Payments and the travel industry

Your travel agency's passport to growth.

Airwallex

Business is booming in the travel sector. After years of scuppered holiday plans, the world is rediscovering its love of adventure

According to **Statista**, the online travel industry is forecast to surpass US$521 billion in 2023 and rise to over US$1 trillion by 2030.[1]

This presents an opportunity for your travel agency to maximise profits and gain an edge over competitors by investing in cloud-based payment solutions. Top of mind are integrated solutions that increase checkout conversions at the time of booking, streamline your ability to move money between customers and travel suppliers in multiple countries, and give you the opportunity to drive additional revenue by monetising your payment flows.

Digital payments are the lifeblood of your online travel business. Your payments software enables your business to offer a smooth checkout experience to customers and a reliable payout service to the hotels, airlines, and taxi companies you partner with.

Your financial infrastructure also determines how much you pay in payment processing and foreign exchange (FX) fees, and how fast you can reach customers in new markets. A poor payments chain can lead to friction at your checkout, disgruntled suppliers, additional risk, and a slower route to global expansion, not to mention a lot of needless admin for your finance team. That's why partnering with the right payments provider could be the choice that powers your travel agency towards exponential growth.

1. '[Online travel market size worldwide from 2020 to 2022, with a forecast for 2023 and 2030](#)', Statista, 30 August 2023

Index

Key payments challenges in the travel industry

Traditionally, there are several stakeholders in the travel payments value chain, including payment gateways that facilitate card or wallet payments from your travel customers, banks that help you collect, hold and payout funds to travel suppliers, and potentially card issuers that can help you pay suppliers via card rails.

At this very moment, your business may be using three or more solution providers to manage the lifecycle of pay-ins and payouts across your travel business. This can lead to fractured and inefficient systems that cause needless manual work for your finance team and ultimately cost you money.

By partnering with a payments provider that offers an end-to-end solution, you could manage payment collection and disbursement on one platform, and by leveraging the power of application programming interfaces (APIs) you have the ability to scale and customise payment flows to suit your specific business needs while remaining compliant across regions.

Modern payments and financial platforms provide an alternative to legacy payments infrastructure, helping you boost global sales, eliminate unnecessary FX risk and fees, protect against fraud, and automate manual processes.

Through a single integration, your travel agency could manage:

