

# The Credit Bureau of Taiwan



**JCIC**

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ANNUAL REPORT 2011

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Joint Credit Information Center

# JCIC Annual Report 2011

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## FOREWORD

As Taiwan's foremost financial and credit information center, the Joint Credit Information Center (JCIC) is mandated to "establish a nationwide credit information databank, provide credit records as well as operating and financial information about economic entities for the inquiries of members, improve the credit investigation function of the financial sector, promote the development of credit investigation techniques, ensure the safety of credit transactions, promote the sound development of a national credit system, and provide information needed by financial supervisory authorities." Aside from helping financial institutions improve their risk management, we perform our tasks in line with government policies and the needs of member institutions. Operating under three directives - "strengthening information security and confidentiality; enhancing the accuracy, timeliness and integrity of data, and developing value-added credit products; and expanding and upgrading the IT system, and creating an economical, convenient inquiry and product development environment", we aspire to provide updated, diverse and comprehensive services, develop more products relating to credit information and financial risk management, and upgrade our service quality to help member institutions strengthen their risk management capability. Looking into the future, we will play an active role helping align Taiwan's financial supervisory system with international practice.

Thanks to the leadership of the JCIC directors and supervisors, the concerted efforts of the staff, the guidance and assistance of the competent authorities and the cooperation and support of our member institutions, we were able to manage our operations smoothly with positive results on several fronts in 2011. A recap of our 2011 operational results is presented as follows:

1. To expand the membership, we continued to implement the "Preferential Admission Program for Community Financial Institutions." The credit departments of all farmers' and fishermen's associations across the country are now JCIC members. As of year-end 2011, the JCIC had a total 426 member institutions.
2. We adopted a full array of measures for enhancing information security management:
  - (1) To fortify the management of information operations, we embarked on organizational adjustment by splitting the Management Information System Department into a Management Information System Department and an Information Security Team, and further dividing the Information Security



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Team into two units - "Access Control" (in charge of account access control operation) and "Change Control" (in charge of change control operation). We also set up a "Testing Team" and a "Data Processing Team" under the Management Information System Department and the Members Audit and Assistance Department, respectively. In line with the organizational adjustment and the opinions of the Financial Examination Bureau, we revised the control management systems (e.g. delineation of access authority, account/password management, change management, etc.) and their standard operating procedures. We also prioritized the execution of projects in line with the established "Operating Environment Protection Goals", "Application Systems Information Security Enhancement Goals", and "Control Operation Enhancement Goals" to implement the internal information security management system and harness the control and management of information operations.

- (2) In the aspect of account access management, we completed the inventory of AIX server account access to rigorously control the highest level of access authority. We introduced the "server account access application management system" to strengthen the access application control mechanism using the e-form system. In coordination with the application system conversion project – the segregation of AIX application system and database, we reassign user access to ensure effective control of access authority.
- (3) In the aspect of operational data input/output management, we have set up an "Input/Output Management Project Team" in May 2011 and completed the sign-off process for the "Operational Data Input/Output Management Operation" and the planning of relevant system construction in July the same year.
- (4) In the aspect of information security and protection, we held an e-mail alertness test in March and August 2011, respectively, to raise employees' awareness to risk and confidentiality issues. We also carried out network and system weakness scanning in May and October 2011 to shore up the JCIC's overall information system architecture. We completed the data warehouse deidentification project in June 2011 to reduce the risk of credit data leakage.



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3. In shoring up the information security mechanism, internally we continued to review and bolster our information security management system and build a secure information environment to make sure we will pass the ISO 27001 surveillance audit to maintain the validity of our ISO 27001 certificate.
4. To ensure the stability of information system, we completed the actual switch of operation to a same-site redundancy location in April 2011 and to an off-site redundancy location in November the same year. To upgrade the IT hardware and the effectiveness of application systems, we added four units of fiber optic switch in March.
5. In the aspect of assisting members in internal security management of credit information inquiry operation, we continued to implement the program of strengthening the security management mechanism of member institutions for credit inquiry operation. In 2011, the credit department of a farmers' association, the Taiwan branch of a foreign bank and an insurance company joined the JCIC. For those new members, the JCIC actively provided assistance and the new members were highly cooperative. To assist member institutions in implementing information security control and planning training programs, we held 12 workshops on security control of credit information and reward program for the inquiry operation personnel, auditing personnel and reporting personnel of member institutions in 2011. We send a letter to member institutions once every six months, asking them to provide an updated list of inquiry operation personnel. As of December 31, 2011, member institutions had altogether 45,842 inquiry operation personnel.
6. We carried on the routine audit operation by conducting "regular assigned document audit" and "special assigned document audit." In 2011, 382 head offices and 3,373 branches should carry out a special audit and all of them have completed the required audit. In 2011, we conducted onsite audits of 131 members that had international transfer operation, auto loan operation, violated the Membership Rules in the previous year, or performed poorly in annual security audit or failed to take improvement action over deficiencies found in audits, or were newly admitted members, or were a farmers' or fishermen's association.
7. To reward member institutions for their contribution to advancing the quality of reported information and demonstrate the importance the JCIC attaches to the operation of credit information security control, we have been disbursing



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rewards every year since we implemented the “Measure for Rewarding Member Institutions for Reporting Credit Information” in 2001. In the 2011 annual event of “Best Member Institutions and Best Individuals in Credit Information Security Management and Credit Information Reporting” held in December 2011, 9 institutions and 9 individuals received the “Golden Security Award” and 14 institutions and 15 individuals received the “Golden Quality Award.”

8. In the efforts to improve the quality of service to the public, we continued to improve the functions of “credit report application system” to speed up the application processing, and in addition, offer the service of personal credit report application at any of the 303 offices of Chungghwa Post nationwide starting July 1, 2011. This convenient service will be gradually expanded in view of the results of this trial operation.
9. To uphold the interests of data principals and enhance the timeliness of data, we change the weekly reports on “profile of credit cardholders” and “credit card information” to daily reports, and add the reporting of “weekly outstanding balance of credit card account.”
10. In conjunction with the inclusion of partially-guaranteed loans and secondary-guaranteed loans in the definition of DBR22, we revised the “B68 DBR22 Unsecured Debt and Annual Income Information” product. We also developed the “B45 Outstanding Loans for 15 Months - by Purpose of Loan.” To address the concern that the permanent disclosure of data in “K22 Profile of Credit Cardholders” might invade the privacy of the principals, we revised the disclosure logic of K22 product by aligning the disclosure period of cardholder profile with the credit card data and account data. The revision was rolled out in September 2011. To help the acquiring banks step up the credit check and risk control of merchants to mitigate the risk of merchant default, we revised the “K27 Credit Card Merchant Payment Request Information” product.
11. To help debtors who apply for debt workout understand their debt situation before starting the negotiation, we introduce the “Detailed Information of Unsecured Debt” for download by banks and for the reference of debtors starting April 2011. Also to help financial institutions assess the outstanding debt of debt-workout applicants held by asset management companies, we begin to provide claim transfer information in the “List of Bank Creditors – Consumer Debt Clearance Act” in June 2011.



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12. In conjunction with paragraph 2, Article 67 of the Consumer Debt Clearance Act, we construct a “Debt Restructuring Payment Information Platform” and develop two new products – “Z63 Notification for Debt Restructuring Payment Information” and “Z64 Financial Institution’s Claim Details and Debtor’s Payment Information under Debt Restructuring Payment Platform”, which are rolled out on August 1, 2011.
13. In coordination with the “Unsecured Consumer Debt Extension Program for Economically Disadvantaged Debtors with Difficulty in Making Repayment” drafted by the Bankers Association, we rolled out two new products in September 2011- “Z68 Notification for Extending Payment of Unsecured Debt” and “Z69 Profiles of Debtors and Results of the Application for Unsecured Debt Extending Payment” to make it easier for banks to notify other creditor banks the results of applicant qualification review.
14. Based on the quality credit information accumulated by the JCIC over the years, we strengthened the techniques and the quality of credit risk quantification models, including the development of consumer credit scoring system and corporate credit scoring system, continuously monitoring the variables and performance of corporate and consumer credit scoring models every month, and publishing the monitoring reports on a quarterly basis. We also held workshops to explain to member institutions the performance of the most updated models and share the analysis results on important risk management issues as additional reference for member institutions to incorporate credit scoring into their credit policy.
15. We served as the lead agency for the FSC “New Basel Capital Accord Joint Research Task Force – Stress Testing Team” and completed the preliminary draft of “Credit Risk Stress Test Guide” in May 2011, and then presented it to all domestic banks in a forum held by the Bankers Association in July 2011. After modifying the Guide based on the inputs of various banks, the final draft of the Guide was completed in December 2011 and submitted to the FSC Banking Bureau and the Bankers Association.
16. In promoting work in connection with the competent authority’s supervisory review and other work, we provided the FSC Banking Bureau with information on IRB application review operations in other countries and consultation on domestic IRB application cases as reference for the competent authority in making policy decisions. Other work we promoted included continuing to assist



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the Bankers Association of the ROC and the Bankers Association of Taipei to maintain their websites and work in connection with the instructions or requests of the competent authority or the Bankers Association.

17. We actively stepped up international exchange on risk management to optimize the benefits of knowledge economy and information sharing. In 2011, we sent representatives to visit credit information organizations in Hong Kong, South Korea and Japan to learn about the overall situation of the local credit market and credit reporting institutions, as well as the business characteristics, operating status, value-added services, consumer credit report service and information security measures of those organizations, and used the information learned as reference for enhancing the contents and quality of JCIC services for members in the future.

Looking into the new year, we, as the national credit information center, will continue to promote various tasks under the same three operating directives—“strengthening information security and confidentiality; enhancing the accuracy, timeliness and integrity of data, and developing value-added credit products; and expanding and upgrading the IT system, and creating an economical, convenient inquiry and product development environment”, with primary focuses on the following areas:

1. In stepping up information security and security management, internally we will continue to strengthen the management of “account access authority, change, operational data input/output, and information security” operations, continue the verification of ISO 27001 and carry out risk assessment and internal audit of information security operation twice to ensure organization-wide compliance with the established operating procedures. We will also provide sufficient training and step up promotion to raise employees’ awareness to information security. Externally, we will continue to enhance the security control mechanism of member institutions for their credit inquiry operation. Besides carrying on the new member assistance program, we will also carry out online monitoring of inquiries of existing member institutions and continue to offer security control workshops. At the same time, we will continue to carry out “assigned audit” and “onsite audit” to ensure all member institutions make credit information inquiries in compliance with the law.



