

The Promise of Open Payments

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SEPTA Decision Protocol

- Evaluate existing equipment and processes
- Study Industry and Payment Trends
- Research customer priorities
- Talk to product and service suppliers
- Create best-fit

Southeastern Pennsylvania Transportation Authority (SEPTA)

- Fifth largest U.S. transit agency
- Serves Philadelphia and surrounding counties, NJ, DE.
- 1.3 million trips daily
- 1,400 buses, 150 trolleys, 800 rail cars, 80 demand-responsive vans
- 55 subway-elevated stations
- 153 Regional Rail stations
- Some routes operate 24/7

Southeastern Pennsylvania Transportation Authority (SEPTA)

- Traditional Fare Payment System
 - Highest customer-satisfaction
 - Very reliable legacy fareboxes and turnstiles
 - Tokens, Magnetic Passes, Paper Tickets, Cash, Paper Transfers
 - Very low use of cash
 - Difficult to adapt to market forces

Transit Payment Systems

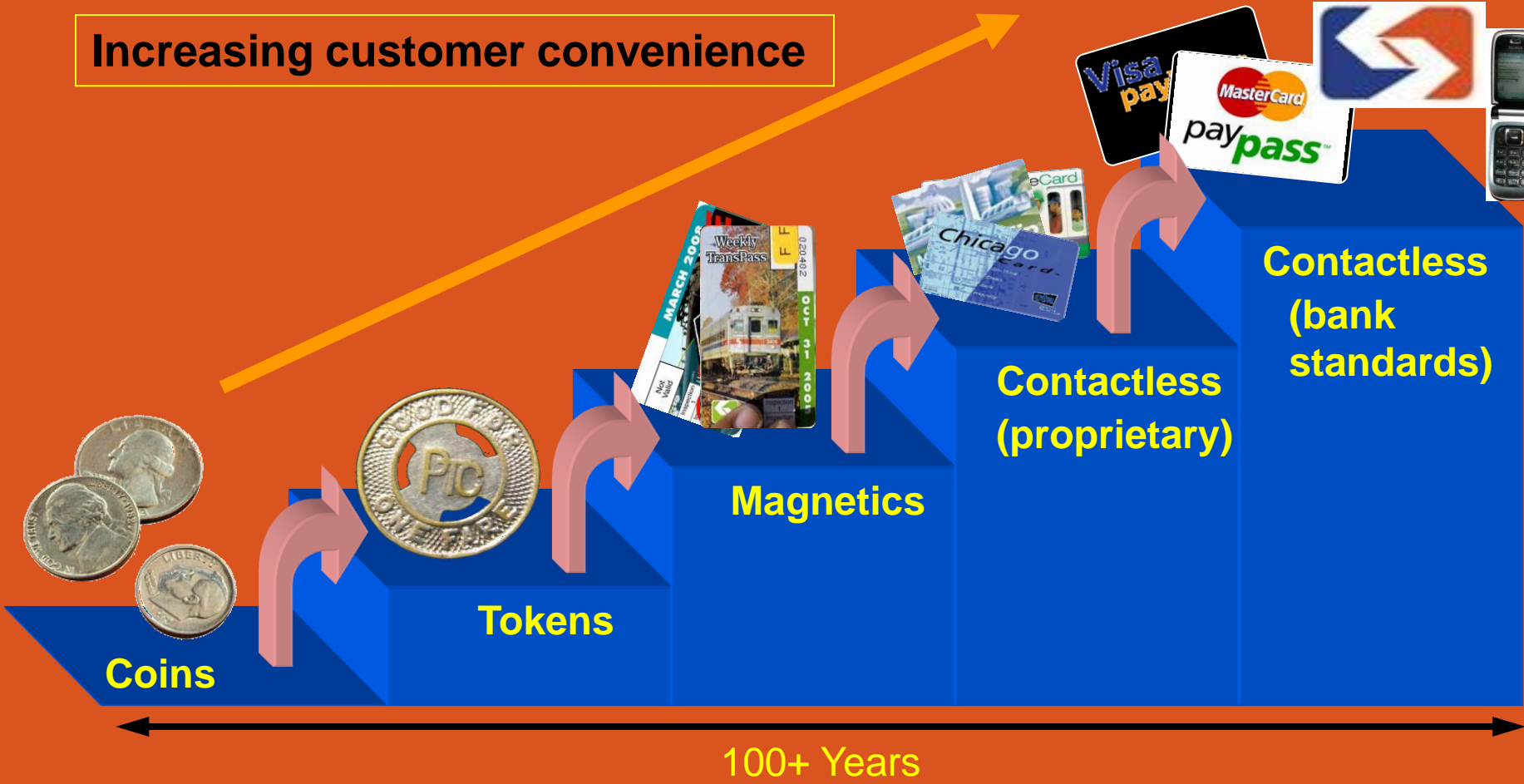
- Customer Service Weaknesses
 - Riders must conform to transit rules and limited business hours
 - Transit currency not readily available
 - Confusing to first time riders
- Pricing Policy Weaknesses
 - Limited flexibility

