



Shufti Pro

Identity Verification



Travel Industry

Shrinking the Space for Travel Industry
Scams with Biometric Verification

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An Overview of the Travel Industry

When it comes to the travel industry, neither the consumers nor the travel businesses are safe from fraudulent activities. Even during the novel Coronavirus pandemic when travel activities are limited, fraudsters still find a way to scam those abroad. Amid COVID-19, the Federal Trade Commission (FTC) has received more than 5,000^[1] complaints related to the travel industry. These frauds caused losses of almost \$8 million. Whether it is hotel reservations or ticket bookings, the travel industry is exposed to various types of frauds.



According to The United Nations Conference on Trade and Development (UNCTAD), coronavirus will cost the global tourism and travel industry at least \$1.2 trillion.^[3]

Travel and tourism is an ever booming industry that has grown by leaps and bounds, especially in the recent decades. Finextra reports that the tourism and travel industry makes up over 10% of the global GDP. In this current pandemic environment where the tourism and travel industry is already facing a financial disaster, travel scams are adding salt to the wound.^[2]

^[1] Explore Data | Federal Trade Commission

^[3] Coronavirus will cost global tourism at least \$1.2 trillion | UNCTAD

^[2] Tackling fraud in the travel industry - Finextra Research

In the wake of this, the companies in the travel industry will have to downsize to compensate for the losses. For instance, American Airlines warned employees of possible furloughs in mid-2021. Almost 133,700 employees are working in the airline, according to a Forbes estimate.^[4] But this is not the only concern, unprecedented COVID fraud has raised the loss exposure of the industry.



According to American Airlines CEO Doug Parker,^[5] the financial consequences of the coronavirus pandemic, are much greater for the airline industry than the crisis following 9/11, when flights were temporarily halted and production slowed for more than a year.

The travel is not only limited to getting from one place to another involving airport and terminal checkpoints but it also extends to accommodation in a foreign country, using credit cards for online payments, visa extension, booking return flights, potential refund process, and intra-country ride services.

During any of these activities, anything can go wrong for the customers and businesses alike. Thus, it would not be wrong to say that people cannot skip traveling, although the safety concerns circulating it can certainly be minimized.

^[4] American Airlines warns employees it could furlough ... - USA Today

^[5] American Airlines CEO says the coronavirus crisis is worse than 9

The Trio of Identity, Biometrics and Travel Industry

Whenever technology makes a leap in the forward direction, the criminal masterminds are there to taint the perks it offers to the people. With cross-border travel becoming merely a few hours of activity, people demand a seamless, secure, and swift experience. Customer identity verification is a mandatory step during cross-border travel. The easier and secure this process is, the more the customer will be satisfied with the organization. Before the arrival of Coronavirus, the travel industry was facing a yearly loss of over \$21 billion^[6] caused by travel scams. As the pandemic situation normalizes, this number is expected to increase with each passing year.

These travel crimes can significantly be decreased if the companies and law enforcement authorities knew the correct identities of their customers. If the identity of a customer is properly verified, any crime can be traced to the perpetrator who committed it. Although, the verification process of identity is performed at airports, hotels, etc. albeit through a manual or a semi-automated method. In the traditional verification process, the agent verifies the authenticity and originality of the identity documents by visually checking them.

This method can prove to be ineffective as it is prone to human error and lapse in judgment. Nowadays, airports are increasingly integrating biometric authentication tools within their system however the industry is yet to adopt them at a global scale.

With that in mind, the importance of a biometric identity verification system to perform this task cannot be emphasized enough. Biometric technology has arrived to provide futuristic support in identity verification as it is no longer considered the technology of the future once depicted in science fiction novels. Biometric technology runs on Artificial Intelligence (AI) and Machine Learning (ML) models to achieve the highest accuracy of results. In 2020, the size of the fraud detection and prevention market is US\$ 20.9 billion, and it is predicted to reach US\$ 38.2 billion by 2025.^[7]



Cross-Sector Travel Scams

Holiday Rental Scams

False reservation scams are the talk of the town when it comes to a wider scale of travel industry scams. Customers are lured into this scam under the pretence of saving money while renting property online. Here, the fraudulent actor offers a discount to the customer if they book within a tight deadline and wire the money online. Here, the scammer claims to be the agent of a legitimate booking agency. Desperate to avail of the discount, as soon as the customer transfers the required money, the imposing owner of the rental property vanishes without a trial. The customer is left with no trace of the scammer and ends up losing both money and time.

