

The Myths of Open Payment Fare Collection—Debunked!

Separating the rumors from the realities.

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A Few Opening Thoughts.

Open payment fare collection systems are transforming transit organizations nationwide—simplifying operations and bringing a new era of convenience to the people they serve. By using proven technology in a whole new way, these systems enable commuters to pay for their trips with the tap of a bank card or mobile device; eliminating the need to wait in line at ticket machines and counters.

But, consumers aren't the only ones who benefit. Most transit agencies reduce their costs, increase rider access, and gain access to valuable rider data. It's one of those rare situations in life where everyone actually wins.



Yes, everyone is talking about open payment fare collection.

Or let's say, there are a few different versions of the truth—even on the fundamentals. Like what open payment systems really are, how they work, and the best way to implement them.

Forget all the chatter. Let's get real.

The purpose of this ebook is to cut through the hype and provide a simple, straightforward look at the realities of open payment fare collection. With that said, here are the 10 most prominent myths surrounding this new model, followed by a little dose of reality.

Myth # 1:

Open payment is the same as “PayGo”.

Not even close.

While PayGo does allow riders to pay for their fares with any contactless credit card, it just doesn't offer the options a true open payment system provides.

With an open payment system, riders can choose to register any contactless card or NFC device (bank or 3rd party issued) with the transit agency, and designate whether they get a senior, student, military or other type of discount. When they tap that card, the discount is automatically applied to the fare. They also have the option of buying a range of fare products, such as a prepaid bus pass or a 30-day rail pass that “sits” in the account and is valid throughout the month, as trips are taken.

Just as importantly, open payment can be setup in combination with a fare cap. For example, if the same rider taps the card more than three times in a 24-hour period, he or she automatically gets the day-pass rate, instead of paying for individual fares. In other words, the system is set up to adjust to user behavior, as well as to recognize and apply the appropriate rider discounts and rates. Riders would not be required to register in order to receive the fare cap benefit.

By contrast, some tap and go programs allow a rider to use a ‘pay as you go’ fare option, but unless they use a specific contactless card with a proprietary application designated by the transit agency, they can only purchase a single ride, full adult fare. No fare products or discounted fares, no recognized fare caps. These riders have the option of using the designated card and getting their full discounts, or using their credit cards and paying for individual full fares.

Tap and go is not really that convenient, is it?

Reality Check:

- True open payment fare collection systems go beyond single ride PayGo or limitations to any particular payment brand or form, providing transit riders the ability to choose.
- Pseudo open systems only link the discounts and options to one, agency-designated payment card. If the rider uses another form of contactless payment, he or she gets a single ticket at regular fare rates.

Myth # 2:

All open payment systems are created equal.

The fact is, open payment systems are as unique as the cities they serve.

One big factor is the city's goals. What's another game-changer? The condition, age and functionality of the payment system the city currently has in place.

- Is the current system old, paper-based and running out-of-date technology?
- Can the existing equipment be modified, or is it a "tear down and rebuild" situation?
- Are the rules of operation fully documented and accurate? Or do these have to be created from scratch, and then translated into software?
- How many fare sets exist? Some deployments have over 55,000 different fare sets options, types of discounts, and ticketing rules. Others with flat fares have less than 1,000.

It takes longer to install a new system than it does to modify an existing system; projects requiring hardware replacement are more complex than those that can use the existing equipment. Every implementation strategy and timeline depends on all of these factors, as well as the complexity of the fare structure.

Reality Check:

Open payment systems are not and should never be "one size fits all." The implementation strategy, timeframes and cost all vary, depending on the infrastructure the city has in place today. The goal is not only developing a solution that works, but one that effectively fulfills each individual agency's preferences and needs.

Myth # 3:

Focus all of your efforts on transit fare collection.

Agencies and providers that center everything around transit fare collection miss the real purpose of an open payment solution: creating an outstanding user experience.

That means stepping back and taking a long, hard look at the transportation system as a whole. How can the system improve mobility and make it easier for people to get from point A to point B; to choose the best route or combination of transportation, and pay for their fares in the most convenient way possible?

