

Streamlining travel industry payments

For almost two decades, UK-based SCL has systematically established itself as a leading player in the complex world of travel payments. SCL's founder and MD provided *EPI* with insight into the technology behind the company's success and his view on the significant potential for innovation in the market

Born out of bespoke development work undertaken for American Express (Amex) in the early-1990s UK-based Stanton Consultancy Limited (SCL) had from the start a clear focus: the automation of payments flowing through the travel industry.

SCL has evolved with the changing pattern of payments preferences in the travel industry, its automation services having first concentrated on paper travelers cheques and banknotes and more recently and increasingly prepaid travel cards. SCL's technological capabilities have also enabled it to make significant inroads into the general prepaid market.

"Today prepaid accounts for half of our turnover with bank notes and travelers cheques making up the rest," Ray Stanton, SCL founder and MD, told *EPI*.

He added that Amex remains the only major issuer of paper travelers cheques which are continuing to experience a steady decline in volume each year.

At the heart of SCL's service is UltraPoS, a system launched in 2001 capable of automating the entire life cycle of prepaid cards, travelers cheques and foreign exchange.

Of key importance in an era of strict regulation, UltraPoS can be readily customised to incorporate local regulatory requirements and meets know your customer (KYC) requirements by capturing and verifying information through links to external agencies. In addition, UltraPoS has compliance reporting facilities, both for customer's own purposes and mandatory reporting to regulators.

UltraPoS has three deployment options, explained Stanton, the most widely used is an online application hosted on SCL's servers. UltraPoS is also available as an intranet service hosted on the user's headoffice server(s) or as an application installed on one or more desktop computers at individual branches.

Impressive user base

UltraPoS has garnered for SCL an impressive client base which includes Amex, Commerzbank, Crédit Agricole, Credit Suisse, Discover Card, Hays Travel, HSBC (UK and US), Travelex and TUI Travel. More major names appear to be in the pipeline.

"We are talking to Visa and MasterCard," noted Stanton.

Among SCL's most recent successes is a major installation of UltraPoS undertaken for UK-based TUI Travel, one of the world's biggest international leisure travel groups.

TUI was formed in 2007 out of the merger of First Choice Holidays and the tourism division of German company Touristik Union International and serves some 30 million holidaymakers annually.

In its first major project subsequent to the merger, TUI selected UltraPoS to replace legacy structures provided by each organisation's previous foreign exchange suppliers in its 860 UK First Choice and Thomson branches. This installation, which is fully integrated with TUI's management information and accounting systems, earned SCL second place in UK technology industry body the Corporate IT Forum's 2008 Real IT awards.

SCL followed the UltraPoS installation with development of a MasterCard prepaid travel card programme for TUI branded the Thomson and First Choice Travel Money Cards. For the programme SCL partnered with UK credit information service supplier Experian which has fully integrated its customer identity authentication solution into the UltraPoS system.

The reloadable PIN and Chip secured cards are available in euro and US dollars and are not subject to commission charges or purchase fees when first obtained from TUI or reloaded. Launched in May, the TUI prepaid travel card programme proved to be an immediate success, said Stanton.

"Cards preordered by branches were sold out within the first week," he said.

New horizons

SCL has used its UltraPoS platform to build a strong presence in the US market where it has expanded to encompass prepaid gift cards.

"We have a good chunk of the US prepaid market," said Stanton.

UltraPoS has also enabled SCL to extend its reach into the self-service market in the US where, Stanton noted, it now has a presence in some 600 shopping malls. This, he added, includes all of Amex's mall channels.

Self service in the US prepaid market is made easier than in Europe by less stringent KYC regulations, said Stanton. He explained that when using a prepaid card vending machine all that is required is the use of a credit card for payment and a ZIP (postal) code. No name or specific address required.

Stanton noted that while the average value loaded onto prepaid gift cards in self service kiosks is between \$300 and \$500, amounts of up to \$2,500 is not unheard of.

In total, SCL distributes between eight and 10 million prepaid cards annually with the closing weeks of the year responsible for a considerable portion of the total, said Stanton. The potential for innovation in the prepaid card market is considerable, he continued. Using the TUI programme as an example, he explained it is quite conceivable travel insurance could be incorporated onto the card.

While out of the country, should a cardholder need to pay for medical expenses the amount required could be loaded onto the card by SCL within seconds, said Stanton.

Taking the concept of innovation further, he said adding a pre-holiday savings application to the card is also practicable.

Another significant step would be to equip the card for contactless payments.

"TUI operates planes, boats and tourist resorts. Contactless would be an ideal payments solution," said Stanton.

Expertise gained by SCL in the US places the company in a strong position in Europe where, said Stanton, the prepaid market is between four and five years behind the US in terms of product development.

"We receive numerous requests to act as consultants on prepaid programmes in the UK," said Stanton.

Already active in the UK's prepaid gift card market SCL is clearly well positioned to enjoy the considerable growth anticipated in Europe's prepaid market.

Indicative of the potential, a study by consultancy PSE Consulting commissioned by MasterCard in 2008 predicts that Europe's prepaid market will generate an annual turnover of €132 billion (\$180 billion) by 2015. Of this total gifting is forecast to account for €29.6 billion and travel €10.9 billion. ■