Payment Trends in General

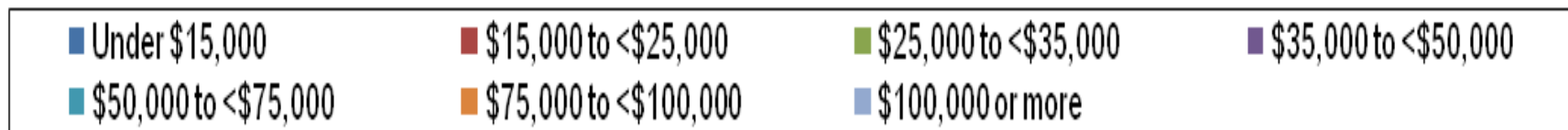
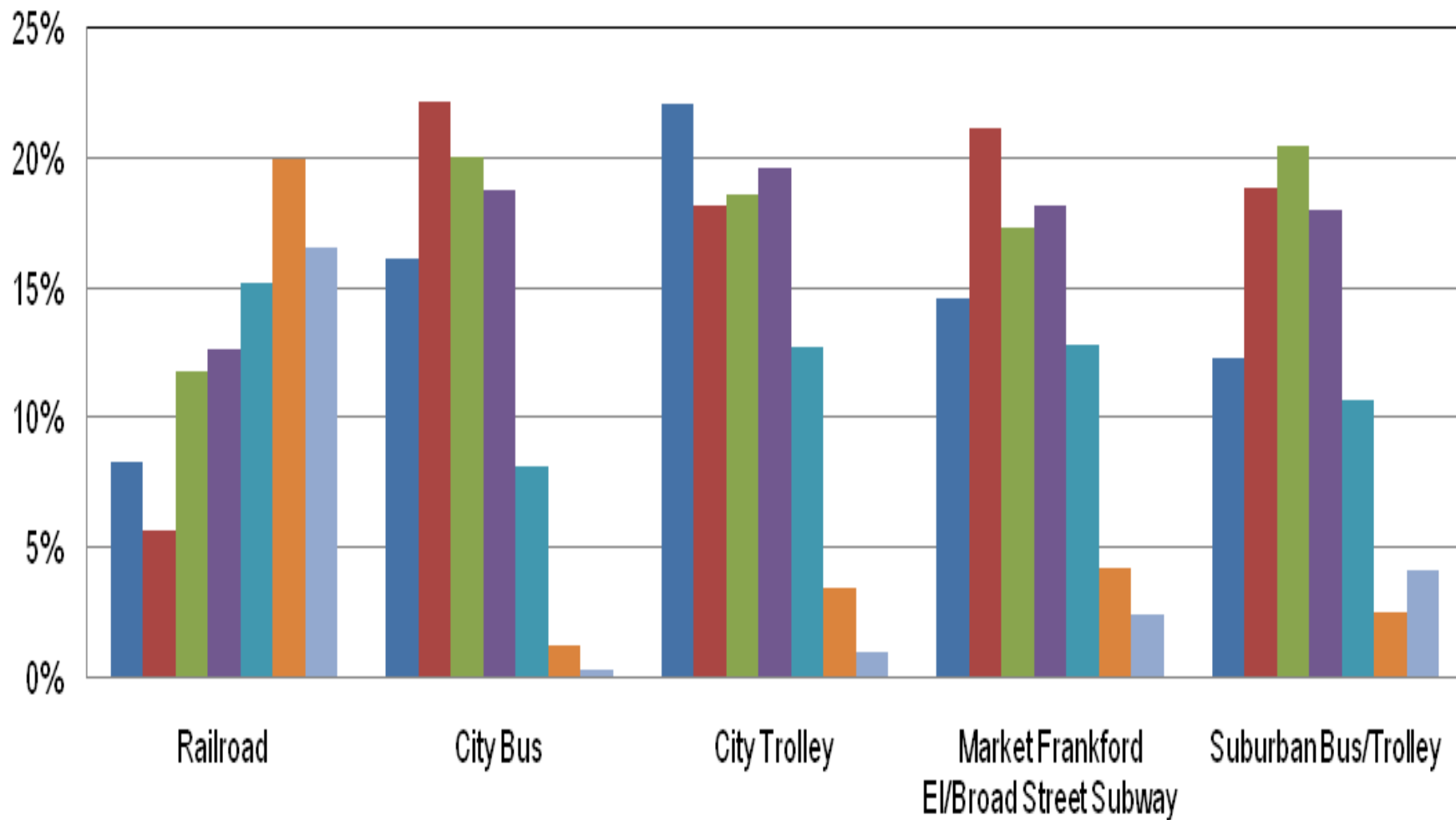


