



Travel Payments Unplugged

News and insight where travel meets fintech and payments

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- PSD2
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The first edition of Payments Unplugged

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#AmadeusNewsletter



Welcome to the first edition 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





In this issue: News and Views

Discover how our latest partnership with Mastercard and Elavon is delivering results for Thai Airways, through Amadeus B2B Partner Pay. Get ready for a deep dive into the latest disruptive trends in the fintech-travel space with Eye for Travel and explore one of the industry's greatest unsolved mysteries with our VP of Strategic Consulting, Jim Barlow.





Features: Navigating the second Payment Services Directive (PSD2) and SCA

Changes in regulation are already remodeling payment strategies in all areas of the travel industry, none more so than the second Payment Services Directive that started to take effect last year. With the upcoming deadline for PSD2's "strong customer authentication" on the horizon on 14th September, we take a birds eye view of the regulation and its anticipated impact.





News

Get ready for a deep dive into the latest trends in fintech-travel

Things to know >





News: Things you need to know this quarter

How travel tech payments are powering ahead

Our joint study with US payments news website, PYMNTS.COM, revealed that 5.4% of global travel sales goes towards paying third-party payment service providers.

7 min read >

Major payment regulation changes in the airline industry

This is a great op-ed outlining the key drivers of regulatory change for payments in the airline industry, tackling the question: how will this impact customers and organisations?

5 min read >

New Flybe owner attempts to recoup credit card funds

Virgin Atlantic and Connect Airways are attempting to recoup tens of millions of pounds from credit card groups that “rapidly weakened Flybe’s cash position” in recent months.

1 min read >





Solutions

Our latest innovations

Things to know >





Amadeus, Elavon and Mastercard to facilitate payments for Thai Airways

Amadeus, Elavon, and Mastercard have partnered to facilitate payments for Thai Airways with the new Amadeus B2B Wallet Partner Pay solution.

According to the press release, the new solution is aimed to reduce the complexity of payments for Thai Airways and Select Travel, a Sweden-based travel agency, as part of an on-going trial. When the agency initiates a payment on a Thai Airways booking, it now uses a Thai Airways branded

virtual card from Mastercard. Elavon acts as the acquiring bank so the airline can accept payments initiated by a wide variety of banks within Mastercard's network.

The solution covers the entire payment flow between Thai Airways and Select Travel. It is an extension of Amadeus' B2B Wallet offering, which is integrated into the travel agency booking flows allowing each payment to be made by a single use virtual card.





Introducing: Amadeus 3DS 2 Travel

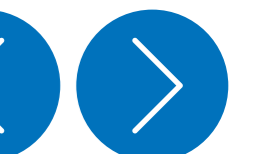
We are constantly committed to building a better world for issuers, acquirers and users. The arrival of PSD2 and, SCA in the coming months, means that regulation is finally catching up with the digital and cultural advancements of the 21st century travel industry. >





Introducing: Amadeus 3DS 2 Travel

In recognition of this, we are proud to present Amadeus 3DS 2 Travel an update on previous versions, which is compatible with smartphones, tablets and wearables and supports advanced authentication methods. Our customers will be able to create customisable business rules and exemptions in their authentication environments, starting from 14th September – the official PSD2 deadline. >





Introducing: Amadeus 3DS 2 Travel

We have teamed up with CyberSource, to create simpler, and faster, customer implementations across the board. Not only does 3DS 2 Travel seamlessly with SCA, but it is designed to: >

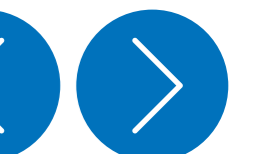
1. Increase your conversion rates
2. Improve the authentication experience
3. Strengthen overall payment security





1. Increase your conversion rates

Transaction data can be shared with issuers, meaning you are more likely to obtain a frictionless response, with no extra burden for the user. The deeper level of knowledge of transactions by the issuer will help with higher conversion and increased acceptance rate because the liability shift is not determined by the issuer.





The upgraded 3DS 2 Travel is also compatible with smartphones, tablets and wearables and supports advanced authentication methods such as Face iD and iris recognition.

2. Improve the authentication experience



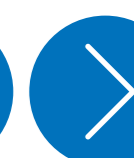


3. Strengthen overall payment security

It also enables improved risk assessments that make it easier to fight fraud.

As you ponder upgrading to the latest version of 3DS 2 Travel, please know that Amadeus will fully support you during the transition phase.

