

VISA



Airline Payment Maturity Index - the status of airline payments in Africa

Listening to the voice of African
airlines' payment experts



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Advanced and compliant payment systems can help African airlines drive revenue growth, reduce fraud, enhance the passenger experience, and improve operational efficiency – ultimately enabling them to compete more effectively in the global aviation market.

The evolving landscape of airline payments is critical to the industry's overall success and levels of customer satisfaction. In the competitive airline market, the efficiency and security of payment systems are not just operational necessities but pivotal components that can significantly impact revenue streams. As airlines strive to enhance passenger experiences and streamline operations, the maturity of their payment systems becomes a key differentiator.

Payment systems that are advanced, compliant, and secure can drive significant revenue growth by ensuring seamless transactions, reducing fraud, and minimizing chargebacks. Conversely, outdated or inefficient payment systems can lead to missed revenue opportunities, increased operational costs, and diminished customer trust.

In this paper, we investigate the various stages of airline payment maturity, through a survey conducted in partnership with the African Airlines Association (AFRAA). Our findings highlight the importance of robust payment architectures and the potential financial implications of underperforming systems.

We also emphasize the role modern payment systems play in airline retailing, a concept that is strongly supported by the International Air Transport Association (IATA). Airline retailing aims to transform traditional airline sales models into dynamic retail environments, offering personalized and ancillary services directly to passengers. In this context, the significance of payment systems becomes even more pronounced, as seamless and secure transactions are essential to the success of these retailing efforts.

The potential revenue opportunities from enhanced airline retailing are substantial. According to a study conducted by McKinsey & Company and IATA back in 2019¹, the global airline industry could unlock an additional US\$40 billion in value by 2030 through effective implementation of retailing strategies. When the same study was updated in 2024², the amount increased to US\$45.5 billion – with the largest proportion of value driven by 'Optimized payment and fulfillment', accounting for US\$20.3 billion, or 45% of the total value available.

By examining the current state of airline payment strategies and their integration into the broader airline retailing ecosystem, this paper looks at how Africa's airlines can enhance their payment systems to capture more revenue, reduce fraud, and improve overall efficiency. Importantly, understanding the maturity of payment systems is not just about meeting industry standards – it is also about leveraging technology to create a competitive edge and unlock new revenue opportunities in a rapidly changing marketplace.

