

Session 3

Ticketing, payment, distribution: what are the remaining barriers to be addressed?

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Study on
REMAINING CHALLENGES FOR EU-WIDE INTEGRATED TICKETING AND PAYMENT SYSTEMS
Preliminary results

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Legal fragmentation

- Few MS have adopted a comprehensive framework for data access to support interoperability and integrated ticketing. The 2018 **Finnish Act on Transport Services** contains provisions on the opening of interfaces for normally priced single tickets in road and rail traffic. To ensure effective implementation of the new provisions, a support project for interoperability of ticket and payment system was launched (**Lippu-project**). In **NL**, the Transport Act includes rules requiring transport operators to participate in common information schemes. In **France**, PTAs in areas of more than 100.000 inhabitants must organize information service to the users identifying all transport modes and their combination in intermodal transport chain.
- According to 4 respondents to the legal survey, legal fragmentation at national level is an obstacle to the development of comprehensive integrated ticketing. In various MS, there is no centralised distribution system at national level where each PTA should provide access to their fares and timetables.
- Respondents to legal surveys considered that regulation could be helpful in case transport companies cannot or do not develop integrated ticketing standards by themselves and to remove internal legal fragmentation. On the other side, overregulation could prevent technological development.

Legal barriers

- ❑ **Proprietary rights and contractual barriers.** Technology concerning existing interoperable and integrated systems is proprietary.
 - Transport operators are obliged to publish their timetable and fares but there is no obligation to grant third-party access.
 - Licences and distribution agreements are necessary in order to have access to data and fares for integrated ticketing and for interoperable systems.
 - Contractual provisions to prevent re-use of accessible data are allowed (see C-30/18, Ryanair).

- ❑ **Competition law barriers.** Integrated ticketing requires horizontal and or/vertical cooperation between operators and other service providers. According to few respondents, cooperation between companies in order to develop integrated ticketing may conflict with competition rules. In particular:
 - Exchange of sensitive information between competitors (i.e. dynamic prices and discounts).
 - Market power of transport operators combined with refusal to supply (refusal to enter into distribution agreement).
 - Injunctions against refusal to supply and open data are the solutions envisaged by respondents to remove possible competition issues.

Legal barriers

- **Liability rules and passengers' rights.** According to 14 out of 21 respondents to the legal survey and two respondents to target interviews, major legal barriers are represented by legal uncertainties concerning the allocation of liability among the various carriers, passengers' claims and reimbursements.
 - Different transport modes entail combination of different passengers' rights and liability of the operators.
 - No legal provisions on how to allocate liability in a multimodal journey.
 - In case of integrated ticketing, passengers may not be aware of the rights behind each contract and how to obtain restoration.
 - On long distance rail-air integrated ticketing, contractual arrangements are used (missed connection agreements).

- **PSO and subsidisation.** Integration between state subsidized mobility services and commercially viable services seems rather difficult, mainly due to:
 - Exclusive rights granted to PSOs.
 - No clear obligations for PSO to provide access to their data.
 - Legal obstacles to distribute subsidised tickets.
 - Where PSOs are required to provide data access, some examples of successfully integrated ticketing projects have been identified (France, NL).

Commercial barriers

❑ **Lack of demand for the service.** If the demand is insufficient, it becomes financially non viable for commercial operators to switch to integrated ticketing.

- Commercial interests and business opportunities are the main drivers.
- In order to be successful, integrated ticketing must reach a critical mass of users with sufficient spending power (Holmberg, 2016).
- In absence of demand, costs for developing the product would be too high.
- According to some respondents to the legal survey, were commercial benefits do not provide enough incentive for private mobility providers to share their data, mandate could offer a solution.
- Public support is necessary, at a first stage, to promote the integrated ticketing and to attract investments.

❑ **Different business models.**

- Need to develop viable and sustainable business models for integrated ticketing.
- Existing IPPT business models (On-Premise/Custom Software) are a barrier for wider integration.
- In the legal survey, 11 out of the 19 respondents have reported that the use of different ticket sale and distribution system is the biggest challenge to ticket integration.
- Incumbents operators prefer direct sales channels in order to keep contact with customers (including fidelity programmes) and to avoid distribution fees.

Commercial barriers

❑ Difficulties in setting up common technological platforms.

- Respondents to the legal survey and to the target interviews identified the costs of developing new interfaces as one of the main commercial obstacles.
- Cooperation is currently based on bilateral interfaces.
- Different standard systems.
- Need of common processes to perform tickets control.

❑ Lack of cooperation between operators. When long distance and urban services are to be combined, there are separate negotiations with a large number of operators. Permitting the use of different transport modes with the same ticket requires a complex decisional process, linked to the share of ticket sale revenues.