We have more than 100 data elements, including travel-specific ones that enable frictionless risk assessment.





Activating our new fraud screening at exchange of travel documentation

A report by ENett and Edgar, Dunn and Company found that fraudulent attacks cost travel intermediaries around \$21billion in 2017 alone – a figure which is projected to reach \$25billion by 2020. As fraud evolves, so do we.

Earlier this month, we upgraded our “Fraud Screening at Exchange Time”. The Beauty of our Fraud Screening solution is that it ensures that fraud control is exercised at every stage

of the customer journey – a scan is carried out each time a new payment method or content is introduced, even if a fraud result is already present on the system. It is designed as a safeguard to help you recognise and act in the instance that a strange exchange transaction occurs. This feature is already fully integrated into our flow and easy to integrate.

If you’d like to activate Fraud Screening, please submit a request

to your account manager and we will set this up for you. Please note that it is only available if the exchange is processed on a ticket originally authorised through the Amadeus Payment Platform and that the Fraud Provider must also be the same for both screening operations.





Payments

PSD2, SCA and what it means for the travel industry

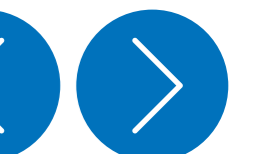
Things to know >





What is the second Payment Services Directive?

First introduced in 2015, the Second Payment Services Directive (better known as PSD2), is a regulatory framework designed to open up retail banking in Europe to third parties and encourage the creation of new payment services. >





The spirit of the directive passed by the European Banking authorities was to both protect the consumer and provide a better choice of services, putting the onus on companies to effectively manage different touch points and channels. Its main objectives are to >

1. Enhance security
2. Ensure a level playing field for all players
3. Ensure technology and business-model neutrality
4. Contribute to the integration of payments in the EU
5. Protect consumers
6. Facilitate innovation





What does this mean for the travel industry?

Perhaps one of the biggest implications of PSD2 within the travel sector is the ban on credit card surcharges. Since Jan 2018, OTAs and merchants have been restricted from being able to recover the cost of bank fees of up to 20%. Airlines and travel companies were faced with two choices: absorb the costs themselves or redirect back to the consumer.

Rethink strategies

Payment methods

Good news

What's next for PSD2





Rethink strategies

This has forced the travel industry to rethink payment acceptance strategies, either by accepting alternative payment methods, only surcharging commercial cards, or by some other means (such as increasing commission and/or passing the costs via booking fees).

Rethink strategies

Payment methods

Good news

What's next for PSD2





Payment methods

With more than 250 alternative payment methods and local cards in the world, managing this complexity, conforming to regulations as well as enabling a seamless and enjoyable experience for customers presents an immense challenge. In fact, a recent study of 78 heads of payment at travel companies found that managing payments from multiple providers was the biggest pain point.

[Read the full study >](#)

