



# GOOD MORNING እንደምን አደራቸው

IATA  
FOCUS  
AFRICA  
CONFERENCE

# THANK YOU TO OUR SPONSORS

Host Airline



Platinum Sponsor



Gold Sponsors



Silver Sponsors

**AIRBUS**

**amadeus**



**Sabre**

Bronze Sponsors



# Anti-trust Guidelines



## **The following types of agreements are strictly prohibited:**

- Any collective agreement concerning prices or charges for airline services;
- Any collective agreement allocating markets, territories, customers, suppliers or agents;
- Any collective agreement relating to prices or charges to be paid to suppliers, etc.
- Any agreement that is intended to, or in operation is likely to induce airlines or their suppliers or agents to engage in anticompetitive behavior, etc.



# Anti-trust Guidelines



**The exchange of information of the following types of information is for example prohibited:**

- Individual airline rates, charges or surcharges;
- Individual airline costs;
- An individual airline's intentions regarding increasing, reducing or reallocating aircraft capacity (including entering or exiting routes);
- An individual airline's intentions regarding charging for certain products or services or changes to the existing charges for such products or services;
- Information on individual airlines customers; and
- Any other sensitive commercial or proprietary information that the company would not disclose in the absence of an express or implied agreement to exchange such information for the purpose of reducing or restricting competition in the airline industry.





# **Intra-African Connectivity and Economics**

**Head of Industry Analysis,  
Sustainability &  
Economics, IATA**

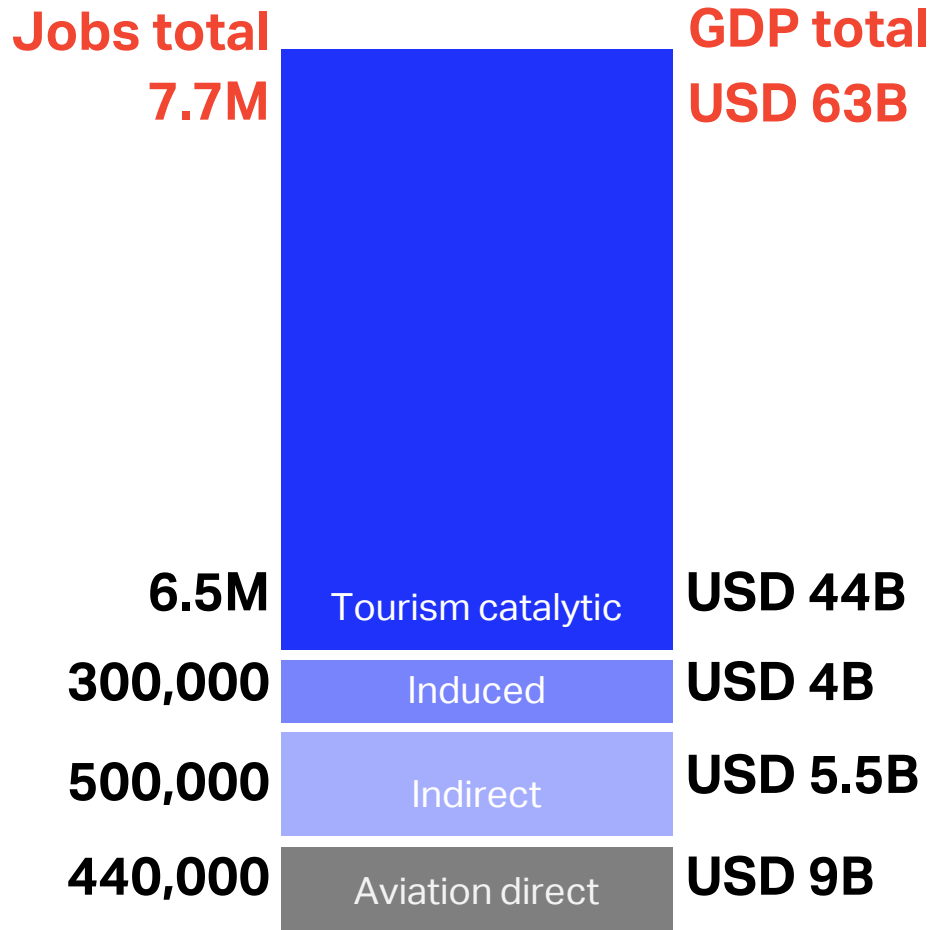
**Paulos Ashebir Lakew**



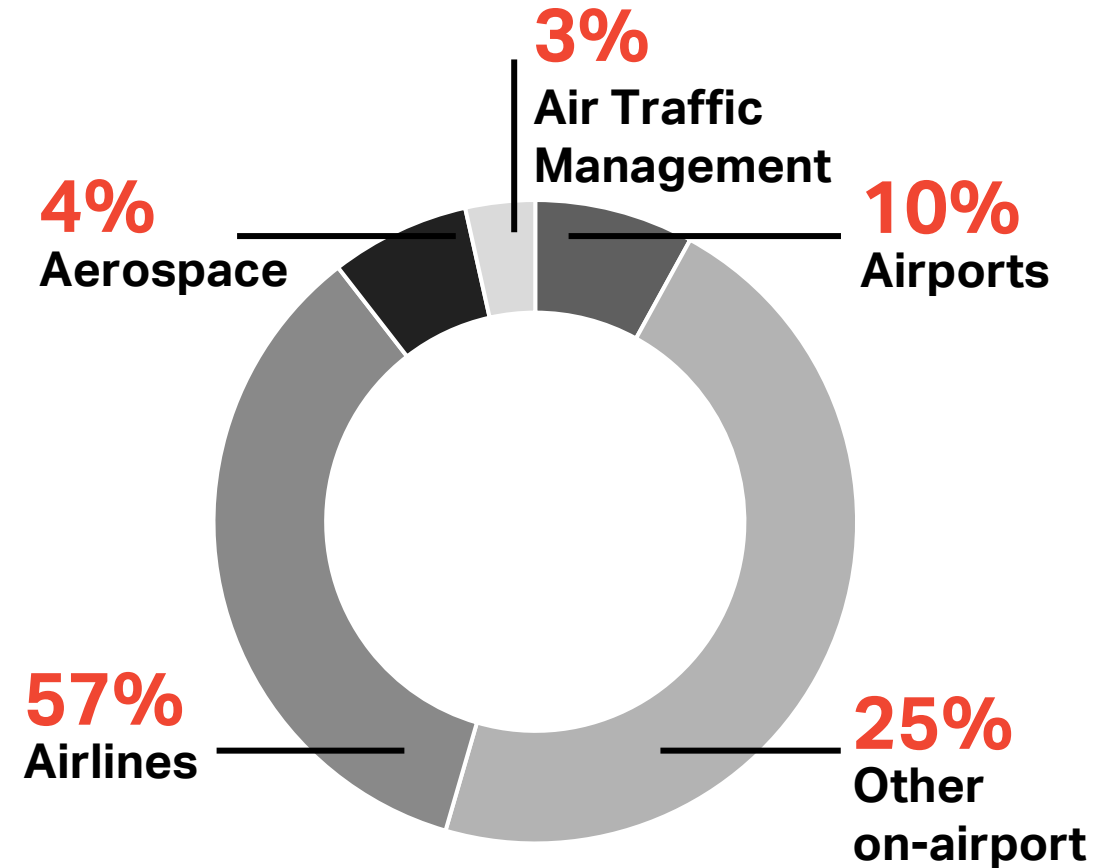
# Economic impacts of air transportation in Africa



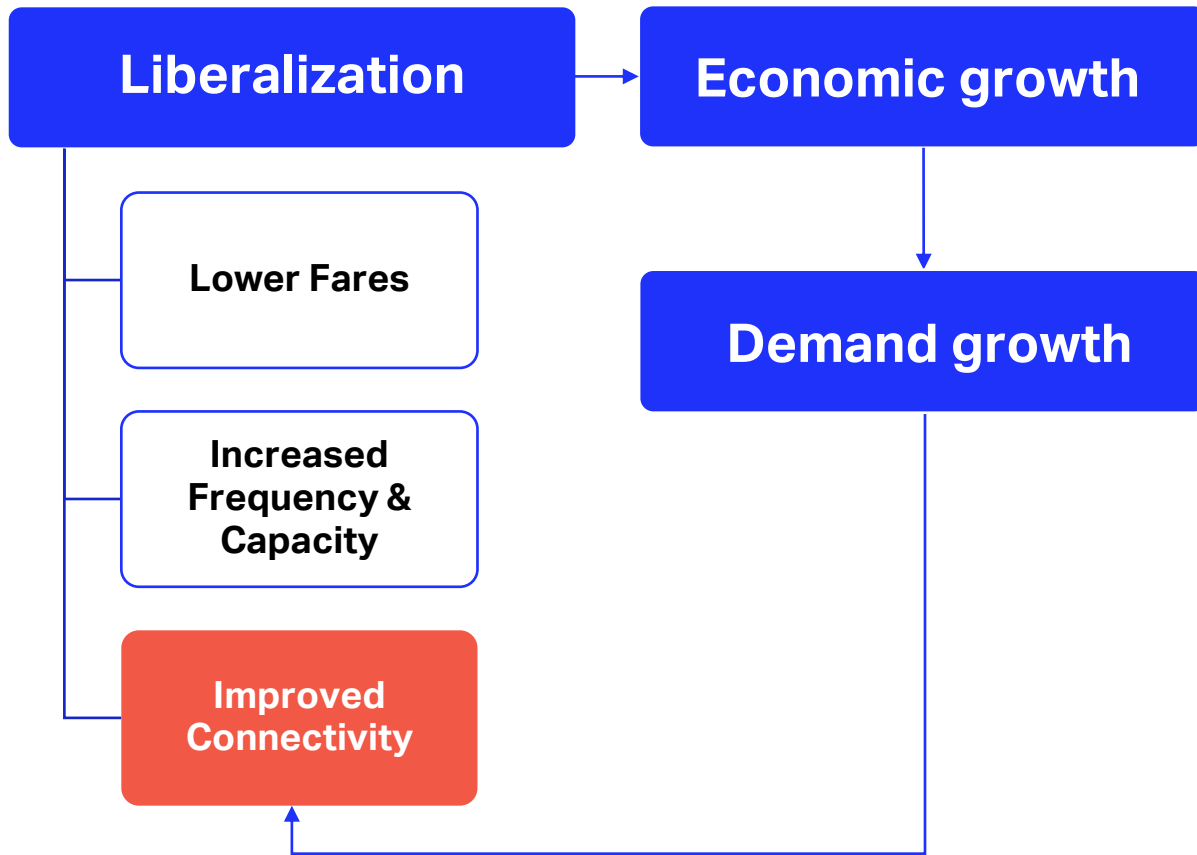
Total jobs, GDP supported by air transportation, 2018



Direct jobs generated by air transport, 2018



# Liberalization enables air traffic development

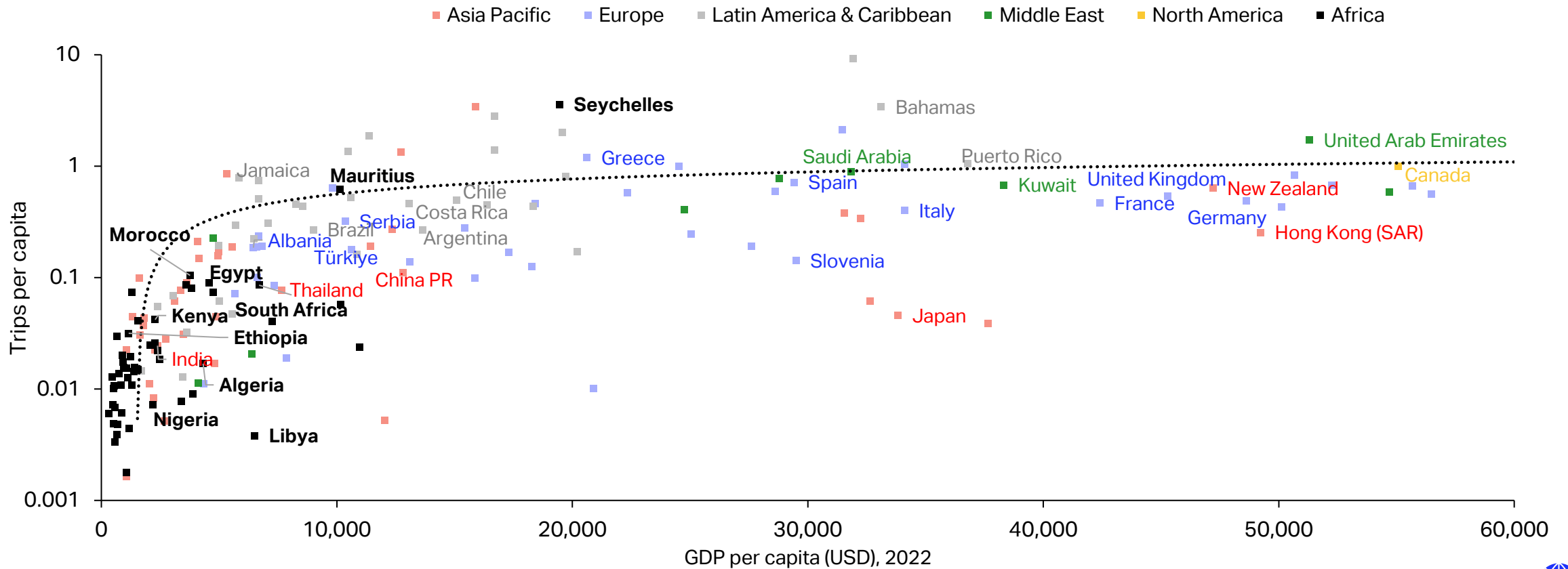


# Markets in Africa are behind the trips per-capita curve



## Propensity to travel, 2022

### Passenger trips per capita and GDP per capita



Source: IATA Sustainability and Economics, DDS, IMF, UN data

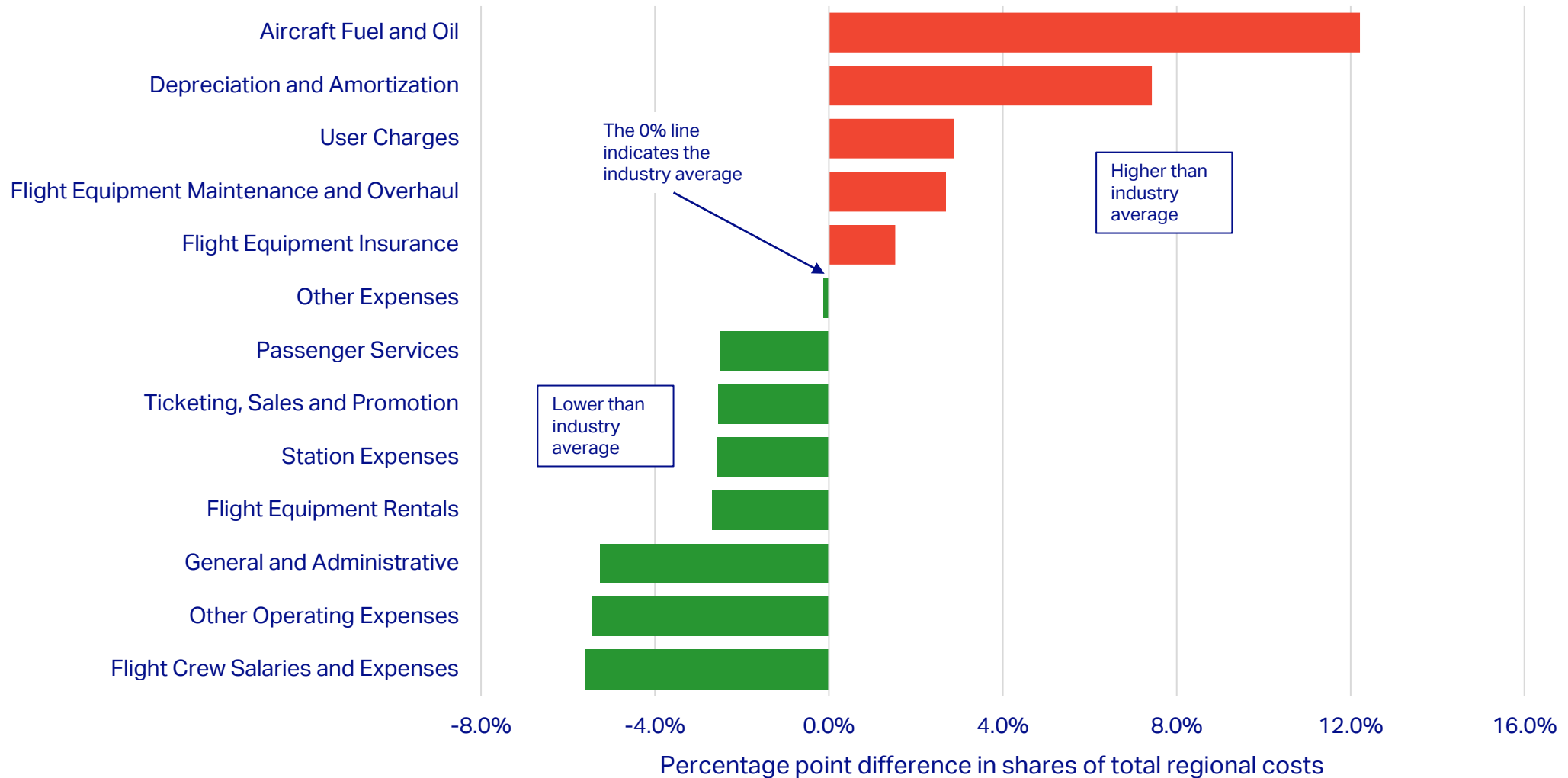




# African carriers face excessive costs



Differences in costs by source area: Africa vs. Industry, 2021



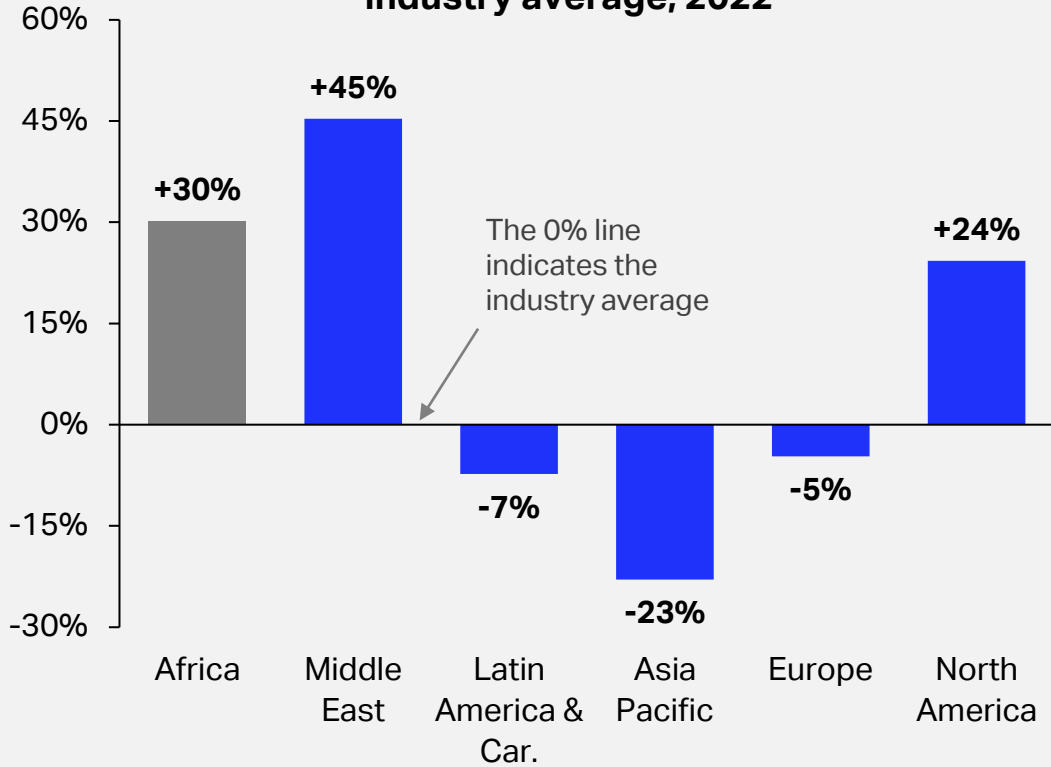
Source: IATA Sustainability and Economics, IATA Statistics



