment channels on the Taiwan Internet merchants, expand Internet payment business and further promote domestic e-commerce development.
2. Developing business initiatives & Facilitating members strengthening competitive edges:
 - (1). For broadening the scope of credit card use, to evaluate building up issuer on-us card service platform.

- (2). To develop smart cell phone APP with marketing function so as to enhance member services and merchant services.
 - (3). Responding to global mobile payment trends, to research and create mobile payment business models meeting with the members' requirements.
3. Strengthening merchant services & management and Expanding acquiring service scopes:
- (1). Accommodating to the merchant management needs, to evaluate setting up an automatic reporting system for vendor installing and maintaining operations.
 - (2). To use advanced technology for providing the merchants with interactive terminal operation training program.
 - (3). To evaluate the possibility of adopting QR Code or NFC Tag on the terminal for merchant scanning or sensing to initiate merchant supplies requesting.
 - (4). In accordance with the government policy of promoting e-invoice, to continue approaching the middle-sized and large-sized merchants to be equipped with terminal that prints receipt and paper-based electronic invoice.
 - (5). In response to the merchant requirements of self-installed equipment or cardholder-activated equipment (e.g.: self-service gas station), to formulate verification standards and rules for security control.
 - (6). For the optimum results, to maintain the ratio of "merchants with sales draft deposits to total valid merchants" averaged at above 75%.
4. Improving operating efficiency & service quality and Reducing costs:
- (1). Adapting to the development trend of electronic signature on integrated terminal equipment, cell phone credit card and tablet PC, to plan out operating models satisfying merchant requirements and further streamlining merchant operations.
 - (2). In preparing for adopting International Financial Reporting Standards (IFRS) from 2015, to finish practicing on how to make IFRS

financial statement and modifying the accounting information system.

- (3). To renew telephone recording equipment in order to improve operation management and enhance customer service quality.
- (4). To plan re-arranging office layout for strengthening office environment security; to plan setting up “file image management system” for reinforcing file management.

5. Strengthening fraud alert system and risk control operations:

- (1). To take measures controlling the ratio of merchant acquiring fraud loss over total NCCC acquiring volume below the domestic credit card industry average.
- (2). To maintain a NCCC recovery rate of above 80% on delinquent merchant accounts receivables so as to control debt collection outsourcing expenses and litigation costs.
- (3). To reinforce acquiring risk control system capabilities and to upgrade the system ability to execute immediate fraud detection and response.
- (4). Responding to the risk rising trends in Internet fraudulent credit card use, to promote Internet cardholder verification mechanism in order for strengthening online transaction security.
- (5). To increase number of merchants on-site checking and to reinforce examining whether there are any cases involving credit card acceptance equipment use without regulatory authority’s approval, lending credit card acceptance equipment to others, or borrowing credit card acceptance equipment from others.

6. Promoting information security & Enhancing systems performances:

- (1). To upgrade the front-end service systems used by the existing participating institutions, contracted merchants and third-party vendors in order to provide cloud-based services that meet better with the customer requirements.
- (2). For providing stable and secure front-end authorization and transaction switching environment, to plan renovating the existing operation/testing/backup host located at a separate site.

- (3). To continuously strengthening information center monitoring in order to enhance information operating service quality and effectiveness.
- (4). To accomplish image processing system upgrade for merchant & member transaction dispute documents.
- (5). To achieve NCCC acquiring front-end system integration and to continuously upgrade NCCC acquiring service backup system.

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