

## **EXECUTIVE SUMMARY**

The global growth of electronic transactions shows people are becoming dependent on Smart Cards and similar devices for purchases, communication and services. This is also true in Hong Kong, as more than 95 percent of the population (aged from 15 to 65) owns the Smart Cards and use the electronic payment system.

Organizations from different sectors in various countries realize the opportunity of using the Smart Cards as another channel for businesses operation. In Hong Kong, the transport and retail sectors are leveraging the powerful capability of Octopus, an electronic payment system using contactless smart card trademarked as 'Octopus Card'. Octopus helps organizations maintain profitable growth by enabling them to automate work done by employees, reduce cost and retain customers simultaneously.

The adoption of ATM and EFTPOS in the 1980s lead smart card providers to consider that the uptake of the cards by customers would justify the capital expense of setting up systems. The small transaction costs of Octopus is more than offset by the 1% fee charged by the provider.

From the customer perspective, the use of Octopus on the outlets, such as transport, retail, parking and recreational facilities, that they commonly frequent, would bring benefits of convenience and speed. The aim of this study is to explore, and develop an understanding of the existing use of Hong Kong Octopus smart card and to ascertain other potential uses and how the

system can improve its utilization and the services provided.

The first section of this paper briefly introduces smart card technology and the Octopus system. The history and future development of the system will also be addressed in this section. The core concept of marketing, product development and e-commerce will be defined in the second chapter. After a briefly description on smart card and its technology, research methodology and the results of the survey would be covered in section three and four respectively before conclusions are drawn in the last section.