Simplifying Fare Payment

Amy Linden
Metropolitan Transportation Authority

Mobey Forum
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MTA's fare payment systems today

- Costs $780 million per year
- MetroCard needs to be replaced or refreshed
- Slow transactions create bus service issues
- Significant cash handling
- Non-interoperable
- Onboard inspection for ungated railroads
- Cash customers have limited access to E-ZPass

MTA's goals

- Lower cost of revenue collection
- Speed up performance at turnstiles & fareboxes
- Improve customer experience
- Integrate fare payment across modes
- Future-proof the system

The token was simple

- Cash transactions
  - Sold at station booths
  - Sold as singles or ten-paks

- The token today

Source: www.etsy.com/listing/69930882/authentic-new-york-transit-authority

Source: www.etsy.com/listing/28957166/vintage-nyc-transit-token-ring

MetroCard was transformative

- Improved available fare products, all PIA
  - Unlimited ride travel passes
  - Value-based bonuses
  - Free transfers
- Expanded sales channels
  - At vending machines
  - Pre-encoded cards at retail merchants
- Increased payment methods
  - Credit, Debit, Prepaid, EBT

MetroCard was customizable

- Revenue and non-revenue access
- Photo IDs
- Restricted times
- Restricted uses
- Reloadable, non-reloadable
- *Almost 100 different forms of MetroCard exist today*

Mag-stripe technology not evolving

- Since MetroCard introduced in 1997, we've seen advances in:
  - 3g wireless & fiber optics that offer speed
  - Payment industry standards enabling contactless payments on existing networks
  - Prepaid cards and cash reload networks
  - Smart phones
  - Ubiquity of mobile devices

A closed loop mag-stripe card-based system can't take advantage of these

Adopting payment industry standards will result in better customer service at lower cost

Concept

- Merchant model base
  - PAYG or PIA fare transactions
  - Faster transaction time at reader
- Card/phone/device is unique identifier
  - Account-based, not card-based
  - Account may reside with bank, MTA, mobile phone network or other 3rd party provider (e.g., university)
- Tap at entry, on RFID-enabled readers
- Self-service on-line/ATMs/kiosks, and via widespread network of retail merchants

Opportunity ~~knocks~~ taps

- Simpler, faster and easier to use
  - No advance payment required
  - Buy online, not in line
  - Anywhere, anytime
- More convenient
  - No transit-specific fare media required, use own
  - Customer can self-serve and manage own account
  - Single fare payment medium for all MTA service
- Equitable access to electronic fare media
  - MTA-issued card and robust reload network

Less costly to MTA

- Commodity H/W & S/W
- Leverage existing payment industry processing
- Processes for limiting transaction costs
- Business and risk rules easily configurable
- System can evolve as technology & payment trends evolve…e.g., EMV, NFC
- Applicable to all MTA modes and agencies

Timeline (Preliminary)

- Limited acceptance for Bus PAYG starting in 2012
- All buses outfitted in 2013
- All subway stations ready in 2014
- Introduce MTA-issued card and reload in 2014
- Migrate current fare products during 2014-2016
- Ramp down MetroCard during 2015-2016
- New system fully implemented 2017

Challenges

- Perception benefits are only for the banked
- Customer trust and confidence in system
- Awareness & penetration of contactless cards
- Availability of subway station communications
- Commercial agreements w/payment industry
- Managing change for customers and employees

Transit as a merchant group

- Merchants prefer industry synchronization to lower the costs of new technology adoption – i.e., STANDARDS
- Current implementations of open payments
  - London (TfL) - Salt Lake City (UTA)

Other US transit systems currently procuring or planning open payment systems		
Chicago (CTA)	New Jersey (NJT)	So. Jersey/Philadelphia (DRPA/PATCO)
Dallas (DART)	Port Authority of NYNJ (PATH)	Washington, DC (WMATA)
Los Angeles (LACMTA)	Philadelphia (SEPTA)	

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