Co-Host of ATPS-APAC 2017
Direct Bank Payments: How to use these to prevent fraud and save costs

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Agenda

• Who is Inpay
• Inpay Case study: Ixaris & Amadeus
• Benefits of direct bank payments to providers in the travel industry supply chain
• Direct bank payments summary: Fraud prevention and Cost reduction benefits
Who is Inpay

- We are a licensed PSP (Payment Service Provider – since 2007)
- Regulated by the Danish and Swiss FSA
- Largest privately held bank account network in the world. We specialize in direct bank to bank transfers
- AML, KYC, SAR, FATCA focused
- End of Q3: 60 countries, 55 people and 11 offices worldwide
- Verticals we serve: e-Commerce, Educational payments and of course, Travel.
How do Travel Agencies Pay their Suppliers

Traditional methods of payment and the challenges they cause

**Agency credit card**
- One corporate credit card shared among the agents
- Risk of fraud
- High foreign exchange fees
- Manual entry of card number is time consuming
- Cumbersome reconciliation to match each travel purchase to the posting on the card statement

**Bank transfer**
- Wire transfer fees & foreign exchange fees
- Time-consuming processes
- No protection against supplier default
- Manual process
- Cumbersome reconciliation process

**Checks**
- No immediate payments and therefore no guarantee at time of booking
- Time-consuming processes
- No protection against supplier default
- Cumbersome reconciliation process

- Amadeus Travel Payments/RF/Jun 2017

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Inpay travel partners – Ixaris Case Study

- Ixaris is a leading provider of virtual cards solutions for the travel industry, partnered with Amadeus and travel booking engines to optimize supplier payments for the industry

- Ixaris is using Inpay for local collections

- Inpay’s global network of domestic bank accounts provides a fast and reliable collection engine for Ixaris and its travel clients

- Inpay’s automatic system validates the collection as fast as a domestic bank transfer. Enables travel agents worldwide to offer travel services without the hassle of making international bank transfers and spending valuable time tracing the transactions.
Inpay travel partners – Ixaris & Amadeus Case Study

- Amadeus is a leading provider of advanced technology solutions for the global travel industry. Customer Groups for their Global Distribution System include
  - Travel providers (such as airlines, hotels, rail and ferry operators)
  - Travel sellers (travel agencies and websites)
  - Travel buyers (corporations and travel management companies)

- Amadeus has also been providing payment services for more than 20 years successfully addressing key payment challenges for the travel industry

- Amadeus leverages a team of financial payment experts in travel and a unique payment community platform which Amadeus is constantly evolving functionality and technical innovation, to meet their customers’ needs across the global market. They currently process over USD 80bn worth of payment transactions per year.
The Role of Inpay
Local funding for Travel Agencies with Inpay

- Inpay provides a pay-in solution that improves funds transfers across borders, replacing wire transfers.
- Amadeus is offering its clients the option to use Inpay’s service to benefit from:
  - Fixed transfers cost
  - Guaranteed transfer times when sending funds to Amadeus’ B2B Wallet.

Funds transferred at agreed intervals between Inpay and Ixaris.
Funds reflected in the safeguarded account within a few hours.

Amount transferred locally within the same country.

United Kingdom

B2B Wallet Funding account

Inpay account

Sending Bank Travel Agency account

Travel Agency’s home country

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Direct bank transfer benefits for travel providers

Chargebacks are a big problem for the industry. Bank transfers are free of chargebacks.

High volume payments need fast notification and efficient local network.

Securing the payment is also important between travel agents and the airlines. Going beyond SWIFT.

The travel payment infrastructure is “vintage” and between only a few players. Some are working on consensus between all airlines which makes payment innovation possible but takes time.

