Travel Payments Unplugged

News and insight where travel meets fintech and payments

Volume 2 - Nov 2019

#AmadeusNewsletter

Welcome
The second issue of Payments Unplugged

News
Things you need to know this quarter

Solutions
Our latest innovations

Payments Unplugged
SCA and what it means for the travel industry

Insights
Read our latest blog and case studies

Download
The Travel Payments Guide 2019

Payments Unplugged

where travel meets

News

Solutions

SCA

Insights

#AmadeusNewsletter

Welcome to the second issue of Payments Unplugged

Produced exclusively by Amadeus Payments, this quarterly digest explores every corner of the industry. We will bring together everything the payments-focused travel professional needs to know for the months ahead, including >

- Roundups of the most important travel-fintech industry news and what it means for you

- Insights into industry trends and what impact they could have on your business

- Early access to the latest Amadeus products and innovations

- Exclusive case studies and best practice advice from the biggest travel brands in the world

Enjoy the read

Bart Tompkins | Managing Director, Payments, Amadeus

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In this issue:
News and Views

Following the decision to delay the SCA implementation deadline, our Head of Merchant Services, Jean-Christophe Lacour, speaks to Eye for Travel on what he thinks this means for the market. Skift also shares the details of a landmark deal struck between Amadeus and Sabre that will see the two companies join the board of ATPCO.

Features:
The SCA deadline has been extended, now what?

Travel businesses shouldn't view the extended SCA deadline as off in the distant future. The industry has until 31 December 2020 to prepare for full SCA implementation. But why is SCA particularly difficult for the travel industry? And what can businesses do to smooth the transition? Answers to these questions and more in our post-SCA delay debrief blog.

Is there something else you would like us to explore? Do you have any insights or opinions that our readers in the payments space would benefit from? Feel free to get in touch with us here: Travel.payments@amadeus.com
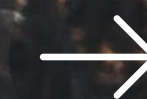
Until next time,
Thanks,
Bart

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News

Things you need to
know this quarter

Get up to speed >

News
Things you need to know this quarter

Amadeus and Sabre Sign Up for New Approach to Flight Selling

In partnership with Sabre, Amadeus have joined the board of ATPCO. We will now funnel our "rich content" data into APTCO's systems that are accessed by hundreds of thousands of agencies and travel buyers.

4 min read >

Payment regulations: travel companies must brush up on communication

Our Head of Merchant Services, Jean-Christophe Lacour, speaks to Eye for Travel about the delayed SCA deadline and the guidance offered in our recent 'Strong Customer Authentication: Ready or not, here it comes!' report.

6 min read >

Solutions

Our latest innovations

Things to know >

AMADEUS

Our latest innovations:

Amadeus and Visa's CyberSource join forces to tackle fraud and friction in travel

CyberSource's EMV 3DS is being integrated with Amadeus' payment platform to set travel merchants and banks on the right foot with SCA implementation.

4 min read >

XPP Advances

Following user feedback of our APM platform, we have made enhancements to our XPP platform. A key update is an enhanced search capability that enables users to easily filter and manage transactions.

1 min read >

SCA authentication update for travel agencies

In this blog, we reveal the key product enhancements customers will benefit from this quarter. We focus on the new enhancements to our XPP platform and the upgrades made to our travel agency authentication API.

1 min read >
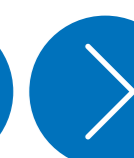
XPP Advances

XPP, our end-to-end payment solution, streamlines and simplifies complex travel payments. This year, we've been asking our XPP users how we can improve your experiences and fundamentally, make life easier for payments professionals in the travel world. Many of you had great ideas for improvements and updates that would help us simplify the platform further.

And we've been listening. In a feedback group, made up of customers and our own internal users, you told us that XPP's search feature could be more user-friendly. All participants agreed that they want a faster, more flexible search option in the platform. Suggested enhancements included:

✓ Reduced search timeouts

✓ More diverse search criteria

✓ Favorite search feature

✓ Statistical view

✓ Final payment status view

✓ Multi merchant view

XPP Advances

Your feedback is so important to us. So, in Q4 of this year, we've began to roll out enhancements to XPP's search function that directly address this valuable insight. These include:

- ✓ Increased search filtering and save favorite filters and searches
- ✓ Easily switched views of individual merchants
- ✓ View of global payment transactions status
- ✓ Replaced current statistics display with dynamic XPP dynamics within Analytics module
- ✓ And much more

A group of you will be invited to trial the pilot version of XPP's improved search feature which goes live in Q4. We encourage all users of XPP to test out the search enhancements and share any feedback in an email to: Travel.payments@amadeus.com

Looking ahead to 2020, we're also planning to improve XPP's Orchestration Module with the integration of Artificial Intelligence (AI) technology. By the end of Q1 next year, the module should be able to detail the precise acceptance rate and number of transactions attached to individual payment rules. In the second half of next year, we're planning to enhance our current simulation module with the ability to predict the acceptance rates of rules before they go into live production.

