

## The Cashless Stadium/Events

Is there a Move from Closed to Open Loop

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October 2011

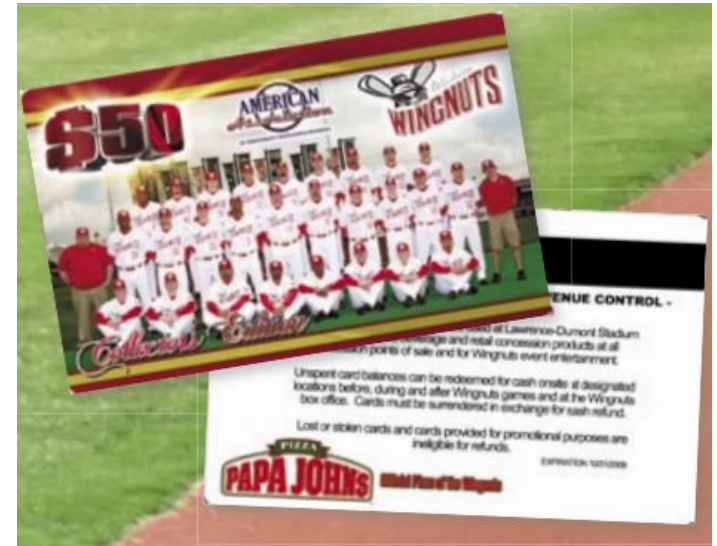
## Background/History

- Many people will know of Disney Dollars which were first issued in 1987, but in reality these were just cash replacements, rather than going 'cashless'.
- These days if you go to many amusement venues such as Wild Wadi in Dubai you are given a contactless wristband, you load this with funds and it also acts as your locker key and in some locations your access control. Normally these are contactless RFID tokens.
- Prior to reviewing what is happening in the 'open loop' world we have reviewed a number of stadiums around the world who have introduced their own closed loop payment/access control solutions.
- The following are just a few examples/case studies:



## Closed Loop – Wichita’s Lawrence-Dumont Stadium - Wingnuts

- On May 7, 2008, the Wichita Wingnuts of the American Association of Professional Baseball opened their 2008 season completely cashless.
- Fans can use either the ‘Wingnuts’ closed loop cards or credit cards to purchase concession items.
- Total Venue Control LLC implemented the solution that delivered in the first three weeks of operation alone, more than 42,000 Wingnuts’ concession card transactions.
- Per capita spending increased more than 30% from the prior year's cash-only concession per capita spending.
- TVC also implemented a cashless concession payment system at major league sports stadiums in the US for a large festival event hosted at New Meadowlands Stadium and Gillette Stadium.



## Closed Loop – Amsterdam Arena

- The 52,000-seat domed stadium, has been using cashless smart card payment technologies since the late 1990s.
- Attendees have to buy an **Arena** cash card, the only way to purchase anything, with cash or credit card when you enter.
- The venue has reported greater speed of control with real-time accounting for income.
- It also produces an income, from money left on the cards and not reclaimed – breakage; as the cards have a limited life.



## Closed Loop – Brighton and Hove Albion's Stadium

- Brighton and Hove Albion's Stadium new home at Falmer will be a cashless stadium.
- Fans will pay for merchandise, food and drink using smart cards modelled on London Underground's Oyster card system.
- Every fan visiting the new stadium, which will host its first league game in August 2011, will be issued with their own personal smart card.
- Season ticket holders will automatically have all league games uploaded on the cards, which are intended to shorten queues at the ground.
- They will simply "top up" with the necessary credit for additional cup matches.
- Fans will be able to put credit on their smart cards in the same way as mobile phones are topped up, allowing them purchase refreshments without fumbling around for loose change.
- The smart cards will also store loyalty data, like the number of home and away matches an individual has attended, making the allocation of tickets for popular games less of an administrative headache for the club.

