

World of opportunities:

Embedded finance services boost the tourism industry

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Message from the CEO



People like to travel.

Often privately, to relax or to spend time with their loved ones.

But also professionally, to discuss projects or get to know colleagues in other divisions.

You only realize how big the tourism industry really is when you look at it on a global scale. In 2019 – before the global COVID-19 pandemic – tourism was responsible for [7% of global trade](#).

So, we are talking trillions of dollars here.

The COVID-19 pandemic didn't put an end to travel enthusiasm. Consumers are still keen to travel, but since the pandemic ended, new blockers have emerged, in the form of the increasing cost of living and rising inflation – meaning that consumers are having to prioritize their spend and cut back on non-essentials.

In the pursuit of becoming the preferred choice for consumer spending, travel companies must pivot towards nurturing unwavering customer loyalty. This transformation requires innovation, and embedded finance is proving to be a powerful ally.

Embedded finance is the integration of financial services products into websites, mobile apps, and business processes of non-financial companies. At Solaris we have witnessed first-hand how embedded finance has the power to transform brands into banks. Our APIs empower any business to seamlessly offer digital financial services to its customers at the point of need, adding value to a brand's core product, opening up access to new revenue streams, and increasing customer loyalty.

Customers choose embedded finance services from brands that they know and trust, if a consumer can trust a tourism brand with their precious time off, then they are likely to take the step to trust that brand's financial products. It is time for the tourism industry to explore the world of embedded finance opportunities.

Carsten Höltekemeyer

CEO

Solaris



Executive Summary

In August 2022, a [McKinsey study](#) estimated that the total addressable market for Banking-as-a-Service (BaaS) providers in the EEA and the UK could be worth between €90 billion and €105 billion by 2030.

As for non-financial brands with large customer bases — such as retail and e-commerce — integrating embedded financial services (retail, SME and enterprise) could create a total addressable market of between €75 billion and €85 billion by 2030.

Looking at just the worldwide online travel industry, a recent [study by Research & Markets](#) (July 2023) shows that revenue is expected to increase at a compound annual growth rate of 9.9%, meaning the market segment will have an annual revenue of €899 billion in 2030.

With [Statista](#) estimating that, 78% of total tourism sales expected to be generated online by 2027 and embedded finance already living in the digital world, tourism and value-added financial services are destined to meet.

In this white paper, with the help of an online survey we conducted in conjunction with the Handelsblatt Research Institute and YouGov Deutschland GmbH, we explore the world of opportunities that appears on the horizon when you bring together the tourism sector and embedded finance.

Read on to reveal:

- How embedded finance can boost the tourism industry.
- What German consumers really think about embedded financial services offered by hotel chains, including Hilton, Marriott and Accor, and travel platforms such as Booking.com, LastMinute and Trivago.
- Which additional financial services consumers would use from tourism companies.
- The top three embedded financial services the tourism industry should be offering.



Survey methodology

Solaris conducted an online survey of embedded finance's potential in the tourism and travel industry in conjunction with the Handelsblatt Research Institute and YouGov Deutschland GmbH.

Between 13 and 19 April 2023, we asked 2,020 consumers in Germany about their perception, use, and willingness to try embedded financial services products from select hotel chains, booking platforms or travel providers. We also asked survey participants how and when they use financial products when traveling. The results of the survey were weighted to be representative of the population aged 18 and over.

Researched brands:

Accor Hotels, AirBnB, Best Western, Booking.com, Expedia, FeWo-direkt, Hilton Hotels, HolidayCheck, Hotels.com, HRS, IHG, Kayak, LastMinute, Marriott Hotels, Motel One, Opodo, Radisson Hotels, TUI, Trivago and Tripadvisor

By examining the provided data, you will gain insights into the preferences and adoption rates of various embedded financial products. The findings presented here will shed light on consumer behavior and inform strategic decision-making for businesses operating in the tourism and travel industry.



Introduction: Navigating uncharted waters

In the years from 2020 to the end of 2022 the COVID-19 pandemic has caused unprecedented disruption across the globe, profoundly impacting various sectors of the economy. Among the hardest-hit industries was the tourism sector, which has faced unparalleled challenges and uncertainty.

As countries implemented lockdowns, imposed travel restrictions, and prioritized public health measures, the once-thriving travel industry experienced a staggering decline in demand and revenue.

Hard times not only for the tourism industry but also for billions of people who missed their annual holidays and vacation time with their loved ones. Not to mention the massive impact on the lives of [100 to 120 million people](#) whose jobs were at risk and in many cases lost due to travel bans and other disruptions caused by Covid.

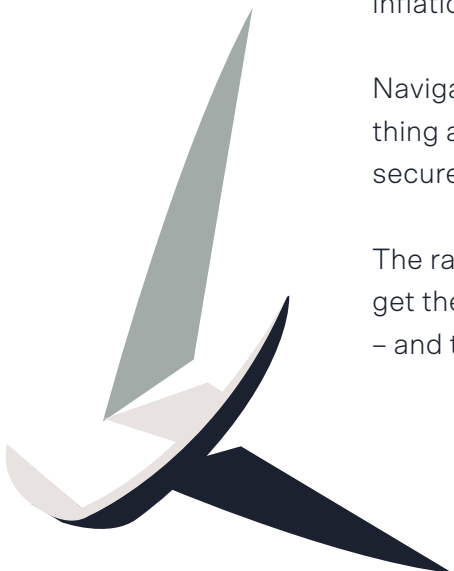
As the devastating impact of the COVID-19 pandemic began to recede in 2022, the tourism industry embarked on a marvelous path to recovery, bouncing back from the unprecedented challenges it faced.

Now, the [European Travel Commission](#) presents a positive outlook, with Europe recovering to about **95%** of **2019** international tourist arrivals levels in the first quarter of **2023**.

