Two critical elements to keeping customer satisfaction levels high
Customer satisfaction is an extremely vital element to mass transit authorities in order to keep ridership and revenues high — and payments and payments security are two critical elements to keeping customer satisfaction levels high. With this in mind, ACI Worldwide conducted the 2016 ACI Worldwide Mass Transit Payments Survey to assess the current sentiment of U.S. public transportation riders in regard to payment preferences and payments security. The survey encompassed 2,006 riders from the nine largest metropolitan transportation systems in the U.S.

The findings of the survey show that while there is a high demand for alternate payment types, cash is still the most prevalent method of payment for mass transit riders — and is currently viewed as the most secure method of payment. Riders also indicated that there is a strong demand for alternate payments, such as credit/debit cards and mobile app payment, but the current perception is that these methods of payment are less secure than cash payments.

Based on the results of this survey, it is clear that mass transit authorities must do more to increase the perception of the security of non-cash payment methods among riders. This is particularly critical as technology continues to introduce advanced payment options and as the costs of cash management continue to rise across the industry.

**METHODS OF TRANSPORTATION**

The majority of mass transit riders surveyed indicated that they take mass transit on a daily (40%) or weekly (22%) basis (see Figure 1). Mass transit riders indicated that on average they regularly use two methods of mass transit, with bus (39%) being the most popular method of transit. Train (18%) was indicated as the second most used method of mass transit (see Figure 2 on page 2).

Given that most users take more than one method of mass transit on a regular basis, it is important to recognize the need to make the payments process for multi-modal transit as seamless as possible (see the following pages for data on multi-modal transit).
METHODS OF PAYMENT

The majority of mass transit riders (57%) indicated that they do not pay for their fare with a monthly or annual transit pass and only about half of riders (51%) preload a transit card or pass. Since a large percentage of transit riders are paying for their fares on a ride-by-ride basis, it is increasingly important for mass transit authorities to offer payment options that both meet the preferences of the majority of riders and are cost-effective, given the frequency of mass transit transactions.

Surprisingly, even in today’s increasingly digital world, the most popular method of payment for mass transit is cash (see Figure 3 on page 4). After cash, credit/debit cards are the most used methods of payment, with 29% of riders regularly paying with credit/debit cards. The third most used payments method is mobile app, with 7% of riders regularly paying for fares via a mobile app.

When riders were asked which payments method that they would prefer if given the choice, cash at a physical location was the most preferred payments option (see Figure 4 on page 4). After cash, riders preferred to pay with credit/debit cards (31%) and mobile app payments (12%). Mail-in payments (3%) and call center payments (2%) were the least preferred methods of payment.

Half of all mass transit riders (50%) use more than one form of payment for mass transit depending on the...

SURVEY HIGHLIGHTS

43% OF TRAVELERS HAVE A MONTHLY TRANSIT PASS

51% USE A PRELOADED CARD TO PAY FOR TRANSIT

59% OF RIDERS ARE FORCED TO USE MULTIPLE PAYMENT TYPES FOR MULTI-MODAL TRANSIT

MORE THAN ⅔ OF RIDERS WOULD LIKE A SINGLE PAYMENTS METHOD FOR MULTI-MODAL TRANSIT

THE 3 MOST PREFERRED PAYMENT METHODS ARE:

1. CASH (51%)
2. CREDIT/DEBIT CARD (31%)
3. MOBILE APP (12%)

CREDIT/DEBIT CARD PAYMENTS ARE VIEWED AS THE MOST SECURE NON-CASH TRANSACTION

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chosen method of transit (see Figure 5 on page 5). Just over two thirds (67%) of riders believe that they would benefit from having one singular method of payment for multi-modal transit.

These results show that while cash is still the most used and the most preferred method of payment, mass transit authorities must offer myriad payment options in order to meet the demands of their riders. Since cash payments typically cost mass transit agencies twice as much as non-cash payments in overhead\(^1\), it is important that mass transit agencies continue to make it easier for riders to seamlessly use non-cash or electronic payment options, such as credit/debit cards or mobile apps, to pay for all transit types. Allowing a single payment type for multi-modal transit would almost certainly increase customer satisfaction — as so many riders believe that they would see a direct benefit from being able to pay for multi-modal transit with a single form of payment.

In addition to reducing overhead from cash handling, electronic or digital payments give transit authorities an opportunity to better understand the buying habits of their riders.

\(^1\) Federal Reserve Bank of Boston https://www.bostonfed.org/economic/cprc/publications/briefings/transit.pdf
and patterns of their individual and groups of riders. As transit authorities increase the number of riders who use electronic payment methods, they can build out better rider insights. For example, transit authorities can create new or different offers and services for riders who have signed up for monthly pass programs tied to auto-payment plans. A centralized database of rider data can be invaluable to mass transit authorities who want to track and measure customer satisfaction. Digital payments, mobile apps and monthly passes can help deliver that centralized view.

