
Meeting: **Payment Technologies**
 (formerly known as Credit Card Committee)

Date: **30 April 2008**

Location: **HEDNA 2008 – Lisbon**

Chaired by: **Marion Hughes – Chairwoman/ Board Liaison**

Recorded by: **Patrick Glories, MoneyDirect**

Agenda :

- Wrap-Up :
 - summarize last several years progress
 - look into whether there are any issues still open.
- Determine Future of Committee :
 - Are we going forward is there still a need?
 - Should we disband?
- If not :
 - Can we monetize the losses from non collected no shows and cancellations ?
 - Can we convince our partners (GDS and RepCos) to “ get religion?”
 - Should we expand our mandate? Become the Alternative Payment Technologies Committee ? Payment Technologies? Other ideas?
 - What areas / issues are worth pursuing in 2009 ?

Points discussed :

- **Last year’s progress :**
 - A very important document was obtained from **Visa Europe** describing processes involved when guaranteeing payments via a Visa card and when and how the 3 digits code should be used. Printed copies were passed around at the meeting. This is only valid for certain countries not all. Interestingly Turkey, Israel, Norway and Switzerland are part of the footprint this doc covers.
 - It is available in several different languages and will eventually be downloadable from HEDNA.org website in the restricted section. In the interim email us at info@hedna.org for a copy. Any chain or rep company who is a HEDNA member can share the document with member / affiliated properties.
 - Committee agreed the same type of document from MasterCard and AMEX would be valuable.

- **Pending problems :**

- Understanding what is “still broken”, once the documents are understood and underlying processes implemented we find that it expands....while the problem seems to be much larger in EMEA than in the US we are finding even in N American hoteliers are now starting to discuss. One challenge: national legislation (governmental or banking) leads hoteliers to feel that they are being asked for things beyond what Visa card document is requiring. All deviations need to be pushed back to the Card Scheme for their action.
- Because of this lack of unified ruling, differences in intermediaries behavior still exist (Pegasus transmits the CCV / CVV, some GDS do, some don't). This needs to be clarified.
- A lot of misperceptions exist in the Industry on how this 3 digit code should be used and more generally about how cards are (mis)used (request for copies of back and front of card uncontrolled storage of card numbers and copies, etc..). This is becoming more and more of a problem as requirements for PCI / DSS certification become more critical from a legal liability viewpoint.
- A general lack of understanding / education exists which needs to be addressed with the help of the Visa document and beyond. A series of webinars and a best practices deliverable was proposed and committee agreed to investigate further.
- Various attendees pointed out that the real priority at this time is to have the purchase process fully mapped so that it can be documented and better understood. Marion Hughes, HEDNA board and Rajesh Vohra of Sarova volunteered to develop and document the process.
- Monetize losses. Further discussion concluded it is critical to be able to quantify monetarily the scale of the “problem” as this may be the only way to convince our partners (Card services, intermediaries, banks, GDS, repcos) that we (hotels) have a significant.
- Several attendees commented that the best indicator would be to assess the percentage of overall turnover that cannot be recovered, for different types and sizes of businesses. Rajesh Vohra of Sarova Hotels and Martin Gahn with Preferred Hotels volunteer to drive this part of the study. Marion Hughes added that Olivier Fasching from Jumeriah had also volunteered to help with calculating the values at his hotels.
- Committee concurred this will be the most efficient way to get everyone to the table. We cannot push for standard approach if we cannot validate the magnitude of the cost impact of the problem to compare it with the price of possible alternate solutions.

- **Possible solutions/recommended next steps :**

- The perception is that beyond the CCV / CVV problem, if a guest disputes a no show fee collected via his Credit Card, he will always be ruled favourably by his bank. Several attendees question whether the real problem, is that we no longer have a reliable way to protect hotels from late cancellations or no-

shows if card is only a 'guarantee' and there are no legs to the 'contract' binding the cc holder to pay.

- Some hotel groups claim to have generalized the use of deposits or are moving to more and more prepayment for one night as guarantee. Some called for the Industry to unite and change the way the guarantee process works to replace it with a deposit model. This was seen by a number of attendees as too large of a task and more operational in nature. Not the mandate of HEDNA but consensus existed to say that alternate models should be studied for best practices to be documented and communicated.
- Simon Barker of Conferma proposed to document solutions revolving around "One Time Credit Cards" (as they do not require a CCV code) Mentioned that the problem could be wider than this and growing (Verified by Visa, PCI, etc..). This needs to be investigated and Simon volunteered to drive this.
- Again several attendees commented that a lot of the problem lies in being able to provide full audit trail of the transaction so that banks rule in favour of Hotels not always in favour of Guest. Again supporting above discussion on a completed flowchart documenting the process. This then moved the discussion to yet another reason many see the need for the Committee to be renamed and suggestions were discussed...a motion was made to change it from "Credit Card Committee" to "Payment Technologies" and was carried.

- **Future of Committee :**

- The majority of attendees voted in favour of the following questions :
 - Agree we need to keep the Committee active and vibrant.
 - Agree to rename it to become the "Payment Technologies Committee"
 - Agree to steer it to address all problems related to Payment in the area of Electronic Distribution and stay abreast of new things and new legislation etc.
- The few people who voted against the transformation of the Committee wanted to insure the Committee does not drop the activities related to Credit Card as it evolves. They were assured that would not be the case, and point out the first task the Payment Technologies committee will undertake will be to address and complete the sorting out the Credit Card Verification problem. The committee is simply expanding to include issues like Paypal, one time credit cards, and other technologies.
- Marion Hughes, HEDNA and committee Chairwoman pointed out that normally the functions of Committee Chair and Board Liaison are separate and called for volunteers to chair committee
- Patrick Gloriès of MoneyDirect volunteered to chair the new Committee and his candidature was accepted by the Committee.
- A call for Co-Chair(s) was made with no volunteer(s); the position(s) will stay open for any future candidate.
- Illaria Triggiani of Synexis and Rajesh Vohra of Sarova nonetheless offered to be available to help with projects and moving issues forward.
- Group also discussed that activities must take place in between HEDNA meetings. Scheduling periodic calls to pursue sub-activities was suggested.

This will be organized by the new Chair with the help of volunteers for the various action items (see action items at the end of this memo).

- **Other topics discussed :**

- Beyond the CVV problem the following items could be of interest to Committee members and are perceived as the ones to start investigating to expand scope of the Committee :
 - Deliverable on standards and best practices of all Alternate Forms of Payments including Paypal – Mike Carlo of Global Collect will begin this project
 - Continuation of migrating current standard of guarantee to prepayment and deposit
 - Deliverable and research about Virtual Credit Cards and Billback processes
 - Approach the Tours and Groups Committee to insure payment settlement benchmarking (Patrick Glories will liaise with relevant Committees)

Next steps and Action Items :

Document process	-> Marion Hughes/Paul Raymond
Assess and quantify monetary impact	-> Rajesh Vohra/Martin Gahn
Liaise with UGI Committee	-> Paul Raymond
Liaise with Groups Committee	-> Patrick Glories
Liaise with Tours Committee	-> Patrick Glories
Liaise with Standards Committee	-> Marion Hughes
Address CVV issue with GDS	> Ilaria Triggiani
Drive study on Best Practice / PCI / Education	-> Mike Carlo / Ilaria Triggiani
Document Alternate Payment Technologies	-> Mike Carlo/ Patrick Glories