

SNAPSHOT: Prepaid Transit Cards



Transit card programs come in many flavors—including closed- and open-loop, contact and contactless and mobile apps—to meet the needs of transit systems and their customers. Here we aggregate facts, stats and interesting perspectives on this fascinating prepaid vertical market.

The contactless, closed-loop FAREPAY card, a partnership of the Utah Transit Authority, InComm and Vix Technology, has tallied **712,028 boardings** using the FAREPAY system from October 2013 through mid-July 2014, on a card base of **14,442**.



THE CASE FOR CONTACTLESS

Contactless prepaid transit will become more popular, especially in densely populated cities, according to analysts, and could incorporate technologies, such as NFC, Bluetooth low energy (BLE) and 2D barcodes. Contactless is a convenient way for passengers to pay, according to MasterCard, because using contactless-enabled cards and devices is quicker than swiping a card or digging for change.

CONTACTLESS TRANSIT CARDS IN THE U.S., SINGAPORE AND SOUTH KOREA*

Of commuters surveyed:

66% in the U.S.

83% in Singapore

88% in South Korea would use contactless transit cards to pay.

72%

of commuters in the combined locations wish there were one card to use for all local mass-transit systems.

2 full days (50 hrs/yr.)

is what U.S. commuters estimate saving by using contactless for transit.

CONTACTLESS GROWTH IN THE U.K. ATTRIBUTED TO COMMUTERS

Earlier this year, Visa Europe announced holders of contactless Visa cards in the U.K. made 94.3 million contactless purchases in 2013, a surge from the 25 million made the previous year, with the payment network. Visa Europe attributed the strong growth largely to **the spread of tap-to-pay systems** on London mass transit, including **“tens of millions” of contactless payments** for buses.

*SOURCE: MasterCard Transit Survey conducted by Harris Interactive in the U.S., Singapore and South Korea.



Every day, in cities around the world, people are doing amazing things. They're creating, innovating, adapting, building, imagining. What about a bank? Shouldn't we be equally ingenious? Strive to match our clients' vision, passion, innovation? At Citi, we believe that banking must solve problems, grow companies, build communities, change lives.

Citi Prepaid Cards is a leader in prepaid and electronic payment solutions, providing clients with enhanced brand exposure and improved efficiency with seamless implementation.

To find out more about Citi Prepaid Cards please visit www.citiprepaid.com



WHAT'S
POSSIBLE?

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TRANSIT CARDS FOR BUSINESS AND GOVERNMENT

U.S. DOT TRANServe

The 2014 Paybefore Award Winner TRANServe Card disburses pretax transit benefits to government employees, providing secure access to their funds that are accepted by 568 transit authorities and van pools. The program, developed for the U.S. Department of the Treasury and U.S. Department of Transportation by JPMorgan Chase and Visa, features a personalized Visa prepaid card automatically loaded with the approved transit benefit amount. In three years, the program has saved government agencies approximately \$14.1 million, and more than 130,000 employees are using the card for public transportation.

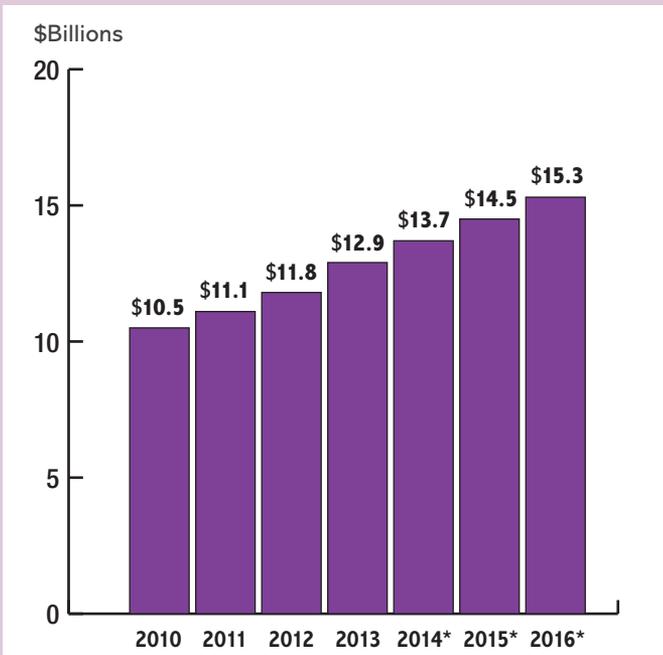
WageWorks

WageWorks, a San Mateo, Calif.-based administrator of consumer-directed benefits, enables employees to save money using pre-tax dollars for their commuter expenses, while providing corporate tax advantages for employers. With Visa Inc. as one of several partners, WageWorks' commuter programs include a catalog of more than 3,400 (and growing) selectable parking lot locations. Employees also have the option of adding their own parking provider to the catalog. The company also offers tickets, passes, smart cards, etc., from more than 650 transit operators in major U.S. metropolitan areas. As of Jan. 31, 2014, WageWorks offered more than 133,000 transportation products, and the company fulfills nearly 11 million commuter orders each year, including passes, smart card loads, direct pay loads, parking payments, vanpool vouchers and commuter cards, to commuters and their employers.



