

JANUARY 2020

# 3 Billion Contactless Journeys And Beyond

The Transport for London (TfL) revenue collection story

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# A brief introduction to ticketing in London

# The first 140 years of ticketing



Collection of London Transport Museum



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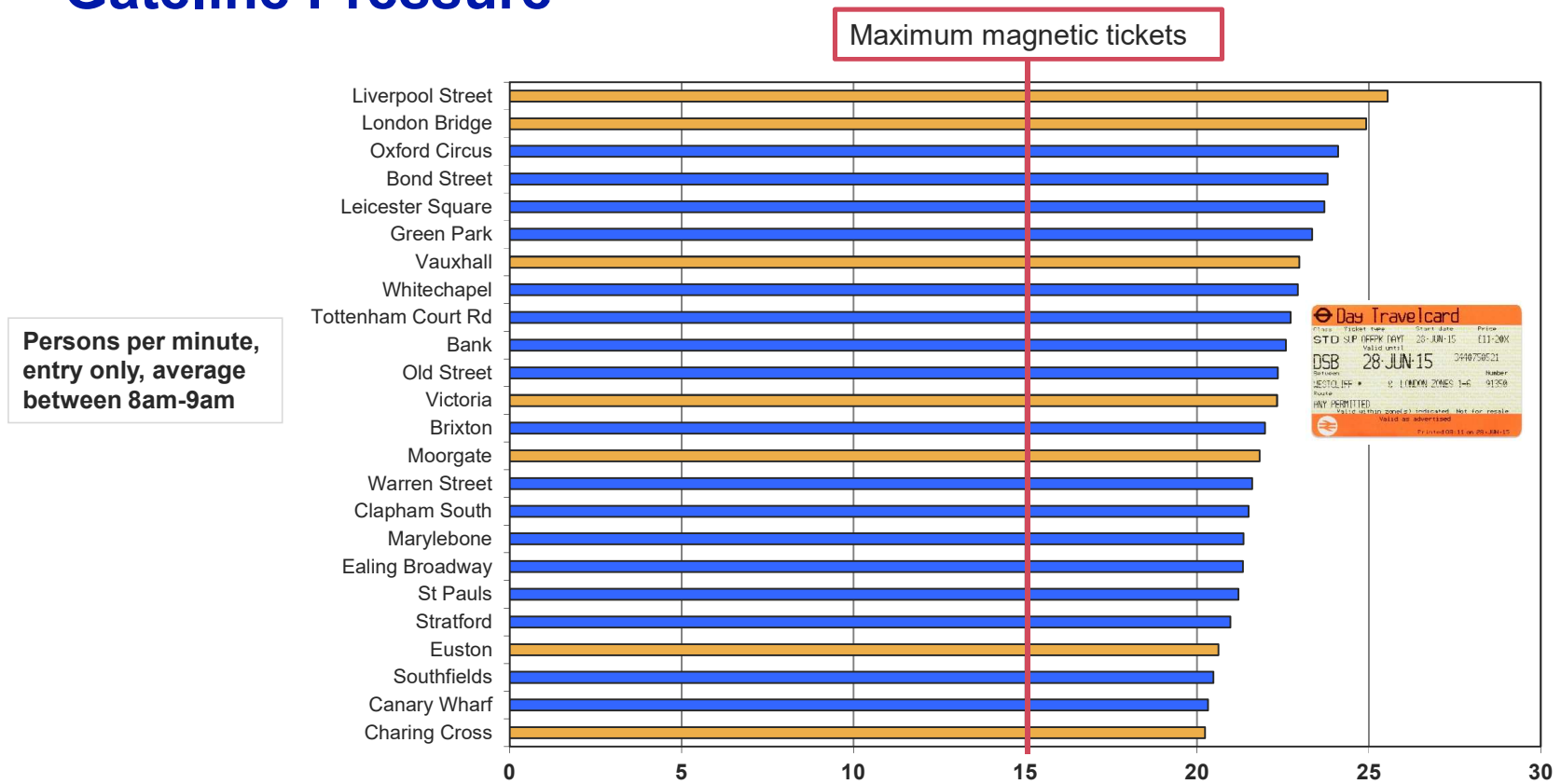
# Gateline Pressure