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2. In the efforts to enrich data content and improve the quality of data,
  - (1) We plan to change the reporting time for “Daily Newly Approved Credit Line and Individual Disbursement and Repayment Data” from the next day of transaction to the day of transaction and evaluate whether the newly approved line should be included in the field of DBR22. In line with the needs of member institutions, we will continue to revise the file format for reporting collateral information under the Guidelines for Monthly Report on Outstanding Loans.
  - (2) We will study the revision of definitions of credit line and revolving credit balance in “Credit Card Account Information” to enhance the consistency of credit card data. We will also study the addition of a supplemental field for Chinese name in the “Profile of Credit Cardholder” to make sure the names of aboriginal cardholders are reported in whole.
  - (3) With regard to the creation of an external operational risk loss database, we will continue to help the reporting institutions develop correct concepts about the reported fields through discussion and sharing of special operational risk loss cases.
  - (4) We will step up data definition and the quality of data content, and through physical check of data before they enter the database, carry out a discrepancy analysis of credit information tallied by the JCIC and statistics published by the competent authority. We will also send letters to member institutions every quarter to inform them of the JCIC data check items and check results so as to enhance data accuracy, timeliness, integrity and consistency.
3. In the efforts to strengthen R&D and develop value-added credit information,
  - (1) We will revise products related to the “Daily Newly Approved Credit Line and Individual Disbursement and Repayment Data” in line with the rule of including newly approved credit line into DBR22.
  - (2) We will develop early-warning, summary and statistical products, such as “Percentage of Mortgage Loan in Loan Portfolio.”
  - (3) We will study the feasibility of developing early-warning credit card products (e.g. list of multiple credit card application).



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- (4) In coordination with the creation of an SME financing service platform, we will develop information products, such as financing-related tax data, 50 tax-related financial ratios, and invoice verification, plan on having member institutions report invoice details, and study the development of invoice factoring notation products.
  - (5) In coordination with the competent authority's consent to open the foreign-currency short-term bill business, we plan to revise the "NTD and Foreign-Currency Commercial Paper Information" product.
  - (6) We plan to develop housing loan-related products based on the information provided by the Construction and Planning Agency, Ministry of the Interior, on nationwide standard addresses, coordinates, and basic statistical areas.
  - (7) With regard to credit scoring products, we will carry out segment analysis by member institutions to provide different banks with customized services. We will also test the quality of reported data and study its impact on the reasonableness of scoring results by comparing the differences in data reported by respective member institutions.
  - (8) In line with the amended Personal Information Protection Act, we will continue to support the Financial Supervisory Commission and the Bankers Association in studying the necessity of amending the Banking Act or other financial administration regulations and changing the content of the principal's written consent (to inquiries about credit information).
4. In maintaining information system stability and upgrading the computer systems, we will plan and carry out the upgrade of RS6000 test server, expansion and replacement of Windows machines and network equipment, renew software/hardware maintenance contracts and the annual contract for system monitoring and maintenance service. We will continue to conduct all kinds of simulation tests and emergency response drills. On the other hand, we will set up an office automation team to complete the operating procedures for e-forms, such as "Information System Function Request", "Problem Report Form", and "Incident Management Sheet".
  5. In improving the internal management, we will make proper use of document management and consumables management systems to enhance internal management and save management costs. We will continue to review our procurement, personnel and property management operations and revise operating processes in a timely manner to enhance operational performance.



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We will consolidate the operations of “information security self-inspection” and “internal control self-inspection” and draft the annual audit plan based on the results of examination conducted by the FSC Financial Examination Bureau and regularly report the audit results and improvement actions taken to the directors and supervisors. We will also continue to implement the annual employee training program and revise whenever necessary required training courses for employees working in various capacities to implement practical training and raise the professional knowhow of the JCIC personnel.

6. To actively propagate such concepts of protection as personal data, preventing personal data theft, and “value your credit”, we plan to offer one free application for Chinese credit report per person per year. It is hoped that the free inquiry service will give people more incentive to keep track of their own credit record and raise public awareness of the value of good credit.
7. We will host the 8<sup>th</sup> World Consumer Credit Reporting Conference (WCCRC) on October 21 ~ 23, 2011. We expect to receive more than two hundred representatives from more than 40 countries and their families.

In the future, we will continue to do our very best to fulfill our mandate as a national credit information center. We will continue to step up information security both at the center and at the member institutions, and strengthen the risk management capabilities of the members. To the public, we will step up the efforts to publicize the concept of “value your credit” and call for public awareness of the security and protection of personal data as well as the correct use of credit to help build a sound credit transaction environment as we strive to create a win-win situation for the JCIC, its member institutions, and the public.



## History

The Joint Credit Information Center (JCIC) was established in 1975 by and under the Bankers Association of Taipei for the compilation, processing, and exchange of credit data among financial institutions. In the ensuing 17 years, the JCIC kept on expanding its business scope. As a result, the Bankers Association of Taipei decided in 1992 to donate all the operating surpluses of the JCIC and transform it into a non-profit foundation. The new JCIC continues to serve its member institutions by providing accurate and quality credit information on a user pay basis.

For the sake of improving the quality of credit data reported by its member institutions and offering them a greater incentive to report, the JCIC set out the “Measure for Rewarding Member Institutions for Reporting Credit Information” (called the “Reward Measure” hereunder) in October 2001, which stipulates that the JCIC should set aside a reward fund for members based on its operating status. In 2002, to further encourage compliance with the Membership Rules, step up the security control of credit inquiries, and conduct regular audits, the JCIC revised the Reward Measure and renamed it “Reward Measure for Members’ Credit Inquiry Operation Control and Credit Data Reporting.” To remind the member institutions of the importance of complying with the *Computer-Processed Personal Data Protection Act*, the *Banking Act* and the JCIC Membership Rules when they make credit inquiries, the JCIC introduced the “reason for inquiry” checking mechanism for all products in 2004. It also uses this mechanism to conduct matching analysis to achieve the control objectives of ex-ante prevention and ex-post-facto investigation.

In 2006, the JCIC developed the “Commercial Credit Score Model” and the “Consumer Credit Scoring System”, and the third version of the “Consumer Credit Scoring System” for inquiry and use by member institutions.

In the efforts to help the government uphold law and order, the JCIC has set up a fraud reporting platform that links up with financial institutions, and developed fraud and alert account reporting operations and products, for which, the JCIC received the 2006 Special Contribution to Fraud Prevention Institution Award from the Financial Supervisory Commission. The JCIC was again honored as an Outstanding Financial Fraud Prevention Institution by the Financial Supervisory Commission in September 2009.



## History

In concurrence with the enactment of the *Consumer Debt Clearance Act*, the JCIC started to offer “List of Financial Institution Creditors” in April 2008 for application by consumers specifically for use in debt workout, and rolled out the exchange and inquiry platform for debt workout, debt restructuring and liquidation information on April 11, 2008. In coordination with the “Operating Rules for Carrying Out Debt Workout Program for Change of Repayment Terms under Consumer Debt Clearance Act” set out by the Bankers Association, the JCIC expanded the relevant data reporting format and information products in June 2010. In addition, in coordination with the amendment of the *Consumer Debt Clearance Act* in August 2011, the JCIC rolled out a debt restructuring payment information exchange and inquiry platform on August 1, 2011.

The JCIC received the ISO 27001 certification for information security management system from the British Standards Institution (BSI) in November 2009 and passed the surveillance audit in 2011 to maintain the validity of the certificate.

The JCIC is currently the only credit reporting agency that collects credit data from financial institutions in Taiwan; it is also the first in Asia that collects both positive and negative credit data on individuals and corporations. The JCIC currently offers 174 “standard” products in nine categories (Basic Information, Credit Information, Financial Information, etc.) and 2,246 sets of “customized” and account management information products for inquiry or use by member institutions.



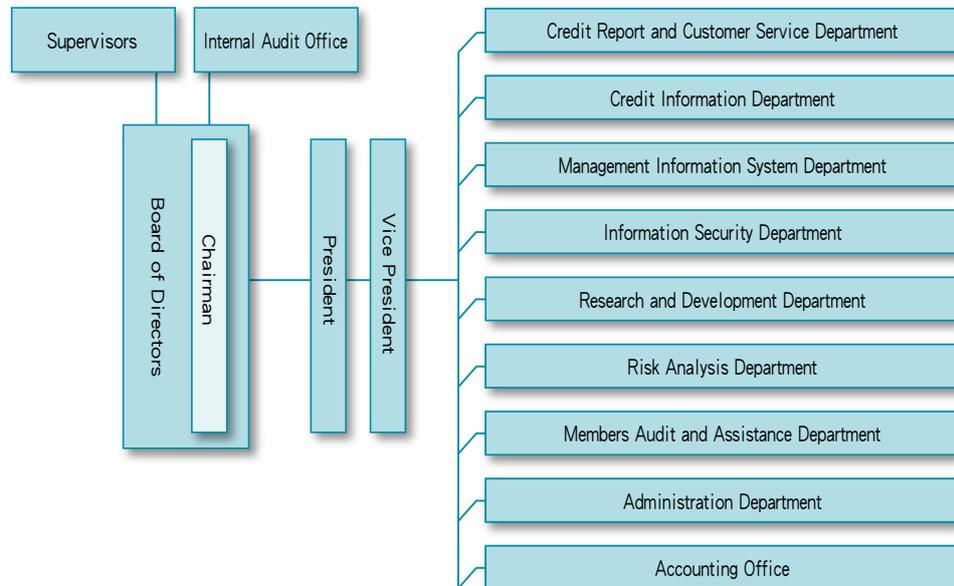
## Objectives

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- A. To establish a nationwide credit information database and to provide credit records as well as operational financial information of economic entities.
- B. To improve the credit investigation function of the financial sector and to promote the development of credit investigation techniques.
- C. To ensure the safety of credit transactions and to promote the sound development of the national credit system.
- D. To provide information needed by the competent authority for financial supervision.



# Organizational Structure



## A. Board of Directors

Pursuant to the Banking Act, the operation of the JCIC is authorized and supervised by the Financial Supervisory Commission (FSC) under the Executive Yuan and the Banking Bureau of the FSC. The JCIC has a Board of Directors composed of nine directors and three supervisors. The directors and supervisors are either representatives or scholars appointed by the FSC, the Central Bank of China (CBC) or the Bankers Association of the Republic of China. To supervise the business operations and corporate governance of the JCIC, an Internal Audit Office that reports directly to the Board of Directors handles the internal audit operations.

## B. Service Departments

The JCIC has a president who is responsible for operations pursuant to resolutions made by the Board of Directors and is assisted by a vice president (the FSC approved adding one more vice president on April 12, 2012). Under the president, there are eight departments: Credit Report and Customer Service, Credit Information, Management Information System, Information Security, Research and Development, Risk Analysis, Members Audit and Assistance, Administration, and Accounting, and the Information Security Team, a task force set up for specific business needs. The Information Security Team was upgraded to the Information Security Department with FSC approval on April 12, 2012.



