The Airline Payment index Factsheet

Payment and settlement foundations to unlock value creation in both distribution and payment.

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 each airline in understanding the importance of payment & settlement and optimizing their processes.

1. What is the Airline Payment index assessing?

The survey is structured in 4 pillars, each supporting value creation:

**Strategy:** Airlines establish objectives for their organisation that align with their development, customer satisfaction, and financial health. Airlines devise a commercial strategy that articulates clear and meaningful targets and actions for their workforce. The payment and settlement of their targeted sales are crucial for the success of their commercial strategy. Sales are only successful if the airline collects the payment efficiently in exchange for the service. Therefore, the survey examines the following strategic aspects across all sales channels:

- Payment strategy for retail & corporate
- Payment & remittance policy for direct-to-customer and intermediated sales
- Improved customer experience
- Innovation

**Organization:** An airline may require a suitable organizational structure to implement its payment strategy effectively. While organizational designs are individual matters for airlines, they should consider the following key areas in the Organization pillar.

- Organizational set-up
- Subject matter expertise
- Contract management
- Operational management

**Capabilities:** To deliver its payment strategy, an airline needs to be equipped for all targeted sales channels, with appropriate capabilities that rely on robust and sustainable architecture, processes, and solutions/systems. The Airline Payment index enables airlines to assess the following key areas:

- Payment capabilities
- Settlement services for intermediated sales
- Flexible exchange policy & easier refund
- Increase of ancillary services
- Loyalty programs

**Monitoring:** When strategic objectives have been defined, it’s key for airlines to monitor the efficiency and success of their payment and settlement strategy. Airlines may look at the metrics definition, measurement versus strategy objectives, review, and analysis processes. These raise questions in the following key areas:
Once the airline completes the Airline Payment Index survey, it will receive an insightful report.

2. The Airline Payment index is intended for ALL airlines

The Airline Payment index has been designed for:

- Any airline business model (point-to-point, regional full-service, and global network)
- For airlines that have not yet started their retailing/distribution modernization journey and rely on more traditional distribution channels
- And airlines having initiated their Modern Airline Retailing transformation journey (using the Airline Retailing Maturity (ARM) index)

3. What are the benefits of the Airline Payment index?
   ▪ Confidential reporting:
     a) Allows airlines to have visibility of their current payment & settlement drivers and value readiness
     b) Allows performance/benchmarking among participating airlines
     c) Assists airlines in pinpointing areas of opportunity for value creation
     d) Underlines current value limitation and potential areas of growth (per each main pillar)
   ▪ Ability to assess your airline’s payment initiatives holistically: involving commercial, finance, treasury, processing within your organization. What is not measured, cannot be improved!

4. Airline Payment index reports – your compass for value creation

The airline will be requested to complete the Airline Payment index survey twice per year to generate the analysis and reports, including benchmarking.

The Airline Payment index report provides a readiness assessment of the airline’s current payment and settlement (within the four pillars) with the current value limitations, benchmarking against airline peers, and points of consideration. This report may help the airline to review its payment foundations and create the conditions for value creation in payment, settlement, and distribution.

Airlines enrolled in the ARM index may be familiar with the individual airline Maturity Report. For ARM index airlines, the Airline Payment index report is generated within the ARM index Maturity report, emphasizing the value readiness and drivers of the payment and settlement, in addition to other modern airline retailing value drivers.

5. Information and resources to support your journey

As you are progressing in your payment & settlement journey, securing the payment foundations, and creating conditions for the value creation in distribution and payment is paramount. Your airline may benefit from payment and settlement information made available on the Payments Knowledge-Sharing Community. This is an airline-only community, where IATA constantly shares payment & settlement materials and tools to support airlines. Should your airline not have access already, please contact us at paymentcomunity@iata.org.

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