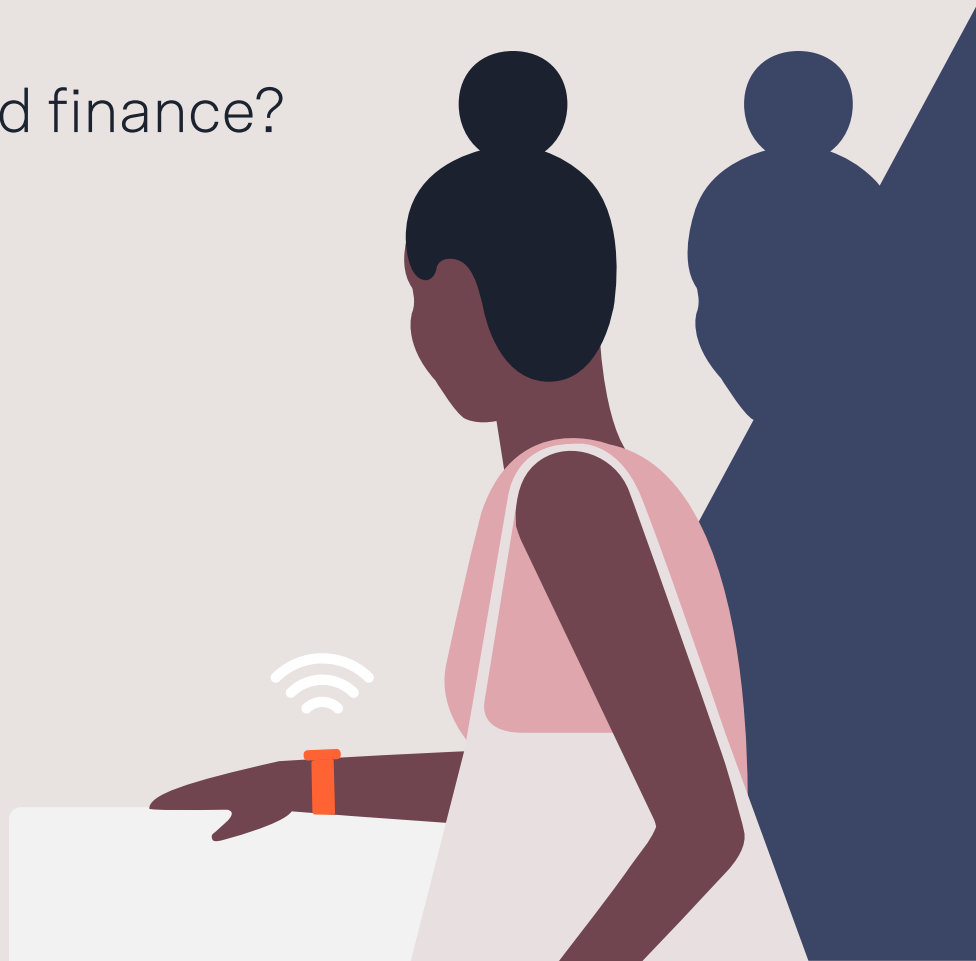
Strong travel enthusiasm has supported this recovery, although stubborn inflation and higher costs of living are weighing on consumers' wallets.

Navigating these uncharted waters requires the tourism industry to do one thing above all else: building stronger customer loyalty, which provides a secure anchor point in a rapidly changing market.

The race for the best places in the tourism segment has begun, and one way to get there quickly can be complete digitization – apart from the actual vacation – and the introduction of embedded financial services for customers.



What is embedded finance?



In recent years, embedded finance has become a hot topic in the banking, finance, and e-commerce industries, especially given the rapid pace of digitization in all these sectors. Yet the concept is not always well explained.

Here's how we define it: **Embedded finance is the integration of financial services products into websites, mobile apps, and business processes of non-financial companies.** Embedded finance makes it possible for any business to seamlessly offer digital financial services to its customers at the point of need, without directing the customer to third-party providers.

Put simply, embedded finance allows customers to conduct banking transactions without having to deal directly with a bank. From a business perspective, offering embedded financial services has a simple but compelling logic: it can add value to the core product, increase customer loyalty and open up access to new markets.

The added value of embedded financial services is based on the fundamental assumption that consumers choose embedded financial services products from a brand they know and trust. From this point of view, it is above all, the values associated with the favored brand that inspire customers' willingness to use the brand's financial products.



Use Case: Hilton Hotels

Most recently, for example, the Hilton hotel chain has become active in the field of embedded financial services. In cooperation with American Express, it offers a co-branded credit card line - the [Hilton Honors Card](#). Customers can collect bonus points and other rewards with the card and exchange them for free nights when they stay at one of the Hilton hotels.

The launch of the credit card line makes it easy to target the right customers, with [173 million Hilton members registered worldwide](#).

And when asked which hotel chain would use financial services, Hilton also comes out on top in our survey. **69%** of respondents would use a bank account or payment card from Hilton. **45%** of those are directly in favor of Hilton's credit card.

The origins of embedded finance

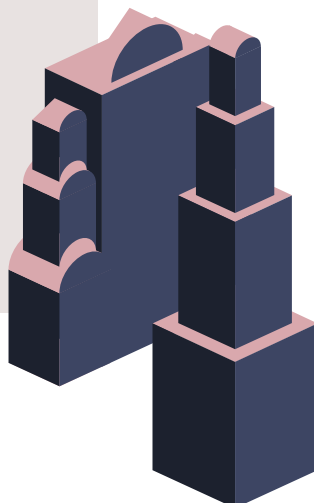
In many ways, the idea of embedded finance is not new, dating back nearly [100 years](#). One of the earliest examples came from the mobility industry: the Ford Credit Company.

Founded in Berlin, Germany, in 1926, the Ford Credit Company was advertised as the first “automobile bank” - a bank that allowed customers to finance their cars directly at the point of sale.

Every aspect of financing - from the initial consultation to the signing of the contract - was handled in a single (albeit manual) process for the customer, who could complete it without speaking to a third party or leaving the building. And that's exactly how embedded financing works today, with the important difference that the process is entirely digital.

In today's digital world and with the rise of the smartphone, it has become much easier for companies to offer financial services to their customers. After all, you no longer need to be a bank to do that.

And companies from the tourism industry have also long been leaders when it comes to integrating financial service providers on their platforms. Just think of the travel cancellation insurance when booking a flight. The only difference is that a third-party provider is involved.





Banking-as-a-Service: The key development for embedded finance

Embedded finance would not be possible without Banking-as-a-Service (BaaS) providers. These providers have created completely digital products that allow any business to offer digital financial services.

To offer comprehensive financial services, you need a banking license. Most BaaS providers have obtained a license from a national regulatory authority that allows them to offer financial services in one or more areas. They also have other capabilities, like back-office infrastructure and technology platforms.

They bundle all these capabilities into an API – an application that enables two software components to communicate with each other to share information and data – which lets any

company integrate digital banking services, payments, lending, wealth management, and brokerage into their customer experience.

BaaS providers work behind the scenes, handling the complexities of banking. This allows non-financial brands, like hotel chains or booking platforms, to focus on their main products and maintain direct contact with customers throughout the entire process.