Payment Trends for Transit

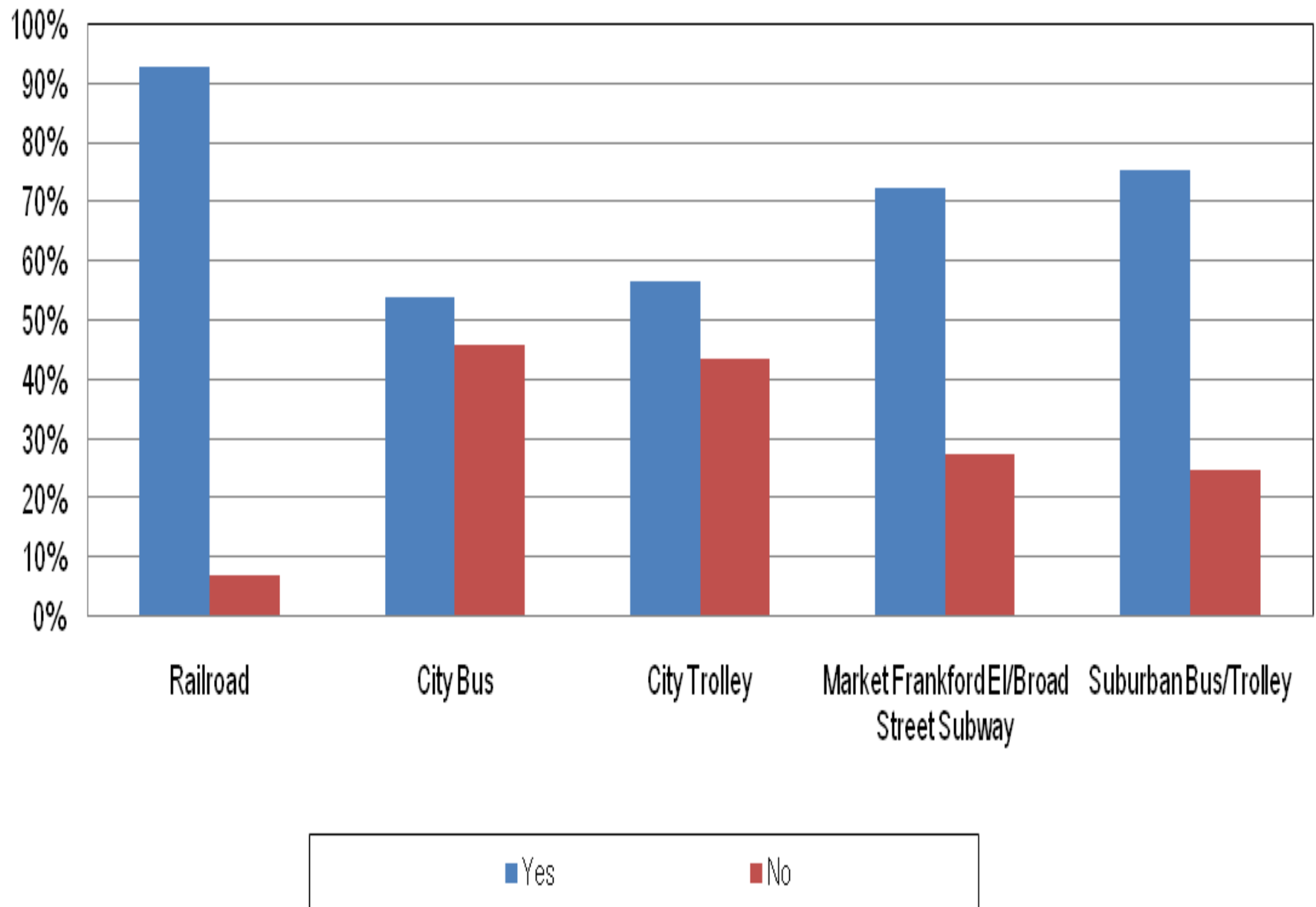
Increasing customer convenience



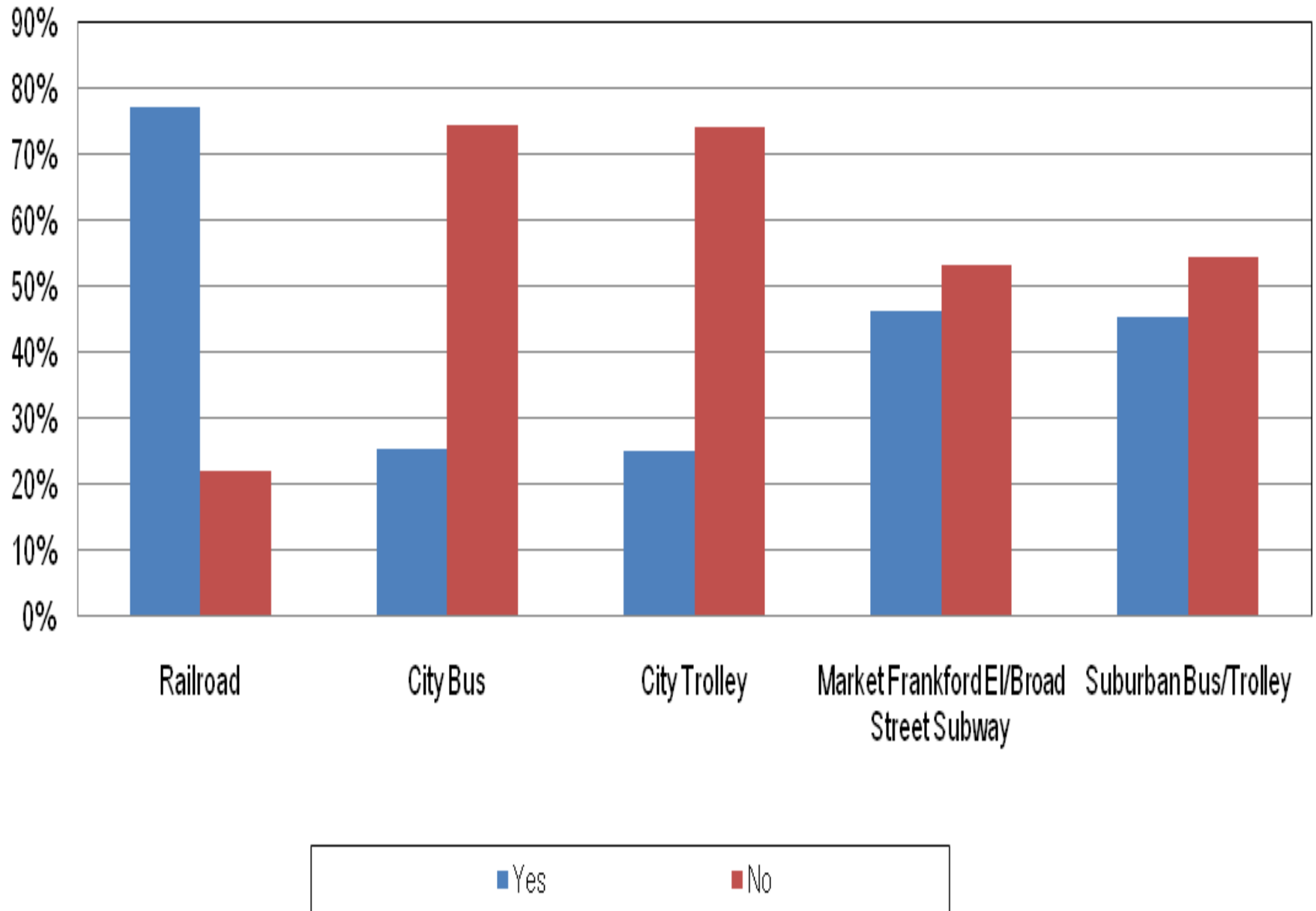
What is your household income?



