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August 13, 2021

AN ACCOUNT-BASED FARE COLLECTION SYSTEM SHOULD KEEP THE CASH OPTION

Madison Metro has proposed moving to a new fare payment system centered on the use of account-based smart cards supplemented by mobile payments using smart phone applications like ApplePay or Google Pay. This would bring Metro in line with state-of-the-art payment solutions used in many other cities, a change we in the Madison Area Bus Advocates (MABA) welcome.

Unfortunately, this much needed upgrade is questionably paired with the proposal to make Metro a “cashless” system where cash fares will be phased out on local buses and cash will not be accepted for BRT ticketing. Eliminating cash may reduce the cost of collecting fares and potentially speed up bus boarding, but will also present a significant harm to some riders—many of them being the people who rely on transit the most.

MABA calls on the City of Madison to reject the move to a cashless system, as the elimination of cash fare options presents significant concerns about the equity and accessibility of our transit system, and is hostile to many types of riders.

Equity and Accessibility Problems of Cashless Fares

Account-based systems and mobile payments are most easily used when paired with a bank account or credit card to facilitate payment. However, “Roughly 7% of the population doesn’t have a bank account, citing a 2017 FDIC survey” and “25% of the population is *underbanked*, meaning they don’t have access to credit cards or digital payment systems (From City of Madison Report on Transit Fare Options quoting a Kittelson study).¹ While this group may constitute a small proportion of likely riders, they are also likely to be the people who depend on transit the most—one of the reasons many major US transit systems including Midwestern examples like Minneapolis, Milwaukee, and Chicago have adopted fare schemes that encourage cashless payments but also maintain a cash option.

Metro proposes some “equity mitigation” policies for cashless fare media, such as allowing negative balances and fare-capping, as well as a means-tested reduced fare program, but these all still have the

¹ <https://madison.legistar.com/View.ashx?M=F&ID=9544666&GUID=6FB29F93-53D3-4152-8E3A-E2931D857818>

barrier to entry of actually acquiring a card-based account. Although none of the proposed mitigation policies can deal successfully with eliminating the cash option in our view, we cannot rule out the possibility that something could be devised in the future that would satisfy our objection.

A retail network, possibly supplemented by an expensive network of transit vending machines, will be required to increase the number of locations where riders can load balances on to cards. However, such a network may have an uneven distribution of locations and available hours, leaving certain neighborhoods and workers without reliable access to fare payment options. Bus riders will also have to consult resources like Metro's website to identify retail locations, as Madison lacks an obvious chain of transit vending points such as a network of rail stations (though BRT stations could provide one such point of vending locations).

While mobile payments are an alternative to loading an account-based card, these depend on reliable access to a smart phone and a credit or debit account to facilitate payment. Some groups of riders like elderly people on fixed incomes may be left behind by a reliance on high-tech payment methods.

Barriers to Visitors, First-time and Occasional Riders

Visitors who are unfamiliar with our system may lack familiarity with our payment options and points of sale for fares. While mobile payments offer one way for visitors to access our system, keeping cash fares provides for a simple and universal way for visitors to use our transit system. A bus driver telling a visitor they may not board because they want to use cash is not a welcoming first experience with transit in our city.

Similarly, first-time and occasional users of transit may not understand the need or see the benefits in obtaining a transit card. Cash fares let them "try before they buy" or pay-as-they-go without maintaining an account.

Safety Concerns with Going Cashless

The ability to pay a cash fare is a useful safety net for people who may find themselves in need of a ride who may otherwise not be regular transit users, for example, bike commuters who may not regularly use transit and find themselves stuck in inclement weather can still use a cash fare to get home. Transit users who've lost their pass may need to use cash as a backup. People who may be stuck without a vehicle unexpectedly and need a ride at night should be able to safely access transit even if they aren't familiar with the system.

People in adverse situations, like being newly homeless or fleeing domestic violence, can still use cash to access the system without having to rely on a bank account they don't have or that may be controlled by an abuser.

An account-based system also encourages paying fares in bulk—some users may feel insecure carrying large amounts of cash to pay fares at a retail location, rather than carrying small amounts to pay as they go.

Eliminating cash also doesn't eliminate the conflicts inherent to fare collection—drivers will still have to

enforce fares, with the added difficulty of explaining the cashless system and rejecting unprepared riders.

Privacy Concerns

Use of account-based cards and mobile payments involves significant data collection, including the potential to map personally identifiable information to trip data. While many riders will be unconcerned by this, it should be possible in principle to use public transit in a way that protects one's personal privacy. Cash fares allow users to access the system in a way that does not harvest their personal data.

Technology Glitches

While smart card and mobile payment systems have significantly matured, there is still potential for failures that may interfere with fare payment. Damaged cards, temporary network outages, and glitchy smart phone payment apps—or just a low battery—may interfere with a user's ability to pay. Having cash fares available as a backup ensures transit riders can still access the system in the event of failures with other payment methods.

The City of Madison should reject a cashless system

For all the reasons and scenarios outlined above, MABA calls on city leadership to reject the proposals to phase out cash payment options for Madison Metro buses. Our transit system must be welcoming to all riders who need to access transit, and going cashless will be exclusionary to many types of bus users. Madison should follow the example of other cities that have implemented smart card/account-based and mobile payments while maintaining the important lifeline of cash payment options on buses.