For customers, this means a simpler and more convenient user experience. They do not have to switch between different interfaces or deal with multiple third parties. As a result, conversion rates are higher, and fewer customers abandon the process.

Traditional co-brand offering



Brand reward scheme
e.g. Lufthansa with
“Miles and More”



Financial institution
e.g. Deutsche Bank



Payment scheme
e.g. Mastercard



Card with rules set by
financial institutions

Embedded finance offering



Brand reward scheme



Solaris, an embedded
finance provider



Payment scheme



Card the brand controls
with APIs



Solaris Licenses Overview

At Solaris, we not only have a full banking license (CRR), but are also a licensed electronic money institution (EMI). This ensures that we can always offer our partners the right services for their customers' financial needs across Europe and the UK.

Full banking license

Enables Solaris' partners to offer payment services, manage customers' deposits, provide interest-bearing accounts, issue credit, debit, and prepaid cards, and offer loans as well as other lending products.

EU banking licenses enjoy what are called passporting rights. So, having a license in one EU country — Germany, for instance — allows you to offer your services in other EU countries and in the EEA.

Consumers also have the peace of mind that their deposits are protected by a deposit protection scheme (up to €100k per depositor).

E-money license

Permits Solaris to conduct financial transactions through the disbursement of electronic money. Meaning we can empower our partners to offer debit cards, account-to-account transfers, standing orders, direct debits, and some digital financial services products, such as foreign currency exchange.

How big is the embedded finance opportunity?

The embedded finance market is on the cusp of becoming fully established in the financial industry and beyond. Given that embedded financial services can be used in many industries, from e-commerce over real estate to travel and insurance in B2C and the many use cases in B2B, such as payment optimization and cross-border exchange, the growth potential in Europe is huge.

In August 2022, a [McKinsey study](#) estimated that the total addressable market for BaaS providers in the EEA and the UK could be worth between **€90 billion** and **€105 billion** by 2030.

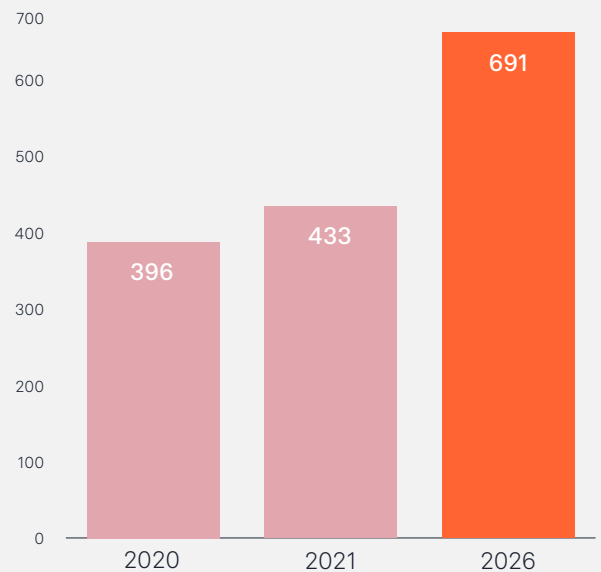
Some studies go beyond McKinsey's predictions, a recent [Roland Berger study](#), for instance, estimates that the market is worth over **€55 billion** today, and could grow to **€180 billion** by **2028**, driven by several factors, including revenue growth, increasing digitization and growth in consumer and SME lending.

In the tourism industry, the numbers are equally impressive and are likely to exceed every forecast.

A look at the market size of the online travel industry worldwide shows that it is not only recovering but already growing again. According to a recent [study by Research & Markets](#) (July 2023), revenue is expected to increase by a whopping **31.5%** from **€396 billion** in **2020** to **€521 billion** in **2023**.

Over the next few years, the online travel market will experience a steep upward trend and is

Online travel market size worldwide in 2020 & 2021 with a forecast for 2026 (in billion U.S dollars)



Source: PR Newswire; Research and Markets

expected to grow at a compound annual growth rate of **9.88%**. This means that this market segment will have an annual revenue of **€1,009 billion** in **2030**.

Embedded financial services, together with the digitization of the tourism industry, could provide even more growth. After all, according to [Statista](#), in the travel and tourism market, **78%** of total sales will be generated by online sales by **2027**.

In other words, exactly in the channel where the connection between the core offering of the tourism industry and value-added financial services takes place.



However, this positive forecast will be influenced not only by higher prices due to inflation but also by changes in customer behavior.

Customers expect even more service, a simpler user experience, transparent cost control from start to finish and, above all, safety around a booked trip and lodging.

The [2023 Mastercard Economic Institute Travel Industry Trends report](#) highlights three consumer behavior trends that will likely influence the growth of the tourism industry in Europe:

- European travelers prefer more than ever to travel within the region, exploring destinations in the cooler parts of the continent, including the UK, Scandinavia, the Netherlands, Switzerland, and Germany.
- Tourists continue to prioritize experiences and travelers are increasingly driven by a desire for cultural immersion, the appeal of lesser-known destinations, and sustainable travel experiences.
- Travelers from Europe, where the real wage growth is negative at the moment, are likely to seek the best value-for-money options.



If these factors are consistently included in growth calculations, it becomes apparent that both value-for-money awareness and consciousness of sustainable tourism will play a weighty role.

This is an ideal starting point for integrating financial services that accompany these trends while supporting and driving sales.

Rewards programs administered through a credit or debit card and short-term consumer credits such as buy-now-pay-later are strong incentives.

In addition, especially in the area of emissions reduction, a rewards program could be offered as an attractive payment card or rounding amounts in the cents range could be invested in a climate adaptation project.

Value-added services that draw in cardholders can also step away from trends and instead focus on offering services that benefit all travelers, no matter their destination. This could include providing travel and accident insurance, travel perks such as lounge access and favorable FX rates when spending abroad, or even creating a loyalty program that rewards travelers for visiting certain sites or restaurants on their adventures.

Thus, trends in the tourism industry could be meaningfully accompanied in the financial domain.