- One actor in the integrated ticketing offer needs to take the lead, and other operators must benefit from it.
- All transport operators must circulate prices for all the segments.
- Settlement and clearing have to be carried out.
- All the parties involved need to agree on commissions to be paid to the lead retailer.
- Incumbents do not have incentive to cede the market power and they mainly require the role of aggregator.
- One respondent to the target interviews confirmed that negotiations for commercial agreements on integrated ticketing and interoperability may take up to 3 years.

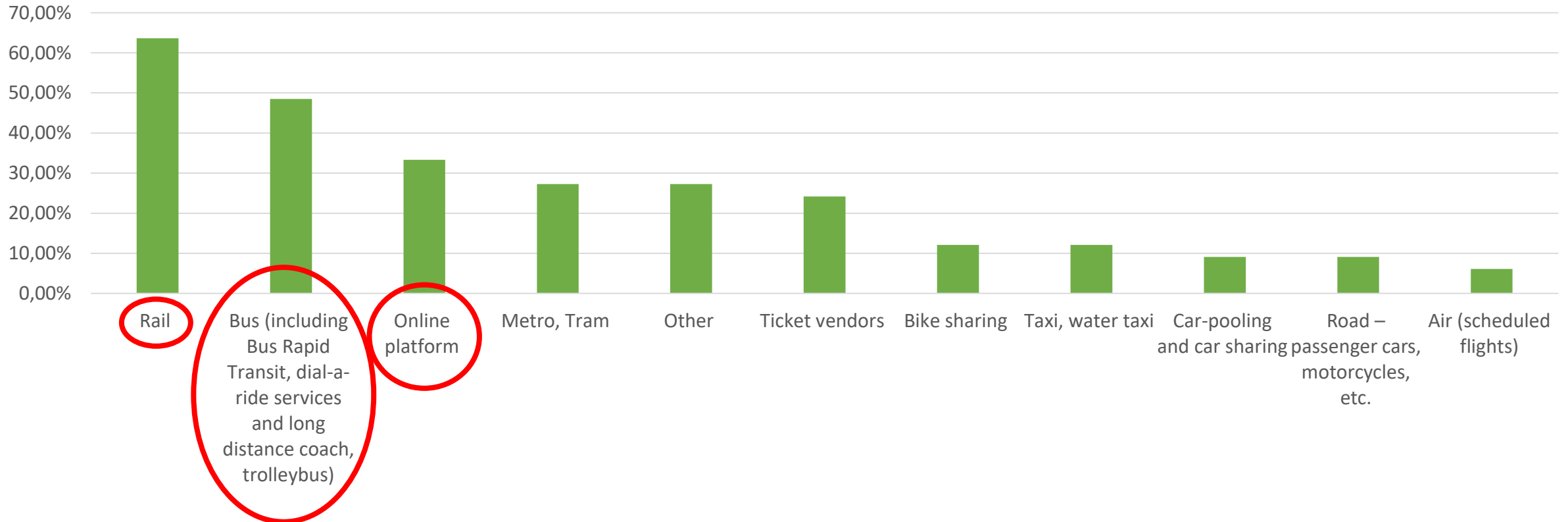
Users' panel

- ❑ The survey has shown that respondents heavily rely on three main means of transport, namely the rail, cars (rented or shared) and planes. Therefore, the most popular combinations of transport services involve these means. Moreover, people seem to use different modes of transport occasionally and in particular for personal reasons.
- ❑ Respondents were sometimes able to buy a single integrated ticket for different journey types, both in an urban and non-urban context, as well as internationally. Within the EU, this is especially true for Germany. People usually purchase their tickets at a ticket machine or a counter at the station and pay mostly with a credit or debit card. Finally, respondents seem to equally frequently rely on hard-copy tickets and electronic tickets.
- ❑ Respondents that have already used the single integrated ticket and those who were not yet able to use it seem to agree that the top three benefits of such a ticket are:
 - I. lower prices and promotions;
 - II. ease of booking and;
 - III. ensured journey connections.
- ❑ Consumers want to be provided with reliable and complete information about their multi-modal journey, as well as with a broader choice of transport services.
- ❑ Respondents rated their multi-modal travel experience so far as good and seemed particularly satisfied with the time-saving possibilities offered by the ticket. However, factors that could improve their experience are cheaper prices and promotions, the provision of clearer information and the creation of dedicated mobile apps.