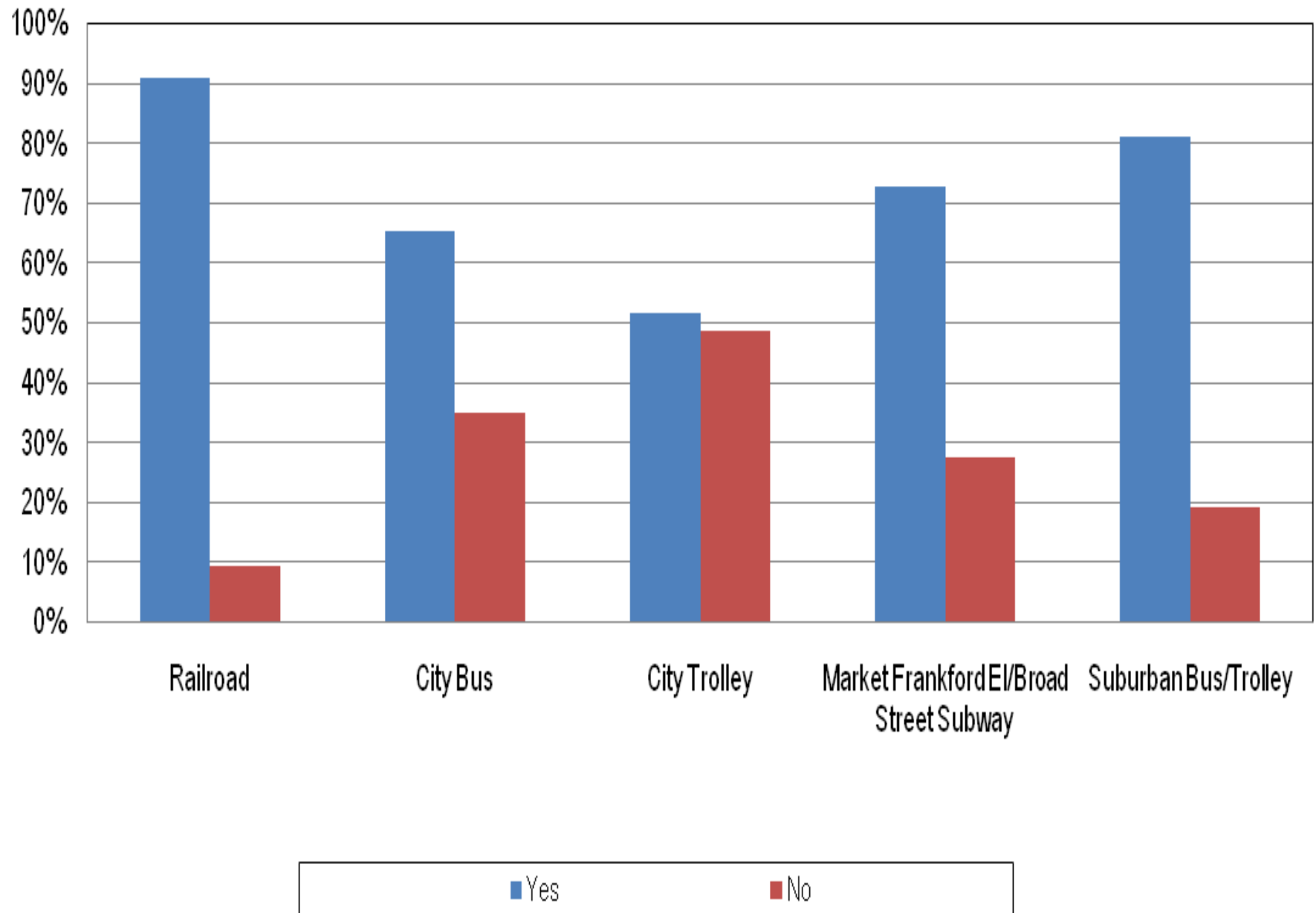
Do you have access to the Internet at home, work or school?