Use Case: Lufthansa, Miles & More

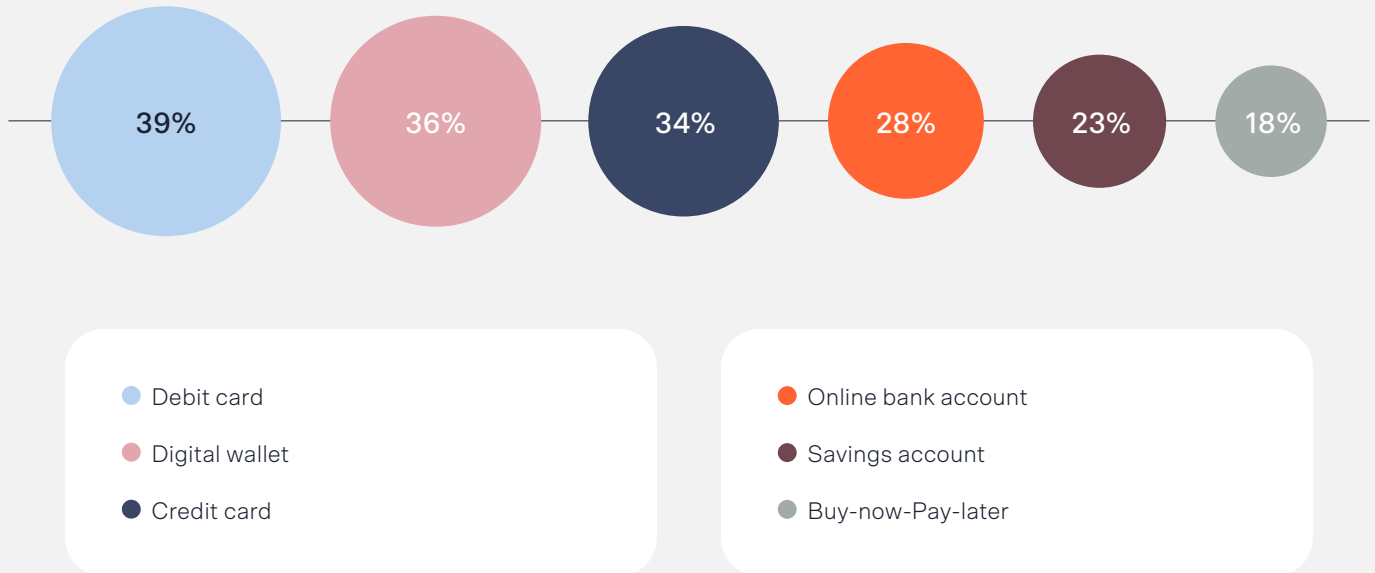
German airline Lufthansa is a prime example of how embedded financial services work in the tourism industry.

Lufthansa offers [credit cards](#) to its customers through its 'Miles & More' bonus program. Aside from collecting bonus points whenever they pay with the card, customers also get travel cancellation and travel interruption insurance, comprehensive rental car insurance, and, on the Gold plan, international travel health insurance. There are also optional extras like baggage loss and travel accident insurance.

The success of the Miles and More program: Consistency that pays off. Miles and More is the best-known provider specific bonus program in Germany. Correspondingly, **11% of all people [we polled](#) in 2022 would like to use a Lufthansa credit card**, and as many as **15% in the Millennials age group (25-34 year-olds)**.

It isn't just fintechs that can see the power that comes from twinning tourism brands and finance. The Lufthansa Group and Miles & More have just entered into a [new partnership](#) with Deutsche Bank and Mastercard – demonstrating that incumbents are becoming more and more interested in leveraging the potential of big brands.

Which embedded financial product have you already used?



Source: Solaris, Roland Berger (Appinio Research) N: 1600; April 2023

What do customers in Germany think about embedded financial services from hotel chains and travel platforms?

Let's start with a general look at what customers want when it comes to using digital financial services.

In a July 2023 [Roland Berger study](#) – in collaboration with Solaris – a survey of 1,600 people in Germany, France, Italy and Spain found that **easier access to financial services compared to traditional banks is a key reason why 41% of consumers choose embedded financial services.**

Debit cards (39%) and credit cards (34%) from brands are popular with consumers, especially when they can be combined with a digital wallet. With a usage rate of 36%, the digital wallet has become an indispensable part of many consumers daily lives and is a must-have when a payment card is issued.

When analyzing embedded financial products for the travel and tourism industry, there is an initial curious finding in Germany: cash is still the first choice for payment when traveling. Across all age groups, at least **60% of respondents said they always like to pay with cash when traveling in Germany.**

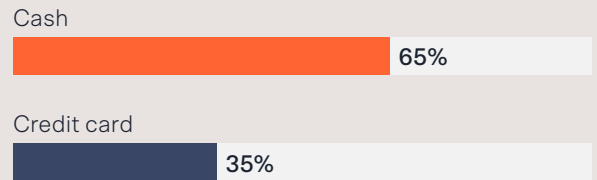
Even when traveling abroad, cash remains the most popular means of payment for Germans across all age groups. The figures are somewhat lower, but always reach over 40% in each age group.

The second most common payment method when traveling is the credit card.

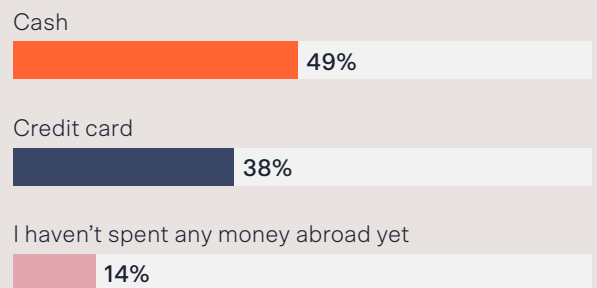
When traveling within Germany, 35% of respondents pay with their credit card. At 38%, men use credit cards more frequently than women, who use them only 32% of the time. Even across the generations, usage is always at least 34%, apart from the 45-54 age group, where credit card usage on trips drops to 29%.

It is interesting to take a look at the **use of credit cards for travel abroad.** In this case, **38% of respondents use them as their payment method of choice.** 42% of male respondents and more women (34%) whip out their credit card when traveling abroad. Across all age groups, the credit card is always used by at least 35%. The high-income group of 35- to 44-year-olds stands out with a usage rate of 39%, as well as to the 55+ age group which also has a usage rate of 39%.

What is your preferred payment method when travelling within Germany?



What is your preferred payment method when travelling abroad?



Source: Solaris, Handelsblatt, April 2023

Why Germans use cash as a means of payment when traveling can only be explained by the general preference for cash. Germans have always favored having some cash on hand.

But credit cards are catching up. It is also striking that, contrary to the overall trend toward contactless payment, credit cards are almost exclusively used physically at the point of sale (POS) - 76% in Germany with 85% abroad.

