

IT Enabled Abstract

IT-Enabled Incentive Schemes in Telephone Banking

In this paper we show that an IT-enabled suitable design of incentives improves the competitiveness of new marketing and distribution channels like telephone banking. Using and extending a framework developed by Nault and Dexter [8] for franchising, we show that an IT-enabled "ownership of customers" increases the effort of telephone consultants to establish ongoing customer relationships, leading to higher income for the consultants and higher profits for the banking firm. Moreover, it can be shown that the bank can optimize incentive parameters in such a way to achieve a first-best solution.

Sandbill, K., A. Will, H.U. Buhl and B.R. Nault, "IT-Enabled Incentive Schemes in Telephone Banking," in J.F. Nunamaker and R.H. Sprague (Eds.) Proceedings of the 30th Hawaii International Conference On Systems Sciences, Band III. Computer Society Press of the IEEE (1997) 249-257.
