GOOD MORNING
አንድ ያማንዳት
IATA FOCUS AFRICA CONFERENCE
The following types of agreements are strictly prohibited:

• Any collective agreement concerning prices or charges for airline services;
• Any collective agreement allocating markets, territories, customers, suppliers or agents;
• Any collective agreement relating to prices or charges to be paid to suppliers, etc.
• Any agreement that is intended to, or in operation is likely to induce airlines or their suppliers or agents to engage in anticompetitive behavior, etc.
Anti-trust Guidelines

The exchange of information of the following types of information is for example prohibited:

• Individual airline rates, charges or surcharges;
• Individual airline costs;
• An individual airline’s intentions regarding increasing, reducing or reallocating aircraft capacity (including entering or exiting routes);
• An individual airline’s intentions regarding charging for certain products or services or changes to the existing charges for such products or services;
• Information on individual airlines customers; and
• Any other sensitive commercial or proprietary information that the company would not disclose in the absence of an express or implied agreement to exchange such information for the purpose of reducing or restricting competition in the airline industry.
Intra-African Connectivity and Economics

Head of Industry Analysis, Sustainability & Economics, IATA

Paulos Ashebir Lakew
### Economic impacts of air transportation in Africa

#### Total jobs, GDP supported by air transportation, 2018

<table>
<thead>
<tr>
<th>Jobs total</th>
<th>GDP total</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.7M</td>
<td>USD 63B</td>
</tr>
<tr>
<td>6.5M</td>
<td>USD 44B</td>
</tr>
<tr>
<td>300,000</td>
<td>USD 4B</td>
</tr>
<tr>
<td>500,000</td>
<td>USD 5.5B</td>
</tr>
<tr>
<td>440,000</td>
<td>USD 9B</td>
</tr>
<tr>
<td><strong>Tourism catalytic</strong></td>
<td></td>
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<tr>
<td><strong>Induced</strong></td>
<td></td>
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<tr>
<td><strong>Indirect</strong></td>
<td></td>
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<tr>
<td><strong>Aviation direct</strong></td>
<td></td>
</tr>
</tbody>
</table>

#### Direct jobs generated by air transport, 2018

- **Aerospace**: 4%
- **Air Traffic Management**: 3%
- **Airports**: 10%
- **Airlines**: 57%
- **Other on-airport**: 25%

Source: IATA Sustainability and Economics, ATAG 2021
Liberalization enables air traffic development

Liberalization
- Lower Fares
- Increased Frequency & Capacity
- Improved Connectivity

Economic growth
- Demand growth

Source: IATA Sustainability and Economics
Markets in Africa are behind the trips per-capita curve.

Propensity to travel, 2022
Passenger trips per capita and GDP per capita

Source: IATA Sustainability and Economics, DDS, IMF, UN data
African carriers face excessive costs

Differences in costs by source area: Africa vs. Industry, 2021

- Aircraft Fuel and Oil
- Depreciation and Amortization
- User Charges
- Flight Equipment Maintenance and Overhaul
- Flight Equipment Insurance
- Other Expenses
- Passenger Services
- Ticketing, Sales and Promotion
- Station Expenses
- Flight Equipment Rentals
- General and Administrative
- Other Operating Expenses
- Flight Crew Salaries and Expenses

Percentage point difference in shares of total regional costs

The 0% line indicates the industry average.

Higher than industry average.

Lower than industry average.

Source: IATA Sustainability and Economics, IATA Statistics
Air travel costs can impede (or boost) growth in demand.

Average air fare by region, % difference from industry average, 2022

- Africa: +30%
- Middle East: +45%
- Latin America & Car.: -7%
- Asia Pacific: -23%
- Europe: -5%
- North America: +24%

The 0% line indicates the industry average.