For many brands from the tourism industry, this is very good, because the interaction with the physical credit card is always a reminder of the respective brand. This creates a defining impression of the trustworthiness of a brand that offers a co-branded credit card.



The physical use of credit cards increases with age. Thus, “only” 53 % of the tech-savvy group of 18-24 year-olds use their credit cards directly. In the so-called baby boomer generation (55 years and older), 90% of users use their card directly at the POS.

We also wanted to know whether people care about their finances while on vacation. To this end, we asked whether banking apps are used on vacation to keep track of one’s spending and expenses.

36% of all respondents keep an eye on their finances while on vacation and use a banking app for this purpose. Men in particular monitor their personal spending, with 40% of men using a dedicated app for this purpose.

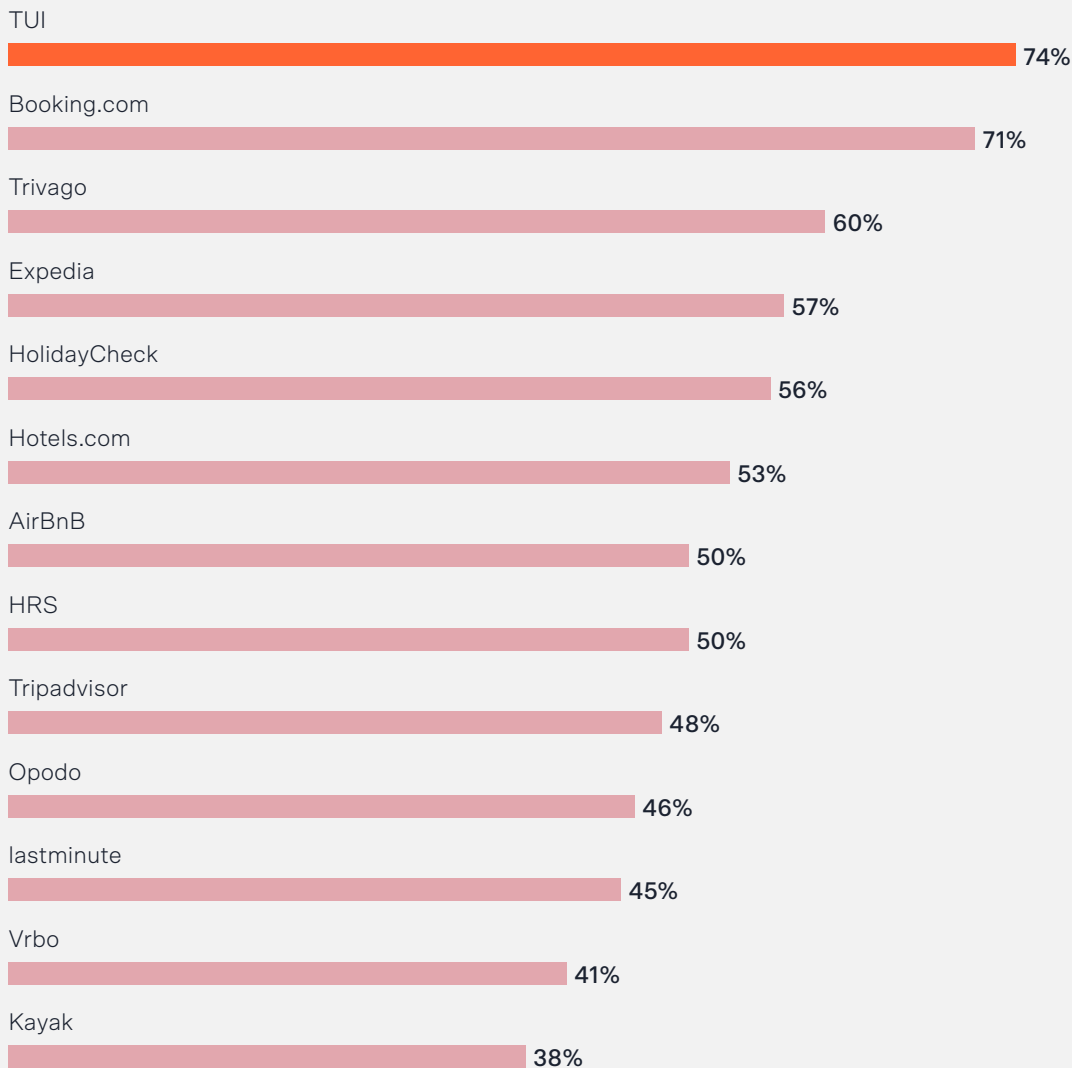
Digital insight into daily account movements is used most by digital natives (25-34-year-olds). 50% of this age group said they use a banking app while on vacation.

This is a distinct starting point that has potential in the digitization of the tourism industry, because this service can be integrated as an additional feature in the app of a booking platform or a travel provider. This creates new touch points with the consumers, even when they are abroad.

The customers’ usage behavior should be well outlined with this information.

But, what about the actual use of financial services from a tourism company? To this end, we asked whether customers would consider an online bank account, a credit card or a loan with a major travel provider or a leading hotel chain.

Which of the following travel providers would you use a checking account, credit card and/or loan from?



Source: Solaris, Handelsblatt, April 2023

One-fifth of respondents can imagine using a financial service from a major travel platform or a leading hotel chain. 14% of respondents would use an online bank account, a credit card or a loan with a major travel platform. Another 10% would like to use a leading hotel chain as a provider of financial services.

Numbers that seem small at first glance. But we are talking here about billions of customers worldwide, who can be addressed very well by the respective providers as the intended target group.

In addition, many providers have an excellent database - at least of regular customers - so that financial services can be tailored to the needs of the largest customer group or include special services for a premium segment.

Our following use case (AirBnB) illustrates why the integration of financial services can quickly generate relevant revenues for companies in the tourism industry.

Use Case: AirBnB

AirBnB is not only a global phenomenon when it comes to digitization in tourism, but also a pioneer in embedding financial services.

Because AirBnB has integrated insurance protection into every booking, called [AirCover](#). AirCover is a free insurance for one's booking that is included for all guests. In addition, users of the platform can purchase travel cancellation insurance through AirBnB, in which insurance companies participate.

So the digital infrastructure for embedded financial services is already in place.

Looking at AirBnB in terms of the use of embedded banking services, some startling numbers emerge. According to [AirBnB](#), 150 million people worldwide use the platform to book accommodations. If 14% of customers would actually use an AirBnB credit card, that means 21 million credit cards could be (potentially) issued to customers.