Global payment acceptance: With an optimised checkout that boosts your global sales by allowing you to offer popular payment methods such as Apple Pay and PayPal, and reduce chargebacks with in-built fraud protection.
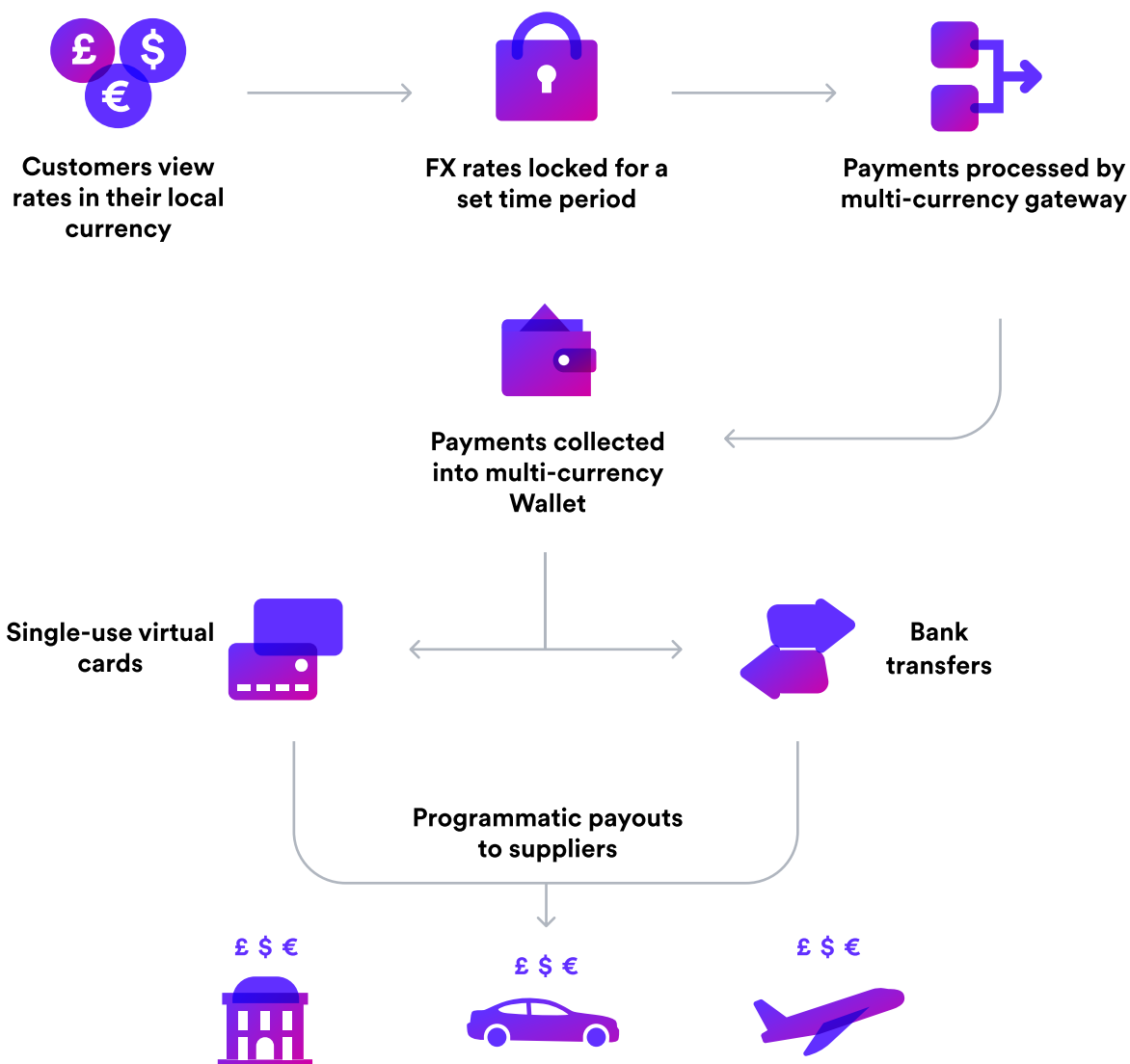
Multi-currency settlement: Global accounts that come with local bank details and multi-currency wallets allow your agency to collect payments from customers and commissions from travel suppliers in their preferred currency. You can settle funds in the same currency (like-for-like) to avoid unnecessary FX conversions and fees.

FX: When you do need to convert funds, modern payments providers enable you to tap into FX prices and transaction services that help reduce your costs and eliminate risk. Services include access to interbank exchange rates and guaranteed rates (where exchange rates are locked in for future transactions). You can even turn FX risk into a monetisation strategy by applying a markup when customers make payment for their booking in their preferred currencies.

Payouts via card: Multi-use or single-use cards can be leveraged to pay hotels, airlines, and other travel vendors securely. Modern financial platforms will allow you to set rules around merchant category, currency, time period, transaction limit, and more, for enhanced control of funds.

Payouts via bank transfer: For vendors that don't accept cards, modern payments platforms also enable you to programmatically make fast, cost-effective bank transfers. These platforms should also integrate with your finance and accounting systems, allowing you to programmatically collect your vendors' bank information and fund, create, and track payouts.

