

## Virginia Department of Motor Vehicles



### The Challenge

As Virginia's second largest revenue collector—with a net of \$2.1 Billion collected annually—finding faster, more efficient and convenient ways to conduct daily business is a continuing effort of the Virginia Department of Motor Vehicles (DMV). The agency's abundant workload includes issuing driver's licenses, titling and registering vehicles, regulating some motor carrier-related functions, and collecting fuels taxes.

Eager to continue its tradition as a leader in establishing new standards for government service, the Virginia DMV sought to:

1. Advance customer service by offering a more convenient means of conducting transactions—comparable to the private sector, and
2. Streamline revenue collection to reduce processing delays and the incidence of returned checks.

"Payment cards have given us the solution. Thanks to card acceptance, conducting a DMV transaction is as easy as shopping at a retail outlet."

—D.B. Smit  
Virginia DMV  
Commissioner

## In Retrospect

For years, the DMV encouraged customers to renew their vehicle registrations by mail, thereby saving customers a trip to a DMV office. Aware that registration renewal via touch-tone telephone would offer customers a faster, more convenient way to conduct renewal transactions, the agency identified card acceptance as the logical progression.

The agency wanted to conduct business faster and more efficiently, utilizing automated means for routine transactions. It wanted to offer customers the option to conduct transactions by telephone, the Internet, and ultimately, at ATMs.

“Payment cards are the norm,” said DMV Controller Jack Christian. “Customers expect cards to be accepted wherever they go, including at the DMV. No agency can provide quality customer service in the financial world without acceptance of a major payment card such as MasterCard.”

In addition, the DMV sought a way to streamline its revenue collection. Check-processing delays, late payments, and returned checks took valuable operating time. Even with “good” checks, payment realizations took anywhere from five days to a week, depending on when the checks were posted.

## The Process

The agency teamed up with MasterCard Worldwide in 1996. Within a short time, the DMV saw the careful planning for credit card implementation pay off.

## Increased Customer Convenience

Card acceptance at 73 DMV offices statewide resulted in dramatic improvement in the DMV’s service and convenient offerings, which are now comparable to the private sector. Satisfaction reached new heights with the implementation of several convenient, new programs made possible by card acceptance.

## Touch-tone Renewal System

Launched in December 1996, the touch-tone renewal system enables customers to renew a vehicle registration simply by using a touch-tone telephone and a payment card, such as any MasterCard® card. Customers can renew any time of day, seven days a week, from home, the office, or even the car phone. The transaction takes less than five minutes and new decals and a registration card are in the mail to them within just three business days.

For the Virginia Department of Motor Vehicles, card acceptance resulted in the following benefits:

- The ability to offer faster, more convenient customer service
- Streamlined revenue collection with reduced processing delays and fewer returned checks
  - More expedient realization of funds
- Expanded marketing and sales channels
- Happy, more satisfied customers!

“Partnering with MasterCard has been a wise investment on behalf of the Commonwealth.”

—D.B. Smit,  
Virginia DMV  
Commissioner

## Call Center Transactions

Customers who call the DMV's call center about driver's license and vehicle registration suspensions, as well as other transactions, can use their cards to pay outstanding fines and fees. Often, customers can fully resolve licensing and registration problems by phone without having to visit a DMV office.

"That's the beauty of card acceptance. It allows us to deliver service that immediately responds to a customer's particular needs."

—Jack Christian  
Virginia DMV  
Controller

## Internet Transactions

Virginia's DMV launched its first real-time, online Internet transaction in May 1999. A few months later, the agency was the first in the nation to offer online driver's license renewal.

Like touch-tone renewal, customers can use their payment card to complete vehicle and driver's license renewals within a matter of minutes, any time of day, any day of the week. Customers can print a verification screen that summarizes the transaction, provides a card authorization number, and a transaction amount. Plus, if they wait until the last minute to renew, they can use the receipt plus their current driver's license or vehicle registration to continue driving until the new documents arrive in the mail.