Average air fare by market area, 2015-2022
Indexed, 2015 level = 100

- Africa Dom: 112
- Africa Int'l: 96
- Africa Within Int'l: 93
- Global-Tot: 79

The 0% line indicates the industry average.
Within Africa passenger yields are particularly high.
Air travel affordability remains a challenge in Africa

Air travel affordability
Average air fare as a share of per-capita GDP by region, 2022

- Africa: 13.0% (with potential decline in avg. fare)
- Middle East: 2.3%
- Latin America & Car.: 2.3%
- Asia Pacific: 2.0%
- Europe: 0.6%
- North America: 0.5%
Africa will be leading the growth in the working-age population
Key income thresholds expected to be achieved for markets in Africa

Forecast change in share of middle-income households (2019-2041)

Source: IATA/Tourism Economics Air Passenger Forecasts as of June 2023
Broad-based aviation development is critical for Africa

Africa Origin-Destination (O&D) Passenger Market Shares, 2022

Shares of Outbound O&D Passengers (91M), 2022
- Domestic, 39%
- International, 61%
- Within Africa, 14%
- Africa to Other Regions, 48%

Share of O&D Passengers, 2022
Africa to Other Regions
- Europe, 30%
- Middle East, 12%
- APAC, 2%
- NAM, 3%
- LATAM, 0.2%

Source: IATA Sustainability and Economics, DDS data
European and ME airlines dominate capacity on routes connecting Africa to other regions

Scheduled International Seats

**Africa intra-regional route seats, by airline region**

- **2019**: 7.0% Africa, 0.0% Europe, 88.3% Middle East, 3.0% Other
- **2020**: 7.0% Africa, 89.1% Europe, 0.0% Middle East, 2.3% Other
- **2021**: 8.5% Africa, 89.5% Europe, 2.0% Middle East, 0.0% Other
- **2022**: 8.6% Africa, 89.2% Europe, 2.2% Middle East, 0.0% Other

**Africa inter-regional route seats, by airline region**

- **2019**: 2.3% Africa, 40.8% Europe, 0.0% Middle East, 1.9% Other
- **2020**: 20.7% Africa, 33.5% Europe, 1.9% Middle East, 36.2% Other
- **2021**: 22.3% Africa, 34.8% Europe, 1.7% Middle East, 21.6% Other
- **2022**: 41.9% Africa, 39.2% Europe, 21.9% Middle East, 36.9% Other
Geography matters for aviation development strategy.
Competition from major hubs in Gulf remains a threat.

**Origin-Destination (O&D) and Connecting Passenger Shares**

**Africa, % share of O&D & Connecting Passengers**
- O&D Pax: 87%, 88%, 87%, 13%
- Connecting Pax: 13%, 12%, 13%, 13%

**Middle East, % share of O&D & Connecting Passengers**
- O&D Pax: 63%, 37%, 61%, 36%
- Connecting Pax: 37%, 64%, 39%, 36%

*Source: IATA Sustainability and Economics, DDS data*
Global recovery remains on track despite headwinds. Industry-wide RPKs are currently within 10% of 2019 levels.
Performance varied across int’l markets for Africa
Positive trend in all main markets, momentum gathering in Asia

International RPKs, % change versus 2019
Monitored route areas from Africa and major international markets

CTKs: Cargo Tonne-Kilometers; RPKs: Revenue Passenger-Kilometers
Africa’s recovery momentum persisted in Q1 2023. Asia Pacific passenger traffic surged, mixed outcome for cargo.
In Q1 2023, more countries in Africa saw full recovery. Southern Africa continues to struggle with traffic and capacity.
Global international air connectivity in Mar 2023 at 79% of pre-crisis levels

IATA Global Air Connectivity Index (2019 level = 100)

- Domestic
- International
International air connectivity recovery by Mar 2023 varies significantly across regions

IATA International Air Connectivity Index by region for all international routes, monthly Jan 2020-March 2023

Index 2019 level=100

- Africa
- Asia Pacific
- Middle East
- North America
- Europe
- Latin America & Caribbean

Indexed to 2019 level of 100.
Within Africa international air connectivity in Mar 2023 is 91% of pre-crisis levels

IATA Air Connectivity Index for Africa by component, monthly Jan 2020-Mar 2023

Index 2019 level=100

International (other)
Domestic
International (within)
Extent of recovery to Mar 2019 connectivity for Africa by Mar 2023

Africa connectivity recovery by route area in Mar 2023 as % of Mar 2019 level
Horizontal scale shows proportion of Mar 2019 connectivity contributed by each route area

Source: IATA Sustainability and Economics, Connectivity Index, OAG
Within Africa connectivity performance pre-pandemic

Intra-Africa route network, 2019

Carriers on intra-Africa routes, flights and seats, 2019

- 1 Carrier
- 2 Carriers
- 3 Carriers
- 4 Carriers
- 5+ Carriers

Routes shown are intra-Africa airport pairs (excluding domestic) operated at least once weekly on an annual basis.

