

J.P.Morgan

Payments settlement solution enhances Agoda's in-house virtual card program



Adam Smith Awards

Winner – Best Card Solution



Agoda wins Best Card Solution for implementing self-issue virtual card facility to help double the number of settlement currencies to save costs.

About

Agoda.com (Agoda) is a leading online travel agency for more than 2.4 million hotels and vacation rentals around the world, as well as flights and airport transfers. Headquartered in Singapore with global operations based in Thailand, the company is part of Booking Holdings Inc., with a key focus on the Asia Pacific region.

The challenge

As an online travel platform provider connecting bookers with hotel partners, Agoda receives proceeds from travel bookings to settle its payment obligations with hotel partners via two channels: virtual cards and bank transfers.

Previously, settlement via [virtual cards](#) was outsourced to a third-party vendor. In early 2020, Agoda embarked on a major shift towards a virtual card self-issuance model, licensed by a global card network provider. This firm-wide strategic initiative helped the business expand its breadth of coverage from 14 to 27 like-for-like settlement currencies to extract greater economic benefits from cost savings.

Agoda sought to build a new in-house card issuance operation and create an entire infrastructure across multiple markets from scratch that could internalize payment and data exchange processes with the network provider to facilitate timely settlements.

The solution

The in-house virtual card program's success involved optimizing Agoda's payment settlements to the global card network provider. Agoda engaged J.P. Morgan for the initiative to leverage the bank's strength as a core settlement bank for the network provider.

In just over three months, J.P. Morgan helped Agoda blueprint a roadmap to support this new operation and implement a comprehensive infrastructure that included opening 27 currency accounts across 12 J.P. Morgan branches globally, including APAC, the UK, the US and Canada.

By leveraging J.P. Morgan's deep expertise of the global card network provider's end-to-end settlement process, Agoda implemented an automated MT101 drawdown facility via book transfers that automatically debits its account on value-date. This was critical as Agoda would otherwise have to manually initiate funds transfers according to daily advisement reports for all 27 settlement currencies; any late payments were subject to penalties.

The MT101 drawdown facility tool helped Agoda:

- Achieve greater certainty of settlement
- Reduce potential nodes of failures that could occur when payment goes through local clearing
- Benefit from extended cut-off times in the event that ad-hoc manual payment is required

Meanwhile, Agoda also implemented [J.P. Morgan's Excel API Plugin solution](#) for real-time access to information on their outgoing and incoming payments and global cash positions. With immediate visibility of debits via transaction reference IDs, Agoda could instantaneously confirm if funds reached the network provider to then discharge its settlement obligations.

J.P. Morgan also helped Agoda incorporate intraday overdraft facilities to ensure that accounts could meet payment obligations in the event of shortfalls. To fulfil its FX requirements, Agoda leaned on J.P. Morgan's dealing desks in Singapore, Thailand and Malaysia to fund its accounts used for local card network provider settlements, while leveraging a pre-agreed competitive FX pricing agreement with J.P. Morgan for markets with smaller volumes.

The results

The in-house virtual card operation enabled Agoda to:



Expand its scope of settlement currencies

from 14 to 27 in order to better manage their FX exposures



Reduced cost

associated with FX risks borne through previous USD card issuance by utilizing an outsourced vendor



Save up to 30 work hours per month

which would otherwise be spent in consuming the settlement advisement reports and handling the payment initiation process

With Agoda's treasury team putting in place the infrastructural backbone to support the global card network provider program, Agoda can also benefit from bringing the issuance in-house to derive cost savings and open up a new source of revenue stream.

VISIT US AT [JPMORGAN.COM](https://www.jpmorgan.com)

To learn more about how we can support your business,
please contact your J.P. Morgan representative.

Not all products and services are available in all geographic areas. Eligibility for particular products and services is subject to final determination by JPMC and or its affiliates. This material does not constitute a commitment by any JPMC entity to extend or arrange credit or to provide any other products or services and JPMC reserves the right to withdraw at any time. All services are subject to applicable laws, regulations, and applicable approvals and notifications.

Notwithstanding anything to the contrary, the statements in this material are confidential and proprietary to JPMC and are not intended to be legally binding. Any products, services, terms or other matters described herein (other than in respect of confidentiality) are subject to, and superseded by, the terms of separate legally binding documentation and/or are subject to change without notice. J.P. Morgan is the marketing name for J.P. Morgan Payments business of JPMorgan Chase Bank, N.A. and its affiliates worldwide.

JPMorgan Chase Bank, N.A. was the M&A advisory bank on the FedEx acquisition of TNT

JPMorgan Chase Bank, N.A. Member FDIC.

JPMorgan Chase Bank, N.A., organized under the laws of U.S.A. with limited liability.

© 2022 JPMorgan Chase & Co. All Rights Reserved