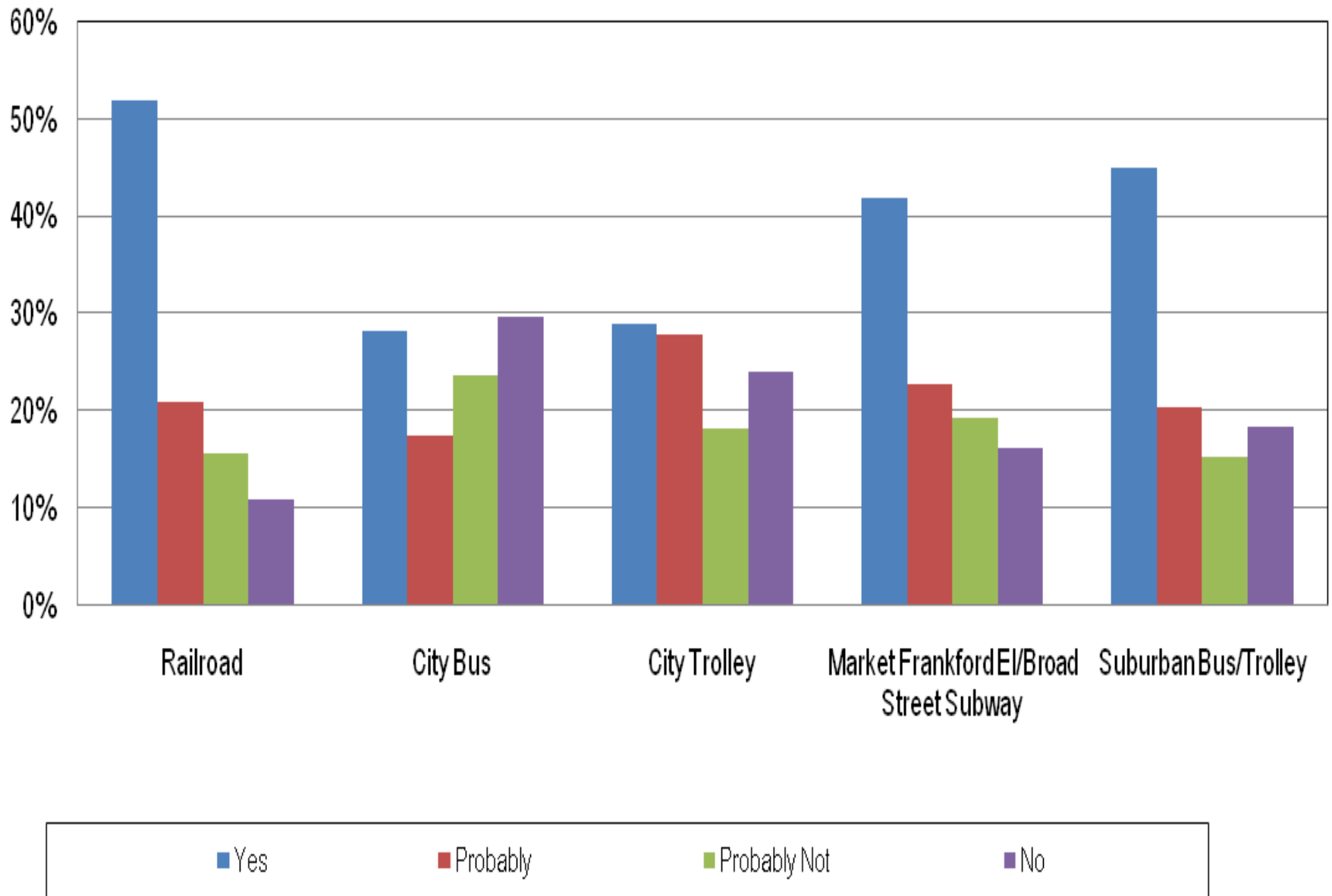
Do you purchase items over the Internet?



