

Carat

Delivering Exceptional Guest Experiences

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Delivering Exceptional Guest Experiences: Hospitality Payments Redefined

Hoteliers need to give guests the optimal experience in order to remain competitive. Where once their primary focus might have been on hotel amenities in order to achieve this, leading hoteliers are now looking to deliver a holistically excellent experience from end to end. A key element in achieving this is a high quality flexible payment process that is tightly integrated with other aspects of a guest's hotel stay. Kamal Kumar, Asia Pacific Head of Acquiring Solutions at Fiserv, examines the key points hoteliers must address in order to achieve this.

“We chose to partner with Fiserv for our omnichannel payment infrastructure with the objective to simplify, digitise and integrate our payment processing. Particularly with Shangri-La’s property management system using Oracle Payment Interface, this solution offers streamlined payment processing which enhances operational efficiency for our staff with greater convenience for our guests at every step of their engagement with us, so we can dedicate our resources and focus on what is important – delivering world-class hospitality and more personalised experiences for our guests.”

Ann Lin Khoo,

**Vice President – Finance,
Treasury Management,**

**Shangri-La International
Hotel Management**

One of the most striking changes in the payments landscape since the turn of the millennium has been the proliferation of payment methods used in hotels (and elsewhere). Where physical card transactions

were once the norm, there are now also multiple wallets and other payment methods. Hotels need to support all the various options in order to cater for the widest possible client demographic. This in turn makes it vital that the hotel's payment provider can offer true omnichannel support that can also be embedded within the hotel's own booking and loyalty schemes/apps.

Omnichannel Opportunity

A simple example of the benefits this can bring is the check-in/-out process. A common sight in the morning and evening at many hotels is a long queue of disgruntled guests waiting to check in/out. Hotels realise that this is suboptimal compared to the experience those guests will have had with many new digital economy businesses.

Fortunately, this is an area where a well integrated payment process can hugely benefit the guest experience. For instance, if omnichannel payment functionality is embedded in the hotel's app (such as a loyalty scheme app) far more streamlined processes become possible. If the guest's payment methods are already securely registered in the app, there is no need for them to join the long check-in queue on arrival. Instead, they can check in before arrival using the app, as well as being able to order specific items/services for their stay in advance and/or for further items/services during their stay. Guests can simply present a QR confirmation at self-service kiosks to receive their room key card upon arrival. The growing prevalence of QR codes and NFC-enabled phones means that some more advanced hotels may in future plan to take this a step further. Instead of having to collect a physical key card from reception or a kiosk, guests would be able to open their room doors by presenting a QR code or by using NFC technology. A similarly streamlined process can apply at check-out: the guest automatically receives their bill through the app, can approve it, check out and simply leave. No more queuing to receive a paper invoice and present a physical card. A high quality omnichannel payment solution embedded in a hotel's app can offer other

benefits too. Payment Card Industry (PCI) compliance presents hotels with significant extra overhead. However, this can be radically reduced if the payment provider's omnichannel solution includes tokenisation. If it does, the hotel will only be storing the token, not the card details and is therefore PCI compliant.

Another important benefit of an omnichannel payment solution is that guests can store and use multiple payment methods within the same hotel app. This can materially simplify life for those such as business travellers who might need to segregate their expenditures during a hotel stay. For example, from within a single hotel app, they could charge the room to their corporate card (as a legitimate business expense) and their spa visit (probably not a legitimate business expense) to a personal payment method, such as a digital wallet.

Multicurrency Convenience

For international guests wishing to book their hotel stay online and settle their bill in local currency with a card denominated in their home currency, issuer FX conversions can be a significant cost. The conversion rate is also opaque, so the guest has no idea how much the final charge in their home currency will be.

For online bookings, multicurrency solutions are available to provide familiar pricing to international guests. By selecting their preferred currency/country upfront (or leveraging IP address geolocation) this transparency will apply from the moment they access the hotel website, through to check-out and to the arrival of their card statement.

Another valuable solution here is dynamic currency conversion for face-to-face transactions at the hotel property. In this case, the card terminal displays the bill in both local and home currencies, so the guest has the benefit of being able to choose which to pay in, as well as certainty regarding the final cost.

Dynamic currency conversion has the additional advantage that if the guest opts for conversion into their home currency on the terminal, any

resulting FX margin can be shared among the parties supporting the transaction. This gives the hotel some additional revenue that can help offset the high cross border fees it will pay to the card provider.

This dynamic conversion process is completely transparent to the guest and forms a natural part of the transaction flow. Furthermore, most payers tend to choose their home currency when it is digitally presented in this manner, so there is a material margin and revenue opportunity for the hotel. (The amount is also clearly reflected on the charge slip in the event of later disputes.)