This whole scenario has a lot of loopholes in it for the scammer to manoeuvre. Your booking agency can also earn a bad reputation when the customer claims that the scammer was working on the behalf of your agency. In order to ensure that your business name is not used by a scammer to defraud someone, only allowing customers who have gone through the online consent and ID verification checks on your official website, would definitely be helpful. Businesses would no longer be held responsible for customers who got ripped off for not going through the verification check.

Phony Travel Agents

Criminals can pose as legitimate travel agents and sell tickets for different airlines. They run campaigns through online spaces or create counterfeit travel agencies. They may use legitimate tickets and sell them to unsuspecting customers over the internet. When the customers find out about being scammed, they reach out to the airline for which the ticket was booked. Although these companies have nothing to do with the fraudster, indirectly their reputation is tarnished in the process.

If the airline companies sell their tickets only to verified travel agencies that are licensed and bonded, this type of crime can be reduced. For example, it is mandatory for the travel agencies operating in Ireland to be licensed and bonded to buy or sell trips overseas.^[8] Therefore, airlines and airports should develop coalitions with verified travel agents. This can be done through online business verification solutions that ensure the travel agencies they are dealing with meet global KYB standards.

Timeshare Scammers

When a particular business deals with timeshares then they usually post advertisements online for potential buyers. In this scenario, the business receives an email or a call interested in purchasing timeshares or they have a customer who wants to buy

Moreover, they appear legitimate by offering to transfer the paperwork for a fee as an advance payment. Following that, the scammer disappears into the wind and the business is left with timeshares that have no value.

Insurance Policy Theft

In these unpredictable times, customers can cancel hotel bookings and airline tickets. Amid travel bans and lockdowns, they buy insurance plans that can cover them in case of ticket cancellation. Realizing this, criminals readily pounce on this opportunity by claiming insurance policies that do not belong to them. This is usually done by acquiring insurance details of unsuspecting elder relatives.

Understandably, it creates a rift between the business and legitimate customers when the latter finds out that their insurance policies have already been claimed. Therefore, verifying the insurance papers^[9] by online document authentication solutions can readily deter any advances of insurance scammers.

Ticket Cancellations to Win Flight Credits

Fraudsters exploit the very perks provided to the people for their convenience. Some businesses give the option of a refund after the tickets have been sold. Fraudulent actors trick the system by purchasing the flight tickets and then cancelling them to still be given the bonus credit. The flight credits earned by these fraudsters are later used to buy legitimate tickets. Moreover, they can also use stolen or refunded tickets to sell to legitimate customers. Usually, this scam is conducted through stolen credit cards. Hence, the business ends up giving flight credits to scammers and also the chargebacks to the legitimate owner of the credit card.



Booking with Fake/Stolen Credit Cards

“Our estimate was that at the end of 2020, the U.S. would be seeing about \$11 billion worth of losses due to credit card fraud.” - Julie Conroy, a research director for Aite Group.

The global number of credit card fraud is threefold the above-mentioned statistic. Criminals steal payment card information through multiple ways like data breaches, bot attacks, credit card skimming, etc. Also, in the black market, this data can be sold for as cheap as \$14.^[10] Moreover, criminals can also forge fake credit cards through a technique known as synthetic fraud. Here the fraudulent actors get their hands on a real piece of information such as a credit card number and use it to develop a fake credit card. Then, these credit cards are used to buy flight tickets or make hotel reservations. But once the bank or card owner gets to know about the situation, the targeted company has to reimburse the customer.

Chargebacks Process Manipulation

Like flight ticket booking and the hotel reservation process can also be manipulated to get chargebacks. Under section 75 of the Consumer Credit Act 1974,^[11] for any violation of a merchant-consumer contract, the merchant is required to issue a chargeback to the consumer. However, this perk is increasingly being abused by fraudsters during the COVID-19 pandemic. For instance, the credit/debit cards of your legitimate customers could be stolen by fraudsters and used with your business. Almost 86% of chargebacks^[12] are friendly fraud cases that are extremely difficult to spot and track.

^[10] "Price of Your Stolen Credit Cards" on the Dark Web"

^[11] Chargebacks: an overview for the travel industry - Lexology

^[12] Who Ya Gonna Call About These Haunting Chargeback Stats?