Be sure to keep an eye out for these updates to the XPP's Orchestration Module in the coming year!

At Amadeus, we're excited by the potential of AI and want our customers to join us on the journey as we integrate the transformative technology into our solutions.
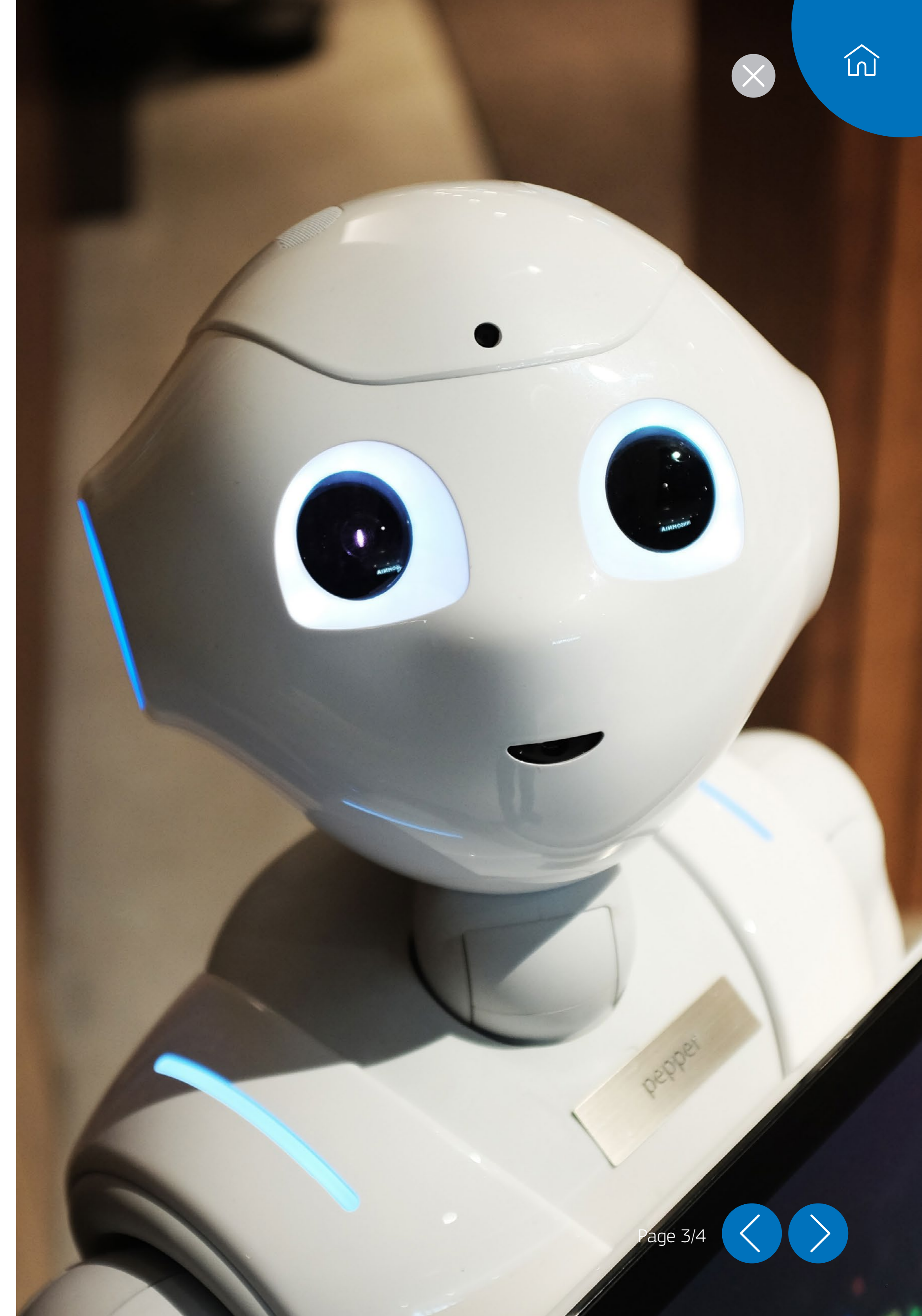
3DS 2.0: SCA authentication update for travel agencies