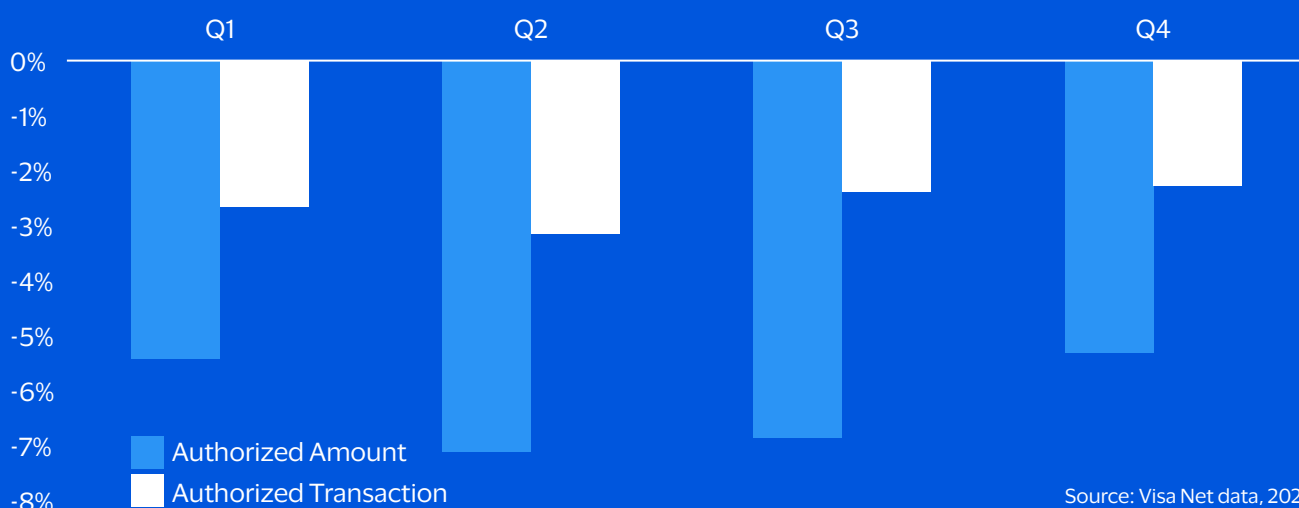


1. McKinsey & Company and IATA, November 2019, Where is the Value in Airline Retailing? Short summary of value creation analysis, November 2019
2. McKinsey & Company and IATA, Ready for takeoff: The airline retailing opportunity, October 2024

The strategic significance of airline payment performance

Visa's unique position in the global payment ecosystem provides unparalleled insight into the payment performance across the global airline industry. Our analysis of African airlines' results compared to the rest of the world in 2024 reveals significant trends that highlight the challenges faced by carriers in the region.

Fig.1 – Payment performance of African Airlines vs. Rest of the World Airlines



Source: Visa Net data, 2024

The data shows a deep and consistent performance gap between African airlines and their global counterparts. More specifically, we see a notable difference in the total number of transactions approved, indicating a structural and consistent gap in overall transaction volume. The difference in the value of authorized transactions is even more pronounced, demonstrating that African airlines suffer from a higher decline rate for transactions with higher average values.

The consequences of these declined or rejected transactions can be significant. It means that, compared to their global peers, the continent's airlines are delivering a sub-optimal customer experience and creating inefficiencies. It can also mean that, if frustrated passengers turn to alternative carriers, they are losing revenue and undermining trust.



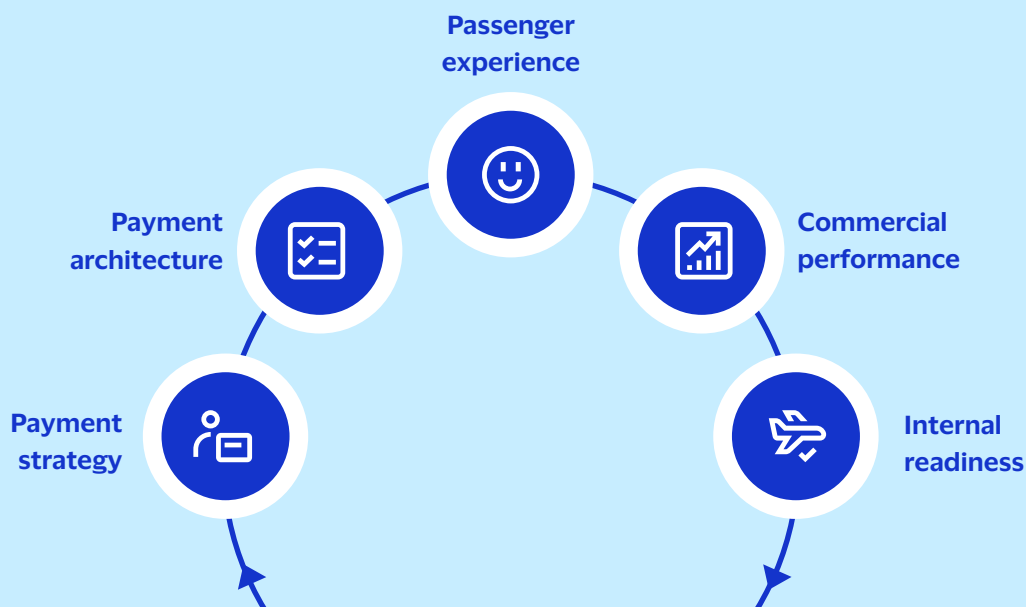
Investigating the sentiment of the payment experts

To understand the sentiment of the payment experts within Africa's airline sector, Visa Consulting & Analytics (VCA) collaborated with the African Airlines Association (AFRAA) to design and conduct a bespoke survey – the Airline Payment Success Index.





