



What's new in the payments landscape

October 2024

The right payment strategy can improve BOTH the cost and the revenue sides of an airline's P&L

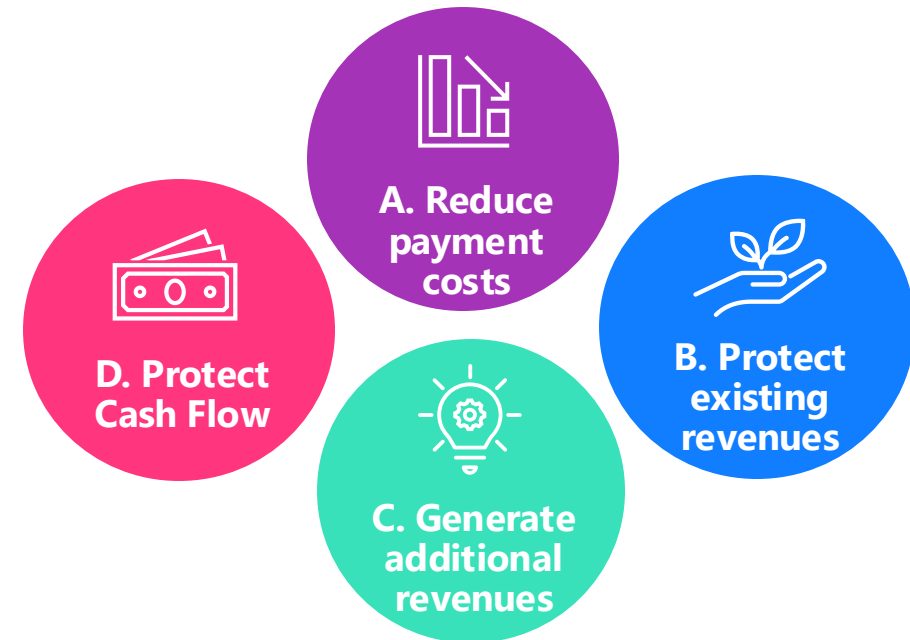
Traditional perception of Payments:

Complex and esoteric

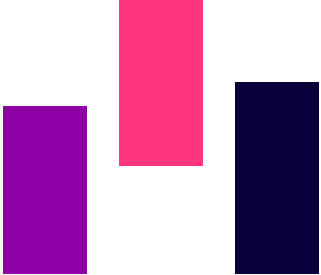


What Payments should be:

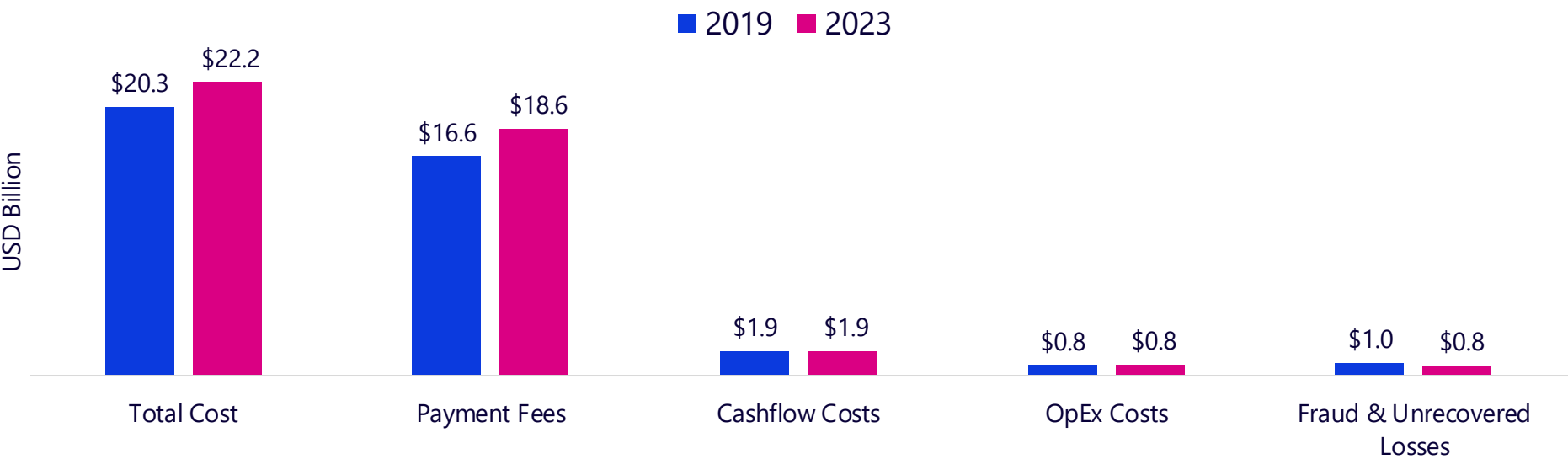
Cost and revenue optimisation



On the cost side, total payment acceptance costs for Airlines increased by 9.6% between 2019 and 2023, from \$20.3B to \$22.2B



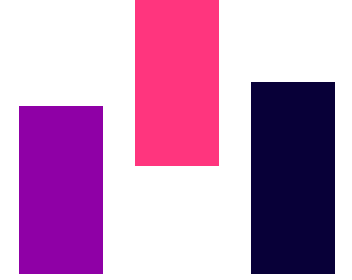
Airline Cost Drivers Globally Between 2019 - 2023



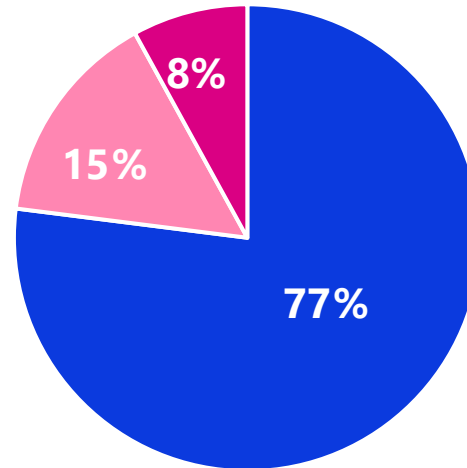
2019 Payment Acceptance Costs
2.18%
of Industry Payment Amount

2023 Payment Acceptance Costs
2.27%
of Industry Payment Value

On the revenue side, consumer research shows that friction (e.g., card declines) can impact consumer behaviour



If your debit or credit card is being declined when you try to make an online payment for travel, what do you do?



- I retry with another payment method
- I buy from another website
- I do not buy at all

Four drivers of change in payments create opportunities for airlines to reduce these payments-related costs and/or optimize revenues



Changing customer expectations

Example:

- Increasing preference for wallets (e.g., Apple Pay)



Digital innovation

Example:

- Emergence of real-time Account-to-Account bank transfers



Regulatory changes

Example:

- Interchange fee regulations that set caps / reductions



Payment provider-related changes

Example:

- Increasing choice of new providers (e.g., payment orchestration)

Key take-aways



Do you have the building blocks:
A payments strategy?
An internal payment team?
KPIs to measure success?

We would like to hear from you:
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