With its implementation deadline delayed, 2020 is set to be another year dominated by SCA for the travel industry. We've always been clear that successful SCA implementation hinges on cutting edge authentication solutions that integrate compliance into processes. In recognition of this, we've launched EMV 3DS which will support the sharing of 3D secure (3DS) authentication data between travel agencies and airlines.

Going forward, travel agencies will be able to provide authentication data, using Amadeus' 3DS solution or that of a third party's, which will be automatically added into Amadeus' Global Distribution System (GDS). The GDS will use the data at authorization, which can then be cascaded to the Billing Settlement Plan (BSP) files.

SCA implementation doesn't have to result in a clunky customer journey. In 2020, we're focused on enhancing our solutions to make SCA less of a headache for both our customers and their end users.

What features would you like to see added to our solutions? Are there any areas that could be improved upon? We would welcome and appreciate any input. Feel free to share your feedback in an email to travel.payments@amadeus.com. We look forward to hearing from you!

Stop Fraud, not Sales

with 3DS 2Travel

SCA

What Strong Customer Authentication means for the travel industry

Things to know >

Payments Unplugged: SCA

SCA Explainer

In this mini explainer, we unpack what SCA is and what it means for the travel industry. We detail the requirements of this new regulatory development, explaining the exemptions and when they are applicable. We also hone in on the difficult question of whose responsibility it is to enforce SCA.

4 min read >

SCA Deadline Extension

Whatever the difficulties SCA implementation holds, it's important to keep the problems it sets out to solve in mind. This blog argues that the dire problem of card fraud will only be solved by a serious solution like SCA.

3 min read >

SCA Explainer: Your questions answered

What is SCA?

Strong Customer Authentication (SCA) is a key part of the EU Payments Services Directive (PSD2), the set of laws introduced in 2018 to empower consumers and reduce fraud in European payments.

SCA requires payments to be validated by two separate forms of authentication – often referred to as two-factor authentication. Authentication must be verified through two of three factors:

• Something a customer knows (e.g. password or PIN)

• Something a customer is (e.g. fingerprint)

• Something a customer has (e.g. mobile phone)

The deadline for the implementation of SCA had long been slated for 14 September, 2019 but this has since been pushed back to 31 December, 2020. Complex technical requirements, a lack of preparedness and a negative impact on consumers were all provided as reasons for the delay.

Who needs to comply and in what circumstances?

Most notably, SCA only applies to payments enclosed within the European Economic Area (EEA). This means payments made inside the EEA to merchants outside won't fall under SCA's jurisdiction. Other exemptions apply to:

• Contactless payments in face-to-face transactions

• Low value payments

• Payments to trusted beneficiaries

• Recurring payments

• And more

These exemptions are dependent on specific circumstances, the full details of which can be gleaned in this Visa whitepaper.

SCA Explainer: Your questions answered

Why do we need it?

Card fraud is a massive issue in Europe. The European Central Bank estimates the annual cost of online card fraud in the continent to be as high as €1.3 billion. By requiring end-users to authenticate themselves in two steps, the hope is that fraud, particularly 'card not present' fraud, will go down.

The implementation of SCA comes with a whole host of reservations as merchants attempt to navigate the complexity that this new regulation presents. In the process, good intentions behind its introduction are often forgotten. This rings true for the travel industry, which has a particularly complex payments eco-system consisting of multiple agents, intermediaries and suppliers.

In our view, the complexities and challenges thrown up by SCA shouldn't detract from the necessary goal that the requirements set out to achieve: consumer protection.

Whose responsibility is it?

While it's true that identifying fraudulent transactions is the job of the card issuer, payments is a collective effort. Merchants themselves can make changes to ensure that SCA disrupts their business as little as possible. Working with specialist technology providers, merchants can adopt software that will provide the functionality and assurances they need to comply. At Amadeus, we have partnered with CyberSource, Visa's payment management platform, to offer a broad range of fraud and authentication solutions that incorporate 3D Secure 2.1. Implementing the latest version of the 3D Secure protocol (2.1) is a great example – this updated version of 3D secure supports biometric authentication and other features that eases the meeting of SCA demands.

