

Advantages of open loop smart card over closed loop variant

S. No.	Concern	Open Loop Smart Card	Closed Loop Smart Card
1	Customer Friendly	Customer can use the same card for Metro and Bus travel in all the City and States within the country.	Customer need to buy different cards for different public transport Systems.
2.	Convenience	Customers will use their bank issued NCMC card for fare payment rather than waiting in a queue for card/token/ticket issuance.	Customer may require to stand in queue for card issuance, Top up etc.
3.	Loyalty Points	Consumer may benefit from loyalty/reward points from partner banks, as provided in case of Debit and Credit cards.	No such provision. Any such loyalty and discount is a cost to the Public Transport Operators.
4.	Minimum Infrastructure	Public Transport Operators can minimize their cost involved in maintenance of infrastructure and manpower for card issuance, Top up, card replacement and refunds, as open loop cards can be issued by multiple partner banks.	Each Public Transport Operators need to bear the significant expense for maintenance of infrastructure and manpower for card issuance, Top up, card replacement and refunds.
5.	Negotiating Power	As open loop acceptance devices are based on open interoperable standards, there are multiple vendors available for payment acceptance devices, which provide an opportunity for cost and service negotiation.	Closed loop cards may be of proprietary standards, leading to vendor lock in for subsequent purchase and renewals of acceptance devices.
6.	No vendor lock in	Open standards based payment acceptance devices provides the freedom for subsequent purchase and renewals of devices.	Proprietary standards may lead to vendor lock in for subsequent purchase and renewals of acceptance devices.
7.	Ease of Implementation	Well standardized payment acceptance devices and availability of multiple vendors provides ease of implementation. Payments related scope of work to be taken care by partner bank and hence PTOs may focus on their key activities.	PTOs need to evaluate multiple proprietary specifications leading to difficulty in implementation.
8.	Fast Deployment	Due to similar implementation process, best practices and reference implementation guidelines, there will be standardized procurement practices, and RFPs. This considerably expedites the deployment of digital payments in Public Transport Operators.	Each deployment will have specific requirements and considerable expertise is required by each Public Transport Operators for selection of appropriate solution.
9.	Retail acceptance	NCMC open loop card offers acceptance at all the existing retail PoS devices.	Closed loop cards can only be accepted within their operating environments.