# Air travel costs can impede (or boost) growth in demand

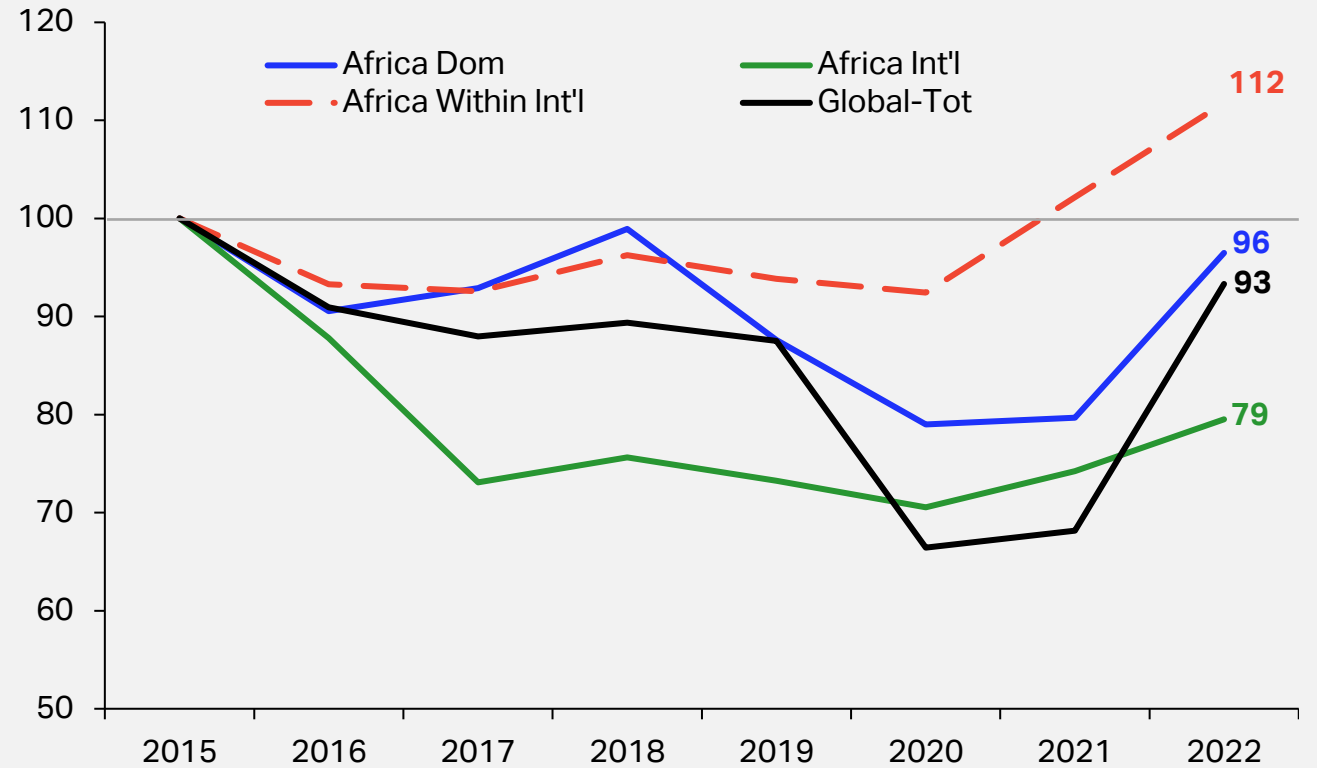


**Average air fare by region, % difference from industry average, 2022**

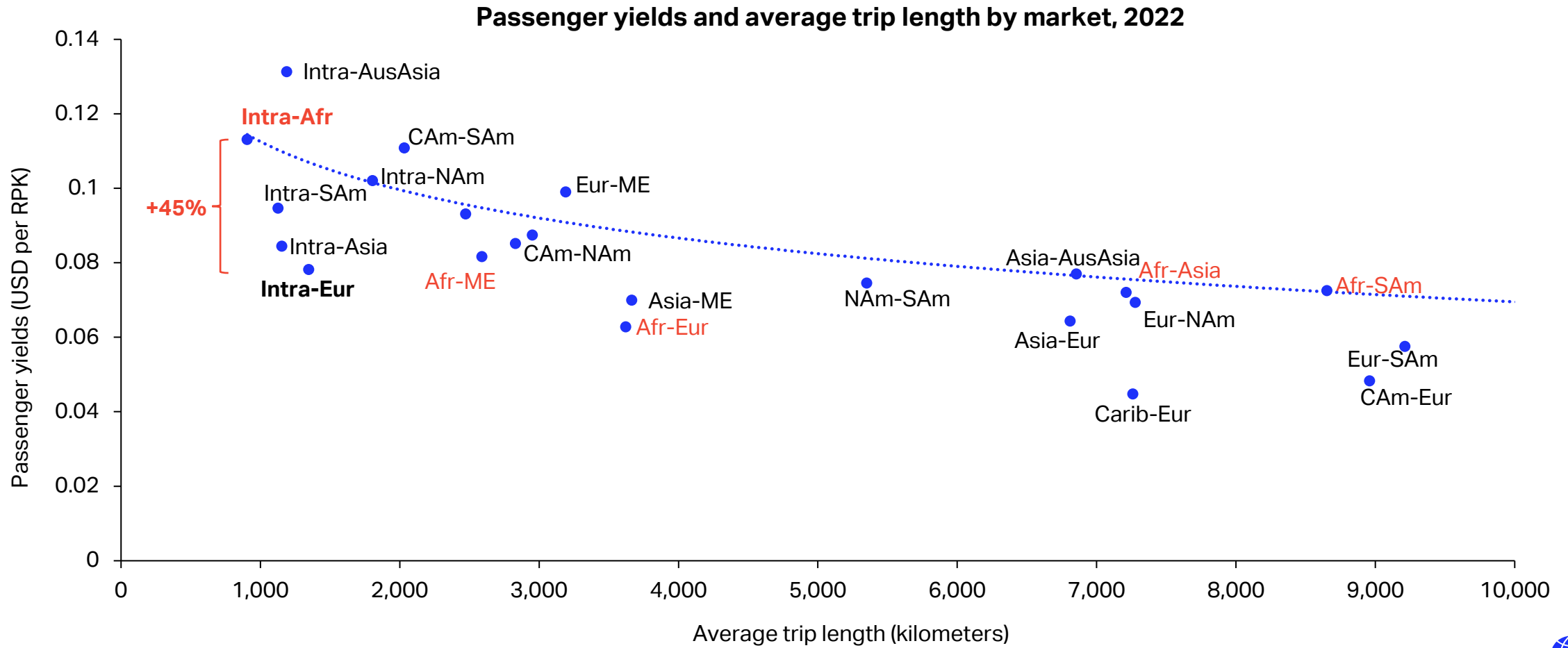


**Average air fare by market area, 2015-2022**

Indexed, 2015 level = 100



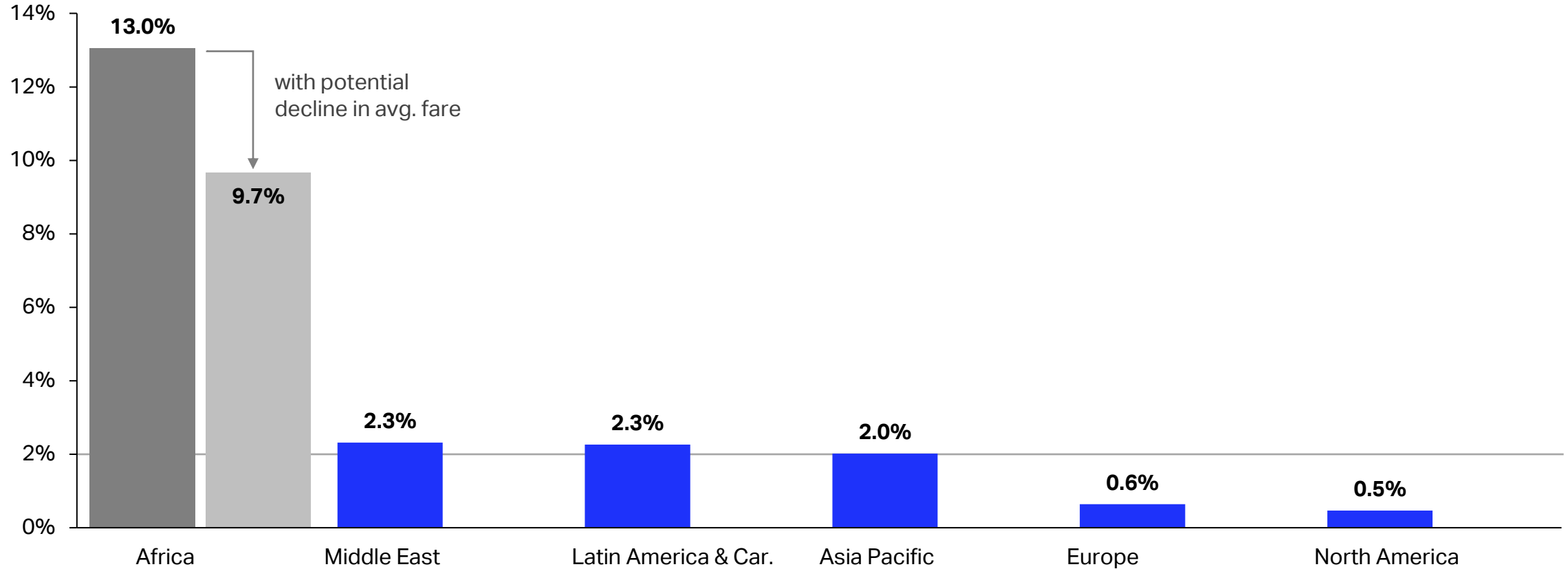
# Within Africa passenger yields are particularly high



# Air travel affordability remains a challenge in Africa



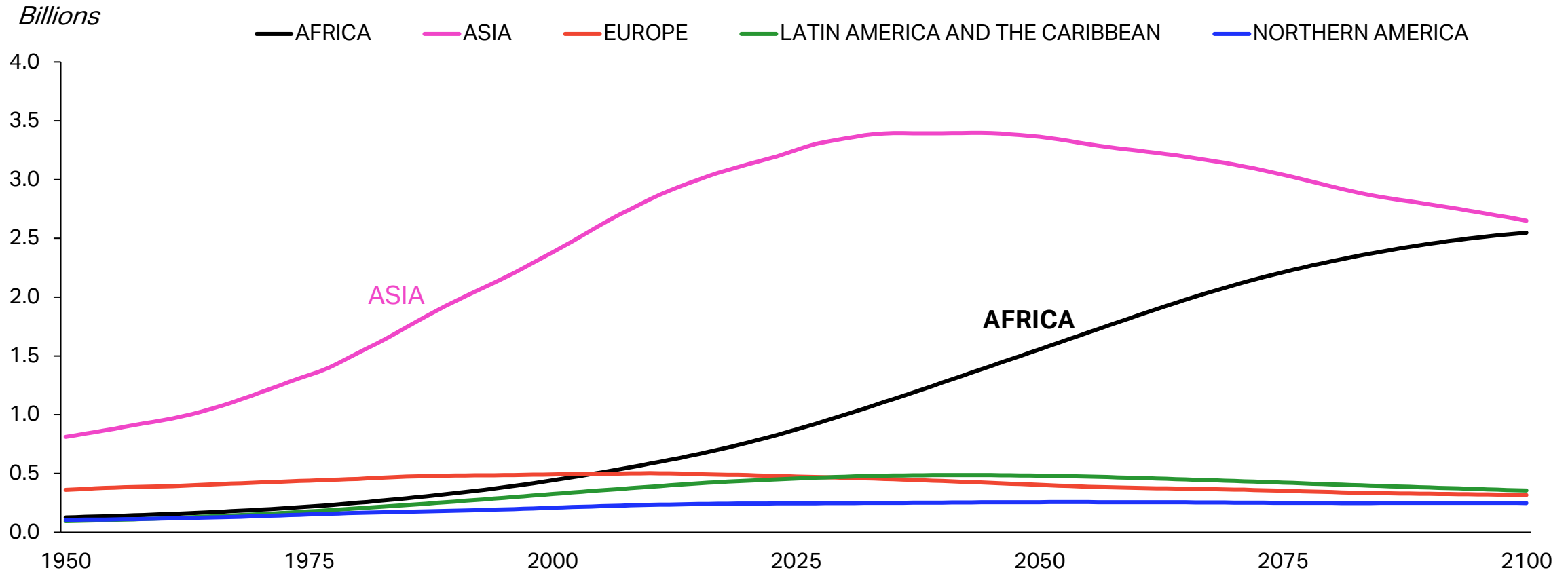
**Air travel affordability**  
Average air fare as a share of per-capita GDP by region, 2022



# Africa will be leading the growth in the working-age population



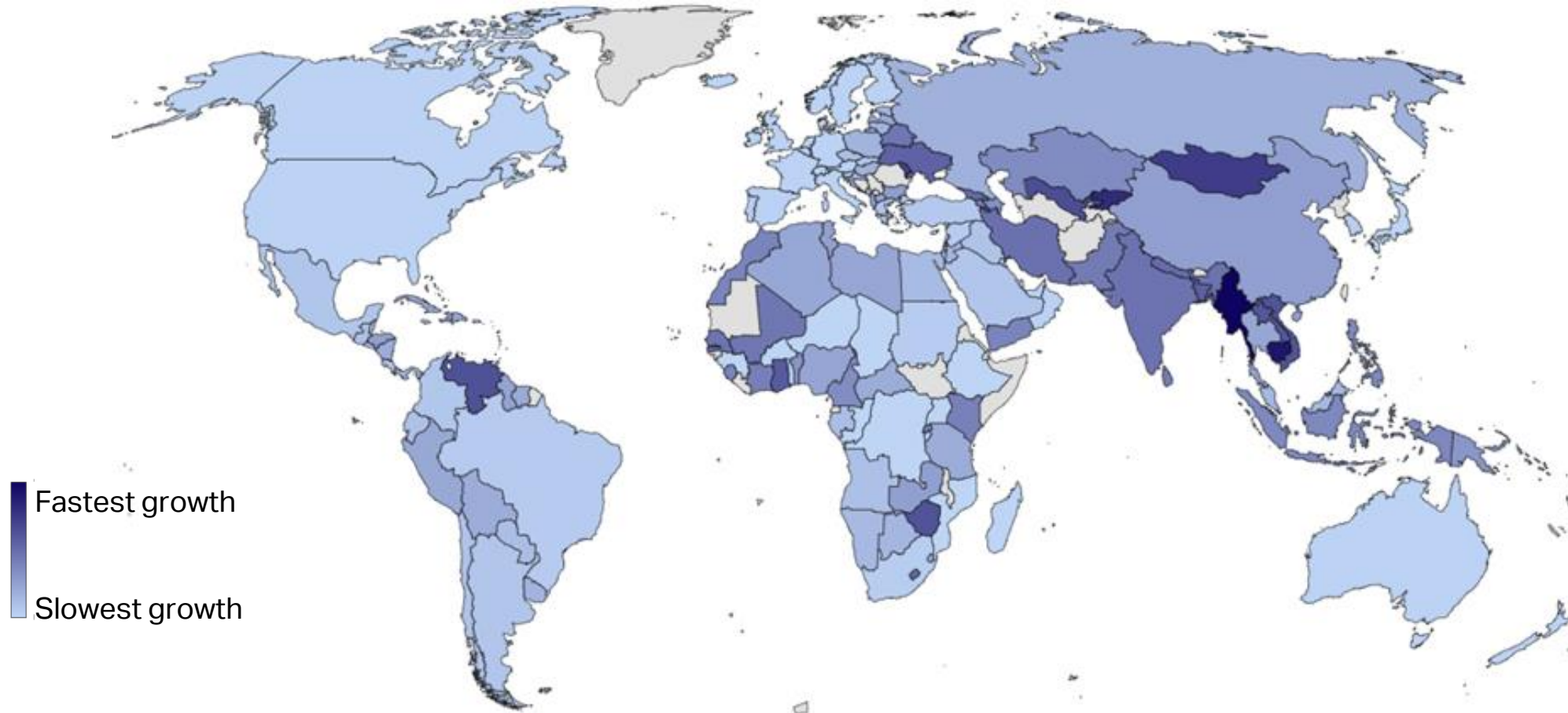
Working-age Population



# Key income thresholds expected to be achieved for markets in Africa



Forecast change in share of middle-income households (2019-2041)



Source: IATA/Tourism Economics Air Passenger Forecasts as of June 2023

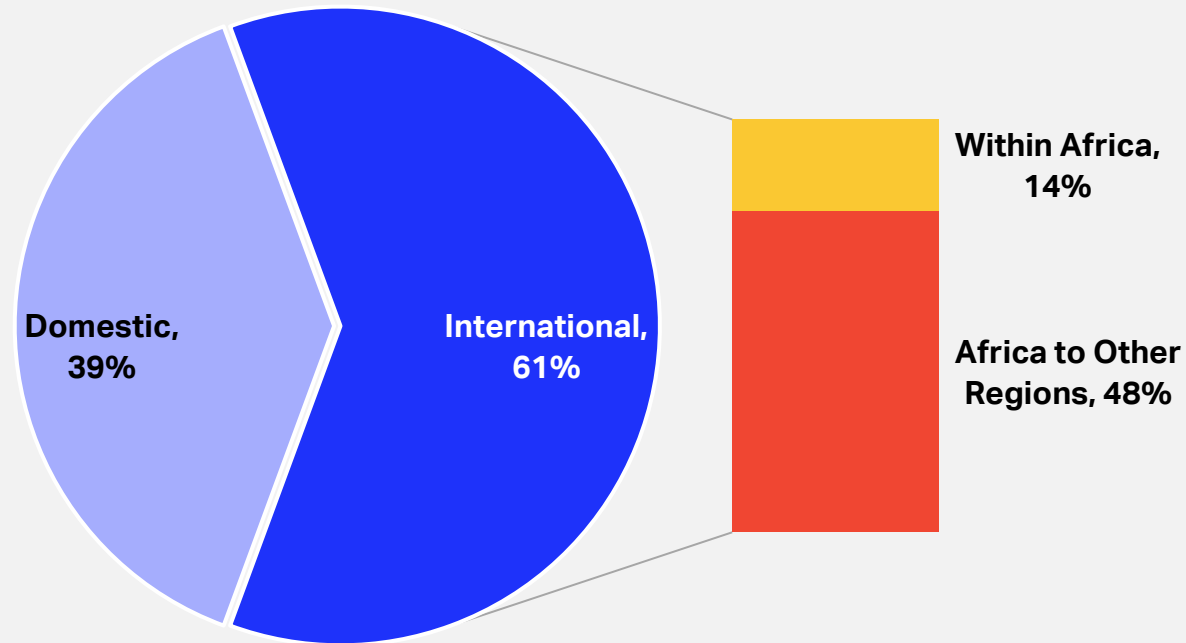


# Broad-based aviation development is critical for Africa

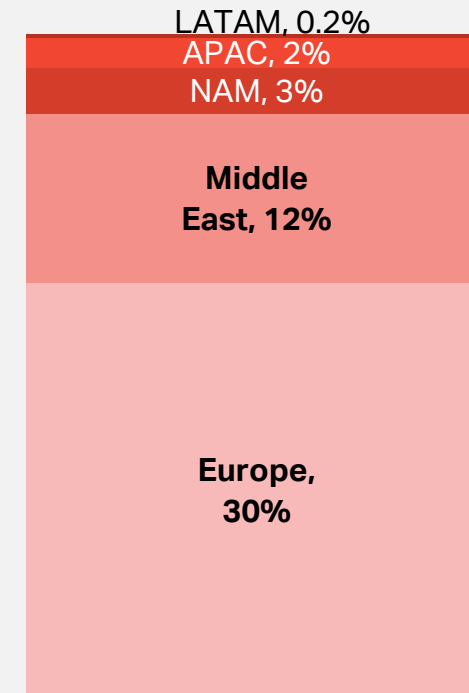


## Africa Origin-Destination (O&D) Passenger Market Shares, 2022

Shares of Outbound O&D Passengers (91M), 2022



Share of O&D Passengers, 2022  
Africa to Other Regions



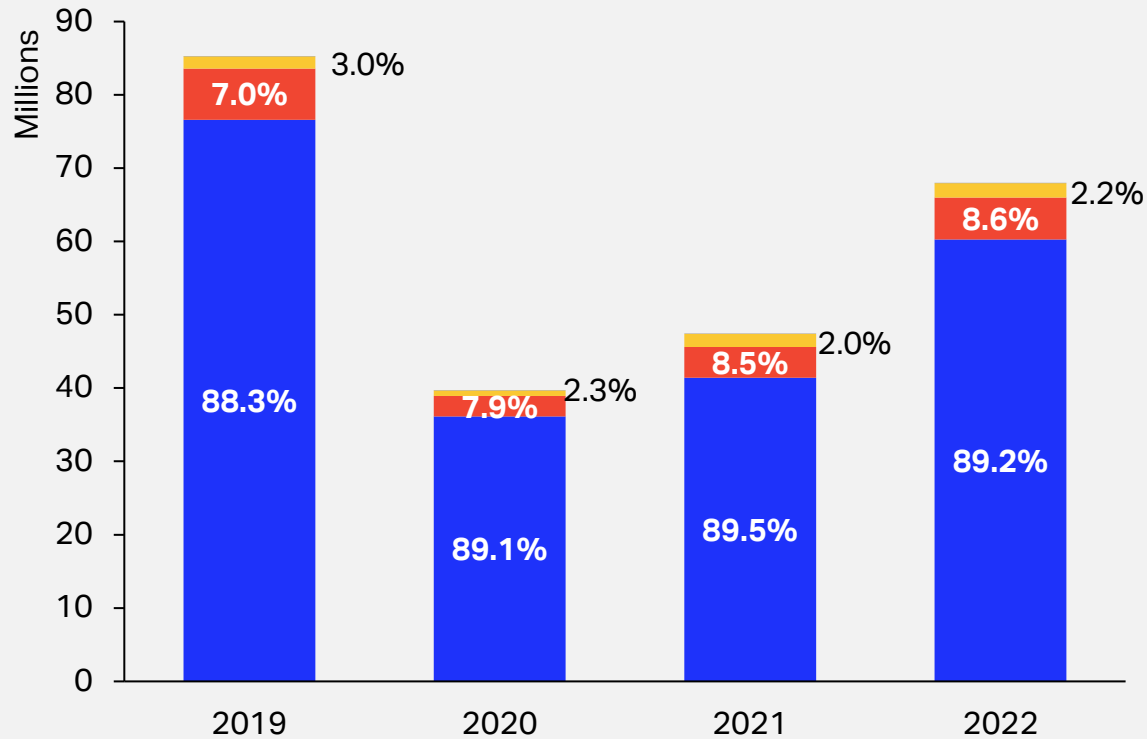
# European and ME airlines dominate capacity on routes connecting Africa to other regions



