Putting the "S" into OOSD: The Overlooked Foundation of Modern Airline Retailing

Executive Summary

The airline industry is undergoing a generational transformation, thanks to the adoption of Modern Airline Retailing (MAR), which promises to reshape how carriers create offers, manage orders, and deliver products. But one element of the offer-order-settle-deliver (OOSD) framework remains dangerously overlooked: settlement.

As we explore in our latest white paper, Putting the "S" into OOSD, payment and settlement capabilities are not back-office concerns. They are essential to the shift toward modern retailing and should be central to airlines' transformation strategies, too.

Payment costs alone make the case for a more central role in airline retailing. Airlines spend more than $20 billion a year on payments, roughly 78% of the industry's net profit, according to McKinsey. There's the opportunity cost as well. IATA estimates that 25% of potential sales are lost at the point of payment.

Eighty-one percent of airlines now have live New Distribution Capability channels, and 27% have advanced their offer and order capabilities. Payments, however, remain rooted in decades-old infrastructure. McKinsey estimates that more strategic payment models could deliver $14 billion in value, split between $8 billion in new revenue and $6 billion in cost savings.

Regional variations compound the challenge. Digital wallets dominate e-commerce in Asia-Pacific, credit cards still lead in North America, and BNPL adoption is accelerating across all regions. Without support for locally relevant payment methods, airlines risk losing transactions at checkout.

Philip Ziegler
Chief Technology Officer, UATP

Payment Processing Built for Offer & Order

UATP One is purpose-built for modern airline retailing. It supports the full OOSD framework with the settlement capabilities airlines need, including reduced processing costs, support for diverse payment methods across regions, and integrated fraud prevention aligned with airline-specific risk profiles. As airlines navigate the transition from legacy ticketing to order-based commerce, UATP One offers compatibility with existing BSP processes while enabling migration to streamlined, order-based settlement.

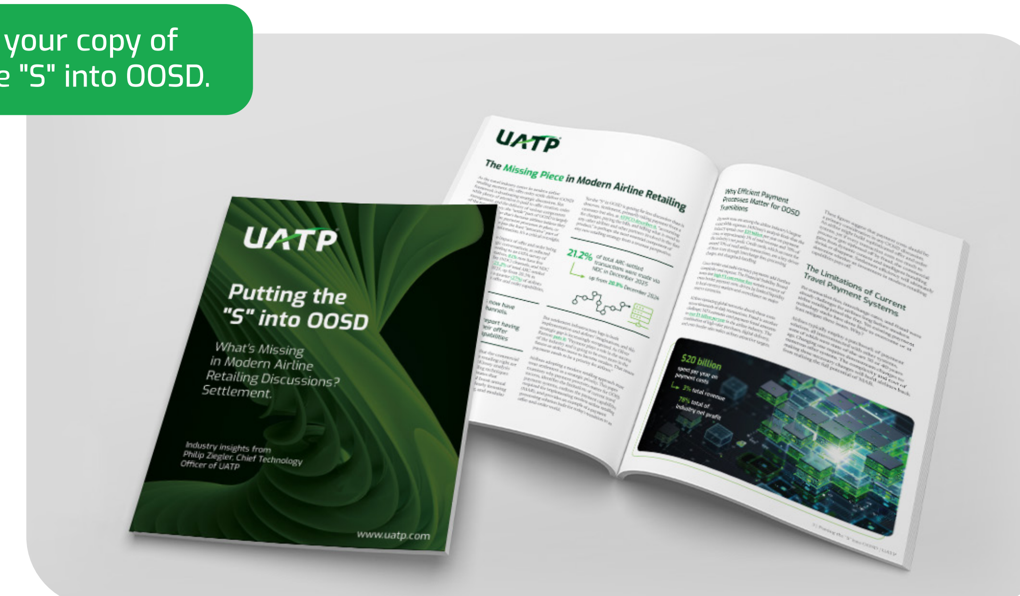
UATP One is built for modern airline retailing. It supports order-based models with the settlement capabilities that reduce processing costs, enable diverse local payment methods, and address airline-specific fraud risk. As airlines transition from legacy ticketing to order-based commerce, UATP One delivers full compatibility with existing BSP processes, providing a path to order-based settlement without a full reset.

Modern airline retailing won't fully succeed without a payment infrastructure that keeps pace with the Offer and Order transformation. Airlines that relegate settlement to a back-end function risk eroding margins and ceding ground to competitors that treat payments as a source of control and commercial advantage.

The scale of opportunity is substantial. IATA's framing of payments as a CEO-level priority signals an industry-wide recognition that settlement is no longer a technical function to delegate. Its place is at the core of airlines' commercial strategy, and it demands leadership attention. Airlines that align payments with the OOSD framework will capture the full value of modern retailing; those that neglect the "S" will leave significant revenue on the table.

To learn how UATP can help strengthen the "S" in your OOSD strategy, get in touch with us here.

Download your copy of Putting the "S" into OOSD.



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.

UATP®

1629 K Street NW Suite 300, Washington, DC 20006
+1 (202) 774-5065 | marketing@uatp.com | www.uatp.com