Find out more about our various payment solutions, here: https://amadeus.com/en/business-function/payments

How prepared are you for the SCA deadline? Take our quiz to find out.
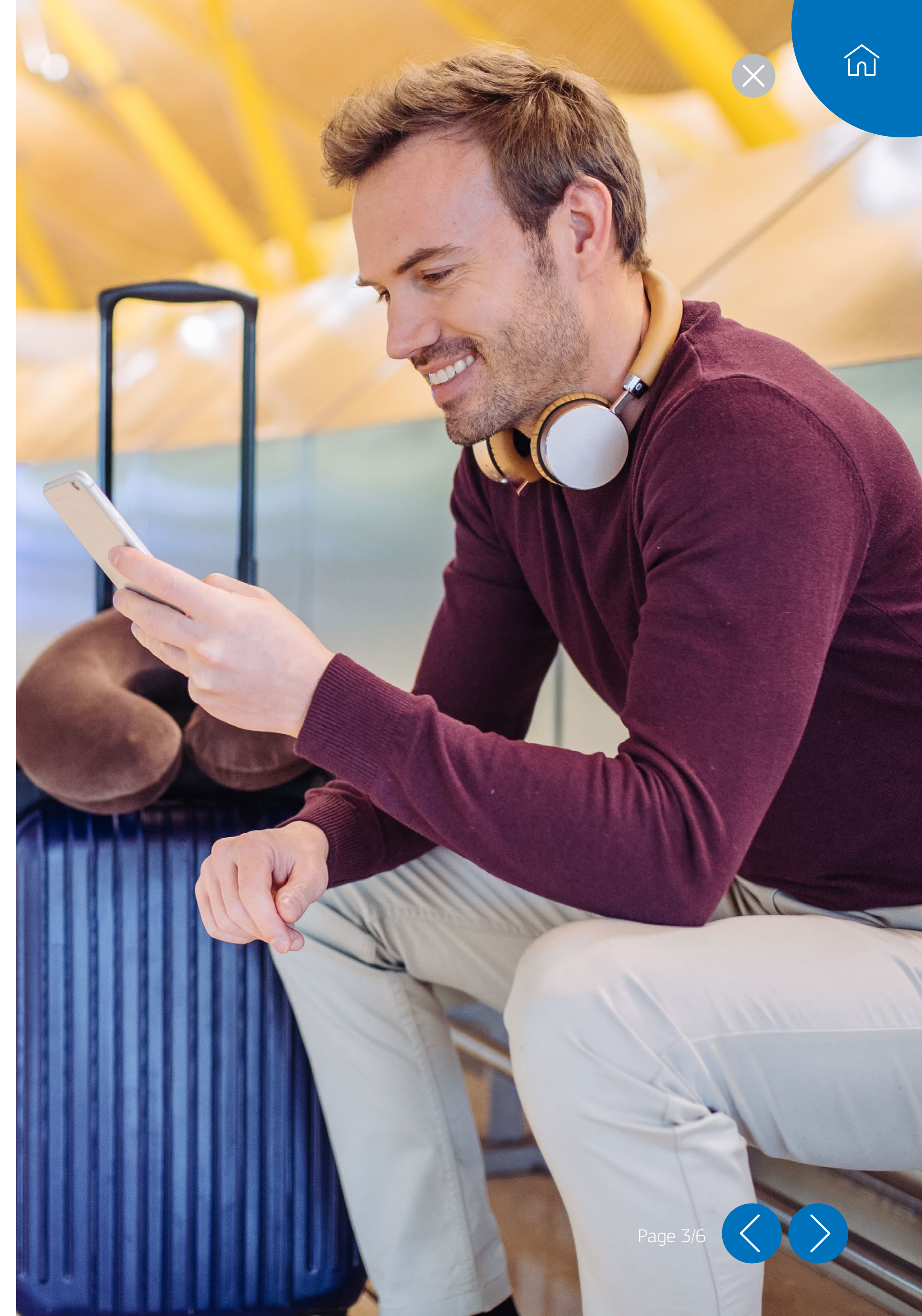
The SCA deadline has been extended, now what?

