Unlocking the true value of Virtual Card acceptance

Maximising profitability through operational efficiency and fraud savings

Virtual Card payments are fast and secure, providing greater fraud protection, higher conversion and the opportunity to vastly reduce operating costs associated with payment processing.

Due to the cost of acceptance, Virtual Cards (VCs) are often considered a less desirable payment method for airlines. However, Virtual Cards provide benefits that alternative payment forms cannot, and when the cost of acceptance is re-calculated with these benefits in mind, Virtual Cards allow airlines to retain a far higher % of revenue.

Here we break down a sample flight from Paris to New York to demonstrate the hidden value of Virtual Cards and demonstrate why they should be a preferred option for airlines.

Virtual Cards provide operational efficiency, and fraud savings, turning payment costs into retained revenue that improves overall profit margins.

22%
Increase in profit margin when accepting VCs[7]

Example based on a typical flight between Paris and New York, with a ticket costing €735[1]. Let's break down the costs and potential benefits when accepting a VC payment for this ticket (compared to alternative payment forms):

1 Initial cost of acceptance[2] — **€15.44**

Virtual Card acceptance appears more expensive per transaction until we reveal the retained revenue from VC benefits.

2 Direct Fraud savings[3] — **€7.35**

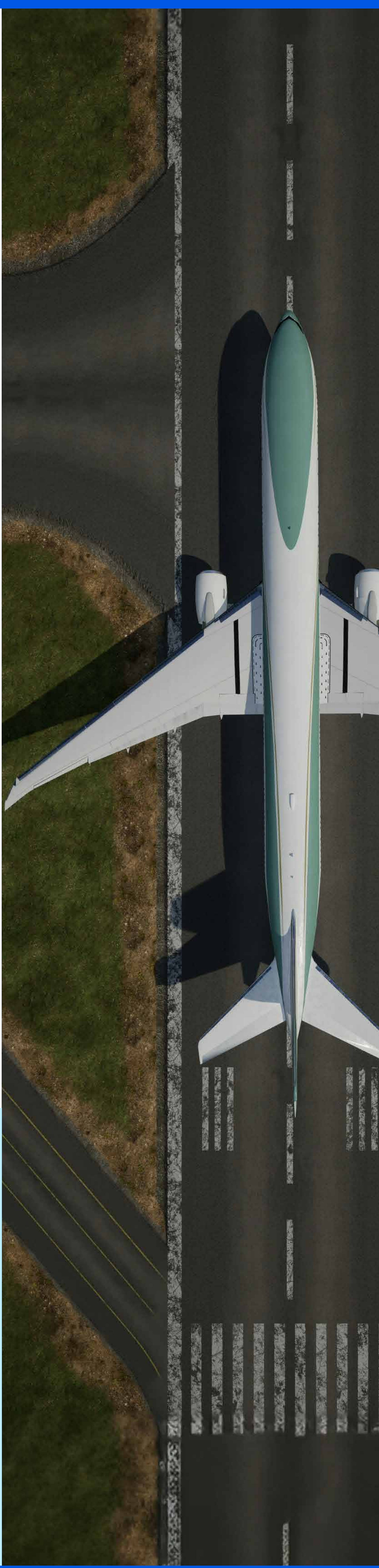
VCs use unique verification data for each transaction and offer a range of controls to significantly reduce the impact of fraud.

3 Operational Efficiency savings[4] — **€12.76**

VCs help to significantly increase process efficiency and reduce payment collection effort, through the digitization of payments.

4 Net benefit of accepting payment via Virtual Card: — **+€4.67**

Thanks to operational savings and reduced fraud costs, using VCs creates €4.67 retained revenue.



+ Growth opportunities - accepting VCs helps to open up new distribution channels
+ Quicker payments / improved cash flow[5]
+ 14% higher acceptance rates, reducing adminstrative effort[6]

Visa's B2B Travel team are happy to work with airlines / travel merchants, to help you conduct your own cost and benefit analysis, to shape your payments strategy.

(1) A typical flight based on a Skyscanner search (Jan 2025) - direct, economy seat, weekday return, between Paris (CDG) and New York (JFK), flying with a large international carrier.

(2) Cost of acceptance varies based on location, transaction value, payment mix and product tems. Visa analysis based on a typical VC payment from a travel intermediary, including interchange and acquirer processing fees, excluding any additional merchant service fees (MSF's) charged by the merchants Acquirer/processor. The 'incremental cost' has been expressed here as, for example compared to a standard consumer credit card payment within Europe.

(3) Visa analysis based on data and reports prepared by Cybersource, IATA/ARC. Direct fraud savings represent the reduction in payment fraud (excluding any additional benefits from reduced chargeback processing and reputational loss).

(4) Visa analysis estimates the reduced core operating cost needed to manage payments, based on a typical airline cost breakdown (data extracted from IATA reports). This represents efficient settlement, improved dispute management/ reduced chargebacks, reduced burden of data/compliance activities.

(5) VC payments can be processed at time of booking as compared to ~ 2 weeks intervals for Billing & Settlement Plans or longer for alternative payment forms. Reduced DSO (Days Payable Outstanding) for travel suppliers provides improved cash flow.

(6) Based on Phocuswright data, highlighting that Virtual Cards drive higher acceptance rates: 99.1% compared to 85% on consumer cards.

(7) Visa analysis based on typical airline profit margin, according to IATA published data 2024.