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# Gateline Pressure



# Ticketing in the 21<sup>st</sup> Century



- Oyster launched in 2002
- Over 100m cards issued, 12m active cards today
- Globally recognised brand



- 57%+ PAYG market share and rising weekly
- 3.6 bn+ journeys since launch
- 65m+ unique cards so far

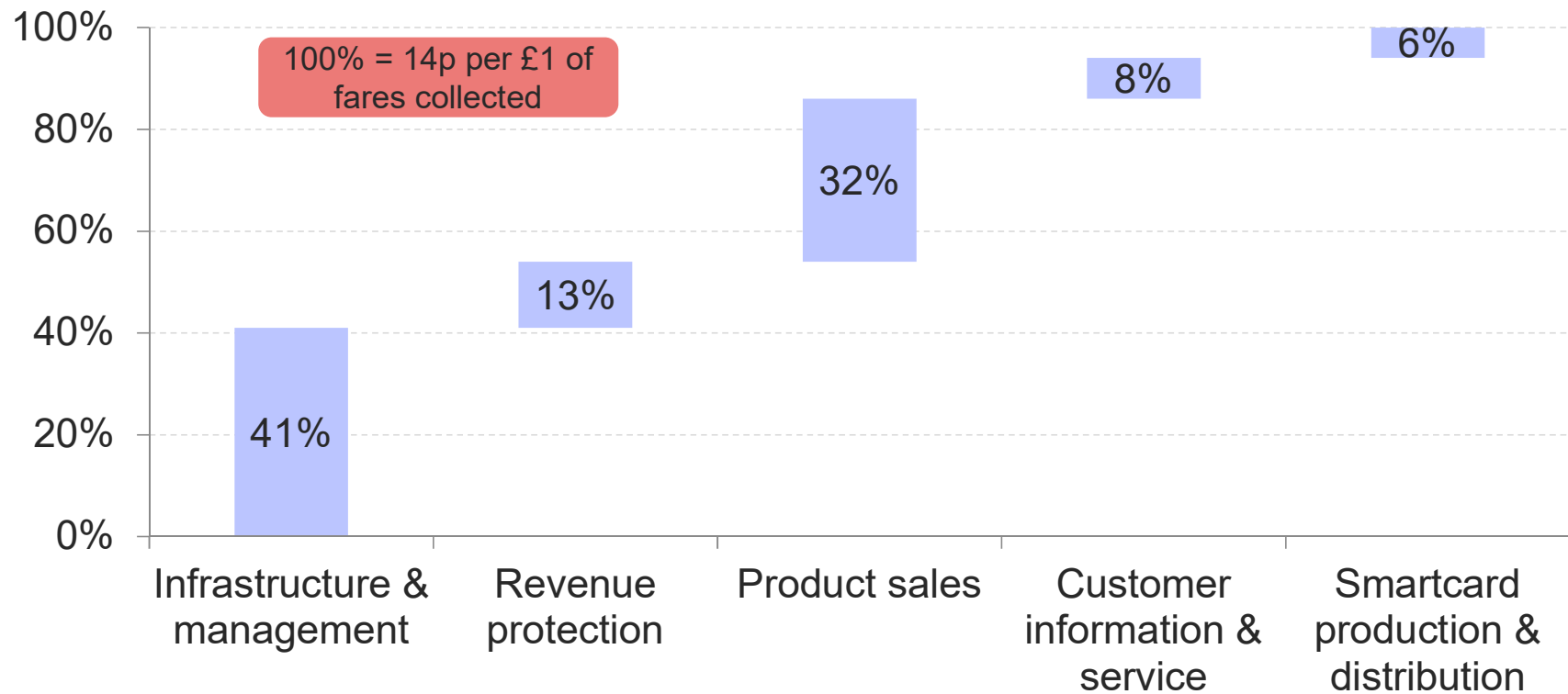
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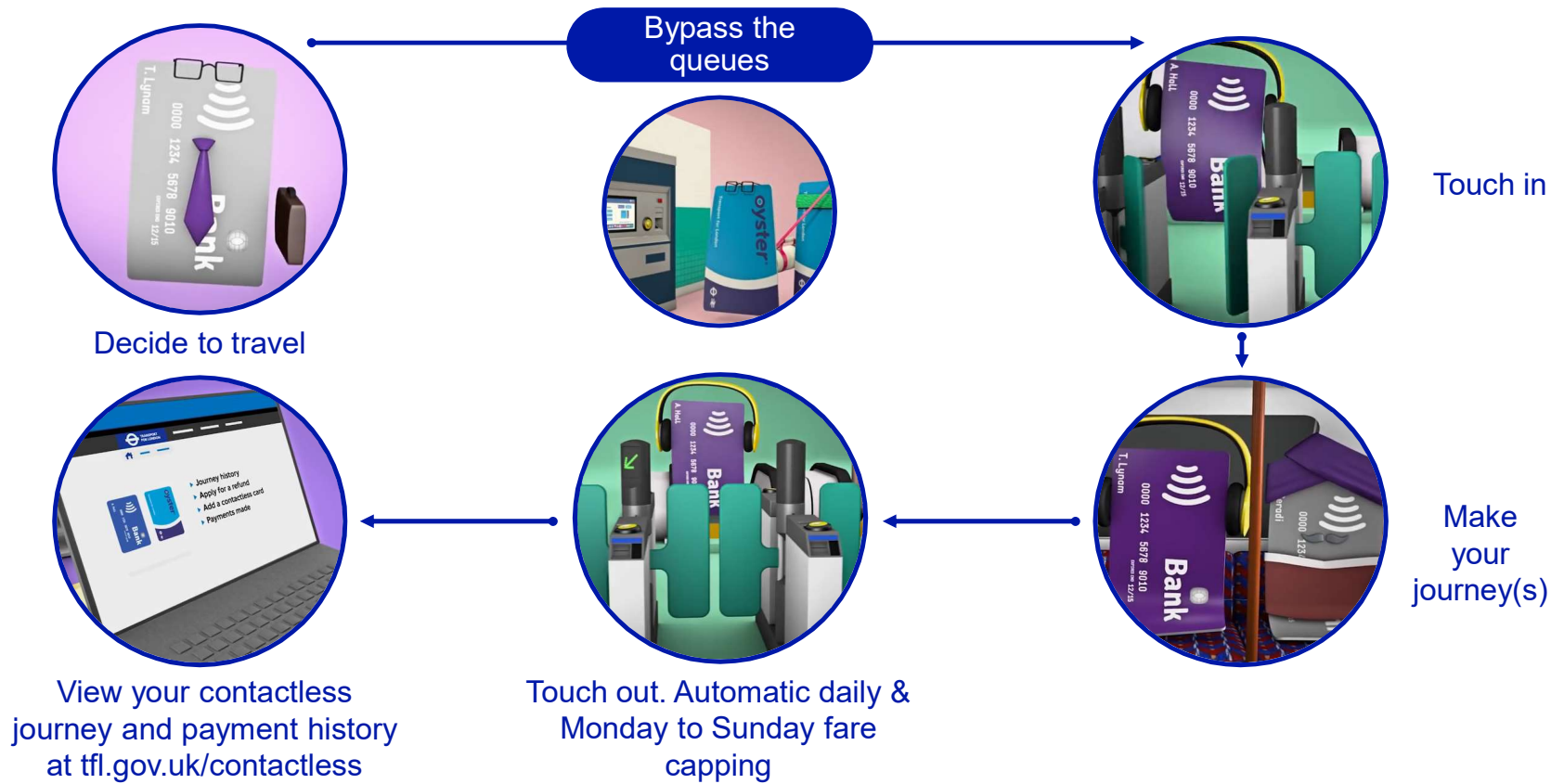
- Mobile payments evolving
- Apple Pay, Google Pay & issuer payments accepted
- Challenges & benefits