End-to-end travel payments solution

Customers view rates in their local currency

FX rates locked for a set time period

Payments processed by multi-currency gateway

Payments collected into multi-currency Wallet

Single-use virtual cards

Bank transfers

Programmatic payouts to suppliers

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The benefit of **payment APIs** to the travel industry

Online travel agencies have some of the world's most complex payments challenges. Firstly, they have to deal with the regulatory complexity of accepting customer payments in one region and paying out to travel vendors in another. Depending on the countries involved, agencies need to comply with specific local and regional regulations like Payment Services Directive 2 (PSD2) in Europe. Secondly, agencies are at high risk of fraud and chargebacks because payments are generally taken from customers well in advance of the delivery of services. And thirdly, because travel agencies deal with multiple currencies across pay-ins and payouts, they are exposed to FX risk which can eat into their margins.

Modern payment solutions have gone a long way towards addressing these issues. Payment gateways, such as the one offered by Airwallex, allow agencies to compliantly collect customer payments across multiple regions and currencies whilst minimising fraud and chargebacks, FX solutions allow agencies to lock in exchange rates while customers browse their website, eliminating FX risk and allowing them to offer competitive pricing, and card issuing and programmatic payouts provide an efficient and secure way to pay global travel vendors at scale.

However, building these solutions in-house is costly. Setting up a card program with an issuing bank, for example, requires a lot of paperwork, a long waiting period, and a substantial upfront investment, and integrating card issuing with an existing payment system requires considerable development work. APIs simplify this process, enabling online travel agencies to natively integrate modern payment solutions with their existing infrastructure and customise those solutions to meet their specific needs. Rather than having to build from scratch, developers can leverage APIs to build on top of a financial service provider's existing features and go to market in a matter of weeks, not months.

Payment APIs allow agencies to take advantage of a financial service provider's global infrastructure. This means agencies don't need to go through the difficult process of setting up relationships with banks in each region they operate in. By choosing a partner like Airwallex, which holds over 60 financial licences globally, agencies can collect, process, and pay out in multiple regions, secure in the knowledge that they are meeting compliance regulations.

APIs also present an opportunity for travel agencies to explore new revenue streams by embedding financial services into their platform. For example, a travel agency could leverage APIs to issue white labelled cards to their own customers to pay for their expenses while travelling. Offering wallets and consumer cards gives agencies the opportunity to monetise through interchange, FX markups, and interest earned on credit, whilst providing additional value and increasing customer engagement, loyalty, and retention.

APIs offer a simple way for travel agencies to integrate financial solutions into their platform, whether they're looking to modernise their payment processes or drive revenue with embedded financial services. With APIs, the sky is truly the limit.

How your travel agency can **benefit from Airwallex**

Airwallex is a modern payments and financial platform that offers an end-to-end solution for online travel agencies that can be easily integrated via API. Your agency can leverage Airwallex's full suite of financial solutions to collect, manage, and distribute payments globally.

Reduce friction at checkout and increase global sales

Airwallex can offer your travel agency secure payment acceptance on a global scale, whilst helping you reduce friction at your checkout and eliminate unnecessary FX costs.

1. **Multi-currency pricing and like-for-like settlement**
   Build a global checkout with a local feel. Accept payments in 180+ countries and improve sales by offering travellers the ability to pay in their preferred currency. Settle funds to your account in the same currency your customer pays (like-for-like) to avoid unnecessary FX conversions. Alternatively, you can convert funds at market-leading FX rates.

2. **Local payment options**
   According to research from the Baymard Institute, 11% of cart abandonments occur because customers cannot pay with their preferred payment method.[2] For this reason, it's important that your payment gateway facilitates a range of payment options, and allows you to localise these for each market you operate in.

With Airwallex, you can offer multiple local payment methods at your checkout and boost conversions globally.

3. **Network tokenization**
   Airwallex supports network tokenization. Network tokenization is where payment networks, such as Visa and Mastercard, replace customers' primary account number (PAN) with a unique EMV® payment token. Network tokenization helps your business eliminate the risks associated with handling sensitive cardholder data and can improve card authorisation rates by up to 5% according to Visa.[3]

2. '49 Cart Abandonment Rate Statistics 2023', Baymard Institute, 2023.