In our "payments unplugged" SCA explainer blog, we broke down the SCA requirements, explaining what payments professionals in the travel industry need to know about the upcoming regulation. However, its implementation deadline was recently delayed. This extension has been met with a sigh of relief from the travel industry, who face unique and difficult hurdles to implementing SCA. Our research, published in September, found that only one in three travel companies were ready for SCA at the time, which was the original deadline for businesses to comply.

While the regulators have granted merchants an extension, that still leaves little time and renewed pressure to ensure that merchants are ready by the new deadline, 31 December, 2020. As the grace period would suggest, doing so isn't easy and requires a number of key considerations, particularly for the travel industry.

Muddying already muddy waters with or without SCA, the travel industry already has a complex payments landscape to navigate. This complexity is the basis of worries that SCA implementation will muddy already muddy waters and the risk of lost revenue if not introduced correctly.

The different stages of the travel payments process – from booking to delivery – involve multiple organisations processing payments. The number of parties involved in the value chain has only increased with the growing popularity of OTAs (Online Travel Agents). Agents like On the Beach or Lastminute.com will take payment for packages that include flights, hotels, transfers, hire cars and more. With this kind of holiday, travelers often pay for various parts of their package at different points – payment for flights may be taken immediately but the cost of the hotel may be settled upon arrival. In this scenario, the liability for processing SCA is unclear. The OTA will apply SCA at the checkout but then will other suppliers processing payments later down the line will be forced to apply SCA for the same customer and booking again? Or is it the responsibility of the OTA to pass customer SCA information on to all suppliers involved? Questions like this highlight the difficulties of applying SCA within travel.

The SCA deadline has been extended, now what?

The "cliff edge"

In the travel industry, concerns about SCA are multifaceted. Running parallel to the worries about implementing SCA before the deadline are concerns about what could happen after such a deadline passes.

Our research also found that 40% of airlines and travel agencies were preparing for a sharp increase in 'abandonment rates' after the since delayed deadline. Sudden added friction in payments, caused by SCA, could lead to frustrated customers – increasingly used to one-click checkouts - deserting baskets all together.

In a bleak forecast from April of this year, research by the 451 Group estimated that Europe's online economy risks shedding €57 billion when Strong Customer Authentication goes into effect. It's worth noting that this number is based on a "cliff edge" scenario, where financial institutions decline all payments that aren't processed with SCA. Now the deadline has been delayed, businesses have more to prepare but the risks of not complying still loom large.

The SCA deadline has been extended, now what?

Taking the right steps

Strong Customer Authentication shouldn't leave travel businesses feeling helpless. Various measures can be taken to ease the transition and prevent any unwanted cliff edges:

• **Installing 3D Secure 2.1:** The latest 3D Secure contains various features that makes SCA compliance easier, such as shared risk analysis data between merchant and issuers. Features like biometric authentication also enforce SCA compliance while delivering a smoother customer experience – preventing those dreaded abandoned transactions.

• **Whitelisting:** Consumers are given the option to opt out of SCA with merchants that are on a card providers "whitelist". All travel merchants should consider educating customers about these whitelisting schemes, highlighting the added convenience in the customer's experience.

• **Transaction Risk Analysis (TRA):** It's possible for merchants or their acquiring partners to take the responsibility of applying TRA to payments from card issuers. When done right, merchants will have the confidence to assume the task of exempting payments from two-factor authentication.

SCA implementation is a technological as much as a cultural one – one that requires a technology partner with the suitable expertise and solutions. Our partnership with CyberSource, Visa's payment management platform, means we can offer a broad range of fraud and authentication solutions that incorporate EMV 3DS and support the independent management of TRA.

To find out more about our various payment solutions, click here: https://amadeus.com/en/business-function/payments

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Insights: Blogs

Travel Payments Academy

See you at the Travel Payments academy
A place to learn, to share, to collaborate...
and to DO TRAVEL PAYMENTS

Manolo Bogajo
Head of Payments Consulting
Amadeus Travel Payments

[3 min read >]

Airlines innovate to ease the payments experience

Innovation in payments is leading towards
a frictionless experience for travelers
booking airline tickets

Jeremy Dyball
Head of Commercial
Payments, Amadeus

[4 min read >]

AMADEUS

See you at the Travel Payments academy
Manolo Bogajo, Head of Payments Consulting Amadeus Travel Payments

Everyone who has started a project knows that, most of the times, the beginning is difficult and long, I would say exhausting, even if the original idea is promising. And sometimes the result is not always aligned or live up to the expectations, or the resources involved.

