



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 3

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Memorandum

TO: Operations Committee

DATE: September 4, 2015

FR: Executive Director

W. I. 310-2700

RE: Clipper® Policy Regarding Transactions on Lost or Stolen Cards

Recently, a local TV news station covered the story of a registered Clipper® cardholder who lost his Clipper® card, promptly reported the loss to the Clipper® customer service center, and was nevertheless charged for \$24 worth of transit trips he did not take. This item is to provide information on how the Clipper® program currently handles transactions on cards reported as lost or stolen, and Clipper® staff's plans to review current practice with transit operators and recommend changes.

Background

Clipper® offers registered cardholders the benefit of balance replacement on a lost or stolen Clipper® card, subject to payment of a \$5.00 card replacement fee; this benefit is not available to unregistered cardholders. Under the current Clipper® system design, it is impossible to immediately prevent further use of a Clipper® card reported as lost or stolen. The method for barring usage of a Clipper® card is to send a card block action to devices. Such actions are sent out once a day to all Clipper® card readers.

Per the terms of the current Clipper® cardholder license agreement, a registered cardholder remains financially liable for any transactions that occur on the same day that the cardholder informs Clipper® that his or her card has been lost or stolen. If the cardholder is not held responsible for these charges, MTC or the transit operators would have to absorb the loss of revenue.

This policy, like many Clipper® policies, was set early in the life of the program and attempts to balance fairness to customers with the need to collect fares and discourage fraud. Some policies have been revised over time based on experience and on enhanced system capability. The next generation Clipper® system should have the capability to block cards much more quickly.

Next Steps

MTC and Clipper® transit operators will consider changing the program rule that holds a registered cardholder responsible for trips throughout the day a card loss or theft is reported. The evaluation of any possible changes to this program rule will consider technical feasibility, revenue impact, program public image, costs and challenges of implementation and ongoing administration, and risks of fraud or error. Staff will report back to this Committee on the findings of the evaluation and any recommendation for action on this topic.



Steve Heringer

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