Source: IATA Sustainability and Economics using OAG data (right) and InterVISTAS analysis using IATA SRS Analyzer data (left)
Today, only 7 countries have nonstop flights to more than one-third of the other countries in Africa

Source: IATA Sustainability and Economics, OAG Schedules Analyzer
Notes: Destination country is counted if weekly flight minimum level of service is met (approximately 52+ flights/year).
Africa routes in Mar 2023 at 97% of pre-crisis levels

Airport pairs for Africa, monthly Jan 2020-Mar 2023

Index 2019 level=100

Domestic
International
Africa frequency in Mar 2023 at 91% of pre-crisis levels

Flights for Africa, monthly Jan 2020-Mar 2023

Index 2019 level=100
Access to intra-African market
- Intra-Africa connectivity

Who is impacted?
- Carriers registered in Africa
- Travelers in Africa
- Businesses in Africa

First order factors
- Economy
- Demographics
- Geography

Factors that can be influenced
- High costs and fare structure
- Networks, frequency and capacity
- Competitive environment
- Infrastructure
- Regulation and policy

Source: IATA Sustainability and Economics
Efficiency gains will make travel more affordable

Evolution of real airline yield and unit cost, 1970-2023f

- Airline Deregulation Act (USA)
- EU Airline Deregulation
- 1973 Oil Crisis
- Global Financial Crisis
- Covid-19

Source: IATA Sustainability and Economics, ICAO, DDS data
Panel: **IATA Support for SAATM**

Moderator: Somas Appavou

#IATAFocusAfrica
INTENSIVE
Aviation is ...

INTENSIVE
Aviation is

- Capital
- Labor
- Technology
- Regulation

INTENSIVE
Aviation is...

- Highly dependent on Jet A1 (no prediction)
- Highly dependent on Climate (Meteorology ... less and less predictive)
- Highly Unionized
- Highly time SENSITIVE ...Sales PERISHEABLE Services
- Razor-thin margins
- GROWTH & Sustainability => require more Connectivity & Competition
LIBERALISATION OF THE AFRICAN SKIES

Single African Air Transport Market is a flagship project of the AU Agenda 2063

Yamoussoukro Decision (YD)
- JAN 2015 – AU adoption of declaration establishing SAATM & Solemn Commitment
- JAN 2018 – Launch of SAATM
  - Objectives:
    - Harmonize Air Transport policies in order to eliminate nonphysical barriers
    - Create an environment for the provision of safe, reliable and affordable air transport services necessary for the free movement of people, goods and services in Africa.

Regulatory Framework
- Transport Ministers adopted the regulatory text of the YD in 2014 including:
  - The Powers and Functions of the Executing Agency
  - Competition Rules
  - Consumer Protection Regulations
- Monitoring Body
  - AUC
  - UNECA
  - AFCAC
  - AFRAA

- Executing Agencies for YD are RECs and AFCAC

As today 36 African States have subscribed to the Solemn Commitment to unconditionally implement the YD and SAATM and 23 States have signed the Memorandum of Implementation (MoI) for its operationalization accounting for over 85% of intra African air traffic and over 800 million of African population.
Panelists

Adefunke Adeyemi
Secretary General, AFCAC

Aaron Munetsi
Chief Executive Officer, AASA

Gaoussou Konate
Consulting Director Technical and Operations, AFRAA

Edmund Makona
Acting Chief Executive Officer, Air Zimbabwe

Moderated by Somas Appavou

#IATAFocusAfrica
In Africa, Air Transport supports...

7.7 million jobs and $63 billion GDP...

Full SAATM deployment impact (BASAs)
+ 0.6m jobs and +$4 billion GDP...