- **Collected responses: 86 (26 completed, 60 partial)**

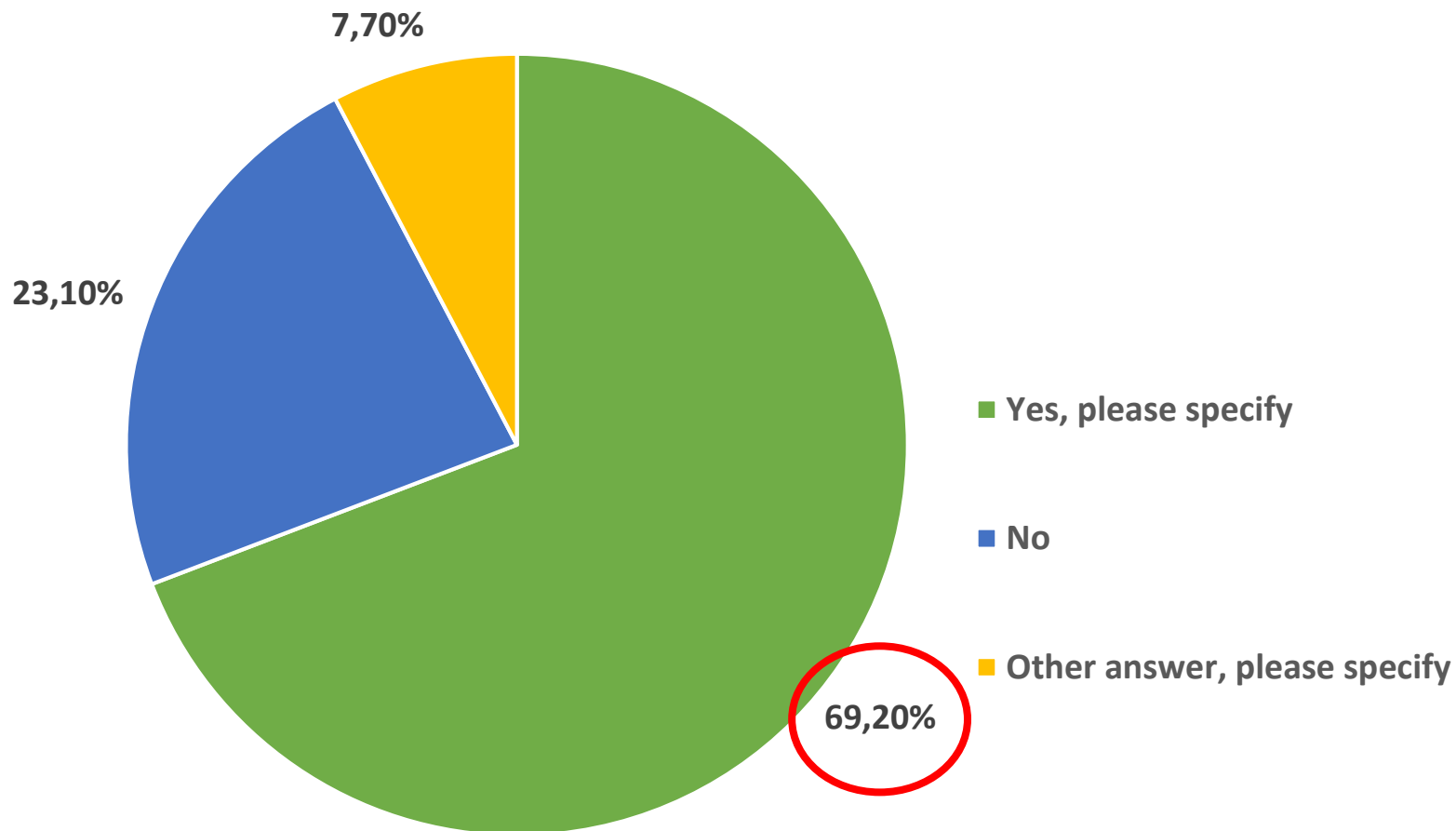
- **19 Member States**

- **Sector of the main activity:**



Other: IoT Solutions, National Authorities and Passenger Organisations

Is your organisation/company participating in any initiative on integrated ticketing or fare data access?