Rethink strategies

Payment methods

Good news



What's next for PSD2





The good news is, solutions exist that make this simple

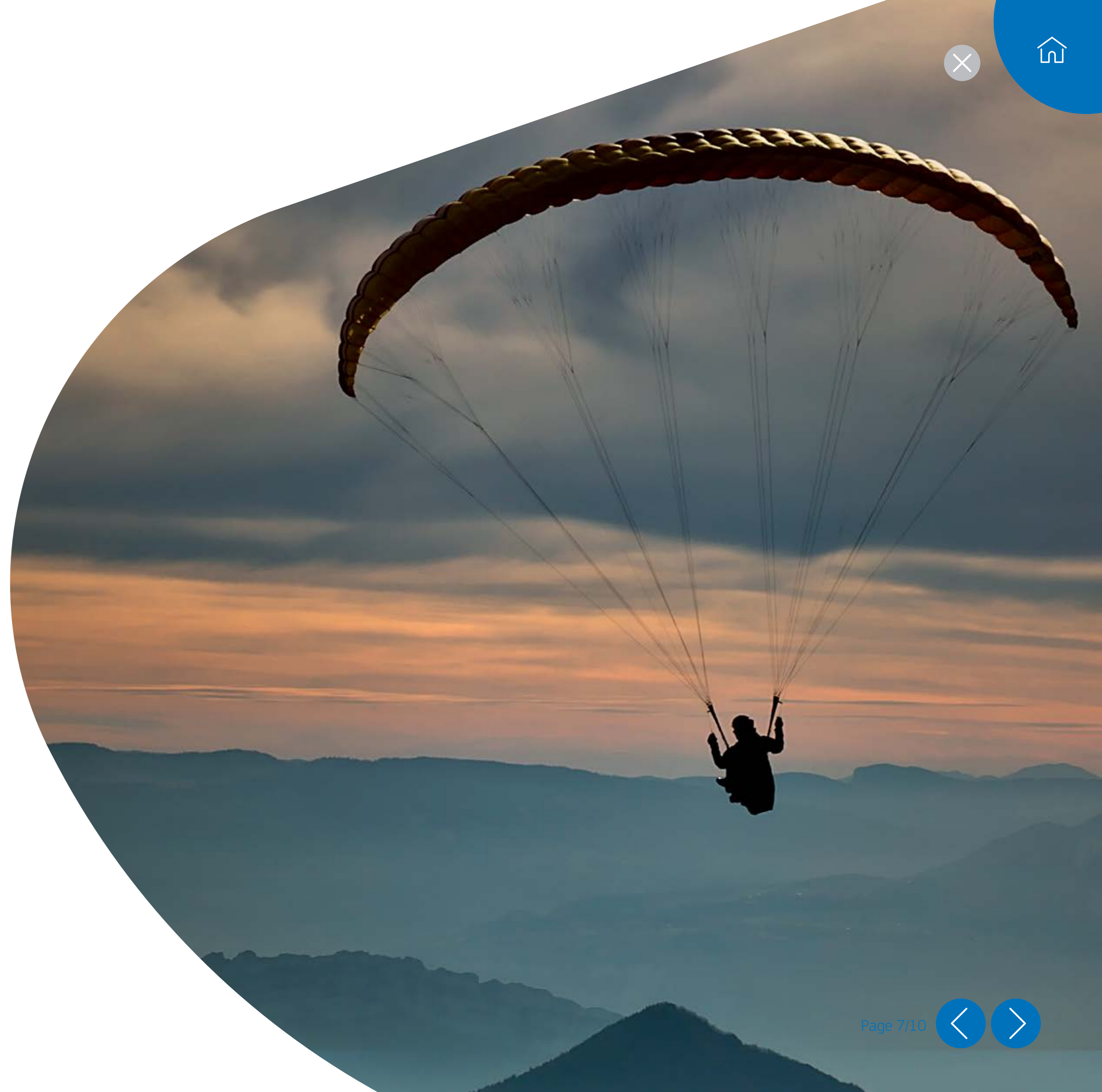
The Amadeus Xchange Payment Platform provides a single place for Heads of Payment to connect, access and manage all their payment suppliers, and a dashboard that provides visibility over performance and with the flexibility to define their payment strategy.

Rethink strategies

Payment methods

Good news

What's next for PSD2





What's next for PSD2?

PSD2 will also be introducing Strong Customer Authentication (SCA) on 14th September this year.

Once SCA comes into effect, travel providers will need to build additional authentication into the checkout flow.

Two-factor authentication (requiring two of the following three elements) will be mandated: ➤

Rethink strategies

Payment methods

Good news

What's next for PSD2





- ✓ Something the customer knows (e.g., password or PIN)
- ✓ Something the customer has (e.g., phone or hardware token)
- ✓ Something the customer is (e.g., fingerprint or face recognition)

