



IATA WFS

Securing the foundation : how are airline card transactions faring on payment conversion?

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Chiara Quaia, SVP Travel Industries Mastercard

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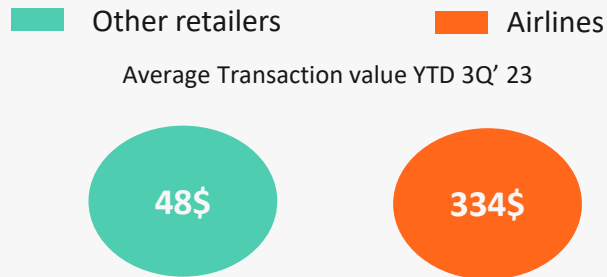
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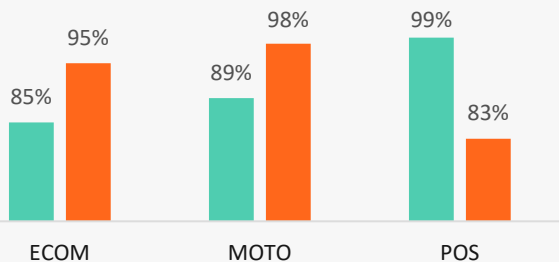
How does the Airline industry compare to other verticals?

well, you are not comparable !!!

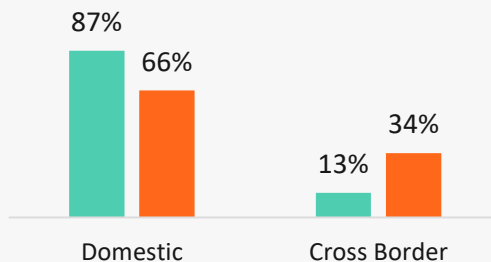
The Airline industry presents very specific characteristics due to the very nature of their business, customers profiles, global geographical reach and distribution model (Direct vs Indirect sales) that makes **impossible to benchmark from a payments perspective with other industries and verticals.**



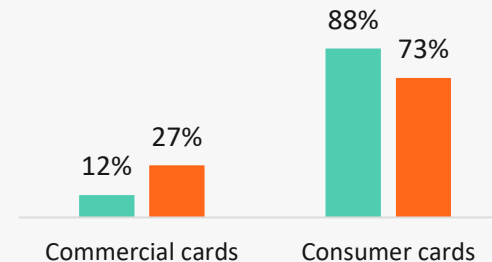
Approval rates by channel



Share of transactions



Share of transactions



2023 has been so far a great year for the airline industry...

2022 Approval Rate

94.4%

2022 Fraud Rate

0.07%

2022 Chargeback Rate

0.09%

+7.0%

Increase in approved Average Transaction Value

-0.03%

Decrease in Fraud rates

+0.7%

Increase in approval rates

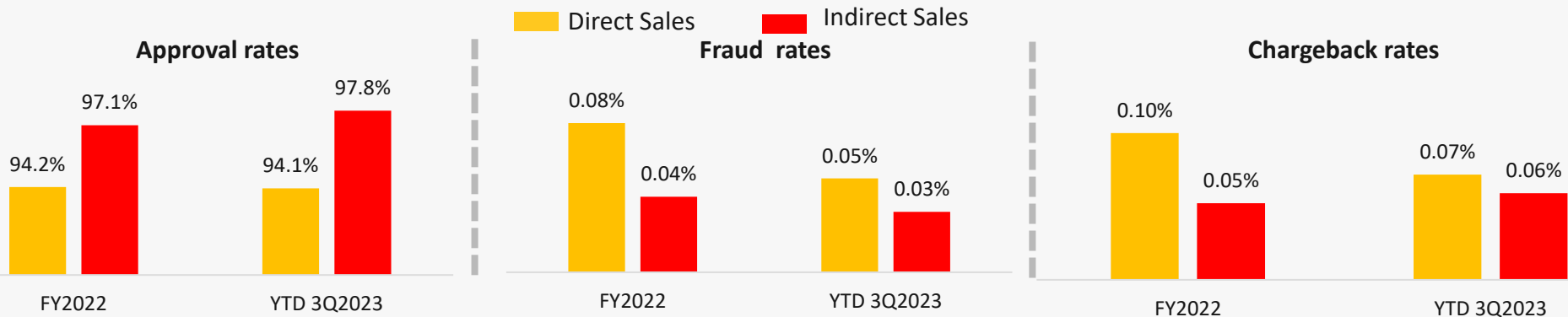
+\$1.8 Bn

Additional Sales from increased approval rates

Source: Mastercard data . Authorisation database (YTD 3Q'2023)
Scope: All Airline transactions (190 airlines)



...however, there is still room for improvement, let's check the Airlines' KPIs



Key Observations

Direct sales channel are more impacted by the growth of insufficient funds declines

Fraud levels have been reduced thanks to the wider adoption of authentication security solutions

Approval rates from the indirect sales channels continue growing due to the larger penetration of commercial and B2B cards, which show consistently higher approval rates



Recommendations

- Implement tokenisation solutions (**CoF and Click to Pay**) to reduce addressable declines and improve security
- Optimise your **Authentication strategy** to minimise soft declines and abandonment
- Implement **Luhn Algorithm** checks on your website.
- **Enhance fraud controls** for transactions in USA, Brazil and Mexico
- **Implement EMV3DS on e-Comm channels** across different geographies with strong focus in Brazil, USA and Mexico





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Chiara Quaià
Senior Vice President, Travel Industries



Digging into airline approval rates

With the volume of transactions airlines typically see, even the smallest improvements can have a big impact. Overcoming third-party complexities and common misconceptions is just the start.

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How cyber innovation is transforming travel

Cyber and intelligence technology advancements are an increasingly important part of the travel industry as AI, behavioral and biometric innovation step in to help airlines mitigate fraud.

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