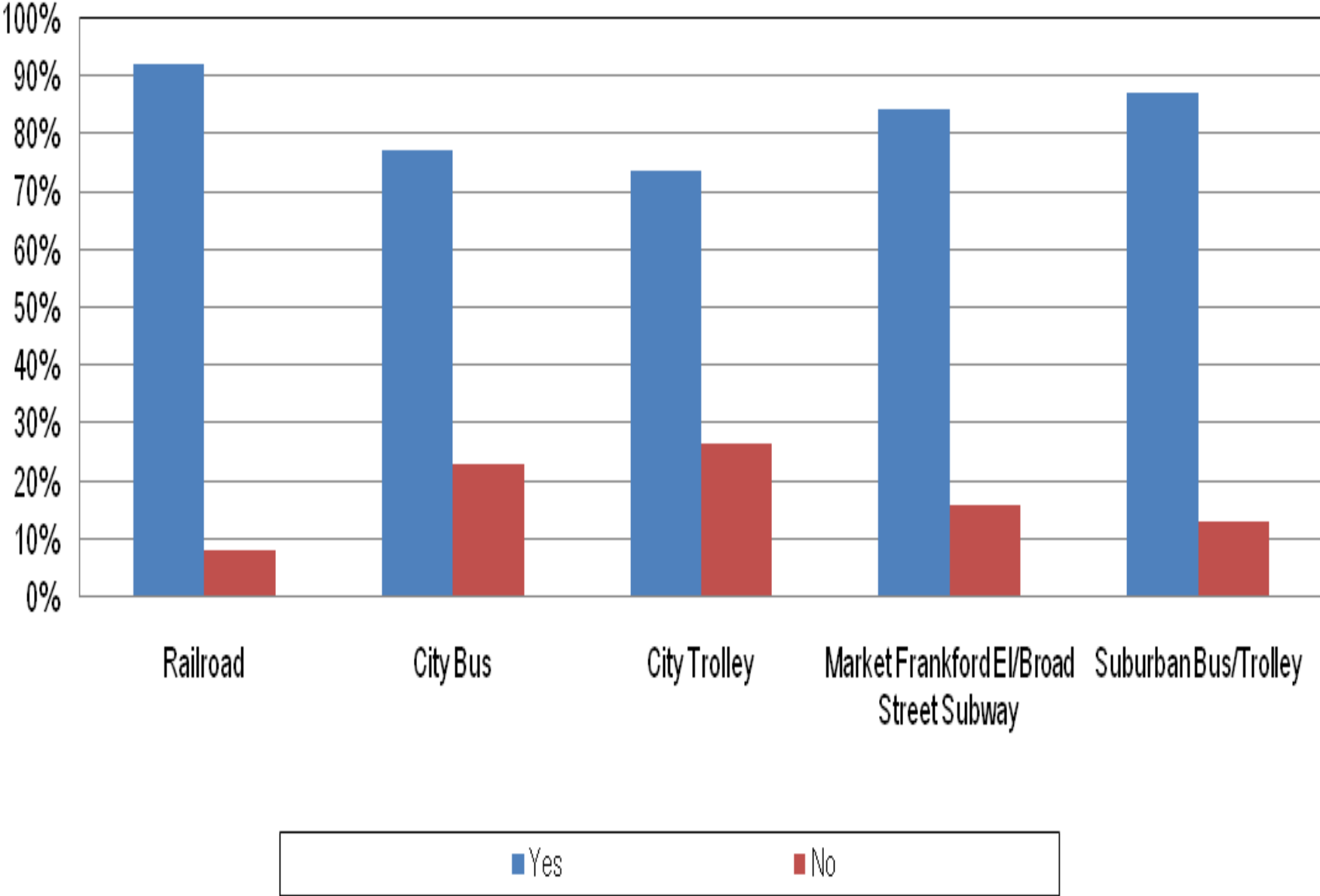
Do you have a debit or credit card?



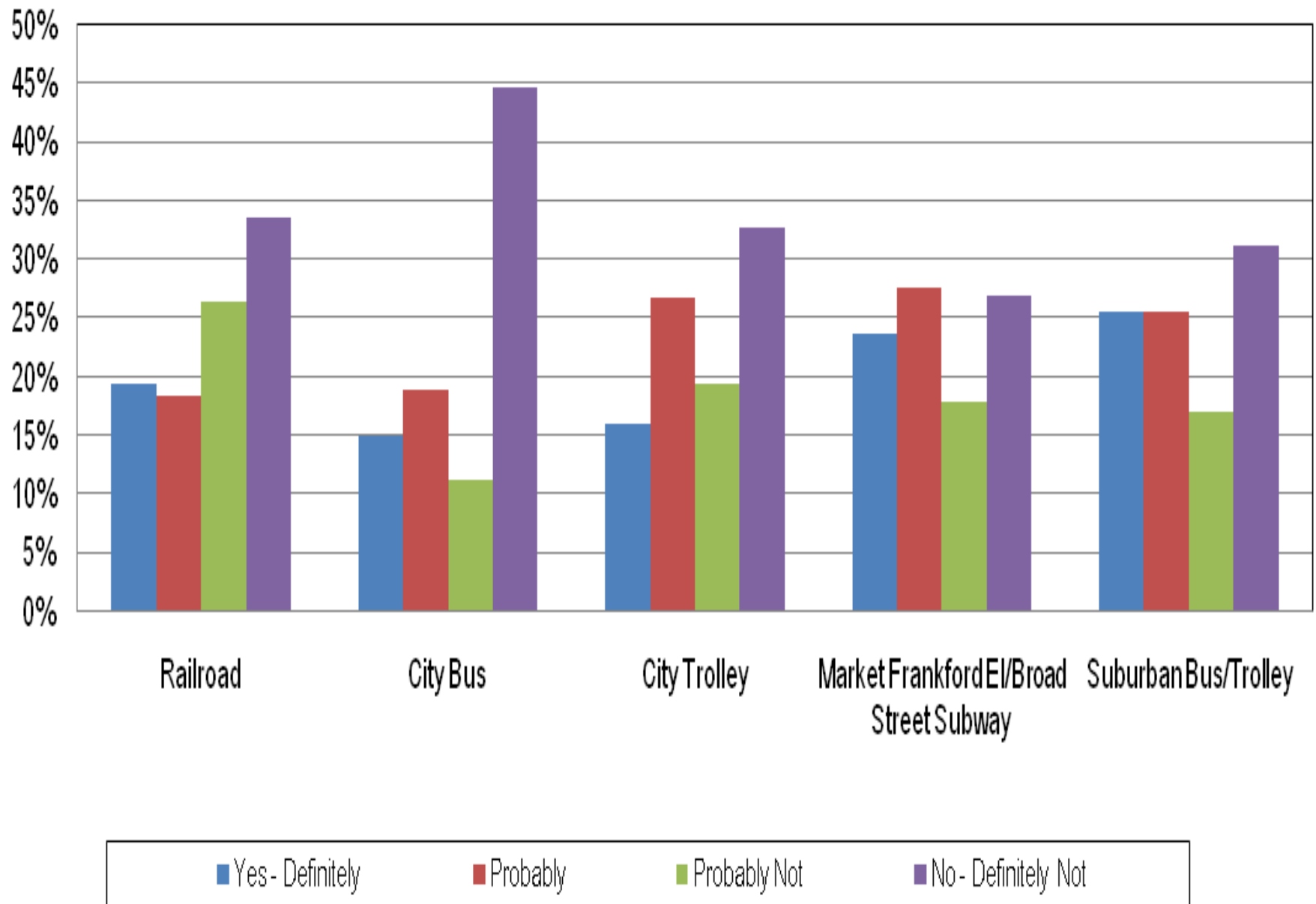
Would you consider using your credit or debit card to pay the fare to ride SEPTA?