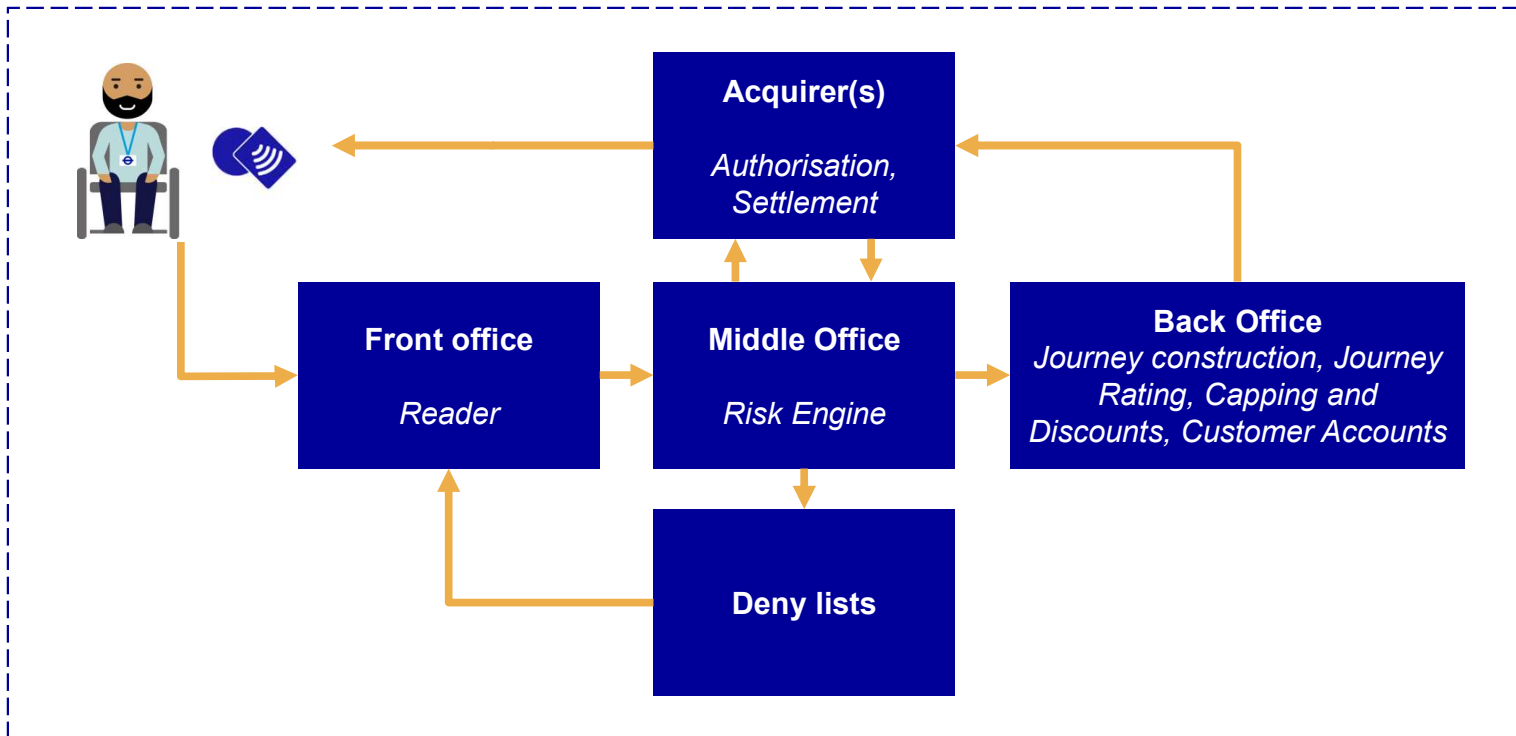
## The cost of revenue collection (2006)