## Scheduled International Seats

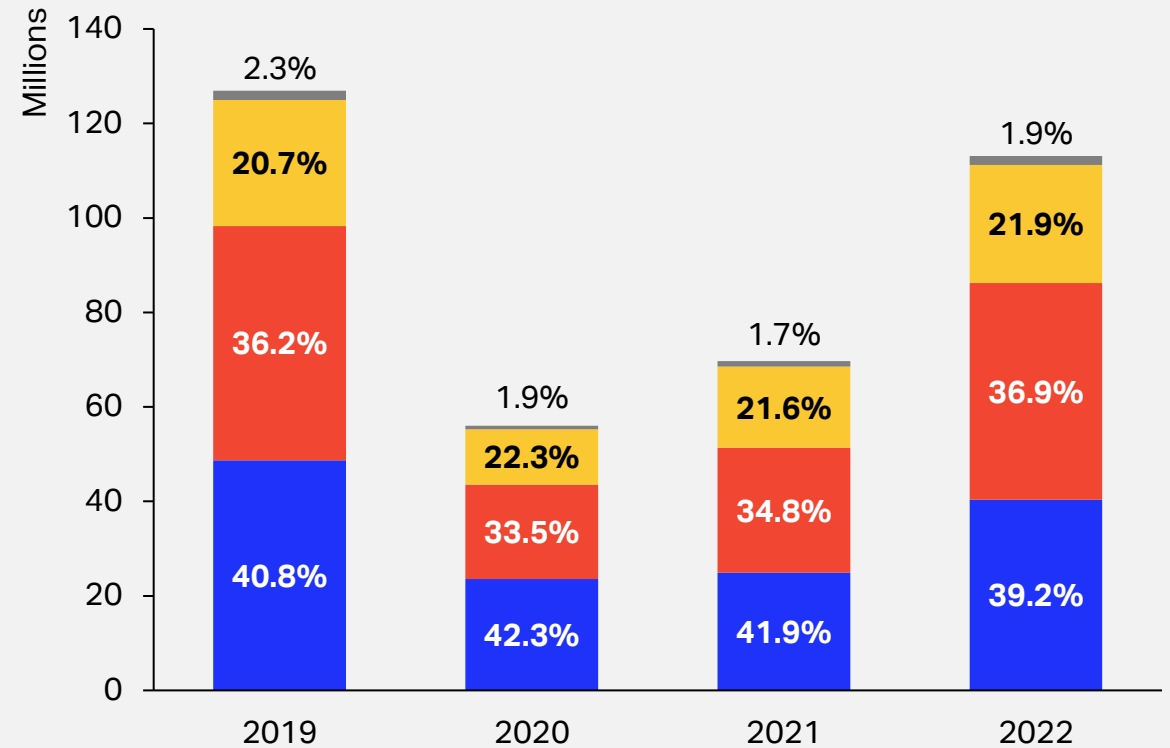
Africa intra-regional route seats, by airline region

■ Africa ■ Europe ■ Middle East ■ Other



Africa inter-regional route seats, by airline region

■ Africa ■ Europe ■ Middle East ■ Other





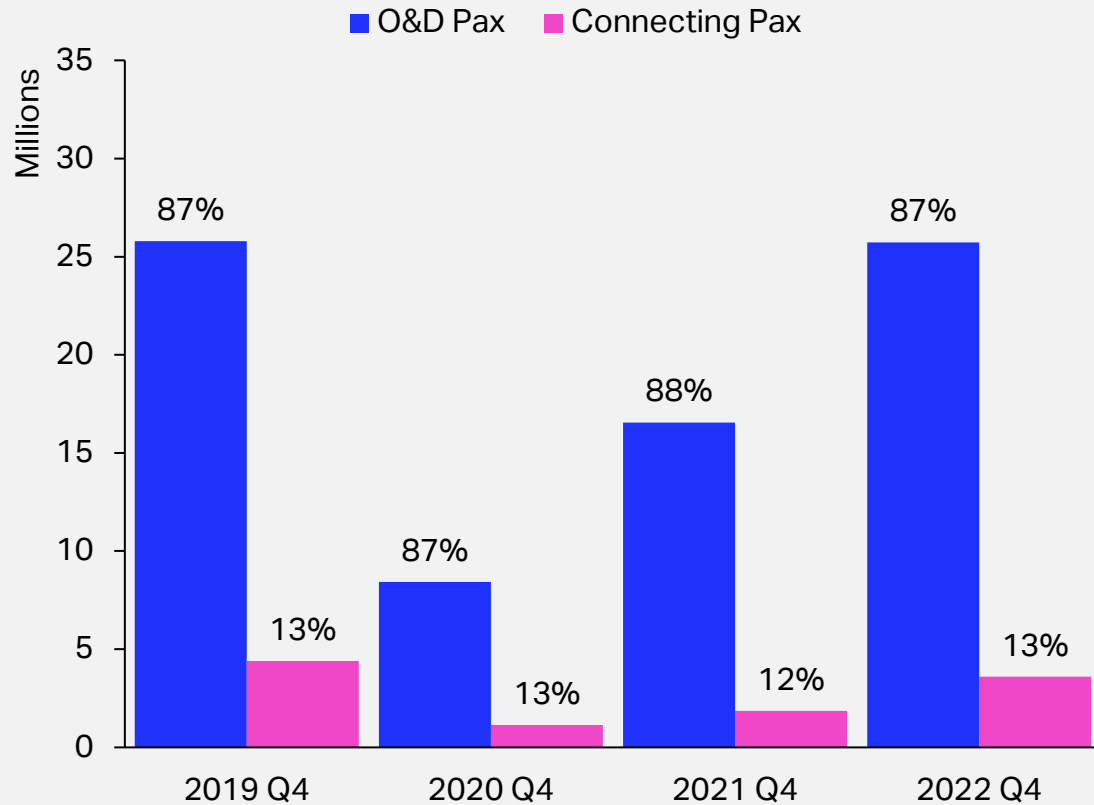
# Geography matters for aviation development strategy



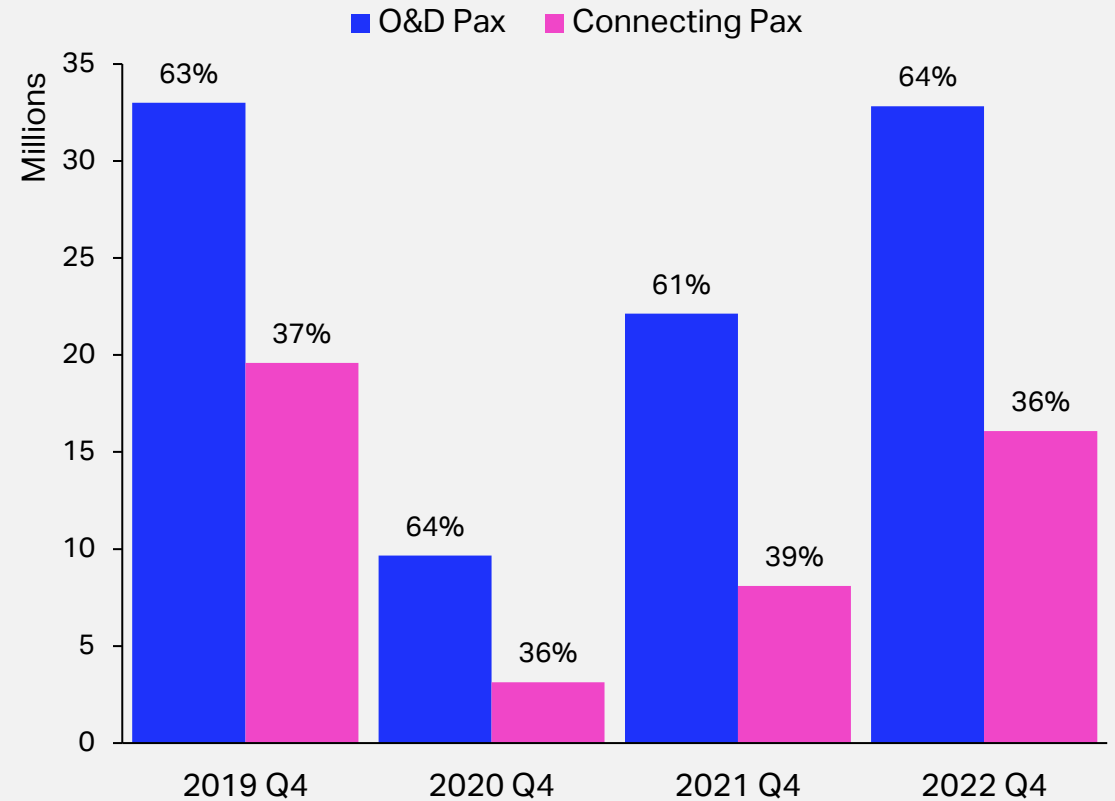
## Competition from major hubs in Gulf remains a threat

### Origin-Destination (O&D) and Connecting Passenger Shares

Africa, % share of O&D & Connecting Passengers



Middle East, % share of O&D & Connecting Passengers

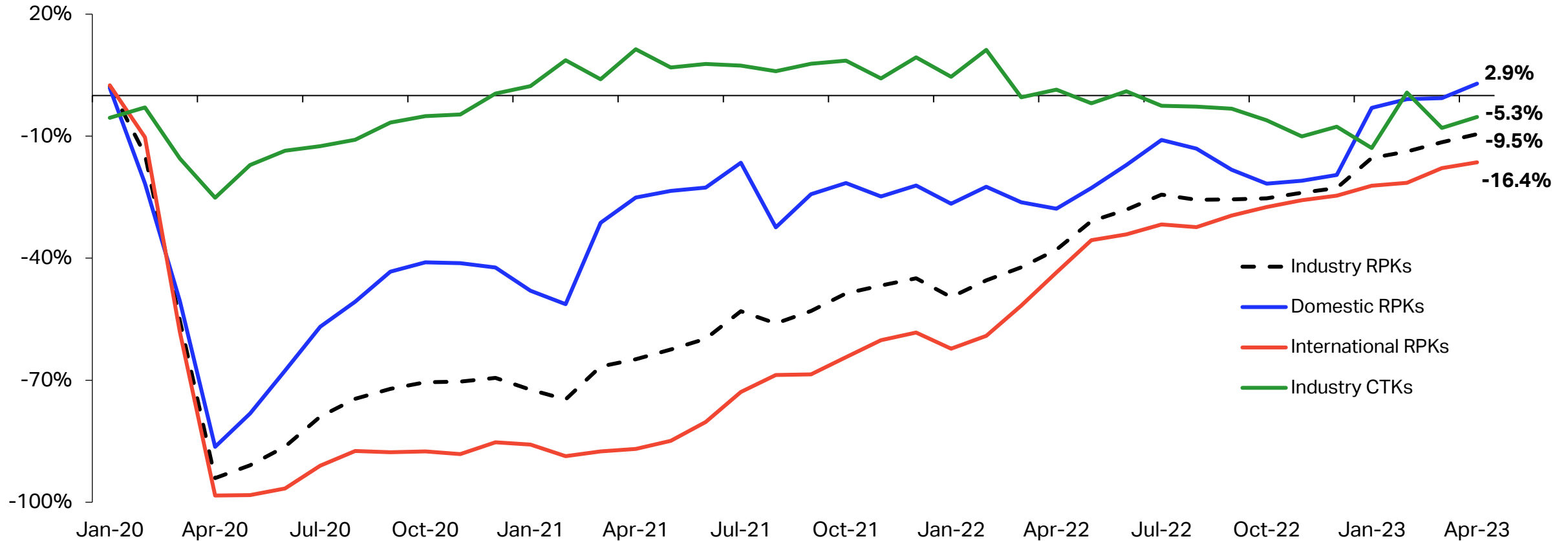


# Global recovery remains on track despite headwinds

## Industry-wide RPKs are currently within 10% of 2019 levels



Industry RPKs and CTKs, year-on-year % change vs 2019



CTKs: Cargo Tonne-Kilometers; RPKs: Revenue Passenger-Kilometers

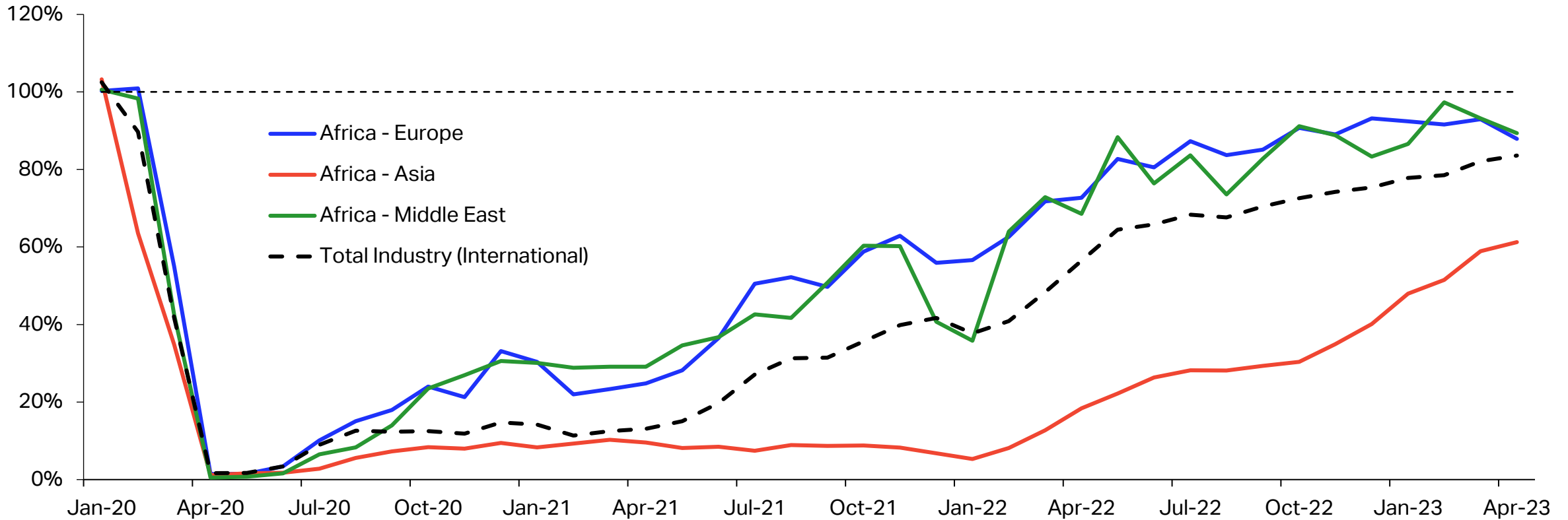


# Performance varied across int'l markets for Africa

## Positive trend in all main markets, momentum gathering in Asia



**International RPKs, % change versus 2019**  
**Monitored route areas from Africa and major international markets**



CTKs: Cargo Tonne-Kilometers; RPKs: Revenue Passenger-Kilometers

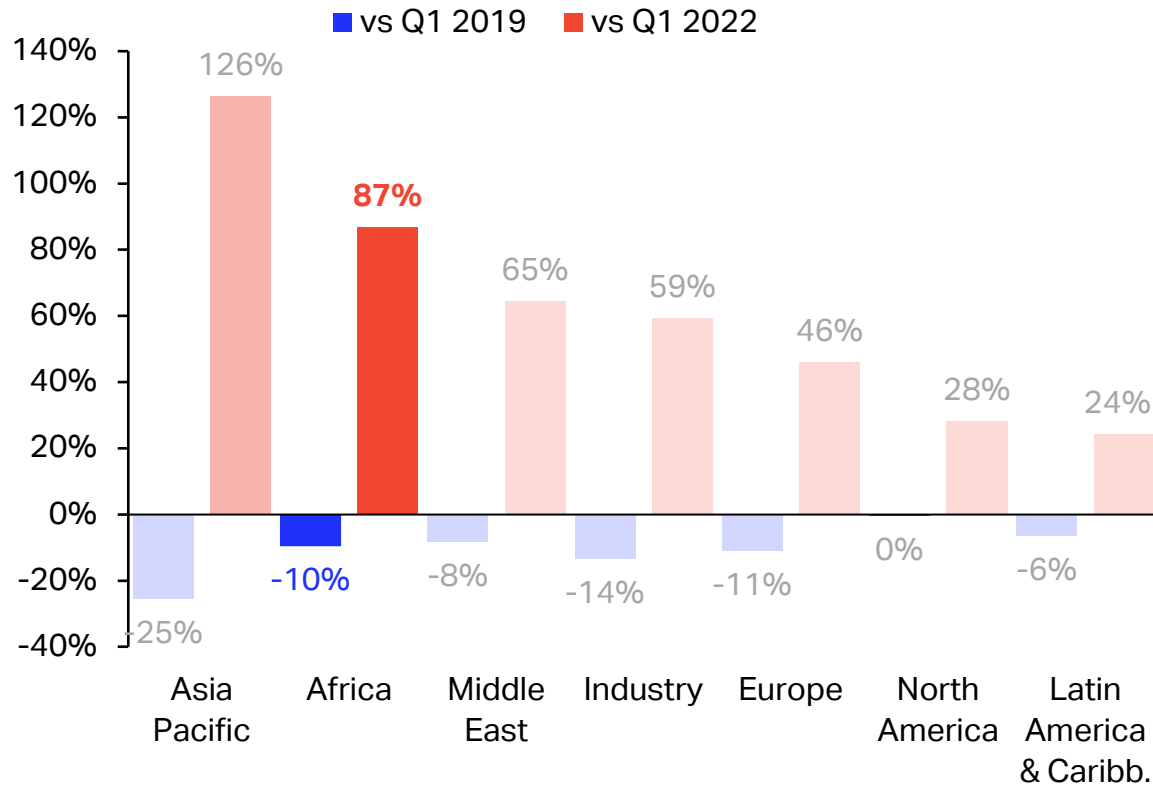


# Africa's recovery momentum persisted in Q1 2023

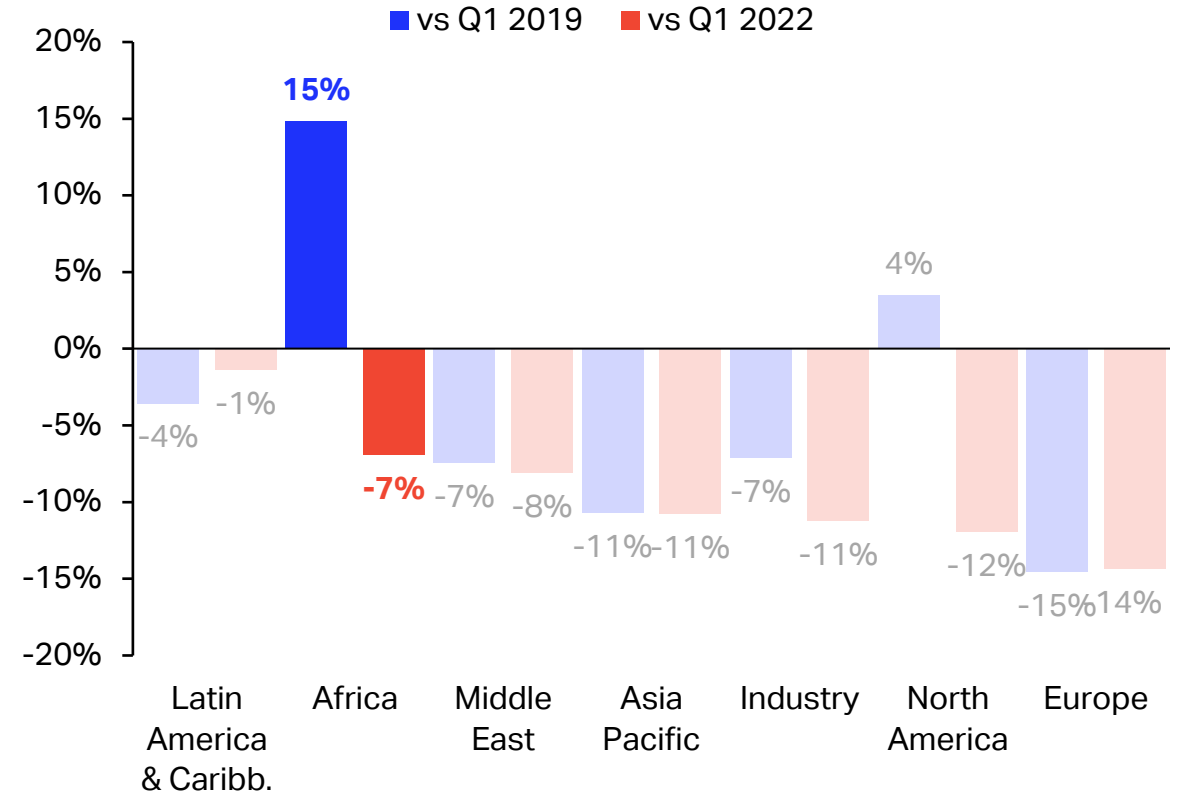
## Asia Pacific passenger traffic surged, mixed outcome for cargo



