

# Using contactless payment for rail

## Summary report



### Foreword

from Anthony Smith  
chief executive

We aim to help passengers travelling by public transport to do so as easily and as cost-effectively as they can. As contactless payment develops, passengers tell us in this research that, having the opportunity to pay for their rail travel by touching in and out with such cards could provide real benefits helping them to avoid queuing at ticket offices or ticket machines.

One of the main advantages of smart ticketing to passengers (including contactless payment cards) is better value for money. The ticket type tested in this research would allow passengers to benefit from price capping which offers them both potential cost saving and added flexibility and convenience. We welcome the introduction of such innovation and will ensure that their implementation is in the interest of passengers.



### Background

Contactless payment is increasingly being used to pay for low-value items and a replacement for cash. Transport for London introduced it on buses in 2012 and can now be used on the whole network. We wanted to explore passengers' views of using it on rail to inform a potential pilot scheme.

### What we wanted to find out

- To understand views about use of contactless cards in general, and in transport specifically
- To understand views about a potential new type of ticket that would be available to passengers using contactless payment
- To assist with the design for a pilot on rail

### How we did it

12 depth interviews and seven group discussions with passengers who

- Had and used a contactless card
- Had a contactless card, but did not use it
- Did not have a contactless card

640 face-to-face interviews at four stations with passengers without a season ticket exploring their ticket purchasing and views on contactless payment

All projects can be found on our website at [www.passengerfocus.org.uk/research/smarter-travel](http://www.passengerfocus.org.uk/research/smarter-travel)

This is the latest project in our joint programme with the Department for Transport exploring passenger needs from smart ticketing.

## Key findings

# Passenger views on contactless payment in general and in transport

### Overall

Respondents across the sample were split by their interest in using contactless payment in general. Some appreciated its speed and ease whereas others didn't know enough about it or were too concerned about security to consider using it.

Most respondents could see the benefits in using this method to pay for travel: **speed and ease of payment alongside flexibility of travel** emerged as more significant in transport than in other contexts. However, there were some transport-specific concerns too, most notably **not being able to see the price of purchase** before paying.

There was interest in the proposition of a ticket offering best value and using contactless to pay for travel among passengers without season tickets. This suggests the pilot is likely to be welcomed, particularly amongst some passenger types such as those who use contactless payment cards or Oyster already.

### Awareness and knowledge

Quantitative data revealed high levels of awareness and understanding of contactless payment among passengers without season tickets: two thirds were mainly or completely correct in their understanding of contactless payment.

However, qualitative research identified areas where customers need help to increase awareness of contactless payment and how this varies across different types of respondents:

- Guidance on where contactless payment is available was most vital as even users weren't always sure where they can use their cards
- Some non-users and potential users also need guidance on how to use contactless payment and security measures, for example £20 limit on contactless payments

"I don't know where I can use it so that would hold me back a bit. I also didn't want to do it wrong and look silly"

Non-user, female, 41-60, London

### Attitudes to contactless payment – drivers and barriers

Both qualitative and quantitative data showed that **speed** and **ease of payment** are the **most appealing benefits** particularly for time pressured transactions. Contactless payment is therefore seen as most appealing in those situations where it can help avoid or significantly reduce queuing time and remove the need to pay by cash. For some Users, there was also an additional emotional benefit of being early adopters of new technology.

"It's such a great idea! So quickly, flash your card and off you go! No waiting around... it's marvellous"

User, female, 60+, London

Uncertainty over availability of contactless payment and security concerns surfaced as the key barriers to using contactless payment. Typically, non-users and some potential users in the qualitative sample worried about losing money through having their contactless card stolen (as no PIN is required to make contactless payment) and double or wrong payment being taken.

"Any person with your card could just walk in and use it"

Potential user, male, 60+, London

### Ownership and usage

The number of passengers without a season ticket using contactless payment looks set to grow, with only a quarter claiming not to be interested in getting one:

- Nearly 10 in our sample (of passengers at four stations) without a season ticket had a contactless card (38 per cent)
- A quarter (26 per cent) did not have one but were interested in getting one
- A further quarter (26 per cent) claimed not to be interested

- A quarter (26 per cent) of all passengers in our sample have used their contactless payment card
- Usage of contactless payment was driven by **speed** (70 per cent), **convenience** (58 per cent) and **ease of use** (42 per cent)
- Qualitative data showed customers would welcome further rolling out of contactless payment. They saw the range of places where it can be currently as limited.