# Making a Contactless journey



## Making a Contactless journey



# Launching Contactless in London

## Cashless Bus

In 2012, <1% of Bus customers paid with cash

Other payment options:  
Contactless, Oyster,  
prepaid tickets,  
concessionary passes

Oyster development:  
“One More Journey”

Benefits:

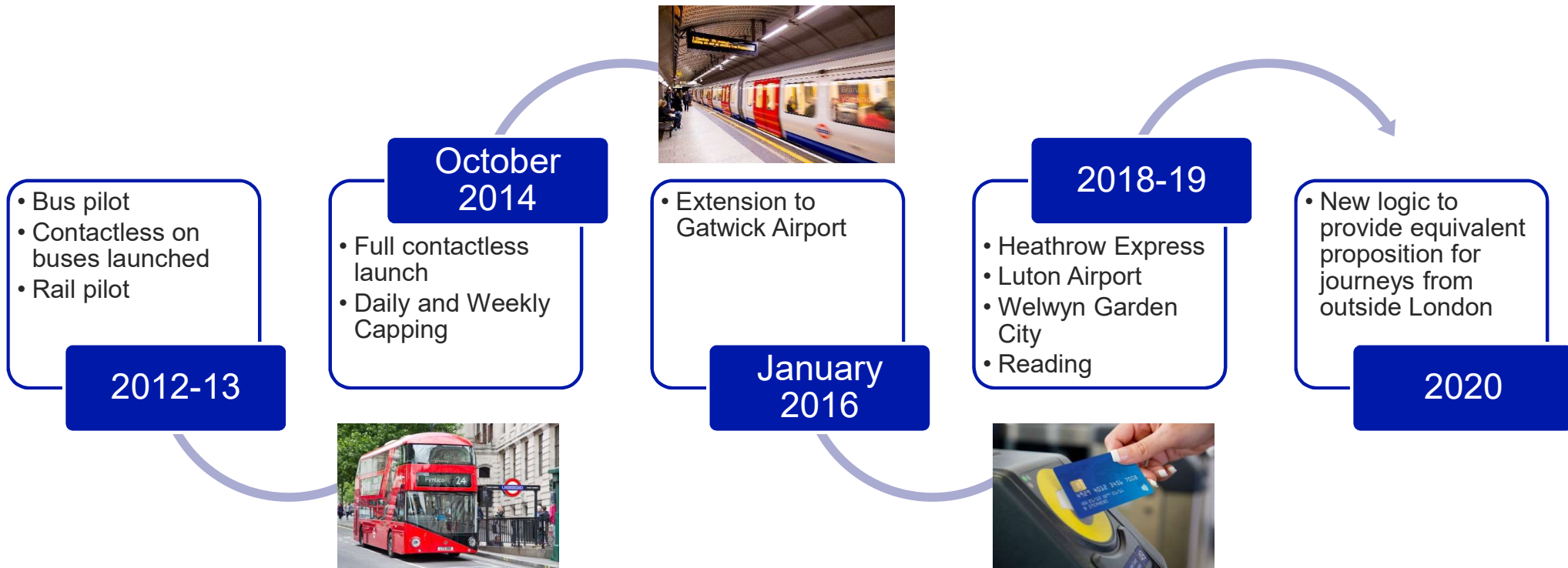
- Improved operational efficiency
- Reduced costs



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# Launching Contactless in London



## Mobile Payments

Apple Pay, Google Pay and Samsung Pay and others allow us to reach an ever growing market



**Challenges:** battery life & transaction speed

**Benefits:** easy access to journey and charging data for customers

**Usage:** c.21% of Contactless journeys on mobile



# The growth of Contactless

# 3 billion journeys and counting...

1.6m\* daily CPC journeys on London Underground



1.05m\* daily Contactless journeys on London Buses



\* Average daily journeys from 30 June 18 – 30 June 19



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Follow

Wow! We've now seen more than 2 BILLION journeys on London's transport network made using pay as you go with contactless since it launched across the Tube and rail network in September 2014! 🚆