Source: ATAG
IMPLEMENTATION OF SAATM

As of today:

• AFRICA is 55 countries ...
• 44 have ratified an intention to promulgate the Abuja Treaty (domestication of YD)
  • 36 have agreed to a Solemn Commitment of SAATM
    ➢ 23 have signed for a Memorandum of Implementation

None has fully deployed SAATM, … WHY?
What leads to Open Sky? (deregulation)
What support the case for Open Skies?
What support the case for Open Skies?

- High traffic volume & Saturated Hubs (Gateways)
- Demand for secondary city pairs (direct flights)
- Monopolies, Limited Competition & High Fares
- Cross Elasticity price/time
- Discretionary (propensity to) spend on Air Travel
- Privatization of airlines
- Poor services on thinner routes
- Common standards (norms) / similar legal framework (safety-security-finance)

Political decision to enhance cooperation & stimulate growth through Policies
Liberalization

YD – Abuja Treaty

Are these articles inviting protectionism?
Why is there a fierce protectionism?

- Africa is a continent with **a variation of aviation sector landscapes**. Many states have an aviation sector which are in a **development** phase compared to others which are already in a **growth** phase. However, Development precede Growth

- For countries in the Development phase, reluctance to open their market
- For countries in the Growth phase, looking to grow their market share but do not want to share their Home market

**Growth** refers to an increase in size evident through physical change.

**Development** refers to a process of gradual transformation and improvement in the level of functioning of a system based on the acquisition of quality abilities.

How to reconcile their respective interests?
What are the showstoppers of development & growth?
Challenges... lower fares...higher volume...it needs lower costs

- **Fuel cost**
  - Price of commodity + logistic + Taxes

- **Charges, Fees & Taxes**
  - Different service levels/standards which remains fragmented (not harmonized) at high cost

- **Maintenance cost**
  - Capabilities – Scale - Limited MRO services → *Outsourced to third parties – not in Africa*

- **Risk** associated cost (country risk + credit worth + safety & security level):
  - Insurance
  - Cost of Capital
  - Finance
    - Cost in USD (FX challenges)
    - Blocked Funds

- **Limited Economy of Scale**
IATA’s plan to address the delayed development & growth limitations:

**Safety/ Security:**
- Increase Airline IOSA & ISSA registration/certification
- Assistance to states on critical operational Safety & Infrastructure
- Specific engagement with Civil Aviation Authorities on accidents and incidents reporting
- Promote Data driven approach to safety and encourage sharing of safety data
- Support states to exceed the 60% ICAO Effective Implementation of SARPs

**Facilitations:**
- Identify capacity enhancements for infrastructure
- Structuring win-win partnerships (ex 3P) with industry inputs and consultation
- Improve passenger experience for seamless travel (connectivity)

**Economics & Sustainability:**
- Cost/benefit analysis for countries to appraise the benefits of Aviation Sector
- Demonstrate to countries how excessive TFCs are penalizing Aviation growth
- Encourage collaborations between operators for better economy of scale
- Prepare operators though trainings & briefings for Fly Net Zero by 2050
- Set conducive platform for SAF production in Africa (Producers - Suppliers - Consumers)

**Resources & Training:**
- Upskilling resources to meet State ambition for Aviation through Internationally approved certificates
- Facilitate bilateral agreements between authorities for mutual training recognition (ex: Engineers, Pilots)
- Developing IATA Training centers in Africa
African cities with more than 5 million people by 2040

Country-level GDP growth trends:
- Consistent growers
- Recent slowdowns
- Recent accelerators
- Slow growers
- Insufficient data

Standard form of gravity model

\[ T_{ij} = \sum_{k} \frac{A_{ik} A_{kj} F_{ij}}{C_{ij}} \]

Where:
- \( T_{ij} \) = trips produced at I and attracted at j
- \( P_i \) = total trip production at I
- \( A_{ij} \) = total trip attraction at j
- \( F_{ij} \) = a calibration term for interchange ij (friction factor) or travel time factor (if \( F_{ij} = C t_{ij}^{-\beta} \))
- \( C \) = calibration factor for the friction factor
- \( K_{ij} \) = a socioeconomic adjustment factor for interchange ij
- \( i \) = origin zone
- \( n \) = number of zones

Note: Dublin, Malta, San Marino, and Malta are omitted due to incomplete GDP data. South Sudan is included as a separate entity due to its GDP data. Morten and Somalia are included due to their GDP data.