The objective was to enhance the understanding of the current state of airline payments in Africa. The survey comprised 15 multiple-choice questions and was distributed by AFRAA to all its member airlines in the second half of 2024. It addressed a broad range of topics, including strategic objectives, team alignment, execution capability, payment architecture, fraud management, and customer touchpoints.

The questions were structured around five key areas, covering all aspects of the airline payment ecosystem:

Fig.2 – Airline Payment Maturity Index questionnaire: key areas



For each of the five areas, we posed three specific questions for the respondents to self-evaluate their own airline:

	 Payment strategy	 Payment architecture	 Passenger experience	 Commercial performance	 Internal readiness
Q1	What is your main strategic objective in implementing your payment strategy?	How effective is your current payment architecture in meeting the needs of your business?	How extensive is your coverage of customer touchpoints in your passenger experience strategy?	How would you assess your current payment approval rate?	How well does your organizational structure support your payment strategy?
Q2	How are different teams within your organization aligned in the execution of your payment strategy?	How compliant is your payment architecture with current regulatory requirements and industry standards?	How does your passenger experience differentiate in the market (point of sales)?	How effectively does your current system manage fraud rates?	How efficient are your business processes related to payments?
Q3	How would you rate your ability to execute the payment strategy?	How evolved or modern is your payment architecture?	How digitalized is your passenger experience?	How does your system handle chargebacks?	How effectively do you monitor and utilize payment KPIs?



A strong strategic vision, undermined by operational challenges

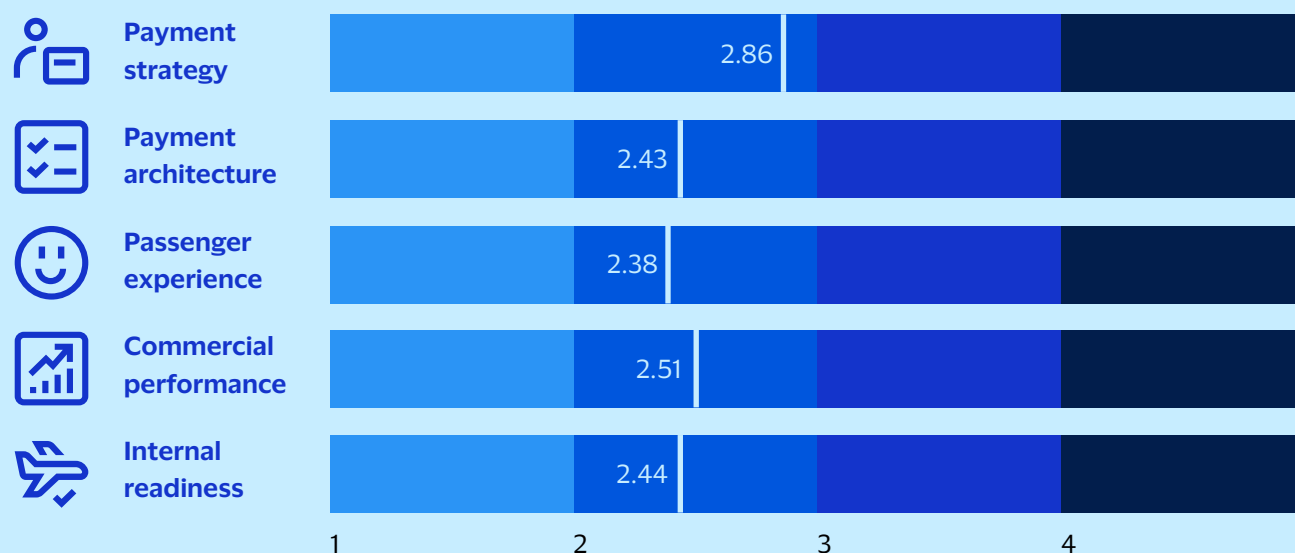
Thanks to the AFRAA partnership, we collected 32 answers from senior airline executives, directly responsible for payments from a commercial and/or financial angle.

