FUTURE TRAVEL

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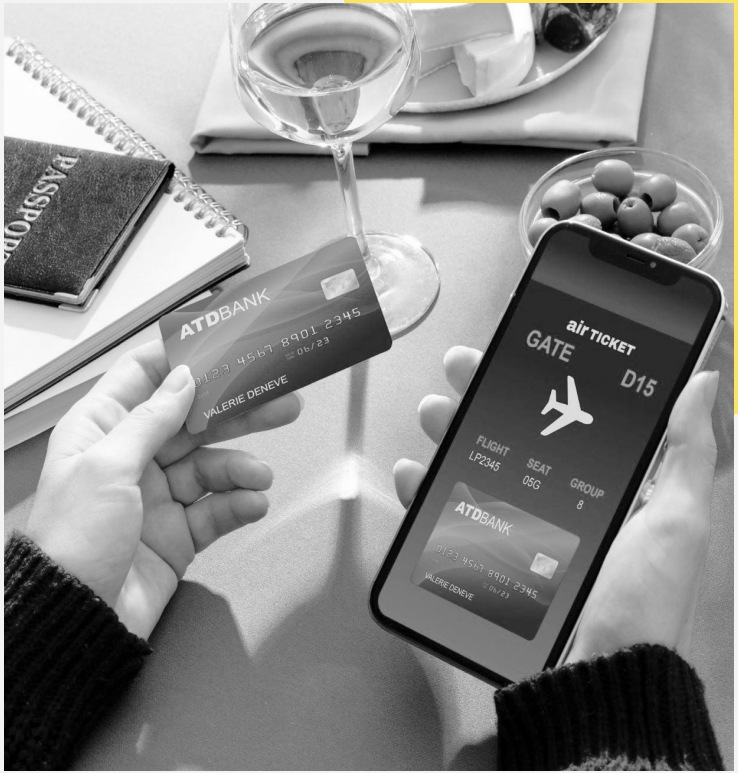
STREAMLINING RECONCILIATION:

5 best practices to optimise global payment operations in 2024



This guide looks at how travel companies are thinking holistically about their fund flows to streamline, optimise and grow in 2024.

We dig into the 5 areas of payment operations and identify a best practice for each.

FOREWORD

Managing global payment operations as a travel business is difficult. Travel businesses are almost uniquely exposed to the complexity of the global financial system, as they collect and pay out in different currencies and manage different payment methods all over the world. As customer and supplier preferences evolve, so too does the challenge for Finance teams - not just in making and receiving global payments but also in reconciling them. It has never been more important to have a streamlined and adaptable system to manage this process.

This report, entitled 'Streamlining Reconciliation: 5 Best Practices to Optimise Global Payment Operations in 2024', seeks to provide a comprehensive overview of the payment lifecycle for the travel sector. In writing it, we have drawn on our deep experience of serving some of the leading businesses in global travel, including Secret Escapes, Qantas and Navan.

We hope that this report offers both practical, short-term advice and a peek into a future in which financial technology can help travel companies to spend more time focusing on providing the best possible experiences for their customers - and less time worrying about payments.

Pranav Sood
Executive General Manager EMEA

INTRODUCTION

In the fast-paced world of travel, where bookings are made around the clock and transactions span across borders, the financial operations of travel companies can be both complex and challenging. A key pain point often faced by finance teams is managing fund flows efficiently, and often across disparate systems and processes.

In this guide, we'll cover the major parts of the fund flow, laying out the current state of play and offering the best practice on each, and how they can come together to create overall efficiency and cost optimisation.

1 | Supplier Payments

Supplier payments lie at the heart of travel companies' financial activities. These payments are typically conducted through two primary methods: bank transfers and card transactions.

Bank Transfers

Today's state of play: Bank transfers are a pretty manual way to make supplier payments and often face excessive FX fees and 2 - 5 days in transit before landing. Likewise, a finance team member might spend hours or days each month manually initiating payments to suppliers and reconciling those payments back to customer bookings. This creates unnecessary admin and a bottleneck in month-on-month financial reporting.

Best practice: If bank transfers are still your preferred or only method of paying suppliers, they should be automated in batch and processed via local payment rails, a far quicker and more cost-effective method of payment. Airwallex stands out by providing a means to bypass the traditional SWIFT network with 93% of all transactions on the platform using local payment rails. This delivers not just reduced costs and faster transfers - the instantaneous nature of local rails (77% are same day or within hours) gives near real-time visibility for the finance team. Likewise, the finance team can better control who gets paid and when via multi-layer approvals which are baked into the payment platform. As well as approvals, the Airwallex platform is built for a modern finance team and provides multi-user login with different levels of access.