Sources: Oxford Economics, UN World Urban Populations, MGI Pivots of Progress geospatial data set.
Cities with fastest growing GDP are generally located in countries that are consistent growers or recent accelerators.

Real GDP CAGR over 2010–19 for Africa's largest cities and their countries, %

<table>
<thead>
<tr>
<th>City</th>
<th>Country</th>
<th>Consistent growers</th>
<th>Recent slowdowns</th>
<th>Recent accelerators</th>
<th>Slow growers</th>
<th>Insufficient data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addis Ababa, Ethiopia</td>
<td></td>
<td>9.5</td>
<td></td>
<td></td>
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<tr>
<td>Kumasi, Ghana</td>
<td></td>
<td>9.1</td>
<td></td>
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<tr>
<td>Abidjan, Côte d'Ivoire</td>
<td></td>
<td>7.9</td>
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<tr>
<td>Accra, Ghana</td>
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<td>7.8</td>
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<tr>
<td>Ouagadougou, Burkina Faso</td>
<td></td>
<td>6.7</td>
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<tr>
<td>Khartoum, Sudan</td>
<td></td>
<td>3.1</td>
<td></td>
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<tr>
<td>Dar es Salaam, Tanzania</td>
<td></td>
<td>7.3</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Kinshasa, Democratic Republic of the Congo</td>
<td></td>
<td>7.2</td>
<td></td>
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<tr>
<td>Lubumbashi, Democratic Republic of the Congo</td>
<td></td>
<td>6.8</td>
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<tr>
<td>Lubumbashi, Democratic Republic of the Congo</td>
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<td>6.4</td>
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<tr>
<td>Lusaka, Zambia</td>
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<td>6.0</td>
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<tr>
<td>Mogadishu, Somalia</td>
<td></td>
<td>5.7</td>
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<tr>
<td>Abuja, Nigeria</td>
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<td>5.7</td>
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<tr>
<td>Bamako, Mali</td>
<td></td>
<td>5.3</td>
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<tr>
<td>Kampala, Uganda</td>
<td></td>
<td>6.9</td>
<td></td>
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</tr>
</tbody>
</table>

1Lubumbashi, Mbi-Mbi, and Mogadishu are not included in the other cities analyses as they are not included in the Oxford Economics data set.
2Governer Johannesburg includes the city of Johannesburg, Pretoria, and the West Rand.
Coffee Break
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Decarbonising Aviation: SAF

Alexander Küper
Vice President Europe, Middle East & Africa
Neste Renewable Aviation
IATA Focus Africa Conference, June 2023
THE INDUSTRY CONTEXT

**ACTIONS NOT WORDS**

In 2021, IATA aligned with the Paris Climate Agreement to set a global air transport industry target:

- **65%** net zero carbon emissions by 2050

Nestled within this initiative is the pursuit of sustainable aviation fuel (SAF) to achieve this ambitious goal.

**THE CONSUMER CONTEXT**

**CLIMATE RESPONSIBILITY**

- **2-3%** aviation accounts for 2-3% of global CO2 emissions

- **2X** global air travel is expected to double in the next 15 years
Aviation relies on sustainable aviation fuel, and other pathways, to achieve its 2050 targets.

"Together we can put the global aviation sector on the path to net-zero emissions by 2050 by accelerating the supply and use of SAF technologies to reach 10% of global jet aviation fuel supply by 2030."

Source: ATAG Waypoint 2050
Realization of full potential will require scale-up of new technologies (3-stage roadmap)

1. Up to 10% of global jet fuel use
   - HEFA\(^1\)
     - Waste and residue oils and fats as raw materials
   - Neste SAF scale up
     - Current: 100 kton/a in Porvoo
     - 2023: 1 Mton/a in Singapore (under construction)
     - 2023: 450 kton/a in Rotterdam (feasibility study on-going)
     - SAF capacity included in future renewable refineries

2. Potential exceeds global jet fuel use
   - Technologies near commercialization
     - Gasification/Fischer-Tropsch, Alcohol to Jet - municipal solid waste, lignocellulosic, etc.