Account Takeover

Account takeover (ATO) fraud is becoming common in the e-commerce industry. Fraudsters are aware of the fact that people use similar passwords for different websites. These criminals utilize stolen credentials and brute force attacks to get access to travel websites. They can also instigate email phishing attacks to deceive the travel website's owner into providing their sensitive information. Once they are in, it is only a matter of time that they extract information on the website's customers. Then, they can steal bonus credits like flight miles and loyalty points.

Moreover, they can control the booking system to get tickets and sell them on the black market. In the Covid-19 environment, fraudsters impersonate reputable institutions ^[13] like the World Health Organization, HMRC, and other charities, and ask you to click on the embedded link in the email to donate for the Coronavirus vaccine.



Biometric Authentication: A Saviour for the Travel Cycle

The biometrics market will experience a rise owing to Covid-19 and its feasibility in the identity verification space. For instance, between 2020-2024, the facial recognition market will witness a growth of \$3.35 Billion.^[14]

One's travel is not only limited to getting from one place to another. It includes various stages ranging from actual travel and renting a place or a vehicle to shopping in a foreign land. The nature of these activities may differ but the verification of the identity of customers in all of them is equally important.

In all of these stages of a travel cycle, ID verification works best when coupled with biometric technology. So, let's see how biometric identity verification can safeguard all the businesses linked with the customer's travel cycle.

Terminal Checkpoints

The biometric verification process starts before the travellers are to reach the checkpoints at the airport. This technology can remotely verify the identity of customers and register them on the platform. This is done to eliminate the manual process of checking every customer's details thoroughly at the airport. The user only needs a stable internet connection and a laptop or a phone with a camera.

In this process, the biometric information i.e, a facial scan of the user is taken remotely. Moreover, the user shows a government-issued identity document to the camera.

The document's legitimacy and originality are checked through an AI-powered document authentication tool. Then, the facial biometric scan is matched with the picture of the user on the ID document. In this way, the identity of the user is verified even before reaching the airport.

The travellers do not have to stand in long queues to get themselves verified. Only the document's picture and face are matched again at the airport and the user can seamlessly pass through multiple biometric verification checkpoints.

The significance of this lies in the fact that the global air travel industry makes more than \$850 billion annually and almost 25% of the transactions related to this industry are made online.^[15]



Online Identity Verification Process in a Go



The user shows a government-issued identity card to the camera.



The ID document's originality and legitimacy are verified.



The user's facial information is captured through an AI-assisted face verification tool.



The user's biometric data is matched with their picture on the ID document.

That's it. You are good to go.

Digital Hotel Check-ins

As hotels are concerned about high abandonment rates, remote biometric identity verification can significantly safeguard their business. When a user wants to make a reservation online, their identity is first verified through facial recognition and automated document verification. Hence, any chance of stolen credit card payment and subsequent chargebacks is eliminated. Moreover, if the user wants to cancel their reservation, the hotel management will be aware of the identity of the customer.



According to Oracle's Hotel 2025 report, about 72% of hotel operators^[16] could employ facial biometric solutions to identify and interact with consumers by 2025.

Ride-Hailing and Sharing Services

A former head of Uber, a popular ride-hailing service, stated the fraud losses encountered to a staggering amount of \$100 million.^[17] Sharing services such as ride-hailing and renting experienced a dramatic rise in the previous years, making it the new target for identity thieves. Usually, identity verification is not performed up to an advanced level in this industry and the crux of the problem lies here.

^[16] The Future Of Biometric Facial Recognition - Forbes

^[17] Uber's former performance chief charts extent of ad fraud | WARC

Fraudsters provide fake identity documents and once they are in the wind with the rented car, they can do pretty much anything with it. It takes the business owner a while to know that the car has been stolen or used in a criminal setup. But, with biometric identity verification, the fraudsters cannot get away with forged identity documents as they are matched with their biometric information. Hence, the business owners can rest easy renting their property to tenants as their identity information is in their hands.



E-commerce

Information storage on the e-commerce platform is highly dependent on cloud services which leads to an increase in data breaches. A study published by Cisco^[18] stated that almost 53% of the organizations keep at least 50% of their data in the cloud. The e-commerce industry has to worry about breaches of their databases as it is, the weight of identity fraud only adds to their turmoil. Shopping is one of the most common activities for foreigners.

In the current pandemic environment, when shopping activity is significantly reduced to the digital space, online businesses find themselves in a pickle. On one side, they want to grow their customer base rapidly. On the other hand, they are concerned about scams, illegitimate users, and chargebacks. Sometimes, online credit card transactions take a while for processing so there is a need for a system that verifies the customer's identity and credit card details in real-time.