In our survey, 50% of respondents who approve of financial products from travel platforms would use a financial service from AirBnB. 31% of them would use an AirBnB credit card.





It is not surprising that the largest and best-selling companies on the German market receive the highest level of approval from customers when it comes to offering financial services.

Highest approval among respondents for financial services from travel providers: **TUI 74%; Booking.com 71%; Trivago 60%.**

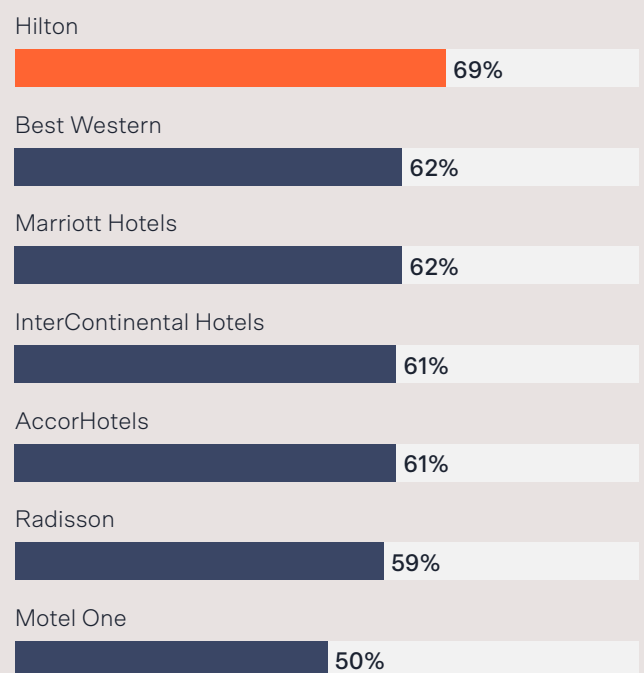
Highest approval among respondents for financial services from hotel chains: **Hilton 69%; Best Western 62%; Marriott Hotels 62%.**

These figures reflect the long-standing trust of customers in these brands, which means that financial services are also being considered by these industry giants.

Businesses operating in these markets should consider these findings to tailor their offerings and marketing strategies accordingly. Understanding the varying preferences and adoption rates of embedded financial products can help companies cater to specific market demands and seize growth opportunities.

Additionally, organizations should keep an eye on emerging trends and continuously monitor consumer behavior to stay ahead in the dynamic landscape of embedded financial products.

Which of the following leading hotel chains would you use a checking account, credit card and/or loan from?



Source: Solaris, Handelsblatt, April 2023

The benefits of digital financial services:

- Can be tailored to the needs of customers.
- Can be easily integrated into the customer journey.
- Can be extended with other financial services.
- Can form an ecosystem.
- Can complement the core offering.



What additional financial services do customers want from tourism companies?

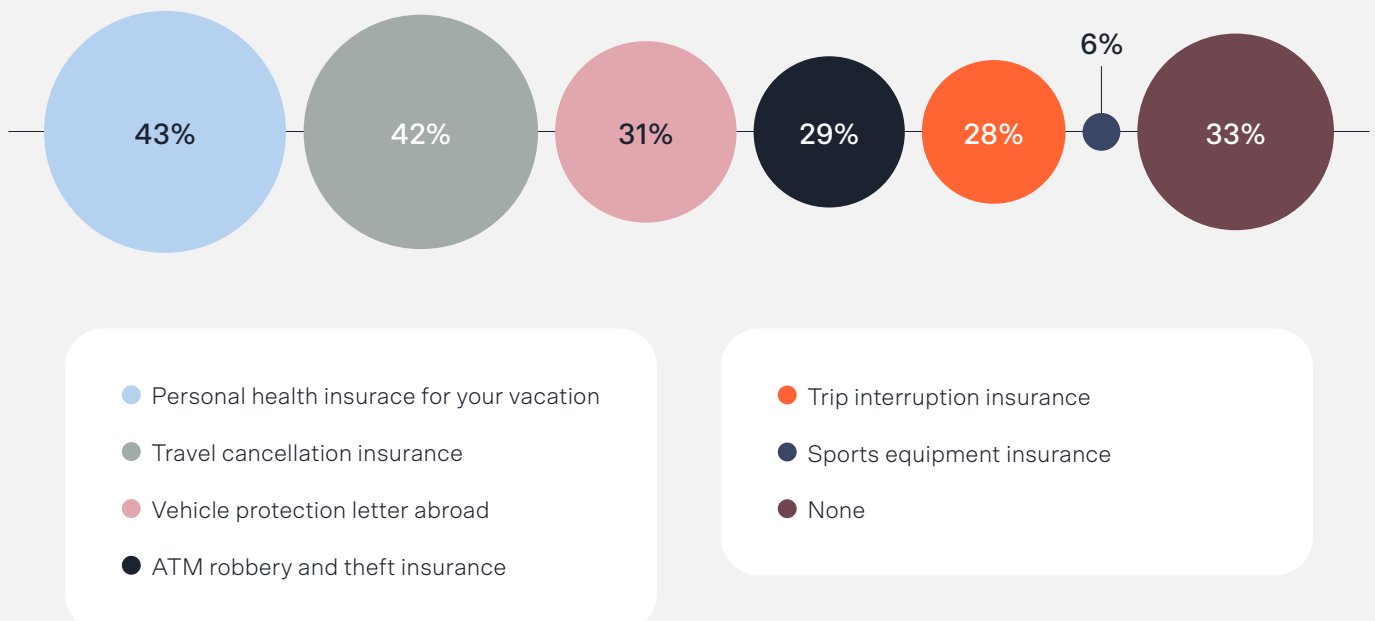
Once the first financial services have been integrated and successfully implemented via programming interfaces, so-called “APIs”, it is important to consistently adapt them further to the needs of customers.

In the cited [study by Roland Berger](#) in collaboration with Solaris, we asked the 1600 respondents in the four largest European markets which parameters would make it more likely for them to use an embedded financial service from a brand. **26% indicated that the ability to receive multiple products from one brand is a key factor for further use of such digital products.**

Regarding the financial offers of the tourism companies, the respondents in this study also indicated which useful additional services they would like to see.