3. 'What is Tokenisation?', Visa Navigate, March 2023

4. **Pre-chargeback programmes**
   Chargebacks cost your business money. Even if you win a payment dispute (which is rare) your business will incur a fee. Pre-chargeback programs are designed to help your business resolve disputes and fraudulent payments before they become chargebacks, typically by automatically refunding disputed transactions at a much lower cost than a traditional chargeback. The pre-chargeback programmes that Airwallex supports include Visa Rapid Dispute Resolution (RDR) and Mastercard Collaboration.

5. **Adjustable risk thresholds**
   Airwallex allows you to manage your payment security controls to suit your business. Balance your 3D Secure and block rules through managing your risk appetite, build alerts lists, deep dive into your risk performance using our in-app experience, and work with our analytics team to optimise your outcomes.

6. **A wide range of integration options**
   Choose the integration method that best suits your business. Use pre-built UI components to easily create a conversion-optimised checkout, or design your own checkout experience via Airwallex's API in the back end.
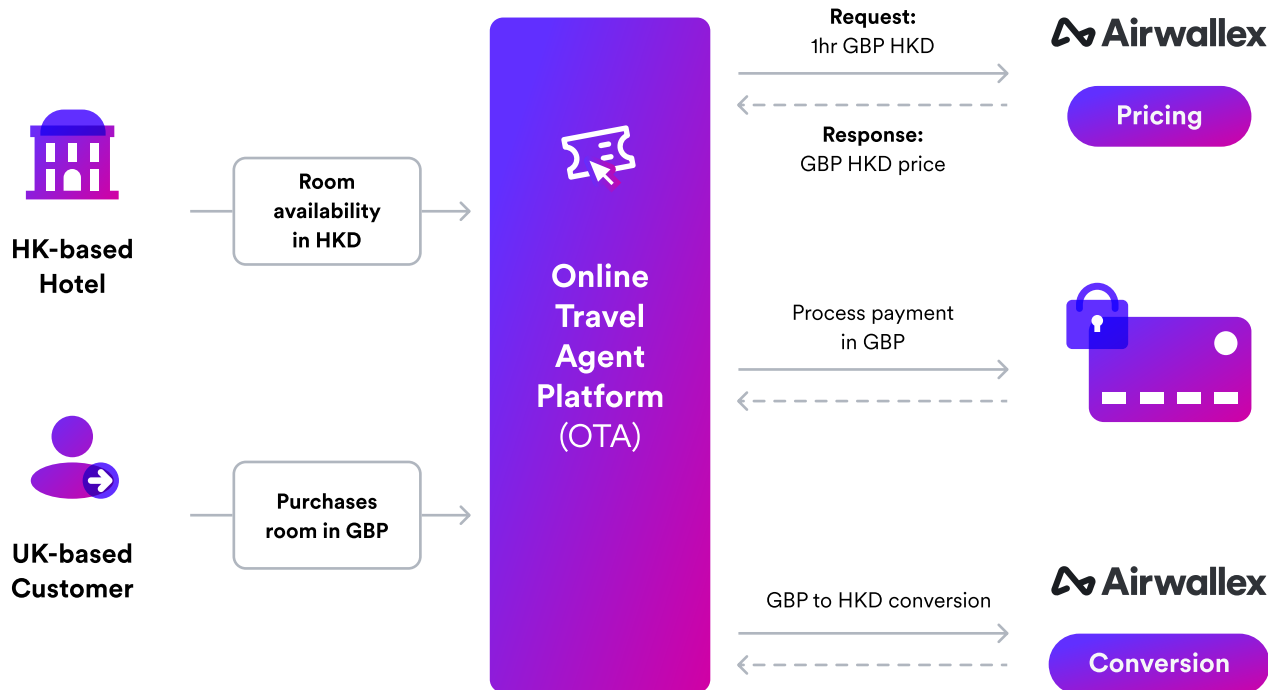
Guarantee your FX margin with LockFX

Because travel agencies often deal with payment collection from customers located in one market and payouts to travel suppliers in another, you're exposed to a high degree of FX risk. Our wide range of solutions allow you to tap into interbank FX rates and transaction services that help you eliminate some of that risk. With Airwallex's LockFX integration you can lock in fixed rates for 1000+ currency pairs across 46+ currencies, including exotic currencies. Choose from a range of periods that the rate is valid, from one minute up to 24 hours.