8:00 am - 28 Aug 2018

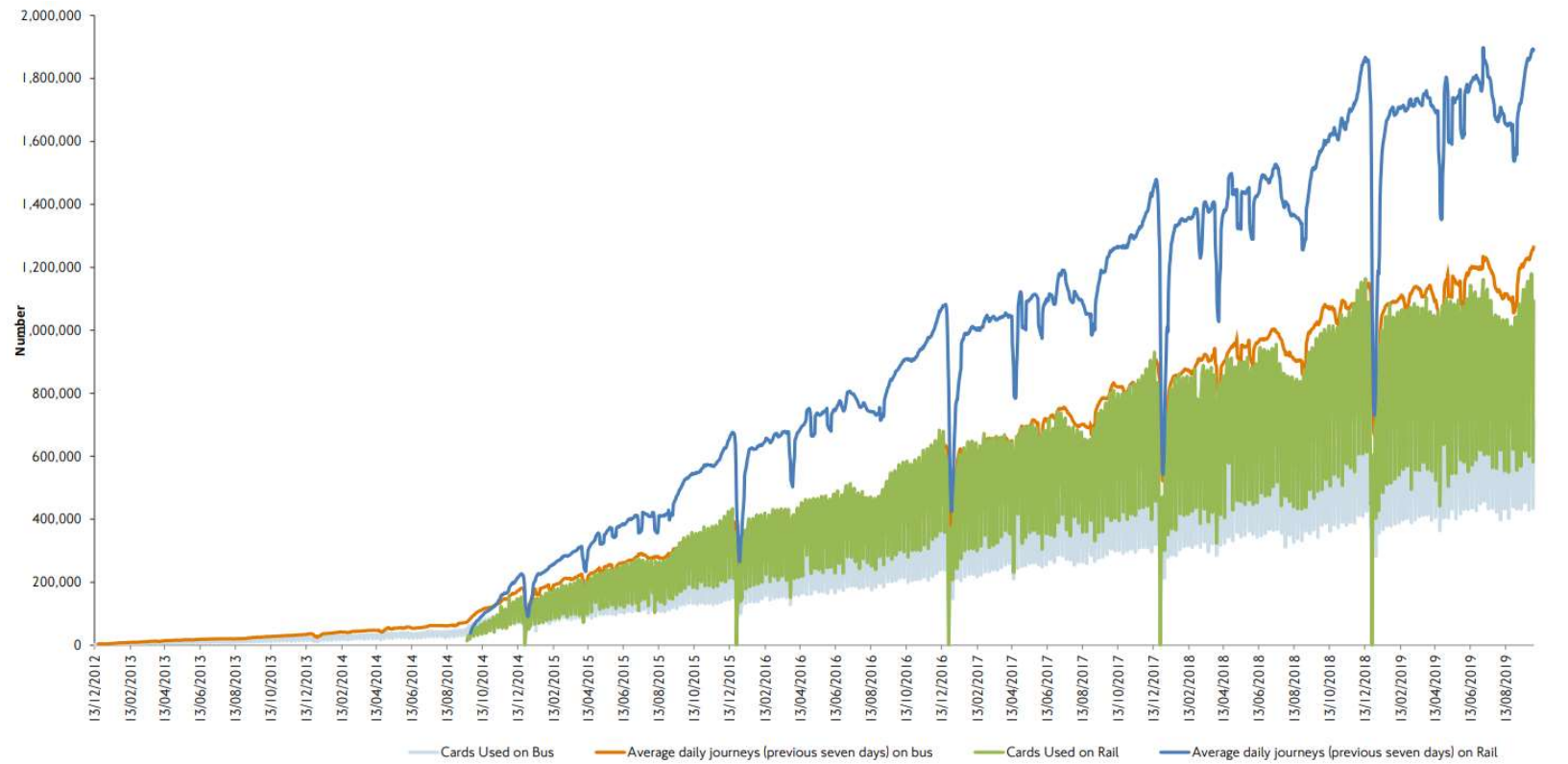
18 Retweets 62 Likes



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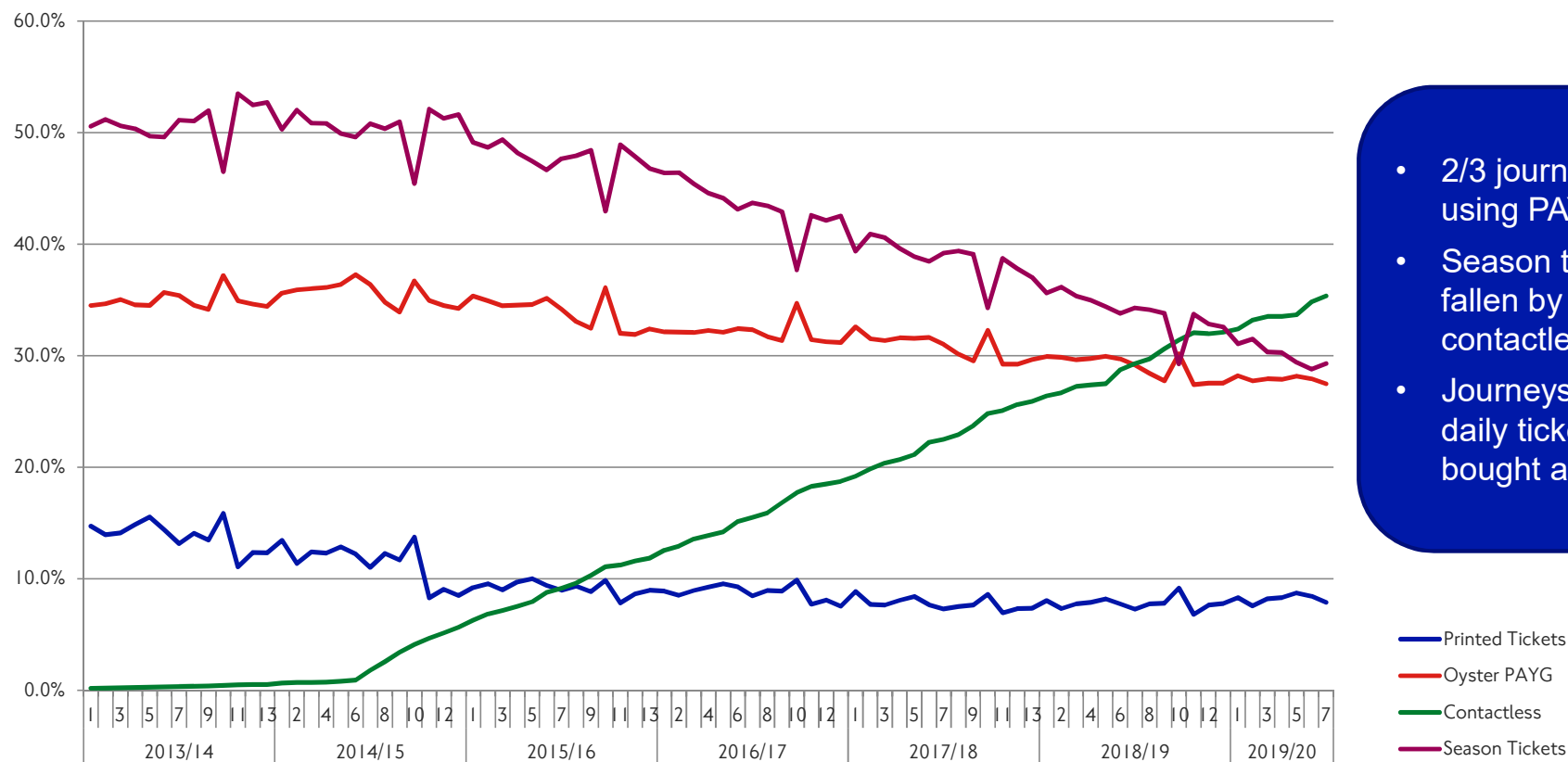
# Use of Contactless on Bus and Rail



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## Contactless Market is coming from all other products



- 2/3 journeys are made using PAYG
- Season tickets have fallen by 50% since contactless introduced
- Journeys requiring a daily ticket to be bought are c.8%

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# Why has Contactless been so successful in London?

## Lessons learned in London

Planning and collaboration was the key to achieving this outcome

TfL focused on the **customer proposition** - understood what is important to the customer

Convenience - remove barriers and frustrations





Clearly **communicate proposition**

Understand and mitigate **key challenges**

Engage **key stakeholders**

Agree **roles and responsibilities**

**Align** marketing and terminology

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Two thirds **convert** after first use