## Closed Loop – Allianz Arena

- Allianz Arena is a 'cashless' stadium.
- Any purchases must be made by a card which can be purchased at the stadium and credited in denominations of 10, 20 and 50 Euros.
- The arena offers a facility for any remaining credit to be cashed in on leaving the venue.
- In addition to concessions inside the venue all parking charges must be paid with the card.
- Balances left over on cards can be consolidated onto a new card.
- The arena offers six automatic pay stations for loading and sells the cards from sales personnel circulating outside and inside the stadium



## Closed Loop – Dortmund Stadium

- The 80,225 seater Dortmund stadium, Germany biggest, will be cashless for the beginning of the 2010/11 season on the 4<sup>th</sup> August 2010.
- AG has installed their cashless system 'justpay'.
- AG state that their benchmark for any cashless installation is a 20% increase in turnover.
- The AG justpay allows fans to create a virtual profile and top up their card online before entering the stadium.
- The justpay system has been installed in the: Donbass Arena, Donetsk, Ukraine; AFG Arena, St. Gallen, Switzerland; Hoffenheim's new Rhein-Neckar Arena, Nurburgring; RheinEnergieStadium, Cologne; Fritz-Walter-Stadium, Kaiserslautern; Commerzbank-Arena, Frankfurt; and Ricoh Arena, Coventry
- The Ricoh Arena in Coventry will become the first cashless stadium in the UK for the 2010/11 season
- Coventry City Season Ticket Holders ahead of the first game were sent a card containing £3 credit courtesy of the club.

## Moving to Open Loop?

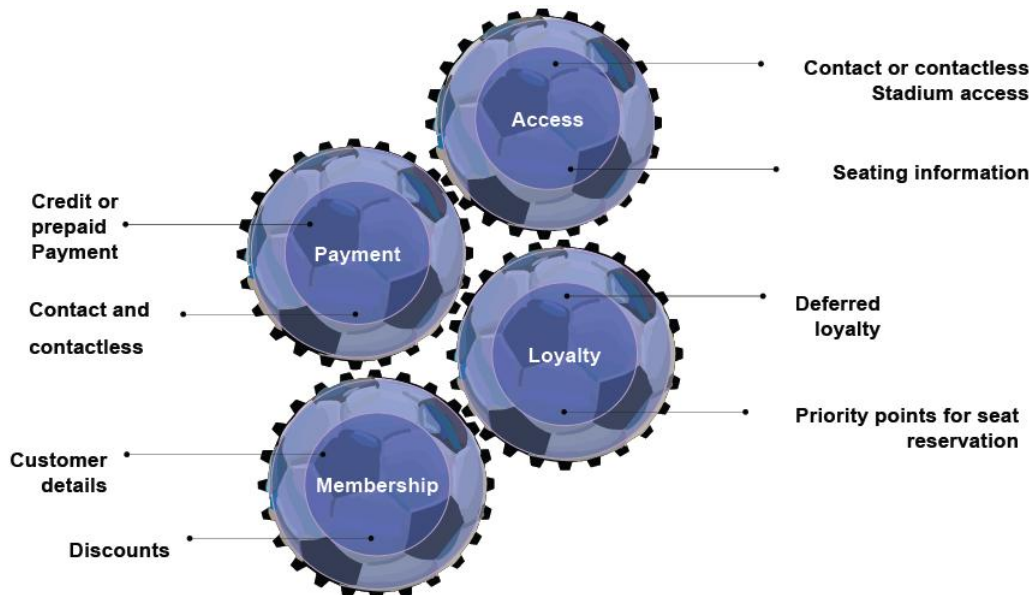
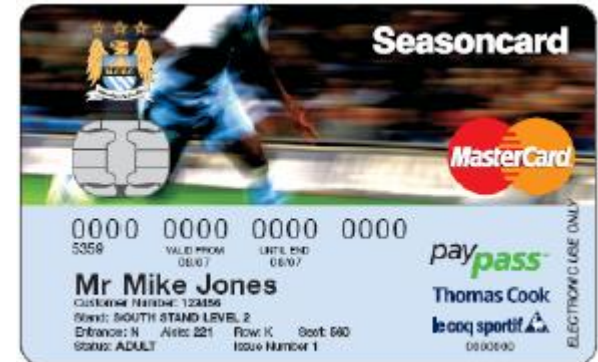
- Europe has seen the introduction of three 'open loop' prepaid stadium cards, all with access control combined
- The first at Manchester City was just a Pilot, since completed and we have now seen full roll outs by FC Internazionale and KKS Lech Poznan
- In addition London's Wembley Arena, has become the first music venue in the UK to accept contactless payments at all concessions.
- The following are case studies on the three prepaid open loop stadium solutions:

## Open Loop – Toronto Blue Jays

- In 2006 MasterCard announced a trial with 12 Major League Baseball ballparks to begin accepting MasterCard PayPass
- This was part of a broader sponsorship agreement running through to 2010.
- In reality only one park was launched which was the Toronto Blue Jays
- The sponsoring bank was People Trust
- The Toronto Blue Jays issued a prepaid MasterCard
- The card was payment only with no access control built in
- No other PayPass readers at that time existed outside of the stadium area

# Open Loop – Manchester City

- In March 2008 MBNA launched the MCFC MasterCard Prepaid Seasoncard combining:
  - Club membership data
  - Contactless access to Manchester City Stadium
  - Chip & PIN and contact payments
  - Contactless payments



# Open Loop – Manchester City

## Stakeholder business drivers

### Fan

- Convenience: 'one card fits all' and "Tap and Go"
- Wide MasterCard acceptance
- Shorter checkout lines
- Faster and more secure than cash: 'Random' security checks (PIN verification once offline limits exhausted)

### Merchant/Catering

- Speed of payment, reduced queues
- Increased sales volume
- Lower transaction cost
- Builds on existing Chip & PIN investment - 'plug and play' add on
- Customer spend not limited by cash in wallet
- Reduced losses due to errors / fraud
- No need for banking trips to obtain value

### MBNA

- Strengthen current affinity partnerships
- Increase customer base
- Higher penetration of cash transactions
- Stickier relationships with customers
- Uses standard card transaction processes
- Fraud risk managed through offline authorisation limits

### Card Acquirer

- Additional volume of transactions and associated MSC income
- Leverages existing payment processing networks
- Encourages relationships with merchants and sectors who currently don't take cards (e.g. vending)

## Open Loop – Manchester City

### Results

- Reported by the head of the project that there was a 30% increase in purchases by those using the card
- On game days 86% of pilot participants attended the stadium. All of them used the new card to access the stadium
- On match day, 40% of customers attending the stadium used the card for payment



## Multifunction – Access Control

- Banca Popolare di Milano is the official ticketing partner for FC Internazionale
- 2008, the enactment of Legislative Decree effectively forced the bank to develop a new product that would meet the requirements of the law
- “Siamo Noi” has issued since June 2009
- Card free if purchasing season ticket, but purchased if only used for ‘occasional’ match entry/international tickets
- Card expiry is 5 years
- “Season ticket is put on it each year at bank
- Stadium entry is via RFID
- 100,000+ active cards by end of 2010
- Also offered discounts to cardholders on merchandise



"Siamo Noi"	
Net Transaction Amount Trending - 1° & 2° q 2010 -	
Point of Interaction	Point of Interaction Split
eCommerce	56,64 %
Chip	29,81 %
Cardholder Present Swiped/Manual	6,12 %
Mail Order/Phone Order	4,18 %
Recurring Payment	1,91 %
Unknown POI	1,34 %

## Multifunction – Access Control +

- Gospodarczy Bank Wielkopolski has launched the FDI processed MasterCard PayPass “Fan Card” for KKS Lech Poznan, one of the best known football clubs in Poland.
- The Fan Card is a prepaid payment card that is also
  - Contactless
  - Season Ticket
  - City Travel card
  - Parking Pass
- The prepaid-based cards being implemented by First Data link to a customer bank account.
- The addition of several different applications on one card is possible thanks to Mifare technology, previously proven in the Warsaw city travel card.