1 | Supplier Payments

Cards

Today's state of play: Many travel companies are opting to make supplier payments by card. However, these cards are created manually and payments are initiated manually, which takes time to reconcile back to the original booking at month's end. Likewise, physical company cards are often passed around the office, creating unnecessary risk with inefficient user management.

Best practice: Unlike bank transfers, virtual cards provide far greater control, speed and flexibility when paying suppliers. Virtual cards can also be created for one-time use, which helps eliminate the risk of fraud or misuse. Most important of all, virtual cards allow for easy reconciliation of payment data, by pairing unique booking IDs or references to uniquely generated transactions (see the diagram to the left). The ability to swiftly create and use virtual cards streamlines payment processes while minimising security risks. Issuing virtual cards via APIs also allows OTAs to set parameters including the Merchant Category Code (MCC), spend limits and variable interchange for bilateral agreements with airlines and similar suppliers.

2 | Global Collection Capabilities

Today's state of play: Expanding into new markets with traditional providers still entails the complexities of setting up local banking relationships with multiple providers to receive local customer payments. Those complexities include directors physically visiting new markets and enduring a lengthy account setup process, which often takes over six months to complete. This approach is both time-consuming and resource-intensive. Additionally, it entails dealing with various banking providers, each with its own policies and working cultures, resulting in fragmented data and inefficient money management.

Best practice: The best practice today involves leveraging an approach more suited to an efficient global business, which sets up local accounts instantly from a centralised platform. This agility in account setup allows travel companies to collect funds in different currencies and pay suppliers in those markets, with cost-efficiency, speed and ease. Airwallex offers instant account setup in local markets from a centralised platform, with an account grouping structure for easier visibility and fund movement between accounts. This means customer collections, supplier payments and company expenses can be managed efficiently in the preferred currency. Airwallex is able to offer this FX efficiency because it has prioritised building its underlying banking connections with local partners and regulators. This means 93% of all Airwallex payments can be made by local rails - a faster and more cost-effective alternative to SWIFT.

3 | Unlocking Payment optimisation

Aside from collections and supplier payments, the fund flow can also be optimised at different points to create greater efficiency overall. In this section, we'll run through how travel companies are increasing checkout conversion rates, improving reserve/settlement terms and consolidating the fund flow onto one platform for source of truth oversight.

Increase checkout conversion rates

Today's state of play: Recognising the importance of localised payment experiences empowers your business to cater to a global clientele. Global brands that fail to offer local checkouts risk alienating customers which can harm experience and reputation. Ensuring customers can pay in their preferred currencies and methods will significantly boost your checkout conversion rates, customer trust and, consequently, repeat business.

Best practice: Airwallex recognises the importance of localised payment experiences. For customers of travel companies, they offer a comprehensive platform with over 160 payment methods across 180+ countries. Airwallex eliminates forced conversion fees by allowing multi-currency acceptance and settlement so funds can be settled in major currencies and be efficiently repurposed to pay suppliers. For example, customer funds that land in your USD-designated wallet can be used at a later date to pay suppliers in USD, thereby avoiding forced currency conversions.

3 | Unlocking Payment optimisation

Better reserve/settlement terms

Today's state of play: Improving reserve terms and settlement times is a crucial step towards maintaining healthy cash flow. Excessively strict reserve terms can hinder cash availability and pose financial challenges, so negotiating more flexible reserve terms is a prudent financial decision. This minimises financial constraints, letting companies have sufficient funds readily available, promoting smooth ongoing operations and effective handling of payments to suppliers.

Best practice: Non-prohibitive reserve terms are essential for travel companies. This helps maintain manageable reserve requirements and sufficient funds for their ongoing operations while effectively managing payments to suppliers. Travel companies are able to negotiate reserve terms to support uninterrupted operations and efficient payment management, ultimately promoting a healthy cash flow.

3 | Unlocking Payment optimisation

Single source of truth

Today's state of play: For businesses going global, having visibility of the entire fund flow on a unified platform can be a powerful asset. After all, there should be no guesswork when managing your money. A travel agent needs a platform that handles everything from when a customer pays, to money landing in the bank, flowing through to supplier payments and overhead costs. Being able to oversee and control all financial processes from a single platform offers unparalleled efficiency, transparency, and adaptability.

Best practice: Travel companies are choosing to consolidate all financial activities into one financial platform. These should encompass the entire fund flow, starting from customer payment initiation and extending through to eventual settlement in the bank, while also including FX handling and payout ability. Such platforms make transactions smoother, save on unnecessary fees and provide real-time tracking of funds.

