



Transit agencies deliver open-loop convenience with **Discover® Global Network**

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The Metropolitan Transportation Authority is North America's largest transportation network

Everywhere they go, consumers are getting used to paying with just a tap of their card or smartphone. Why should paying for public transit be any different?

Just as subway tokens are a thing of the past, so are the days when riders accept that they need to wait in long lines at kiosks for passes and hope they don't get stuck at turnstiles. Indeed, now more than ever, public transit riders expect flexibility in how they pay, and they want to be able to do it quickly.

Delivering that convenience was a key goal of New York's Metropolitan Transportation Authority (MTA), and it was among the reasons the nation's largest transit system teamed up with leading payment networks, including Discover® Global Network.

“Commuting has changed. People are less likely to buy a separate pass loaded up on a monthly or weekly basis, and don't want to wonder if their transit card has enough funds,” said Troy Bernard, Head of Transit Program Management at Discover Global Network.

“Transit agencies are looking for ways to reduce the operational burden of distributing transit-issued cards, managing the balances, and if they're lost or stolen, providing customer service and card replacement.”

Troy Bernard
Head of Transit Program Management
at Discover Global Network

Contactless open-loop technology is important for increased ridership

Contactless open-loop payments benefit riders and transit agencies. Riders can use the same card or mobile wallet they use to make any other purchase and just tap and ride at the turnstile or onboard the bus. This is a boon for both regular riders and tourists, who might otherwise have trouble navigating an unfamiliar transit system. And to make the process even more user-friendly, many agencies plan to implement fare capping, so riders' payment cards won't be charged for rides beyond a certain threshold in a given time period.

In contrast to traditional closed-loop systems, which keep all funding and processes in-house at the transit system, adding the convenience of open-loop payment improves the customer experience dramatically, while reducing the expense of card management for the transit agency.

"In fact, even before the pandemic, penetration of contactless open-loop payments at the MTA increased well beyond expectations,"

said Christian Henry, Senior Vice President & General Manager at Cubic Transportation Systems, MTA's systems integrator. "And it's easy to understand why."

Most important, though, contactless open-loop payments encourage ridership—a critical goal for cities and transit agencies around the world that are trying to address the pressing needs of urban mobility as well as move on from the impact of the recent pandemic.

"Transit agencies are responding to changing rider preferences, including secure payments for a more frictionless travel experience," said Tim Dziubek, Director of Payments Product Management at Discover Financial Services.

"Open-loop transactions are secure and reduce operational costs by driving cash out of the system—while allowing loyal Discover customers to tap and ride with their card of choice."

Tim Dziubek
Director of Payments Product Management
at Discover Financial Services

How open-loop transit payments work



Riders use their own contactless payment device



Riders tap to pay at transit terminal



Access granted to transit system



The OMNY platform gives riders flexibility, security and a lightning-fast, frictionless payment experience

Open-loop payments benefit transit systems of all sizes

Open-loop payments aren't important just for the New York MTA. Chicago, Portland and Dallas have all rolled out open-loop systems—and they're sweeping into other agencies in the U.S., as well. For example, the California Integrated Travel Project, a statewide initiative designed to offer seamless trip planning and transit payments, aims to help bring contactless payments to more than 300 agencies in California that may want to deploy them.

“In the long run, especially, agencies will see benefits of driving open-loop payments at the expense of closed-loop cards or paper tickets that can't be utilized anywhere else,” said Dziubek. “Introducing open payments

certainly helps agencies that have been strained due to reduced ridership revenue from COVID-19.”

Because payment choice is unique from rider to rider, forward-minded transit agencies are working to integrate contactless open-loop payments in all their forms, from all card issuers.

Improving the MTA rider experience and program efficiency of OMNY

The New York MTA is one of the world's largest public transit systems—with 6,600 subway cars and 5,927 buses serving a daily ridership of close to 3.9 million people as of April 2022. The MTA's iconic MetroCard, a plastic card with a magnetic stripe, has been a staple for 30 years.

New York MTA at a glance

	6,600 subway cars		5,927 buses		~3.9M daily riders
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“Launching open-loop first really encouraged people to use the cards they already had in their wallet, as opposed to relying on a card they had to purchase from the agency.”

