

# Check-out and Settlement

**Learning Objectives**

By the end of this chapter, you will understand and know the following:

- Departure process
- Mode of settlement of bills
- Potential check-out issues with solutions

This is the last and the most crucial stage of the guest cycle. It is also probably the last chance for a guest to interact face-to-face with hotel staff. During check-out, the guest vacates the room, settles their bills, and leaves the hotel. Any dispute at this stage can ruin the guest's entire stay experience. It is, therefore, of great importance that guests' financial transactions with a hotel are properly settled, which will also influence their final impression of a hotel. Every hotel strives to achieve high levels of guest satisfaction. Hence, they should ensure that the check-out process is carried out efficiently and smoothly.

**9.1 DEPARTURE PROCESS**

The departure process may differ from hotel to hotel. Please find below some of the steps to ensure a smooth check-out:

1. The check-out request is received at the front or cashier desk.
2. Confirm the guest's room number and the guest's name.
3. Check if the guest needs luggage assistance.
4. The bell desk is informed to collect the luggage from the guest room.
5. The bell desk collects the luggage and reminds the guest to check if the safe deposit box in the room is vacated and all belongings have been collected.
6. The bell desk fills out the departure errand card and makes an entry for the bags collected in the departure register.
7. The cashier sends departure notifications to all the departments to ensure all sales points or departments have charged any last-minute charges, like minibar charges, in the guest folio.
8. The cashier verifies the guest folio thoroughly and ensures all charges posted are correct, and all necessary discounts are passed.
9. The guest arrives at the cashier's desk for check-out and hands over the room key.

10. After ascertaining the guest room number and names, the cashier prints the information invoice (sample of information invoice given below) as per the billing instructions mentioned.
11. The cashier presents the information invoice to the guest for verification and signature.
12. The guest is asked for the mode of payment, i.e payment by cash, credit card, debit card, online, or bill to the company.
13. The payment is collected from the guest using the pre-determined mode of payment and recorded in the system.
14. Once the folio balance is settled in the system, the guest room is shown as checked out, and the tax invoice (sample of tax invoice given below) is shared with the guest for reference.
15. Guest satisfaction is checked, and the guest is requested to fill out the hotel questionnaire form for their valuable feedback.
16. The guest is thanked at the end of the stay and bid farewell.

**The Detailed Departure Process is Mentioned Below:**

- Checkout request: Once the front desk receives the guest's check-out request, the information is communicated to all the concerned departments and points of sale. The cashier should confirm the guest's name, room number, and departure dates at checkout.
- Luggage handling: Once the bell desk gets the front desk's departure notification, the bell boy goes to the guest room to collect the luggage. Apart from the luggage collection, the bell boy checks for any guest belongings left behind by mistake, reconfirms with the guest if the safe in the room has been emptied of all the valuable items, and collects the room keys from the guest.
- Updating guest folio: The cashier informs other departments and point of sales to post any last-minute charges in the guest account so that the same can reflect on the guest folio and the payment can be collected from the guest at the time of departure.
- Presenting information invoice: After ascertaining the guest's room number and name, the cashier checks the billing instructions, prints the information invoice, and presents it to the guest to verify the charges and sign on the same.
- Determining mode of payment: Once the guest has verified all the charges and signed the invoice, the mode of payment is determined. The mode of payment can be cash, debit card, credit card, online payment, traveler's cheques, foreign exchange, travel agent voucher, bill to company, etc.
- Receiving payment: The guest reviews the bill and makes the payment through cash, debit card, credit card, online payment, traveler's cheques, foreign exchange, travel agent voucher, bill to company, etc.
- Settlement of guest account: The front desk collects the payment and settles the guest account. The guest room is shown check-out on the system, and the guest is presented with their invoice copy for their reference.
- Seeking guest feedback: The front desk should take this as an opportunity to seek guest feedback and ask about their experience at the hotel. The guest should also be encouraged to fill out the feedback form. They should thank the guest for choosing to stay with them and look forward to their return visit to the hotel.

