



Transforming payments on urban transport

Transforming cities into economically sustainable, pollution-efficient models requires changes in the way people travel around cities. Great strides have been made in providing citizens with numerous transport options, enabling them to select the one they feel is best for them. However, there's still a long way to go to achieve that goal. For the most part, it is still proving difficult to get around cities effectively, and payment issues are one of the reasons behind this.

The fact that **public transport** is **pre-paid** and **private transport** depends on the means of transport selected (some are pre-paid and others are **post-paid**), makes it problematic for citizens to get around the city, as they may have to use different payment methods depending on their travel preferences.

There is a real need for **payment systems** that make it easier for the user to travel, ensuring they don't have to think about how they are going to pay for each part of their journey.



1. One option is to design a post-payment system that unifies the trips made during the month and gives the traveller the confidence that they will be getting the most competitive price for their trips. However, this option is likely to increase fraud, even if all the necessary security measures are put in place.

2. Another option that could allow an appropriate balance between the potential fraud risk and ease of payment at the point of travel is probably a combination of prepaid and postpaid methods. Such a system would keep fraud at reasonable levels, making it easier for the user to pay when travelling. But this hybrid prepaid/postpaid option should include the definition of products that combine the use of public and private transport.

Finding the ideal formula that would allow public and private transport options to coexist, as well as defining payment options that simplify the way we travel is likely to change the way we move around cities for good.



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A reflection from Antonio Babío

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Let me share some philosophical and practical comments on the **MaaS (Mobility as a Service)** model, and how **digital payments** are at the heart of it. Quite simply, the MaaS model would not exist without them. Nor would it exist without algorithms, schedulers, GPS tracking, and so on.

One of the most attractive aspects of the MaaS model is being able to pay centrally for all the chosen modes of travelling without having to switch between cash, cards, or closed loop cards throughout the journey

Mobility and **public transport** used to be a sector that still hadn't implemented digital and/or card payments. This was because the commercial speed of access to the metro or bus required payments to be made and accepted in microseconds. This required an effort from all players in the payment industry to be able to offer that speed of access with **contactless payments** (a maximum of 40 milliseconds).

Again, this was made possible by **digitisation** and **tokenisation**, which allow contactless payments by card, but also by mobile phone or smart watch (especially since the iPhone appeared in 2007).

This greater ease of access, made possible by digital payment, leads to a greater use of public transport and sustainable mobility. We are particularly proud of this, as contributing to sustainability is one of the main commitments of **Meep and Getnet by Santander**.

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