**Encourage trial** through marketing and payment industry collaboration

**Promote uptake** at key locations and decision points – online, in-station etc.

# Global interoperability

# Global uptake of Contactless Payment



Visitors from **145+** countries have used contactless cards in London

# What do our customers think?

## Customer feedback

**77%** aware of contactless on public transport

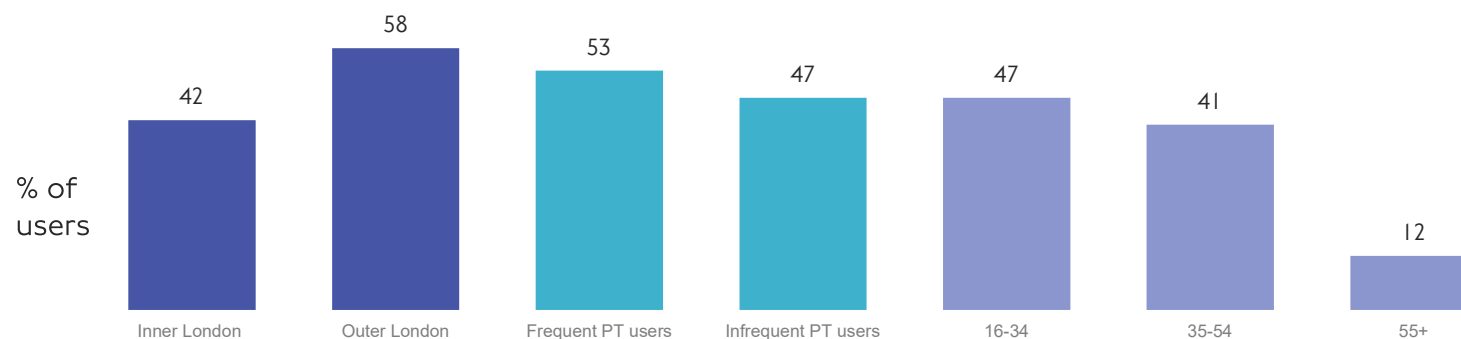
↳ **57%** of those have **used** contactless

28% are **using** contactless to pay for **all or most** journeys on public transport

44% have **used** contactless as a way to pay for public transport

77% **aware** of contactless as a way to pay for public transport

Usage of Contactless for Public Transport – breakdown of user type



**85**<sub>/100</sub>

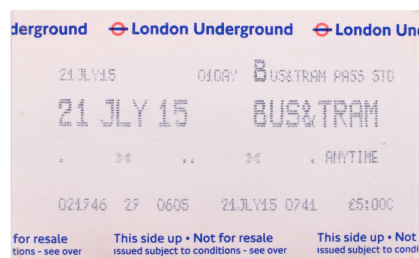
mean **satisfaction** with contactless

# What does the future look like?

# Our vision for a simplified payments landscape

## Magnetic Tickets

- Stop selling our tickets
- Migrate remaining Travelcard seasons to smart
- Work with RDG and DfT on solutions for journeys starting outside London



## Oyster

- Exploit capability of contactless platform
- Make digital as 1<sup>st</sup> choice, including for concessions
- A PAYG proposition for all concessions



## Season Tickets

- Weekly capping will accelerate switch to PAYG
- Explore account-based options
- Make digital as 1<sup>st</sup> choice



## Steps we've already taken

### In London

- Annual Travelcards only available online
- Trial to remove magnetic ticket acceptance at some gates at quieter stations
- Weekly capping for Oyster on bus & tram
- Weekly capping ready for rail launch
- Promoting contactless
- First trial of cashless stations



### Cross-boundary

- All zone Travelcards can be issued on ITSO
- Contactless only PAYG extensions to Reading, Luton Airport Parkway and Welwyn Garden City
- Provided input to DfT strategy for smart ticketing around London

## What we're planning to do

- Introduce Weekly Capping for Oyster customers
- Reduce our ticket selling footprint in stations
- Reduce the number of gatelines accepting magnetic tickets at some stations
- Trial reducing the number of ticket machines selling magnetic tickets
- Digital First strategy
- Review the overall ticket machine proposition
- Make Pay As You Go the product of choice
- Focus on the benefits of Pay As You Go

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# What this means for the next Revenue Collection Contract

- Rebuild and replace our reader infrastructure
- Aspire to remove magnetic ticket infrastructure
- Start migration of Oyster away from legacy technology

Revenue  
Collection  
Contract  
expires in  
August 2025

- Opportunity to decommission legacy Oyster infrastructure
- New contract will focus on EMV and ITSO platforms

Opportunity to reassess the scope and structure of our Revenue Collection Contract

## Future Engagement

During 2020, we will be conducting market engagement on how best to:

- Understand the market's perspective
- Develop our strategy to maximise the opportunities for the market
- Shape our procurement strategy

Please get involved

Register interest at [RCC2@tfl.gov.uk](mailto:RCC2@tfl.gov.uk)

# Thank You

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