- Updating room status: As soon as the guest checks out, the front desk shows check-out on the system, and the room status is changed from occupied to vacant so the room can be cleaned and ready for another guest.

## 9.2 MODE OF SETTLEMENT OF BILLS

There are several acceptable modes of payment-cash, debit card, credit card, traveler's cheques, foreign exchange, travel agent vouchers, bills to company, online payment, etc. The details are as follows:

### Cash

This is the most preferred mode of payment. However, per the RBI guidelines, guests can make cash payments only up to INR 50,000/- without a PAN card and INR 2,00,000/- with a PAN card during their entire stay. The cashier should keep the following things in mind while accepting cash payments:

- Indian guests are to furnish the PAN card required for payment above INR 50,000 or fill up Form 60
- Scrutinize the guest folio and ensure charges are posted as per the billing instructions
- Present the "Information invoice" to the guest and collect the cash
- Count the money carefully and ensure you look at each note closely (discreetly) to ensure that there are no counterfeit notes
- Settle the invoice by selecting the cash settlement type

### Foreign Exchange

Tourism and the hospitality industry are significant sources of foreign exchange for a country. Foreigner guests staying in a hotel may want to exchange their home currency for Indian currency. As per the Reserve Bank of India (RBI) guidelines, hotels must get a license from RBI to deal with foreign exchanges. RBI issues two types of permits to deal with the foreign exchange-one for the purchase of the foreign currency and one for the sale of the foreign currency. Hotels are usually restricted money changers, which means hotels can only accept foreign currency from the guest in exchange for Indian currency. Foreign guests can pay their bills in foreign currency (after they have been converted into Indian rupees). Still, the balance amount will be refunded to the guest in Indian currency only.

### Foreign Currency Exchange Procedure

The hotel must obtain a valid license from RBI to exchange foreign currency for Indian rupees. The front desk cashier is an authorized representative who deals with foreign exchanges. When a guest wants to exchange their home currency for Indian currency, the following process is followed:

1. Request the guest to produce their passport and determine the credentials
2. Ask for the guest's room number and name
3. Find out the type of currency to be exchanged and determine whether it is exchangeable as per governor banking regulation
4. The cashier checks the exchange rate of the day and informs the guest
5. The cashier prepares the encashment certificate in two copies (one for the guest and the other for the hotel's records), as shown below

6. The cashier requests the guest to sign the encashment certificate
7. The cashier receives the foreign currency from the guest
8. The cashier calculates the total amount paid in local currency per the exchange rate
9. The cashier exchanges the currency and dispenses the amount to the guest
10. A copy of the original certificate and the local currency is handed over to the guest
11. The cashier attaches the second copy of the certificate with the foreign currency and fills in the details of the daily currency exchange transactions in the foreign exchange control sheet

**Key Points to Remember While Exchanging Foreign Currency into Indian Rupees:**

- The foreign currency exchange facility is extended only to the hotel's resident guests
- Passport details and a copy of the passport must be collected from the guest exchanging the currency
- A hotel cannot disburse or give out foreign currency and can only accept it in exchange for Indian Rupees
- The guest's signature must be obtained on the foreign exchange encashment certificate and should match the signature on the passport
- The front office cashier should also sign the foreign exchange certificate
- The foreign exchange certificate has to be stamped (Fig. 9.1)
- The cashier should update the exchange rates sent by an approved agency in the system
- Only foreign currency mentioned in the rate list can be exchanged

**Traveler Cheque**

A traveler's cheque is an internationally accepted form of payment issued by financial institutions (Fig. 9.2). These paper cheques are generally used by people when traveling to foreign countries. They are purchased for set amounts and can be used to buy goods