Q1 2023 total RPKs, year-on-year change (%)

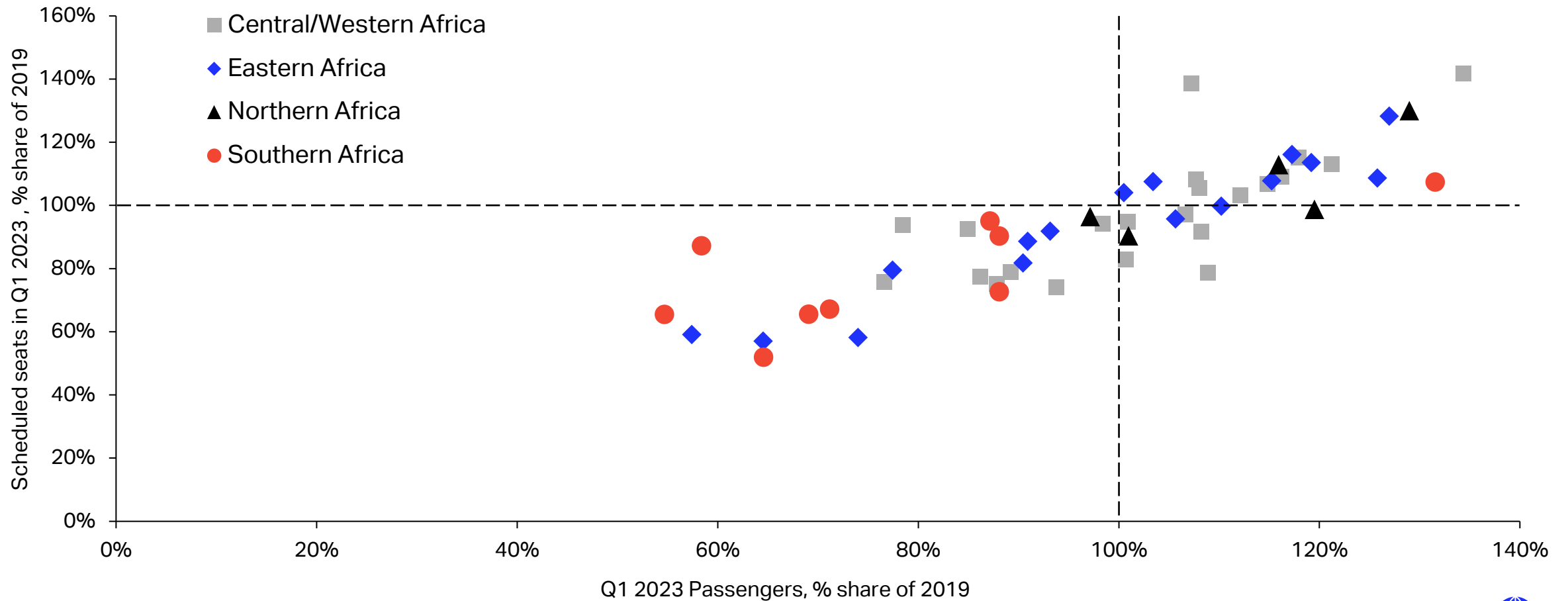


Q1 2023 total CTGs, year-on-year change (%)



# In Q1 2023, more countries in Africa saw full recovery

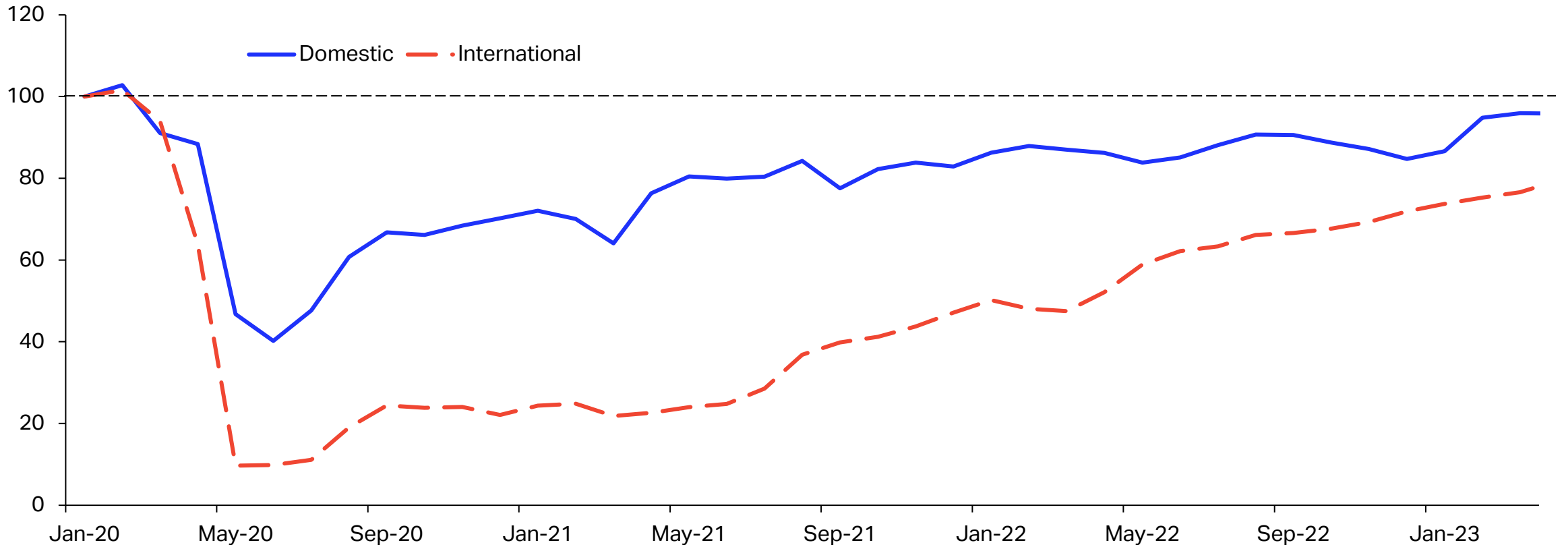
## Southern Africa continues to struggle with traffic and capacity



# Global international air connectivity in Mar 2023 at 79% of pre-crisis levels



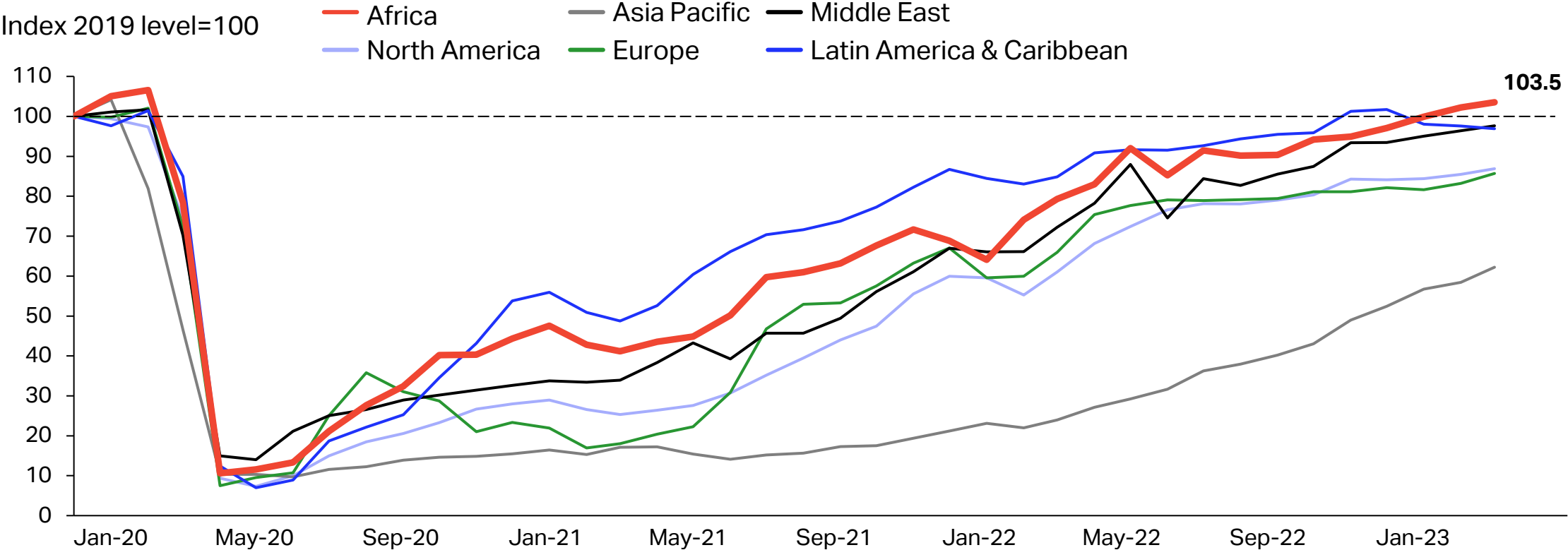
IATA Global Air Connectivity Index (2019 level = 100)



# International air connectivity recovery by Mar 2023 varies significantly across regions



IATA International Air Connectivity Index by region for all international routes, monthly Jan 2020-Mar 2023

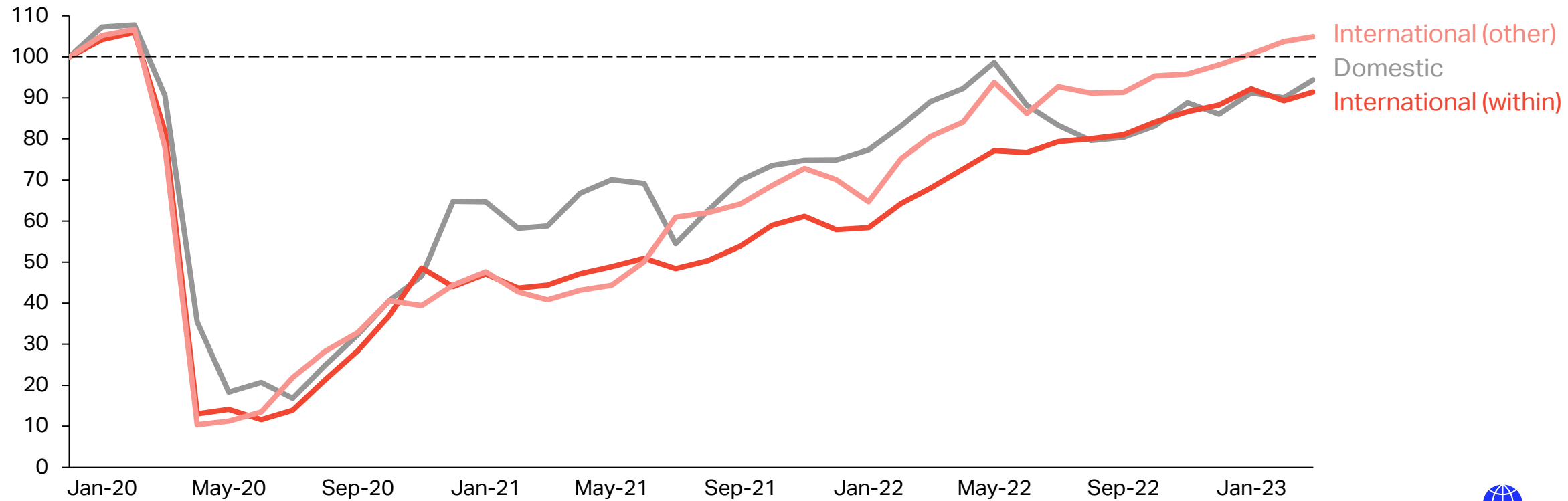


# Within Africa international air connectivity in Mar 2023 is 91% of pre-crisis levels



IATA Air Connectivity Index for Africa by component, monthly Jan 2020-Mar 2023

Index 2019 level=100

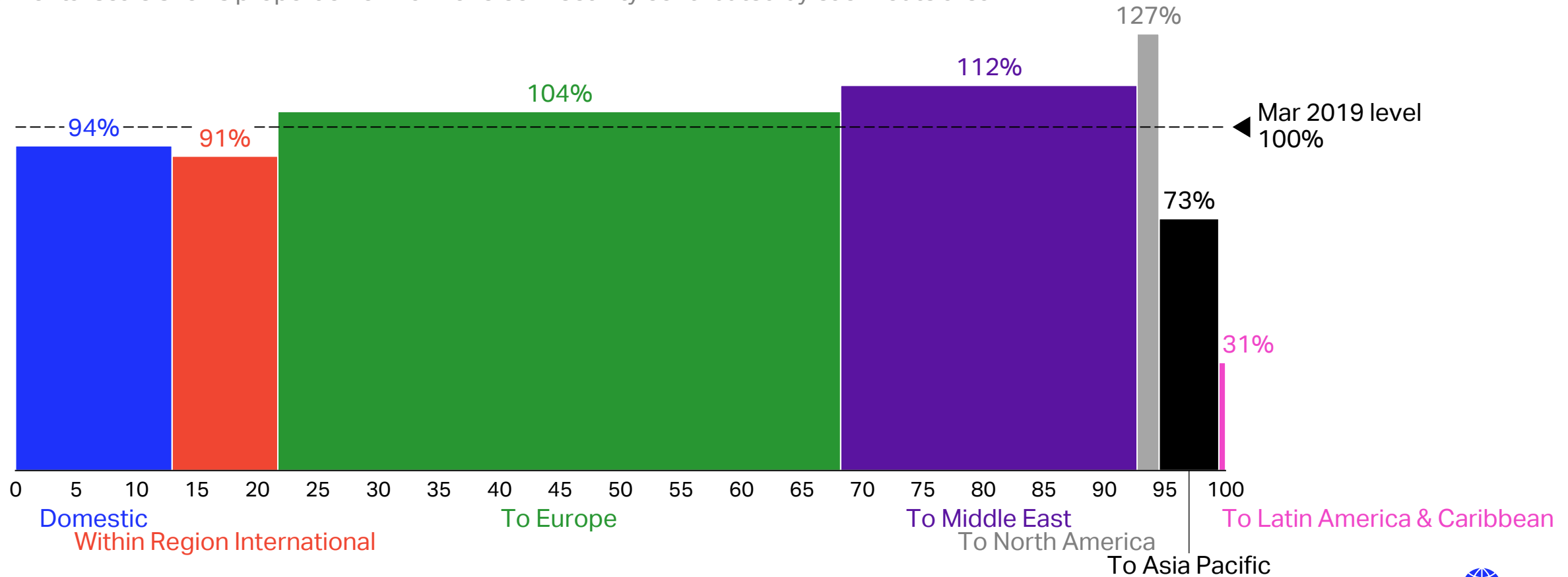




# Extent of recovery to Mar 2019 connectivity for Africa by Mar 2023



Africa connectivity recovery by route area in Mar 2023 as % of Mar 2019 level  
Horizontal scale shows proportion of Mar 2019 connectivity contributed by each route area



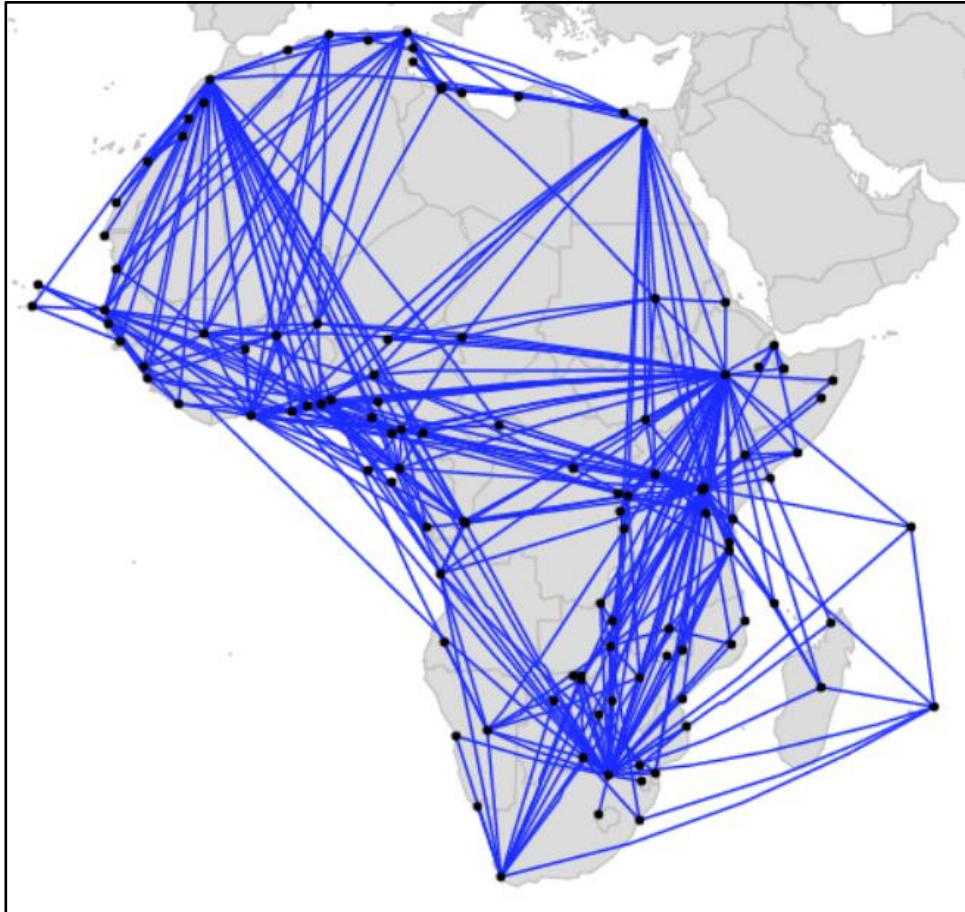
Source: IATA Sustainability and Economics, Connectivity Index, OAG



# Within Africa connectivity performance pre-pandemic



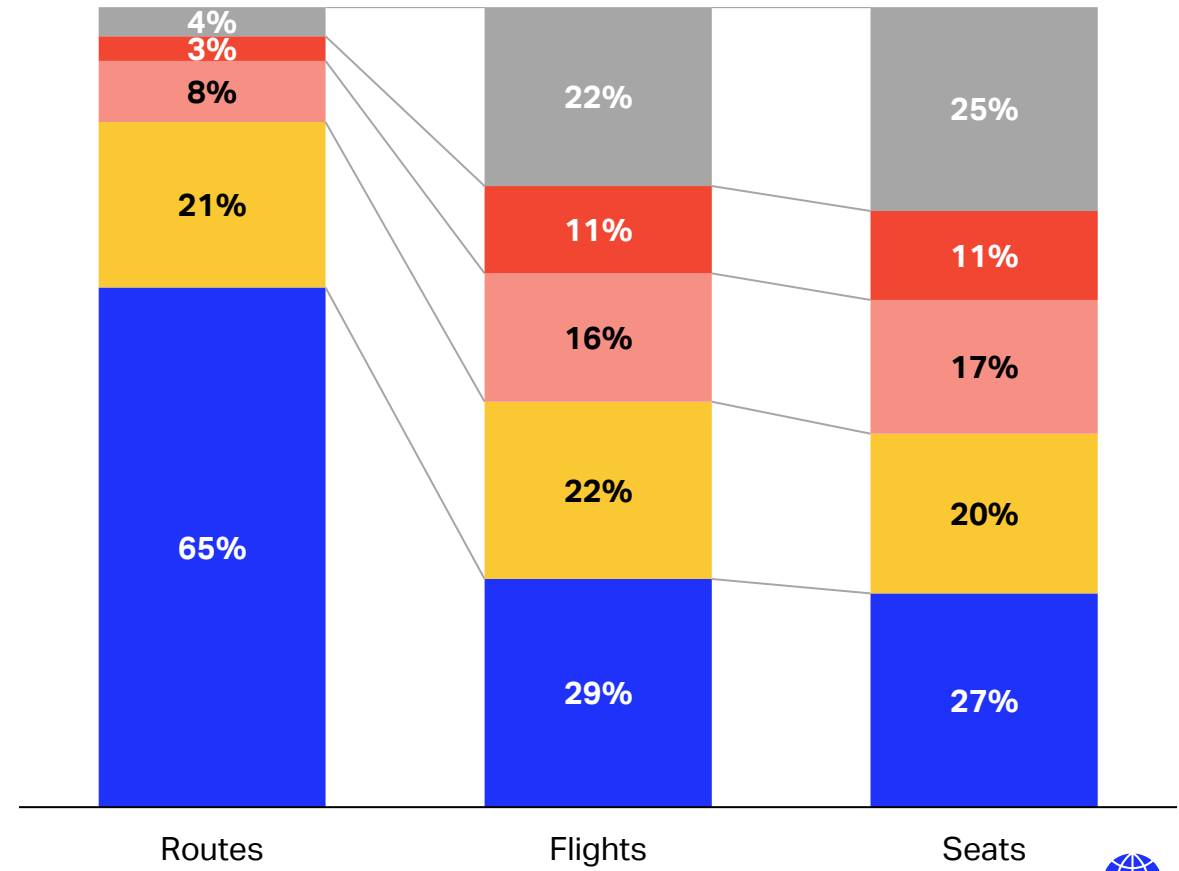
**Intra-Africa route network, 2019**



Routes shown are intra-Africa airport pairs (excluding domestic) operated at least once weekly on an annual basis.