Moreover, age restriction laws differ from country to country. A user from another country may be considered underage to access certain content, products, or services in their particular country. For instance, imagine a business ships a product from country A to an order made from country B. If the particular type of product is restricted for use by people in that age group (in the country B), the online business may come under violation of age restriction laws unknowingly. If that happens, the online business may be prohibited from selling to that particular country.

Retail Shopping

Although the shopping activities whether home or abroad are shifting to the online space, still people who are visiting a foreign country want to shop in person. Retail shops encounter consumers coming in from all over the world. So, it is difficult to keep track of all of their credentials. Criminals pounce on this opportunity by using fake or stolen credit cards to make purchases and the retail businesses end up with a load of chargebacks.

Fraudsters know they are visiting a particular country for a short while and when their criminal advances are detected, they will be long gone. Usually, businesses don't set up advanced verification services owing to a common misconception that it would take a lot of time and impede the flow of business. This belief is ill-conceived as biometric authentication just takes mere seconds to do its magic.

The trio of identity verification, age verification, and biometric authentication can ensure easy adoption of customer due diligence practices by all stakeholders in the travel industry.

How **Biometric Technology** Ensures Safe Travel?



Online Hotel Reservations

Match faces of customers with ID documents when they make hotel bookings remotely.



Online Ticket Booking

Know your travelers beforehand with document verification and biometric authentication.



Airport Entrance

Tag customers with their luggage through Touchless Biometric Kiosks.



Flight Check-in

Onboard travelers securely with a swift duo of biometric and passport verification.



Hotel Check-in

No need for long verification processes with AI-powered face verification to screen users.



Payment Card Authentication

Eliminate any chance of credit card fraud with efficient document authentication.

How is COVID-19 Changing the Facets of Global Travel?



“Travel is never going back to the way it was before the pandemic. It doesn’t mean travel’s not coming back, it’s just not coming back the way it was.”