Travel is global and so is the infrastructure. There are many local payment options available – but they are typically limited to the specific country. Pick a provider who can give you one entry point / one interface to all countries & currencies.
Direct bank payment benefits for travel agencies

• Look for providers that can deliver seamless booking for travelers – one stop purchase
• Connecting the payment flow between travel vendors
• Fast settlement of funds
• Eliminate intensive manual accounting
• Full automatic reconciliation
• No chargebacks
• Multi-currency settlement an option
  • GBP to hotel in South Hamption
  • USD to cruise line
  • EUR to Airline
Direct bank payment benefits for travel providers

- Fast settlement of funds
- Option of immediate confirmation of receipt of payment
- Option of receiving settlement in local currency
- Minimize financial loss due to 3-4 wait for international wire and FX loss to banks
Direct bank payment benefits for travellers

- Seamless payment flow
- Option to pay in local currency
- Option to pay larger amounts via bank transfer
- Eliminate credit card fraud
- Reach travellers who do not hold a credit card.
Direct Bank payments vs. The Cost of Fraud

The International Air Transport Association (IATA)

- Fraud is rapidly increasing in the travel industry and airlines are highly exposed due to the nature of transactions involved (remote sales, large amounts, mobile fraudster population).
- Airlines pay approximately US $7 billion a year to collect payment for their sales. Most of this amount represents the cost of collecting card payments. In addition, airline card sales are exposed to fraud which is estimated at close to US $1 billion per year.

- IATA 2016
The Cost of Fraud (Cont.)

2016 overview

Financial fraud losses across payment cards, remote banking and cheques totalled £768.8 million in 2016, an increase of 2 per cent compared to 2015.

Prevented fraud totalled £1.38 billion in 2016. This represents incidents that were detected and prevented by the banks and card companies and is equivalent to £6.40 in every £10 of attempted fraud being stopped.

TOTAL 2016 FINANCIAL FRAUD LOSSES BY TYPE

- Payment card: 80%
- Cheque: 18%
- Remote banking: 2%

Financial Fraud Action UK (FFA UK) 2016

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Direct bank payment benefits to reduce fraud

- Enhanced KYC using bank payments
  - There is a clear and transparent interface with the bank account holder and the payment. Someone did the KYC
- Travel agents know the clients will be checked at the airport. Reduced chance of identity theft
- Inpay screens all transactions using over 46 different compliance controls
- Inpay conducts post transaction screenings
Direct bank payment benefits to reduce costs

- Look to providers that give one entry point/one interface for all corridor payments and all currencies. Simplification and reduce back office processing.
- Managing bank fees is intensive. Find providers who will reduce and simplify these bank charges for you. Inpay manages all your bank related fee transfer costs.
- Look to providers to do both pay-in and pay-outs in your chosen corridors for your customers. Inpay offers multicurrency settlement in our 60 country network.
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Risk management and compliance

Risk management

- INPAY operates within the international banking system and additionally, employs a range of checks on every one of its customers prior to accessing the network.
- INPAY employs industry-leading real time risk management procedures that underpin the operation of our transaction network.
- Each transaction is screened, checked and monitored from the originator to the ultimate beneficiary to guarantee its integrity.
- All activity across the Inpay network is centrally reported and reviewed by management.
- Real-time reporting across INPAY’s products and territories builds accurate and transparent profiles of partners and feeds into the risk management and compliance structures.
- INPAY can use both innovative ‘big data’ tools, as well as standard systems such as World-Check for suspicious activity reporting.
- This means that INPAY’s internal security protocols match the rigorous standards found with the SWIFT system.
- Detailed profiling and background checks of every client are combined with specialist reporting systems and activity monitoring in real time to create a secure and comprehensive approach to risk management.

Compliance procedures

- INPAY is regulated by the Danish Financial Supervisory Authority (DFSA No. 22008) and Polyreg – a self-regulatory organization under FINMA. All customers and transactions are vetted through multiple, internationally recognised procedures, including:
  - Know Your Customer (KYC, EDD)
  - Anti-Money Laundering (AML)
  - Counter Terrorist Funding (CTF)
  - Politically Exposed Persons Lists (PEPs)
- INPAY adheres strictly to current EU legislation and safety precautions regarding Anti-Money Laundering and Terrorist Financing, as implemented under Danish and EU law.
- Further, INPAY meets or exceeds national and international requirements including the Wolfsberg Standards guidance for international payments and electronic transmission of funds.
- Each regional office remains subject to both local requirements and the international governance structure, located centrally.
- In accordance with regulatory requirements, INPAY has an ongoing dialogue with the Danish FSA regarding further improvement of documentation of existing procedures.

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Thank you!

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