## Directors and Supervisors

Title	Name	Company Affiliation
Chairman	Mr.Fu-Hsiung Hu	
Director	Ms. Susan S. Chang	Chairman, Taiwan Financial Holdings / Bank Of Taiwan Chairman, The Bankers Association of the Republic of China
Director	Dr. Tzong-Rong Tsai	Commissioner, Financial Supervisory Commission, Executive Yuan
Director	Mr. Hsien-Nung Kuei	Director General, Banking Bureau Financial Supervisory Commission, Executive Yuan
Director	Mr. Gregory K. H. Wong	Chairman, Cathy United Bank
Director	Dr. Jen-Te Huang	Professor, Department of Economics, National Cheng-Chi University
Director	Ms. Cher-Jean Li	Secretary-General, Taiwan Provincial Consultative Council
Director	Mr. Kun-Shan Wu	Director, Legal Office, Central Bank of the Republic of China (Taiwan)
Director	Dr. Hai-Nan Wang	Associate Professor, Department of Law, National Cheng-Chi University
Supervisor	Dr. Jing-Twen Chen	Dean College of Finance Takming University of Science and Technology
Supervisor	Ms. Yu-Ming Chen	Counselor, Central Bank of the Republic of China (Taiwan)
Supervisor	Ms. Nancy Young	Secretary-General, The Bankers Association of the Republic of China



# Services

## A. Services to Member Institutions

1. Maintaining a nationwide credit information databank and providing credit inquiry services.
2. Processing supplements, corrections or deletions of credit information.
3. Conducting financial analysis and credit rating of enterprises.
4. Conducting credit and finance-related research.
5. Handling legal matters relating to credit information.
6. Publishing books and journals, including Finance and Credit Series, Business & Industrial Key Financial Ratios, Business & Industrial Key Financial Structure Information, and Overview of Financial Institutions.
7. Publishing Joint Credit Information Center Periodical.
8. Holding lectures, workshops, and seminars relating to credit information for personnel of member institutions.
9. Handling fraud reporting by member institutions.
10. Transferring inquiries regarding owner-occupied properties.
11. Handling other matters relating to credit information.

## B. Services to Individuals

1. Processing inquiries about individual credit reports.
2. Processing applications for notation service.
3. Processing supplements and corrections to individual credit records.
4. Processing inquiries about individual credit-related matters.

## Services

### C. Statistics on Credit Inquiry Services, 2009 ~ 2011

Service	2009	2010		2011	
	Total	Total	Growth	Total	Growth
Credit information inquiry service (10,000 inquires) (Note 1)	37,873	40,334	6.5%	44,950	11.45%
Personal credit report (Note 2)	184,981	154,542	-16.5%	161,157	4.3%
Individual application for notation service (Note 3)	1,270	1,084	-14.6%	1,554	43.4%
Notation of payoff by relatives (Note 4)	1,334	1,058	-20.7%	728	-31.2%

#### Notes :

1. Member institutions adopted a more stringent loan policy during the period of financial crisis. In 2011 as the financial crisis subsided, member institutions gradually returned to normal lending practices. As a result, the number of credit information inquiries made by member institutions rose in both 2011 and 2010 as compared with the year before.
2. Consumer applications for "List of Financial Institution Creditors" for debt workout with financial institutions remained high in 2009. The number of inquiries leveled off gradually starting 2010.
3. The number of individual applications for notation service had been falling every year prior to 2010. However the caseload rose sharply in the latter half of 2011, probably due to economic slowdown triggered by the European debt crisis.
4. The number of notations of payoff by relatives has been dropping in recent years.



# Information Security and Data Protection

## A. Information Security

### 1. Internal security management

The JCIC carried out information security management and control in compliance with ISO 27001 standards and the internal information security rules. The major operations include the following:

#### (1) Physical security management

To safeguard the JCIC's important information assets and employee safety, we implemented gate control for all offices and computer room, and had security guards in place to control the entry/exit of people and equipment to ensure physical security.

#### (2) Data access management

User access to credit data was under control with periodic reviews of account privileges and access authority to ensure the proper use of credit data.

#### (3) Network security management

Layers of firewall were in place to segregate network segments with different use purposes. We deployed intrusion detection and defense systems and a central virus scanner system to protect both internal and external networks and prevent unauthorized entry.

#### (4) Stepping up "continuous operation" management

We carried out the drill of switch of operation to offsite redundancy location to verify the viability of our standard operating procedures and make sure our business operations could continue after a disastrous event.

(5) Third-party verification of ISO 27001:2005 for all JCIC functions. To maintain the normal operation of the "Information Security Management System" (ISMS), we complied with the spirit of the Plan-Do-Check-Act (PDCA) cycle to ensure the security of the whole information system.

#### (6) Beefing up education on information security management training

Annual information security training and other promotional activities were conducted to raise employee awareness of information security.



## Information Security and Data Protection

### 2. Members' security management

#### (1) Management of reporting by member institutions

Staff were assigned to handle data reported by member institutions and execute data processing and datafile creation for data reported by members via FTP based on automatic scheduling.

#### (2) Management of inquiries by member institutions

Credit information inquiry operation of member institutions was placed under control to upgrade its security: ① for Internet inquiry, card readers and IC cards were used together with unique sequence numbers and two-way encryption/decryption; ② for Secure Terminal Server (STS) inquiry, we built a closed network for server connection and added encryption/decryption mechanism to the data transfer hardware; and ③ for File Transfer Protocol (FTP) inquiry, we constructed an encrypted file transfer system, used proprietary custom-made programs and add the encryption/decryption functions to data transmission. We also promoted the watermarking mechanism for the printing of data inquired by member institutions to enhance data protection and operational efficiency on the part of member institutions.

#### (3) Enhancing the availability of network and computer systems

An off-site server was set up to ensure the continuity of services to member institutions when the main computer center is unable to provide information services.

### B. Data Protection

To win the trust of the public and data principals, and win support for the sustained development of the JCIC, we enforced legal procedures for collection and use of credit information to protect personal privacy while taking into account the security of credit transactions. This was very important when we expanded the scope of data collection and shored up the foundation for data protection in business operation and management. Our data protection efforts include:



## Information Security and Data Protection

### 1. Reinforcing compliance with Article 12 of the JCIC Membership Rules by members

When a member makes credit inquiry, there must be a specific purpose and the inquiry is made based on: (1) an agreement with the principal; (2) a like-kind contractual relationship, or (3) a written consent of the principal. The aforesaid requirement is set forth in compliance with the confidentiality clauses in the *Personal Information Protection Act* and *Banking Act*. Thus it applies to inquiries about both personal and corporate data, unless the information is already made public or otherwise provided by law. In the implementation of this rule, we put into effect the “reason for inquiry” check mechanism, which serves as a reminder beforehand and allows checking afterwards. It also aids internal and external supervision at member institutions.

We have implemented computer audit of the “reason for inquiry” reporting system since August 1, 1998. When a member institution checks “existing customer” in the first-layer “reason for inquiry”, the system will carry out instant item-by-item match before sending an inquiry reply in lieu of ex-post matching. If the matching result shows that the member institution has never reported credit information on the customer being inquired, the system will reject the inquiry. The instant audit could prevent massive improper extraction of credit information by member institutions.

### 2. The credit data obtained by members from JCIC are strictly for internal reference only. Unless it is otherwise provided by law or agreed by the principal in writing, inquired data may not be made public or transferred to others. Credit information provided by JCIC can only be used by members for the reference of their credit operation or other legally registered operations, and should not be used as the sole basis for approving or denying financial dealing with the principal so as to prevent the improper use of personal credit data.

### 3. Augmenting the security audit of the credit information inquiry operation of members

To put into effect the management of credit inquiries by members, we formulated relevant rules and asked members to observe the inquiry rules as well as the provisions stipulated in the *Personal Information Protection Act*, the *Banking Act*, and the instructions of the competent authorities. To effectively control members’ security operation for the inquiry and use of credit information



## Information Security and Data Protection

from the JCIC, we put into effect concrete measures, including self-audit by members, assigned audit, on-site audit, and matching analysis. The outcome of these control measures was included in the computation of member reward as material encouragement of the efforts put forth by members in information security management and maintaining the quality of reported data. If a member institution was found violating the inquiry rules or other codes, we meted out disciplinary actions according to the severity of offence. In 2011, of the member institutions that violated the Membership Rules, 5 had their inquiry service suspended.

4. We continued to uphold the basic rights of the data principals provided in Article 4 of the *Personal Information Protection Act* that allows them to inquire, browse, copy, supplement and correct their credit data. We implemented a rigorous check mechanism for credit report application, including requiring two ID's to prevent the use of fake identity. When a principal applied to supplement or correct data, we required the presentation of his ID and verify it with the reporting institution before making the correction so as to protect the rights of principals.
5. We continue to step up our internal control system and information security management system.



# Highlights of 2011

## A. Membership Status

In 2011, the credit department of a farmers' association, the Taiwan branch of a foreign bank and an insurance company joined the JCIC. At the end of December 2011, the JCIC had 426 member institutions, including 38 domestic banks, 20 Taiwan branches of foreign banks, 25 credit cooperative associations, 8 bills finance companies, 2 securities finance companies, 302 credit departments of farmers' and fishermen's associations, 2 non-life insurance companies, 19 life insurance companies, 5 credit card issuers, and 5 other institutions approved by the competent authority.

## B. Information Security and Confidentiality

### (A) Information security management

1. We completed the "Server Account Access Management Operation" and a "Server User Access Control List" to clearly set out the server account access authority of JCIC personnel and align with the principle of least privilege.
2. We used AMOS for AIX operating system and completed the inventory of AIX server account access to rigorously control the highest level of access authority while strengthening the monitoring and control mechanism and the saving of log-in records.
3. We completed the hardware construction for "Change Management System", revised the "System Configuration and Enhancement Operation" and revised the "Change Management Operation" and its sign-off process.
4. To step up the operational data input/output control, we established an "Input/Output Management Project Team" in May 2011 to plan the drafting of measures and relevant operating procedures for operation area data input/output control.
5. We carried out two network and system weakness scans in 2011 to shore up the JCIC's overall information system architecture.
6. We continued the services of intrusion detection and prevention (IDP) and web application firewall (WAF) to step up the security protection for our network and webpages and reduce the malware attack risk.
7. We continued to enhance our capabilities in responding to and handling information security incidents through an "External Monitoring Service for Security Operations Center (SOC)", and at the same time, fortify our own information security incident management mechanism.
8. We planned the establishment of a data input/output control zone to beef up data control and protection.



# Highlights of 2011

## **(B) Information Security Mechanism**

1. In the effort to strengthen control over information operations, we reorganized the “Information Control” unit and “Quality Testing” unit under the Information Security Team into “Access Control” and “Change Control” units, and revised the control management systems (e.g. delineation of access authority, account/password management, change management, etc.) and their standard operating procedures in line with the organizational adjustment.
2. The JCIC passed the ISO 27001 certification of the British Standards Institution (BSI) Taiwan in November 2009 and passed the third surveillance audit in June 2011.
3. We continued to provide JCIC employees with information security training to raise their awareness of information security. In 2011, 18 such training sessions were held.

