

Procuring Next-Generation Revenue Systems

Mark Langmead, CPHR
Director, Revenue & Compass Operations
TransLink

March 5, 2025





Transit agencies have tremendous choice in revenue collection systems. We will discuss the options and considerations agencies make when procuring a new revenue system.



Vancouver British Columbia



Vancouver is the third largest city in Canada with approximately 2.5 million residents



TransLink is the authority that governs the major road network, bridges, rail service including heavy commuter and automated elevated light rail, inner harbor ferry, and paratransit services.



TransLink carries over 480 million passengers annually and is the fastest growing system in North America.





How TransLink collects fare revenue

- The payments industry is undergoing a tremendous transformation.
- The proliferation of smart phones and technological advances have created new ways for people to plan, pay, and travel.
- The speed of communications has enabled transportation agencies to introduce payment options that greatly increase customer convenience and encourage new ridership.



Local News

Special edition Compass cards going for ten times the price online

Patrick Johnston

Jul 02, 2017 • Last Updated 3 years ago • 1 minute read



Fare Payment Options

TransLink offers a wide variety of payment options:

- We accept cash, and our agency issued contactless Compass Cards and Compass Tickets
- Wearables such as Compass wristbands and Keyfobs
- and collectables such as our Compass miniature models!



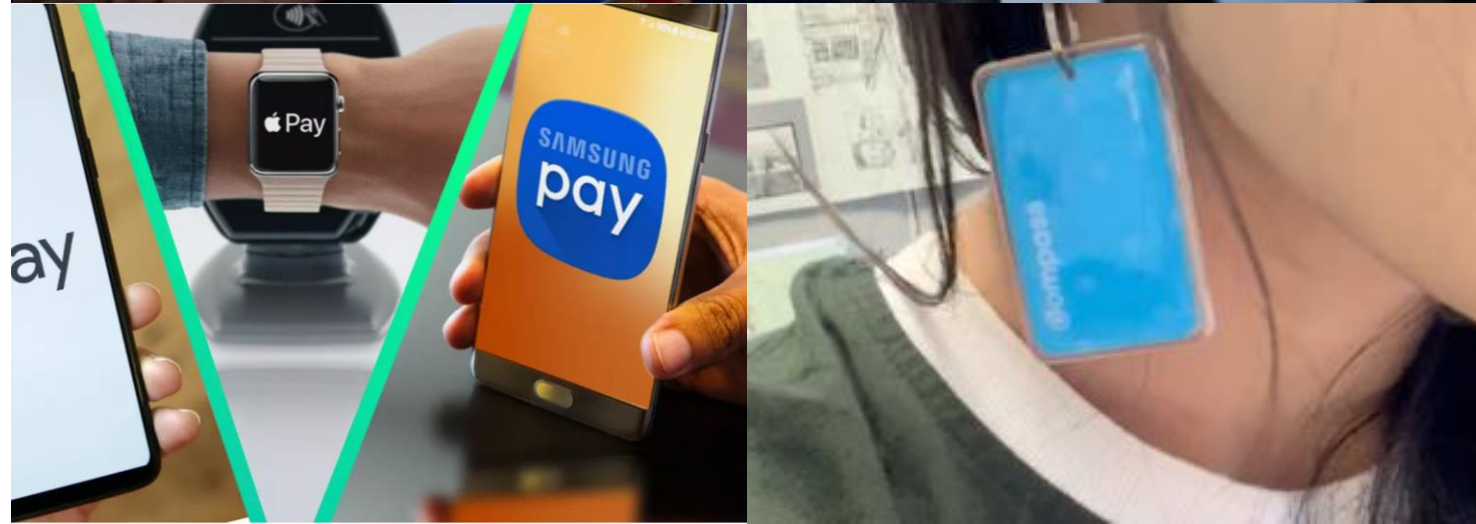
Compass Mini Collectibles

- TransLink celebrated the 75 year anniversary of the electric trolley buses this summer!
- We brought back the first trolley bus into service and sold Compass mini Trolley Buses
- Over 6000 people showed up to buy the minis which sold out in a few hours



Contactless Payment Options

- TransLink offers a wide variety of contactless payment options
- We accept Contactless Credit Cards (Visa, Mastercard, American Express) and debit cards (Interac)
- Customers can also use Smartphone payments including GPay, Apple Pay, Samsung Pay, Fitbit Pay

