

# AIRLINE & TRAVEL PAYMENTS 2025

Payment strategy

PAYMENTS  
2025



Payment strategy should be a key piece of the distribution strategy puzzle for every airline, travel agent and travel services provider. “Getting payments right” has always been about delivering a delicate balance between customer experience, and payment management.

It’s about providing a compelling payment experience that resonates with customer expectations surrounding choice, simplicity and security. It’s also about managing the cost of delivering this service and the wider distribution channel strategy, including customer payments and supplier flows.

To explore how the future of travel payment strategies might be shaped, we hosted a three-day workshop with some of the brightest minds across the Airlines & Travel Payments industry. We focused on current affairs and shared what we believe will be the most important trends emerging now and growing in prominence over the next couple of years.

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Here’s what some of the group had to say about payment strategy:



## The big takeaway: don’t plan your payment strategies in a silo

A focal point of our discussion was that payment strategy should not be built in isolation, but instead be driven by the bigger picture, ensuring that distribution and payment strategies are built up together. Customer experience needs to be the driver at the core of the payment strategy, in turn building the foundation for a solid distribution strategy.

Here are our panel’s key ingredients for building successful payment strategies:



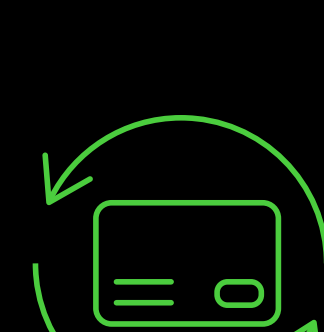
### B2C payments strategy

Card payments are currently the dominant payment method offered via airline direct sales channels, i.e. web, mobile, call centre and in-airport. Airlines may be able to reach more customers that would traditionally book with Travel Agencies by offering local payment methods (LPMS) such as bank transfer (Sofort, Ideal, Trustly), e-wallets (Alipay, WeChatPay), installment payments and Buy Now Pay Later (Uplift, Fly Now Pay Later).

As well as payment method availability, travel suppliers should also consider which currencies they offer.

Multi Currency Pricing (MCP) and Dynamic Currency Conversion (DCC) can be powerful tools to attract customers, especially if there are a high proportion of international cards being processed.

It’s key to remember that implementation costs should always be weighed up against ROI. Working with a partner with local expertise and that can enable multiple providers through one integration could help to save on these upfront costs.



### B2B payments strategy

Over in the B2B arena, card payments have also played a key role. Corporate customers traditionally pay airlines with UATP, lodge cards or personal corporate cards. Interchange costs for these vary, but tend to be much higher compared to consumer cards.

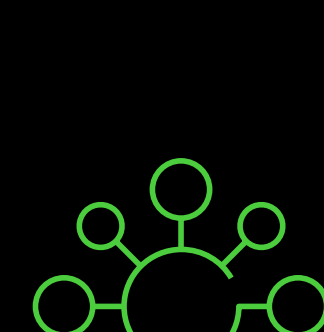
Unpopular surcharging policies may be able to be used to recuperate costs where permitted, but can be difficult to manage and need to adhere to legal regulations for each country the airline operates in. An alternative for travel players looking to better-manage costs while generating revenue is to look at the total cost of each deal, and balance payment methods against discounts and incentive payments.

We’re also seeing a growing trend of travel agencies shifting from traditional low-cost BSP cash payments to virtual cards. There are many reasons for this, so future distribution strategies should consider the ability of local travel agents as a means to reach customers that direct channels can’t reach as efficiently. Competition and local presence should be considered, and higher payment costs associated with virtual cards might be offset by the additional revenue the travel agent is able to generate. Airlines might be willing to be more open to accepting virtual card payments for NDC travel agents vs the traditional GDS channel, as NDC distribution eliminates some of the GDS costs. Again, the total cost of the deal can be factored in, and payment costs can be balanced with upfront discounts and agency incentive payments.

With many providers now offering various lower-cost card solutions, careful evaluation and better synergy between agencies, card issuers and the airline is likely to be key to offering the best payment options for any given situation.

“The pandemic has further highlighted several pain points in B2B payment processes. This includes reconciliation and manual processes, pressure on working capital, lack of protection from supplier default, etc. Virtual card payments have been shown to be an effective solution for some of these pain points, as they enable buyers (e.g. travel agents) to digitise their payment processes, access credit lines and enjoy enhanced purchase protection via the card scheme chargeback program. Virtual card payments also offer a range of benefits to suppliers (e.g. airlines, hotels) accepting them, including standard card scheme payment guarantees, detailed remittance data to aid accounts receivable processes, faster payment compared to the traditional IATA BSP payment process and potential to attract more spend from buyers who prefer to use cards.”