## **(C) Members’ Security Management of Credit Information Inquiry Operation**

1. Stepping up computer audits

We planned to carry out monthly inline monitoring of inquiries of existing member institutions with an inquiry-reporting mismatch record. That is, a volume of inquiries alert value is set for each existing member institution with a mismatch record in the previous month and such member institutions are put under real-time monitoring. Whenever the volume of inquiries made by a member institution triggers the alert, the JCIC will dispatch personnel to conduct examination of the member institution.

2. Assistance to new members

(1) We launched a new-member assistance program on August 1, 2009, and by the end of 2011 had assisted seven newly admitted farmers’ associations (FA) - Fengyuan City FA, Zhutian Township FA, Wandang Township FA, Changzhi Township FA, Linbian Township FA, Taipei Branch of JPMorgan Chase Bank and TransGlobe Life Insurance in drawing up “Credit Information Inquiry Control Guidelines”, establishing management system for documents relating to credit application and data principal’s consent form, and asked them to provide related business plans. We also carried out online monitoring control over inquiries made relating to new loan cases.



## Highlights of 2011

(2) We also set “yellow alert” and “red alert” inline monitoring standards for volume of inquiries made by the aforementioned seven new members. In 2011, the seven new members triggered the yellow alert 14 times and triggered the red alert 1 time. However no violation is found with their inquiry activities following examination.

### 3. Assisting member institutions in security control over inquiries of credit information

(1) In 2011, we held 12 workshops on security control of credit information and reward program for the inquiry operation personnel, auditing personnel and reporting personnel of member institutions.

(2) As of December 31, 2011, member institutions had altogether 45,842 inquiry operation personnel, of them, 44,411 persons or 96.88% worked for domestic banks. We assisted the banks in training seed instructors and provided training materials. We also continued to track whether individual personnel attend training courses regularly.

(3) We developed a system to tally the number of people attending the information security control training courses and the percentage of inquiry operation personnel at each member institution that had completed the training in the previous year. For member institutions that implemented the seed instructor training program, the list of personnel that had completed the internal training was also included in the system for follow-up management.

### 4. Strengthening control over international transfer of customer data

(1) We reaffirmed to all domestic bank members in January 2011 that when an overseas branch of a member institution inquired about credit information through its head office, the inquiry had to must comply with Paragraph 3, Article 10 of the JCIC Membership Rules, which provides: “When a member makes a credit inquiry with the JCIC, the member may not inquire the information of a principal, provided 1) the member has not obtained a written consent of the principal in accordance with the first paragraph hereof, in which the principal gives his/her consent that the member may report his/her credit information to JCIC to participate in the exchange of credit data among financial institutions, and 2) the member fails to report to JCIC the data of its customers for sharing with other financial institutions in accordance with Article 9 herein.”



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(2) We continued to make onsite audits of member institutions that have international data transfers in 2011. If a member institution was found to carry out illegal or unjustified international transfer of customer data, we would take action in accordance with the JCIC Membership Rules and report the matter to the competent authority for disciplinary actions under applicable regulations.

### **(D) Audit of Members' Security Control for Credit Inquiry Operations and Reward Program**

#### 1. Routine audit

##### (1) Regular assigned document audit

We produced a "W20 Audit Worksheet for Regular Assigned Document Audit" every month based on matching analysis on members that checked "new applications", "existing customer with no transaction data reported", or "others" as reason for inquiry but did not submit any report over a period of time, and asked such members to conduct self-inspection.

##### (2) Management of "non-inquiry of W20"

To make sure that the branches of member institutions carried out self-inspection every month in a timely manner, we produced on the 25th of each month a list of branches under respective members that had not made inquiry of W20 for the previous month before the 24th of the month and sent a letter to the auditing unit of the member, asking it to oversee that the branch in question took corrective action and to follow up on the improvement actions taken by the branch.

##### (3) Special assigned audit

We sent a letter to all members on May 5, 2011, asking them to carry out "2011 special assigned audit", according to which, 382 head offices and 3,373 branches should carry out the special audit, and in total 57,027 pieces of information should be audited, including 26,591 pieces in Category A "new applications without matching inquiry record" and 30,436 pieces in Category B "inquiry record of customs declarations."

##### (4) Onsite audit

In 2011, we conducted onsite audits of 132 members that had international transfer operation, auto loan operation, violated Membership Rules in the



## Highlights of 2011

previous year, or performed poorly in annual security audit or failed to take improvement action over deficiencies found in audits, or were newly admitted members, or were a farmers' or fishermen's association.

(5) We carried on the "annual security audit of credit inquiry operation control of members" and carried out review and follow-up based on the audit results.

### 2. Reward program

(1) We set aside reward money for the "Reporting of Credit Information by Member Institutions and Performance of Inquiry Operation Control" program based on the 2011 budget and operating surplus and actually disbursed NT\$65,967,613 to members in 2011 according to the resolution adopted in the 6th term eighth board of directors' meeting.

(2) In the 2011 annual event of "Best Member Institutions and Best Individuals in Credit Information Security Management and Credit Information Reporting" held on December 20, 2011, 9 institutions and 9 individuals received the "Golden Security Award" and 14 institutions and 15 individuals received the "Golden Quality Award."

3. We drew up the "Code of Conduct for JCIC Credit Information Operation Auditors" in January 2011 in accordance with the Code of Professional Ethics for Internal Auditors set out by the Institute of Internal Auditors, ROC (Taiwan) as well as the FSC Guidelines for Financial Examination, which has been approved in the 6th term ninth board of directors' meeting.

4. In July 2011, we conducted the annual audit of Internet appliances (IC card, card reader) of all member institutions. The head offices of a total of 439 member institutions were audited.

## C. Improving the Content, Data Quality, Timeliness and Integrity of Credit Information Databank

### (A) Enriching the Content of Credit Databank

#### 1. Credit-related information

(1) In conjunction with the requirement that newly approved credit line be included in the DBR22, we added a field for the amount of newly approved line in the "Daily Newly Approved Credit Line and Individual Disbursement



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and Repayment Data” and changed the reporting time from the next day of transaction to the day of transaction.

(2) In coordination with the study loan subsidy operation of the Taipei City Government for students studying abroad and the revision of rules for reporting loan balance after the payoff of overdue student loan by the Credit Guarantee Fund, we revised the “Monthly Report of Outstanding Loans” datafile.

### 2. Credit card information

(1) We sent member institutions a copy of the newly revised Guidelines for Creating Datafiles on Credit Card Holders and Merchants.

(2) We promoted the reporting of “information on switch of payment method by credit cardholders that have been using revolving credit on a long-term basis” and generated relevant statistics on a monthly basis to keep the FSC grasp the working of mechanism for switch of payment method by credit cardholders who used revolving credit on a long-term basis.

### 3. Consumer information

We continued to review and improve the logic for disclosure of information on personal data and revised the disclosure logic for the field of “English name” of individual in credit information products in January 2011, and in addition, revised the disclosure logic for four fields – “mailing address”, “English name”, “residence telephone”, and “mobile phone” in the credit report (including “Credit Report –List of Creditors for Debt Workout”) in September 2011.

### 4. Debt workout information

(1) To facilitate the compilation of “Detailed Information of Unsecured Debt”, we expanded the “Unsecured Debt Amount” datafile on April 1, 2011 by adding the fields of unsecured loan, cash card, principal, interest, and fines of credit card debt, and other expenses.

(2) We constructed a “Debt Restructuring Payment Information Platform” in conjunction with Paragraph 2, Article 67 of the Consumer Debt Clearance Act, which includes the file format for reporting six data items and is rolled out in August 2011.



# Highlights of 2011

## 5. Corporate information

### (1) Corporate financial reports

We completed the construction of financial information on non-profit organizations as well as CPA-audited financial reports of the China investments of domestic enterprises.

### (2) Other corporate information

① We built an SME financing service platform in collaboration with Bankers Association and Small and Medium Enterprise Administration (SMEA), Ministry of Economic Affairs and planned the reporting of invoice factoring notation to help financial institutions reduce the risk of their transaction financing business. We held a member consultation meeting in January 2011 to discuss reporting-related matters. In March 2011, the SMEA informed the JCIC that the Ministry of Finance had consented to adding the JCIC as a platform user. On October 14, 2011, the JCIC completed the leased line connection to SMEA platform.

② We reported to the FSC Banking Bureau on July 15, 2010 to include operations under the “*Guidelines for Trial Operation of Financial Leasing Companies Acting as An Agent of Principals in the Application and Pickup of Credit Reports*” into the corporate leasing business, and consider the extension of the agency operation from corporate customers to the individual customers of financial leasing companies as well. We visited and completed an onsite audit of Chailease Finance Co. in March 2011 as reference to determine whether to extend the agency operation to individual customers. On May 25, 2011, we held an ad hoc meeting to discuss the revision of the Guidelines. In consideration that financial leasing companies were still under low-level supervision before the legislation of the Finance Companies Act, whereas the amendment to the *Personal Information Protection Act* had been completed with its enforcement rules being drawn up by the Ministry of Justice, it was then decided in the meeting that the agency operation would not apply to individual customers this year.



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- ③ To assist member institutions in objectively assessing the asset value of their loan portfolio in line with the adoption of the International Financial Reporting Standards (IFRSs), we actively pushed for the construction of an interbank loss given default (LGD) database. For this, we met with the competent authority, the Bankers Association and 11 domestic banks to discuss the objectives of the database, data collection methodologies, data reporting framework and detailed design of data fields. We worked out a preliminary framework for data collection in May 2011 and held a presentation for domestic banks on July 22 to gather more inputs in the efforts to promote the establishment of the LGD database.
6. To help the competent authority understand the current status of credit card and cash card holders with difficulty in making repayment and the reneged debt-workout cardholders, we added new file formats for “credit card and cash card holders with overdue payment of three months or longer” and “subsequent actions for cardholders reneging on debt negotiation/debt workout” in June 2011.
7. In coordination with the “Unsecured Consumer Debt Extension Program for Economically Disadvantaged Debtors with Difficulty in Making Repayment” drafted by the Bankers Association, we add three file formats on September 15, 2011 to make it easier for banks to notify other creditor banks the results of applicant qualification review and to provide statistical supervisory data.
8. In line with the upgrade of five municipal cities, we examined the address data collected by the JCIC and related information products and embarked changing names of city, district and township where necessary.