You can even transform your FX risk into a new source of revenue by applying a markup when customers make payment for their booking in their preferred currencies. Our powerful FX engine and real-time pricing ensure that you get access to competitive prices on your currency conversions, with 24/7/365 pricing and conversion services available.

Here's how Airwallex's LockFX integration could help your agency minimise FX risk in practice.

1. A hotel in Hong Kong publishes room availability on your platform along with a cost in HKD.

2. A customer visits your UK-based website, and browses hotels to stay at in Hong Kong.

3. Your system requests a one hour validity, single-use GBP/HKD quote from the Airwallex API.

4. Airwallex generates a quote and returns it alongside a quote ID in the API response.

5. Your system uses this quote to calculate the GBP equivalent for the hotel in HKD and displays it on the website. Your system will also need to store the quote in the event your customer makes a purchase.

6. Your customer selects and pays for the hotel in Hong Kong based on the GBP price they were viewing on the website.

7. Your system sends a request to the Airwallex API to convert the GBP to HKD at the quoted rate.

8. You hold HKD in your Airwallex multi-currency wallet and payout to the hotel in HKD via bank transfer or when the hotel swipes an issued card in HKD, Airwallex deducts the balance in HKD.

HK-based Hotel

Room availability in HKD →

UK-based Customer

Purchases room in GBP →

Online Travel Agent Platform (OTA)

Request: 1hr GBP HKD
Response: GBP HKD price

Airwallex
Pricing

Process payment in GBP

GBP to HKD conversion

Airwallex
Conversion

Pay travel vendors via Airwallex single or multi-use cards

Your travel agency takes on risk when passing payments from customers to suppliers, including the risk of fraud and the risks posed by currency volatility. These risks are exacerbated by legacy payment systems that involve manual processes and long settlement times. To negate these risks, your agency needs a solution that allows you to pay travel suppliers securely.

With Airwallex card issuing, you can instantly request multi-use or single-use virtual cards to pay suppliers. Pay out directly from your multi-currency Wallet, eliminating unnecessary FX fees, convert funds at interbank FX rates if needed, and even monetize your payments with additional revenue earned through card interchange.

Cards can be set up for a specific amount and currency, along with additional authorization controls such as an allowed merchant category code and expiration date to reduce the risk of fraud. Metadata, such as the customer's booking ID, can be added to the virtual cards when creating them, allowing you to easily reconcile money coming in from customers against money going out to suppliers.

Here's an example of how this works in practice.

Once signed up to Airwallex, your agency can set up balances in multiple currencies to pay global travel vendors. You can then leverage the Airwallex platform to fund card transactions to pay suppliers.

1. Your customer makes a booking and pays you via Airwallex's payments solutions.

2. Your system requests a single-use virtual card for the relevant amount, hotel's currency, merchant type, and time window via Airwallex's issuing API. You can customise controls to ensure cards are only used as intended.

3. Airwallex instantly generates a virtual card and sends the primary account number (PAN) back to your system via an API response.

4. Your system uses the virtual card details to push out the reservation to the relevant hotel's property management system (PMS). The hotel's PMS saves the card information along with the reservation details and may even put a pre-authorization on the card.