FOREIGN CURRENCY ENCASHMENT CERTIFICATE				
Guest Name: _____	Date: _____	Reg. No _____		
Passport No: _____	Nationality: _____	Room No _____		
T.Cheque No. or Currency Note No.	Amount	Type of money	Exchange Rate	
			Rs.	Ps.
State name of the bank				
In case of T.Cheque				
<p style="text-align: center;">Guest Sign: _____ Approved by: _____ Cashier: _____</p> <p style="font-size: small; text-align: center;">We further certify that we have adjusted a sum of Rs. _____ out of the above mentioned Rupee equivalent towards settlement of own bill numbers----- Totalling Rs. ----- encashed from hotel clients.</p> <p style="text-align: right; margin-top: 10px;">CASHIER</p>				

**Fig. 9.1:** Foreign encashment certificate

or services or be exchanged for cash. A traveler's cheque is for a prepaid fixed amount and operates like cash, so a purchaser can use it to buy goods or services when traveling. A customer can also exchange a traveler's cheque for cash. A traveler's cheque can readily be replaced if lost or stolen. Once widely used, traveler's cheques have been supplanted by prepaid debit cards and credit cards to a large extent.

**Key Points to Remember:**

- The purchaser of the traveler's cheque puts two signatures—one in front of the issuing authority and the second in front of the encashing authority
- While accepting a traveler's cheque from the guest as a mode of settlement of bills, the front desk cashier should ensure:
  - Ensure the 2nd signature is given to the cashier
  - Check the guest's passport details to establish identity
  - Note down the passport number on the back of the traveler's cheque

**Credit Card/Charge Card**

Credit settlements are the most favored mode of account settlement and are much more convenient for a traveler to carry a credit card than cash.

A credit card is issued by a bank in collaboration with a credit card company, e.g. MasterCard or VISA, enabling cardholders to purchase products and services on credit terms without paying cash. A credit card is a type of credit facility banks provide to cardholders to borrow funds within a pre-approved credit limit. The bank assures the hotel/seller that the cardholder has a satisfactory credit rating and that the seller receives the payment for the goods and the services delivered. Transactions during the month are totaled and presented to the card holder for a settlement monthly. Alternatively, a percentage of the outstanding amount can be paid, and the balance can be extended to the next month at a higher interest rate.

A charge card is issued by private credit card organizations, e.g. American Express and Dinners Club, that enables cardholders to purchase products and services without paying cash. A charge card works like a credit card but without offering the option of making part payment. The cardholder must pay the charged bill in full by the due date. Charge cards offer a 'no pre-set' spending limit. A 'no pre-set' limit means the charges are approved based on the card holder's spending pattern, financials, credit record, and account history. The account statement is sent to the card holder every month and must

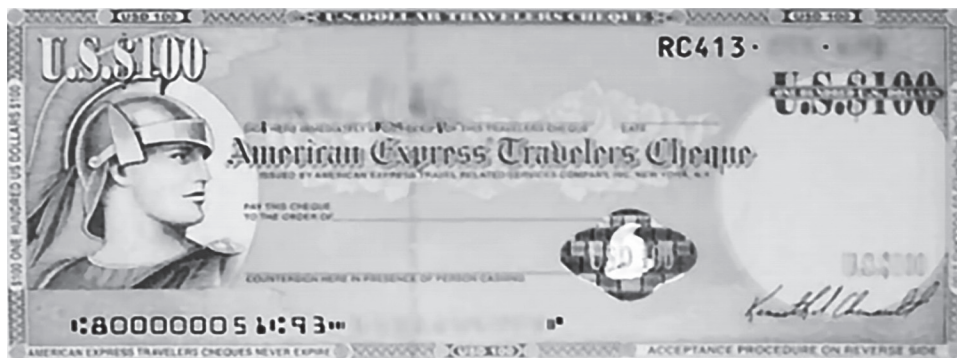


Fig. 9.2: Sample of traveler's cheque

be fully settled. Unlike a credit card, the balance in the charge card cannot be rolled over from one billing to the next.

When a guest settles their accounts with a credit or charge card, the hotel does not receive payment on the same day. Instead, at the end of each shift, the cashier will transfer all of the bills settled by the card to the accounts department for them to follow up. At the end of the week or month, the accounts department will send out statements of the total amount charged to the private credit card organization, together with copies of all the imprints. Upon receiving the statement and imprints, the credit card company will pay the amount to the hotel.