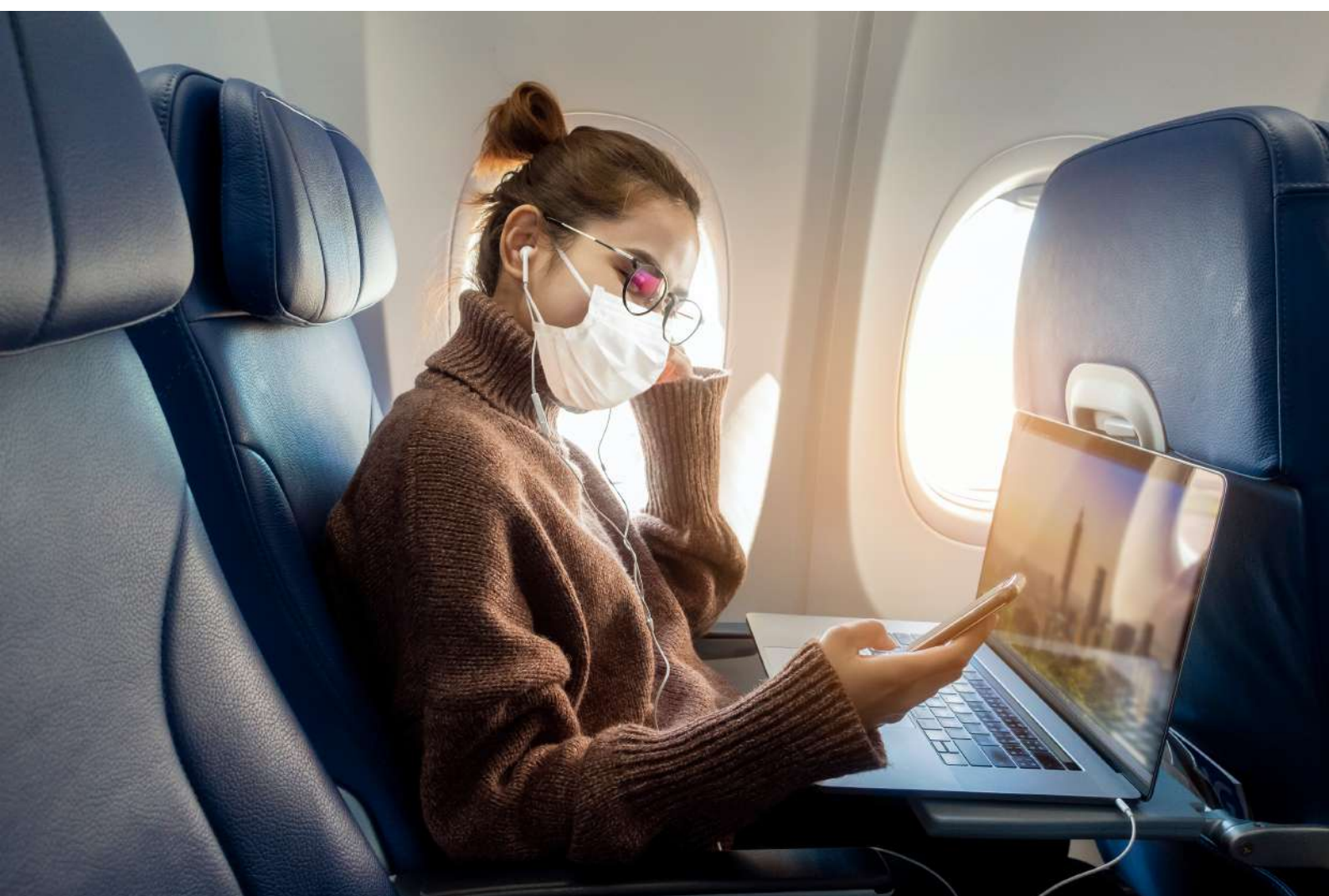
- CEO Airbnb, Brian Chesky

The COVID-19 pandemic has instigated a change in travelers’ mindsets. Post pandemic, people are traveling abroad, but not to visit big touristy cities rather they are more likely to take road trips and travel to rural and remote areas. This entails more time on the road and an increased footprint in a foreign country. Therefore, even the smaller travel businesses have become vulnerable to travel frauds.

Besides, ticket bookings and hotel reservations are increasingly being made in advance through the internet. Condé Nast Traveller sustainability editor Juliet Kinsman predicts^[19] that in the eyes of consumers, the utility of booking through an online travel agency before the journey outweighs the commission fees. Moreover, in the ride-hailing sector, the social distancing rules imply renting the vehicle to the consumer without a designated driver. This only puts more emphasis on the need of verifying tenants’ identity.

^[19] Here are 8 ways travel will change after the pandemic

During the CoronaVirus pandemic, it is all about health now. The significance of travel and medical insurance policies has become more pronounced^[20]. Therefore, businesses can expect an increase in the risk of insurance coverage scams emanating from identity fraud. The landscape for travel and tourism industry has changed drastically in the past year and, hence, the employment of video KYC solutions^[21] has become incumbent on this industry.



^[20] How COVID-19, 2020 changed travel forever – and what that means

^[21] Video Interview KYC - Efficient & Secure Customer ... - Shufti Pro

Benefits of Employing Shufti Pro's Biometric System

Enhanced User Satisfaction

The travel and tourism industry is hit hard amid lockdowns, travel bans, and limited travel activity. Also, owing to the uncertainty caused by the novel Coronavirus, travelers' confidence has been rattled. People want the luxury of canceling flights and hotel reservations as the circumstances can change very quickly. But businesses are reluctant to grant this perk as more and more fraudsters make excuses and abuse the refund process.

But, if the travel industry wants to grow, it is pertinent that this luxury is provided to the end-users. Businesses can safeguard themselves from fraud by employing Shufti Pro's biometric authentication solution.

As a consequence, their customers will have an identity verification experience with enhanced security, safety, pace, and reliability. Augmented user experience and satisfaction will only mean a higher number of sign-ups and increased customer retention.

Enhanced compliance

All the businesses involved in the above-mentioned travel cycle are required to comply with Know Your Customer (KYC) and Anti-Money Laundering (AML) regulations. If these businesses are in violation of

these laws, they are penalized by regulatory authorities and have to pay hefty fines. Moreover, if the number of fraudulent transactions and the subsequent chargebacks rises, then along with financial penalties, businesses risk revocation of the ability to take online payments through credit cards. Therefore, adding biometrics to the transaction authentication process creates an extra layer of security for the business entity.