3. Technical potential “unlimited”
   - Power-to-liquids (CO\(_2\) capture)

Source: Neste estimates

\(^1\) HEFA = Hydroprocessed Esters and Fatty Acids
Driven by our purpose
Neste is a global leader in circular & renewable solutions

We are

#1 Producer of Sustainable Aviation Fuel & Renewable Diesel with production capacity increasing from 3.2mt to 5.5mt in 2023

In 2021, our customers reduced

10.9 Mt greenhouse gas emissions with our renewable products

Our innovation & engineering teams, makes out

25% of Neste’s total workforce
Neste’s SAF is available globally, both through Neste’s own network of airports and through distributors.
It is a joint mission
Flutterwave: Gateway of Choice to Africa

Business Development Manager, Flutterwave

Yewande Apelehin
Flutterwave:
Gateway of Choice to Africa
June 2023
Outline

1. The Flutterwave Story
2. The Flutterwave Solutions
3. Questions?
4. Thank you!
Our Story
90%

Percentage of cash-based transactions in Africa.
Simplifying Payments…

by dozens of banks, currencies and mobile wallets.

Video Link: http://www.youtube.com/watch?v=-6qQijA5zy4
Our Solutions (B2B)
400 Million transactions processed since 2016.
Payment Gateway

- Using one API to enable & simplify cross-border transactions,
- Largest coverage across Africa (30+ Countries),
- 15+ Payment Methods & 30+ Currencies,
- Supports expansion drives of large enterprises like Uber,
- Trusted by prominent companies like Microsoft, Fly AirPeace, Booking.com, Bamboo, Audiomack and over a million others,
- ISO certified (ISO 27001 & 22301 certification),
- PA DSS & PCI DSS (Level 1) Compliant.
Flutterwave for Business

- Offers an end-to-end solution for businesses of all sizes—small, medium, and enterprises to scale and succeed.
- Make single and Bulk money transfers right from your dashboard,
- Integrate functional payment into prominent eCommerce sites,
- Create and manage your virtual or physical cards no matter,
- Web or Mobile, handy for collecting payment globally,
- Payment links allows businesses & NGOs to collect money or raise donation for a cause.
Flutterwave Store & Market

- Flutterwave Store started during the pandemic to help small businesses easily access eCommerce services,
- Currently serves over 40,000 small businesses, mostly from Africa
- Flutterwave Market aggregates all the Flutterwave Stores to give small businesses a global audience without extra cost.
Fintech as a Service

- **Build**: Our solution that provide startups with everything they need to build financial services into their product,
- **Cards**: Instantly issue and process branded virtual and physical consumer and business debit cards,
- **Payments**: Execute custom Automated Clearing House (ACH), bill pay and real-time transfers through a single endpoint,
- **KYC**: Facilitate customers’ identity verification in one call,
- Trusted by prominent Fintechs like Piggyvest, Mono and Paga.
Our Solution (B2C)
Send by Flutterwave

- Our cross-border money transfers solutions built for Africans in Diaspora,
- Transfer money securely and effortlessly from the UK, US, and Europe to Africa and beyond,
- Start your transaction on the web and conveniently complete it on mobile.
- Receive money instantly into your bank account, mobile money from the UK, US, and 30+ countries.
- Senior citizens can conveniently collect their money at selected cash pickup stations.
Questions?
Thank You!
Panel: The Journey Towards Modern Airlines Retailing, Live!

Moderator: Yanik Hoyles

#IATAFocusAfrica
Panelists

Hailemelekot Mamo  
VP ET Holiday & Digital/GCIC Sales, Ethiopian Airlines

Umesh Chhiber  
Senior VP Revenue, Retail & Cargo, Oman Air

Julius Thairu  
Chief Commercial & Customer Officer, Kenya Airways

Moderated by Yanik Hoyles

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AEGEAN AIRLINES
Aeroflot
Air Baltic Corporation AS
Air Dolomiti
Air France
APG Airlines
Austrian Airlines
Binter Canarias
British Airways
Brussels Airlines
Condor Flugdienst GmbH
EW Discover GmbH
Finnair
Hahn Air Lines

IBERIA
KLM Royal Dutch Airlines
Lufthansa
Olympic Air
Pegasus Airlines
Polskie Linie Lotnicze LOT SA
S7 Airlines
SAS Scandinavian Airlines
SunExpress
Swiss International Air Lines
Turkish Airlines
Virgin Atlantic Airways
Vueling Airlines S.A.