### Debit Card

Debit cards are similar to credit cards. Still, the purchase money must be in the cardholder's bank account at the time of the purchase and immediately transferred directly from that account to the merchant's account to pay for the purchase. A debit card is a payment card that allows the card holder to access their funds immediately. It enables the holder to withdraw money from an ATM or have the cost of purchases directly charged to their account. The amount is instantly credited to the seller's account. Table 9.1 shows the comparison between the three types of cards.

### Travel Agent Voucher

A travel voucher is a document issued by the travel management company to confirm a guest's reservation and/or payment of specific travel arrangements of the guest.

When a travel agent receives payment for the tour from a guest, it issues and sends a voucher to the hotel with the billing details (bill to a travel agent or direct payment by the guest) and various services (room and meal plan) to be provided to the traveler. A travel voucher acts as a billing letter, which is signed and given to the hotel. The hotel bills the travel agent based on this signed travel voucher. The travel voucher is valid as a billing letter only if the agency is on our credit list (which means the hotel has extended a credit facility to the travel agency based on the travel agency's credit worthiness).

**Table 9.1: Difference between credit card, charge card and debit card**

S.No	Features	Credit card	Charge card	Debit card
1	Issuing authority	Bank	Private organization	Bank
2	Bank account	No	No	Yes
3	Credit limit	As per the type of card	As per the type of card	Limited to the amount present in the account
4	Acceptance	Accepted at most of the merchant establishments	Accepted only at member merchant establishments	Accepted at most of the merchant establishments
5	Grace period for payment to the merchant	Twenty to fifty-five days	Normally a month	No grace period; the amount is instantly transferred to the merchant's account
6	Provision of minimum payment	Yes	No, the card holder should pay the transaction amount in full	No, the amount is debited instantaneously from the card holder's account



***Key points to note for a travel agent voucher:***

- Travel agent voucher/exchange voucher to be received in advance
- Must mention all inclusions and exclusions
- Stamped/signed by the TA
- Should have all the details of the guest's stay
  - Hotel name
  - Guest/s name
  - Stay dates
  - Number of rooms
  - Packages included

While processing the TA voucher (Fig. 9.3), the front desk cashier should keep in mind the following key points:

- Read the voucher carefully
- Refer to the approved credit list of TAs to whom the hotel has extended the credit facility.
- Check the billing instructions carefully
- Check the services covered by the voucher
- Attach the voucher with the guest folio
- Send the guest folio and the voucher to the accounts department so they can collect the payment from the travel agent
- The sample format of a travel agent is shared below

**Bill to Company Letter**

Some companies make room reservations on behalf of their employees or executives to stay in a hotel. The company has an agreement with the hotel, where the company pays the bill on behalf of the guest (either entirely or partially) once the guest has checked out. Until then, the company issues a bill to company letter to the hotel. At the end of the guest's stay, the hotel must send the bills to the company for payment purposes for the charges incurred by the guest during their stay at the hotel.

***Key points to be kept in mind by the cashier while checking a bill to company letter:***

- The billing letter should be on a company letter head
- Billing letters must be received before the guest arrives at the hotel
- Ensure that the company is on the hotel's approved credit list
- Check the services included in the billing letter and bill the company accordingly
- Prepare the guest bill and supporting vouchers and ask the guest to sign the bills
- The bills are then sent to the accounts department to collect the payment from the company

**9.3 POTENTIAL CHECK-OUT ISSUES WITH SOLUTIONS**

Guests often encounter several common problems during checkout at hotels. Here are some of the most frequently reported issues:

**Billing discrepancy:** Occasionally, the guest's financial transactions are not correctly posted in the guest folio. Guests may find incorrect, extra, or duplicate charges posted on their bills. This might be due to human or system error. This could lead to billing

