

# Increasing Access for Unbanked Riders



## Port Authority's Values:

Growth, Equitable, Accessible

### Overview

The term "unbanked" describes groups of individuals who do not use banks or credit unions for their financial transactions. These individuals have no (or limited) access to credit cards or rely solely on pre-paid cards.

Furthermore, "underbanked" individuals may have a basic savings account with a financial institution but do not use more advanced financial services, such as checking accounts, loans, or retirement savings accounts.

Unbanked individuals lack access to banks usually due to one or more of the following factors: a poor credit history, an outstanding issue from a prior banking relationship, a lack of understanding about the U.S. banking system, a language barrier, a lack of appropriate identification needed to open a bank account, or living paycheck to paycheck due to limited and unstable income. Individuals may also choose to be unbanked because they distrust banks, value privacy, find bank account fees too high, or they may perceive that they do not have enough money to meet banks' minimum balance requirements. Therefore, unbanked individuals need access to transit services that do not require these financial services.

In 2019, 5.1% of households in Allegheny County were unbanked, with 24.2% underbanked. In the City of Pittsburgh, 8.4% of households were unbanked and 19.1% were underbanked. Those percentages are even higher in minority and elderly segments of the population. While, cashless systems have inequitable impacts on passengers, all passengers benefit from the increased reliability

associated with cashless systems. Cashless transactions have been studied and found to be reliably faster for on-board fare payments than cash-based transactions. This reduces vehicle dwell times thereby increasing the reliability of transit vehicles along their routes. Cashless transactions typically use either a fare card or smart phone connected to a bank account or credit card.

As transit agencies across the nation continue to progress towards cashless fare collection methods, programs to reach unbanked individuals are essential.

### Analysis

Although the benefits of cashless fare collections systems are proven, there must also be effective strategies to reach unbanked and underbanked who are existing riders as well as those who are not yet transit users due to barriers posed by cashless fare systems.

In addition to reducing dwell times, cashless systems allow transit systems to collect data which can be used in transit service planning such as how boarding patterns differ by time of day and day of week, how often riders are using the transit system, and which routes they use. Cashless systems all create the potential for transit systems to create programs such as incentives for frequent riders or to create other dynamic pricing strategies such as discounts for off-peak travel. Using compatible technologies, cashless systems can allow integration of service among transit systems with connecting routes. This makes transfers between systems more seamless to customers. Using fare cards for other services like parking, ride-hailing, and bicycle-share program can help to facilitate and

encourage multimodal trips. Currently, Port Authority has an arrangement with Healthy Ride to facilitate bicycle usage for first/last mile access. ConnectCard users can rent a bike using the Nextbike app, kiosk, or by calling Customer Service. The program grants users unlimited 15-minute rides. If a ride exceeds 15 minutes, the user will be charged \$2 per 30 minutes.

Port Authority is committed to providing a more affordable fare structure for its lowest-income riders, and is currently researching best practices at other agencies and using this to create a solution that works well for riders, the system, and the community overall. Strategies to address unbanked riders include the following:

1. Increase options to use cash to load onto fare cards or mobile accounts. Including but not limited to, ticket vending machines, customer service centers, and retail partners such as grocery stores.
2. Allowing the use of prepaid cards for cashless payments. The use of prepaid cards would allow unbanked individuals to use payment methods to which they have greater access. Allowing online payment systems to link to fare collection methods should also be considered.
3. Collaborate with other government services to see if there are potential government funding sources. For example, Virginia and Massachusetts allow electronic benefits from some social service programs to pay for transit fares.
4. Collaborate with Bank-On Allegheny County which works to connect unbanked and underbanked populations to safe, affordable, and appropriate financial products and services.

### Peer Examples

#### Los Angeles's Metro

Los Angeles Metro's TAP (Transit Access Pass) is used for payment for their bus and rail systems, but also for their bike-share program, microtransit, electric vehicle sharing and

charging, ride-hailing, and parking. They can be purchased pre-loaded on a bus or at a train station by utilizing cash or an electronic form of payment. The pass fee, in addition to the fare, is \$1 at one of the 400 TAP vendor locations or at private vendors for convenience, such as the library, for \$2. When a card is brought within range of a LA Transit System Reader, the balance is deducted.

#### New York City's MTA

Passengers can purchase or add money to a MetroCard at a MetroCard vending machine. The larger vending machines accept cash and credit/debit cards, while the smaller machines do not accept cash. A SingleRide ticket, used for a subway or bus ticket within two hours of purchase, is available for cash only at the large vending machines. These machines can only return up to \$9 in change and includes dollar coins, not bills. Cards are also available at station booths with a cash-only purchase. Every month, MTA also sends it Mobile Sales Service Centers around the five boroughs, making scheduled stops at senior centers, shopping centers, and along major bus routes. Representatives answer questions and help with MetroCard issues.

#### **Level of Effort for Implementation:** Moderate

- o Developing programs to reach the unbanked could require significant coordination with financial institutions, community-based organizations retailers, other local government agencies, as well as fare collection vendors.
- o Procuring ticket vending machines with the necessary capabilities would require procurement activities.

#### **Resources**

[Federal Deposit Insurance Corporation](#)

[SmartCard Alliance](#)

[Georgia Institute of Technology](#)

[University of Illinois at Chicago](#)

[The Urban Institute](#)

[Bank on Allegheny County](#)

[Healthy Ride](#)

[Metropolitan Transportation Authority](#)