CAHAY PACIFIC AIRWAYS
China Airlines
China Eastern Airlines Corporation Ltd
China Southern Airlines
EVA Airways Corporation
Hainan Airlines Holding Co., Ltd.
Shandong Airlines Co., Ltd.
Shenzhen Airlines
Sichuan Airlines
Xiamen Airlines

ALL NIPPON AIRWAYS CO., LTD (ANA)
Bangkok Airways Public Co., Ltd
Japan Airlines
Jeju Air
Pakistan International Airlines
Qantas Airways Limited
Singapore Airlines
SriLankan Airlines Limited

North America
Avianca
Avianca Costa Rica S.A.
Avianca Ecuador S.A.
Air Canada
American Airlines
COPA Airlines
Eastern Airlines LLC
Hawaiian Airlines
LATAM Airlines Group
Spirit Airlines
TACA International Airlines S.A.
United Airlines

Africa & Middle East
Air Cairo
Air Mauritius
EGYPTAIR
Emirates
Ethiopian Airlines Group
FlyEgypt
Kenya Airways
Gulf Air B.S.C. (c)
Oman Air S.A.O.C.
Qatar Airways

Asia Pacific

Source: IATA Airline Retailing Maturity index registry
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Lunch Break
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Payments as an Integral Part of the Commercial Strategy

Manager, Financial & Distribution Services, Products & Transformation, AME, IATA

Manal Al-Taher
Size of the Prize
Payment study releases
Why consider payment in your retail strategy?

“Getting payments right could help airlines to fully realize the value of retail by improving the customer experience, thereby increasing sales and growing revenue.”
Payment could create ~ $14b Revenue Opportunity and is critical to achieve full potential of $40b from Airline Retailing.

Payment and Retailing Opportunity by 2030 (in b USD)

- Full retailing opportunity: $40
- Mainly Customer Reach: $14
- Payment cost reduction opportunity: $8
- Mainly Payment Conversion: $2
- Additional value from Payment enablers: $4

Total Value Creation ~ $54b

Equivalent to ~ $10 per ticket

Source: Airline retailing: How payment innovation can improve the bottom line (McKinsey & Co., published in Sep 2022)
If Airlines don’t consider Payment as part of their Retail strategy, they will increase their payment costs and create much less value.

Payment and Retailing Opportunity by 2030 (in b USD)

- Retailing opportunity – Disintermediation scenario: $19
- Payment Cost increase: -$5
- Value Creation: $14

Equivalent to ~ $2.5 per Pax only

Source: Airline Retailing – Payment Opportunity study (McKinsey & Company., published in Sep 2022)
Total **payment costs** for airlines estimated to reach $20.3 billion per year-approx. $4.5 per pax

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<tr>
<th>Cost-side Drivers</th>
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<tr>
<td>Payment Fees</td>
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<td>Fraud &amp; Losses</td>
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<td>Opex Costs</td>
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<td>Cash-flow</td>
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*Source: Airline Payment Cost and Revenue Drivers Study (Edgar, Dunn & Company, published in Sep 2022)*
Getting the house in order
Pillars for Value Creation

Payment Strategy
- Customer Reach
- Payment Conversion
- Payment Costs
- Cashflow availability, speed & certainty
- Risk & Fraud

Capabilities
- Architecture Process
- Systems Data
- Payment orchestration
- Ensure acceptance of local payment solutions

Organization
- Adequate Organization?
- Effective Communication
- Common goals & Tracking

Monitoring
- Metrics Definition
- Targets measurements
- Review processes
IATA Payment Methods Working Group (PMWG) has been working on developing an Airline Payment Framework. A document that aims to raise industry awareness about considerations to take into account when building, implementing and measuring the success of a payment strategy.
IATA Pay