**SAMPLE OF OUR HOTEL VOUCHER**



VIETNAM TRAVEL PROMOTION GROUP  
**TUAN LINH TRAVEL CO., LTD.**

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**HOTEL VOUCHER**  
(Issued date: 24<sup>th</sup> Oct 2009)

Customers' code	: 311209
Client's Representative	: CAMILLA BERNOVALL Ms.
Nationality	: SWEDISH
No of participants	: 02
Booking Service	: Hotel booking at THOUSAND STAR RESORT
Duration	: 31 <sup>st</sup> Dec 2009 -> 3 <sup>rd</sup> Jan 2010
Confirmed date	: 24 <sup>th</sup> Oct 2009


**BOOKING DETAIL**

**THOUSAND STAR RESORT**  
Add: Duong Dong, Phuquoc Island, Kiengiang, Vietnam  
Tel: 84-77 3848203 Fax: 84-77 3848556  
Room Type: GARDEN VIEW SPECIAL III (Double)  
Number of room: 01  
Check in: 31<sup>st</sup> Dec 2009  
Check out: 3<sup>rd</sup> Jan 2010

*Note: Included breakfast*

*Payment methods: Payment to the Hotels mentioned above will be settled by Tuan Linh Travel Co., Ltd.*  
*Note\*: Please show this voucher to the receptionist when you check-in the hotels.*

*Acknowledged by*

  
**TUAN LINH TRAVEL**  
OPERATING DEPARTMENT  
**Thu Hien Ms. Tour Operator (0903.485859)**

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**Tuan Linh Travel's contact:**  
Hanoi (head office) Tel: (84 - 4) 9877543 Fax: (84 - 4) 36362661 Emergency: 0904966994  
Hochiminh city  
HoiAn  
Sapa

Fig. 9.3: Sample of travel agent voucher

issues and delay check-out, leading to guest complaints and dissatisfaction. Therefore, the front desk team should carefully check reservations for billing instructions, room rates, and discounts to avoid last-minute discrepancies.



**Long waiting time:** High occupancy periods can lead to long queues at the front desk, causing inconvenience to the guests trying to check out quickly. The front desk can improve its overall efficiency, streamline the guest experience, and eliminate long lines in the lobby by offering a contactless check-out or an express check-out solution to guests.

- **Contactless check out:** Installing self-checkout stations can significantly reduce waiting times for guests. These systems enable guests to check out at their convenience and empower them to take control of their checkout process, from scanning items to making payments. This self-service option tends to be faster and eliminates the need to wait for a cashier in case of many departures.
- **Express check-out:** Express check-out facility offers guests a swift and hassle-free way to conclude their stay. If the guest has opted for express check-out, they authorize the hotel to charge the outstanding balance to their credit card. This service is convenient for guests under time pressure and a strategic advantage for hoteliers seeking to streamline operations and improve guest satisfaction. Express check-out requires guests to opt for the express check-out option. The guest authorizes the hotel staff to charge the outstanding balance to the guest's credit card after departure (credit card details would have already been shared with the hotel). There are about ten steps to implement express check-out successfully:
  - *Introduce express check-out at check-in time:* Inform the guests about the option of express check-out and include an authorization form when completing registration formalities with the guest on check-in.
  - *Collect authorization form:* The guest who has opted for the express check out fills out and signs on the authorization form, detailing the essential information and consent for charges to be made to their card without a signature at checkout.
  - *Pre-authorization:* Secure a pre-authorization approval for the expected bill amount. If declined, request an alternative payment method.
  - *Document authorization:* After receiving approval, document the permission and set up an alert saying *express checkout* (or *priority check-out*) on the guest reservation on the system, indicating that charges will be applied post-checkout.
  - *Explain the billing process:* Ensure guests understand that their final bill will be charged to their account upon departure without needing their physical signature.
  - *Finalize the bill:* Upon the guest's departure, calculate the final bill and complete the sale using the given credit card number.
  - *Adjust for additional charges:* If the final bill exceeds the pre-authorized amount by more than 10–15%, obtain approval for the extra amount.
  - Process the transaction and show the guest check-out in the system.
  - *Email invoice copy of the bill to the guest:* Email a copy of the bill charge slip within 24 hours of the check-out.
  - *Maintain records:* Keep copies of all documentation for at least 18 months for potential disputes.