Security and Consistency

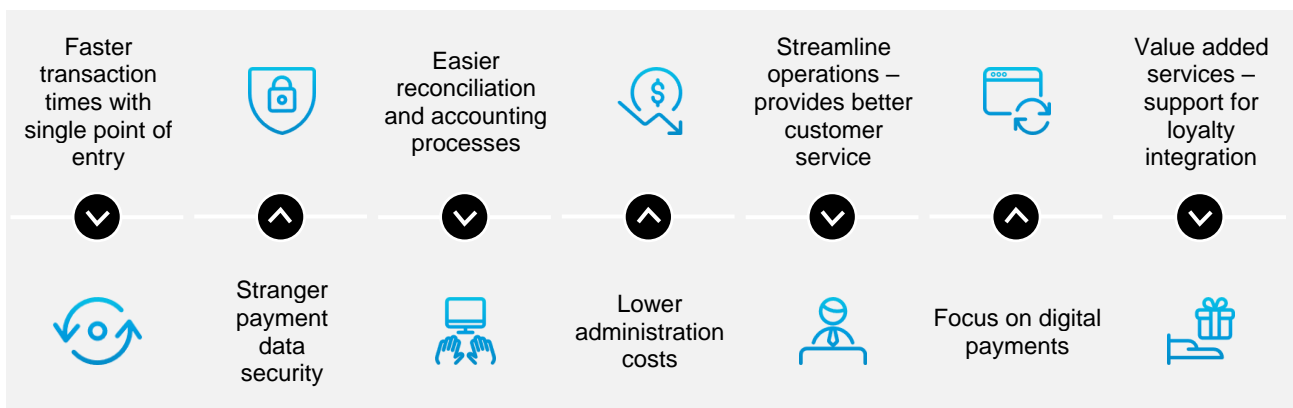
As already mentioned, tokenisation is a painless way for hotels to achieve PCI compliance. Some major hotel and restaurant management systems already effectively compel this by no longer providing the facility to store card details. For hotels to achieve compliance with all 12 of the PCI DSS requirements is time consuming, costly and carries significant reputational and legal risks in the event of a lapse. The alternative of partnering with a payment provider who can deliver on all these requirements on behalf of the hotel is far more attractive. In this scenario, guests' card details are never accessible by hotel staff, all transactions are fully encrypted and fed directly back to the provider's host processing system through a separate dedicated network without ever traversing the hotel's own network or systems. These benefits are important enough for just a single hotel, but where a global provider can deliver them on a consolidated basis internationally, the cost and risk savings can be exceptional. One obvious and very important example is that the provider will be able to process transactions domestically, which means the hotelier will not be hit by high cross-border interchange fees. More generally, there are significant cost savings and convenience to be had from dealing with a global payment provider because of the consistency and ease/speed of implementation.



An illustration of these potential savings and convenience is ease of implementing payments within an existing hotel/restaurant management system. For example, Oracle MICROS is a major player in this space and has published an API through which payment providers can be validated. Once a provider has been certified compliant with that API, any hotel that uses MICROS already has that payment provider integrated and available for immediate deployment. No further development and certification work is required.

Another related benefit is where that provider can also offer consolidated reporting. A common bugbear for financial controllers in the hospitality industry is trying to reconcile positions across multiple hotels that are using multiple payment providers. Using a single global provider can alleviate these problems, particularly if that provider can translate feeds from third parties (such as card companies that are also acquirers, for example, American Express) into a single consistent format that can be merged with its own data.

Benefits of integrated payments



1 pcisecuritystandards.org/merchants/process

Operational Efficiency

While paper processes are disappearing from the hotel industry, an area where they persist in some hotels is in the handling of pre-authorized deposits. The receipts for these are printed and filed in case a guest later disputes a charge and proof of signature is required. This results in a considerable amount of effort and space being wasted on paper storage, typically on thermal paper that becomes increasingly unreadable over time as it fades.

A fairly recent innovation that dispenses with this cost and inconvenience is digitisation, where a guest's signature on a POS terminal screen is captured and saved electronically. Then, in the event of a dispute it can be quickly and easily recovered without the need for paper or physical storage.

A further example of how digital processes can improve operational efficiency and the client experience is the one-time secure payment link. Conference and ball rooms are significant revenue streams for many hotels, but historically the booking process for these has been less than client-friendly, with clients either having to attend in person with a card to make a booking or give card details over the phone. The former is inconvenient for the customer, while the latter raises security concerns. As a result, some clients are reluctant to provide card details by phone, which would in any case cause PCI-compliance issues for the hotel if they did. A far better alternative is where the payment provider can give the hotel the capability to generate a secure payment URL, which it can give to the client. The client can then simply click this to enter their payment details, which will not be visible to the hotel and will therefore remain PCI compliant.

Conclusion

The importance of the payment process to both guests' hospitality experience and efficient hotel operation has increased significantly in recent years. It is no longer just a matter of administration and paperwork, but has become an important integral part of how a hotel's brand is perceived by its clientele, while at the same time reducing unnecessary costs and risks for the hotelier. This inevitably makes the choice of payment provider a business-critical decision that needs to take providers' network reach and added-value functionality into account.

To learn more, contact us today:

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