

**ABSTRACT**

The purpose of this project is to study customer attitudes toward telephone banking services of Hong Kong retail banking industry. The result was used to present recommendations for banks to improve telephone banking services and to attract more customers.

In a consumer survey, we found that most respondents had used telephone banking services before. Characteristics of these users were of relatively higher education level, higher income level, and a higher percentage owned ATM / credit cards as compared with non-users. Most customers used telephone banking two to three times per week for account-related services and "Payment by phone".

The two most effective media channels for banks to attract customers were direct mailing and in-branch sales promotions.

For those customers who used telephone banking two to three times per week (the 'medium frequency users'), they preferred operators than

computer controlled answering systems; for those who used telephone banking four times or more per week (the 'heavy users'), they preferred computer controlled answering system. Most respondents were satisfied with the services provided. The major reasons for non-users not using telephone banking services were that they perceived 'no such need' or 'did not know whether their banks provided this service'.

As most customers only use their telephone banking services for account related services, we recommend that the message or theme for mass media promotional be modified to be more "educational", so that the audience be better informed about the practical side of telephone banking services.

The computer controlled answering machine is a useful method to reduce operating costs due to Hong Kong's high rents and salaries, and should simplify its accessing procedure.

For banks to improve usage rate, they may spend more effort on middle to higher income class at this stage, as they are the early adopters for telephone banking.

As the main reason for non-users not using telephone banking is the awareness problem, we recommend banks to state more clearly the benefits of using telephone banking services on mass media promotion. They can encourage usage by offering gifts or organizing lucky draws, just like the intensive programs for credit cards.