## Multifunction – Access Control +



- Launched in 2010 by Bank Zachodni WBK S.A., Poznań, Poland
- It is a prepaid card that is also
  - ID card
  - Access card
  - Contactless
- Project run with Polish Premier Football League
- 5 football clubs so far have adopted



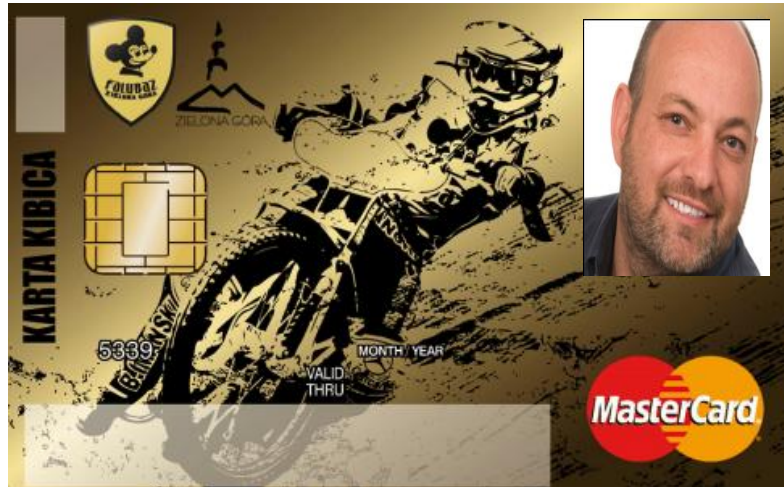
## Multifunction – Access Control +

### The VfB Fancard

- Issued by the German BW- Bank for the Mercedes Benz Football Arena in Stuttgart
- All on-site payments made contactless
- An unpersonalised and anonymous Paypass prepaid card, reloadable by bank transfer or via POS Terminal in the stadium
- Can be bought directly in the Mercedes Benz Arena
- Cardholders get discounts and can load season-ticket details onto card



## Fan Card (speedway clubs)



- Launched in 2011 by Bank Zachodni WBK S.A., Poznań, Poland
- It is a prepaid card that is also :
  - ID card
  - Access card
  - Contactless
- Project run with Speedway Club Falubaz Zielona Góra



## Festivals / Events

### June 2011 Isle of Wight Music Festival

- Festival goers in the VIP arena were given the wristbands
- These provided access control and payment functionality
- Pre-loaded with £30, the wristbands could be used to purchase food and drink with a simple tap of the wrist
- Festival-goers quizzed on the experience, said:
  - **96%** - they were quicker
  - **98%** - easier to use than credit or debit cards,
  - **100%** - want to use the PayPass prepaid wristbands again



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### Youth Olympic Card – Singapore 2010

- Prepaid Visa / Transit / Ticket to Venue



## Festivals / Events

### Alter kART PayPass Festival Card

#### Customer need:

- Alter kART – festival organizer needed contactless prepaid solution for open-air events

#### Result:

- MasterCard PayPass contactless Alter kART cards made the official payment tool at Heineken Open'er Festival, summer 2010 for the third consecutive year.
- The card was issued by MasterCard prepaid partners Bank Zachodni WBK and festival organiser Alter.
- The ALTER kART MasterCard PayPass card effectively removed cash from the festival making it safer as well as more efficient for all small purchases.



## Festivals / Events

- Four major Hungarian festivals, Budai Gourmet, VOLT festival, Heineken Balaton Sound and Sziget festival, organized by Sziget Ltd. banned cash, and made Metapay's contactless plastic their official currency.

