



Chase Paymentech Europe,

Airline Payments Summit
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Unlocking Payments Value

CHASE ™
Paymentech

Presented by:
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1. Introduction
2. Two Case Insights
3. Learning's
4. Research Insights
5. Cost Implications
6. Strategic Alliances
7. Conclusion



1. Introduction

- It is possible to release value to your Airline by using a proactive approach to the **methods of payment** offered and **simplifying the global payments infrastructure** in place;
- Using two Airline examples and independent research Airlines in different regions are understanding this new approach to payments;



2. Case Insights ~ AA Website Objectives

[AA.com reveals e-check option](#) Tuesday, April 01 2008 @ 03:04 PM GMT



The screenshot shows the AA.com website interface. At the top, there is a navigation bar with links for Home, Calendar, Interviews, About Us, Contact, and Advertise. A search bar is also present. The main content area features a headline: "AA.com reveals e-check option" dated Tuesday, April 01 2008 @ 03:04 PM GMT. The article text states: "American Airlines is now offering customers the option to pay by electronic check when buying tickets on the airline's Web site, AA.com. This new option allows customers who purchase tickets at AA.com to pay directly from any personal bank account – such as a checking account or savings account – that is funded in United States dollars. When buying tickets at AA.com, customers simply enter the bank routing and account numbers imprinted on the bottom of their paper check, as well as their address and driver's license or state-issued ID number (for security purposes). The information is converted by First Data Corp's TeleCheck secure electronic check services into an electronic funds transfer entry, then processed through the bank-controlled automated clearing house. First Data is a leading provider of electronic commerce and payment solutions for businesses worldwide. Electronic checks can be used to pay for tickets for flights on American, American Eagle or AmericanConnection carriers, as well as for any AAdvantage award travel taxes and fees. For rules and complete details visit www.aa.com/echeck." A sidebar on the left contains a menu, a login form with fields for Username and Password, and a "Login" button. Below the login form is a "Create a new account!" link. At the bottom of the sidebar, there is a "BREAKING travel news" banner and a logo for "THE GLOBAL Travel & Tourism".

Pay directly from any personal bank account

More choice and greater control over the purchase process.

“Whether customers prefer to purchase tickets with a credit card, deferred payment method, gift cards, cash – or now, electronic check – American Airlines and AA.com can meet their needs,”

DeCross said.



2. Case Insights ~ Alitalia

- Only one Italian out of four has an active credit card
- Maestro cards are not yet enabled for online payments
- With no card you need an alternate ways to pay on-line
- Alitalia now offers a service similar to the AA “e-check” with the collaboration of one of the largest Italian banks;

Pagamento:



Tipo di pagamento:

Numero Carta:

Codice di sicurezza: [Informazioni sul Codice di sicurezza](#)

Data di scadenza:







3. Learning's from AA & Alitalia cases

- A deep knowledge of the local payment landscape is fundamental to unlocking value
- A strategic approach to payments, knowing your customer, your markets and their movements is vital
- Alternate payments strategy should give broader choice, revenue uplift, improved yield and load factors ~ but it must be localized!



4. Research Insights ~ European Landscape

Preferred Payment Methods	UK	Ireland	Spain	Italy	Portugal	France	Belgium	Netherlands	Germany
Credit Card	44%	76%	33%	36%	32%	73%	33%	19%	20%
Bank transfer	1%	0%	7%	11%	12%	2%	38%	32%	66%
Cash on delivery (COD)	1%	4%	30%	21%	33%	6%	5%	4%	3%
PayPal	25%	7%	4%	8%	7%	4%	4%	4%	5%
Debit Card	27%	10%	11%	1%	7%	4%	5%	4%	0%
Other method	2%	3%	15%	23%	9%	11%	15%	37%	6%
Cards	71%	86%	44%	37%	39%	77%	38%	23%	20%

Most Often Used Top 3 Cards	UK	Ireland	Spain	Italy	Portugal	France	Belgium	Netherlands	Germany
VISA	55%	64%	75%	64%	80%	53%	74%	37%	52%
MasterCard	26%	30%	11%	19%	6%	31%	12%	50%	36%
AMEX	2%	1%	0%	7%	4%	2%	2%	6%	6%
Other	17%	5%	14%	10%	10%	14%	12%	7%	6%

Source ; Chase Paymentech Internal.



4. Research Insights ~ European Landscape

Preferred Payment Methods	Switzerland	Austria	Sweden	Norway	Finland	Denmark	Turkey	Greece	Europe
Credit Card	42%	32%	23%	54%	32%	44%	61%	42%	41%
Bank transfer	19%	49%	16%	12%	28%	19%	6%	2%	21%
Cash on delivery (COD)	10%	5%	13%	4%	13%	13%	4%	26%	10%
PayPal	1%	1%	14%	6%	11%	13%	2%	9%	7%
Debit Card	6%	5%	8%	5%	2%	0%	7%	5%	8%
Other method	22%	8%	26%	19%	14%	11%	20%	16%	13%
Cards	48%	37%	31%	59%	34%	44%	68%	47%	49%

