



Prepaid scores in stadiums internationally

by David Parker, Polymath Consulting Ltd.



The movement away from cash payments at sports venues is accelerating. The cash replacement mechanism is the prepaid card that sports fans load with value and use at events to pay for tickets and concessions. As more sports ventures worldwide transition to prepaid card solutions to speed up checkout lines and increase revenues, the only question is whether the programs will be closed- or open-loop.

The Wichita Wingnuts, a minor league baseball team in the American Association of Independent Professional Baseball league, went completely cashless at the beginning of the 2008 season. Fans pay for concession items at the Wingnut's home park, Lawrence-Dumont Stadium, using the Wingnut's proprietary, closed-loop card or with credit cards.

Total Venue Control LLC implemented the solution that delivered over 42,000 Wingnut's card transactions in the first three weeks of operation alone. Additionally, the axiom that consumers buy more when they pay with plastic holds true with this implementation. The average per person spending increased over 30 percent from what baseball fans forked over per person in 2007, when the Wingnut's ballpark was still cash only.

Closed-loop for kicks

Another closed-loop prepaid card installation occurred at Amsterdam Arena, a soccer (football) and entertainment venue in Amsterdam, The Netherlands. The 52,000-seat domed stadium has been using the **ArenaA card** since the late 1990s. Event attendees are required to buy the cards from arena staff or via kiosks. Cash and credit cards are not accepted for payment at the venue. The cards have given the arena the twin benefits of real-time reporting and additional income from money leftover on the cards (breakage).

At the Allianz Arena in Munich, Germany, parking must also be paid using prepaid ArenaCards. But the stadium allows leftover amounts on the cards to be cashed in when attendees leave the venue. Furthermore, card balances can be consolidated onto new cards.

New closed-loop prepaid card implementations are proliferating across Europe. Brighton and Hove Albion Football Club's new stadium in the southeast English village of Falmer will be cashless, with entrance fees and concessions being transacted via smart cards modeled on the London Underground's Oyster card. Stadiums in Ukraine, Switzerland, France and Germany, among others, are moving to closed-loop smart card systems.

Goals made in open-loop

Stadiums across Europe are also transitioning to open-loop, network-branded prepaid card solutions. The main benefit of open-loop systems is that anyone with a MasterCard Worldwide- or Visa Inc.-branded credit, debit or prepaid card can pay for event admission and concession purchases.

In March 2008, the Manchester City Football Club partnered with MasterCard and issuer MBNA Corp. to pilot the **Seasoncard**. The chip and PIN card functions as an identification card for Manchester City Stadium admission, as well as a payment card with loyalty and membership components.

The manager of the project said the stadium has seen a 30 percent increase in concession purchases since Seasoncard was implemented. On game days, 86 percent of pilot participants attended stadium events and used the new cards at the stadium.

Another open-loop program is the **Saimo Noi card** issued by Banca Popolare do Milano for the Milan, Italy-based football team FC Internazionale. The card program, which went live in 2009, originated out of an Italian law that required the bank to develop the product. The cards are contactless, issued free to season ticketholders and come with a five-year expiration date. There were over 100,000 active cards by the end of 2010.

In addition, Gospodarcy Bank Wielkopolski launched the MasterCard-branded prepaid **Fan Card** for KKS Lech Poznan, one of the best known football clubs in Poland. The card doubles as a travel card and a parking pass. First Data Corp. processes Fan Card payments and manages the program.

Open or closed?

The economics of a move to cashless stadiums using closed-loop prepaid card programs is obvious. Arenas can achieve an average spend increase of about 30 percent. But the economics for moving to open-loop systems is harder to quantify given the ongoing costs of running such programs.

Visa Inc. predicts that 20 million Visa contactless cards will be in circulation in the U.K. by the end of 2011. With that sort of scale in a single market, open-loop systems can potentially make sense. But for markets where contactless technology has yet to achieve the same degree of penetration, the economics can be more challenging. Even the larger venues in markets where contactless payments have yet to really take off may therefore opt to deploy closed-loop solutions.

David Parker is the Chief Executive Officer at U.K.-based consulting and research firm Polymath Consulting Ltd. He can be reached at davidparker@polymathconsulting.com.