## Transport-specific attitudes to contactless payment

When applied to transport, most of the benefits and concerns generally linked to contactless payment became even more significant. Speed and ease of payment were seen as bigger benefits in transport than elsewhere as passengers accepted contactless payment can help avoid queues and replace cash on buses. However, security concerns were exacerbated too as rail and tube stations were seen as crowded spaces with an increased risk of theft.

Respondents in the qualitative sample also noted additional, transport-specific concerns over contactless payment: **not being able to see the price before paying** and **lack of receipts**. This was seen to open the possibilities of unforeseen cost and raised alarm for some passengers, as well as questions around having a proof of payment and ability to monitor one's own spending.



## Response to a new type of ticket

Generally there was a high interest in the concept of a ticket that could be made available for those using contactless payment for travel. Respondents appreciated the money-saving opportunities, as well as flexibility of travel and ease of payment it allows. Over two thirds (69 per cent) of passengers without a season ticket in our sample claimed they would be interested or very interested in using this type of ticket in itself, as well as if it was only available through contactless payment.

However, qualitative exploration highlighted that this ticket is generally seen as more relevant to local/cheaper/familiar travel as respondents feel they need to maintain control over planning and paying for longer distance/more expensive/unfamiliar travel in order to avoid high unexpected costs.

Findings also suggest those most worried about the security of contactless payment may be put off if it became the only way to pay for this type of ticket. These passengers

"If you haven't pre-planned for your travel to London you're going to pay the full whack"

Non-user, male, 41-60, Oxford

preferred a smartcard payment system. However, research also suggests some who haven't used contactless payment so far through lack of need/understanding may be compelled to start using it on transport because they recognise the benefits of the proposition particularly the time- and money-saving opportunities.

To increase the appeal of the proposition beyond local/cheaper/familiar travel and to alleviate concerns about unforeseen cost, train operators would need to provide passengers with some advance knowledge of fares/parameters.

The diagram illustrates the different mindsets that emerged when passengers were presented with both the ticketing proposition alongside payment by contactless payment cards.

<sup>1</sup> The following description of the ticket was presented to respondents: *Travel all day on the train and then on all public transport in London/Manchester without having to choose which tickets to buy. At the end of the day, the best fare available to you for the combination of journeys you made will be calculated automatically and this amount will be deducted from your account. (...) The maximum amount you could be charged is the cost of a day return with a travelcard and if you travelled less than you will pay less than that.* To be able to understand the appeal of the proposition in itself, we explored response to it separately first and then in combination with contactless payment.

## Using contactless payment cards for rail

"I want to be in control of buying my train ticket"

User, male, 18-25, Oxford

Clearly though contactless payment and this ticket type is not for all passengers – but rather a good option for some

"I'd probably use it because I don't have the time to work out the best option"

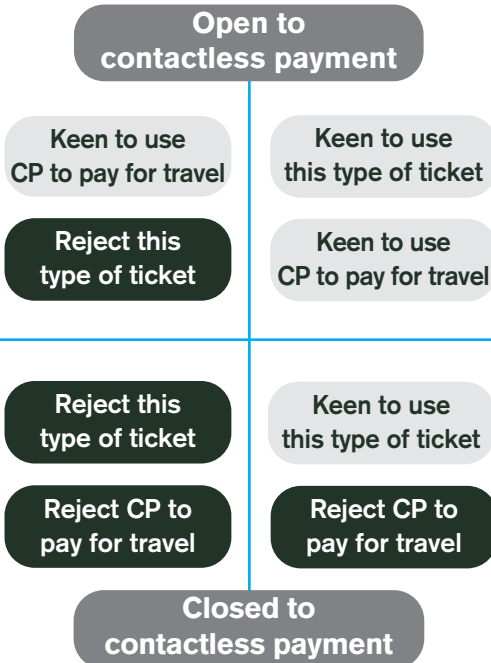
User, female, 18-25, Oxford

Proposition not relevant to travel situation (i.e. longer distance/more expensive travel)

Proposition relevant to travel situation (i.e. local travel)

"I don't want to be flashing my card out at the station"

Non-user, male, 41-60, Oxford



To overcome main barriers to using this type of ticket via EMV, it is important to address security concerns around contactless payment and reassure passengers about the risk of unforeseen cost with this ticket, especially with regard to longer distance/more expensive journeys

## Perceptions of the rail industry and train operators

Research findings indicate passengers' response to the introduction of contactless payment within the rail industry are likely to be mixed.

