



Smart Card
Alliance



Transportation Payments; a point, counter-point

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Board Chair, Smart Card Alliance

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Transportation Payments

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Accept



Decline



Transportation Payments

It was the best of times, it was the worst of times...

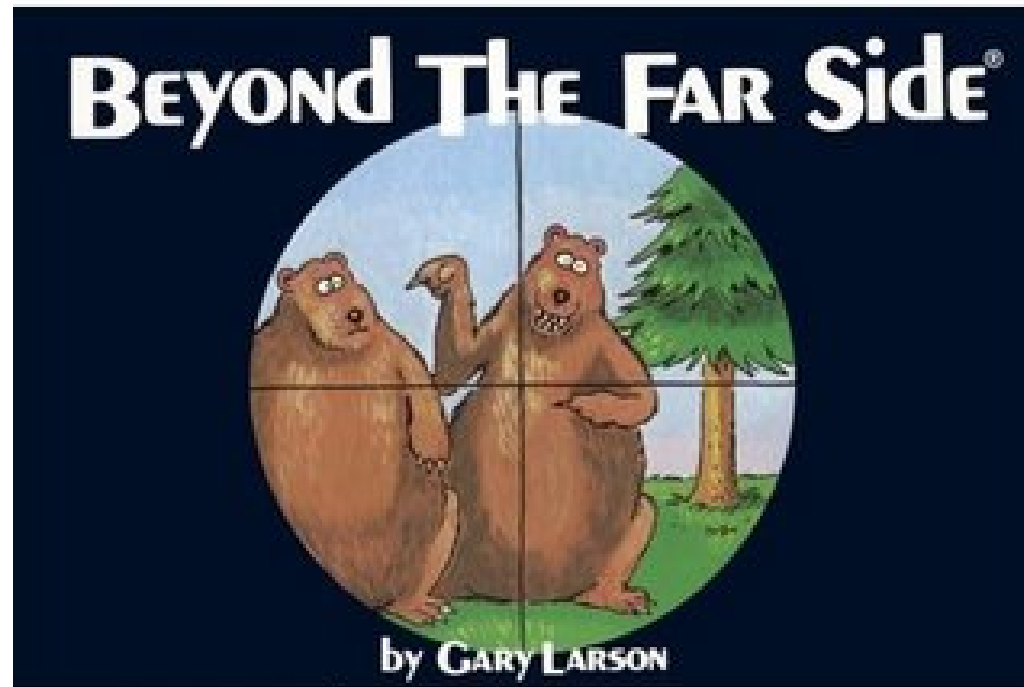
**Charles Dickens,
A Tale of Two Cities (1859)**

**Perfect description of the environment
faced by public transport agencies....**



Transportation Payments

Modern risk allocation model for transit agencies...



Aversion to risk dictates the method of approach....