The easier you make your riders' lives, the more effective your open payment initiative will be.

For example, transit agencies can offer a mobile app, enabling riders to buy tickets—wherever they are—in a few taps. They can purchase bus, rail or light rail tickets, use credit cards or commuter benefit cards to pay, and use their mobile device as the actual ticket or monthly pass.



Reality Check:

Open payment systems should include, or at least have the flexibility to evolve to include, all parts of the agency's transportation eco-system, ranging from bus and rail to parking and whatever comes next. Although the system will improve efficiency and streamline fare collection, the main focus of the system should always be the user experience.

Myth # 4:

Open payment systems are standalone entities, with no impact on other agency systems.

A fare system touches more different systems than most other types of deployments. To add real value, it has to interact with different departments such as accounting, finance, revenue, maintenance, operations, IT and marketing.

Each of these departments need access to different types of data.


- Accounting and finance want to secure auditable revenue.
- Maintenance wants monitor device performance and reduce out of service devices.
- Marketing wants to see how riders are using the system, and if they see trends among seniors or students—or anyone segmented by a specific discount code. For multi-modal systems, they want to get a better overall view of the rider: Does he or she use parking on the weekend and take public transportation to work Monday through Friday?

No question, internal system integration is key.

The fact is, open payment systems for multiple modes of transportation could include as many as 50 different integration points, many of those involving legacy systems. The more integration points, the more regression testing is required. Although implementation time may be extended, that extra time upfront results in a more efficient, higher-value solution in the end.

Reality Check:

To get the most value and efficiency out of an open payment system, make sure it is tightly integrated with all of the agency's supporting systems for seamless data flow.



Myth #5: If you build it, they will come.

An open payment system is such an obvious improvement over traditional fare collection that adoption should be no problem at all, right?

Not so much.

Even a change for the better is still a change—something new. To achieve the highest adoption in the shortest amount of time possible, you have to manage the change; to put as much of an effort into educating your ridership as you did on selecting the right system provider.

It's critical to start getting potential users ready and yes, even excited about what's to come, long before the system is operational. Set up a web site, create email blasts and fliers talking about the benefits of open payment, and explain how this new solution will make their lives easier. Engage the media and produce short videos explaining how to sign up. And, by all means, make use of bus placards and display areas at rail stations to keep your riders informed.

When the solution goes live, make sure you have enough people out in the field on platform or major transfer location, supported with a well-staffed call center and online chat to answer questions quickly. Then, tell your success stories, and make your riders your biggest advocates.

Reality Check:

People like to know what's coming and understand what's in it for them. By starting early, and highlighting the convenience and ease of open payment, agencies can increase adoption rates quickly, and get their ridership on board with the change.

Myth #6:

Fast deployment equals successful deployment.

Sometimes, slow and steady wins the race. Such is the way with open payment systems. A calculated rollout, with testing and retesting, significantly reduces risk. By taking things a little slower, rolling out the system incrementally and showing small successes along the way, you're more likely to succeed the first time.

Fast and furious often turns into system failures and negative headlines—and a cadre of users who aren't so willing to try the system out again. As the adage goes, you only have one chance to make a first impression.

Doesn't it make sense to do things right the first time?

Reality Check:

A calculated, controlled deployment, with continual testing, maximizes acceptance and reduces risk. In the world of open payment, quality always trumps speed.



Myth #7:

Proprietary card readers are required.

Once again, not true.

In the optimum open payment environment, the card readers do not contain any software, so any vendor's bank card certified readers can be used in the system. As a result, the agency has the freedom to choose the payment capture hardware that best fits its needs and budget, but also has the capability to accept any bank card of choice.

Reality Check:

In a true open payment system, you should have the flexibility to choose your brand of card reader and payment options you want; with the ability to add options and more modes of transportation as you go along.



All systems are PCI certified.