Each of the 15 questions was scored from 1 to 4 points:

1 point = needs attention	2 points = developing	3 points = competent	4 points = best practice
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The respondents were not aware of the score associated with each possible choice when answering. Each of the five areas could achieve up to 12 points, leading to a highest possible score of 60 points. On average, airlines self-rated themselves consistently between 'developing' and 'competent' across four of the key areas, with a slightly higher score for 'payment strategy'.

Fig.3 – Airline Payment Maturity Index questionnaire: average score by key area



At the individual answer level, the highest overall score (3.59) was achieved for the first question of the payment strategy key area, 'What is your Main Strategic Objective in implementing your Payment Strategy?'. The lowest overall score (1.91) was achieved with the last question of the internal readiness key area, 'How effectively do you monitor and utilize payment key performance indicators (KPIs)?'.

Table 2 – Airline Payment Maturity Index questionnaire: average scores by question

	 Payment strategy	 Payment architecture	 Passenger experience	 Commercial performance	 Internal readiness
Q1	What is your main strategic objective in implementing your payment strategy? 3.59	How effective is your current payment architecture in meeting the needs of your business? 2.19	How extensive is your coverage of customer touchpoints in your passenger experience strategy? 2.09	How would you assess your current payment approval rate? 2.59	How well does your organizational structure support your payment strategy? 2.75
Q2	How are different teams within your organization aligned in the execution of your payment strategy? 2.91	How compliant is your payment architecture with current regulatory requirements and industry standards? 2.56	How does your passenger experience differentiate in the market (point of sales)? 2.47	How effectively does your current system manage fraud rates? 2.28	How efficient are your business processes related to payments? 2.69
Q3	How would you rate your ability to execute the payment strategy? 2.09	How evolved or modern is your payment architecture? 2.56	How digitalized is your passenger experience? 2.59	How does your system handle chargebacks? 2.66	How effectively do you monitor and utilize payment KPIs? 1.91



Overall, the survey results reveal a coherent strategic vision undermined by operational inefficiencies, outdated technology, and inadequate data utilization. Across the sector, enhancing internal coordination, modernizing payment architecture, and improving KPI monitoring could align strategic objectives with operational execution, ultimately boosting commercial performance and passenger experience.

The survey results present a nuanced picture of the airlines' payment strategies, highlighting both strengths and inconsistencies. The high score for strategic objectives (3.59) indicates a clear vision. However, the lower scores for team alignment (2.91) and execution capability (2.09) suggest a disconnect between strategy and implementation, pointing to potential inefficiencies in cross-functional coordination.

In terms of payment architecture, while compliance with regulatory requirements scores moderately (2.56), the effectiveness in meeting business needs is lower (2.19). This gap indicates a focus on compliance over operational efficiency. The score for how evolved the architecture is (2.56) further suggests that modernization efforts are lagging, contributing to execution challenges.

For passenger experience, the relatively higher score for digitalization (2.59) does not translate into extensive coverage of customer touchpoints (2.09) or effective market differentiation (2.47). This discrepancy suggests that digital tools are not being fully leveraged, likely due to broader execution issues.

Commercial performance reveals additional operational challenges. The moderate payment approval rate (2.59) is overshadowed by a low score in fraud management (2.28), indicating significant vulnerabilities. Effective fraud management is critical for minimizing financial losses and maintaining customer trust, which ties back to the overall passenger experience.