Do you have a cell phone or PDA (personal digital assistant)?



Would you consider using your cell phone to pay to ride SEPTA?



Traditional Payment System – Closed Loop

- Contactless, stored-value card limited for payment of transit services
- Washington, Boston, Chicago, Miami, Houston, Atlanta, Los Angeles and San Diego
- Customers may have ability to manage account/card value remotely
- Riders may also use cash for payment at the point of entry



The Case for Open Payments

- Oppportunity
- Positioning
- Equity
- Network

Opportunity of Open Payments

- Cost Reductions
- Simplify Payment Process
- Improve Customer Satisfaction
- Focus on Core Business of Moving Customers
- Redefine Business Processes

Positioning of Open Payments

- Breakdown Barriers to Entry
- Improve Market Share
- In-synch with Technology
- EZ Rollout of Promotional Pricing
- Transit as a Merchant

Equity of Open Payments

- “Welcome Aboard” approach
- Improved Access for All
- Customer Chooses Payment Tool and extent of relationship with agency
- Direct Acceptance of Government-issued Benefit cards

Network of Open Payments

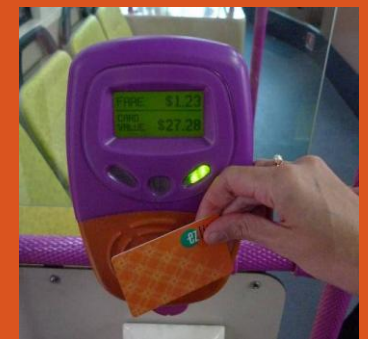
- Customer-driven, interchangeable payment options
- Ability to add components and functionality throughout useful life
- Real-time information
- Revenue processing via financial clearinghouses

Challenges of Open Payments

- Slightly ahead of curve
- Dynamic and reliable communications infrastructure
- May require transitional step of branded smart card
- New business model with different cost drivers
- Must carefully assess risk vs. reward
- Meeting expectations

SEPTA New Payment Technology Innovative System Model

- Utilize open loop system payment technology with interoperability
- Enables transit riders to use bank-issued contactless credit or debit cards, ID cards, tags, cell phones, P2P Bump or other contactless devices
- Governed by standards spanning many industries



SEPTA New Payment Technology Innovative System Model

- Upgrade legacy fareboxes and potentially renew legacy turnstiles
- Vending equipment where necessary
- Consideration of alternative payment techniques for RR
 - Farelines at key stations
 - One-direction fare payment
- Consideration of co-branded media and alternative distribution channels

Questions?

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Thank You!