**Late Charges:** Late charges are a significant problem in guest account settlement. A late charge is a transaction requiring posting to a guest folio that does not reach the front office until the guest has checked out and left the hotel. Point of sales like restaurant, telephone, and room service charges are common examples. For example, a laundry charge may arrive at the front office cashier after the guest settles the bill and possibly leaves the hotel. In such situations, it may be difficult for a hotel to collect payment

from its guests, resulting in a loss of revenue. A hotel may take the following preventive measures to minimize last-minute charges:

- Call up and check with the outlets if there are any pending charges to be posted in the guest folio.
- All sales points should post the charges in the guest folio immediately to minimize unposted charges during a busy checkout period.
- Reconfirm with them if they have incurred any last-minute charges like minibar consumption, making a telephone call from their room telephones just before reaching the desk so that the charges can be posted.

**Late check-out time:** Most hotels have a standard check-out time, usually noon, by which the guests must vacate the rooms so that the rooms can be cleaned and inspected for their next arrival. A lot of times, guests may request a late check-out or want to extend their stay. This may create a problem, especially during high occupancy periods, and result in guest dissatisfaction. A hotel may take the following preventive measures to minimize last-minute late check-outs:

- Inform guests about the standard check-out time so they can vacate the room on time.
- In case of a late check-out request, check until when the late check-out is required and inform us about late check-out charges, if applicable.
- Update the guest's check-out time in the guest reservation for better planning and smooth operations.
- Add late check-out charges to the guest bill to avoid any discrepancies later.
- In case the guest wants a late check-out without any additional charges, offer a wash and change facility or offer to keep the guest's luggage in the left luggage room.

**Inadequate staffing and training:** There may be insufficient staffing levels in the hotel, or the staff may not be sufficiently trained to handle the checkout process efficiently, leading to delays or incorrect information. The solution is to lean on guest-facing technology solutions that can automate messages to guests and enable them to operate more independently during their stay. The other way is to ensure that the team members are trained well to assist guests in every possible manner.

**Payment issues:** A smooth payment process is ideal for a successful transaction. However, issues such as payment failure or a lack of different payment options can complicate the checkout experience for a guest, preventing them from completing their purchases. The solution is to share a digital or a physical copy of the bill along with a payment link to the guest for a quick payment before guest check-out so that the guest can review the bill and highlight it in case of any discrepancy. This will save a lot of time on check-out, and guests will have a smooth check-out experience. The other solution offers various payment options like credit/debit cards, digital wallets, and online payments.

**Lack of communication:** Insufficient communication about hotel policies, such as charges for late check-out or early departures, can lead to misunderstandings and guest complaints at the time of check-out. So, it is essential that the hotel policies are explained clearly to the guest at check-in and that the guest's signature is taken on the registration form.

**Technical or technological issues:** Technical issues such as point of sale (POS) system errors, problems with self-checkout kiosks, mobile check-out apps, or other technology can significantly disrupt the checkout process. These glitches can lead to lost revenues

along with a poor guest experience. Regular maintenance and timely updates of software and hardware systems are crucial to minimize technical glitches. Additionally, having a backup plan, such as manually processing transactions during system outages, can help maintain operations and customer satisfaction during unforeseen technical difficulties.

**Feedback and complaint handling:** A guest may complain about a service or highlight a concern during check-out. Addressing any guest's concerns promptly and effectively ensures a seamless checkout experience. Having a dedicated guest relations team to immediately assist the guests in any such situation not only smoothens the checkout process but also boosts guest satisfaction, enhances the overall check-out experience, and fosters customer loyalty.

Addressing these issues proactively can significantly enhance guest satisfaction, improve the overall checkout experience, and directly impact the hotel's bottom line.