But sometimes, things are different. Sometimes special initiatives come up aiming at mutual benefit. Sometimes there are ideas that help grow all parties involved, projects that that are the germ of communities, that are examples of collaboration.

Before summer, we began the adventure of extending the audience of our internal payments training to an extremely demanding public. This new public would require from us an extreme level of quality. That audience, our customers. And with the greatest illusion, the Amadeus Travel Payments Academy was born.

See you at the Travel Payments academy
Manolo Bogajo, Head of Payments Consulting Amadeus Travel Payments

Since then, and with the last edition delivered during the Amadeus Future of Payments Event in November 2019, we have had many sessions, with many clients, speaking about the world of Travel Payments. But it is not only about teaching, we have also received many comments and suggestions. Each of which have improved the following editions with more and more content of interest to the industry, proposed by the industry and fully aligned with its expectations. We have taught both newcomers in Travel Payments and very experienced professionals. From the latter, being honest, we have learned almost more than we have taught them. We have shared, we have had fun, we have discussed, and we have agreed and for sure we will keep doing so in coming months and years.

And, in fact, this could well be the story of the birth a new project. The Amadeus Travel Payments Academy project is already a reality and will have its next edition in March 2020. But beyond the objectives with which we always start the programs something else has appeared, almost

unintentionally. Something that speaks of collaboration, about a travel payments community, something that amazes me.

Travel payment challenges, the most demanding industry in the world for capturing and managing payment operations, can be analyzed and solved in common. With this great attitude of community, our classes have become a collaborative space. There, the teaching material is enriched with success cases, problems solving exercises and strategy definition and interaction.

We are at the beginning of a Community of Travel Payments professionals who just want to provide the best service to travelers. And this is the most amazing feature of this Project, a Payments Academy to learn, to share, to collaborate... and to DO TRAVEL PAYMENTS! "

See you in class!

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Travel Payments
Guide 2019

Download now >

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Until next time
Thanks

Bart Tompkins
Managing Director,
Payments, Amadeus

I hope you enjoyed reading this as much as we enjoyed putting it together. For any comments or questions feel free to get in touch with us here.
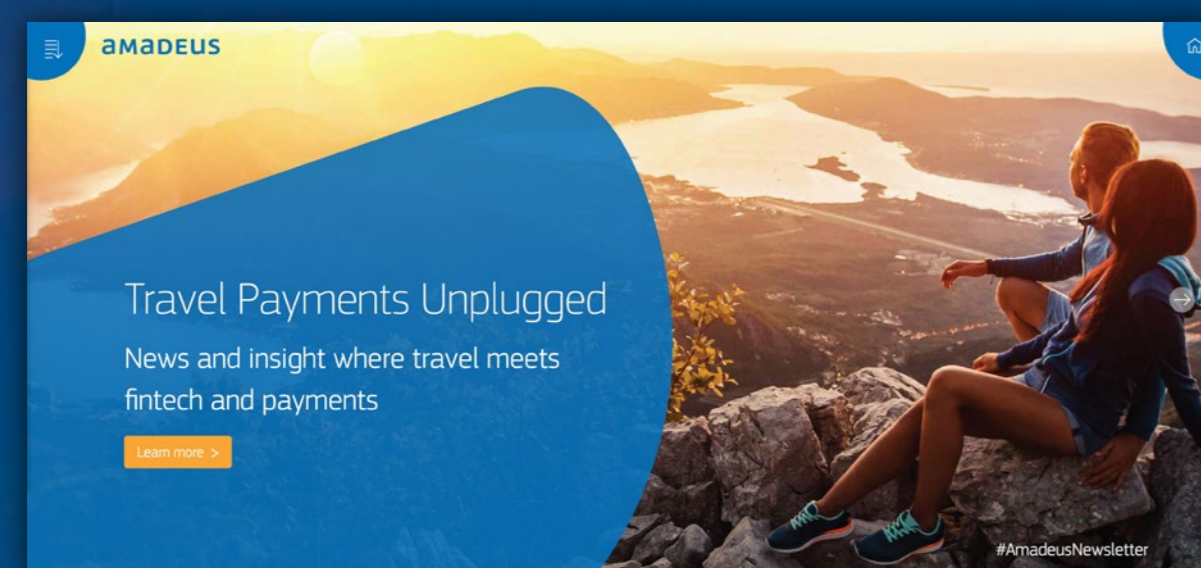Travel.payments@amadeus.com

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