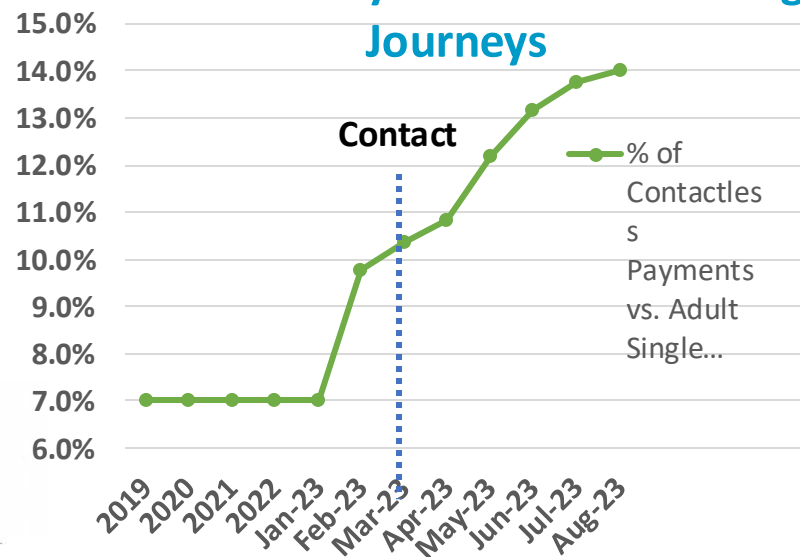


Contactless Debit

In 2018-19, we introduced contactless payment with AMEX, Visa, Mastercard, and Apple/Google/Samsung pay.

In 2023 we introduced contactless debit payment and **doubled** total contactless usage.

Contactless Payments vs. Adult Single Journeys



Primary purpose: Collect Revenue

- The need to collect revenue is mission critical for TransLink
- Currently \$700 million per year. Over \$1 billion per year in 2030
- Fare Revenue represents 35% of annual operating cost
- Primary Financial considerations include Tariff, Gross, and Net Revenue