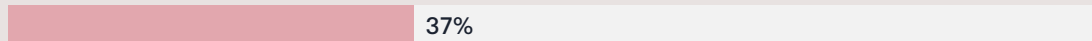
Travel must be safe and, above all, consumers want to have useful insurance offers to choose from. In this context, interest tends to lie with “classic” insurance policies. With the customers’ desire that these insurances can be taken out just for the duration of the trip, on-demand insurance is one of the most promising add-ons to financial services for a tourism company. This can only be achieved with digital offerings.

Which of the following insurance features should your financial services provider integrate into its products to make traveling more convenient for you?

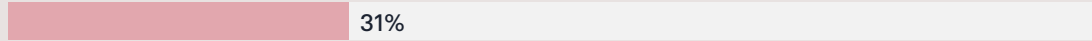


Which of the following shopping features should your financial services provider integrate into its products to make traveling more convenient for you?

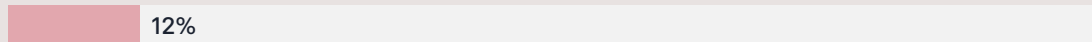
Cashback at international chains/supermarkets



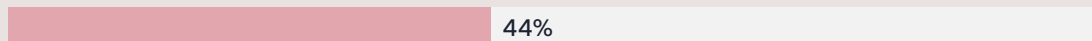
Bonus points for rewards & upgrades



Buy-now-pay-later option for all credit card expenses



None of those mentioned



Source: Solaris, Handelsblatt, April 2023

Overall, **67% of respondents would opt for on-demand insurance for their vacation** if these offers would be available.

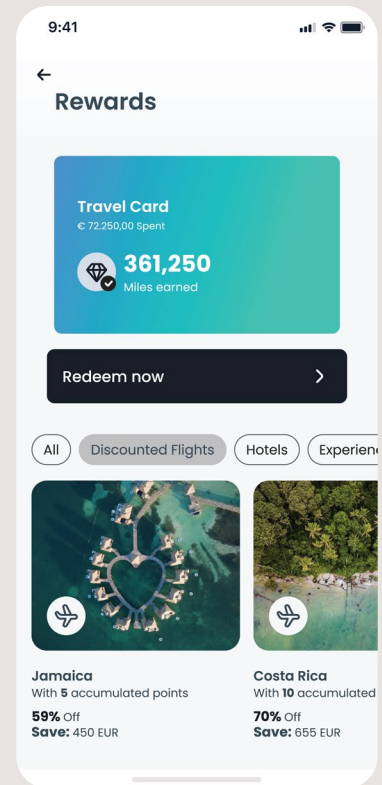
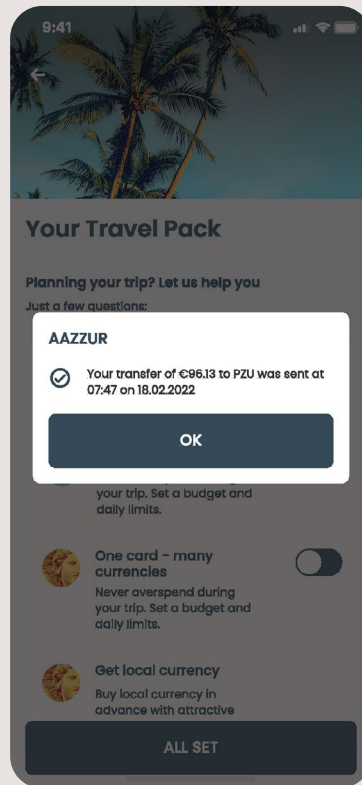
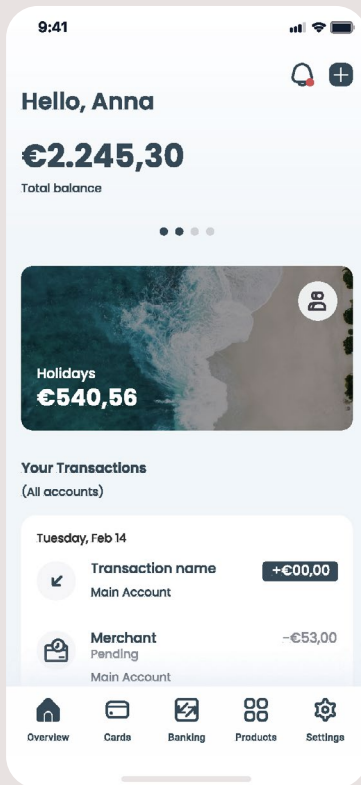
43% of respondents would take out travel health insurance for the time of their vacation, which includes re-transportation and corona measures. Travel cancellation insurance is also a frontrunner among possible insurance products, with 42%. Another 31% would take out classic motor vehicle foreign protection (breakdown assistance, replacement vehicle, etc.) if it were integrated into the financial services offered.

But new types of insurance offers such as insurance against ATM robbery and theft are also right at the top of the respondents' list with 29% – after all, Germans like to pay with cash when traveling. At 28%, it is the novel travel interruption insurance, meaning if the vacation is discontinued on-site due to a defective hotel or similar, that is of interest to German vacationers.

56% of all respondents would like to see additional features such as cashback or bonus points for rewards as well as upgrades integrated into financial services from travel platforms and hotel chains. Cashback for international retailers (ALDI, LIDL, Albert Heijn) is particularly popular, and 37% would use it.

Interest in additional services related to cars is mixed. A large proportion of respondents would not consider additional features for the use of a car. Only 31% of respondents would still regard an international fuel discount as a positive additional service.

This can certainly be seen as a reaction to current travel trends. Sustainable offers are in high demand. Many travelers are currently looking for alternatives to the car. Advocating fuel discounts, therefore, does not seem to be in the interest of German consumers.



Screens are provided by AAZZUR

The three most compelling embedded financial services for the tourism industry

For both travel providers and booking platforms, offering financial services can be an attractive tool for growing their customer relationships - inbound data from financial products enables continuous improvement. They can deepen customer relationships, simplify transactions through seamless integration of financial processing, and open up new business areas.

In addition, embedded financial services can add value to core offerings and drive innovation toward a customer-centric ecosystem.

However, this is not a one-way process that only benefits tourism businesses. It is crucial that customers also receive added value, otherwise, they would not adopt the products. This is ensured through simplified and seamless end-to-end customer support, flexible payment methods, easier credit applications and, most importantly, real-time verification that provides transparency and clarity for customers.

But which embedded financial products are best suited for travel providers and booking platforms - and most likely to be appreciated by their customers?

In this section, we will outline what we believe are the three most promising financial services.



Credit Cards

Credit cards are by far the most promising embedded finance feature for brands from the tourism industry.

