Airline Payment index

Introduction

What is the Airline Payment index?
The IATA Airline Payment index is a confidential self-assessment tool to determine an airline’s status in the payment & settlement transformation journey. This index aims to assist, and raise points for consideration, for each airline in understanding the importance of payment & settlement and optimizing their processes.

This self-assessment will measure and determine an airline’s overall status through 20 questions stemming from 4 pillars.

Why an Airline Payment index for airlines?
According to several Airline studies, the industry’s annual payment cost is at $20Bn, which is 2.2% of payment value. Furthermore, studies show how a good payment implementation can help in creating retailing value - an additional $40Bn+ (approx.) by 2030.

The payment acceptance costs are generally greater than distribution costs, and their combined impact can hinder profit. In some cases, payments are not received by Airlines, which converts a sale into a loss. Therefore, enabling more payment instruments and expanding them in several sales channels is critical for an airline, but it requires a solid foundation of a payment system that is fit for purpose.

The Airline Payment index is designed for all Airlines (point to point, regional full-service, and global network) to tackle these issues. It provides insights about current payment maturity status to assist the airline in measuring, planning, and assessing its payment & settlement foundations to start creating value and maximize future sales conversion, alongside retailing.

Another recent industry study showed focusing on distribution solely, leads to $12 Bn in industry value creation. However, a focus on both retailing and

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payment leads to a potential of $40Bn+ in industry value creation.

Addressing retailing and payment concurrently is crucial to create synergies and avoid value destruction.

The Airline Payment index is structured in 4 important pillars for value creation.

The readiness level is based on these four payment & settlement pillars - to maximize or unlock value creation, an airline must assess and progress in all. If a pillar is ignored, it limits or can prevent value creation (value limitation).

How to begin

Through the survey – designed by airlines, for airlines – you can review the robustness of your payment foundations to determine if your organization is ready for transformation.

If your airline has not yet joined the IATA Airline Retailing Maturity (ARM) index:

Please complete the application form to participate in the Airline Payment index.

It is important for airlines to designate a “champion” within the financial services and treasury departments, handling payments, to complete the survey to obtain an accurate result. Ideally, the champion should work with sales and distribution departments on the Airline Payment index.

The Payment and Settlement Report

IATA will request you to complete the survey twice per year to generate an individual report for your airline, including benchmarking.

The generated report will provide you with an assessment of your airline’s status in the Pay and Settle drivers - compared to other peer airlines - and an individual Payment & Settlement value readiness and limitation chart.

The report will provide points for consideration. These points for consideration are individual to each airline, based on current scoring, to assist in progressing to the next level(s) of payment strategy and value creation.

Further Resources

Further resources are available via the “Payments Knowledge-Sharing Community” – an airlines-only space for payment managers, where IATA shares materials necessary to support their payment growth. For more information or to onboard, please contact paymentcommunity@iata.org.

For further information on the Airline Payment index visit: retailing.iata.org/armi or contact armi@iata.org.