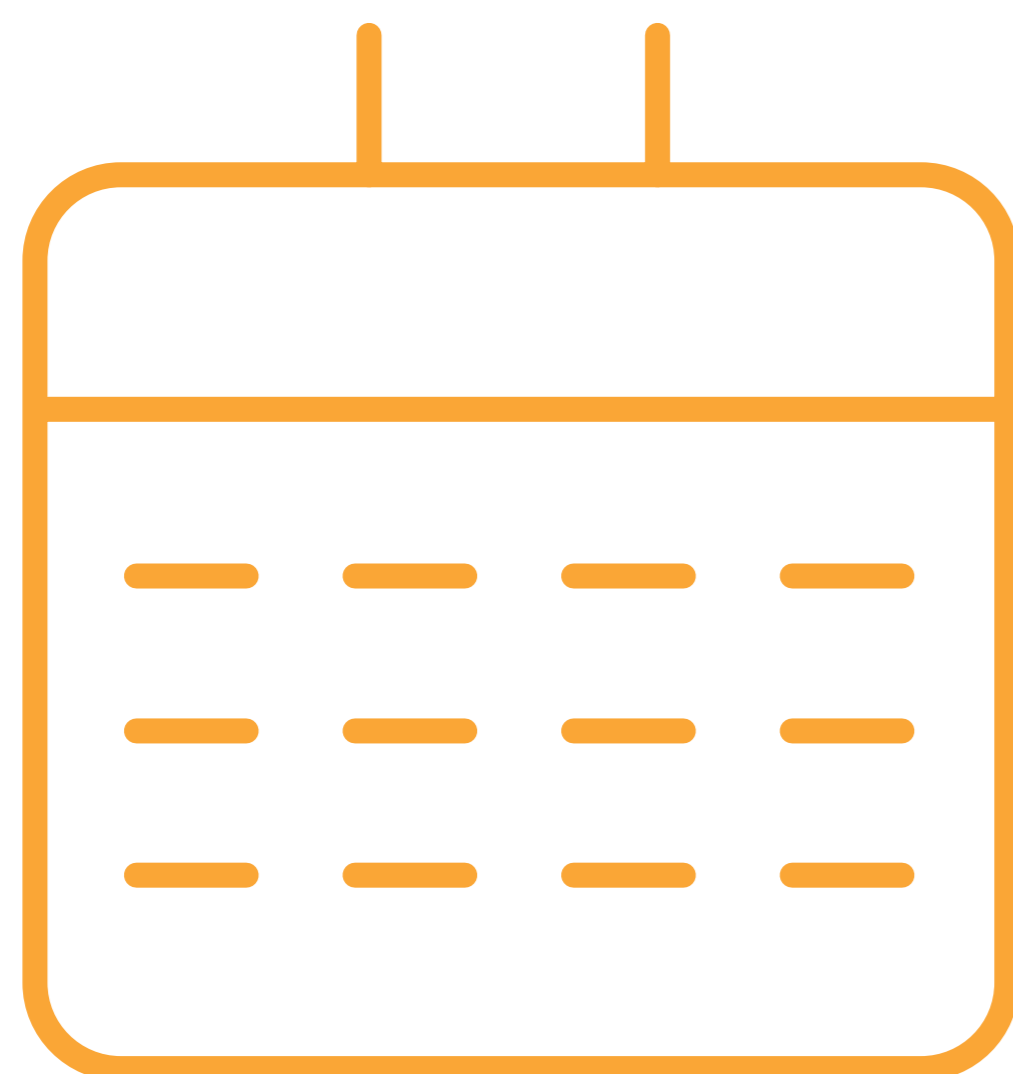
Rethink strategies

Payment methods

Good news

What's next for PSD2





Starting 14th September 2019, banks will decline payments that require SCA and don't meet these criteria*. Travel providers will need to comply in a way that ensures a customer's online purchase experience remains seamless. **How ready are you for PSD2?**