Whether you're a retailer, a restaurant or a transit agency, your payment card system has to comply with the Payment Card Industry Data Security Standards (PCI DSS). These standards provide a comprehensive security approach that governs the safekeeping of cardholder and other sensitive information as it is processed. In layman's terms, these compliance safeguards protect user data.

If a provider's server is PCI certified, all of the users' credit card information securely resides in the back office, which means the transit agency maintains control. If that server is not PCI certified, those systems have to send the credit card information to the bank. This additional step not only adds costs and time to the transaction process, but it also creates another potential point of failure. If the bank system goes down, users can't access their account information, and the transit agency will get the calls, and the blame for the inconvenience.

Reality Check:

By working with a provider with a PCI-certified open payment system, agencies increase control and reduce risk.

Myth #9:

Proprietary systems are more sophisticated than those built on industry standards.

Industry standards are industry standards for a reason: they're proven to work. Choosing a system with an open architecture that uses industry standards is more cost effective because it requires less development, testing and updating. It reduces risk and speeds up deployment.

Open payment systems built on proprietary platforms have a view of the world from transit-out. If the agency wants to add parking, for example, or another payment method, the provider has to go back and figure out how to make that work on its system.

Systems built on open architecture take the point-of-view from the world-in, using banking networks that already exist, technologies that are already successfully in use and applying those to the transit environment. It's the same approach a retailer would take if it wanted to offer a credit card. They would plug into existing, proven banking systems, not try to create a whole new credit card on their own.

Yes, you're in the transportation industry. But, who needs to reinvent the wheel?

Reality Check:

An open payment system built on open platforms, industry standard devices, and published APIs will provide more flexibility, lower development costs and longer-term value.

Myth #10:

You'll get better service from a smaller provider than a bigger one.

It's an age-old story. Small providers sell service; large providers sell capacity. The reality is most transit agencies need and want both service and the resources to get the job done. And yes, you can have it all.

When vetting open payment providers, by all means speak to its clients and ask about service and the competence of the team. Also, consider the following:

- Is the provider experienced with open payment systems?
- Is the provider financially stable enough to stick around for the long run—and to take care of my system or add capacity five, 10 years down the line?
- How experienced is the account/implementation team?
- What additional services (help desk, marketing support, etc.) does the provider offer to make the transition easier?
- Does the provider have experience in transit as well as in the banking industry?
- Does the provider have the capacity to support multi-modal systems?

While it's probably true that if you are one of only a few of that providers' clients, you will get a lot of attention. But, do you want to work with a company that doesn't have many clients, or is so new to the game that it's just starting to build traction?

Reality Check:

Choosing the right provider is less about the size of that provider and more about the experience, resources and track record of getting the job done.

Doesn't it make sense to work with the real deal?

When you're making the move to an open payment fare collection system, you can't leave anything to chance.

That's why so many agencies choose Conduent.

We're not the new kids on the block. In fact, we actually built one of the first open payment platforms in the country, and have continued to refine the process to add more value for our clients, and their riders ever since.

Our clients trust us to handle:

- 37 billion annual transit transactions
- 50 percent of U.S. toll transactions
- \$50 billion EBT card transactions for 60 state and local agencies

So, transit and banking are both part of our DNA.

The simple truth is, the reason you should consider Conduent is because we care about your outcome. Our success is your success. And our commitment to the transportation industry is second to none.

Yes, there are a lot of misconceptions out there. But, if you want to find the best provider, just talk to our clients, and look at our results.

The facts always speak for themselves.

Further reading.

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Conduent is the world's largest provider of diversified business process services with leading capabilities in transaction processing, automation and analytics. The company's global workforce is dedicated to helping its large and diverse client base deliver quality services to the people they serve. These clients include 76 of the Fortune 100 companies and over 500 government entities.

Conduent's differentiated offerings touch millions of lives every day, including two-thirds of all insured patients in the U.S. and nearly nine million people who travel through toll systems daily. Whether it's digital payments, claims processing, benefit administration, automated tolling, customer care or distributed learning – Conduent manages and modernizes these interactions to create value for both its clients and their constituents. Learn more at www.conduent.com.

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