Internal readiness shows moderate support from organizational structure and business processes (2.75 and 2.69, respectively). However, the critical weakness in monitoring and utilizing payment KPIs (1.91) highlights a gap in data-driven decision-making, which further exacerbates execution challenges and stands in the way of strategic adjustments.



Five airline clusters

At the individual airline level, the scores ranged between 25 and 55 points out of 60. The average rating was 38 points out of 60 – equivalent to 2.53 points – confirming the positioning between ‘developing’ and ‘competent’.

To get a more nuanced picture of the status of airline payments in Africa, we developed a clustering of the respondents, identifying patterns and similarities among them. Based on these patterns, we grouped respondents into five clusters, which reflect similar characteristics and performance levels across the different categories.

This clustering approach allowed us to draw nuanced insights into how different organizations manage and execute their payment strategies, providing a good understanding of their strengths and areas for improvement.

Fig.4 – Airline Payment Maturity Index questionnaire: airline clusters



Operational Challengers

Have clear plans but need better execution. Their payment systems generally meet needs but struggle with transaction speed and integrating new methods. They manage chargebacks moderately but need better fraud prevention. Their teams are aligned but need more effective collaboration.

Emerging Planners

Are developing roadmaps and acquiring resources. Their payment systems are being updated but lack real-time processing and advanced security. They focus on purchase points and face high chargebacks and fraud. Their teams are unsynchronized, needing better alignment and collaboration.

Developing Strategists

Have basic plans but struggle with resources and stakeholder buy-in. Their payment systems need optimization and better compliance. They cover few payment touchpoints and face frequent instances of fraud and chargebacks, which need stronger detection mechanisms and improved dispute resolution. Their teams are unsynchronized.

Competent Executors

Have clear plans and resources but struggle with execution speed and adaptability. Their compliant payment systems support most modern payment methods but lack advanced technologies like AI and blockchain. They offer a competent payment experience but need better fraud detection and cross-functional collaboration.

Visionary Leaders

Excel in all areas. They have compliant, advanced payment architectures supporting modern payment methods, real-time processing, and robust security. They ensure seamless passenger payments and use AI for fraud prevention. Their teams work harmoniously with clear plans and resources.



Key lessons for Africa's airlines

The evolving landscape of airline payments is critical to the industry's overall success.

In the competitive airline market, the efficiency and security of payment systems are pivotal components that can significantly impact revenue streams. As airlines strive to enhance passenger experiences and streamline operations, the maturity of their payment systems becomes a key differentiator.

Based on the results of the Airline Payment Maturity Index questionnaire, several priorities have emerged for the entire airline industry in Africa. Airlines need to enhance their payment systems to improve efficiency, reduce fraud, and unlock new revenue opportunities through advanced payment technologies and streamlined processes.

There is a critical need for better monitoring and utilization of payment KPIs to support strategic adjustments and data-driven decision making. Improving the coverage of customer touchpoints and digitalizing passenger experiences is essential for differentiation in a competitive market. Ensuring payment architectures are compliant with current regulatory requirements and industry standards is necessary for operational success. Strengthening organizational structures and business processes to support payment strategies more effectively is crucial.



The clustering of airlines into five groups allows for more targeted and prioritized recommendations:

Operational Challengers

- Develop a robust payment architecture that meets basic regulatory requirements and industry standards.
- Ensure teams are aligned and well-trained in executing the payment strategy.

Emerging Planners

- Invest in fraud management systems to reduce fraud rates and improve payment security.
- Implement systems for better monitoring of and response to payment KPIs.

Developing Strategists

- Expand and digitalize customer touchpoints to enhance passenger experience.
- Improve efficiency in payment approval processes to boost commercial performance.

Competent Executors

- Leverage advanced data analytics to drive strategic decisions and fine-tune payment strategies.
- Integrate cutting-edge payment technologies to stay ahead in the market.

Visionary Leaders

- Benchmark against global best practices and continuously innovate to maintain leadership.
- Ensure seamless integration of payment systems with global standards and practices.