**Carriers on intra-Africa routes, flights and seats, 2019**

■ 1 Carrier ■ 2 Carriers ■ 3 Carriers ■ 4 Carriers ■ 5+ Carriers



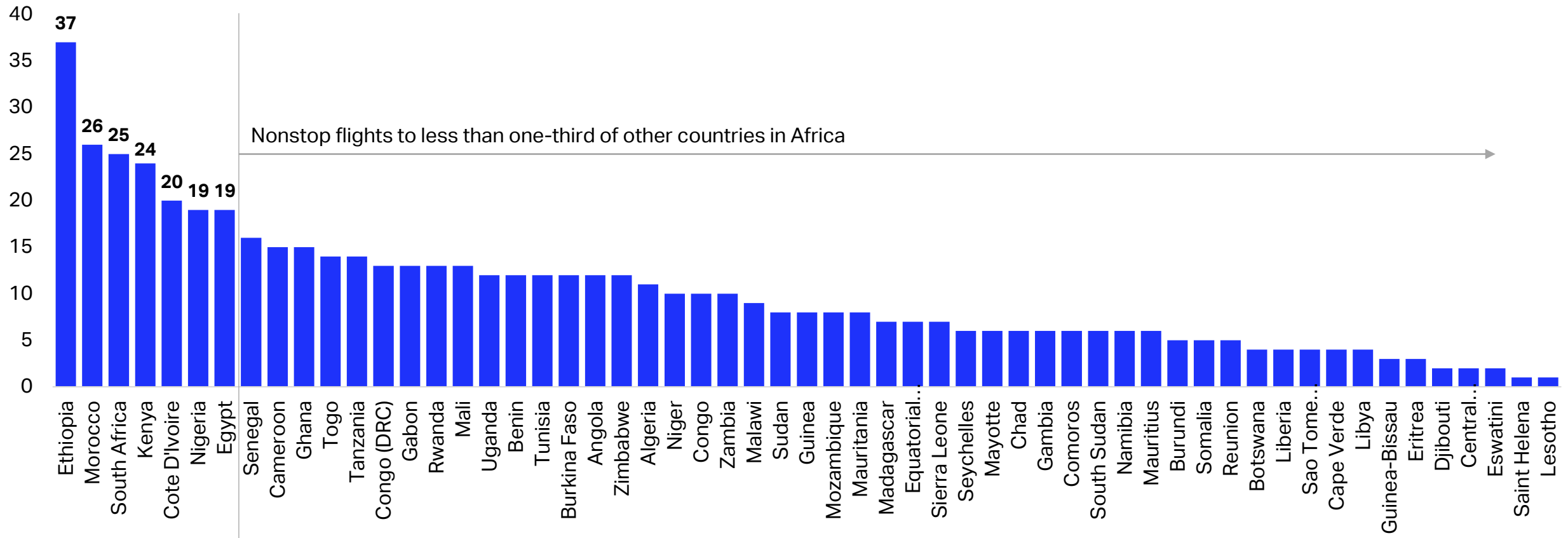
Source: IATA Sustainability and Economics using OAG data (right) and InterVISTAS analysis using IATA SRS Analyzer data (left)



# Today, only 7 countries have nonstop flights to more than one-third of the other countries in Africa



Number of African countries served by nonstop flights (direct), 2023 scheduled



Source: IATA Sustainability and Economics, OAG Schedules Analyzer

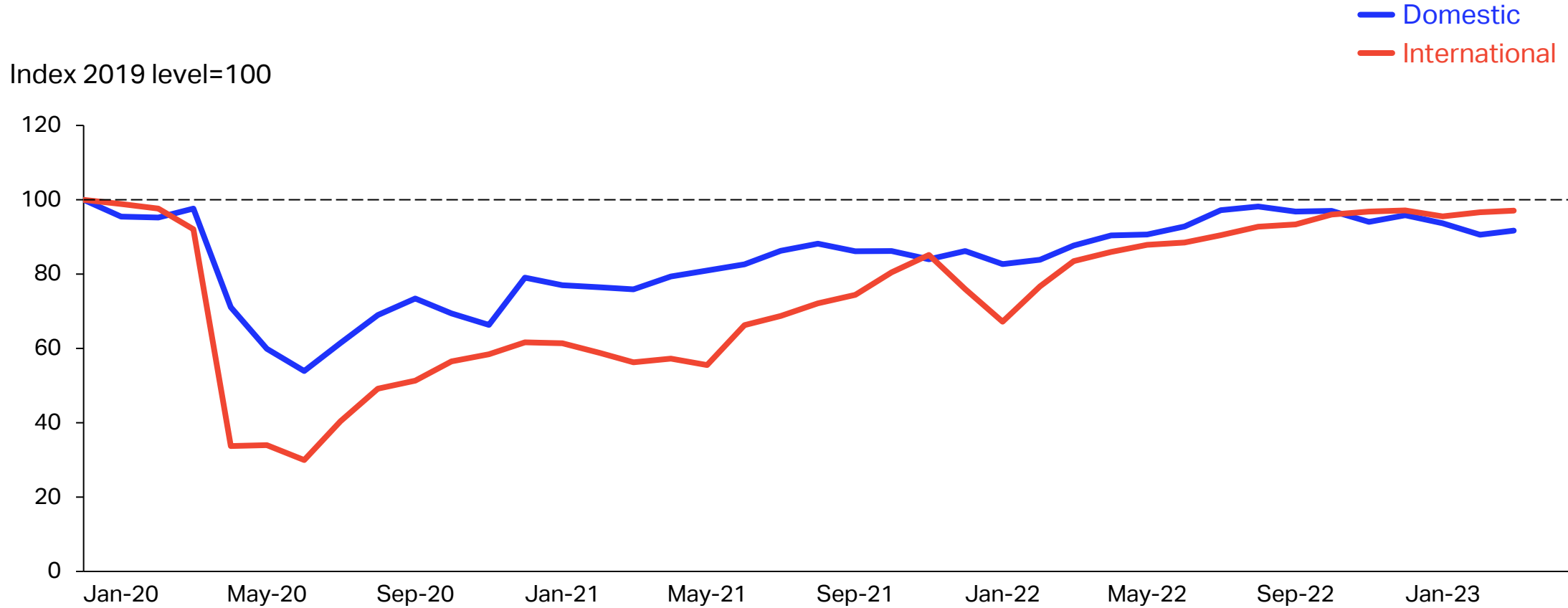
Notes: Destination country is counted if weekly flight minimum level of service is met (approximately 52+ flights/year).



# Africa routes in Mar 2023 at 97% of pre-crisis levels



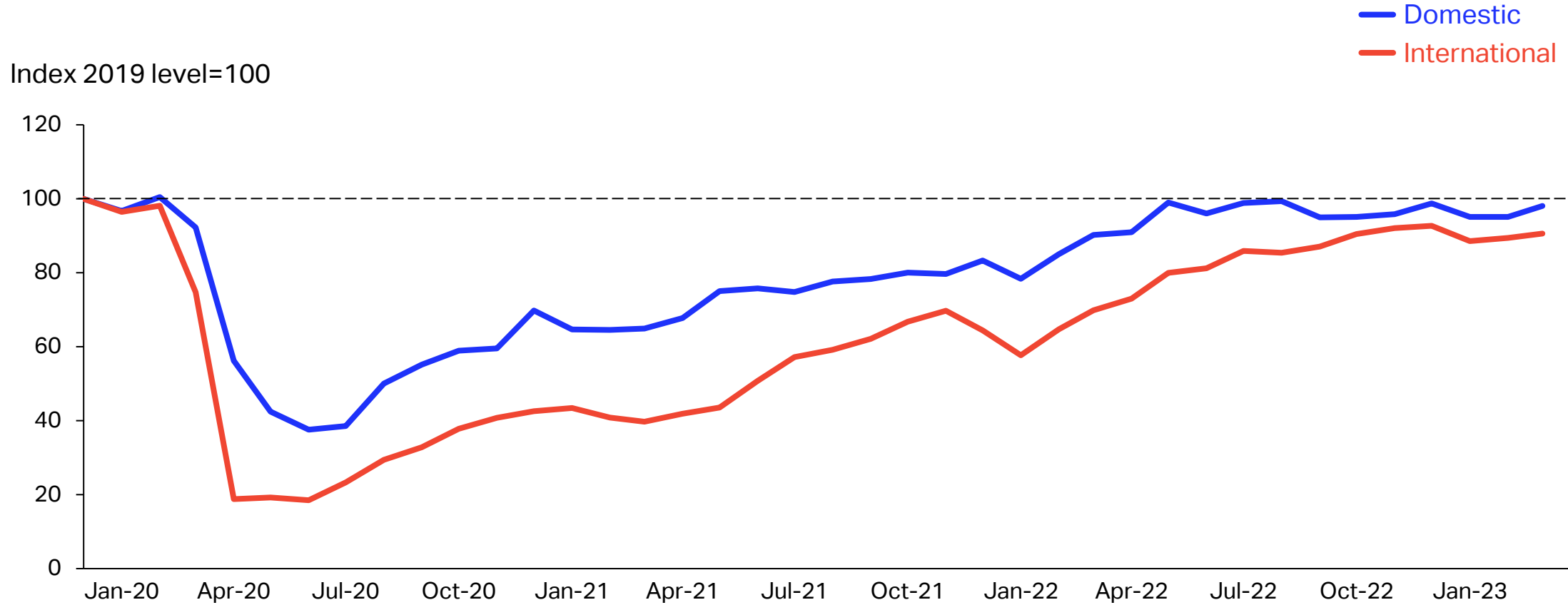
Airport pairs for Africa, monthly Jan 2020-Mar 2023



# Africa frequency in Mar 2023 at 91% of pre-crisis levels



Flights for Africa, monthly Jan 2020-Mar 2023



# Summary



## Access to intra-African market

- Intra-Africa connectivity

## Who is impacted?

- Carriers registered in Africa
- Travelers in Africa
- Businesses in Africa

## First order factors

- Economy
- Demographics
- Geography

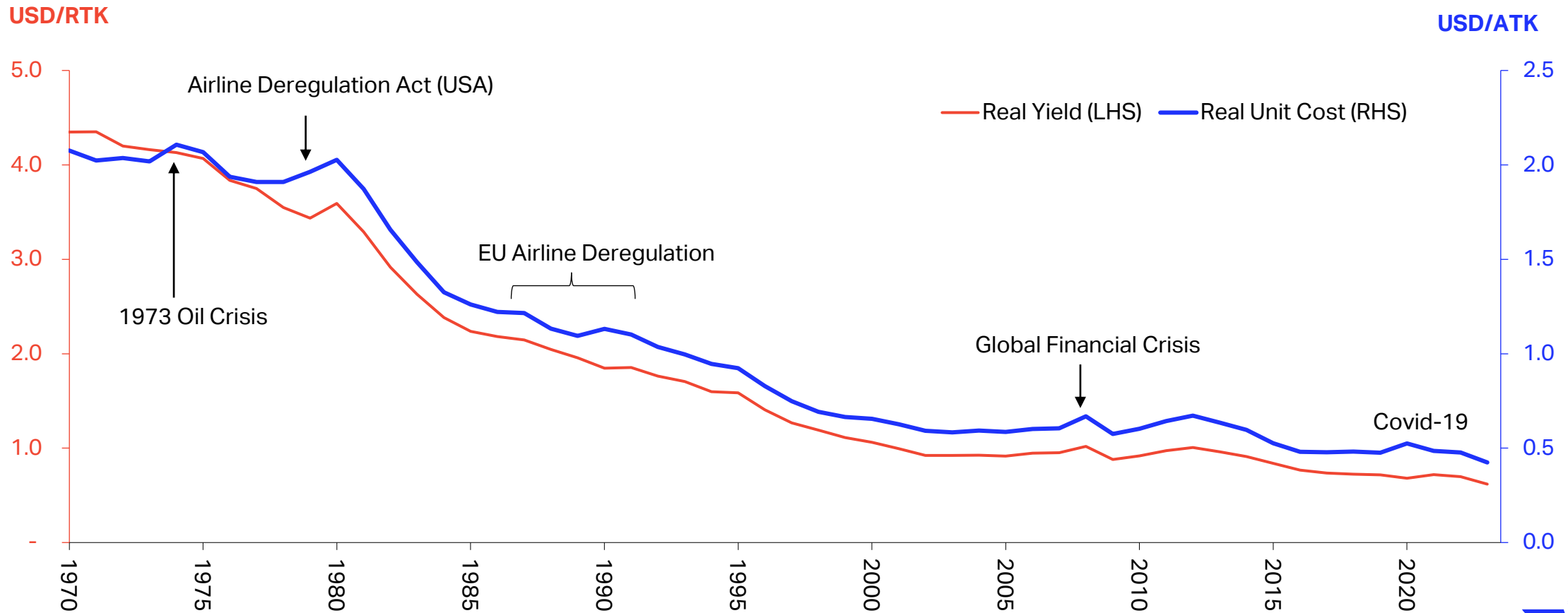
## Factors that can be influenced

- High costs and fare structure
- Networks, frequency and capacity
- Competitive environment
- Infrastructure
- Regulation and policy

# Efficiency gains will make travel more affordable



Evolution of real airline yield and unit cost, 1970-2023f



Source: IATA Sustainability and Economics, ICAO, DDS data



[economics@iata.org](mailto:economics@iata.org)

[www.iata.org/economics](http://www.iata.org/economics)





IATA  
FOCUS  
AFRICA  
CONFERENCE

# Panel: IATA Support for SAATM

Moderator: Somas Appavou

#IATAFocusAfrica



**IATA**  
**FOCUS**  
**AFRICA**  
**CONFERENCE**



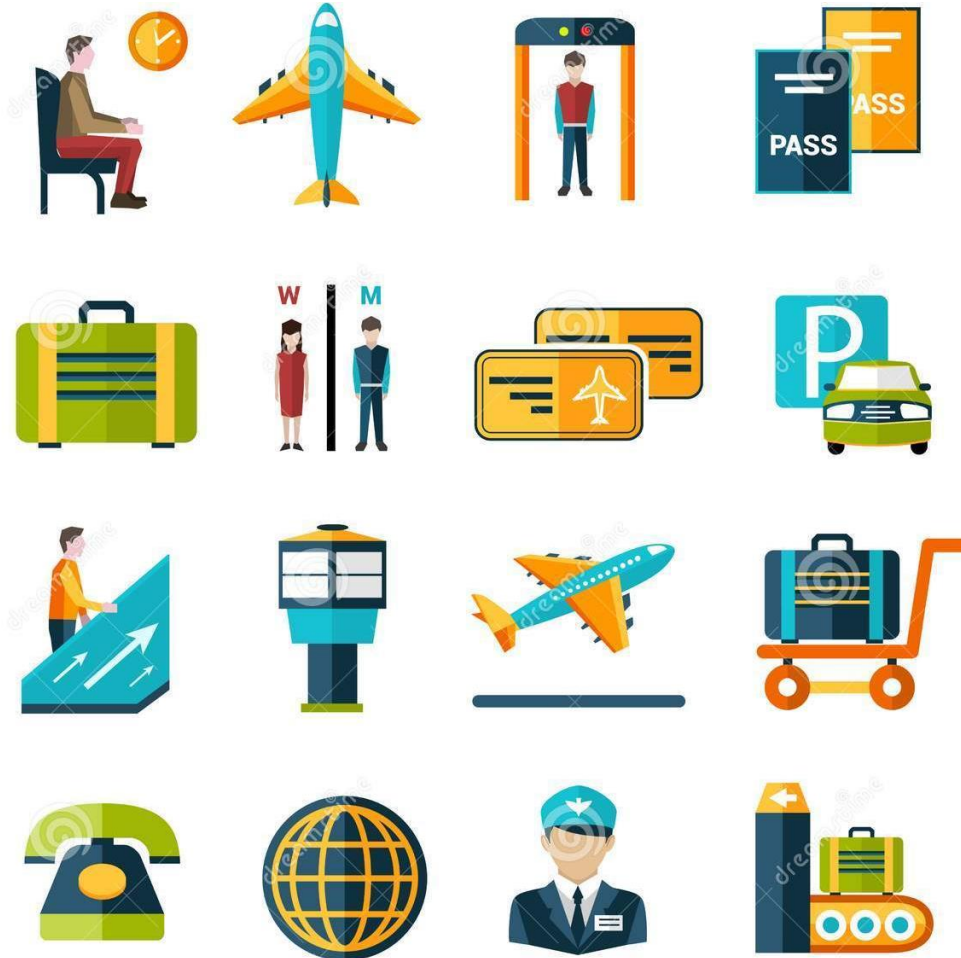
# **INTENSIVE**





Aviation is ...

