

Clipper[®] Executive Board

July 27, 2020

Agenda Item 4e

Open Payment Acceptance Strategy

Subject: Update on the concept of open payments and on the current strategy and recommendations for open payment acceptance.

Background: The strategy for acceptance of open payments use within the next-generation system was endorsed by this Board during the Request for Expressions of Interest and draft Request for Proposal for Industry Review process and affirmed with the award of the System Integrator contract and subsequent Clipper[®] budget approvals. The strategy was predicated on:

- Evaluation of the adoption and use of the mobile app,
- Tracking issuance of contactless credit/debit cards, and
- Tracking the use of open payments on other transit systems.

At each of these key decision-making points, the Board agreed that examination of these factors would help the region make a decision on how and when open payment acceptance should be deployed.

In response to requests by Board members, a working group composed of MTC and transit operator staff began meeting in May 2020 to revisit the original strategy around acceptance of open payments on the next-generation Clipper system. The main topic that the working group considered was whether the region should consider deploying open payment acceptance on the next-generation system sooner than originally planned (i.e., when the account-based system has rolled out in 2023).

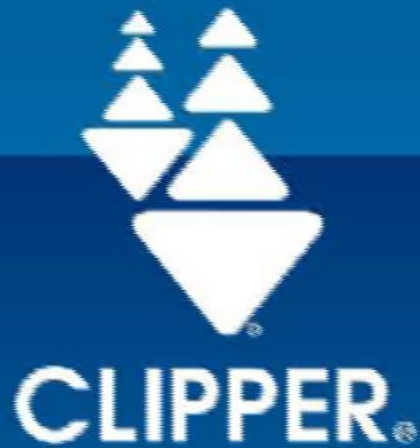
The working group considered the costs to the region, the impacts on the current project delivery schedule, impacts on customers, and who would benefit from open payment acceptance.

Based on this discussion, Clipper and transit agency staff have reaffirmed their unanimous support for the current Clipper deployment strategy: prioritize the Clipper mobile app and account-based system, evaluate the use of open payments at other transit agencies, and revisit the potential investment in open payment functionality after account-based design is completed in 2023.

Attachments: **Attachment A:** Slide Presentation: Next-Generation Clipper Open Payment Recommendation



Carol Kuester




Next-Generation Clipper Open Payment Recommendation

Clipper Executive Board

July 27, 2020

What are Open Payments?

- Open payments is the use of contactless credit/debit cards for fare payment at a transit points-of-entry (gates, fareboxes)
 - Via contactless credit/debit card or
 - Enabled via mobile phone
- Plastic contactless credit/debit cards must have this symbol 
- Cell phones use Apple Pay, Google Pay, Samsung Pay to access or to emulate plastic credit/debit cards

Next-Generation Open Payment Approach

- Strategy Developed at Key Points
 - Request for Expressions of Interest
 - Request for Proposals for Industry Review
 - System Integrator contract award
 - Subsequent budget approvals
- Approved Strategy
 - Accelerate deployment of mobile app, evaluate adoption and use
 - Track issuance of contactless credit/debit cards
 - Track use of open payments on other transit systems
 - Revisit use cases and demand for open payments after account-based implementation

Open Payments Strategy Check-In

- Should we consider open payments acceptance now?
 - Benefits tourists/those without Clipper cards who have open-payment cards
 - No discounted fares
 - Poses equity concerns
 - Low adoption rate of open payments on other operators
- Adds to Clipper next generation schedule risk, cost, & complexity
 - Schedule: delays implementation of account-based system
 - Funding: not included in current Clipper budget
 - Estimated cost = \$7-8M capital, \$190K/year operations & maintenance
 - Other costs TBD
 - Agency network and infrastructure full PCI (Payment Card Industry) compliance
 - Open payments transaction fees and surcharges
 - Complexity: Cubic, MTC, & transit operator staff required to develop new, business rules

Open Payment Recommendation

- Deploy Clipper mobile app & evaluate utilization
 - App meets needs of broadest customer base
 - Supports youth, senior and disabled fares
 - Adds option for customers to immediately load Clipper value
 - Follows Future of Clipper public engagement findings and prioritizations
- Continue dialogue with payment brands (VISA, Mastercard)
- Continue monitoring industry and peer agency trends

Recommendation: Continue current strategy until account-based implementation