Tips For Hoteliers On How To Avoid Credit Card Fraud

In South Africa, credit card fraud is becoming far more prevalent amongst guests who make hotel bookings. Tintswalo Property Group, which owns four boutique lodges, is fully aware of this problem, and has pertinent advice for hoteliers seeking ways to prevent this type of fraud occurring, notes Tintswalo Property Group CEO, Lisa Goosen.

Amidst the modern hustle and bustle of the South African consumer space, one element has consistently proved to be one of the greatest stumbling blocks to South Africa's national growth and prosperity: credit card fraud. In fact, according to the South African Bank Risk Information Centre, over R 500 million was lost to credit card fraud in the first nine months of 2012.

As swindlers develop more sophisticated fraudulent methods, the hotel industry has also started to feel the effects of credit card fraud. In particular, crooks are now starting to take advantage of the fact that hotels are utilising the services of online booking engines.

Hotels that request either a 50% or full deposit when making a booking are at risk of exposing themselves as an easy target for fraud, as fraudsters will claim to have paid for the booking via an online booking agent, using a credit card.

As the scam processes, fraudsters produce no credit card during book in and attempt to stay for the equivalent time period calculated on the apparent deposit amount paid. The scam artists then check out from their stay sooner than the booked timeframe to escape being caught using a stolen credit card. The hotel will only be able to establish that a stolen credit card was used for the booking or that fraud has been committed after the guests have checked out.

These deceitful practices need not cripple the financial prosperity of a hotel's business, as there are measures that can be undertaken which will safeguard the establishment against this type of fraud.

If the deposit policy requests payment between 50% and 100%, fraudulent practice can be avoided by compelling guests to produce the credit card used to make the reservation upon check-in. Hotels should insist that a copy of the credit card with ccv number or authorised amount is held on the credit card, even if the guest insists that everything has already been paid for.

The process for filtering fraudsters can often be labelled as cumbersome for legitimate guests, but the hospitality sector also has a responsibility towards itself to protect its best interest through policies and procedures that ensure growth and ultimately contributes to further improvement of the sector.

Cognisance must be taken that the process for online bookings should only involve the reservation being confirmed via credit card payment. It is also critical that copies of either an ID or a passport are taken in upon check in. If there are two guests staying in a room, ideally, both copies should be taken from both guests.

Ultimately, by taking these small steps, and cross-checking that all information provided is 100% correct and correspondent across booking platforms, hoteliers can ensure that credit card fraud does not materially affect their business, and allow their establishment to function optimally and obtain long term success.

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