Since credit cards can be used worldwide without any problems and are accepted almost everywhere, they are the ideal travel companion. They already play a decisive role when booking a trip and are required as security by most booking platforms and travel providers.

Credit cards are an important means of establishing and maintaining a lasting connection between the brand and the customer. Customers always carry the card with them and interact with the brand every time they make a payment. The credit card is thus a powerful marketing tool.

And because credit cards play an important role in the customer journey, they enable brands to accept payments from customers, lend them money, and reward them for their loyalty. They can also strengthen their core offering through features such as bonuses, loyalty points, and cashback rewards which increase the number of touchpoints and encourage the customer to stick around.

The true power of credit cards, though, lies in the fact that customers interact with the brand whenever they use them - even when they are not buying from the brand.



Payment data is a valuable source of information about customer behavior that brands can use to improve and expand their offerings.

There is also an opportunity to appeal to younger consumers — who are fond of experiences and increasingly socially conscious — by offering rewards, such as tree-planting and donations to charity, that position them as socially responsible brands.

When we asked customers about their willingness to use a credit card from a booking platform or hotel chain, the answers were quite clear.

Although only one-fifth of respondents can imagine using a financial product from a major travel provider or a leading hotel chain, they always put the credit card first.



Among the travel platforms used in Germany, 48% of those in favor of financial services from tourism companies would use credit cards from both TUI and Booking.com. Trivago, Expedia and HolidayCheck follow in a split second place, where 34% would still use a credit card. This is followed by the provider HRS with 32%.

From the group of supporters of financial services from brands in the tourism industry, similar results were achieved with regard to hotel chains.

A credit card would be used by these customers at a rate of 46% from Accor Hotels (Ibis, Sofitel, Mercure, Mövenpick, 25h, Novotel), **at 45% from Hilton Hotels and at 40% from Intercontinental Hotels** (Holiday Inn, InterContinental).

For these internationally active corporate groups with users in the high double-digit or even triple-digit millions, this is certainly an option that offers many advantages.

Bank accounts

The bank account is the cornerstone of close customer relationships in the financial world. It is both the product with the highest customer loyalty and the foundation for the development of financial services into a larger ecosystem that offers a great customer experience.

Once the customer has opened an account, the travel provider or booking platform is in a powerful position. They can process all payments, credit, and overdrafts through the account, as well as add further financial services products on top.

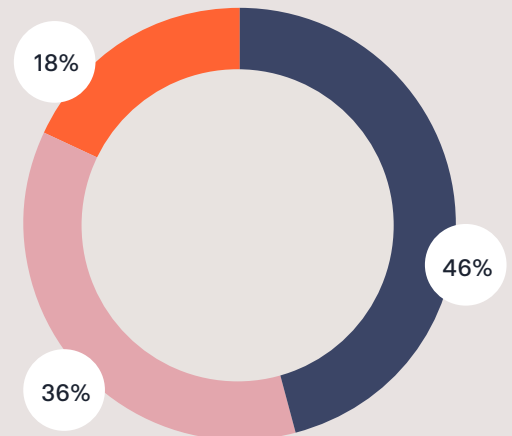
In 2021, 36% of respondents in a representative study by the German industry association [Bitkom](#) said they had already changed their main account three times. Clearly, customers are more than willing to switch if they are given a good enough reason to do so. The challenge is to retain them through relevant, targeted features and by differentiating from incumbents.

According to our research, bank accounts for users of travel platforms or hotel chains are not an outlandish plan.

Admittedly, the acceptance of digital financial services by companies in the tourism industry is still at one-fifth of our respondents. Nevertheless, bank accounts do not fare badly as an offering.

For example, **25% of those in favor of embedded financial services from these companies would use an account from TUI. 22% can imagine them at Booking.com and 21% of respondents**

Do you use your banking apps while on vacation?



- Yes
- No
- I do not use banking apps

Source: Solaris, Handelsblatt, April 2023

would give preference to Trivago. Even at the somewhat less well-known portal KAYAK, 12% of respondents are still in favor of introducing a checking account.

The picture is similar for hotel chains. **25% would use a checking account from Marriott Hotels, 21% from Hilton Hotels and 20% from Best Western.**

By the way: offering financial services, companies can transform user-only accounts into full-fledged bank accounts.

By linking user and behavioral data with payment data, you can offer your customers a range of financial services tailored to their personal needs and circumstances.

Credit products

Consumer loans are a separate area of financial services. It is good that these can only be granted by licensed banks.

For companies and equally for customers, loans, their granting and repayment must be transparent and seamless. They should enable travel without becoming a burden in everyday life.

Businesses in the tourism industry can increase their conversion rates and create new customer touchpoints by enabling their customers to pay for travel, flights and hotels by credit without leaving the customer journey.

Customers need to know quickly and easily if they can get credit. Solaris' fast application process is fully digital, paperless and mobile, enabling your customers to receive a credit decision within 10 minutes.

From TUI, 20% of those in favor of embedded financial services from brands in the tourism industry would take out a loan to finance their vacation. 17% could imagine a loan from Hotels.com and 16% from AirBnB.

Among hotels, the three strong brands **Hilton Hotels (21%), Marriott Hotels (19%) and Intercontinental Hotels (19%)** are once again in the top three spots when it comes to taking out a loan to finance a vacation.





Conclusion: Sailing with the wind

People travel. No matter what.

The tourism industry is recovering, but at the same time, it must transform itself. It must become more sustainable, more digital, but also more economical.

Especially in times when we feel the changes in our environment more than ever. Tourism brands must retain and inspire customers.

Vacations must be relaxing - for the body and the mind. That's why the industry has to find the right balance in the digital age, combine the right offers and preserve its brand essence.

Connectivity, new verticals and better services are therefore the imperative of the hour. There is hardly an industry in which the wishes of the customer are as important as in the tourism industry.

And today, this also includes simple platform solutions that can think about a trip holistically and, above all, offer it.

Financial services are essential for this. They don't just serve as an arbitrary marketing tool, no, they create trust and serve as reliable anchors.

The task now is to set sail and keep an eye on the big picture even in stormy times.

The results presented in this study are a good indicator that financial services are not only used by customers once they are installed but that there are already concrete ideas about what should be offered.

Leading the way are the big brands from the tourism industry, which enjoy the long-standing trust of their customers. They have it in their hands and could lead their entire industry into a digital travel age by integrating financial services.

Thank you.

Imprint

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