The rail fare system is complex and passengers want to keep control over ticket buying. They can therefore be cautious when presented with contactless payment. Furthermore, negative perceptions of the UK rail industry, such as expensive fares and late trains, prime some respondents to question the industry's capability and motives for introducing contactless payment. In particular, they raised questions about whether this would reduce staff levels and also whether the system could be introduced smoothly in what they believe to

be a fragmented rail system.

Nevertheless, many still saw the introduction of contactless payment on rail as an inevitable next step in digitalisation to all spheres of life. To that extent, some passengers will perceive the rail industry and individual TOCs which introduced contactless payment as modern and innovative. TOCs would, however, need to demonstrate that contactless payment will be introduced in an integrated manner to reassure passengers this will allow smooth journeys across different networks.

# How would it work in practise in transport?

## Tapping in and out and ticket checking

Qualitative findings suggest expectations of how contactless payment would work in transport depend on familiarity with Oyster. Those familiar with Oyster were more aware of what tapping in and out involves and vice versa. It will therefore be important to communicate information on tapping in and out as well as ticket checking where Oyster is less familiar.

## Ways of paying

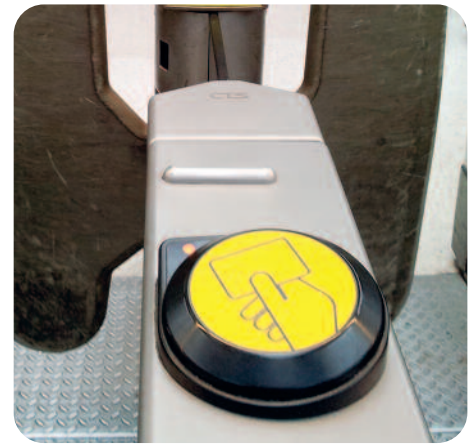
Of those open to contactless payment, many were happy with payments taken directly from their bank account, but there was a range of views on this way of paying. Some respondents concerned about security would prefer to be able to set the limits to the amounts that could be taken from their account. Some were more cautious still and would want a separate account, with a train operator, for example.

## Proof of payment

Receiving a proof of payment appeared critical for alleviating concerns that contactless payment may result in costly surprises due to unforeseen fare prices. Respondents generally expected to get a proof of payment at the point of purchase, for example, a text or information on the barrier screen, as well as to be able to access their full record of transactions in multiple ways – through an online account, an app, at the ticket office and station machines.

*"Anything that's less hassle is always of interest, particularly as I get older"*

Potential user, 60+, Manchester



## Personal account

As with a proof of payment, respondents expected to be able to access their account in the same variety of ways but also to tailor it. For example, holders of concessionary travel cards expected to register with their card to be offered discounted fares.

## Customer support

Many respondents thought customer service would be provided by train operators but some were unclear whether they should contact their bank or train operator in the first instance. Respondents generally expected to have access to all the usual customer service channels including at the ticket office, email/online and a phone line. Many stressed the need for station staff to help passengers by explaining how to use contactless payment and prompting

## Profiling interest among passengers without season tickets

Based on our initial quantitative sample, a number of factors contribute towards passengers' having an interest in using contactless to pay for train fares. They include:

- People who are employed, and those travelling for work
- Proximity to London: interest was highest in Beaconsfield, the station closest to London
- An understanding of how contactless works: interest is highest in areas where a greater proportion of people understand contactless payment
- Currently having, or being interested in getting, a contactless card
- Having used Oyster for travel in London
- Those making at least one onward journey by Underground

This research is part of the joint Department for Transport/Passenger Focus smarter-travel research programme. It was undertaken by Define.

Any enquiries about this research should be addressed to:  
Louise Coward  
Senior Research Adviser  
t 0300 123 0846  
e [louise.coward@passengerfocus.org.uk](mailto:louise.coward@passengerfocus.org.uk)

Fleetbank House  
2-6 Salisbury Square  
London  
EC4Y 8JX

w [www.passengerfocus.org.uk](http://www.passengerfocus.org.uk)

Passenger Focus is the operating name of the Passengers' Council

Published in December 2014  
© 2014 Passenger Focus

Design and Print by **TU ink** [www.tuink.co.uk](http://www.tuink.co.uk)