**PAYMENTS SECURITY**

More than three quarters (78%) of mass transit riders currently trust that the payments process for mass transit in their city is secure and nearly the same (76%) trust their mass transit authority is protecting their payments information. However, if their payment data was compromised (by data breach or fraud), nine out of ten people would likely revert to using cash for mass transit payments.

When asked to rank their current perception of the security of individual payment types, not surprisingly riders viewed cash as the most secure method of payment (see Figure 6). Among non-cash payments,
all types of credit/debit card payments are viewed as the most secure, with 29% of riders viewing credit/debit card payment at a physical location as very secure. Using a mobile app for payment is viewed as secure by 38% of respondents. Both call center payments and mail-in payments are viewed as the least secure, with 43% and 46% of riders viewing these payments as unsecure.

Of the cities surveyed, the top three cities with the highest rider trust in payments security are New York (85%), Boston (82%) and Chicago (78%). The three cities with the least trust in payments security are San Francisco (70%), Miami (70%) and Washington, D.C. (69%).

Based on these survey results, mass transit authorities have a long way to go to increase the overall perception of payments security. The perception that cash is the most secure method of payment among riders should be concerning for mass transit authorities, given the aforementioned cost of cash management when compared to the cost of alternative payments. These numbers should be a wake-up call to mass transit authorities. Authorities need to make an effort to proactively increase the perception and importance of security of electronic payments as they move to reduce overhead costs and provide seamless payment options for riders.

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**FIGURE 7**

**HOW DO YOU NORMALLY PAY/PREFER TO PAY FOR MASS TRANSIT?**

![Bar chart showing the percentage of riders normally paying with cash and preferring to pay with cash for mass transit in various cities.](chart)

- **New York** mass transit riders use cash the least (42%), while Philadelphia mass transit riders use cash the most (75%)
- **New York**, San Francisco and Chicago mass transit riders prefer to pay with cash the least (36%, 44% and 53%), while Philadelphia, Atlanta and Miami mass transit riders prefer cash the most (63%, 60% and 57%)
- **New York** mass transit riders use credit/debit cards the most (42%), while Philadelphia mass transit riders use credit/debit cards the least (15%)
- **New York** mass transit riders would prefer to use credit/debit cards the most (50%) followed by Boston (29%), while Los Angeles mass transit riders would prefer to use credit/debit cards the least (17%)
- Nearly 1 out of 5 mass transit riders in San Francisco would prefer to pay via mobile app the most (19%), while riders in New York would prefer to pay by mobile app the least (7%)
Payments are more important to mass transit authorities today than they have ever been in the past. Instead of simply accepting cash for transit, the plethora of payment options today allow mass transit authorities to potentially reduce operational costs and increase customer satisfaction levels, with the right payments strategy.

It is clear from this survey that security and convenience of payments are in fact important to transit riders and must be comprehensively understood by mass transit authorities. Based on the results of this survey, ACI recommends that mass transit authorities take the following actions:

- Increase the variety of payment types and acceptance channels — including branded apps or wallets, self-serve kiosks, etc. — across all modes of transit. This will help drive down overall operating costs associated with cash handling and payments collection and increase customer satisfaction.
Enhance payments security to proactively protect riders’ payments information and increase overall trust in non-cash payments among riders.

Actively promote available payment options and advanced payments security features to drive up the adoption of non-cash payments.

This survey was conducted via mobile app polling and targeted active mass transit riders in the nine largest transit markets in the United States. Mass transit transportation categories included subway/light rail, train, bus, boat, car share, bike share and other. Cities targeted were Atlanta, Boston, Chicago, Los Angeles, Miami, New York, Philadelphia, San Francisco and Washington, D.C.

In total, 2,006 respondents completed the survey, with a median age bracket of 25-43 years old. Just over half (52%) of the respondents were male. 40% of respondents rely on mass transit in their city on a daily basis.

To learn more about the evolution of mass transit payments and how ACI’s UP® Merchant Payments™ for Transportation solution can help mass transit authorities recognize more value from payments, please visit www.aciworldwide.com/transportation
ACI Worldwide, the Universal Payments (UP) company, powers electronic payments for more than 5,100 organizations around the world. More than 1,000 of the largest financial institutions and intermediaries, as well as thousands of global merchants, rely on ACI to execute $14 trillion each day in payments and securities. In addition, myriad organizations utilize our electronic bill presentment and payment services. Through our comprehensive suite of software and SaaS-based solutions, we deliver real-time, any-to-any payment capabilities and enable the industry’s most complete omni-channel payments experience.