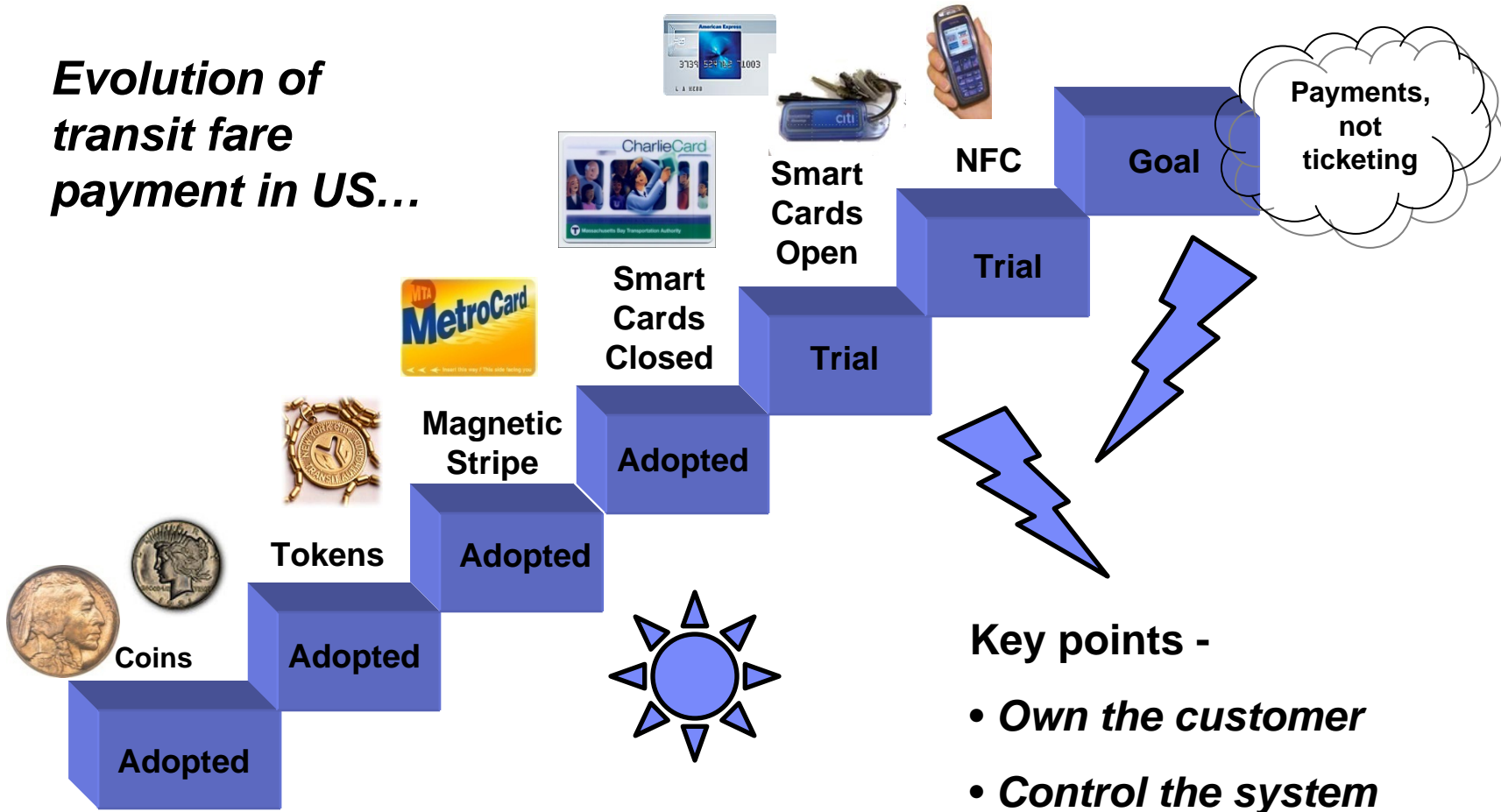
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- **Agencies face 'Perfect storm'**
 - Increased demand and need for capacity
 - Increased costs, particularly energy
 - Reduced tax base available for subsidy
 - Uncertainty in credit markets
 - Reduced levels of federal funding
- **Demand for streamlining**
 - Drive down operating costs
 - Increase operating efficiencies
 - Smart card ticketing is key area to advance



Transportation Payments

Evolution of transit fare payment in US...



Key points -

- *Own the customer*
- *Control the system*



110+ years



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- **Many closed systems deployed**
 - Boston, Chicago, Seattle
 - Atlanta, San Francisco Bay Area
 - Los Angeles, Houston, Ventura County
 - PATH for New York and New Jersey
 - PATCO for Philadelphia, Washington, DC

- **In procurement phase**
 - Philadelphia (SEPTA)
 - Portland, Denver, Tucson



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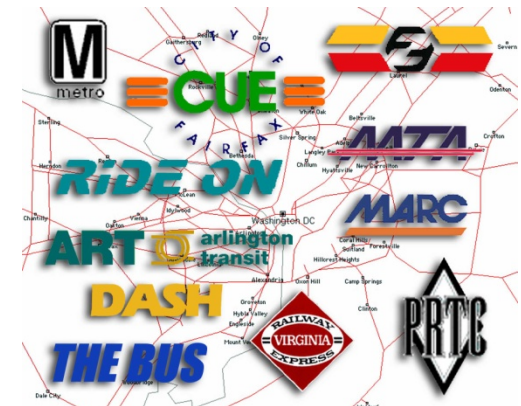
SmarTrip in Washington, DC...