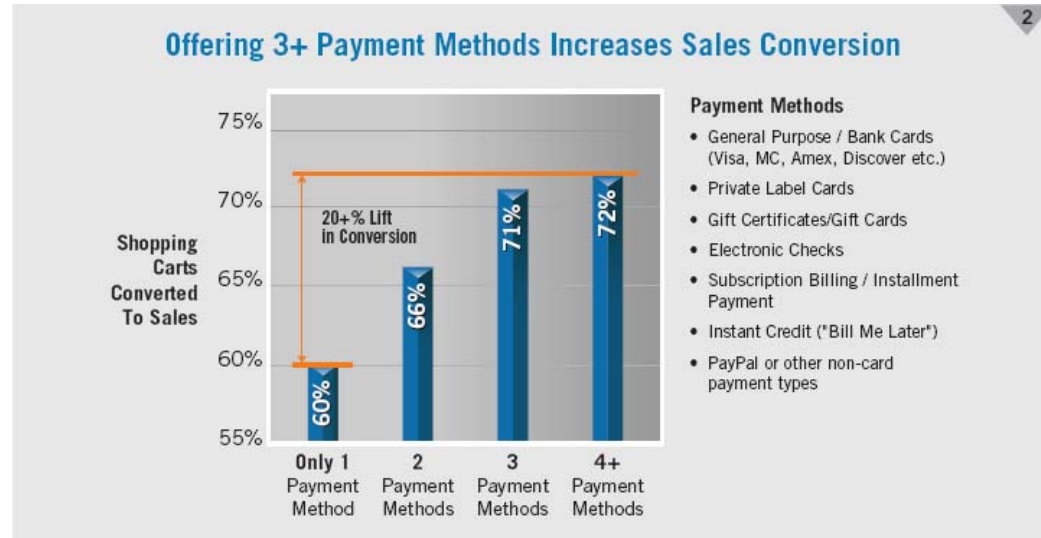
Most Often Used Top 3 Cards	Switzerland	Austria	Sweden	Norway	Finland	Denmark	Turkey	Greece	Europe
VISA	49%	44%	61%	71%	65%	74%	63%	73%	60%
MasterCard	43%	46%	23%	23%	19%	7%	32%	15%	26%
AMEX	1%	2%	5%	2%	3%	0%	1%	2%	3%
Other	7%	8%	11%	4%	13%	19%	4%	10%	11%

Source ; Chase Paymentech Internal.



4. Research Insights

- A US study in 2004 showed that adding more than one additional payment options at checkout improves the overall buyer conversion at checkout;



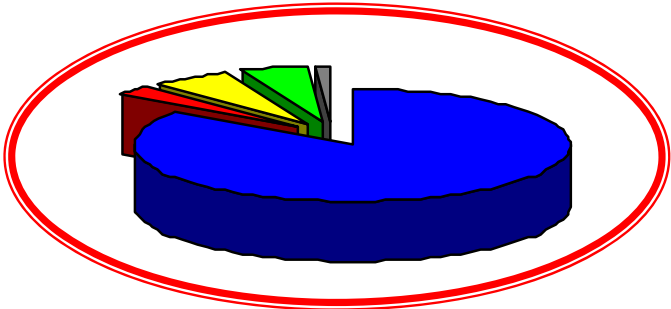
eCommerce payment practices released by CyberSource Corporation, June 14, 2004

- However, Airlines need to understand how consumers prefer to pay in their specific countries;
- In this way Airlines will be able to offer only **the most appropriate payment systems** to maximize revenue;



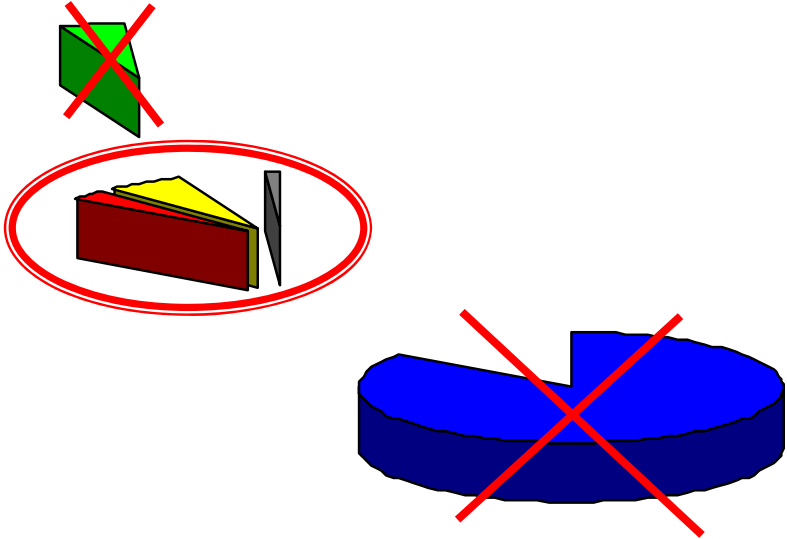
5. Cost Implications ~ Alternate Payments

Typical Credit Card Acceptance Costs



- Interchange
- Processor
- Access / Assessments
- Chargebacks
- PCI

Typical Bank Transfer Acceptance Costs



- Interchange
- Processor
- Access / Assessments
- Chargebacks
- PCI



5. Cost Implications ~ Opportunity Cost

Let's Remember Consumer Preferences!

- Credit Cards and Debit Cards (where available online) are still the preferred methods of payment in most countries;
- Offering credit transfer solution in the UK may not meet consumer expectations today
- Better to seek to maximize the profitability of card acceptance, rather than push methods of payment that consumers will not use.



6. Strategic Alliances

- Simplify your global operations by reducing the number of acquiring partners and payment partners will also unlock additional payments value:
 - Easier reconciliation;
 - Similar processes;
 - Increased economies of scale;
 - Same chargeback management system;
 - Cohesive approach to fraud mitigation
 - Easier to manage



7. Conclusion

Know Your Consumer

Invest in Knowledge capital

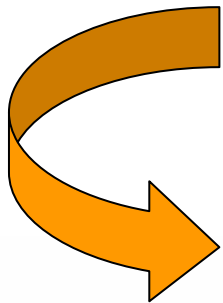
Try to offer only the preferred methods of payment by local consumers

Develop fraud mitigation systems

Offer alternative ways for a customer to pay

Simplify your global payment infrastructure

Choose the right partners



Unlock Payments Value





Thank You!

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