**INTENSIVE**





# Aviation is

- Capital
- Labor
- Technology
- Regulation

**INTENSIVE**



# Aviation is...

- Highly dependent on Jet A1 (no prediction)
- Highly dependent on Climate (Meteorology ... less and less predictive)
- Highly Unionized
- Highly time SENSITIVE ...Sales PERISHEABLE Services
- Razor-thin margins
- GROWTH & Sustainability => require more **Connectivity & Competition**



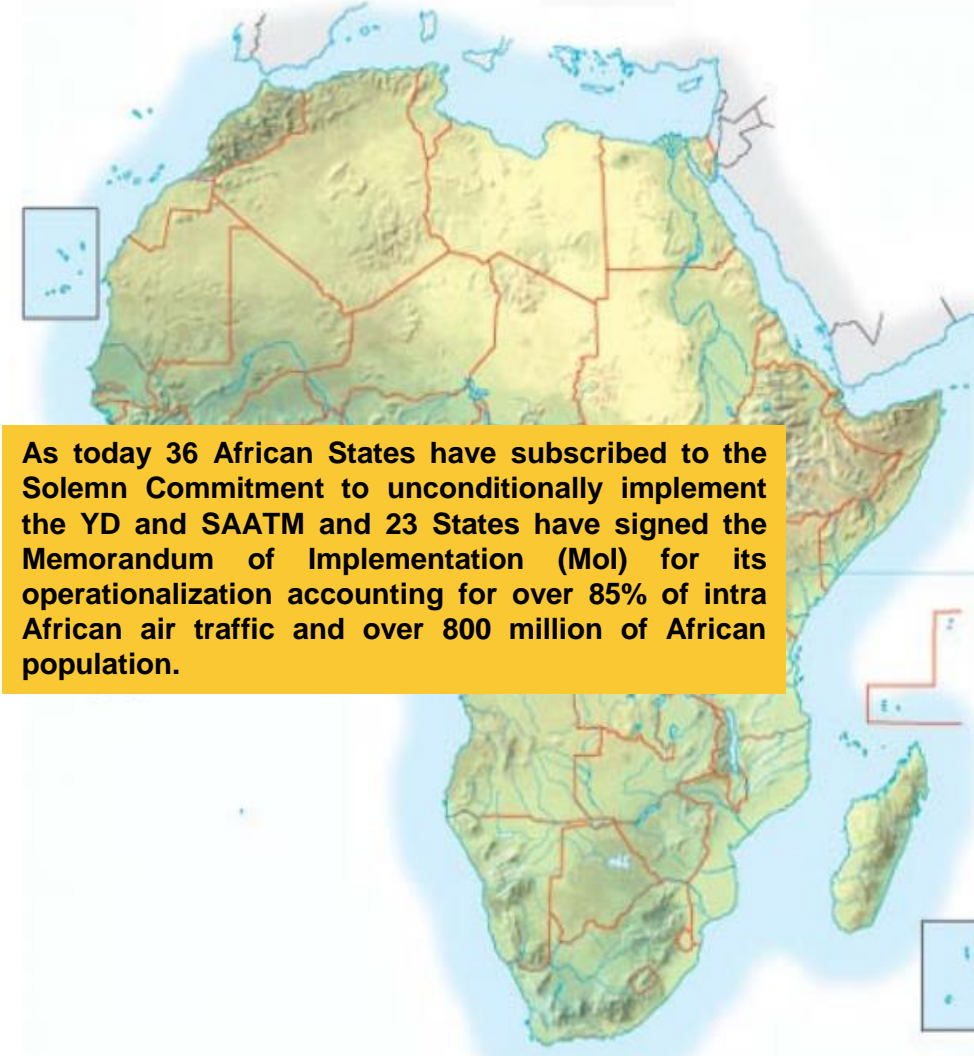
Single African Air Transport Market is a flagship project of the AU Agenda 2063

## Yamoussoukro Decision (YD)

- Written in 1999 - Ratified on 12 July 2000- Entry into Force – 2001
- JAN 2015 – AU adoption of declaration establishing SAATM & Solemn Commitment
- JAN 2018 – Launch of SAATM
  - Objectives:
    - **Harmonize Air Transport policies** in order to eliminate nonphysical barriers
    - Create an **environment** for the provision of **safe, reliable and affordable** air transport services necessary for the **free movement** of people, goods and services **in Africa**.

## Regulatory Framework

- Transport Ministers adopted the regulatory text of the YD in 2014 including:
  - The Powers and Functions of the Executing Agency
  - Competition Rules
  - Consumer Protection Regulations
- Monitoring Body
  - AUC
  - UNECA
  - AFCAC
  - AFRAA
- **Executing Agencies for YD are RECs and AFCAC**





## Panelists

**Adefunke Adeyemi**  
Secretary General,  
AFCAC

**Aaron Munetsi**  
Chief Executive Officer,  
AASA

**Gaoussou Konate**  
Consulting Director Technical and  
Operations, AFRAA

**Edmund Makona**  
Acting Chief Executive Officer  
Air Zimbabwe

# In Africa, Air Transport supports...



**7.7 million jobs and \$63 billion GDP...**

**Full SAATM deployment impact (BASAs)**

**+ 0.6m jobs and +\$4 billion GDP...**

Source: ATAG





# IMPLEMENTATION OF SAATM



As of today:

- AFRICA is 55 countries ...
- 44 have ratified **an intention** to promulgate the Abuja Treaty (domestication of YD)
  - 36 have agreed to a Solemn Commitment of SAATM
    - 23 have signed for a Memorandum of Implementation

**None has fully deployed SAATM, ... WHY ?**



# What leads to Open Sky? *(deregulation)*



MARKET

POLICIES





# What support the case for Open Skies ?

# What support the case for Open Skies ?

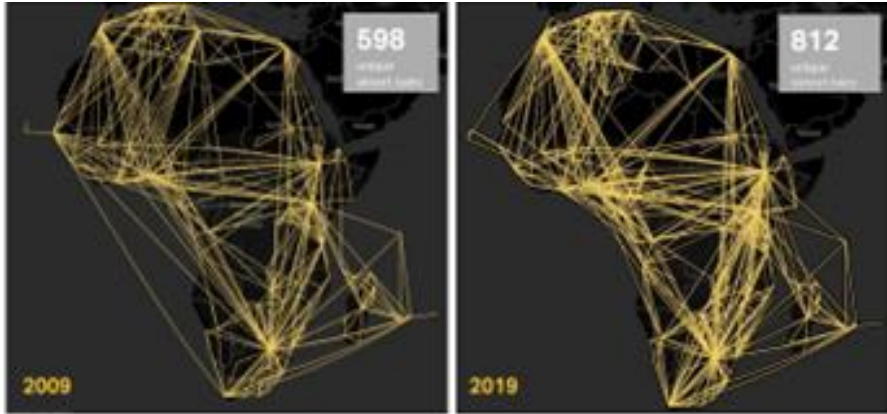


- High traffic volume & Saturated Hubs (Gateways)
- Demand for secondary city pairs (direct flights)
- ✓ Monopolies, Limited Competition & High Fares
- Cross Elasticity price/time
- Discretionary (propensity to) spend on Air Travel
- Privatization of airlines
- ✓ Poor services on thinner routes
- Common standards (norms) / similar legal framework (safety-security-finance)

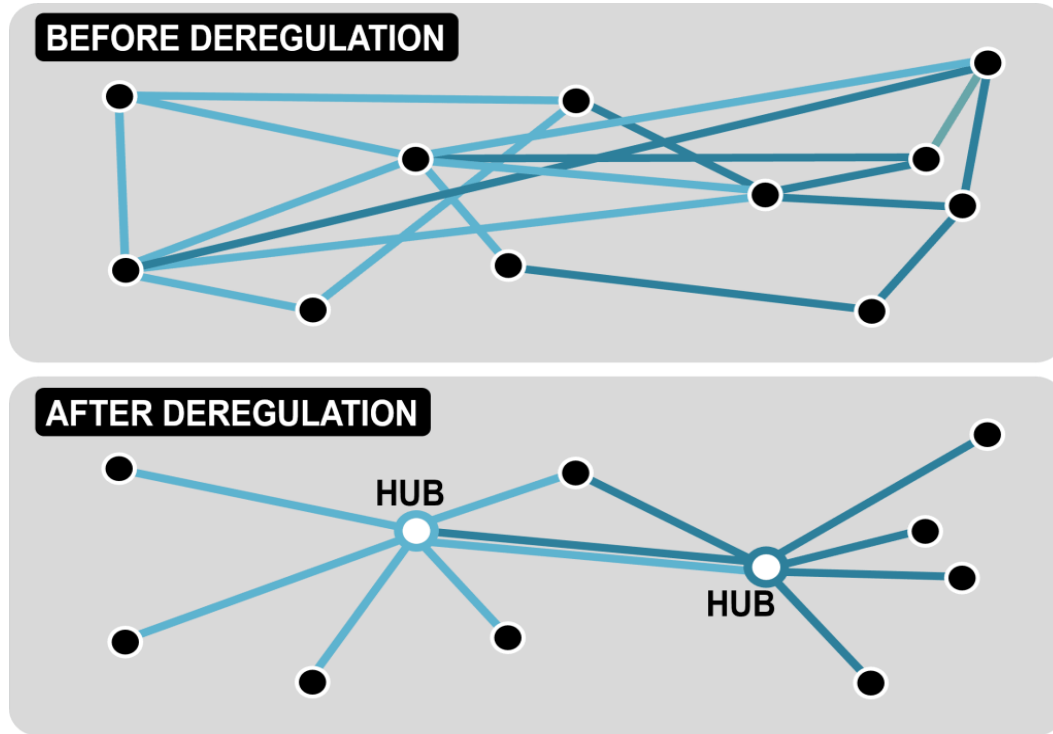


Political decision to enhance cooperation & stimulate growth through Policies

# Liberalization



Source: IATA Economics using data from SRS Analyst<sup>SM</sup>



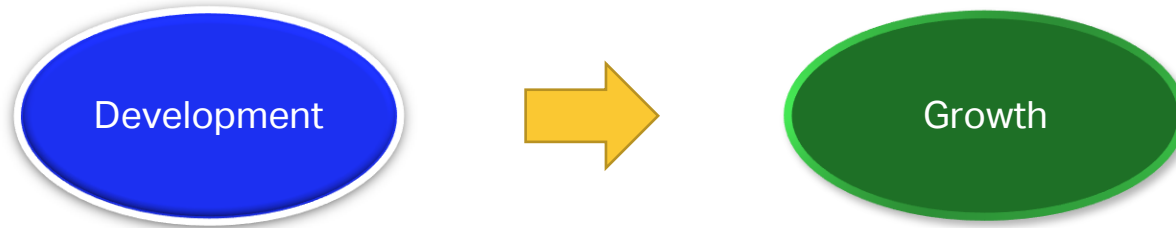
YD – Abuja Treaty

Are these articles inviting protectionism ?

# Why is there a fierce protectionism?



- Africa is a continent with a **variation of aviation sector landscapes**. Many states have an aviation sector which are in a **development** phase compared to others which are already in a **growth** phase. However, Development precede Growth



- For countries in the Development phase, reluctance to open their market
- For countries in the Growth phase, looking to grow their market share but do not want to share their Home market

**Growth** refers to an increase in size evident through physical change.

**Development** refers to a process of gradual transformation and improvement in the level of functioning of a system based on the acquisition of quality abilities.

**How to reconcile their respective interests ?**



What are the showstoppers of development & growth ?



# Challenges... *lower fares ...higher volume...it needs lower costs*



- **Fuel cost**
  - Price of commodity + logistic + Taxes
- **Charges, Fees & Taxes**
  - Different service levels/standards which remains fragmented (not harmonized) at high cost
- **Maintenance cost**
  - Capabilities – Scale - Limited MRO services ➡ *Outsourced to third parties – not in Africa*
- **Risk** associated cost (country risk + credit worth + safety & security level):
  - Insurance
  - Cost of Capital
  - Finance
    - Cost in USD (FX challenges)
    - Blocked Funds
- **Limited Economy of Scale**



# IATA's plan to address the delayed development & growth limitation



- **Safety/ Security:**

- Increase Airline IOSA & ISSA registration/certification
- Assistance to states on critical operational Safety & Infrastructure
- Specific engagement with Civil Aviation Authorities on accidents and incidents reporting
- Promote Data driven approach to safety and encourage sharing of safety data
- Support states to exceed the 60% ICAO Effective Implementation of SARPs

- **Resources & Training:**

- Upskilling resources to meet State ambition for Aviation through Internationally approved certificates
- Facilitate bilateral agreements between authorities for mutual training recognition (ex: Engineers, Pilots)
- Developing IATA Training centers in Africa

- **Economics & Sustainability:**

- Cost/benefit analysis for countries to appraise the benefits of Aviation Sector
- Demonstrate to countries how excessive TFCs are penalizing Aviation growth
- Encourage collaborations between operators for better economy of scale
- Prepare operators through trainings & briefings for Fly Net Zero by 2050
- Set conducive platform for SAF production in Africa (Producers - Suppliers - Consumers)

- **Facilitations:**

- Identify capacity enhancements for infrastructure
- Structuring win-win partnerships (ex 3P) with industry inputs and consultation
- Improve passenger experience for seamless travel (connectivity)

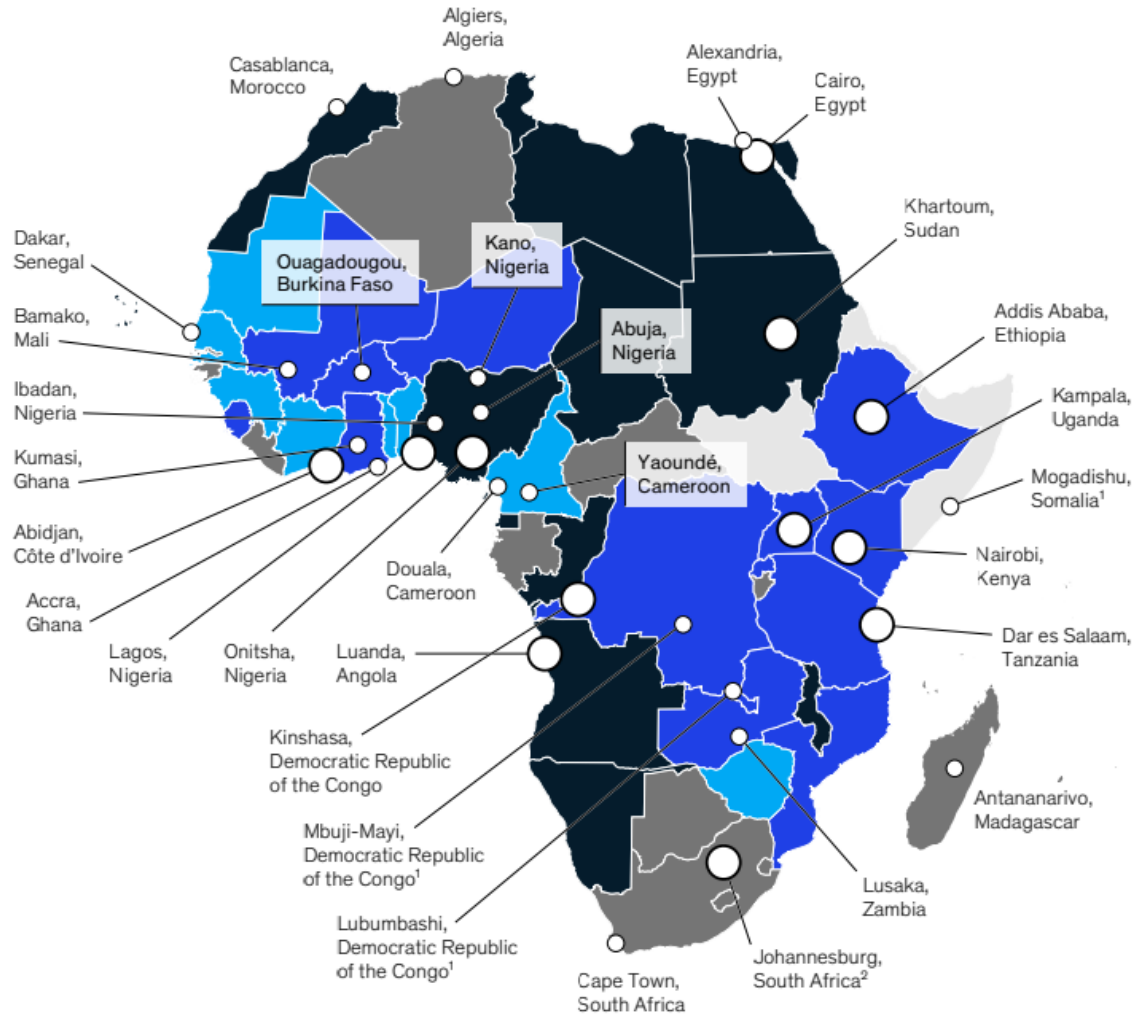
## African cities with more than 5 million people by 2040

Circle size = projected population

5M-10M   >10M

Country-level GDP growth trends:

- Consistent growers
- Recent accelerators
- Recent slowdowns
- Slow growers
- Insufficient data



Standard form of gravity model

$$T_{ij} = \frac{A_j F_{ij} K_{ij}}{\sum_{all\ zones} A_x F_{ix} K_{ix}} x P_i$$

Where:

$T_{ij}$  = trips produced at  $I$  and attracted at  $j$

$P_i$  = total trip production at  $I$

$A_j$  = total trip attraction at  $j$

$F_{ij}$  = a calibration term for interchange  $ij$ , (friction factor) or travel time factor ( $F_{ij} = C/t_{ij}^n$ )

$C$  = calibration factor for the friction factor

$K_{ij}$  = a socioeconomic adjustment factor for interchange  $ij$

$i$  = origin zone

$n$  = number of zones

The boundaries and names shown on this map do not imply official endorsement or acceptance by McKinsey & Company.

Note: Djibouti, Eritrea, Sao Tome and Principe, Somalia, and South Sudan are excluded due to incomplete GDP data 2000-19.

<sup>1</sup>Lubumbashi, Mbuji-Mayi, and Mogadishu are not included in the other cities analyses as they are not included in the Oxford Economics data set.

<sup>2</sup>Greater Johannesburg includes the city of Johannesburg, Ekurhuleni, and the West Rand.

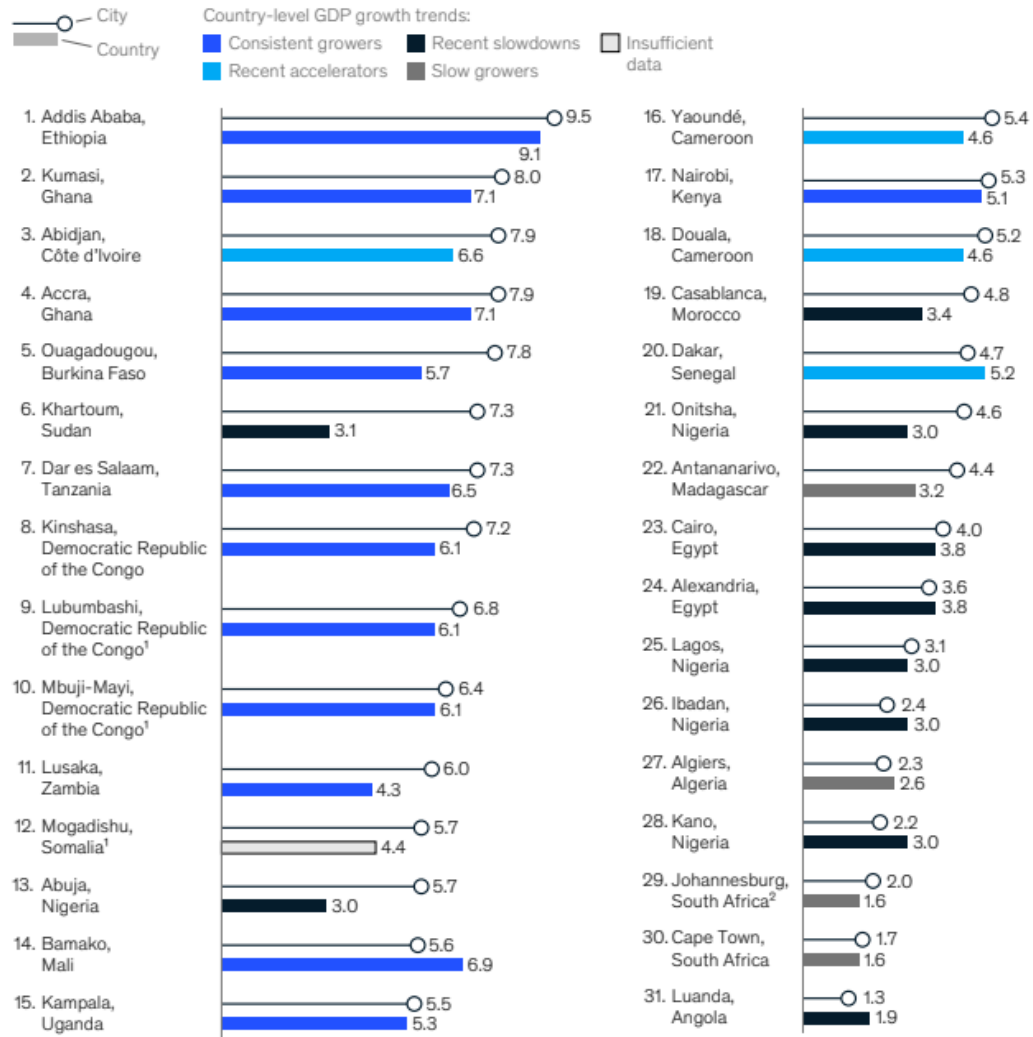
Source: Oxford Economics; UN World Urban Population; MGI Pixels of Progress geospatial data set





## Cities with fastest growing GDP are generally located in countries that are consistent growers or recent accelerators.

Real GDP CAGR over 2010–19 for Africa's largest cities and their countries, %



<sup>1</sup>Lubumbashi, Mbuji-Mayi, and Mogadishu are not included in the other cities analyses as they are not included in the Oxford Economics data set.

<sup>2</sup>Greater Johannesburg includes the city of Johannesburg, Ekurhuleni, and the West Rand.

