



News from the Alliance

Smart Card Alliance White Paper Examines Convergence of Contactless Financial Payments and Transit

Princeton Junction, NJ, October 9, 2006 – Wouldn't it be convenient if you could pay for your subway or bus fare with your contactless credit or debit card, the same way you pay for fast food or groceries? A new white paper from the Smart Card Alliance Transportation Council, *Transit and Contactless Financial Payments: New Opportunities for Collaboration and Convergence* examines trends in both the financial payments and transit industries and discusses how the two industries could work together to make this a reality. The white paper is available at no charge from the Smart Card Alliance web site at www.smartcardalliance.org.

The financial payments industry and transit agencies have moved towards contactless smart card technology, but along different tracks. In the payments industry, consumers can use their American Express® ExpressPay™, MasterCard PayPass® or Visa Contactless cards or devices anywhere contactless payment is accepted. Soon, some mobile phones may be equipped with compatible contactless technology to be used in the same way. Transit agencies, on the other hand, are issuing their own contactless smart cards as a fare medium. The white paper looks at new financial industry directions and transit industry requirements to assess how the two industries might collaborate to offer transit riders new payment methods. It also presents the key considerations for implementing a payment model where transit agencies can accept contactless financial payment cards directly, without the intermediate step of purchasing transit-specific fare media.

“Transit agencies wish to offer as many payment options to their customers as possible. Instead of issuing and managing only transit application fare cards, leveraging the financial payments industry infrastructure may be the key to opening up a new set of payment options,” said Randy Vanderhoof, executive director of the Alliance.

In addition to looking at the current climate of transit fare payments and financial payments industry trends, the white paper highlights two pilot projects, MTA New York City Transit and Utah Transit Authority, which are evaluating the use of contactless financial payment cards to pay fares directly at a subway gate or on a bus, respectively. It also examines possible alternative implementation models that could leverage the capabilities of multi-application smart cards and contactless payment enabled mobile phones.

“Pilots in New York and Utah are pushing the envelope for fare payment in public transport,” said Paul Korczak, assistant chief officer, MetroCard Sales Operations, MTA New York City Transit, and chair of the Alliance Transportation Council. “Projects like these are a good first step to a broader transit industry goal to facilitate regional travel through open, interoperable fare payment in a way that is both convenient for customers and efficient for transit agencies.”

Participants involved in the development of the white paper included: ACS, American Express, American Public Transportation Association, ASK Contactless, Booz Allen Hamilton, Chase, Cubic, ERG Group, First Data Corporation, Gemalto, Giesecke & Devrient, Inside Contactless, MasterCard Worldwide, Massachusetts Bay Transportation Authority, MTA New York City Transit, PepperCoin, Tri-County Metropolitan Transportation District of Oregon (TriMet), U.S. Department of Transportation/Volpe Center, Utah Transit Authority, Visa USA, Washington Metropolitan Area Transit Authority.

About the Transportation Council

The Transportation Council is one of several Smart Card Alliance technology and industry councils that were created to foster increased industry collaboration within a specified industry or market segment.

The Transportation Council is focused on promoting the adoption of interoperable contactless smart card payment systems for transit and other transportation services. Formed in association with the American Public Transportation Association (APTA), the Council is engaged in projects that support applications of smart card use. Transportation Council participation is open to any Smart Card Alliance member who wishes to contribute to the Council projects. Additional information about the Transportation Council can be found at http://www.smartcardalliance.org/about_alliance/councils_tc.cfm

About the Smart Card Alliance

The Smart Card Alliance is a not-for-profit, multi-industry association working to stimulate the understanding, adoption, use and widespread application of smart card technology.

Through specific projects such as education programs, market research, advocacy, industry relations and open forums, the Alliance keeps its members connected to industry leaders and innovative thought. The Alliance is the single industry voice for smart cards, leading industry discussion on the impact and value of smart cards in the U.S. and Latin America. For more information please visit <http://www.smartcardalliance.org>.