

Most Airlines Heading towards Mobile Payments

A study conducted by payment technology expert WordPay suggests that over 50% of the airlines sampled think that mobile is a key player in revenue generation. The findings of the research are in a whitepaper referred to as Alternative Payment and Distribution Landscape: Airlines and Alternatives – The Facts. This study has focused on 56 major airlines together with other conventional full service carriers.



In the study, it was established that most airlines view mobile payments as an important factor in the economy, especially in the coming two years. Going by the views of 57% of the global airlines, mobile payments have the best potential to bring revenue.

WordPay study has established a tremendous increase in acceptance of mobile payments. In 2013, the acceptance of these payments was 25%, compared to only 12% the year before. The revenue opportunities presented by mobile have already attracted attention. Most airlines know the potential in this kind of payment and have channeled their energy and resources towards improving the mobile payments platform. In the next two years, mobile payments will have grown even further, and new innovations will see clients buy services and tickets using mobiles from airlines. Eventually, the entire process from booking to checking-in will be done through mobile device services.

At Emirates, they are already accepting the mobile device payment option, albeit the website version only. Plans are also in top gear to have the company integrate all devices for payments in future.



Going back to the study results, meeting client demand and cost savings were the other drivers for integration of substitute payment methods.

Here is a summary of the main findings:

1. On payment options, the most accepted payment methods by airlines were credit cards, charge cards,

debit cards, air miles, and e-wallets at 96%, 86%, 64%, 54%, and 38% respectively.

2. When asked about future payments, 32% of the global companies preferred mobile payments. E-wallets and online bank transfers attracted 29% of the sampled airlines

3. Advantages of payment methods – the responses here were as follows: access to new customer bases (63%), low payment processing charges (61%), low fraud rates (50%).

4. Incentives – 86% of the airlines in the study rewarded their clients for using substitute payment methods in place of credit cards. This was a huge improvement from 2012's 55%.

The lack of capacity to integrate substitute payment method with current systems and processes was the major challenge for airlines. It was noted that integrating a payment type is too complex both for IT and accounting departments. The complexity is even higher with additional alternative payment options.



Despite the integration challenges, most airlines (88%) believe that revenue would be greatly enhanced by the adoption of alternative payment methods.

Major airlines are slowly embracing the alternative payment methods, having relied on credit cards for a long time. The airlines have discovered the many advantages of having different payment methods. Although adopting the new payment methods faces the hurdle of integration with current processes and systems, airlines can work with a reliable payment partner to take maximum advantage of the more than 230 payment methods available worldwide.

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