

Octopus hopes HK\$3 tip will win over cabbies

Enoch Yiu

Updated on Feb 08, 2012

Octopus has started giving Hong Kong cabbies a HK\$3 "tip" every time a passenger pays a fare using the smart card, to encourage more business, but drivers' unions say it is not a big enough incentive.

Octopus chief executive Sunny Cheung Yiu-tong said only 200 cabs, representing 1 per cent of the city's taxi fleet, had joined the programme after seven months. To encourage more drivers to accept Octopus card payments, it began paying "guaranteed tips" of HK\$3 for every trip settled using the smart card.

"We understand many taxi drivers do not like their customers to use Octopus cards, as they then find it difficult to get tips from passengers," Cheung said. "We believe that by offering HK\$3 cash per trip to drivers, we may boost the usage of Octopus. Right now, all Hong Kong public transportation vehicles except taxis accept Octopus cards. We want the guaranteed tip offer to encourage taxi drivers to accept Octopus as well."

Octopus, majority owned by the MTR Corporation, introduced its smart card in 1997. The card can be used to pay fares on the MTR, trains, buses, trams and ferries. It can also be used at convenience stores and fast-food shops. Some 25 million Octopus cards have been issued.

But to be able to accept Octopus card payments, taxi owners need to pay HK\$250 a month to rent a card reader, and 1 per cent of a driver's daily revenue is taken as an administration fee. After the deductions, the remaining "guaranteed tip" and payments are transferred into the taxi owner's bank account the next working day.

Kwan Yuk-wah, chairman of the Urban Taxi Drivers Association Joint Committee, which represents 7,000 cabbies, said the cash incentives might not be enough to attract many drivers to Octopus. "Many drivers need to pay cash to rent their cars from owners on a daily basis," Kwan said. "They also need to pay for the fuel every day. The Octopus system only pays the drivers the taxi fares one day after the payment is made. This affects the cash flow of the drivers." Kwan said some taxi drivers were also worried that the Octopus records might be used for taxation purposes, and so they preferred to take cash.

Ng Kwan-sing, chairman of the Taxi Drivers and Owners Association, said the cash offer would not be a big enough incentive for all drivers to use the system overnight.

"Many taxi drivers are self-employed," Ng said. "As such, it is hard to force them to accept Octopus cards, as some would consider the electronic payment method to be too much trouble."

enoch.yiu@scmp.com