5. When your customer checks in, the hotel's system uses the stored card to generate a transaction for payment.

6. The hotel's acquirer and payment gateway process the card transaction.

7. The transaction is routed to Airwallex via the card network.

8. Airwallex will check your agency's relevant currency account and, if there's sufficient balance, the transaction is processed with zero FX fees. If there's not sufficient balance, but you have sufficient balance in your home currency, Airwallex will auto-convert that to the transaction currency at interbank rates.
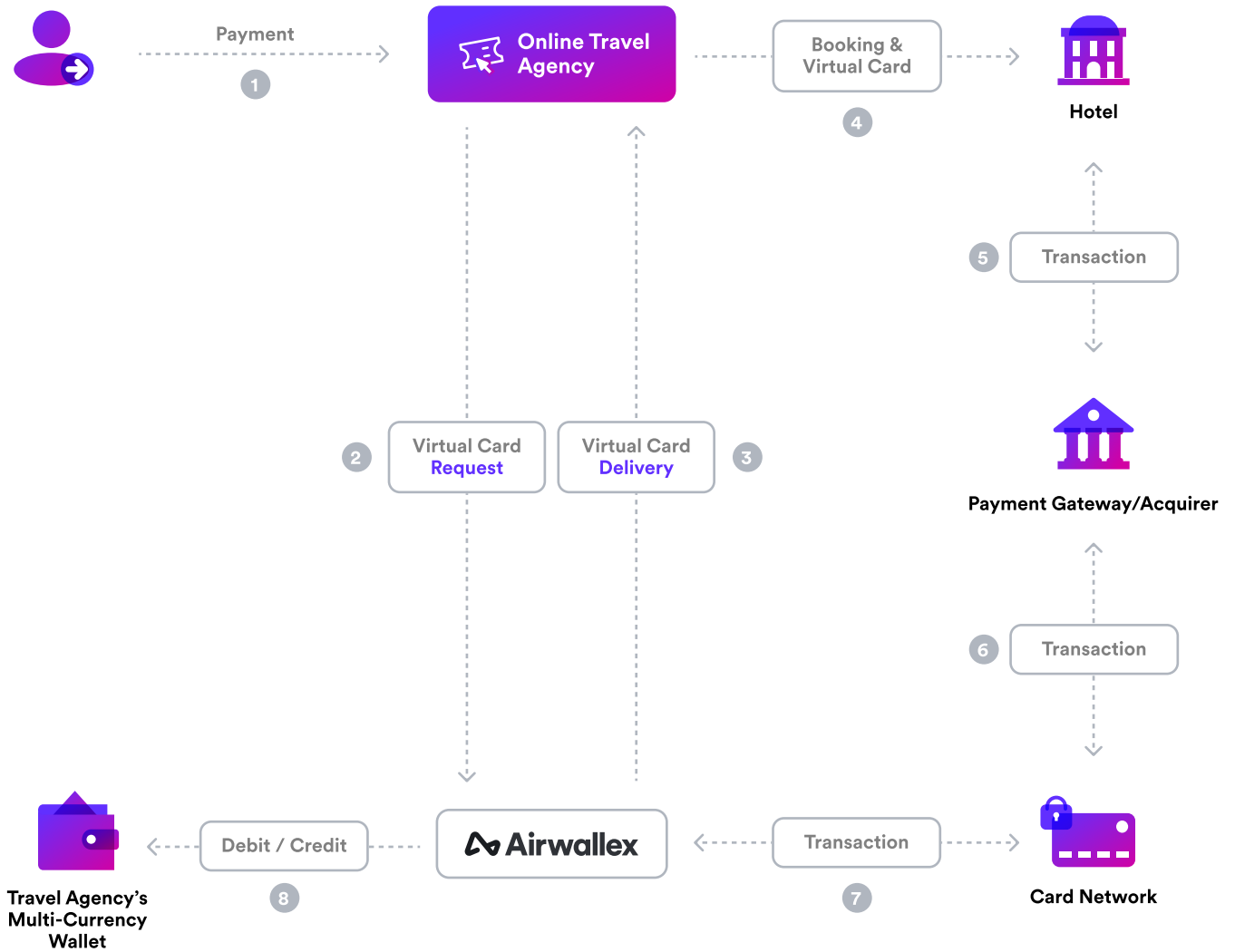
In addition to making payments with virtual cards, you can programmatically make fast, cost-effective bank transfers to your travel suppliers in 150+ countries and regions, with instant payouts to 60+ countries. When you need to convert funds to make payment, you can also lock in FX rates with forwards to help accurately forecast your cash flows.