TYPES OF INITIATIVES ORGANISATIONS/COMPANIES PARTICIPATE IN:

- **EU-wide**(ex. MaaS Global);
- **Cross-border** (ex. NL, DE, BE, LUX);
- **National** (ex. eTicket Deutschland);
- **Regional** (ex. between municipalities); and
- **Companies** (ex. Eurostar-Thalys)

The impact of projects

Project	Questions:							
	Became easier for passenger	Improve fare data access	Factors influencing fare data access	Costs borne by stakeholders	Relevancy for passengers	Project's legacy	EU Intervention	Lessons learnt
All ways travelling	Yes	Yes	-	-	Yes	Yes	-	Yes
BMC	-	-	-	-	-	-	-	Yes
European Travellers Club (ETC)	Yes	Yes	-	-	Yes	-	-	Yes
EuTravel	Yes	-	-	-	Yes	-	-	Yes
Full Service Model (FSM)	-	Yes	Yes	-	-	-	-	-
IT2Rail	-	Yes	-	-	Yes	Yes	-	Yes
Maas Alliance	-	-	-	-	Yes	-	Yes	Yes
MASAI	Yes	Yes	-	Yes	-	-	-	Yes
MobiWallet	Yes	Yes						Yes
Smart Ticketing Alliance	-	-	Yes	-	-	-	-	-
Bonvoyage	Yes	Yes	-	-	Yes	-	Yes	Yes



Mobility
People
Goods

H2020 - launched in May 2015 and ended in April 2018

Consortium - industry, end users (e.g. City of Bilbao) and research

Aim - create a platform to optimise door-to-door transport of passengers and goods in road, railway and urban transport

How - the platform analyses information from different heterogeneous databases, included in the platform

To what extent did the project improve fare data access and help passengers?

- If in use, the platform would gather all the data collected from the NAPs
- Provides passengers with the EU wide data on fare data, allowing them to travel multimodally easier

To what extent the project continues requiring EU intervention?

- The project has finished in April 2018
- The EU intervention would be necessary to encourage the NAPs to synchronise the systems they use and then share the collected data into a European-wide platform.

Full Service Model (FSM)

FSM is an industry initiative launched in 2013

Members of the project – railway companies, ticket vendors and associations

Vision - to improve the attractiveness of rail for European citizens

How - ticket vendors and railways have developed an Open-IT framework. FSM can be used like an adapter and enable data exchange between different businesses offering travel services and travel distribution services

To what extent did the project improve fare data access?

- Technical solution, allowing rail companies to keep their distribution software systems
- FSM compliance allows the rail companies to cooperate towards seamless rail travel
- Implementation of FSM is estimated to be about 15-20% of the costs which would occur by replacing fully the distribution system
- While being a technical solution, FSM requires distribution agreements between players

What factors influenced the achievements observed?

- The agreement between the rail companies and ticket vendors (other rail companies, GDS, travel agencies) to share the distribution data thanks to distribution agreements

How affordable were the costs borne by different stakeholder groups, given the benefits they received?

FSM is estimated to cost 15-20% less than the harmonisation of software distribution systems of rail operators that would achieve similar effect



The ETC is an initiative of several European e-Ticketing Schemes in Public Transport. The project was funded from the **Horizon 2020** research and innovation programme .

The cross border pilot between NL and DE was launched in **December 2017**. The project is ongoing.

Members of the project – e-ticketing schemes across EU Member States (DN, UK, NL, IE, DE)

How – Account based ticketing, set up next to the existing card centric systems.

- Currently, 90% of all the travelling in the EU consists of the travels within the Member States (90% of all passengers travel nationally). Only 10% is cross border travelling – it is priority for the EU
- Systems used for purchasing tickets vary not only between the Member States, but also regionally. It is hard to unify these systems
- ETC decided not to interfere with the regional and national systems. On the opposite, it created an extra layer to the existing systems, preserving the systems and technicalities used in different regions. This way, no operator is forced to adapt any new software or devices, which could be costly. Instead, the account-based system collects the data and stores them in one account, which can be accessible as a transport pass, through a bank card, an ID-card or a mobile phone. **This enables the travellers to benefit from synergies between travelling, e-payment and e-identity.**



- **Travellers never have to go to the counter, a ticket-vending machine or terminal.** They simply go on a bus, tram or train. If there are gates or terminals they can use any card or NFC-phone that they have linked to their account.
- The traveller decides which service providers, payment providers, authorities and commercial parties may receive what kind of data. **The traveller is the owner of the combined data.** If there is commercial value in the use of that data, the traveller may require a benefit before data is shared.
- The back-office uses daily, weekly and monthly caps to calculate afterwards what type of ticket would have been best. If you travel more, you pay less. For instance, **if on Tuesday it turns out that you could have paid less on Monday, you are immediately credited with the difference.**

- The first ETC **crossborder pilot started on 1 December 2017 between the German town Aachen and Maastricht in the Netherlands.** The pilot was supposed to finish on the 1st April 2018, however, it was so successful that all the parties agreed (transport providers and the initiators of the pilot) to continue the pilot. The pilot is still ongoing.
- 500 people took part in the pilot and half of them responded to this survey. The results show that **80% of the respondents agree that crossborder travelling is much easier when travelling with only one account/card/token.** Likewise, 80% of the correspondents would recommend this service further.

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Thank you!