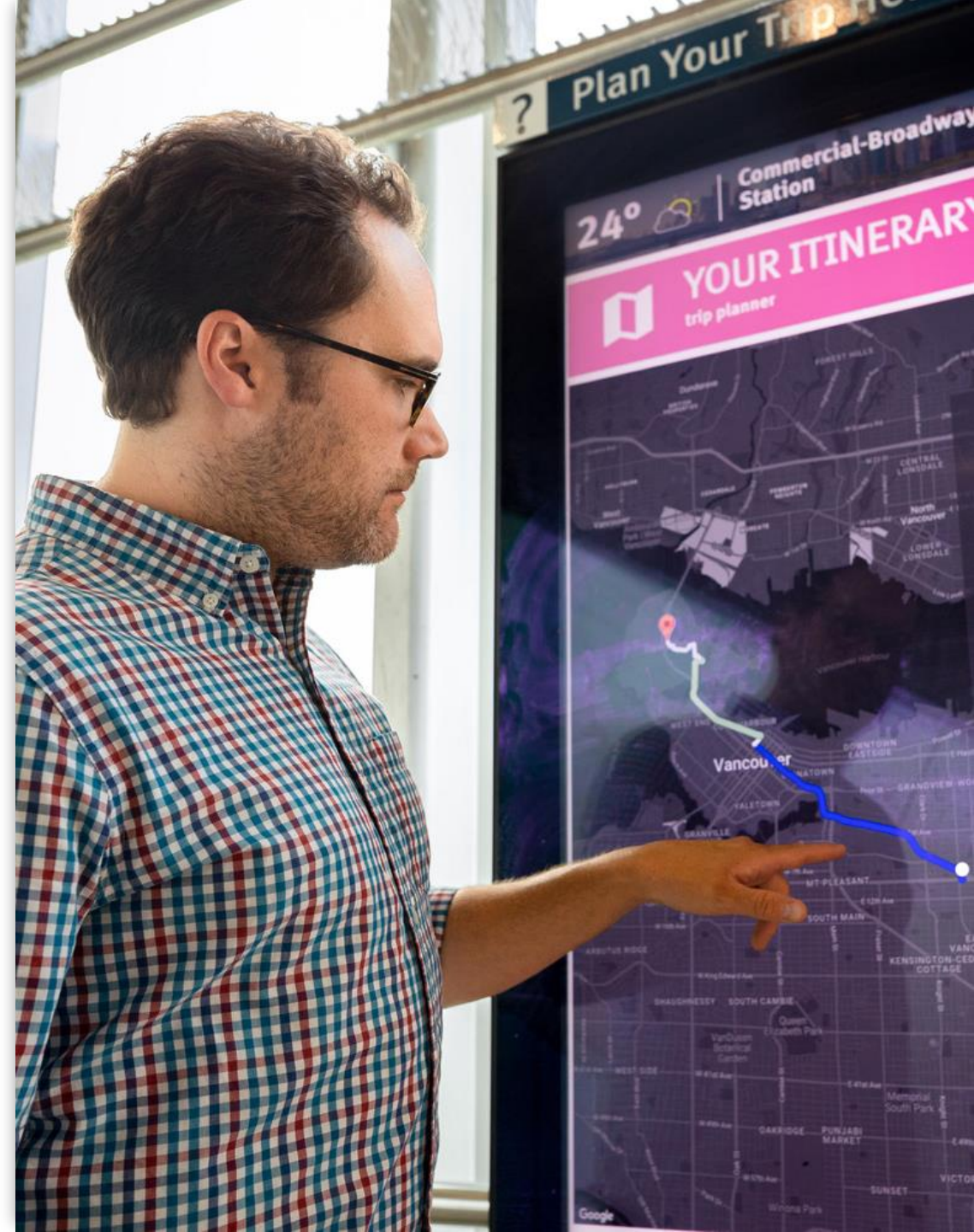
Tariff, Gross and Net Revenue

- **Tariff Revenue** represents the maximum amount of revenue that would be collected by law if everyone paid what the transit tariff allows. ie no fare evasion or other revenue losses
- **Gross Revenue** is the total nominal amount of revenue charged to customers
- **Net Revenue** represents the amount remitted to the transit agency after all fees, disbursements, discounts, charges, fare media, and all operating, maintenance and system costs
- The overarching goal is to maximize Net Revenue