### Key Stats

- Operated up to 34 Top up points in parallel (4 cashiers in each) 0-24 non-stop for 10 days.
  - Served 310.000 visitors
  - 4.500.000 succesfull transactions handled
  - With a peak of 16 transactions / sec (for a daily 1.5 hours).
  - 1280 POS terminals installed, monitored and supported 0-24, in Sziget festival alone
  - All of it made possible by a staff of 350 people in Sziget festival
  - Extra sales in our top-up points (RFID public transport tickets, watches with built in RFID Festivalcard)
- For the 2011 Sziget festival teamed up with Vodafone Hungary to introduce the first mobile based NFC pilot in Hungary. 200 testers were asked to join and try the Festivalcard function, built into Vodafone smartphones.
  - 96% of the visitors and 87% of the merchants were pleased with the cashless payment (survey base: 1.132 visitors and 100% of the merchants)



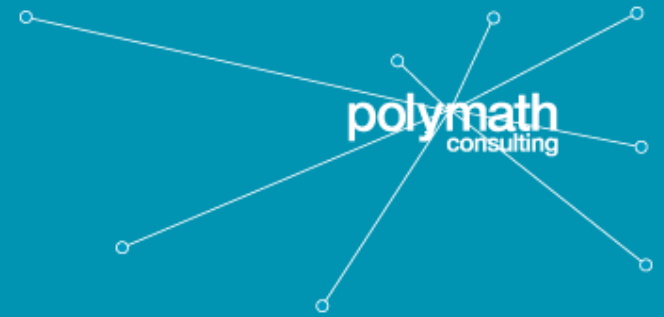
## Festivals - Oppikoppi music festival.

- One of S Africa's largest music festivals will this year be turned into a cash less society by Standard Bank's and Mimoney's
- Festival-goers will be issued with an "Oppikoppi card" titled "Unknown Brother" that makes use of NFC technology.
- The card can be loaded with money from stations that will be set up throughout the entertainment areas. The stations will accept cash, credit and debit cards, or mimoney.
- The remaining funding on the cards will be converted into mimoney,
- **What is mimoney?** It converts cash into an electronic currency that can be used to make purchases in a secure and controllable manner. No transaction fees are applicable when spending the currency. Mimoney vouchers are available in any denomination of amounts up to R5 000 per transaction, with a daily spending limit of R5 000 and spent at over 25 online and physical retailers.
- Launched by Standard Bank in 2008, it is not exclusive to a specific bank and can be purchased using internet banking (EFT), mobile banking from any bank or by paying with a cash or debit card at any participating retailer.

## Polymath Consulting's View

- We are likely to see an increasing number of stadiums and venues create contactless solutions
- With the growth of contactless open loop payment cards already held by consumers it is logical, and it could be argued simpler for stadiums to go the open loop route
  - Many fans may already have in their wallets a contactless payment card they want to use
- The benefits to stadiums are clear:
  - Reduced leakage of funds
  - Increased speed of transactions
  - Reduced insurance costs – cash not around the venue
  - Proven uplift in concessionary expenditure
- We may well see models where closed loop gift cards are available, especially through self service kiosk, units for fans without their own contactless cards to supplement the open loop solutions