Source: Oxford Economics; UN World Urban Population; MGI Pixels of Progress geospatial data set



# Coffee Break

**IATA**  
**FOCUS**  
**AFRICA**  
**CONFERENCE**

# THANK YOU TO OUR SPONSORS

Host Airline



Platinum Sponsor



Gold Sponsors



Silver Sponsors

**AIRBUS**

**amadeus**



**Sabre**

Bronze Sponsors





# **Sustainable Aviation Fuel: Opportunities and Challenges in Africa**

**Vice President EMEA,  
Renewable Aviation, Neste**

**Alexander Kueper**





# Decarbonising Aviation: SAF



Alexander Küper  
Vice President Europe, Middle East & Africa  
Neste Renewable Aviation  
IATA Focus Africa Conference, June 2023

THE INDUSTRY CONTEXT

# ACTIONS NOT WORDS

In 2021, IATA aligned with the Paris Climate Agreement to set a global air transport industry target:



**NET ZERO CARBON  
EMISSIONS BY 2050**

# 65%

ACHIEVED WITH  
SUSTAINABLE  
AVIATION FUEL (SAF)



THE CONSUMER CONTEXT

# CLIMATE RESPONSIBILITY

# 2-3%

AVIATION ACCOUNTS FOR 2 - 3% OF  
GLOBAL CO2 EMISSIONS



# 2X

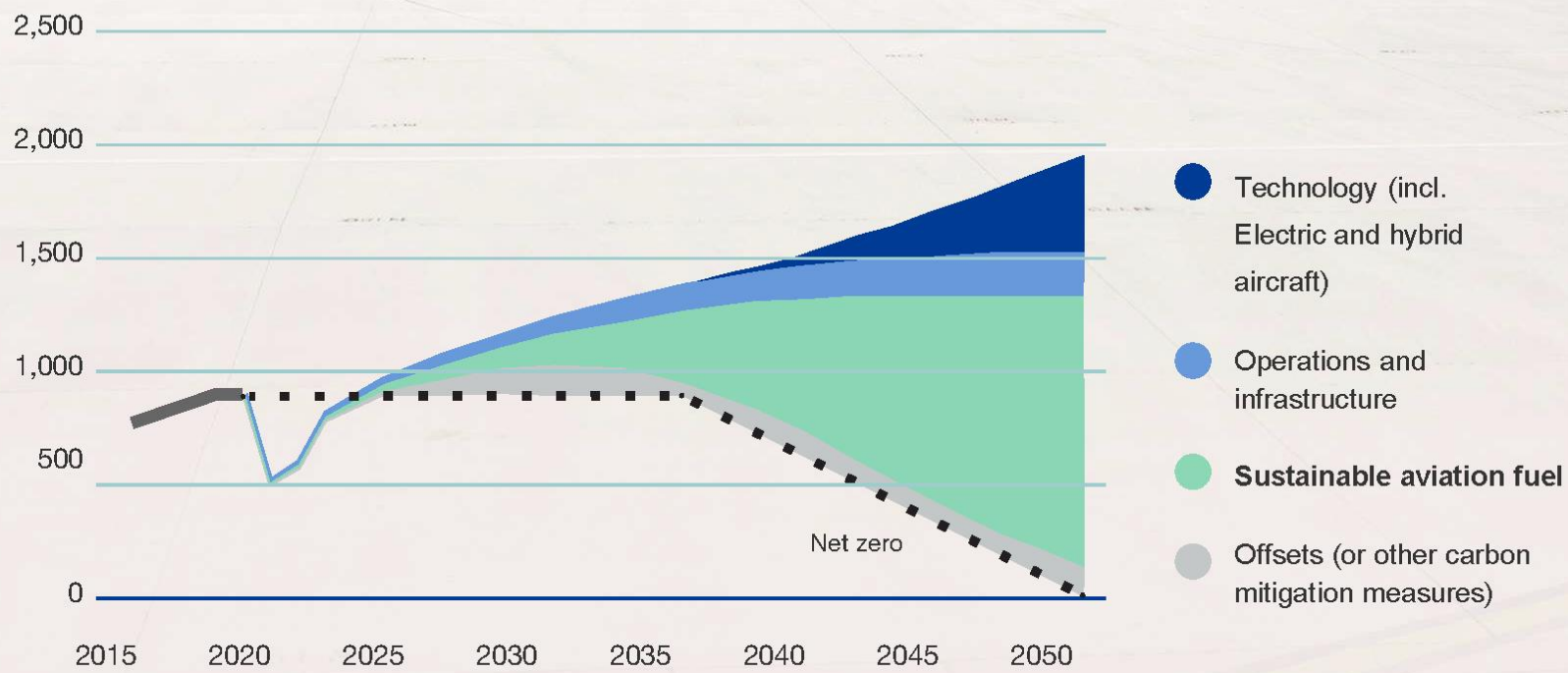
GLOBAL AIR TRAVEL IS  
EXPECTED TO DOUBLE IN THE  
NEXT 15 YEARS





# Aviation relies on sustainable aviation fuel, and other pathways, to achieve its 2050 targets

Aviation CO<sub>2</sub> emissions trajectory and reductions by measure (Mt CO<sub>2</sub>e)



“Together we can put the global aviation sector on the path to net-zero emissions by 2050 by accelerating the supply and use of SAF technologies to reach 10% of global jet aviation fuel supply by 2030”

# Realization of full potential will requires scale up of new technologies (3-stage roadmap)



Source: Neste estimates

<sup>1</sup> HEFA = Hydroprocessed Esters and Fatty Acids

# Driven by our purpose

## Neste is a global leader in circular & renewable solutions



We are

# #1

Producer of Sustainable Aviation Fuel & Renewable Diesel with production capacity increasing from 3.2mt to 5.5mt in 2023

In 2021, our customers reduced

# 10.9 Mt

greenhouse gas emissions with our renewable products

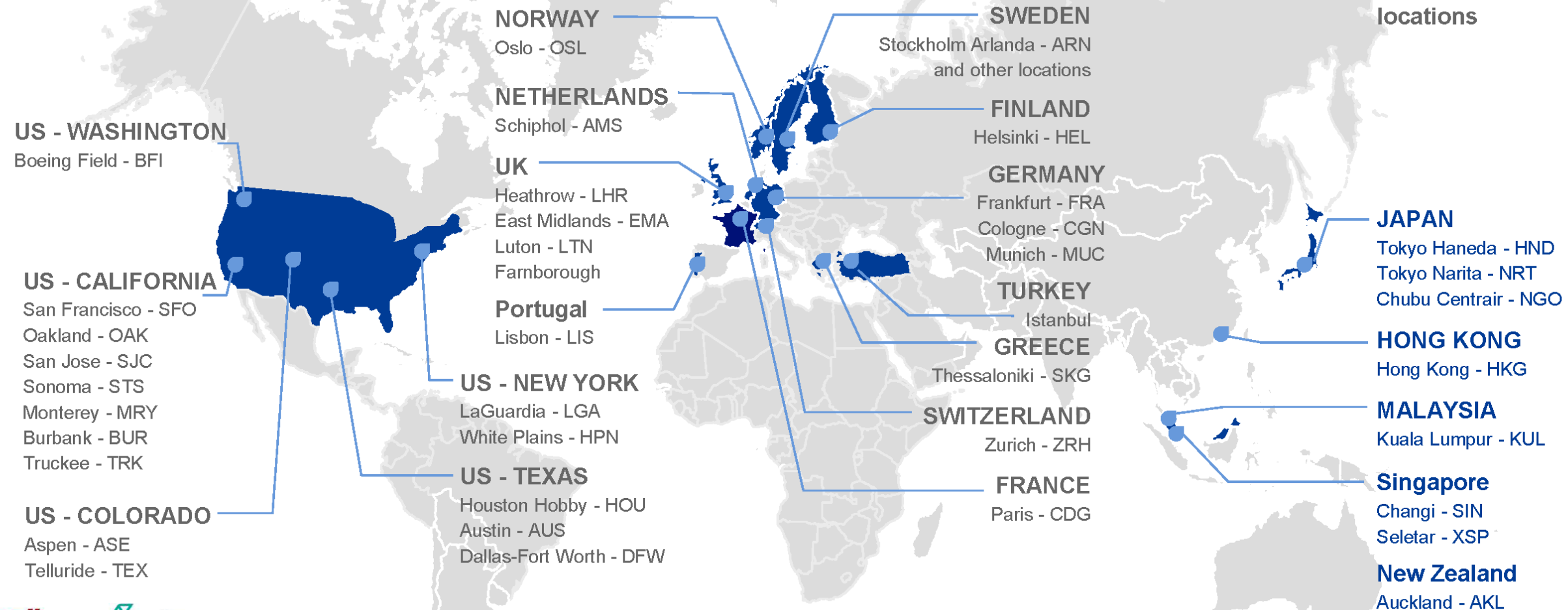
Our innovation & engineering teams, makes out

# 25%

of Neste's total workforce

# Neste's SAF is available globally, both through Neste's own network of airports and through distributors

Select airport locations



A high-angle photograph of a paved surface, likely a parking lot or walkway, showing several long, dark shadows cast by people and a metal railing. The shadows are cast from the left side, indicating a low sun position. The text "It is a joint mission" is overlaid in white, bold, sans-serif font in the center of the image.

**It is a joint mission**



## **Flutterwave: Gateway of Choice to Africa**

**Business Development Manager, Flutterwave**

**Yewande Apelehin**





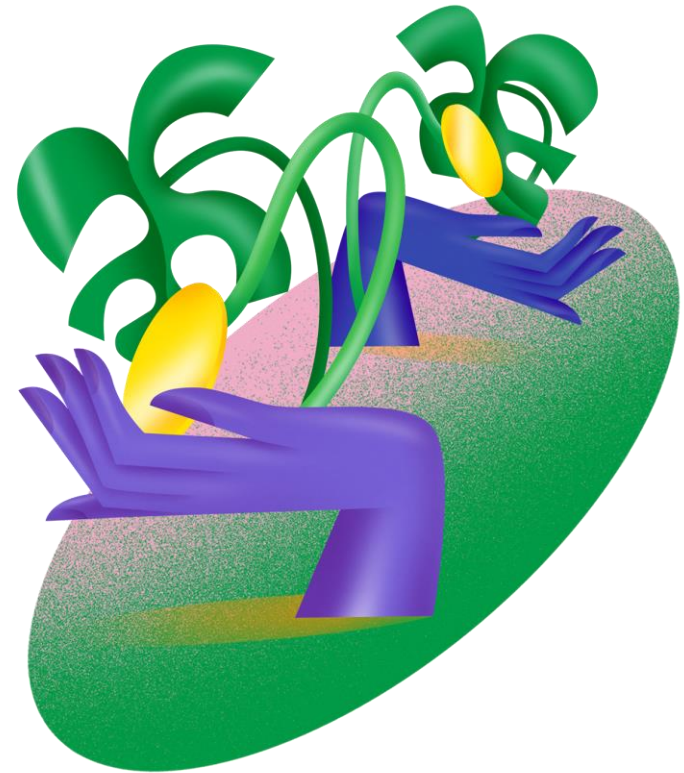
# Flutterwave: Gateway of Choice to Africa

June 2023



# Outline

- 1 The Flutterwave Story
- 2 The Flutterwave Solutions
- 3 Questions?
- 4 Thank you!





# Our Story





**90%**

Percentage of cash-based transactions in Africa.



# Simplifying Payments...



Video Link: <http://www.youtube.com/watch?v=-6qQijA5zy4>

# Our Solutions (B2B)

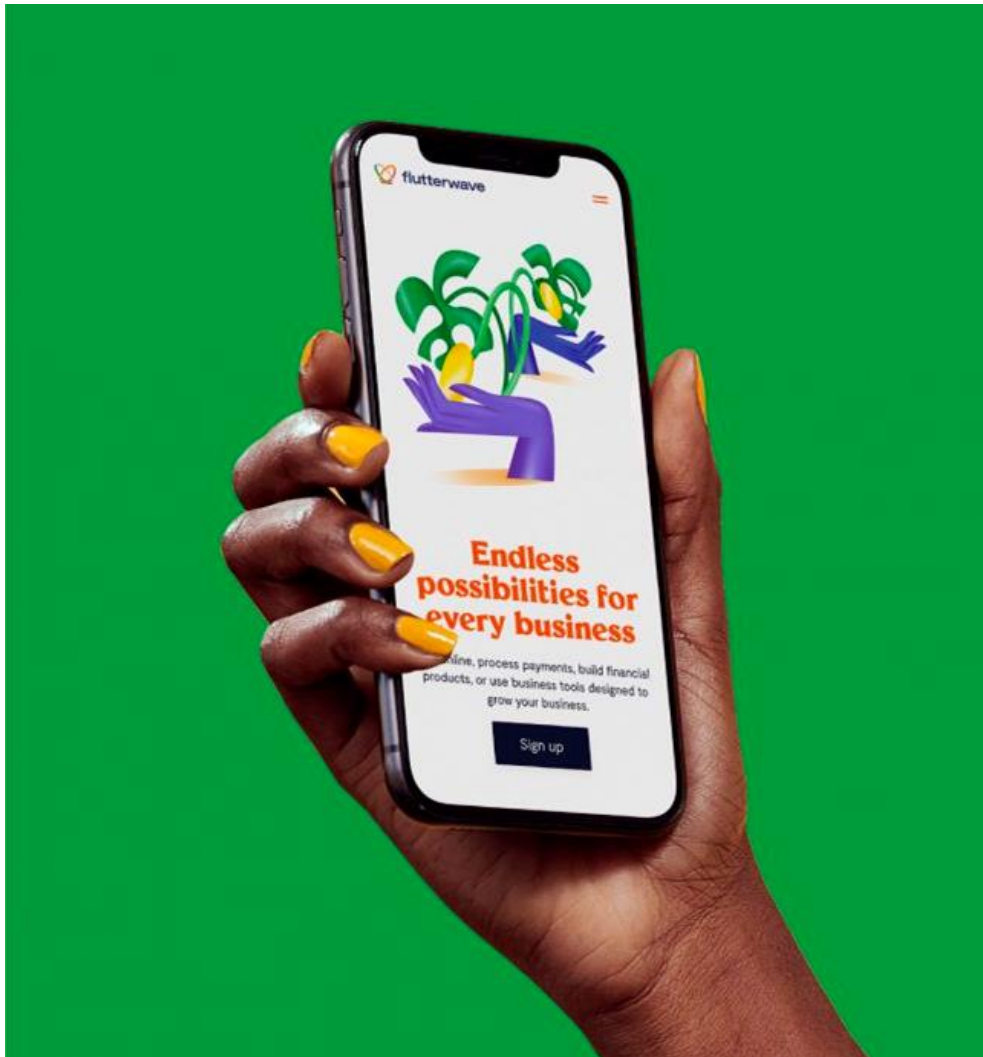




**400**

Million transactions processed since 2016.





# Payment Gateway

- Using one API to enable & simplify cross-border transactions,
- Largest coverage across Africa (30+ Countries),
- 15+ Payment Methods & 30+ Currencies,
- Supports expansion drives of large enterprises like Uber,
- Trusted by prominent companies like Microsoft, Fly AirPeace, Booking.com, Bamboo, Audiomack and over a million others,
- ISO certified (ISO 27001 & 22301 certification),
- PA DSS & PCI DSS (Level 1) Compliant.





## Flutterwave for Business

- Offers an end-to-end solution for businesses of all sizes—small, medium, and enterprises to scale and succeed.
- Make single and Bulk money transfers right from your dashboard,
- Integrate functional payment into prominent eCommerce sites,
- Create and manage your virtual or physical cards no matter,
- Web or Mobile, handy for collecting payment globally,
- Payment links allows businesses & NGOs to collect money or raise donation for a cause.





## Flutterwave Store & Market

- Flutterwave Store started during the pandemic to help small businesses easily access eCommerce services,
- Currently serves over 40,000 small businesses, mostly from Africa
- Flutterwave Market aggregates all the Flutterwave Stores to give small businesses a global audience without extra cost.







# Fintech as a Service

- **Build:** Our solution that provide startups with everything they need to build financial services into their product,
- **Cards:** Instantly issue and process branded virtual and physical consumer and business debit cards,
- **Payments:** Execute custom Automated Clearing House (ACH), bill pay and real-time transfers through a single endpoint,
- **KYC:** Facilitate customers' identity verification in one call,
- Trusted by prominent Fintechs like Piggyvest, Mono and Paga.



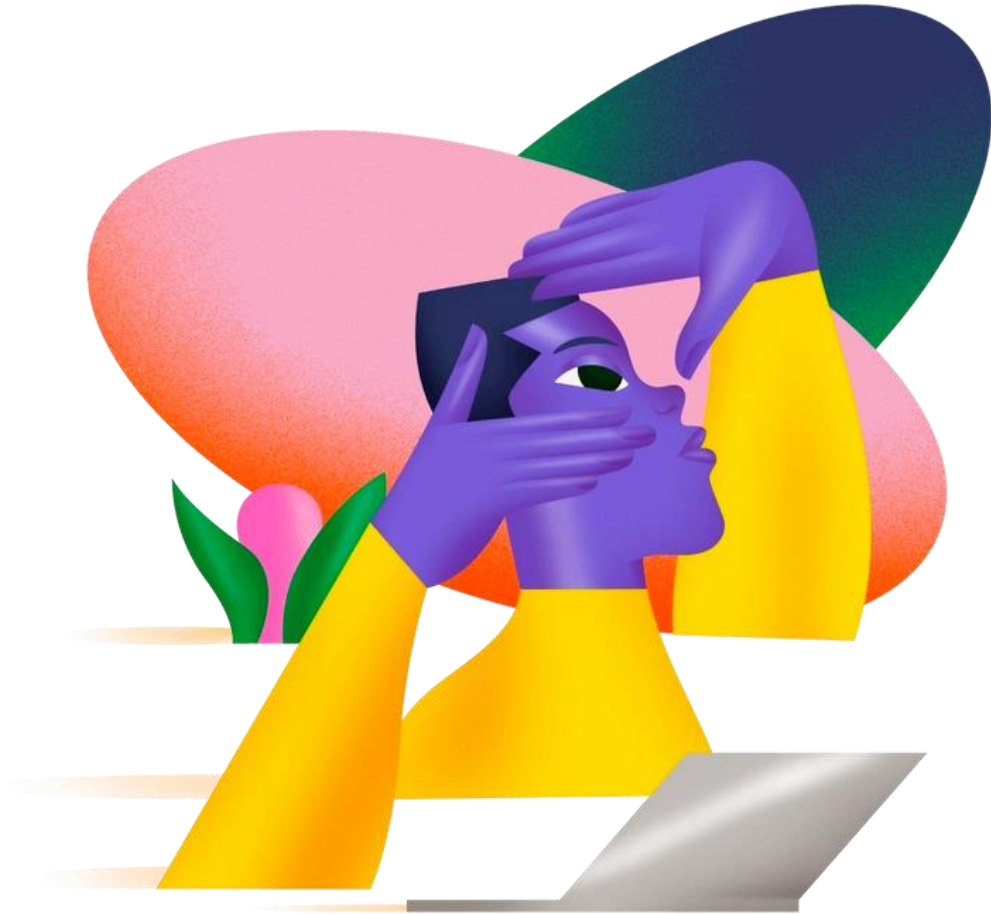
# Our Solution (B2C)





## Send by Flutterwave

- Our cross-border money transfers solutions built for Africans in Diaspora,
- Transfer money securely and effortlessly from the UK, US, and Europe to Africa and beyond,
- Start your transaction on the web and conveniently complete it on mobile.
- Receive money instantly into your bank account, mobile money from the UK, US, and 30+ countries.
- Senior citizens can conveniently collect their money at selected cash pickup stations.



**Questions?**



Three thick, interlocking loops of different colors (pink, green, and orange) are arranged in a circular pattern, overlapping each other. The pink loop is at the top, the green loop is on the left, and the orange loop is on the right. The loops are set against a background that transitions from a light orange on the left to a light pink on the right.

**Thank You!**

**IATA  
FOCUS  
AFRICA  
CONFERENCE**

# **Panel: The Journey Towards Modern Airlines Retailing, Live!**

**Moderator: Yanik Hoyles**

#IATAFocusAfrica





## Panelists

### **Hailemeleket Mamo**

VP ET Holiday & Digital/GCIC Sales,  
Ethiopian Airlines

### **Umesh Chhiber**

Senior VP Revenue, Retail & Cargo,  
Oman Air

### **Julius Thairu**

Chief Commercial & Customer  
Officer, Kenya Airways

**May 2023**

**EUROPE**

- Aegean Airlines
- Aeroflot
- Air Baltic Corporation AS
- Air Dolomiti
- Air France
- APG Airlines
- Austrian Airlines
- Binter Canarias
- British Airways
- Brussels Airlines
- Condor Flugdienst GmbH
- EW Discover GmbH
- Finnair
- Hahn Air Lines
- Iberia
- KLM Royal Dutch Airlines
- Lufthansa
- Olympic Air
- Pegasus Airlines
- Polskie Linie Lotnicze LOT SA
- S7 Airlines
- SAS Scandinavian Airlines
- SunExpress
- Swiss International Air Lines
- Turkish Airlines
- Virgin Atlantic Airways
- Vueling Airlines S.A.