Take the quiz >

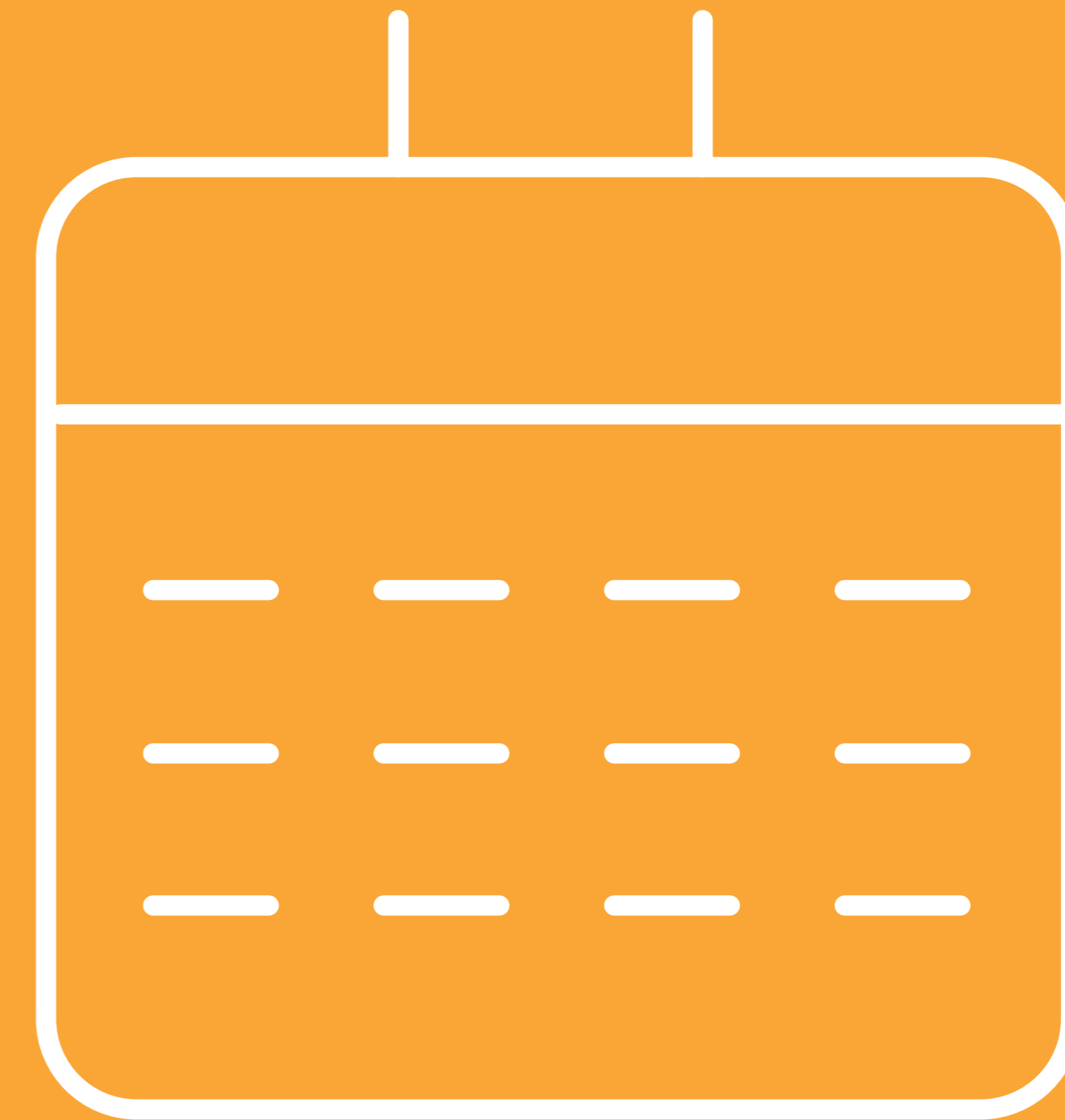


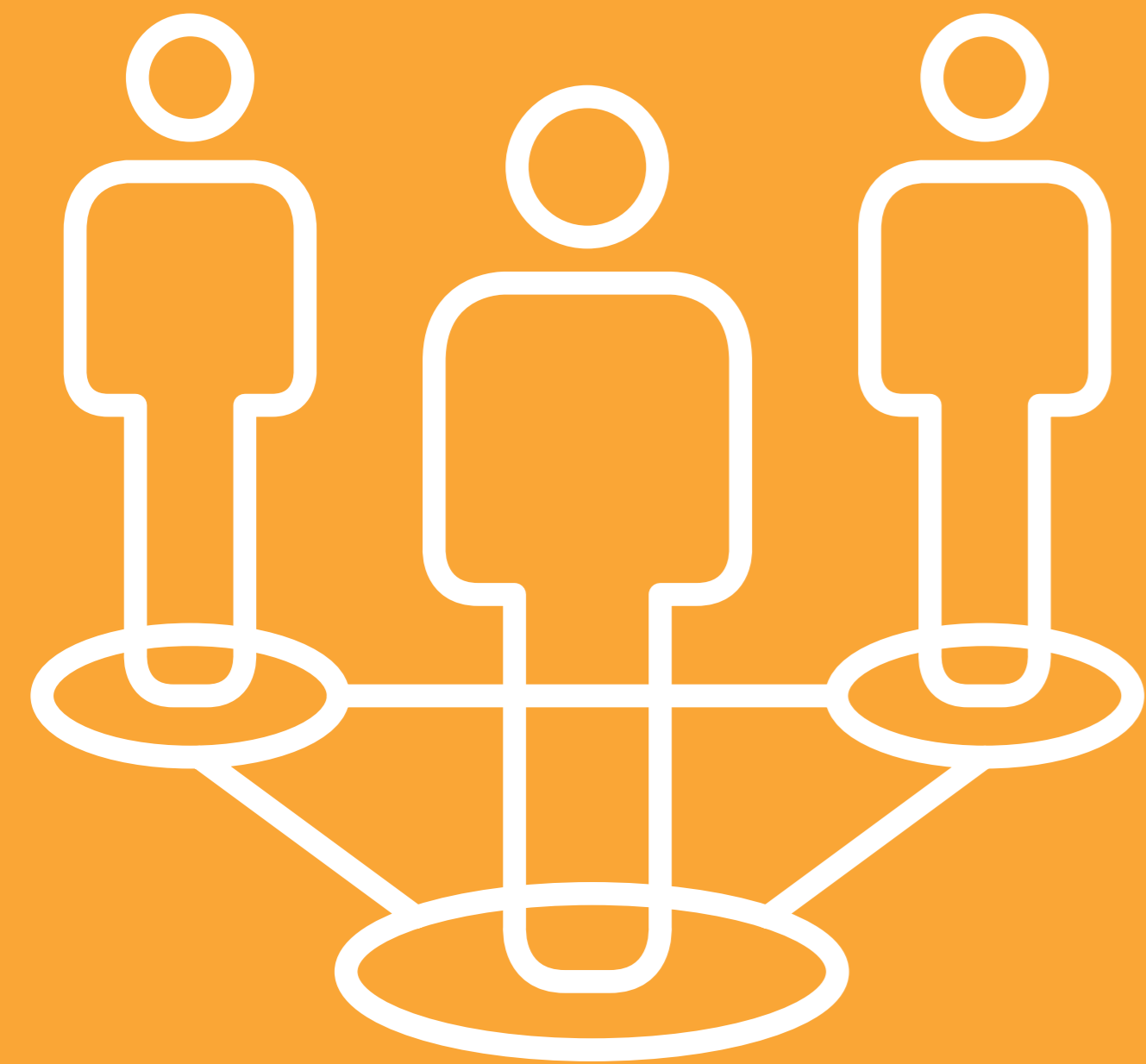


When did PSD2 come into effect?

- 2010
- 2015
- 2018
- 2019

✘ Answer: **2018**





Who is exempt from complying to PSD2?

- Banks
- Online companies that only deal in credit card transactions
- Travel companies
- None of the above

✓ Answer: **None of the above**





What has been the biggest PSD2 implication until now?

- Ban on credit card surcharges
- Greater bank fees
- Increased competition between providers
- Pressure to innovate

Answer: **Ban on credit card surcharges**





What will the introduction of Strong Customer Authentication (SCA) mean travel providers need to do?

- Implement two-factor authentication
- Comply but also ensure a great user experience
- All of the above

Answer: **All of the above**





When does Strong Customer Authentication compliance with PSD2 come into effect?

- Already in effect
- 14th September 2019
- 14th March 2021



Answer: **14th September 2019**





Insights

Read our latest blog
and case studies

[Learn more >](#)





Insights: Blog and case studies

Exploring the airline industry's great unsolved problem: airline scheduling