Gabriel Bolu, Head of B2B Solutions, UK/Europe at FIS



### Distribution channel strategy

Ultimately, payment strategies for direct and indirect distribution channels will continue to differ and need to be carefully considered. It’s vital to accept the right payment methods tailored to each channel and market, while choosing the right providers and technology partners to facilitate this variation.

Adopting multi-acquirer and PSP strategies can help to ensure that the right solution is applied to any given situation. Payment platforms and payment orchestration layers are an effective way to manage payment providers.

There’s also the age-old challenge of balancing payment convenience with payment security. Managing fraud and

chargebacks can be costly and time consuming, and airlines need to balance stringent fraud rules potentially blocking sales against not having sufficient protection resulting in high fraud costs. To assist travel players looking to solve this challenge, there are many solutions available including guaranteed payments, chargeback management and fraud screening tools as well as 3DS solutions offering consumer protection, and liability shifts away from the airline. Ultimately, working with suppliers that are experts in this field can help to strike the right balance of security vs convenience.



“Airlines need to make sure to analyse their payment mix. Since the pandemic, it is more important than ever for airlines to both offer the payment types their customers want, but also to protect their own payment infrastructure by balancing their payment mix. A healthy checkout includes various methods that offer different solutions to airlines’ payment challenges. Account-to-account payments help improve cash flow and speeds up settlement. At the same time, they lower costs and deliver seamless digital user experiences, making it a key component for airlines seeking a balanced payment strategy.”

Simon Eve, Head of Travel at Trustly

## What does the future have in store for Travel Payments?

Looking to the not-so-distant future, we believe a good customer experience is key to success, and this can only be achieved with full internal alignment.

Airlines need to make it easy for customers to pay them. Success should be measured using data insights against KPIs, so that there is no ambiguity around payment strategy effectiveness. Equally, the quality of the overall distribution strategy will need to be analyzed, weighing up the cost and benefits of both direct and indirect channels to maximize sales in different markets.

As the world of travel payments continues to evolve, re-evaluating and optimizing internal processes can help to ensure that operational costs be kept at a minimum.

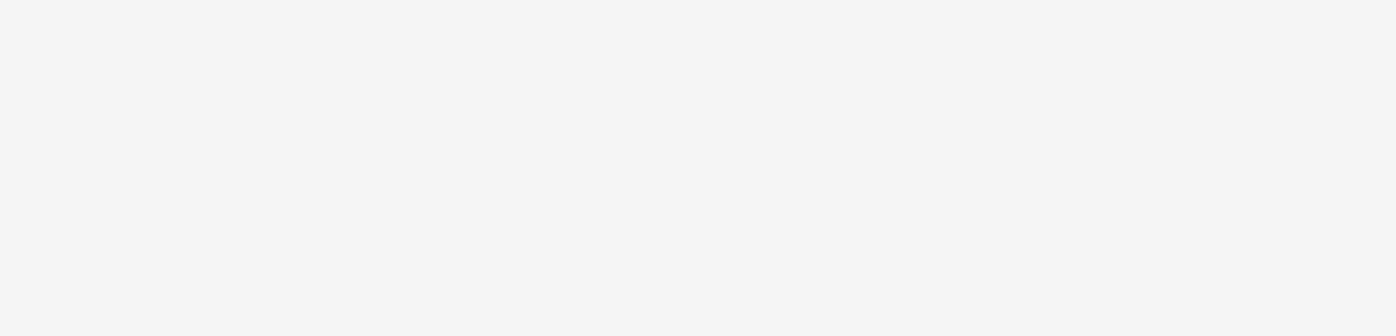
Finally, it’s important to keep an eye on developments in the payment space and how hot new trends such as crypto and Central Bank Digital Currencies (CBDCs) might shape the future. Collaboration across the industry will be vital for future success.

We’re excited to see how payments evolve in this dynamic and vibrant industry over the next few years. We’re keeping a finger on the pulse of travel payments so make sure to keep an eye on our feeds for more payment insights, ideas and inspiration as we drive forward to 2025!

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Payments 2025 is a thought leadership campaign launched by Worldpay from FIS to highlight the key trends shaping the future of payments. Using our many years of experience and leveraging our vast network of specialists from across the payments industry and beyond, we will share expert opinions and recommendations as well as explore the social, economic, technological and environmental factors that will inform the future and help our merchants to prepare for tomorrow.

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