Another key benefit is the way card acceptance expands the agency's ability to respond to a customer's immediate need. For instance, during a job interview, a hopeful applicant may be asked to provide a driving record in order to secure a position. With a payment card and a single phone call, the record can be faxed to the employer almost instantaneously.

Christian related a real-life example of the saving power of card acceptance. "One Friday, just after four in the afternoon, a frantic wife called the Virginia DMV to report that her husband, an interstate trucker, had been stopped and detained in Oregon due to an expired registration," recalled Christian. "Normally, this would have been a serious problem—banks were just closing for the day and he risked spending the weekend stuck in another state watching his load deteriorate."

Fortunately, the crisis was quickly averted. By accepting her credit card over the phone, the DMV was able to authorize the past-due transaction, fax the paperwork, and allow the trucker to continue on his way. "That's the beauty of card acceptance," Christian said. "It allows us to deliver service that immediately responds to a customer's particular needs."

## Improved Revenue Collection

Card acceptance proved successful in streamlining collection efforts. “For one thing, revenue is transferred to the DMV’s account a lot faster from payment cards than from checks,” says Christian. “Basically, once you get authorization for the card transaction, you’ve got the funds.” Funds are transferred to the DMV’s account daily. On the other hand, revenue from checks typically takes five days before the agency can actually access the funds and, in many cases, can take as long as seven days. Card acceptance has also resulted in fewer returned checks.

“When we first studied card acceptance, some people argued against it, citing the potential for fraud as a reason,” recalls Christian. Payment card fraud, however, has not been a problem for the Virginia DMV. Most DMV products cannot be resold and the agency can easily trace transactions. “Fraud just hasn’t been an issue,” concludes Christian.

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Virginia DMV Controller

## Getting the Word Out

Initially, the Virginia DMV announced its card acceptance program through news releases, media interviews, and a notice on driver’s license and vehicle registration renewal notices. The agency even prints a payment card message on renewal envelopes and major publications such as driver’s manuals.

MasterCard partnered with the Virginia DMV to find other creative ways to promote card acceptance. MasterCard participated in the DMV’s campaign to increase special license plate sales, as well as the agency’s promotion of its organ donor program.

## The Future

“Just as customers expect to use their cards everywhere they go, customers also expect to conduct transactions on the Internet,” commented DMV Commissioner D.B. Smit. “The Virginia DMV plans to create a customer service center in cyberspace—a virtual DMV office where customers can conduct nearly all the transactions that they conduct in their offices. Payment cards are making this vision a reality.”

## **New Marketing Opportunities**

Expanded marketing opportunities are made possible by card acceptance. It opens the door to new sales channels and increased revenue by providing an easy method of payment for add-on products. Take personalized plates, for instance. Thousands of vehicle owners in Virginia personalize their license plate messages and even more display one of the state's 180 special license plate designs. Often, a customer decides to put a personalized message on his plate or to upgrade from a standard license plate to one of the agency's special designs during the registration or renewal transaction. The ability to complete the process in minutes using a payment card can be a determining factor in the customer's purchase decision.

## **Conclusion**

Establishing card acceptance was the key that unlocked the door to a number of technological service innovations. The DMV was anxious to improve its service and offer convenience comparable to the private sector.

But it also wanted to offer customers the option to conduct transactions by telephone, the Internet and, ultimately, at ATMs.

In FY04, Virginians used cards to pay for more than 2,048,314 transactions valued at more than \$122,867,508.

"Clearly Virginians want to use their payment cards to conduct transactions with the DMV and other government agencies," said Smit. Card payments have improved customer convenience in our service centers and paved the way for the Virginia DMV to offer customers unique service options. We look forward to providing customers with access to even more DMV transactions by phone and the Internet, as well as via ATMs located across the state. None of these service innovations, however, would have been possible without payment cards. Our investment has more than paid off."