Launched - May 1999

- **Contactless smart card for transit**
- **First fully integrated in nation; proprietary platform**
- **Rail, parking and bus**
- **Closed-loop payment system; transit only**
- **3,000,000 cards issued to date**
- **Won 2001 CTST Outstanding Smart Card Award**

Expansion to regional operators

- **Washington operators complete**
- **Baltimore MTA underway**



Multi-operator closed-loop payment system...



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SmarTrip in Washington, DC...



Back office support

- Customer service, card personalization and fulfillment
- Clearing and financial settlement between agencies

SmarTrip continues to prove popular with customer base

- Customer usage on the Metro system
 - Rail – 72% overall; higher in peak periods
 - SmarTrip-only express lanes under field test
 - Bus – 58% overall and rising; some >90%
 - Differential fare policy implemented Jan 2008; cash \$0.10 more; Jan 2009, SmarTrip used for transfers
 - Parking – 98% overall; 2% credit; no cash

Multi-operator closed-loop payment system...

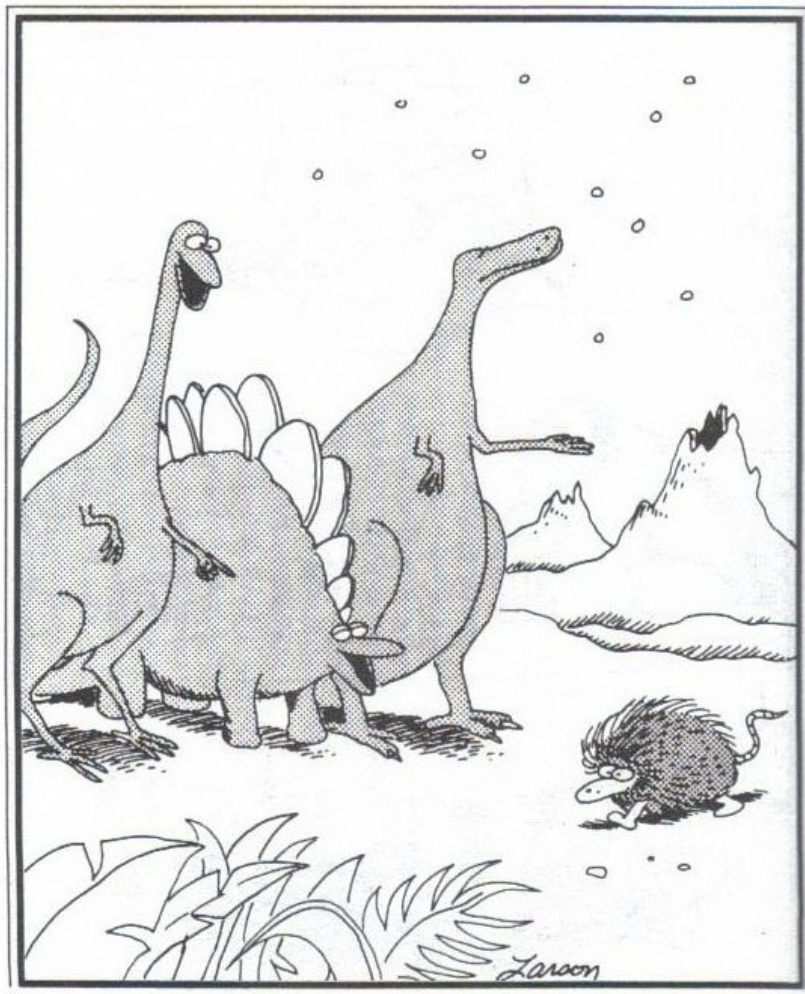


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- **So, why install a closed-loop system?**
 - Proven technology, no longer bleeding edge
 - Stable systems and technology
 - Works 'out of the box'
 - Control, control, control
 - Own the customer
 - Easy to procure; multiple sources for systems
 - Popular with customers and policy makers
 - Eases stress on fare policy decisions
 - Efficient; drives cash from the system
 - Great base as service planning tool



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- ***However, albeit at a 'glacial pace' in public transport, change is inevitable....***



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Thank you....

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