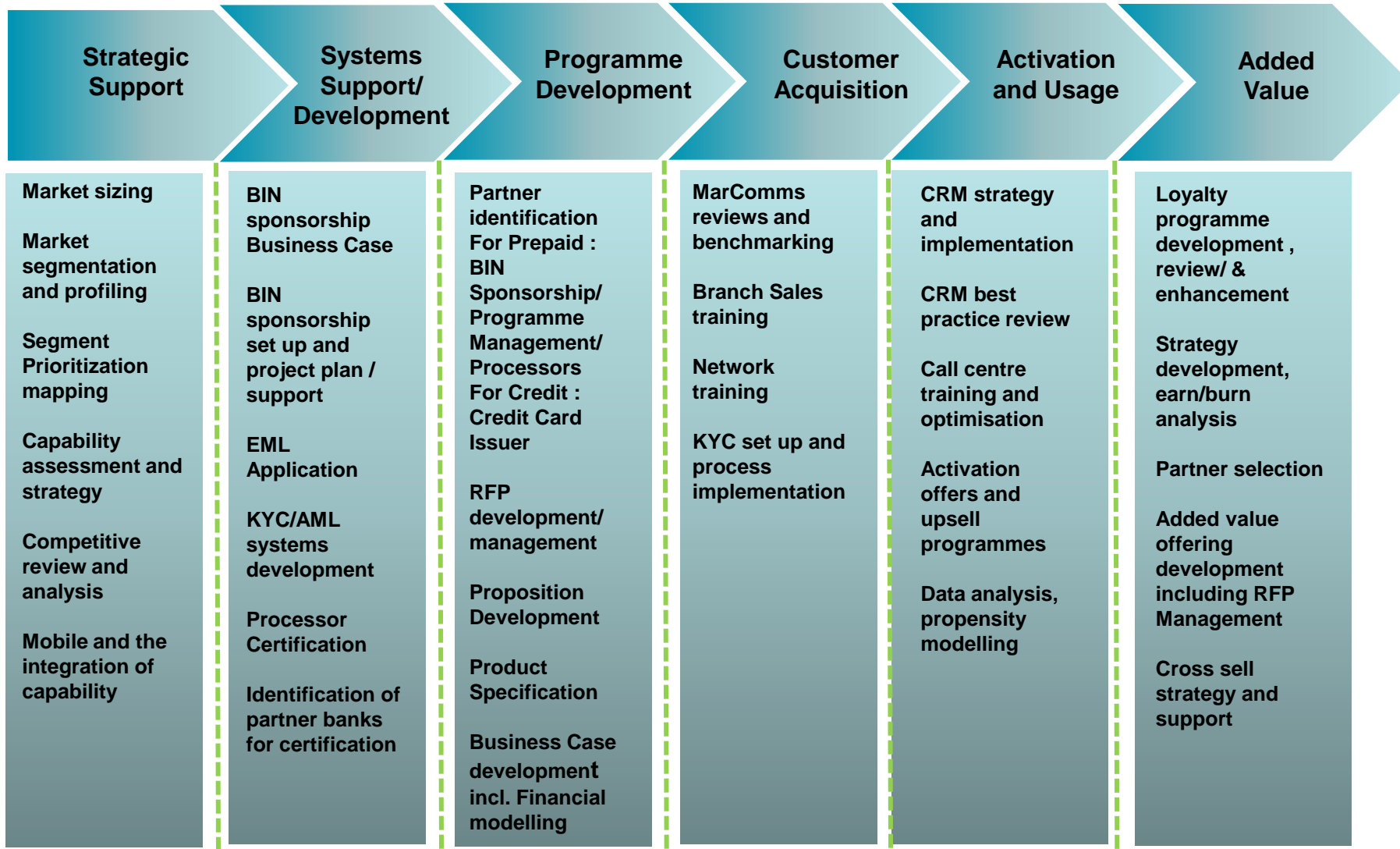
## Who are Polymath Consulting

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## Who We Are/Our Approach

- Founded in 2005, we predominantly work on commercial cards, loyalty and prepaid cards
- We don't believe in the 'bench' system where consultants are allocated based on 'who is free'.
- Bespoke teams built around client needs, sometimes white labeled through partners
  - Delivered by 'Practitioners' people who have spent time in industry solving and delivering on real projects
  - Practitioners who understand corporate issues and work in the real world, not 'in theory'
- Deliver a highly cost effective solution of senior experience, when and where it is required
- Strategic input with real relevance to today's business environment

# Polymath Consulting: Across The Prepaid Card Business



## Some Clients

# Prepaid International Forum



Analysis • Insight • Intelligence



The logo for Polymath Consulting features the company name in a white, sans-serif font. The word "polymath" is in a larger font size than "consulting". The text is centered within a network of white lines that radiate from a central point to eight small white circles, creating a starburst or network effect.

**polymath**  
consulting

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