

# VISA TAP Co-branded Card

## Operations Committee



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# Visa - TAP Pilot

**A potential business case that benefits the un-banked community that ride public transit in Los Angeles County:**

- **\$789 is spent yearly by the un-banked to cash checks, pay fees for money orders, etc.**
- **California check cashing charges:**
  - 3% with ID for payroll or government checks.
  - 12% the face value of a personal check.
  - A person cashing two \$800 paychecks monthly would spend \$576 in fees in one year.

# Visa – TAP Pilot

- **Consumers that do not have a credit card or prepaid card cannot participate in or enjoy products and services the banked takes for granted:**
  - Pay a bill by phone
  - Shop online
  - Rent a car or DVD
  - Pay for movie tickets
- **The un-banked consumer lacks security – they need to carry large amounts of cash.**

# Visa – TAP Pilot

A unique and compelling dual application smart card product has been developed for LACMTA and Regional TAP participants:

## Instant Ready Visa – TAP Card

- Can be purchased in less than 1 minute from kiosk
- Activated and ready to use on issuance
- Anonymous - NO ID required
- \$4.95 purchase fee
- Load limit \$10 - \$500
- Free reloads at kiosks
- Can be used anywhere Visa is accepted

## Personalized Visa TAP Card

- Acquired on line or by phone
- Personalized – name on card
- No purchase fee
- Load limit of \$9,999
- PIN provided, Debit & ATM access
- Free reload at kiosks
- Can be used anywhere Visa is accepted

# Visa – TAP Pilot

- **Visa – TAP cardholders can enjoy benefits of usage without requiring credit approval or credit risks.**
- **Because it's prepaid, cardholder are never charged overdraft, interest or insufficient funds fees.**
- **Cardholders are able to spend when they want, where they want in both transit and retail.**
- **Free direct deposit for automatic paycheck deposit – saves hundreds in annual fees.**
- **Free reloads at kiosks make the Visa – TAP card the lowest reload fee card on the market today.**

# Purpose & Goals of Visa – TAP Prepaid card

**Visa – TAP pilot to determine if a pre-paid payment card is successful in Los Angeles:**

- 1. As a transit payment card and;**
  - 2. As a general purpose card in the retail domain.**
- In the USA, the only other such “pilot” is in New York City, limited to one rail line. It has been very successful.**
  - Across the USA, Los Angeles will have the only program focused on BUS riders with pre-paid smart cards.**



# Basis of the Pilot – type of cards

## Premise:

10% of customers will use the product exclusively for transit.

90% will use the product in both transit & retail (General Use).

## Two card types:

1. Anonymous

Instant Ready cards

2. Personalized cards

with individual name



# Basis of Pilot – 40 proven kiosks



The ReadySTATION becomes the “bank” for the self banked

- Instant/anonymous card issuance
- Reloads
- Cash bill pay (optional)
- Builds higher repeat business
- Self-service technology –English & Spanish
- Ease of use, no lines
- Privacy
- Proven consistent customer experience



# Performance Metrics – 12 month pilot

- 1. Issue 16,800 Anonymous instant cards**
  - Verify 4 non-transit usage per month
  - Verify 2 transit usage per month
- 2. Issue 8,400 Personalized (registered) cards**
  - Verify 4 non-transit usage
  - Verify 2 transit usage per month
  - Reload cash once per month
  - Use at ATM once per month

# Post Pilot Revenue Projections to LACMTA

Increase the number of kiosks from 40 to 50 machines

## LA Metro Post Pilot Projections

### Economic Model

	Year 1	Year 2	Year 3	
<b>Cards Issued &amp; Active (Qty)</b> <sup>1, 2, 3</sup>				
Instant Cards	43,125	45,000	45,000	
Personalized Cards	33,406	54,823	70,992	
Total Cards	76,531	99,823	115,992	
<b>Financial Summary</b>	Yr 1	Yr 2	Yr 3	Total
Revenue share paid to LA Metro <sup>(4)</sup>	\$1,144,820	\$2,773,252	\$3,857,625	\$7,775,698

### Notes:

- 1) Instant Cards: 75 cards per month years 1/2/3 @ 50 ReadySTATIONS
- 2) Personalized Cards: Issued as upgrade from Instant Card, online or phone orders
- 3) Personalized Cards Active by Year: 1st year 33,406; 2nd year 54,823; 3rd year 70,992
- 4) LA Metro receives 50% of revenues earned on the following fees: monthly account maintenance, ATM transactions, and reloads outside of transit



# Post Pilot Revenue Projections based on 50 Kiosks

Post Pilot - 3 Year Cumulative Revenue to LA Metro  
50 ReadySTATIONS