**AMERICAS**

- Avianca
- Avianca Costa Rica S.A.
- Avianca Ecuador S.A.
- Air Canada
- American Airlines
- COPA Airlines
- Eastern Airlines LLC
- Hawaiian Airlines
- LATAM Airlines Group
- Spirit Airlines
- TACA International Airlines S.A.
- United Airlines

**NORTH ASIA**

- Cathay Pacific Airways
- China Airlines
- China Eastern Airlines Corporation Ltd
- China Southern Airlines
- EVA Airways Corporation
- Hainan Airlines Holding Co., Ltd.
- Shandong Airlines Co., LTD
- Shenzhen Airlines
- Sichuan Airlines
- Xiamen Airlines

**ASIA PACIFIC**

- All Nippon Airways Co., Ltd (ANA)
- Bangkok Airways Public Co.,Ltd
- Japan Airlines
- Jeju Air
- Pakistan International Airlines
- Qantas Airways Limited
- Singapore Airlines
- SriLankan Airlines Limited

**AFRICA & MIDDLE EAST**

- Air Cairo
- Air Mauritius
- EGYPTAIR
- Emirates
- Ethiopian Airlines Group
- FlyEgypt
- Kenya Airways
- Gulf Air B.S.C. (c)
- Oman Air S.A.O.C.
- Qatar Airways

Source: IATA Airline Retailing Maturity index registry





## Panelists

### **Hailemeleket Mamo**

VP ET Holiday & Digital/GCIC Sales,  
Ethiopian Airlines

### **Umesh Chhiber**

Senior VP Revenue, Retail & Cargo,  
Oman Air

### **Julius Thairu**

Chief Commercial & Customer  
Officer, Kenya Airways



# Lunch Break

**IATA**  
**FOCUS**  
**AFRICA**  
**CONFERENCE**

# THANK YOU TO OUR SPONSORS

Host Airline



Platinum Sponsor



Gold Sponsors



Silver Sponsors

**AIRBUS**

amadeus



**Sabre**

Bronze Sponsors

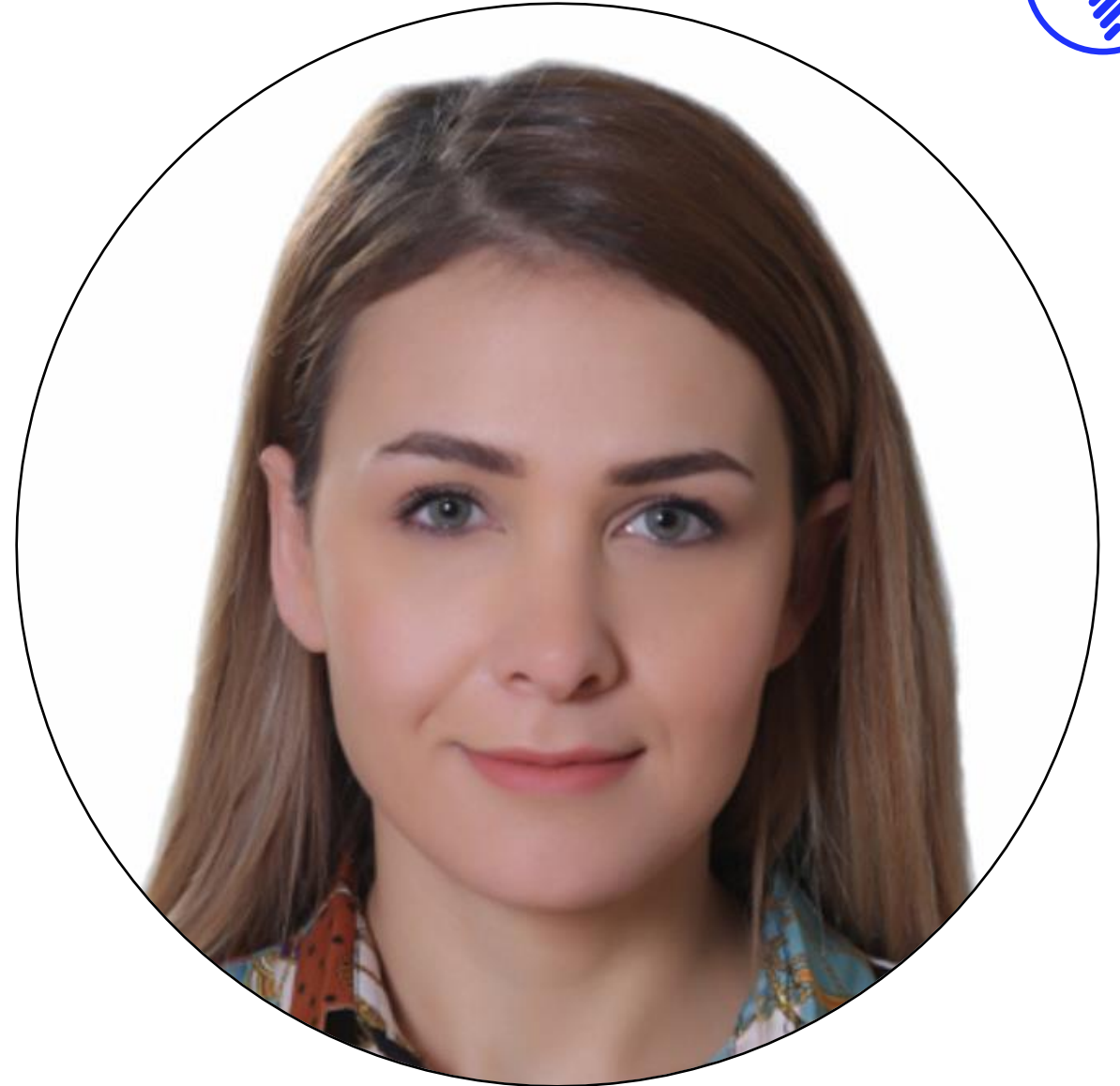




# Payments as an Integral Part of the Commercial Strategy

**Manager, Financial &  
Distribution Services,  
Products & Transformation,  
AME, IATA**

**Manal Al-Taher**



**IATA  
FOCUS  
AFRICA  
CONFERENCE**

# Size of the Prize



#IATAFocusAfrica



# Payment study releases



# Why consider payment in your retail strategy?



McKinsey  
& Company

## Airline distribution and retailing:

How payment innovation can help  
airlines improve customer experience  
and the bottom line

by Riccardo Boin, Reinhard Höll, Priyanka Ralhan, and Nina Wittkamp

September 2022

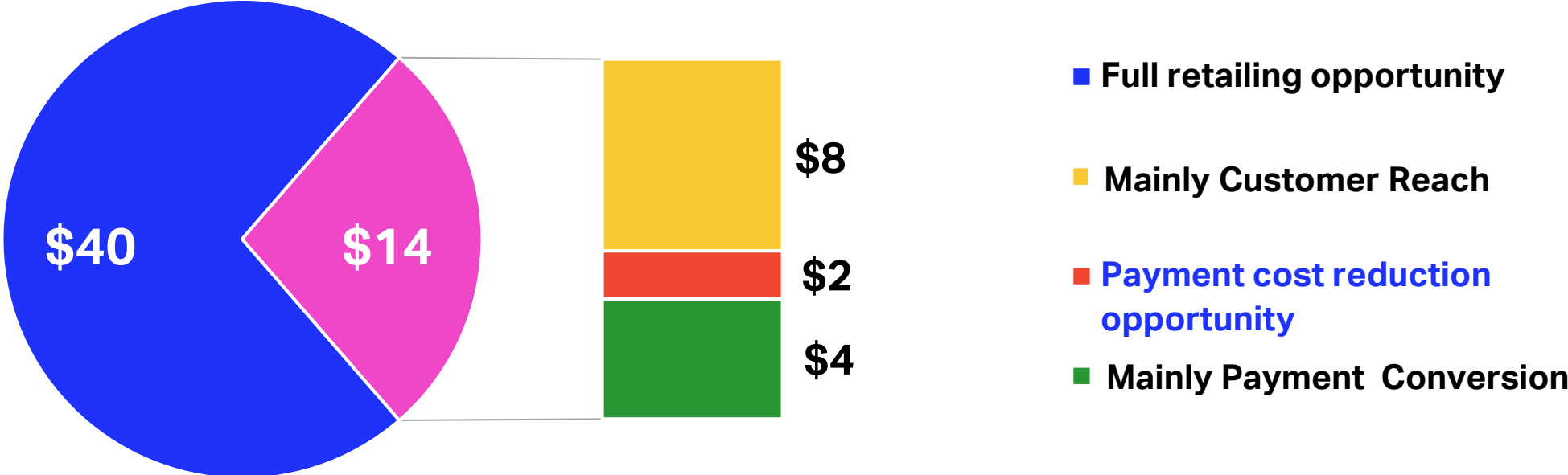
“Getting payments right could help airlines to fully realize the value of retail by improving the customer experience, thereby increasing sales and growing revenue”.



# Payment could create ~ \$14b Revenue Opportunity and is critical to achieve full potential of \$40b from Airline Retailing



Payment and Retailing Opportunity by 2030 (in b USD)



Total Value Creation ~ \$54b

Equivalent to ~ \$10 per ticket

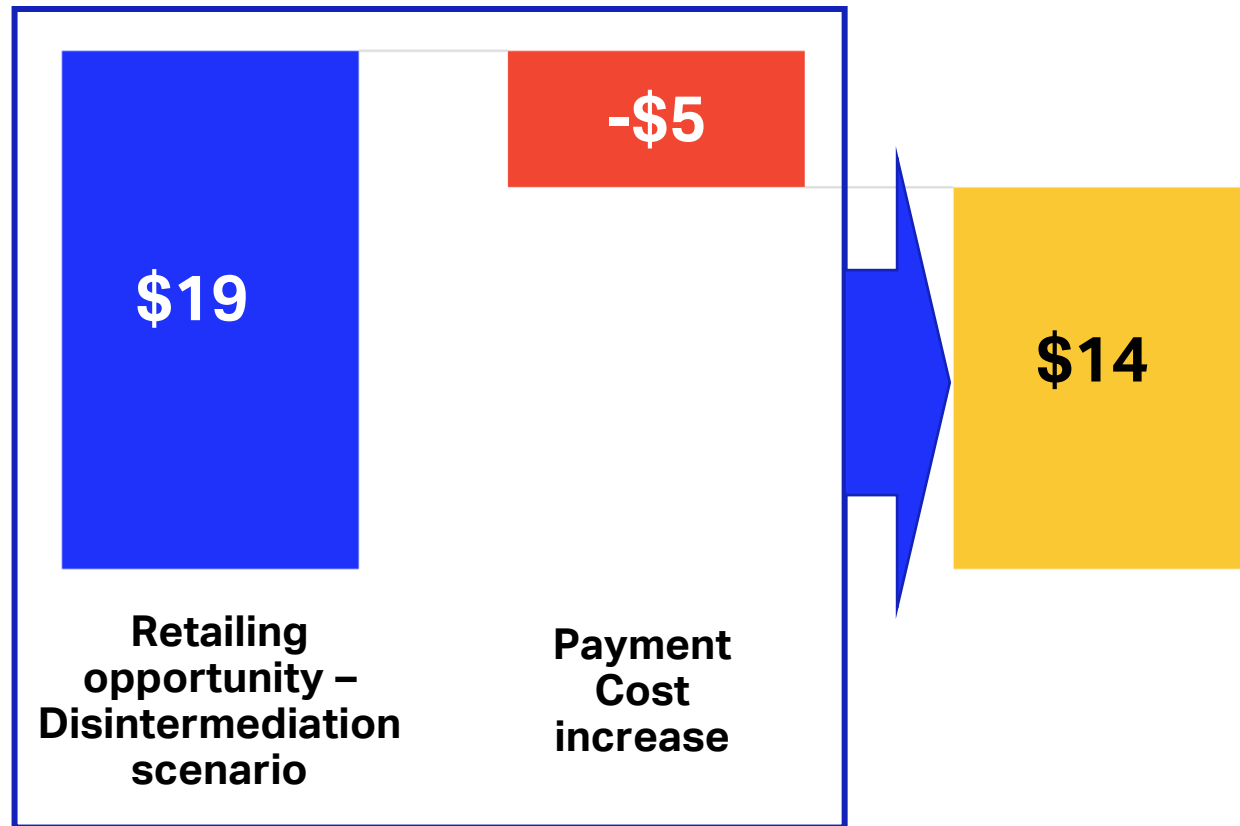
Source: Airline retailing: How payment innovation can improve the bottom line (McKinsey & Co., published in Sep 2022)





If Airlines don't consider **Payment as part of their Retail strategy**, they will **increase their payment costs** and create much less value

### Payment and Retailing Opportunity by 2030 (in b USD)



Equivalent to  
~ **\$2.5** per Pax only

Source: Airline Retailing – Payment Opportunity study (McKinsey & Company., published in Sep 2022)





**Total payment costs for airlines estimated to reach \$20.3 billion per year-approx. \$4.5 per pax**

<b>Cost-side Drivers</b>
<b>Payment Fees</b>
<b>Fraud &amp; Losses</b>
<b>Opex Costs</b>
<b>Cash-flow</b>

Source: Airline Payment Cost and Revenue Drivers Study (Edgar, Dunn & Company, published in Sep 2022)



Getting the  
house in  
order



# Pillars for Value Creation



## Payment Strategy

- Customer Reach
- Payment Conversion
- Payment Costs
- Cashflow availability, speed & certainty
- Risk & Fraud



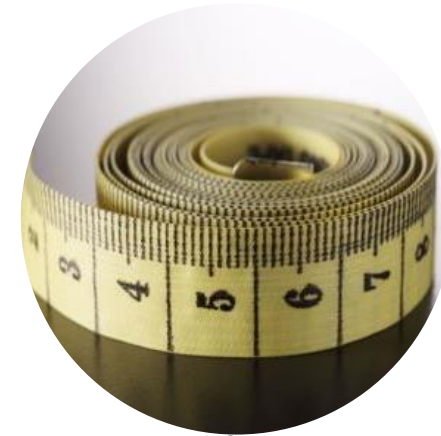
## Capabilities

- Architecture Process
- Systems Data
- Payment orchestration
- Ensure acceptance of local payment solutions



## Organization

- Adequate Organization?
- Effective Communication
- Common goals & Tracking



## Monitoring

- Metrics Definition
- Targets measurements
- Review processes



# Airline Payment Framework



**IATA Payment Methods Working Group (PMWG)** has been working on developing an Airline Payment Framework . A document that aims to raise industry awareness about considerations to take into account when building, implementing and measuring the success of a payment strategy.



## Industry-focused payment solution

Account-to-account



**Instant  
payments**



**Request-to-Pay  
Open Banking**

IATA  
FOCUS  
AFRICA  
CONFERENCE

# Panel: Payments as an Integral Part of the Commercial Strategy

Moderator: Javier Orejas

#IATAFocusAfrica





## Panelists

### **Efeh Amoah**

Head of Transaction Banking,  
Tanzania, Standard Chartered

### **Dr. James Kanagwa**

FCBI Country Representative,  
Ethiopia, Ecobank

### **Michael Tsegaye**

A/Chief Wholesale Banking Officer,  
Zemen Bank



**IATA  
FOCUS  
AFRICA  
CONFERENCE**

# **Panel: Airlines and Distribution Partners -The Importance of Value Chain Collaboration**

**Moderator: Manal Al-Taher**

#IATAFocusAfrica





## Panelists

### **Paula de Sousa**

Head of Airline Sales and Account  
Management Sub Saharan Africa,  
Amadeus

### **Özge Akinci**

Sales Manager  
Hittit

### **Jean-Vincent Teuler**

Vice President and RGM EMEA,  
Sabre



# Coffee Break

**IATA**  
**FOCUS**  
**AFRICA**  
**CONFERENCE**

# THANK YOU TO OUR SPONSORS

Host Airline



Platinum Sponsor



Gold Sponsors



Silver Sponsors

**AIRBUS**

amadeus



**Sabre**

Bronze Sponsors





# Wrap Up & Closing Remarks

**Regional Vice-  
President AME, IATA**

**Kamil Alawadhi**





# Focus Africa Priority Areas



- **Safety:** Improve operational safety through a data driven, collaborative program to reduce safety incidents and accidents, in the air and on the ground.
- **Infrastructure:** Facilitate the growth of efficient, secure, and cost-effective aviation infrastructure.
- **Connectivity:** Promote the liberalization of intra-African market access through the Single African Air Transport Market (SAATM).
- **Finance and Distribution:** Accelerate the implementation of secure, effective and cost-efficient financial services and adoption of modern retailing standards.
- **Sustainability:** Assist Africa's air transport industry to achieve the "Net Zero by 2050" emissions targets agreed to by industry and the UN's International Civil Aviation Organisation (ICAO).
- **Future Skills:** Promote aviation-related career paths and ensure a steady supply of diverse and suitably skilled talent to meet the industry's future needs.



# SAATM



1. While we discuss the value of success of SAATM we must also discuss the value of failure of SAATM. We cannot afford the failure of SAATM. While it is free, it is invaluable.
2. Progress has been made on SAATM, but it is not enough. A lot remains on paper, and we need to accelerate the implementation.
3. Protectionism, lack of prioritization, attachment to the statement of sovereignty, remain biggest hindrances to the implementation of SAATM





# SAF



1. Potential for SAF in Africa is massive as it sits on diverse feedstock
2. Governments have a big role in de-risking investment in SAF and decreasing the cost on SAF.
3. SAF constitutes the biggest chunk of the robust plan accompanying our net-zero commitment. We cannot achieve net-zero without the necessary investment in SAF.





# Payment and retailing:

1. Modern airline retailing allows airlines to be in control of their product, money, and data.
2. Airlines are implementing continuous pricing and report approx. 2% revenue uptake
3. If they want to become truly customer centric, airlines need a **legacy free** framework with Offers & Orders only





# Poppy Khoza Remarks:

1. Pillars for safe, efficient, and sustainable operations – are our efforts enough?
2. Investing in safety is crucial and key component to the industry worldwide
3. Good safety standards bring needed credibility and confidence in the industry especially as we are building back.
4. Collaboration is an important mentality we need to adopt to ensure safety and efficiency





# Safety:

1. Establishing a collaborative safety Environment,
2. Airport Security, Biometrics
3. Creating a Data rich environment for aviation safety in Africa
4. Aiming for a solid safety Foundation
5. Operational efficiency, resilience & sustainability





# Airports in Africa

1. Focus on the customer experience seems to have been neglected in Africa. State-owned airports are concerned of authority function rather than looking into what customer wants.
2. Perspective and perception of passengers has differed drastically post COVID-19. More technology oriented while airports are lagging behind
3. Stakeholders need to work together to ensure absorbing the growing number of passengers
4. Effective passenger facilitation = effective security





# Inspiring the next generation of professionals

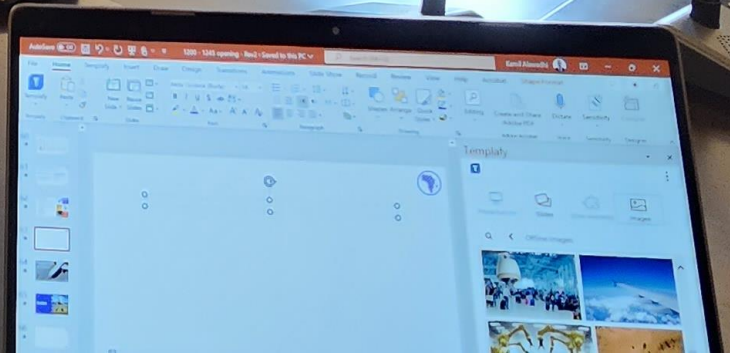
1. To grow and accommodate the forecasted growth, we need the skilled workforce and young professionals. We need to train them and retain them.
2. We talk about awareness, but young people are aware. With digitization awareness is there but the issue remains financing and funding education and training for young generations on aviation matters.





#IATAFocusAfrica











IATA  
WELCOME  
አንዲን ደህና ጭጦ  
IATA  
FOCUS  
AFRICA  
CONFERENCE



Although we may come from vastly different stories and very different walks of life, we are one people who possess common values and common ideals; who celebrate individual excellence but also share a recognition that **together**, we can accomplish great and wonderful things we can't accomplish **alone**.

**Barack Obama**



# Mother Teresa



I can do things you  
cannot, you can do  
things I cannot;  
Together we can do  
great things.

# THANK YOU TO OUR SPONSORS

Host Airline



Platinum Sponsor



Gold Sponsors



Silver Sponsors

**AIRBUS**

**amadeus**



**Sabre**

Bronze Sponsors





**THANK YOU**  
**አመሰግናለሁ**

**IATA**  
**FOCUS**  
**AFRICA**  
**CONFERENCE**