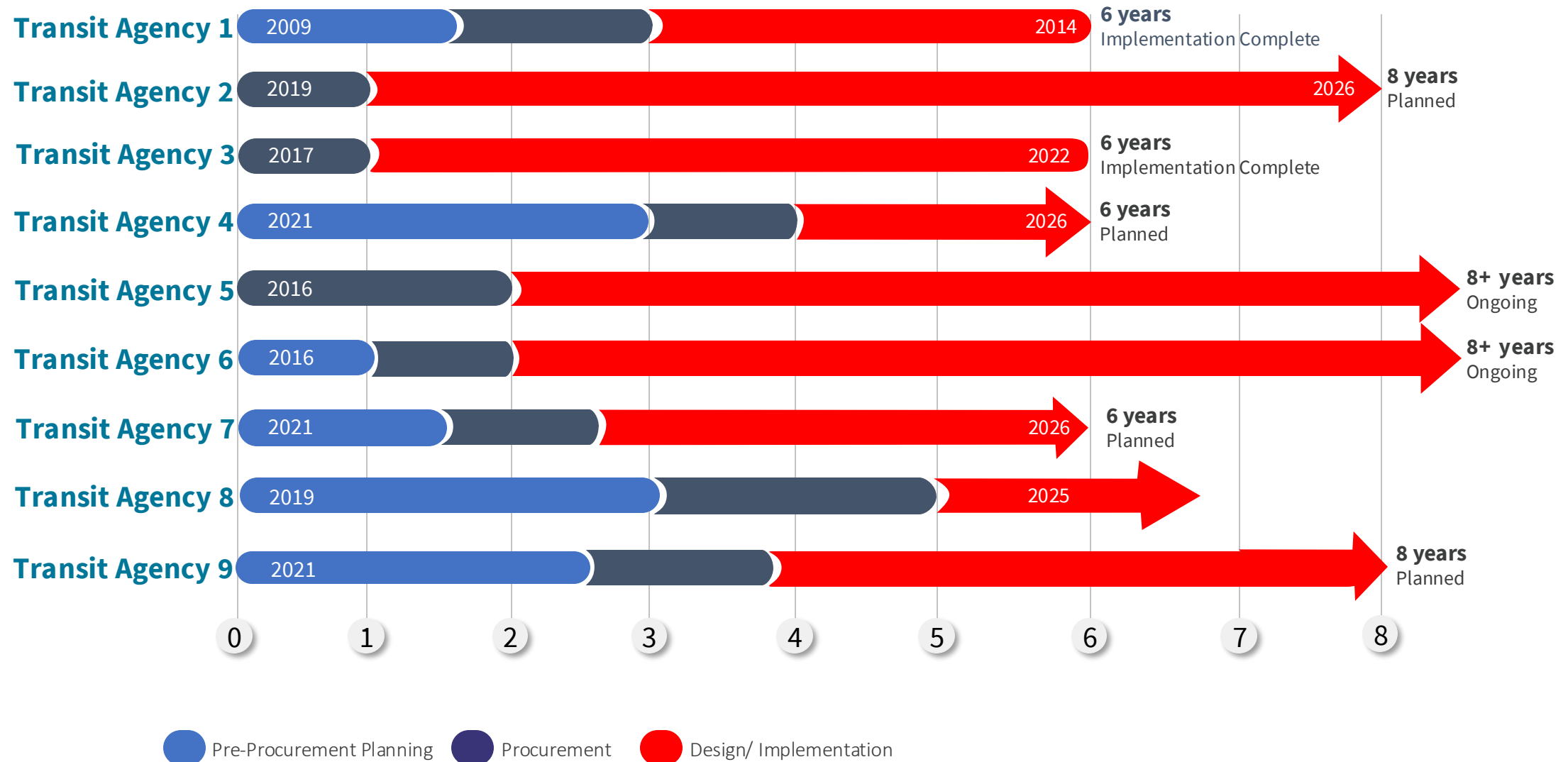


Current Payments landscape

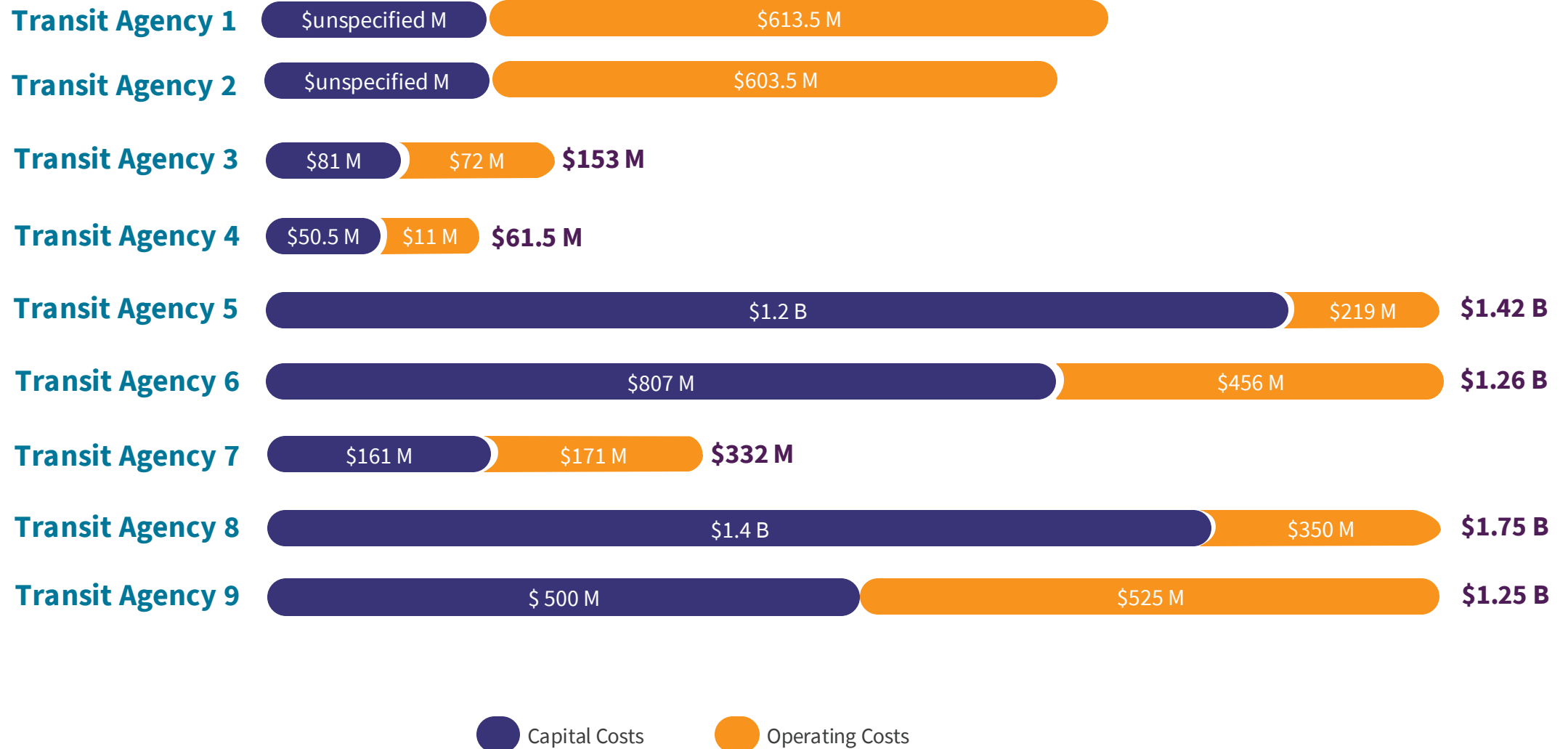
- Cash, Paper based, and QR code
- Smartphone Applications
- Near Field Communication
- Biometric
- Fare structure, service type, and ridership demographic shape the options that will work for each agency.
- Example mid-size bus only agencies may offer cash and QR based while multimodal gated systems require more complex systems



How long does it take to implement a new revenue solution?