Payouts can be set up with minimal coding using pre-built elements, or your agency can build directly via our API in the back-end for added control. Integrate Airwallex with your finance and accounting systems to programmatically collect your vendors' bank information and fund, create, and track payouts.

Remove the barriers to global scale

Your customers aren't the only ones who want to expand their horizons. That's why your travel agency needs a payments partner that will support you as you expand.

1. **Licencing**
   Before you choose a payments provider, check that they have the right global coverage to support your growth ambitions. Airwallex holds over 60 financial licences worldwide. By building on top of our financial infrastructure, your business can collect, manage, and distribute payments globally, and access products such as card issuing in each of the regions you operate in or wish to expand to.

2. **Do business locally on an international scale**
   The ability to set up a financial presence in multiple jurisdictions without friction will enable your travel agency to scale into new markets quickly. Airwallex Global Accounts allow you to set up currency accounts around the world in your name that come with local bank and branch codes and dedicated account numbers, eliminating the long, costly process of setting up local legal entities. You can open Global Accounts online in minutes and receive funds domestically and internationally from your customers directly into your Airwallex multi-currency wallet.

Unlock new revenue streams and grow your corporate client base

Online travel agencies that specialise in corporate bookings and employee travel can unlock new lines of revenue by offering additional services such as employee travel payments and spend management to their corporate clients that have entities and employees across the world. There are multiple ways your agency can leverage Airwallex to offer a streamlined corporate travel expense service, including corporate cards and travel expense reimbursements. For both, your agency can get to market quickly, avoiding the time and resources needed to set up money movement capabilities in each region you want to offer your services.

1. **Corporate cards**
   Offer a fully white labelled virtual and physical card program to your corporate clients to help them streamline employee travel purchases and modernise expense workflows.

   Building on top of Airwallex's global infrastructure, you can create, manage, and distribute virtual and physical cards for your corporate clients' employees. Your corporate clients can control where funds are being spent by setting spend rules around merchant category, currency, time period, transaction limit, and more. Rules can be updated in real-time and cards can be instantly cancelled or frozen at any time.

2. **Travel expense reimbursements**
   Leverage Airwallex's Global Treasury solution to build an expense reimbursement service for your corporate clients, helping them manage out-of-pocket reimbursements for their employees' travel expenses.

   - You can programmatically create Global Accounts in multiple currencies for your corporate clients. Your corporate clients can then easily top up and receive funds into a multi-currency Wallet from their local entity's bank account to fund the reimbursements.

- Your business clients can hold 20+ currencies in their Wallet and convert currencies easily.

- Your platform can facilitate single or batch payouts from your corporate clients' Wallets to their employees' local bank accounts in 150+ countries, including high-speed transfers to 90+ countries via local payment rails.

Whenever a corporate client approves a reimbursement for an employee travel expense, your platform can automatically initiate a payout request in the appropriate currency from your corporate client's multi-currency Wallet to the employee's local bank account. If there is an insufficient balance in the required currency, your corporate client can convert funds at interbank rates or add new funds to their Wallet via bank transfer or direct debit.

Alternatively, your platform can take on the responsibility of funding reimbursements for your clients' employees from your own Wallet. You can then invoice your corporate clients for the expenses paid along with any other costs incurred.

There are several ways that your travel agency could monetise a corporate travel expense program, including markups on FX and payouts, per transaction fees, subscription fees and more.

What's next?

Modernising your payments infrastructure is the best way to streamline your end-to-end payments lifecycle, from building a smooth checkout experience for your global customers, to managing FX risk and making efficient payouts to travel suppliers.

By partnering with Airwallex, you have the opportunity to build exceptional customer experiences and unlock new revenue streams by offering financial services, such as cards and expense management, to your customers.

Discover how Airwallex is powering online travel agencies around the world.

Learn more about Airwallex