4 | Data, APIs & automated reconciliation

Today's state of play: In the digital era, data is the lifeblood of thriving operations and APIs facilitate the flow, and usability, of data. However, within travel, it's not uncommon for a finance analyst to spend several days a month manually mapping each payment to their booking reference by going through pages of excel data. For travel companies aiming to create a unified source of truth for their fund flows, API-driven solutions are automating reconciliation processes and surfacing up real-time data insight that was previously obscured.

Best practice: The outcome of automation? Instant reconciliation with less manual intervention, fewer data discrepancies, better reporting accuracy, and a foundation for smarter decision-making that's also remarkably error-resistant. By adopting an API-driven approach to data management, a travel company can establish and automate an efficient single source of truth across the full fund flow, often eliminating manual reconciliation altogether. This also helps optimise overall operational efficiency as well as provide actionable insight to boost the top line or protect the bottom line. While Airwallex provides its solutions as a web app, it also has a set of APIs that make data more accessible and usable. This means travel companies can access richer, more customised transactional data via our API.

5 | Efficient User Management

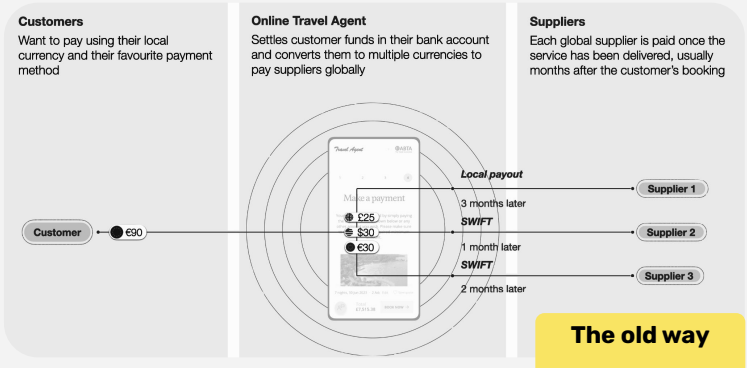
Today's state of play: The days of physically passing around a company card in the office should be long gone. Travel companies are embracing user management practices that provide multi-user access across different geographical locations and entities. This approach ensures smoother collaboration and eliminates bottlenecks in payment and approval processes, especially for time sensitive payments. With team members spread across the globe, efficient user management is paramount to maintaining a seamless workflow.

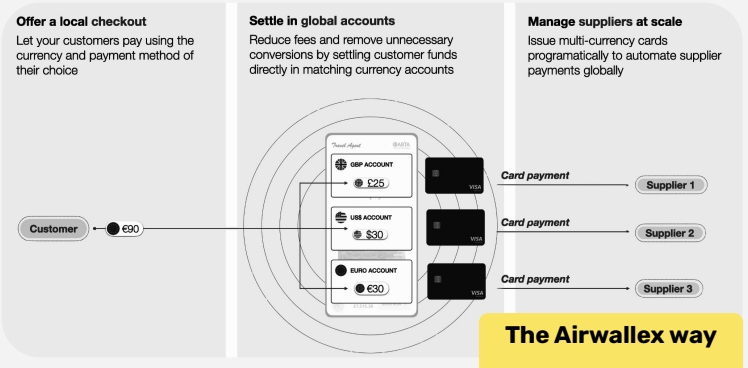
Best practice: Implementing multi-user access not only makes management more efficient, it also minimises the reliance on physical cards and certain employees, without compromising on security and anti-fraud measures. Company cards can be assigned to up to three contacts, eliminating the need to pass around a physical card or share its details, and ensuring continuous management even during employee absences. These practices enhance inter-departmental collaboration, regardless of geographic location. Likewise, the ability to instantly pay a bill (be it emergency or not) adds an additional level of flexibility. CFOs can remain confident of control via multi-layer custom-built approvals.

CONCLUSION

The travel industry's financial landscape is evolving, and so are the strategies employed by travel companies to manage their fund flows efficiently. Embracing a single source of truth through the practices outlined in this report not only enhances security, accuracy, and efficiency but also enables travel companies to adapt to the dynamic nature of their industry.

By reimagining supplier payments, global collections, card acquiring, data integration, and user management, travel companies will be paving the way for smoother financial operations that align with the demands of modern travel.





The recommendations provided in this report are based on industry best practices and may vary depending on the specific needs and circumstances of each travel company.

FUTURE TRAVEL

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Airwallex is the leading global financial platform for modern businesses, offering trusted solutions to manage everything from payments, treasury, and spend management to embedded finance. With their proprietary infrastructure, Airwallex takes the friction out of global payments and financial operations, empowering businesses of all sizes to unlock new opportunities and grow beyond borders. Proudly founded in Melbourne, Airwallex supports over 100,000 businesses globally and is trusted by brands such as Authentic Vacations, Secret Escapes, Navan, Qantas, SHEIN and many more.

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