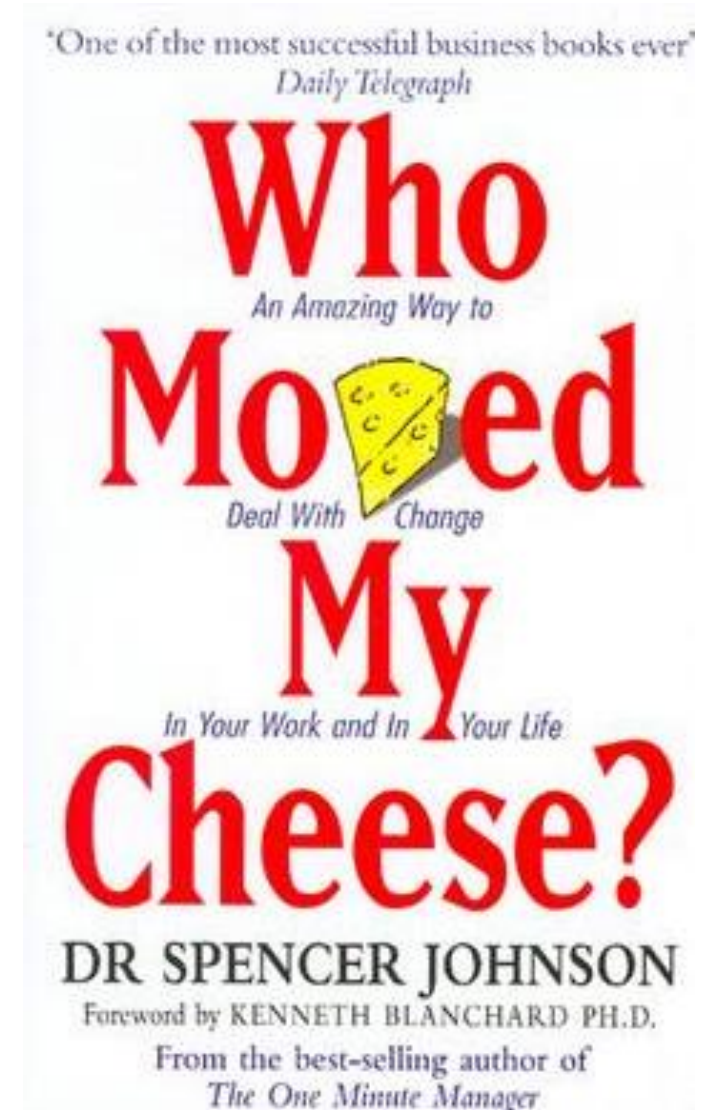


What do Enterprise revenue collection systems cost in 2025?



Transitioning to a new system

- The transition from a current fare collection system to a new system involves significant risk
- Customers get used to the way things work and change is perceived with animosity
- Great care must be taken to identify what changes will require customers to do things differently and requires the development of a detailed transition plan



More failures than successes

- Transition – no news is good news!
- How to go from your current system to a new one is a critical step in the process. There are many examples of mis-steps.
- We have 6 million cards in circulation - it is not feasible to ask the customers to trade them for a new card.
- Strategies such as encouraging the adoption of open payment as Sashi Verma has done here in London will go a long way to mitigating future risks.
- We last sold fare savers in 2015 and we are still receiving them for refunds. Cannot be restricted for refund.



Plan for unknown customer demands



- Considerations for new systems – timeline is long and future proofing is very difficult
- Need to plan for changing banking and customer spending trends
- Spending trends are country specific. Germany and the United States are very different than Great Britain and Canada
- Application based solutions change at an even faster rate. Once popular, people are becoming increasingly less interested in downloading an app and provisioning it with money
- System privacy and security has become a critical consideration in system design.

Conclusion

- Collecting fare revenue is a complex challenge because of the myriad of fare structures and permutations of ways to pay
- Implementing solutions to fit existing fare structures is expensive and time consuming
- However, facilitating the existing fare structures is often the only reasonable approach to procuring a new revenue system



Thank You

- Mark Langmead, CPHR
- Director, Revenue & Compass Operations
- Mark.Langmead@translink.ca