### **(B) Construction of Operational Loss Database**

1. We determined whether banks reported relevant lost data to the JCIC as well as the accuracy and reliability of the reported data by tracking the number of data reported by respective banks and checking against the material disciplinary actions imposed on banks due to violation of financial regulations as published by the FSC every quarter. We also produced uniform statistical reports based on the needs of member institutions for their reference. We continued to revise the definitions of important data fields and things to heed in data reporting based on deficiencies found in reported data and notify the reporting institutions the same to enhance the quality of data in external loss database.



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2. As of the end of 2011, banks reported 1,679 pieces of lost data (with cased closed on 1,443 pieces of data reported), which were used in the production of quarterly statistical reports and provided for the reference of domestic banks and the FSC Banking Bureau. Based on the suggestions of the participating banks, we also revised the classification and presentation of statistical results to enhance the use value of data, and in addition, provided deidentified loss event descriptions with reference value to enhance the use value of data and help banks improve their capability in operational risk management.

### **(C) Enhancing Data Quality, Timeliness and Integrity**

#### 1. Improving the quality of data definition

- (1) Internally we held regular data quality meetings to discuss the design of data reporting format and database architecture to make sure data reporting was looking forward and comprehensive that could withstand the test of change in financial environment.
- (2) Externally we held workshops on data reporting to understand the questions reporting institutions had and common reporting errors, clarify the definitions of data fields and explain the check logic. In 2011, 9 workshops were held.

#### 2. Improving the quality of data contents

- (1) To enhance the transparency of data check mechanism, we sent letters to reporting institutions on a quarterly basis to inform them of the data check items and results. As of December 31, 2011, we had issued such letters four times, according to which, 22 credit-related data items and 21 credit card-related data items were checked.
- (2) We continued to check every month the discrepancy between the number of in-force credit cards as reported by issuers and the number published by the competent authority.

3. We reviewed the reward percentage, assessment standards and reward calculation method for the reporting of credit card data in accordance with the new version of *Guidelines for Creating Datafiles on Credit Card Holders and Merchants* and explained the new rules to member institutions attending the reward program workshop in the hope to encourage card issuer to pay greater attention to the data reporting operation.



## Highlights of 2011

4. We looked into the calculation of reward money for reporting of “Consolidated File of Credit Card/Loan Data on Cardholders and Borrowers without Household Registration in Taiwan” to encourage member institutions to pay greater attention to the completeness of reported data on foreigners. In the discussion meeting on calculation of reward for reporting members held on April 21, 2011, we decided to set the reward percentage for reporting of “Consolidated File of Credit Card/Loan Data on Cardholders and Borrowers without Household Registration in Taiwan” (APB/APK file) at 0.5%, which will be implemented starting 2011.
5. With respect to misreporting of customer credit data by financial institutions, we adopted the following measures: (1) for serious misreporting cases, deduction of reward points was increased; (2) for repeated misreporting, the institution might be banned from making inquiries if necessary; and (3) statistics on the number of misreported cases were provided to the head office of financial institutions for reference once every six months. We have sent letters enclosed with statistics on misreported cases to the head offices of financial institutions on January 28 and September 5, 2011 with a copy sent to the the Banking Bureau and Bankers Association and urged financial institutions to ensure the accuracy of customer credit data reported.
6. We continued to improve the early-warning system on erroneous reporting of customer IDN's by financial institutions and monitor the number of erroneously reported cases on a quarterly basis.

### **D. Value-added Credit Information Products**

#### **(A) Developing Value-added Credit Information Products**

##### 1. Credit information products

- (1) In conjunction with the inclusion of partially-guaranteed loans and secondary-guaranteed loans in the definition of DBR22, we revised the “B68 DBR22 Unsecured Debt and Annual Income Information” product, which becomes available for inquiry starting April 1, 2011.
- (2) To develop early-warning, summary and statistical products that better address the needs of member institutions, we introduced a new credit information product “B45 Outstanding Loans for 15 Months - by Purpose of Loan”, which becomes available for inquiry starting April 1, 2011.



## Highlights of 2011

### 2. Credit card information products

To address the concern that the permanent disclosure of data in “K22 Profile of Credit Cardholders” might invade the privacy of the principals, we decided in a meeting held on August 26, 2011 to revise the disclosure logic of K22 product by aligning the disclosure period of cardholder profile with the credit card data and account data. The revision was rolled out at the end of September 2011.

### 3. Corporate information products

(1) To help the acquiring banks step up the credit check and risk control of merchants to mitigate the risk of merchant default, we added the information on “uncollected amount receivable after termination of contract” to “K27 Credit Card Merchant Payment Request Information” product (changes in signing banks in the past twelve months), which becomes available for inquiry starting January 16, 2012.

(2) We continued to develop early-warning information products for member institutions in the post-lending management of corporate borrowers and completed the planning of product architecture in the aspects of change data analysis, placement analysis and simulation of corporate borrower alert service.

(3) To improve real estate reference information products, we held a member consultation meeting for “real estate related information products” on July 21, 2011 and for “practical applications of real estate broker transaction related information” on December 9, 2011 to exchange views with members and obtain inputs for product improvement.

(4) In coordination with the competent authority’s consent to open the foreign-currency short-term bill business, we planned to revise the “NTD and Foreign-Currency Commercial Paper Information” product. We held a member consultation meeting for “non-guarantee commercial paper related information products” on June 17, 2011 and for “revision of reporting guidelines for non-guarantee commercial paper information” on November 22, 2011 to exchange views with members as reference for revision of reporting operation and product improvement.



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(5) We looked into the construction of a financial leasing credit information database based on the payment and contract information reported by financial leasing companies and the provision of related information products for financial leasing companies and banks. The position of the Bankers Association on this matter was that the availability of business information of financial leasing companies would be a big help for banks to accurately evaluate their risk exposure in extending credit to clients; however in consideration of the interests of banks and what kind of price to pay in order to obtain such information for use by banks, cautious evaluation is recommended. The Bankers Association also pointed out that it should be taken into consideration that financial leasing business was not a chartered business and its supervisory level was different from that of banking business.

### 5. Debt workout information products

(1) We continued to attend the “Debt Workout, Debt Restructuring and Liquidation Operation and Process Ad Hoc Meeting” held by the Banker Association’s Unsecured Debt Negotiation Committee and revise the contents of debt workout information products in line with the needs of member institutions. We also decided to align the disclosure period of debt negotiation/ debt workout information products with that of “Z13 Supplemental and Notation Information under Consumer Debt Clearance Act” and the new rule will be implemented starting March 1, 2011.

(2) To help debtors who apply for debt workout understand their debt situation before starting the negotiation, we introduced the “Detailed Information of Unsecured Debt” for download by banks and for the reference of debtors starting April 26, 2011.

(3) To help financial institutions assess the outstanding debt of debt workout applicants held by asset management companies, we began to provide claim transfer information in the “List of Bank Creditors – Consumer Debt Clearance Act” on June 1, 2011.

(4) In conjunction with paragraph 2, Article 67 of the *Consumer Debt Clearance Act*, we constructed a “Debt Restructuring Payment Information Platform” and develop two new products – “Z63 Notification for Debt Restructuring Payment Information” and “Z64 Financial Institution’s Claim Details and Debtor’s Payment Information under Debt Restructuring Payment Platform”, which are rolled out on August 1, 2011.



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6. In coordination with the “Unsecured Consumer Debt Extension Program for Economically Disadvantaged Debtors with Difficulty in Making Repayment” drafted by the Bankers Association, we rolled out two new products-“Z68 Notification for Extending Payment of Unsecured Debt” and “Z69 Profiles of Debtors and Results of the Application for Unsecured Debt Extending Payment” on September 15, 2011 to make it easier for banks to notify other creditor banks the results of applicant qualification review.

### **(B) Development, Monitoring and Improvement of Credit Scoring Models**

1. We continued to monitor the variables and performance of corporate and consumer credit scoring models every month and publish the monitoring reports on a quarterly basis. We also held workshops to relate to member institutions the performance of the most updated models and share the analysis results on important risk management issues.
2. For member institutions that used credit scoring products, we tried to understand their use of the products and study, explain and follow-up on the problems they had encountered. We also produced and provided custom-made analysis results tailored to the needs of member institutions as additional reference for member institutions to incorporate credit scoring into their credit policy.
3. We assisted a number of member institutions in constructing models based on the research service platform, conducting risk assessment of their loan portfolio and testing subsequent strategy for use of scoring models to expand the business applications of credit scoring products. We also visited a number of banks to seek their opinions on new types of products and services that might be useful to them.

### **(C) Stepping up Research and Development**

1. We built an archive on the 178 products currently available for inquiries and completed the development of the “Standard Credit Information Products Maintenance System” on March 25, 2011, and undertook the first product maintenance operation at the end of April.
2. We examined and improved the 178 products currently available for inquiries in the JCIC credit information product development meetings based on the reporting and inquiries made by member institutions.



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3. In line with the amendment of the *Personal Information Protection Act*, we continued to support the FSC and the Bankers Association in studying the necessity of amending the Banking Act or other financial administration regulations and changing the content of principal's written consent.
4. We continued to embark on research on topics such as valuation of loans and receivables under IFRS 9, latest Basel requirements, gathering of LGD data, EAD measurement, risk pricing and stress test, and watched closely the latest development of relevant rules and research results at home and abroad, and share our views in seminars and forums with supervisory authority and financial institutions based on our experience and the current domestic environment.

### **E. Maintaining the Stability of IT System, Expanding and Upgrading Computer System**

#### **(A) Enhancing System Stability and Availability**

1. To prevent the 2011 bug (year 100 according to Taiwan calendar system), we set up a response center during the crossover of the year (December 31, 2000 ~ January 3, 2011) to monitor the operations of our IT system.
2. To maintain the effectiveness of the information system monitoring and alert platform so as to ensure early discovery, and prompt notification and handling of abnormal events, we renewed the annual contract for system monitoring and maintenance service on August 19, 2011.

#### **(B) Maintaining Continuous Operations**

1. We completed the actual switch of operation to a same-site redundancy location on April 23, 2011.
2. We completed an off-site redundancy drill on May 19, 2011.
3. We carried emergency shutdown training and drill on May 24, 2011 and June 7, 2011, respectively.
4. We conducted fire drill on June 14, 2011 and July 1, 2011, respectively.
5. We conducted same-site redundancy function adjustment and testing on October 16, 2011.



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6. We completed the actual switch of operation to an off-site redundancy location on November 19, 2011.
7. We continue to carry out routine system operation, batch and backup operations, computer room monitoring and management.

### **(C) Upgrading the IT Hardware and the Efficiency of Application Systems**

1. We added four units of fiber optic switch on March 31, 2011.
2. We replaced three units of application security manager at the main center and off-site redundancy center on June 15, 2011.
3. We planned to divide the information environment areas into operation, development, testing, data input/output control, project research and OA, and implement different control mechanism for different areas.