Optimal airline scheduling holds huge commercial benefits but remains the industry's great unsolved problem. This blog reveals seven breakthroughs.

[Full blog >](#)

Smoother shopping experience boosts business class sales for Lufthansa

How did Lufthansa boost business class sales by 60% and its share of mixed cabin bookings by 160%?

[Full case study >](#)



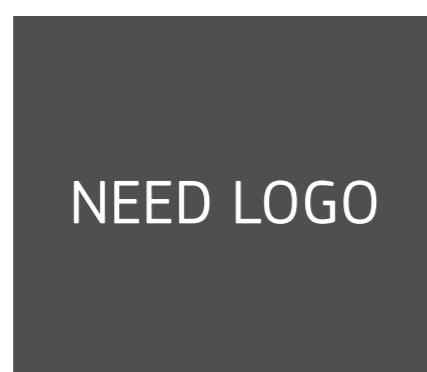


Events

Where can you meet
Amadeus Payments?

Find us at >





Collaboration Forum China

Grand Hyatt, Beijing
7 August 2019



World Financial Symposium

Miami, USA
23-26 September 2019



Airline and Travel Payments Summit

Buenos Aires, Argentina
03-04 December 2019





Next issue

The Payments
Travel Guide 2019

[Read more >](#)



Stay tuned for a special edition of Payments Unplugged

We've teamed up with PPRO and journeyed through the world of travel payments in 2019 to create The Payments Travel Guide 2019. Packed with insights from 3 continents, 52 countries and 85 AMOPs, it will help you create the best payment experience for your customers. In our next issue, it will be free to download.



PDF





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



PDF





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#AmadeusNewsletter