TRANSIT CARD SEGMENT OF U.S. PREPAID MARKET

Mercator Advisory Group predicts growth for transit cards through 2016, reaching \$15 billion.



SOURCE: Mercator Advisory Group

*forecast

A DECADE OF OYSTER



Approximately **85%** of journeys in London are paid using the Oyster prepaid transit smart card, according to Transport for London (TfL), the government body that manages London's transit system. Oyster was introduced in 2003.

In 2012, TfL began accepting contactless payments for fares on buses. In the first year, there were more than **6.5 MILLION** taps using a contactless card or mobile device. Last June, TfL introduced the "one more journey" feature for Oyster users riding London buses, enabling passengers to make one additional trip if they have a positive balance but insufficient funds for the journey. TfL said the feature quickly benefited an estimated **44,000 CUSTOMERS** a day. In July, TfL buses went **CASH FREE**, meaning every bus passenger is using Oyster smart cards, contactless bank cards or paper tickets to travel on the London bus network.

London bus: Fedor Selivanov / Shutterstock.com

Finding the right prepaid partner doesn't have to be a daunting task.

Success is closer than you think!



Contact E&S Consulting today to find out how we can help you solve your current payment and financial services challenges. Call 1-678-333-3254 or visit us online at eandsconsultingllc.com

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TRANSIT SYSTEMS AT A GLANCE

BANGKOK

Bangkok's Rabbit Card is a contactless reloadable smart card that can be used for transit payments and at 1,500 retail outlets. Launched in 2012, more than 1.5 million Rabbit Cards are in circulation. While the card's origin is transit, it enables unbanked individuals to load value onto a card and use it for other purchases. Rabbit Card users also benefit from the Carrot Rewards program; cardholders earn Carrot Points every time they top up or use the cards at select merchants. The points can be redeemed for products and gift cards.

CHICAGO

The Chicago Transit Authority, working with First Data, Cubic and MasterCard, last year began rolling out the contactless Ventra payment system, featuring a closed-loop account for train and bus payments and an optional reloadable prepaid account usable where debit MasterCard is accepted. The program later rolled out open-loop debit and credit card acceptance at turnstiles. CTA is one of the largest transit agencies in the U.S. with 500+ million rides per year, according to the CTA.

Between September 2013 and May 2014, there were more than 206.3 million Ventra "taps." As of May 31, 2014, there were approximately 1.9 million active Ventra accounts, a 10.4 percent increase from the beginning of the month. The CTA expects to save more than \$50 million over 12 years.

SEATTLE

ORCA, One Regional Card for All, is the fare collection system rolled out in 2009 for buses, light rail, commuter rail, ferries and streetcars. ORCA covers seven transit agencies across more than 2,000 square miles of Central Puget Sound, including Seattle. The system replaced nearly all passes, tickets and transfers to simplify the system for riders and reduce the cost and complexity of fare collection for the agencies. With 200 million passenger trips a year and more than 60 percent of riders using the ORCA card, it's one of the largest integrated systems in the country.

SOURCE: Vix Technology Case Study, National Transportation Database, King County Metro Transit Division and the Chicago Transit Authority

A TRAILBLAZER'S TIMELINE

Octopus, a reloadable contactless smart card system in Hong Kong, was one of the world's first prepaid cards developed for transit. The Octopus card was launched in 1997 and nearly 3 million cards were sold in the first three months.

- **1999** Retailers support Octopus reload services, and financial institutions offer automatic top ups from credit cards.
- **2000** Non-transit businesses—including convenience stores, fast food restaurants, vending machines and car parks—accept Octopus cards.
- **2004** Hong Kong parking meters accept Octopus.
- **2008** The Octopus Citibank credit card is launched and hailed as the first card with credit card and Octopus payment functions.
- **2012** The OctoCheck mobile application is launched, enabling NFC smartphone users to check Octopus balances and make certain merchant payments.
- **2013** The Octopus Mobile Payment Service is launched, enabling Octopus users to tap their NFC-enabled smartphones on the Octopus readers.

SOURCE: Octopus Holdings Ltd.

PREPAID TRANSIT CARDS ADOPTED GLOBALLY

- Brazil
- China
- Denmark
- Dubai
- Finland
- France
- India
- Ireland
- Italy
- Japan
- Kenya
- Mexico
- The Netherlands
- Norway
- Poland
- Romania
- Singapore
- South Korea
- Sweden
- Thailand
- Turkey
- United Arab Emirates
- United Kingdom
- United States ↗