



## Cutting-Edge Card Payment Technology Saves Commuter's Time and Lowers Transit Authority Costs

As state governments grapple with reduced tax revenues due to the economic downturn, transit authorities have had to deal with declining state and local funding. According to a recent American Public Transportation Association (APTA) study, 83% of transit agencies surveyed reported receiving flat or reduced state aid. The study also reports that since 2006, transit systems have been carrying passengers on more than 10 billion trips a year, the highest level since the 1950s. Unfortunately, fares only account for approximately one third of their operating budgets. Despite continued strong ridership levels, APTA found that 71% of the nation's large systems have cut service, and half have raised fares.

### Replacing costly fare management systems

In this time of increased belt tightening, transit agencies have begun to look at ways to reduce costs, while still providing an improved customer experience. Many of the fare management systems in use today for collecting ridership fees for buses and trains are outdated, inefficient and expensive, and require transit riders to carry proprietary fare payment cards that have little or no use outside their local transit system.

Innovative new systems are poised to enter the marketplace and show real promise for cash-strapped transit agencies. These cutting-edge systems utilize reloadable cards based on bank grade, open payment standards. Reloadable cards, linked to a transactional account, can be tied to pass-holder programs. Such ubiquitous card solutions enable riders to use their transit cards for travel on buses, rail lines, or for special handicap access within a particular transit system. Cards

can easily be reloaded at various kiosks, authorized merchants, ATMs, or even online.

New open payment fare management systems also accept contactless transactions. Contactless transit cards improve the customer experience by making transactions faster, improving boarding times by reducing queues, and most importantly shifting media issuance, cash management, and related program administration costs

away from the transit authority to financial institutions and affiliated technology partners allowing transit authorities to focus on their core competencies.

### Removing cash from the system speeds up service

By encouraging riders to use transit cards, transit authorities can minimize the amount of cash in the system. When bus drivers and conductors no longer have to spend time dealing with cash transactions, valuable time is saved and risks reduced for drivers. Current fare management systems are extremely costly, taking critical dollars away from other pressing needs. Conversely, cards help to remove cash from the fare collection system, saving on overall costs and offering much quicker rider access – boarding transactions typically take a half second or less to complete. Furthermore, there is less risk of theft and mishandling of funds by minimizing the amount of cash handled on a daily basis.

A microchip embedded in the transit card provides ubiquitous fare payment methods for riders. Cards can be quickly and easily swiped through a card reader, or simply tapped on the card reader at the turnstile, taking advantage of the latest Near Field Communications (NFC) technologies to debit the card account for the fare amount. Reloading cards is equally easy. Riders can take the card to an eligible merchant where they can add transit funds to their accounts

using cash, and in some cases with their credit or debit cards. Transit cards can also be reloaded at fare vending machines, ATMs or online for automatic top-up. This wide range of options makes it easy to reload cards virtually anywhere along the commuters' routes, including from their homes.

Depending on the transit agency requirements, these transit cards can only be used for fare payments and cannot be redeemed for any other types of purchases; hence they are defined as closed-loop cards. The cards can be custom branded to help promote the transit card program and encourage wider rider acceptance, further driving down the use of cash.

### Unique product taps expertise from across Citi

Transit authorities will rely on banks and technology partners to promote and market new transit card campaigns with riders. Citi has tapped into a wealth of expertise from across the bank to support its transit card initiative. Marketing programs are being designed to drive adoption and excite riders about the convenience of new fare payment solutions. The Consumer Bank is working with Prepaid Card Services to incorporate the needs of Citi credit and debit card customers, making it easier for them to take advantage of transit cards for their personal ridership purposes. Citi is harnessing capabilities and experience from across the bank to help municipalities become more

efficient, and empowering citizens to access services that enhance livability and prosperity.

### Applying "next generation" technologies in cities

Municipalities have begun to look toward "next generation" technologies to improve customer convenience and remove cash from a broad range of public services. In several major cities, Citi Prepaid Services is working with local governments and third-party providers to provide cashless parking solutions. Once registered, motorists can use a downloadable mobile application on their smart phones to initiate a parking payment, completely bypassing the parking pay station. Other form factors are currently being explored for making payments, and will likely be the wave of the future when it comes to making transactions even more convenient.

### Transit cards are a win-win for riders and municipalities

Transit card programs are an effective way for transit agencies to cut costs and reduce risks surrounding fare management and cash collection. They also present valuable opportunities for additional revenue streams through revenue sharing. While driving much needed savings for transit authorities, card programs also provide tremendous convenience and added safety for riders, who no longer must carry cash when riding the bus or train. The future of mass transit will likely find transit cards as the primary method of fare payment.