

# › How virtual payments are revolutionising the travel industry ‹

## › Introduction ‹

As every seasoned online travel agent (OTA) knows, survival in this industry requires a constant hustle. In a climate of economic volatility, competition and ever-tightening margins, the pressure is on for OTAs to discover new ways to optimise their supply chain and keep costs and overheads at a minimum.

One of the latest untapped opportunities to arise for margin improvements is payments. An area that, despite major technological advances over the past decades, has been slow to advance. Until now.

Thanks to the recent emergence of new, game-changing products and technology, OTAs can now take advantage of the transformative power of virtual payments. What exactly are virtual payments and how can they transform your travel business? Hold on to that thought for just a few seconds and get ready to dive into a fundamental briefing on this very topic.

## › What is a virtual payment? ‹

A virtual payment is a highly secure and convenient “card-less” payment method. Rather than using a traditional credit or debit card, the payer completes a transaction using a virtual card with a unique, single-use number generated by a computer.

The way it works is, when the payer is ready to carry out a transaction they send a payment file to a payment processor, which generates a unique 16-digit card number. This single-use number is then sent to the payer who enters the number and payment information into the POS terminal or online software. Once the payment is ready, all payment information —including the virtual card number, CVV and expiration date — is sent to the recipient. When the transaction is complete, the virtual card expires automatically.

## › What are the benefits? ‹

Virtual payments are beneficial for OTAs and customers alike — and it goes far beyond convenience. If implemented correctly, virtual payments carry endless potential for your travel business. From decreased costs to higher security, here are some of the key reasons you should consider putting this payment method into action.

### **1. Highly secure**

Eliminate the risk of payment fraud entirely. Virtual payments utilise a single-use number that can only be used for a designated amount and purpose, such as a travel event. Furthermore, a transaction via virtual payment doesn't necessitate the transfer of sensitive banking information, as is the case with checks and electronic fund transfers.

### **2. Reduced costs**

Cut back costs associated with payment processing. Virtual payment transactions reduce or eliminate card surcharges and cross-currency transaction fees. Thanks to higher security and automatic data matching, virtual payments also save hours of administration — time once spent processing and tracking down payments, and filing reports.

### **3. Simplified reconciliation**

Make payment data reconciliation painless for all involved. Since each virtual payment card number is automatically matched to a specific transaction, manually tracking down and comparing travel spending data between bank accounts and card statements is now a headache of the past. And everybody's time can be put to more productive use.

#### **4. Better cash flow**

Secure payments faster. When payment processing and administration decreases, funds can be passed between parties more quickly. Virtual payments pave a smooth pathway resulting in improved cash flow, stronger businesses and better relationships between OTAs and their customers.

#### **5. Smooth and accessible**

Remove purchasing barriers. The security and touchless convenience of virtual payments enables far smoother and less stressful booking experiences. Unlike traditional card payments, virtual payments are a zero-risk solution that eliminates the time-consuming and error-prone practise of keeping track of all credit cards used for these payments internally.

## › Virtual payments and the travel industry ‹

So what does all this mean for the travel industry? Virtual payments can be implemented in all sectors of the travel industry, supporting payments between OTAs, airlines, hotels and other travel services. Whatever your business, this new cardless form of payment has the ability to streamline day-to-day processes and uplevel your profit margins. Indeed, virtual payments stand to transform the way we do business in the industry as a whole.

- **Simplify transactions.** Virtual payments allow you to streamline the entire transactional process and save a significant amount of time for everyone involved through secure, real-time payments, and easy reconciliation reporting thanks to automated data matching.
- **Minimise financial risk.** Virtual payments enable greater financial security, eliminating the risk of fraudulent payments to the travel supplier, and protecting the purchasers of travel services from potential losses in the case that the supplier fails via a chargeback process.
- **Handle multiple currencies.** Virtual payments eliminate the administration and fees associated with consolidating and reconciling payments in multiple currencies. Virtual payments automate the entire process and are both accessible and accepted internationally.

Looking at the big picture, the greater visibility, security and efficiency that virtual payments bring to the travel industry can free up a significant amount of time. Time that can be reinvested in profit-driving activities —like creating better customer experiences and starting up new revenue streams.

## › Summary ‹

For OTAs, having secure and efficient payment processes in place is critical to success. Perfectly adapted to the needs of modern travellers, virtual payments offer a host of business benefits ranging from the elimination of fraud to boosted margins and improved cash flow. It's no surprise that an increasing number of OTA businesses are adopting virtual payments to not only streamline payment processes and improve margins, but to increase their resiliency in the long run.

More than just another cost optimisation trend, it appears that virtual payments are here to start a revolution.

## › Let's get started ‹

Pax2Pay is a virtual payment service specifically developed for the travel industry and its challenges. It offers a single online platform linked to multiple virtual payment providers. Integrated with tools that help manage cash flow with the capability for 24/7 real-time money transfer. Create an additional revenue stream and earn money per transaction.

**Interested in learning more about how Pax2Pay can help your business grow?**

**Book a free demo with one of our travel payment experts.**