



Pay When You Fly vs. Servicing

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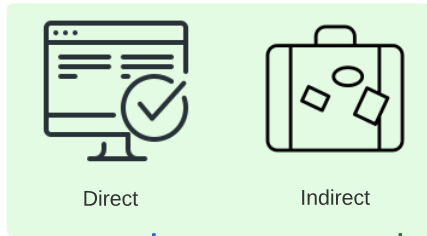
Delaying the funds flow until the first flight will have a significant impact on the airline's balance sheet



Moving away from current industry wide IATA/ARC processes will lead to fragmentation



New industry wide processes will be required, which will take years to be globally implemented



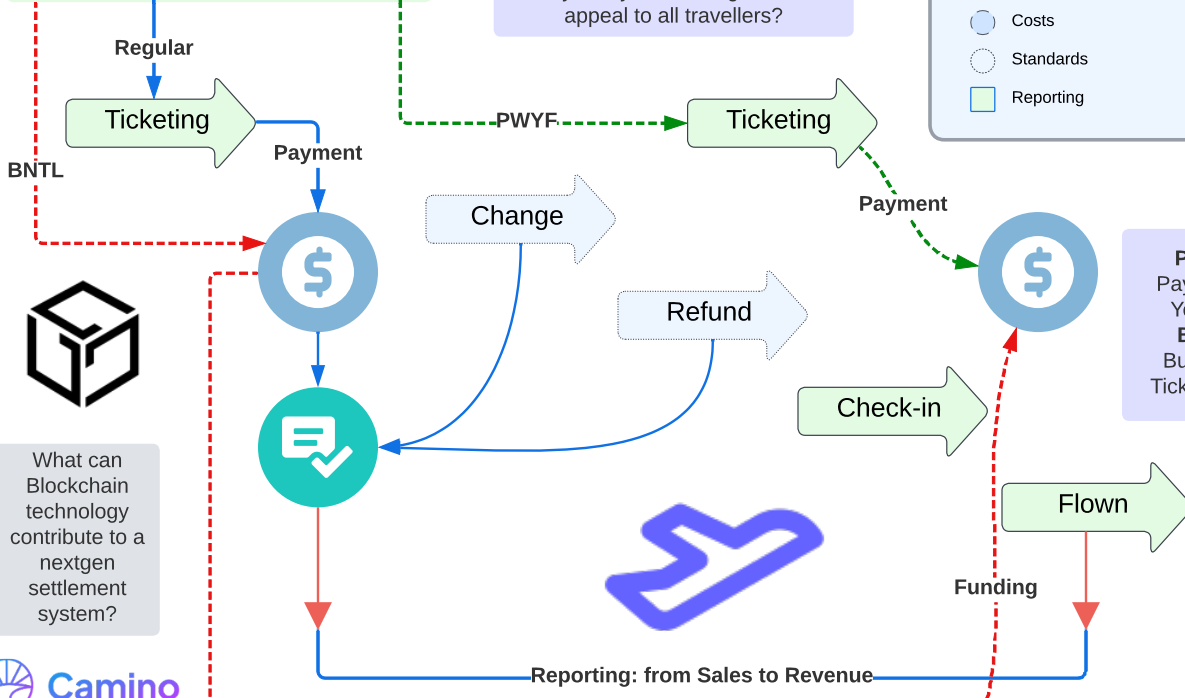
Question:
The trend in any retail is 'pay-on-delivery', so why not also for air travel? The pandemic resulted in thousands of unused tickets, vouchers and refunds. How to modernize the process to avoid these costly processes, isn't 'Pay when you Fly' something that would appeal to all travellers?

- Industry Factors**
- Scalability
 - Interoperability
 - Timeline
 - Robustness
 - Costs
 - Standards
 - Reporting

- Stakeholders**
- Customers
 - Travel Agencies
 - PSP's / POP's
 - Acquirers
 - Finance dept
 - Treasury
 - Revenue Accounting
 - Revenue Management
 - Support
 - Refund Dept
 - IATA / ARC
 - GDS's / PSS's



PWYF enhances the user experience, by providing credit and reduced impact of servicing



PWYF
Pay When You Fly
BNTL
Buy Now Ticket Later



Outsourcing refund handling and changes to payment partners does not guarantee a seamless process



IATA was granted an exemption in the past by the card schemes to consider issuing the ticket as delivery of the service, allowing capture of the full amount before the first flight.



Servicing can (also) be improved by automation and process simplification!

- Airline Factors**
- Cost of money
 - Accounting regulations
 - Financial reporting
 - Sales / Conversion
 - Credit risk
 - Customer centricity
 - Priority setting
 - Card scheme rules
 - Exceptions / Use cases
 - BSP / ARC Cash
 - Non payment policy
 - Currency risk
 - Fraud risk



Introducing a trust account in the middle will require an extensive legal agreement with multiple parties



Holding in and releasing funds from a trust account introduces new costs