

*City of Alexandria, Virginia***MEMORANDUM**

DATE: FEBRUARY 26, 2013

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

THROUGH: RASHAD M. YOUNG, CITY MANAGER

FROM: THOMAS Y. "JAY" JOHNSON, CHAIRMAN, 
TRAFFIC AND PARKING BOARD

SUBJECT: RECOMMENDATIONS ON MANDATORY TAXICAB
ACCEPTANCE OF CREDIT CARD PAYMENT

At the January 22, 2013 City Council legislative meeting Council asked the Traffic and Parking Board to provide recommendations on Section 9-12-32 to include the language for accepting credit cards for taxi fares over \$10.00. On February 25, 2013, the Board held a public hearing to consider the credit card acceptance issue. Based on the testimony heard, the Board makes the following recommendations:

1. Credit card and cash payment be accepted for all trips regardless of the amount of payment;
2. Cabs accept all major credit cards;
3. No surcharge for credit card use;
4. Preauthorization of credit cards be allowed;
5. All credit card devices and systems shall be PCI compliant;
6. Study credit card usage among drivers and companies and ways to minimize the financial impacts on drivers, owners and riders caused by any change in City policy, including fare adjustments, caps on company charges, and appropriate receipts provided to customers.

The Board is recommending: 1) acceptance of credit card payment for all trips; 2) acceptance of all major credit cards; and, 3) no surcharge, to improve customer service. The transportation industry is evolving and if the Alexandria taxi industry is to remain viable, it must provide better customer service than competing services, such as Uber. One way to do this is through consistency and straight forward pricing. If all Alexandria cabs accept all major credit cards for all trips with no unexpected charges, consumers will have a high level of confidence when choosing an Alexandria cab for their transportation needs. The experience will make them come back to Alexandria cabs the next time they need service.

The Board recommends that preauthorization of credit cards be allowed. Preauthorization is important to guarantee that the credit card being used for payment is valid. In the past drivers have complained about taking passengers to destinations only to find out that the credit card being used for payment was not good. Of equal importance is that trip destinations may be in a "dead zone" and the wireless credit card device will not work. Many drivers commented that they have taken passengers to their destination only to find out that the credit card machine does not work because they are in a dead zone. Preauthorization will help alleviate this problem.

The Board recommends that all credit card devices and systems be PCI compliant. The security of customer's sensitive financial data is important to prevent fraud and possible theft. This is important because devices that were designed for other consumer purposes, such as I-Phones, may be used to conduct credit card transactions. These devices have the capability to store credit card information. Cardholder data needs to be securely encrypted prior to using mobile devices to process transactions. Credit card security is an evolving field but as a minimum the point of interaction (POI) device should be PCI approved and the point-to-point encryption (P2PE) device should be PCI validated. The system should be compliant with PCI SSC security requirements including the secure reading and exchange of data (SRED).

Lastly, the Board recommends a study be conducted of credit card usage among drivers and companies to minimize the financial impacts on drivers, owners and riders. The study should include fare adjustments, caps on company charges, and appropriate receipts provided to customers. The Board is concerned about unintended consequences to the taxi industry caused by mandatory credit card acceptance.