Christian Henry
Senior Vice President & General Manager
at Cubic Transportation Systems

But this closed-loop, card-based management is labor-intensive and costly, and it requires continuous maintenance of readers and vending machines. It’s also less convenient for riders, who must allocate funds specifically to the transit agency and dedicate time to buying or refilling cards.

To address these issues, the MTA started the design/build project for its contactless open-loop solution in 2017. Known as OMNY, which stands for One Metro New York, the platform

gives riders flexibility, security and a lightning-fast, frictionless payment experience. Instead of tying up funds they might not use on a MetroCard, riders can tap and pay for rides with their payment method of choice, just as they do for their morning coffee or groceries.

Since its launch, the OMNY open-loop platform has been a proven success. By July 2021, riders had tapped their contactless card, smartphone or wearable device to pay MTA fares more than 100 million times, with 25 million of those payments made in the previous two months alone, according to the MTA.

Notably, OMNY open-loop payments were deployed even before the MTA launched the OMNY card, its contactless closed-loop solution. And according to Henry, this could be a primary driver of the platform’s success.

Other agencies are taking notice, and are considering deploying open-loop payments sooner rather than later to enjoy similar results.



Partnering with Discover® Global Network to modernize transit payments

A successful launch of an open-loop program like OMNY relies on strong partnership and smooth collaboration among all involved parties. To support the success of the OMNY program, for example, Discover® worked closely with the New York MTA, its acquiring bank, Chase Paymentech, and with its systems integrator, Cubic Transportation Systems.

Since then, Discover has partnered with systems integrators across the U.S. and globally to bring open-loop contactless payments to riders and minimize the complexity and burden of transit payment management for transit agencies.

Many transit agencies will continue offering both open- and closed-loop cards. For those agencies needing an EMV®-compliant¹ solution for their closed-loop program, Discover also embraces opportunities to “white label” its payments technology for transit agencies and other firms through D-PAS Connect. D-PAS Connect comes with customized program components, as well as rules and policies that authenticate a payment device in seconds while reducing potential fraud losses for the transit merchant.



In addition, through a growing number of network-to-network relationships between Discover and other global schemes, consumers are increasingly able to pay for transit with their card of choice, wherever they might travel. Currently the fastest-growing payment network,² Discover has alliances with more than 25 networks around the world, in places such as China, Japan, India and Brazil—giving transit agencies access to a customer base of more than 280 million Discover cardholders globally.³

A growing payments network



280M+
cardholders
around the globe



200+
countries and
territories



25+
Network Alliance
partners

¹ EMV® is a registered trademark in the U.S. and other countries and an unregistered trademark elsewhere. The EMV trademark is owned by EMVCo, LLC.

² Based on signed alliance agreements over the past twelve years with major payment networks within respective countries – Panoramic Research study, conducted 2020.

³ Discover Global Network participation and RBR Global Payment Cards Data and Forecasts to 2026, September 2021.

Bringing open-loop transit payments to a city near you

Just like other transit agencies around the globe, the New York MTA is taking advantage of the benefits of its open-loop payment system and the frictionless payment experience it offers.

Next on the agenda? Expansion to commuter lines in the greater metropolitan area, including MTA Long Island Rail Road, MTA Metro-North Railroad, and to other agencies in the region that currently rely on MetroCard such as the Port Authority of New York and New Jersey's AirTrain JFK. For other transit agencies looking to

“In fact, even three years after its launch, we're still seeing a consistent month-over-month increase in the number of people that are making the conscious decision to embrace open-loop contactless payments with OMNY.”

Christian Henry
Senior Vice President & General Manager
at Cubic Transportation Systems

better serve their riders and streamline their processes, partners like Discover are ready to help them start down a similar path of digital transformation.



In the future, OMNY will expand to commuter lines, including MTA Long Island Rail Road

About Discover® Global Network

Discover® Global Network, the global payments brand of Discover Financial Services, processes millions of cardholder transactions each day. With industry expertise, innovative technology and a closed-loop infrastructure, Discover Global Network provides effective, customized solutions that evolve as needs change. Discover Global Network has alliances with 25+ payment networks around the world, and is led by three Discover businesses: Discover Network, with millions of retail and cash access locations; PULSE® one of the leading ATM/debit networks; and Diners Club International® a global payments network with acceptance in over 200 countries and territories.

For more information, visit DiscoverGlobalNetwork.com

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