Shufti Pro is an ideal KYC and AML service provider running on AI-based biometric technology to streamline the identity verification process for businesses and their end-users.^[22]

Cost and Time Efficient

Time is a commodity that cannot be bought or traded. With that said, there are quite a few identity checkpoints during the multiple stages in the travel cycle to avoid identity fraud. If customer's identities are checked manually at each of these checkpoints, it would drastically decrease the number of customers onboarded. Moreover, it would incur an increase in expenses to hire extra security personnel and implement the process.

For instance, the annual average salary of a KYC analyst is above \$55,000.^[23] Based on a 32-hour workweek, you would be spending approximately \$41/hour on a single KYC analyst, and that too without the speed of an automated verification system. However, by

^[22] Biometric Technologies Reshaping Identity Verification - Shufti Pro

^[23] Salary: KYC Analyst | Glassdoor

employing Shufti Pro's efficient and swift biometric ID verification service, travel businesses can increase the number of sign-ups while reducing the cost of the identity verification process.

Health Benefits

The social distancing measures amid the Coronavirus pandemic demand staying indoors and doing only the necessary travel activities. But, still, travel is unavoidable as a mammoth amount of business activities rely on it. So, it has been established that people can't shut down shop as their livelihood depends on it. On a similar note, consumers and businesses cannot afford to overlook the importance of health.

So, while travelling, ensuring the health and impeding fraud concurrently is the need of the hour. In this perplexing situation, the only solution is to employ an identity verification process that should have the least human to human and human to document contact. Hence, Shufti Pro's biometric identity verification solution has hit the nail on the head by providing contact-free authentication.

Effective Border Controls

The significance of border security has increased during the past few decades. Borders are used in a variety of crimes which have a toll on more than just finances. To name a few: terrorism, human trafficking, smuggling, drugs & weapon trade, and money

laundering are the most common crimes involving a border. The sovereignty, security, and economic prosperity of nations depend on the effectiveness of border control.

With that in mind, if the identities of people crossing the border are not verified correctly, then dire repercussions await for consumers, businesses, and in a greater scheme of things, countries.

Hence, to pay heed to this issue, Shufti Pro provides a biometric verification solution that seamlessly integrates AI-based document verification with biometric technology so that border passage should be allowed only to legitimate consumers.

Why **Biometric Technology** is Best Suited for the Travel Industry?



The Coronavirus is expected to cost the global tourism and travel industry approximately **\$1.2 trillion**.



Almost **25%** of the transactions related to the global air travel industry are made online.



The facial recognition market will experience a growth of **\$3.35 Billion** by 2024.

These statistics clearly justify the inclination of the travel industry towards **biometric technology** for ID verification.

| Concluding the journey

There should not be two thoughts about the verification of identities during any of the stages in the travel cycle and also doing it with an intelligent biometric ID verification system. It has been established that you cannot put a stop to travel and understandably so, but you can adapt to the changing circumstances by employing state-of-the-art technologies. As to quote Sunday Adelaja, “Adapt yourself to the needs of the people”. Hence, Shufti Pro efficiently incorporates this belief by providing a biometric ID authentication solution that safeguards the businesses and assists them to do the same for their customers.

| Why Shufti Pro

- **Anti-Spoofing**

Prevention and detection of replay and presentation attacks in bogus verification attempts

- **Augmented Intelligence**

Automated authentication with the duo of human intelligence (HI) & artificial intelligence (AI)

- **Liveness Detection**

Supervised authentications to determine user presence and expose fraudsters

- **Global Coverage**

Conduct trusted verifications for a global clientele across 230+ countries and territories; with 3000+ types of ID documents supported in 150+ languages

Test our services yourself for 15 days

[Get a free trial](#)

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Expanding services to 230+ countries and territories in a short period of time, Shufti Pro envisioned playing a pivotal role in creating cyberspace where every transaction is verifiable and secure. With enough experience in technologies like machine learning (ML), OCR, artificial intelligence, and Natural Language Processing (NLP), Shufti Pro strives to provide the best identity verification services to verify customers and businesses online.

Shufti Pro's cost-effective solutions help businesses to prevent fraud and illicit crimes that can ruin the integrity and brand reputation of your business. Our perfect solution suite consisting of KYC verification, AML screening, ID verification, Facial Recognition, Biometric Authentication, Video KYC, OCR, and KYB helps to improve your company's fraud prevention, Know your Customer (KYC) and Anti Money Laundering (AML) regulatory efforts by automating the workflow. With single API integration, Shufti Pro empowers you to verify customers with document checks from 3000+ ID templates and business entities from 200 million companies data.

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