

Summary: The Function and benefits of the International Parking Industry Payments Standards IPIPS (powered by IFSF) for the parking industry

Introduction

A few years ago, the only alternatives to cash payment in car parks were credit or debit card payments. Now there is an ever widening choice of e-payment methods including online payment (either pre-payment or post payment); cards are giving way to phones, so-called ‘wearables’ (such as wristbands or devices sewn into clothing) and the connected car which pays its own parking charges. The payment industry itself is changing rapidly, with ever tighter security and certification requirements, seemingly never ending changes in regulations and fierce competition for transaction volumes. At the same time the market is awash with software start-up companies promoting innovations seeking to ‘disrupt’ the market and make their owners rich.

The e-payment landscape is a complex environment (see Figure 1). Parking operators must have a better understanding of that environment in order to offer their customers the best possible range of payment methods and flexibility, while managing costs and the life cycles of their equipment and services contracts. A

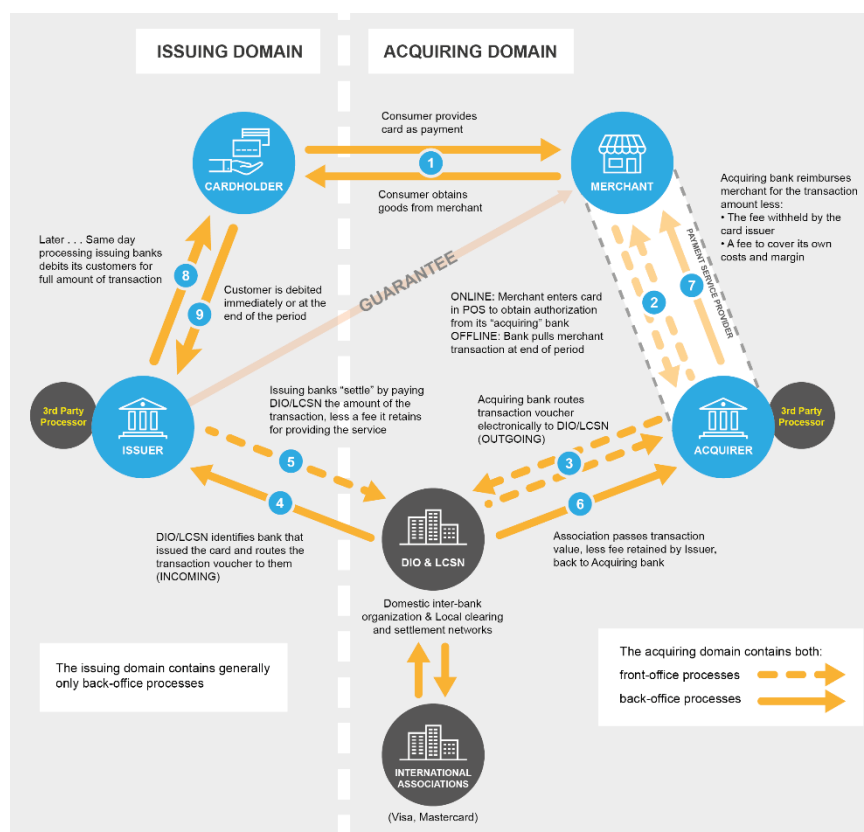


Figure 1: The Card Payment Landscape

handful of large parking operators employ in-house specialists who have the knowledge, expertise and who understand the complexities. They can negotiate with payment service providers, and force equipment manufacturers to adopt new payment interfaces and standards. The majority of operators do not have that knowledge and expertise or the buying power. Many operators conclude that navigating the subject of e-payment is too difficult and simply rely on their equipment suppliers for their expertise. Unfortunately, the reality is that many parking equipment manufacturers simply rely on their own suppliers to tell them which payment systems to integrate.

The result is that operators find themselves ‘locked-into’ products and services for the life of their parking equipment. This can restrict their ability to take advantage of new technologies and prevent them from obtaining better pricing or levels of service from their supplier’s competitors. It also exposes them to premature obsolescence of their parking equipment due to changes in security requirements and problems with payment terminals falling out of certification.

The answer, as can be seen from other industries, is to develop a knowledge base that can benefit the whole parking industry and to develop standard protocols and interfaces that allow interoperability ie create the freedom for operators to ‘shop around’ by ensuring that different equipment and services can work together. The transport industry provides many examples of where this has been successful. For example; the different components of traffic signals have standard interfaces between them so that a system works with components supplied by different manufacturers. The IT industry is also built on standards, without them the Internet would not exist. These examples and many others (such as batteries and smart phone charging devices) demonstrate that standards facilitate interoperability and transparency as well as reducing costs.