### **(D) Boosting the Functions of Application Systems**

1. We developed a program for defiling of debt negotiation and debt workout information past the disclosure period and implemented the program on March 1, 2011.
2. We completed the automation of credit information upload check on March 1, 2011 to curtail the manual handling process and reduce the frequency of programmer intervention.
3. We developed a "Standard Credit Information Products Maintenance System" and rolled it out on March 25, 2011.
4. We developed a loan related product on March 31, 2011 that contains loan balance change information and the amount of DBR22 minus the appraised value of collateral.
5. To help member banks in carrying out stress test, we started to provide a DRB22 testing service platform on May 1, 2011 and complete the testing on June 30, 2011.
6. We developed a "Post Office Credit Report Application Collection and Verification System" and rolled it out on May 1, 2011.
7. We constructed a debt structuring and liquidation information exchange platform on August 1, 2011 to enable the reporting of debt restructuring information and provided related credit information products.



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8. We developed a “List of Creditors for Use in Unsecured Consumer Debt Extension Program”, the program for reporting extension data and extension information product on September 1, 2011.
9. We completed the development of “New Member New Inquiry Consent Form Filing Check Mechanism” on September 30, 2011.
10. To meet the information security needs, we carried out the segregation of the main server applications and database on October 1, 2011.

### **F. Enhancing the Content and Quality of Other Services**

#### **(A) Enhancing the Auxiliary Services (Workshops, Training, etc.) to Member Institutions**

We held 26 workshop sessions for member institutions in 2011. The courses offered included “Identity Confirmation Process for Data Principals, Reporting of Fraud Cases, and Notation of Repayment by Relatives (Third Parties)”, “Operations Relating to Consumer Debt Clearance Act”, “Credit Information Products Workshop – Customized Inquiry”, “Credit Information Products Workshop- Corporate finance”, “Credit Information Products Workshop – Consumer Finance (for Farmers’ and Fishermen’s Associations)”, “Credit Information Products Workshop – Consumer Finance”, “Merchant Data Reporting and Check Operation”, “Credit Card Data Reporting and Check Operation”, “Loan Data (Collateral) Reporting and Check Operation”, and “Loan Data Reporting and Check Operation.”

#### **(B) Continuing to Review the JCIC Fee Schedule for Inquiries about Credit Information by Members**

We started to charge fees for eight previously free credit-oriented products on January 1, 2011. To learn the possible impact of the new fee policy, we presented an analysis on the inquiry volume and income from those eight products in the 71st product development meeting held on August 19, 2011, and drafted a “2011 Impact Analysis Report on the Inquiry Volume and Income of Eight Free-to-Fee Products” according to the instruction given in the meeting. The analysis report has been presented in the 6th term twelfth JCIC board of directors’ meeting held on September 23, 2011.



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### **(C) Promoting Works in Connection with the Competent Authority's Supervisory Review and Promoting Other Works**

1. We provided the FSC Banking Bureau with information on IRB application review operations in other countries and consultation on domestic IRB application cases as reference for the competent authority in making policy decisions.
2. We assisted the FSC in carrying out routine stress test of domestic banks:
  - (1) We served as the lead agency for the FSC "New Basel Capital Accord Joint Research Task Force – Stress Testing Team" and completed the preliminary draft of "Credit Risk Stress Test Guide" in May 2011, and then presented it to all domestic banks in a forum held by the Bankers Association on July 15, 2011. After modifying the Guide based on the inputs of various banks, the final draft of the Guide was completed on December 5, 2011 and submitted to the FSC Banking Bureau and the Bankers Association. To help banks implement the "Credit Risk Stress Test Guide" and provide them with customized information services, we completed the planning of fees schedule for customized information services and operations.
  - (2) Following the method employed for stress test in the previous year, we assisted the FSC Banking Bureau to carry out stress test in 2011 by completing the upgrade of parameters in bank stress testing operation in early March 2011 and providing member banks with information services. In 2011, 15 banks made inquiries on stress testing services and the stress test operation was completed on June 30, 2011.
3. We provided statistical reports in line with the needs of the competent authority or other supervisory agencies
  - (1) We provided monthly statistical reports on unsecured consumer debt, cash cards and credit cards, debt workout and Bankers Association's debt negotiations to the FSC, the Central Bank and Bankers Association. Starting June 2011, we provide 13 additional reports to the Banking Bureau, including "credit card and cash card holders with overdue payment of three months or longer" and "subsequent actions for cardholders reneging on 2006 debt negotiation/debt workout."



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(2) As requested by the FSC, we added a “monthly report on switch of payment method by credit cardholders that have been using revolving credit on a long-term basis” to the monthly credit card statistical reports. We also started to regularly provide “statistics of interest rate decrease for credit cardholders that have been using revolving credit on a long-term basis and switch payment method” in February 2011 for the reference of the FSC.

(3) We provided the Banking Examination Department and the Economic Research Department of the Central Bank as well as the Council for Economic Planning and Development with monthly outstanding loans statistics reports, and provided the Banking Examination Department with nine other types of reports, including new loans, over-due loans, top 50 enterprise-group borrowers, top 20 borrowers, corporate financial statements, corporate default rates, individual historical default rates, personal loans outstanding - by use purpose and percentage of real estate loan-to-value ratio. We also provided the Economic Research Department of the Central Bank with statistical data on the housing loan balance, new loans and LTV.

(4) Based on the housing loan information reported by banks, we produced housing loan statistical reports in line with the supervisory needs of the competent authority.

(5) We provided Construction and Planning Agency, Ministry of Interior statistical reports on real estate transaction prices on a quarterly basis as requested.

(6) We provided the Securities and Futures Bureau with the lending information of securities firms once every six months.

### **(D) Enhancing the Quality of Service to the Public**

1. We streamlined the credit report application process through the construction of a “Credit Report Data Filing Platform” to provide speedy service.

(1) We rolled out a “Credit Report Application System” on March 9, 2011 to shorten the time for manual operation and changed the paper for printing credit report from continuous watermark to A4 watermark paper.

(2) We continued to gather and compile user opinions and revised the functions of the “Credit Report Application System” between May 23, 2011 and August 15, 2011.



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2. To make it easier for people to apply for personal credit report at a convenient location, we looked into the possibility of accepting personal credit report application through Chunghwa Post. The proposal was passed in the 6th term tenth board of directors meeting on March 22, 2011. On April 2, we drew up the work manual for “JCIC Engaging Chunghwa Post to Accept and Verify Personal Credit Report Applications”; on June 7, we signed a service contract with Chunghwa Post; and on June 22 ~ June 24, we arranged JCIC personnel to carry out onsite simulation drill (at designated post offices). We submitted a report on the simulation drill to the 6th term eleventh board of directors meeting on June 22 and submitted a proposal to the FSC for approval on June 30. Starting July 1, 303 post offices in metropolitan areas or with adequate manpower across the country can accept personal credit report applications.
3. We produced promotional materials to help the public understand their own credit and to raise public awareness of the importance of maintaining good credit.
  - (1) We issued “Claim Transfer Q&A” and revised pamphlets on “alert account” and “credit information period” on July 1, 2011. The promotional materials are available at the 16F business lobby of JCIC and JCIC website for free pick-up and download.
  - (2) Between the end of June and early July 2011, we ran a campaign to promote the new service of personal credit report application via the post office by posting ads on print media, posting flyers, producing pamphlets, and posting announcement on the websites of JCIC and Chunghwa Post.
  - (3) We produced the promotional materials on “How to Read Your Credit Report” and issued the material on November 1, 2011.
  - (4) We revised the “Customer Service Q&A” pamphlets based on the questions frequently asked by member institutions and credit principals. The new pamphlet was issued on October 31, 2011 to help improve the quality of our phone and over-the-counter services for answering questions asked by the public.
4. We implemented a volunteer service system on June 1, 2011. The volunteers will help with services to members of the public who come to the JCIC counter for help.



## Highlights of 2011

5. Starting September 1, 2011, we offered one free copy of the “List of Creditors for Unsecured Consumer Debt Extension Program” to applicants a year. In addition, to help the economically disadvantaged groups, we included “people with catastrophic illness” and “victims of major disaster” in the favorable credit report inquiry fees program.
6. Taking JCIC’s information security into consideration, we continued to review the functions of the “Credit Information Correction Platform” to speed up the processing of data correction requests made by member institutions. We also tallied the misreported cases of respective member institutions periodically once every six months and sent the statistics to the head offices of financial institutions with a copy sent to the Banking Bureau and the Bankers Association and urged financial institutions to ensure the accuracy of customer credit data reported.

### **G. Internal Management**

#### **(A) Stepping up the Efficiency of Internal Management**

1. We continued to review 41 internal management rules and make timely amendments whenever necessary.
2. In the continuing efforts to improve information security control and internal control systems, we promoted “self-evaluation of information security” and “self-evaluation of internal controls” by the internal departments, which were conducted 24 times and 32 times, respectively, to enhance internal controls.
3. With the aid of the automated document management system, we followed up on the decisions made in the board of directors meetings and internal business meetings on a semi-monthly basis. We also periodically reported on the status of the decisions made by the board of directors every year to improve the effectiveness of corporate governance.
4. We continued to implement an automated consumables management system, which produces quarterly two-period consumables consumption comparison reports to beef up the consumables requisition management and inventory control of consumable articles and save management costs.



# Highlights of 2011

5. We held a procurement review meeting in March 2011 to examine the available supplier list, and five suppliers were blacklisted.
6. We held a meeting for revising the “Inter-Department Work Manual – Procurement Operation” on September 6, 2011. It was decided that procurement cases exceeding NT\$1 million shall be open to public tender and the public notice period shall be extended from 7 days to 10. The new rule was implemented on September 13, 2011.

## **(B) Carrying out Internal Audits**

We conducted 28 internal audits and weekly spot checks of “Insider Inquiries and Maintenance Records” in 2011. The audit results and improvement actions taken were reported to the tenth and eleventh meetings of the sixth board of directors as well as the first supervisors meeting of 2011.

## **(C) Enhancing Employee Competency**

1. We drew up an on-the-job training guideline and hours of professional training required for personnel working in various capacities to enhance training and hone the professional competency of employees.
2. We continued to hone the professional skills and know-how of employees by holding lunch-break lectures, motivational enhancement activities, cultural events, and group activities to forge solidarity among the employees.
3. To enhance the professional knowledge of employees and enrich the collection of books in our library, we continued to purchase books in various categories and employed a book management system to produce statistical data on book collection and book loans.

## **H. Others**

### **(A) Expanding Membership Base**

1. In coordination with the legislative progress for a financial leasing company law and the policy of the competent authority, we studied issues relating to accepting financial leasing companies as JCIC members.



## Highlights of 2011

2. The Council of Agriculture (COA) has authorized 26 farmers' associations (FA) to reinstate their credit department since April 2004, of which 25 have become JCIC members under the JCIC's assistance program. In June 2010, Pingtung Linbian Township FA with its credit department reinstated became a JCIC member under continuous assistance from the JCIC. Currently there are still ten farmers' and fishermen's association that have not applied to the COA for reinstatement of their credit departments. We will provide them with assistance once they receive COA approval.