How Visa Consulting & Analytics can help

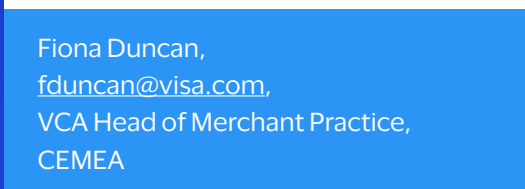
VCA can assist airlines in their evolutionary journey by providing tailored consulting services to help optimize payment systems and processes. Visa can also provide advanced fraud management solutions to reduce risk and enhance payment security, assist in the integration of cutting-edge payment technologies to improve efficiency and customer satisfaction, and offer training programs to align internal teams with payment strategies and best practices. By drawing on Visa's expertise and solutions, African airlines can enhance their payment systems, streamline operations, and unlock new revenue opportunities.

VCA has worked on a range of airlines, airports and travel industry projects, both within the CEMEA region and further afield. We can therefore provide support or run a project across any of the use cases outlined in this paper.

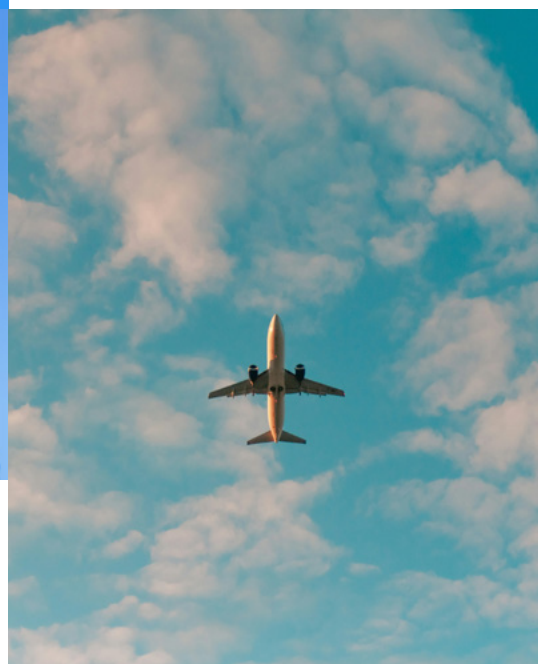
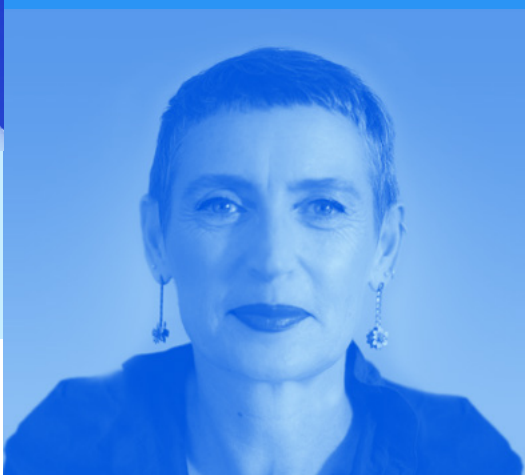
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About Visa Consulting & Analytics

We are a global team of 1500+ payments consultants, digital marketing specialists, data scientists, and economists across six continents.

- Our consultants are experts in strategy, product, portfolio management, risk, digital, and more with decades of experience in the payments industry.
- Our data scientists are experts in statistics, advanced analytics, and machine learning, with exclusive access to insights from VisaNet, one of the largest payment networks in the world.
- Our economists understand economic conditions impacting consumer spending and provide unique and timely insights into global spending trends.

The combination of our deep payments consulting expertise, our economic intelligence, and our breadth of data allows us to identify actionable insights and recommendations that drive better business decisions.

For more information, please contact your dedicated Visa Account Executive, email Visa Consulting & Analytics, or visit us at Visa.com/VCA.

For more insights like this, subscribe to the [VCA Payments Pulse newsletter](#).

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