EPA began work on standard protocols and interfaces for e-payments in parking over six years ago. This followed on from EPA’s successful lobbying of VISA & Mastercard to obtain waivers for the parking industry when CHIP & PIN was first introduced. We have examined all the existing standards and protocols and

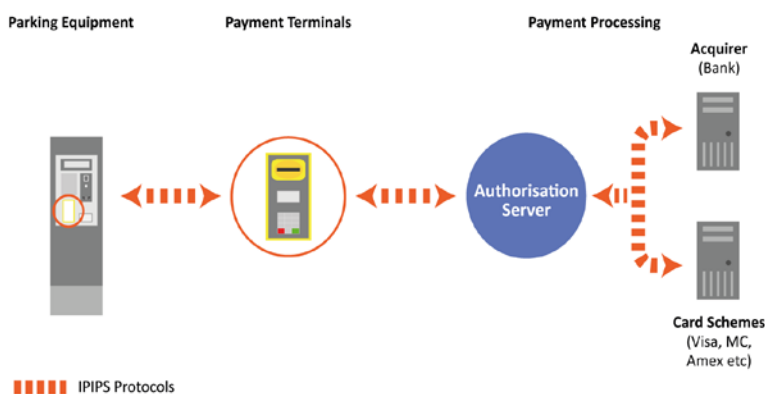


Figure 2: IPIPS Protocol in On-street Card Payments

selected the ones best suited to the needs of the parking industry. We entered into agreements with their owners, IFSF and CCV, to adapt them to meet the needs of the parking industry under the IPIPS brand. Figures 2 & 3 show where the standards apply in on and off street card payment systems. Other IPIPS standards will cover mobile payments and tokenisation.

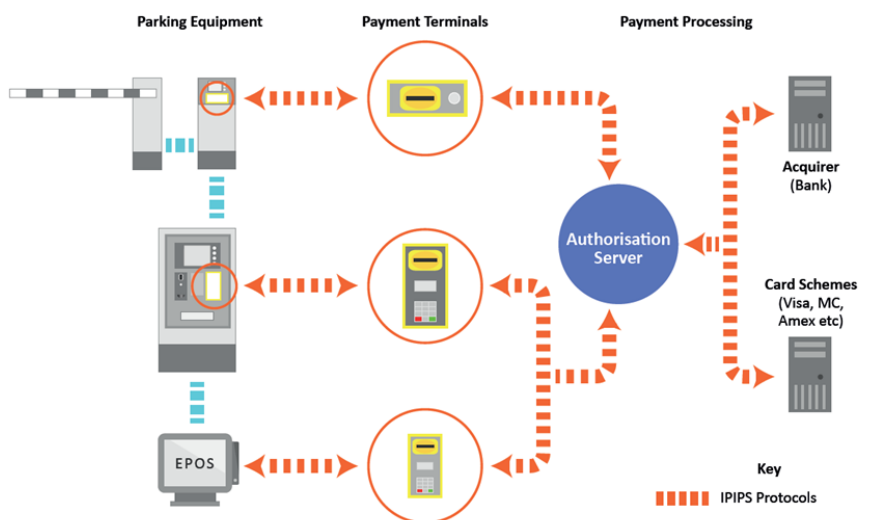


Figure 3: IPIPS Protocol in Off-street Card Payments

Key Benefits

The e-payments initiative represents a major investment for EPA and a significant one for the European parking industry, however, the potential benefits (including cost savings and opportunities to expand the business with new initiatives) are an order of magnitude greater than the investment - representing several million euros per year. The key benefits were identified at an early stage:

Flexibility and ability to innovate

Parking operators (both on and off street) will need to be capable of accepting payments from a wide variety of sources, including smart city systems, apps, connected cars, reservation systems, websites, etc. By specifying systems that use IPIPS standards, operators will ensure they have the best chance of accepting payments from anywhere.

Interoperability

Choosing systems and suppliers that are IPIPS compliant will enable operators to build solutions that meet their specific needs. Currently, creating integrations with reservation services, links to event ticket systems (enabling the customer to pay for their parking as part of buying a ticket) and ticket validation by retailers all require expensive one-off integration. This effectively restricts the operator to one supplier. Specifying IPIPS tokenisation and protocol standards will allow operators to add new services as and when they become available, with the minimum of integration and cost.

Simplified procurement & cost savings

By specifying compliance with IPIPS standards in their tenders, operators will ensure that products and services are interoperable without the need for detailed specifications. This will both simplify and standardise the procurement process, save costs and protect investments.

Security

Security is a key issue in the electronic payments industry, resulting in a constant stream of new requirements and upgrades to meet tighter security requirements.

In many cases, parking equipment end of life is dictated by an earlier end of life of the payment terminals as the security certification expires. By specifying IPIPS standards and protocols, an operator can be sure that new payment devices can be retro-fitted to their existing parking system. They can keep up with the latest security standards with the minimum of investment and avoid premature obsolescence.

Supplier diversity

The adoption of IPIPS will allow the parking equipment and payment equipment suppliers to make savings by reducing the cost of product certification in the different national markets. Suppliers and service providers will be able to offer standardised equipment and services across Europe, enabling successful suppliers to grow and provide greater choice for operators.

A voice for the industry

The EPA working group on e-payments has helped raise awareness in the payments industry of the issues specific to the parking industry. Powerful organisations including Visa, MasterCard and the European Payments Council now look to EPA to represent the parking industry. The adoption of IPIPS standards will demonstrate that EPA can help ensure that the needs of the parking industry will continue to be heard.

Protecting the parking industry

IPIPS is an important first step in the development of standards across the parking industry.

Without a co-ordinated international response, other interests (such as the car manufacturers and the payments industry) will use the new technologies in ways that will challenge the profitability of parking operators.

EPA and the national associations must work together and sponsor initiatives that enable our members to work together to meet the challenges facing our industry and remain competitive.