### **(B) Participating in International Activities to Draw upon International Experience and Gain International Exposure**

1. We continued to prepare for the 8th World Consumer Credit Reporting Conference (WCCRC), to be hosted by the JCIC in 2012:

The conference date, venue, dinner banquets, performance programs, and tour itineraries and budget as planned by the JCIC for the 2012 8th WCCRC have been confirmed and agreed by two major organizers of the event, that is, the Consumer Data Industry Association (CDIA) and the EU's Association of Consumer Credit Information Suppliers (ACCIS). The two organizers sent representatives to Taiwan in August 2011 to conduct an on-site inspection and sign an agreement with the JCIC in September 2011, which affirms the cooperative relationship of three parties as co-organizers of the event and sets out the principle of profit (loss) allocation under the ROC's tax regulations.

2. We actively participated in international meetings and conferences to exchange experience and share risk information with our international counterparts and vied for the opportunity to host such events. In 2011, we sent staff to visit credit information institutions in Hong Kong, South Korea and Japan:

- (1) In August 2011, we sent representatives to visit Experian, a personal credit report organization in Hong Kong to learn about the use of credit information and relevant regulations in Hong Kong. The JCIC representatives also visited Taiwan banks in Hong Kong to learn how credit information service helps banks in risk management.

- (2) In August 2011, we sent representatives to South Korea to visit two credit report organizations, the non-profit Korea Federation of Banks (KFB) and the



## Highlights of 2011

for-profit Korea Credit Bureau (KCB). Through onsite visits, we understood better the overall situations of South Korea's credit market and credit report organizations. We also gained in-depth understanding of those organizations in the aspects of business characteristics, operating status, value-added services, consumer credit report service and information security measures.

(3) In November 2011, we sent representatives to visit four credit information organizations in Japan, which were respectively the Personal Credit Information Center of the Japan Bankers Association (JBA), the Japan Credit Information Reference Center (JICC), the Credit Information Center Corp (CIC), and Teikoku Databank to learn about the features of Japan's credit market, the operating status of credit information organizations in Japan and their information security practice. The JCIC representatives also took the opportunity to learn about the legal frameworks for personal data protection and credit market in Japan as and aid in the business operations and information security operation of the JCIC.



## List of Member institutions

### Domestic Banks (38)

Bank of Taiwan	Agricultural Bank of Taiwan	Far Eastern International Bank
Land Bank of Taiwan	China Development Industrial Bank	Yuanta Bank
Taiwan Cooperative Bank	Industrial Bank of Taiwan	Bank SinoPac Company Limited
First Commercial Bank	Taiwan Business Bank	E. Sun Commercial Bank, Ltd.
Hua Nan Commercial Bank, Ltd.	Standard Chartered Bank (Taiwan) Ltd.	Cosmos Bank, Taiwan
Chang Hwa Commercial Bank	Taichung Commercial Bank	Taishin International Bank
Citibank Taiwan Ltd.	King's Town Bank	Ta Chong Bank Ltd.
The Shanghai Commercial & Savings Bank, Ltd.	Hwatai Bank	Jih Sun International Bank
Taipei Fubon Commercial Bank	Shin Kong Commercial Bank	En Tie Commercial Bank
Cathay United Bank	Sunny Bank	Chinatrust Commercial Bank
The Export-Import Bank of the Republic of China	Bank of Panhsin	HSBC Bank (Taiwan) Ltd.
Bank of Kaohsiung	Cota Commercial Bank	Bank of Taipei
Mega International Commercial Bank	Union Bank of Taiwan	



# List of Member institutions

## Taiwan Branches of Foreign Banks (20)

Citibank N.A.	UBS AG	Standard Chartered Bank
Bank of America, N.A.	United Overseas Bank	Sumitomo Mitsui Banking Corporation
Bangkok Bank Public Company Ltd.	Deutsche Bank AG	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Metropolitan Bank and Trust Co.	The Bank of East Asia, Ltd.	Australia and New Zealand Banking Group Ltd.
BNP PARIBAS	DBS Bank Ltd, Taipei Branch	Oversea-Chinese Banking Corporation Ltd.
The Hongkong and Shanghai Banking Corp., Ltd.	ING Bank, N.V.	JPMorgan Chase Bank, N.A.
Calyon Corporate and Investment Bank	Mizuho Corporate Bank, Ltd.	

## Bills Finance Companies (8)

Mega Bills Finance Corp.	Dah Chung Bills Finance Corp.	Ta Ching Bills Finance Corp.
China Bills Finance Corp.	Taiwan Finance Corp.	Taiwan Cooperative Bills Finance Corp.
International Bills Finance Co., Ltd.	Grand Bills Finance Co.	

## Securities Finance Companies (2)

Global Securities Finance Co., Ltd.	Yuanta Securities Finance Co., Ltd.
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## List of Member institutions

### Credit Cooperative Associations (25)

The Fifth Credit Cooperative Association of Taipei	The Third Credit Cooperative Association of Hsinchu	The Fourth Credit Cooperative Association of Chiayi
The Ninth Credit Cooperative Association of Taipei	The Second Credit Cooperative Association of Taichung	The Third Credit Cooperative Association of Tainan
The Keelung First Credit Cooperative	The First Credit Cooperative Association of Changhua	The Third Credit Cooperative Association of Kaohsiung
The Second Credit Cooperative Association of Keelung	The Fifth Credit Cooperative Association of Changhua	The First Credit Cooperative Association of Hualien
The Danshuei First Credit Cooperative Bank	The Sixth Credit Cooperative Association of Changhua	The 2nd Credit Cooperative Association of Hualien
The Danshuei Credit Cooperative Association of Taipei County	The Tenth Credit Cooperative Association of Changhua	The First Credit Cooperative Association of Penghu
The Yilan Credit Cooperative Association of Yilan County	The Credit Cooperative Association of Lugang	The Second Credit Cooperative Association of Penghu
Credit Cooperative Association of Taoyuan	The Third Credit Cooperative Association of Chiayi	Kinmen Credit Cooperative Association
The First Credit Cooperative Association of Hsinchu		



## List of Member institutions

### Life Insurance Companies (19)

Taiwan Life Insurance Co., Ltd.	Fubon Life Assurance Co., Ltd.	Hontai Life Insurance Co., Ltd.
Prudential Life Assurance Co., Ltd.	Global Life Insurance Co., Ltd.	Allianz President Life Insurance Co., Ltd.
Cathay Life Insurance Co., Ltd.	Mass Mutual Mercuries Life Insurance Co., Ltd.	New York Life Insurance Taiwan Corporation
China Life Insurance Company, Ltd.	Chaoyang Life Insurance Co., Ltd.	Metlife Taiwan Insurance Co., Ltd.
Nan Shan Life Insurance Co., Ltd.	Singfor Life Insurance Co., Ltd.	BankTaiwan Life Insurance Co., Ltd.
Kuo Hua Life Insurance Co., Ltd.	Far Glory Life Insurance Co., Ltd.	TransGlobe Life Insurance Inc.
Shin Kong Life Insurance Co., Ltd.		

### Property Insurance Companies (2)

Cathay Century Insurance Co., Ltd.	Tokio Marine Nawa Insurance Co., Ltd.
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### Credit Departments of Fishermen's Associations (25)

Keelung District	Changhua District	Yongan District
Wanli District	Yunlin District	Donggang District
Rueifang District	Chiayi District	Liouciou District
Toucheng District	Nansh District	Singang District
Su-ao District	Nansian District	Fishermen's Association of Penghu
Taoyuan District	Kaohsiung District	Linyuan District
Hsinchu District	Siaogang District	Singdagang District
Nanlong District	Siaogang District	Linbian District
Tongyuan District	Mituo District	



## List of Member institutions

### Credit Departments of Farmers' Associations (277)

Shihlin District	Taishan Township	Gueishan Township
Beitou District	Linkou Township	Bade City
Neihu District	Lujhou City	Dasi Township
Nankang District	Wugu Township	Fusing Township
Mujha District	Bali Township	Dayuan Township
Jingmei District	Danshuei Township	Lujhu Township
Keelung City	Sanjihh Township	Hsin Chu City
Jinshan District	Shihmen Township	Jhubei City
Banciao City	Yilan City	Hukou Township
Sijhih City	Toucheng Township	Sinpu Township
Shekeng Township	Jiaosi Township	Guansi Township
Shihding Township	Jhuangwei Township	Cyonglin Township
Rueifang District	Yuanshan Township	Baoshan Township
Pingsi Township	Luodong Township	Sinfeng Township
Sindian District	Sansing District	Jhudong District
Pinglin Township	Wujie Township	Hengshan District
Jhonghe District	Dongshan Township	Beipu Township
Tucheng City	Suao District	Emei Township
Sansia Township	Pingjhen City	Jhunan District
Shulin City	Longtan Township	Toufen Township
Yingge Township	Yangmei Township	Sanwan Township
Sanchong City	Sinwu Township	Nanjhuang Township
Sinjhuang City	Taoyuan City	Shihtan Township



## List of Member institutions

Houlong Township	Datu Township	Sioushuei Township
Tongsiao Township	Shalu Township	Lugang Township
Yuanli Township	Longjing Township	Siansi Township
Miaoli City	Wuci Township	Fusing Township
Zaociao Township	Cingshuei Township	Hemei Township
Touwu Township	Dajia Township	Shengang Township
Gongguan Township	Waipu Township	Yuanlin Township
Dahu District	Da-an Township	Shetou Township
Tongluo Township	Shengang Township	Yongjing Township
Sanyi Township	Fengyuan Township	Pusin Township
Sihu Township	Nantou City	Sihu Township
Jhuolan Township	Jhongliao Township	Dacun Township
Taichung City	Caotun Township	Tianjhong Township
Tai ping City	Guosing Township	Beidou Township
Dali City	Puli Township	Tianwei Township
Wufong Township	Ren-ai Township	Pitou Township
Wurih Township	MingJian Township	Sijhou Township
Houli Township	Jiji Township	Jhutang Township
Shihgang Township	Shueili Township	Erlin Township
Dongshih Township (Taichung)	Yuchih Township	Dacheng Township
Heping Township	Sinyi Township	Ershuei Township
Sinshe Township	Jhushan Township	Puyan Township
Tanzih Township	Lugu Township	Fenyuan Township
Daya Township	Huatan Township	Fangyuan Township