Industry-focused payment solution

Account-to-account

Instant payments

Request-to-Pay

Open Banking
Panel: Payments as an Integral Part of the Commercial Strategy

Moderator: Javier Orejas

#IATAFocusAfrica
Panelists

Efeh Amoah
Head of Transaction Banking, Tanzania, Standard Chartered

Dr. James Kanagwa
FCBI Country Representative, Ethiopia, Ecobank

Michael Tsegaye
A/Chief Wholesale Banking Officer, Zemen Bank

Moderated by
Javier Orejas

#IATAFocusAfrica
Panel: *Airlines and Distribution Partners - The Importance of Value Chain Collaboration*

Moderator: Manal Al-Taher

#IATAFocusAfrica
Panelists

Paula de Sousa
Head of Airline Sales and Account Management Sub Saharan Africa, Amadeus

Özge Akinci
Sales Manager
Hittit

Jean-Vincent Teuler
Vice President and RGM EMEIA, Sabre

Moderated by
Manal Al-Taher

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Coffee Break
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Wrap Up & Closing Remarks

Regional Vice-President AME, IATA

Kamil Alawadhi
Focus Africa Priority Areas

- **Safety**: Improve operational safety through a data driven, collaborative program to reduce safety incidents and accidents, in the air and on the ground.

- **Infrastructure**: Facilitate the growth of efficient, secure, and cost-effective aviation infrastructure.

- **Connectivity**: Promote the liberalization of intra-African market access through the Single African Air Transport Market (SAATM).

- **Finance and Distribution**: Accelerate the implementation of secure, effective and cost-efficient financial services and adoption of modern retailing standards.

- **Sustainability**: Assist Africa’s air transport industry to achieve the “Net Zero by 2050” emissions targets agreed to by industry and the UN’s International Civil Aviation Organisation (ICAO).

- **Future Skills**: Promote aviation-related career paths and ensure a steady supply of diverse and suitably skilled talent to meet the industry’s future needs.
1. While we discuss the value of success of SAATM we must also discuss the value of failure of SAATM. We cannot afford the failure of SAATM. While it is free, it is invaluable.

2. Progress has been made on SAATM, but it is not enough. A lot remains on paper, and we need to accelerate the implementation.

3. Protectionism, lack of prioritization, attachment to the statement of sovereignty, remain biggest hindrances to the implementation of SAATM
SAF

1. Potential for SAF in Africa is massive as it sits on diverse feedstock
2. Governments have a big role in de-risking investment in SAF and decreasing the cost on SAF.
3. SAF constitutes the biggest chunk of the robust plan accompanying our net-zero commitment. We cannot achieve net-zero without the necessary investment in SAF.
Payment and retailing:

1. Modern airline retailing allows airlines to be in control of their product, money, and data.

2. Airlines are implementing continuous pricing and report approx. 2% revenue uptake.

3. If they want to become truly customer centric, airlines need a legacy free framework with Offers & Orders only.
Poppy Khoza Remarks:

1. Pillars for safe, efficient, and sustainable operations – are our efforts enough?
2. Investing in safety is crucial and key component to the industry worldwide
3. Good safety standards bring needed credibility and confidence in the industry especially as we are building back.
4. Collaboration is an important mentality we need to adopt to ensure safety and efficiency
Safety:

1. Establishing a collaborative safety Environment,
2. Airport Security, Biometrics
3. Creating a Data rich environment for aviation safety in Africa
4. Aiming for a solid safety Foundation
5. Operational efficiency, resilience & sustainability
Airports in Africa

1. Focus on the customer experience seems to have been neglected in Africa. State-owned airports are concerned of authority function rather than looking into what customer wants.

2. Perspective and perception of passengers has differed drastically post COVID-19. More technology oriented while airports are lagging behind

3. Stakeholders need to work together to ensure absorbing the growing number of passengers

4. Effective passenger facilitation = effective security
Inspiring the next generation of professionals

1. To grow and accommodate the forecasted growth, we need the skilled workforce and young professionals. We need to train them and retain them.

2. We talk about awareness, but young people are aware. With digitization awareness is there but the issue remains financing and funding education and training for young generations on aviation matters.
Although we may come from vastly different stories and very different walks of life, we are one people who possess common values and common ideals; who celebrate individual excellence but also share a recognition that together, we can accomplish great and wonderful things we can't accomplish alone.

Barack Obama
I can do things you cannot, you can do things I cannot; Together we can do great things.
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