Opportunity in India: Commercial Aviation, Payments, and Growth on the Subcontinent

Executive Summary

India's commercial aviation sector presents airlines with both remarkable growth opportunities and complex payment challenges that demand immediate strategic focus. As the world's fourth-largest aviation market (projected to reach number three within five years), the nation offers airlines an opportunity-rich reason to modernize their payment ecosystems before competitors gain an advantage. In order to meet the needs of the market, we recently formed UATP India Private Limited as a corporate entity in Mumbai.

Our new whitepaper on the Indian aviation market examines the confluence of demographic shifts, regulatory modernization, and digital payment adoption which create an environment where payment strategies directly determine competitive positioning and long-term profitability.

Airlines that proactively address their approach to payments – and fine-tune it to the needs of the Indian marketplace – will be positioned to capture the full value of India's aviation expansion. The fundamentals support this urgency: aviation contributes 1.5% to India's GDP while supporting 7.7 million jobs worth USD 53.6 billion across direct and indirect employment.

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Digital Payment Growth Reshapes Customer Expectations

India's digital payment landscape has matured rapidly, with digital payment transactions reaching 159 billion in FY 2023-24 with projections of 481 billion by FY 2027-28. The government-fostered Unified Payments Interface (UPI), currently the dominant payment rail for retail transactions, processed 131 billion transactions worth INR 200 trillion in FY 2023-24, figures that are expected to more than double in the next five years.

The demographic driving this shift is Generation Z, numbering 377 million people who currently account for $860 billion of India's consumer spending. Travel represents their largest expenditure category at $75-80 billion–exceeding spending on fashion, lifestyle, and consumer technology combined. This cohort expects payment experiences as effortless as their everyday digital interactions.

Credit card adoption is accelerating with over 100 million active cards currently in circulation, projected to reach 200 million by FY 2028-29. Alternative payment methods are gaining traction, with Buy Now, Pay Later increasing from 0.1% of e-commerce sales in 2019 to 5.8% in 2023, driven by platforms like Flipkart and Amazon.

Yet even with this pronounced shift to digital, fragmented systems and high transaction costs continue to erode airline margins and compromise customer experiences.

B2B and Corporate Travel Create Revenue Optimization Opportunities

While passenger payment optimization receives considerable attention, B2B payment strategies offer airlines equally compelling opportunities for cost reduction and process efficiency. Airlines process hundreds of millions of dollars in supplier payments annually, where micro-differences in processing fees create outsized impacts on profitability across fuel, airport fees, and operational expenses.

The corporate travel segment presents additional growth potential, with India's business travel market valued at $38.3 billion in 2024. Research indicates India will reach 120% of pre-2019 business travel spending by 2027, outpacing the overall travel market's growth trajectory.

Major travel management companies are investing heavily in the Indian market, while domestic players are expanding through strategic acquisitions. This competitive landscape creates opportunities for airlines to optimize their corporate payment strategies and capture greater value from business travelers who increasingly expect the same payment flexibility in their professional travel as in their personal transactions.

Airlines operating in India face payment decisions that will determine their competitive positioning over the next decade. Air India aims to increase direct sales from 25% to 50% within three years, while IndiGo pursues a multichannel direct approach supported by new distribution partnerships. Both strategies require payment systems that minimize costs while maximizing acceptance rates across diverse transaction types.

The challenges are complex: UPI's dominance creates opportunities for domestic market penetration but complicates international transactions; fragmented legacy systems increase operational costs; and regulatory requirements add compliance complexity. However, the regulatory environment increasingly supports digital payment growth and international UPI expansion.

Success requires airlines to implement flexible payment strategies that accommodate local preferences while maintaining global operational efficiency. Payment partners with aviation industry expertise – like UATP – can help identify cost reduction opportunities, streamline B2B processes, and support the integration of alternative payment methods that Indian consumers increasingly expect.

As our whitepaper shows, airlines that pursue flexibility, stability, and effective cost management in their Indian payment strategies can position themselves for sustainable success in one of the world's most dynamic aviation markets. The window for competitive advantage through payment optimization is narrowing as market maturity accelerates. Airlines that modernize their payment ecosystems now will capture the full value of India's aviation growth, while those that delay risk being outmaneuvered by more agile competitors in this rapidly expanding marketplace.

Ralph A. Kaiser,
President & CEO of UATP

The UATP Advantage

As the world's most secure closed-loop network, UATP combines a proven reputation with extensive industry expertise to design, create, and implement high-performance payment solutions at a competitive cost, without sacrificing quality of service.

To learn how UATP can help improve your payments strategy, visit www.uatp.com.

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