## List of Member institutions

Changhua City	Jhuci District	Cigu Township
Dounan Township	Alishan Township	Guanmiao Township
Dapi Township	Jhongpu Township	Longci Township
Huwei Township	Shueishang Township	Guantian Township
Tuku Township	Lucao Township	Madou Township
Linnei Township	Taibao City	Jiali Township
Baojhong Township	Puzih City	Sigang Township
Dongshih Township (Yunlin County)	Dongshih Township	Jiangiyun Township
Taisi Township	Lioujiao Township	Syuejia Township
Lunbei Township	Singang Township	Beimen Township
Mailiao Township	Minsyong Township	Singing City
Douliou City	Dalin Township	Houbi Township
Gukeng Township	Sikou Township	Baihe Township
Cihtong Township	Yijhu Township	Dongshan Township
Siluo Township	Budai Township	Sinshih Township
Erlun Township	Tainan City	Lioujia Township
Beigang Township	YongKang City	Siaying Township
Shueilin Township	Gueiren Township	Liouying Township
Kouhu Township	Sinhua Township	Yanshuei Township
Sihhu Township	Zuojhen Township	Shanhua Township
Yuanchang Township	Yuching Township	Danei Township
Chiayi City	Rende Township	Nanhua Township
Fanlu Township	Anding Township	Nanshi Township
Meishan Township	Shanshang Township	Kaohsiung City



## List of Member institutions

Siaogang District	Jiasian Township	Pingtung County
Renwu Township	Jiading Township	Hualien City
Dashe Township	Neimen Township	Sinsiou District
Dashu Township	Jiouru Township	Jian Township
Liouguei Township	Ligang Township	Shoufong Township
Gangshan Township	Linluo Township	Fongrong District
Lujhu Township	Neipu District	Guangfeng District
Alian Township	Kinding Township	Rueisuei Township
Tianliao Township	Nanjhou District	Yusi District
Yanchao Township	Donggang Township	Fuli Township
Ciaotou Township	Liouciou Township	Taitung District
Zihguan Township	Fangshan District	Luye District
Mituo Township	Hengchun Township	Guanshan Township
Yongan Township	Manjhou Township	Chihshang Township
Hunei Township	Pintung City	Donghe Township
Fongshan City	Checheng District	Chenggong Township
Daliao Township	Fangliao Area	Changbin Township
Linyuan Township	Jutian Township	Taimali District
Niao-Song Township	Wandan Township	Penghu County
Cishan Township	Changjih Township	Lienchiang County
Meinong Township	Linbian Township	Taiwan Province
Shanlin Township		



## List of Member institutions

### Credit Card Issuers (5)

National Credit Card Center of R.O.C.	Aeon Credit Card (Taiwan) Co., Ltd.	Global Payments Asia Pacific Hong
American Express Cards Internation Inc.	Diners Club International Taiwan ,Ltd.	

### Other Institutions Approved by the Competent Authorities (5)

Small and Medium Business Credit Guarantee Fund (SMEG)	Small Business Integrated Assistance Center	Chunghwa Post Co., Ltd.
Agricultural Credit Guarantee Fund	Central Deposit Insurance Corp.	



# Financial Statement

## Statement of Financial Position

As of December 31, 2011  
UNIT : NT\$

Assets	
Current Assets	
Cash and Cash Equivalents	3,981,271,705
Account Receivables	146,102,479
Other Financial Assets-Current	23,904,180
Prepaid Items	12,707,804
Other Current Assets	471,852
Total Current Assets	4,164,458,020
Funds & Investments	
Financial Assets Carried at Cost-Noncurrent	4,580,094
Total Funds & Investments	4,580,094
Fixed Assets	
Land	573,980,779
Building	414,875,311
Less Accumulated Depreciation	( 86,191,242 )
Transportation Equipments	2,563,750
Less Accumulated Depreciation	( 1,859,157 )
Computer Equipments	470,313,055
Less Accumulated Depreciation	( 405,278,910 )
Other Equipments	96,802,263
Less Accumulated Depreciation	( 81,026,991 )
Prepaid Equipments	1,000,000
Total Fixed Assets	985,178,858
Other Assets	
Deposit-out	697,250
Collections	600,000
Total Other Assets	1,297,250
Total Assets	5,155,514,222
Liabilities and Surpluses	1,895,576,603
Current Liabilities	
Income Tax Payable	53,733,529
Account Payables	77,331,959
Other Payables	5,452,853
Receipts in Advance	63,100
Other Current Liabilities	328,700
Total Current Liabilities	136,910,141
Other Liabilities	
Accrued Pension Liabilities	74,023,541
Deposit-in	1,439,444
Reserve of Operating Indemnity	1,683,203,477
Total Other Liabilities	1,758,666,462
Total Liabilities	1,895,576,603
Fund and Surpluses	
Fund	3,000,000,000
Fund Received in Advance	1,112,300
Retained Surpluses	258,825,319
Total Fund and Surpluses	3,259,937,619
Total Liabilities and Surpluses	5,155,514,222

# Financial Statement

## Statement of Revenues, Expenses and Retained Surpluses

January 1 ~ December 31, 2011 & 2010  
UNIT : NT\$

Items	2011		2010	
	Amount	%	Amount	%
<b>Revenues</b>				
Inquiry Charges	\$ 830,440,207	97	\$ 729,821,967	99
Publication Revenue	30,749	-	30,541	-
Net Operating Revenues	830,470,956	97	729,852,508	99
Interest Income	26,528,382	3	7,602,805	1
Dividend Income	1,958,783	-	1,962,943	-
Gain on Sale of Equipment	1,429	-	4,381	-
Rental Income	159,999	-	182,856	-
Other Revenues	306,719	-	164,644	-
<b>Total Revenues</b>	<b>859,426,268</b>	<b>100</b>	<b>739,770,137</b>	<b>100</b>
<b>Expenses</b>				
Operating Expenses	564,545,419	66	569,337,887	77
Current Period Surplus before Income Tax	294,880,849	34	170,432,250	23
Income Tax Expense	( 53,797,198)	(6)	( 35,670,531)	(5)
<b>Current Period Surplus</b>	<b>\$ 241,083,651</b>	<b>28</b>	<b>\$ 134,761,719</b>	<b>18</b>

The financial statements above have been audited by Deloitte & Touch, approved in the 15th joint meeting of the 6th-term directors and supervisors of JCIC, and on record with the Financial Supervisory Commission, Executive Yuan per letter Gin-Guan-Ying-Guo-Zi-10100105830 dated April 17, 2012.



## Major Events in 2011

Date	Contents
2011/12/20	JCIC holds the 2011 annual event of “Best Member Institutions and Best Individuals in Credit Information Security Management and Credit Information Reporting”, in which 9 institutions and 9 individuals receive the “Golden Security Award” and 14 institutions and 15 individuals receive the “Golden Quality Award.”
2011/11/30	Credit information product “Y01 Service of tax notices” is taken off-line.
2011/11/15	TransGlobe Life Insurance becomes a JCIC member.
2011/11/14	Taipei Branch of JPMorgan Chase Bank becomes a JCIC member.
2011/11/01	To enable financial institutions to review overseas study student loan applications under the subsidy programs of the Ministry of Education and Taipei City Government, JCIC updates the “B99 Overseas study student loan review information” product menu, and the original BAM991 “Student loan subsidy disbursement record” unit is replaced by BAS992 “Notation of prior receipt of overseas study student loan.”
2011/10/01	Seven credit information products, including “F13 Ranking of business operating income-by industry”, “F14 Five-year financial statements information- by enterprise”, “F15 Five-year financial ratios information-by enterprise”, “F21 Credit & financial related information of enterprise and industry”, “N03 Monthly revenue information of public companies”, “N10Quarterly financial statements for the three years & key financial ratios of public companies” and “N11 Growth rate ranking by industry” are taken off-line starting October 1, 2011 due to low inquiry rate.
2011/09/15	In coordination with the “Unsecured Consumer Debt Extension Program for Economically Disadvantaged Debtors with Difficulty in Making Repayment” drafted by the Bankers Association, JCIC rolls out two new products- “Z68 Notification for extending payment of unsecured debt” and “Z69 Profiles of debtors and results of the application for unsecured debt extending payment”, which become available for inquiry on September 15, 2011.
2011/09/01	JCIC offers one free copy of the “List of Creditors for Unsecured Consumer Debt Extension Program” to applicants a year. In addition “people with catastrophic illness” and “victims of major disaster” are eligible for favorable credit report inquiry fees.
2011/08/31	JCIC Chairman Fu-hsiung Hu on behalf of JCIC accepts the commendation from the Financial Supervisory Commission as “2011 Outstanding Peripheral Financial Institution in Preventing Financial Fraud.”



## Major Events in 2011

Date	Contents
2011/08/10 -08/12	Representatives of Consumer Data Industry Association (CDIA) and the EU's Association of Consumer Credit Information Suppliers (ACCIS) visit Taiwan to conduct an on-site inspection of the venue and tour spots in connection with the 2012 World Consumer Credit Reporting Conference to be hosted by the JCIC.
2011/08/01	JCIC rolls out the Debt Restructuring Payment Information Platform on August 1, 2011.
2011/07/01	Applications for personal credit reports through post offices start today. In the preliminary trial stage, 303 post offices across the country provide the service.
2011/06/30	JCIC rolls out credit information product "Z70 Detailed information of unsecured debt."
2011/04/28	JCIC completes the construction of 2011 DBR22 stress test environment for member banks to make inquiry and conduct testing.
2011/04/27	JCIC begins to provide "Debt Negotiation – Debtor's Claim Details" for download by the largest creditor bank participating in the negotiation.
2011/03/31	<ul style="list-style-type: none"> <li>• Credit information product "B45 Outstanding loans for 15 months - by purpose of loan" becomes available for inquiry.</li> <li>• Two items are added to "B68 DBR22 unsecured debt and annual income information" – BAM504 (loan balance under DBR22 minus the appraised value of collateral) and KRM904 (credit card account information with combined issuers or combined bills).</li> </ul>
2011/03/30	JCIC receives the "Outstanding Performance in Millennium Conversion in Financial Market" from the Financial Supervisory Commission.
2011/03/01	The alignment of disclosure period for debt negotiation/debt workout information products with that of credit notation information is starting today.
2011/01/01	<ul style="list-style-type: none"> <li>• Per order of the Financial Supervisory Commission No. Gin-Guan-Yin-Fa-Zi- 09900424320 dated December 9, 2010, JCIC shortens the disclosure period for alert account from 5 years to 3 years starting today.</li> <li>• Starting today, eight previously free credit information products – "A50 Information on personal data", "Z07 Fraud cases information", "Z13 Supplemental and notation information", "Z14 List of credit cardholders with added or deleted supplement/notation in the last week", "Z15 List of credit cardholders with added or deleted supplement/notation on the previous day", "Z18 Statistics of fraud cases-by account holder", "K04 Credit card cancellation/suspension (by card issuer) list" and "K05 Credit card merchants' agreement termination (by acquiring center) list" will be charged a fee at cost.</li> </ul>



## Joint Credit Information Center

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