

PayPal

# How connected payments are transforming travel

The evolving traveller experience



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From the moment inspiration strikes to checking in at a hotel, travellers expect speed, flexibility, and personalisation, without friction. Price and perks have always been drivers – but now, travellers are judging brands on how seamless the experience feels, too.

So it's no surprise that Online Travel Agents (OTAs), tour operators, airlines, cruise lines, and hotels are increasingly invested in delivering 'the connected trip'. And payments are a key part of that picture.





# What's changing in travel?

Travel is undergoing a fundamental shift, shaped by digital behaviours, economic pressures and a more mobile, global customer base.

## Customers want connection

The booking journey now spans multiple platforms, partners and payment methods. But travellers still expect it to feel personal and connected at every step.

They also want flexibility. As demand grows, travel businesses should to meet these expectations while finding new ways to drive efficiency and loyalty.

# 74%

of surveyed travellers are likely to abandon shopping if their preferred payment method isn't available.<sup>1</sup>

<sup>1</sup> Nuvei, 'Around the world in 80 ways to pay, 2023. Available at: [https://info.nuvei.com/hubfs/White\\_papers\\_and\\_reports/Around\\_the\\_world\\_in\\_80\\_ways\\_to\\_pay.pdf?](https://info.nuvei.com/hubfs/White_papers_and_reports/Around_the_world_in_80_ways_to_pay.pdf?) (Accessed: July 2025)



## A sturdy sector

The UK travel sector is standing the test of macroeconomic pressure. Growth is strong, but so is competition, and margin pressures remain a concern. Payments represent a major opportunity to improve efficiency, boost loyalty and protect revenue.

## International payment preferences

International travel returned to pre-pandemic levels in 2024<sup>5</sup>, and UK businesses are welcoming global customers with diverse payment expectations.

## Preferences for how to pay vary widely:

- ✓ UK & US: Prefer debit and credit cards
- ✓ EU: Prefer bank transfers
- ✓ Asia-Pacific: Prefer digital wallets

Offering a range of ways to pay is key to helping reduce cart abandonment and boosting authorisation rates. The prize is huge: the global cross-border payments market is valued at over \$194 trillion, with travel identified as a key growth driver.<sup>6</sup>

**2025 visitor numbers expected to grow 5%<sup>2</sup>**

**Visitor spend in 2025 forecast to rise 7%<sup>2</sup>**

**Global gross travel bookings exceeded \$1.72tn in 2025<sup>3</sup>**

**Online bookings projected to reach \$1.2tn by 2026 (65% of the market)<sup>3</sup>**

**Airlines spend \$20bn+ annually on payment costs, around 3% of total revenue<sup>4</sup>**

<sup>2</sup> VisitBritain, 'Inbound tourism forecast 2025', 2025. Available at: <https://www.visitbritain.org/news-and-media/industry-news-and-press-releases/visitbritain-publishes-inbound-tourism-forecast> (Accessed: July 2025)

<sup>3</sup> Phocuswright, 'Travel Forward: Data, Insights and Trends for 2025', 2025. Available at: <https://www.phocuswright.com/Travel-Research/Research-Updates/2024/Travel-Forward-Data-Insights-and-Trends-for-2025> (Accessed: July 2025)

<sup>4</sup> McKinsey & Company, 'Airline retailing: How payment innovation can improve the bottom line', 2025. Available at: <https://www.mckinsey.com/industries/travel/our-insights/airline-retailing-how-payment-innovation-can-improve-the-bottom-line> (Accessed: July 2025)

<sup>5</sup> UN Tourism, 'International tourism recovers pre-pandemic levels in 2024', 2025. Available at: <https://www.unwto.org/news/international-tourism-recovers-pre-pandemic-levels-in-2024> (Accessed: July 2025)

<sup>6</sup> FX Cintel, 'Cross-Border Payments Market Report', 2024. Available at: <https://www.fxcintel.com/research/press-releases/new-data-cross-border-payments-market-now-worth-over-194tn-and-is-forecast-to-reach-320tn-by-2032> (Accessed: July 2025)

# How payments support travellers at every step

In any given trip, travellers make multiple payments. The payment experience influences how seamless the journey feels, how confident customers feel spending, and how likely travellers are to make additional purchases along the way.

## ● The start: bookings, OTAs, and tour operators

The journey begins with a booking. It should be the easiest part – but too often, it's where travel companies lose the customer. In the UK, 47% of surveyed travellers say they prefer using PayPal for travel purchases, highlighting how trusted payment options can influence choice right from the start.<sup>7</sup>

## ● The journey: by road, rail, air and sea

After booking, a new wave of payment opportunities begins. Airlines unbundle services – charging separately for seats, bags, meals, WiFi and upgrades – making payments a recurring part of the trip. Trains, cruises and other transport modes also add touchpoints from booking to onboard purchases.

These interactions aren't just an opportunity to add choice and convenience for the traveller. They also generate valuable customer insight, helping businesses refine offers, tailor services, and create even more relevant experiences on future journeys.

## ● The destination: hotels and hospitality

Hotels are expected to offer retail-style checkout experiences, with cards on file and digital wallets available online and on-site. Treating payments as part of a connected guest experience can boost spending and satisfaction.

<sup>7</sup> Nuvei, 'Around the world in 80 ways to pay', 2023. Available at: [https://info.nuvei.com/hubfs/White\\_papers\\_and\\_reports/Around\\_the\\_world\\_in\\_80\\_ways\\_to\\_pay.pdf?](https://info.nuvei.com/hubfs/White_papers_and_reports/Around_the_world_in_80_ways_to_pay.pdf?) (Accessed: July 2025)



# How payments unify the travel experience

As the traveller moves through their journey, they expect the same smooth experience at every stage. Achieving that consistency isn't accidental – payments are a key part of making it happen.

## The impact of payments friction

From the traveller's perspective, the journey is one continuous thread, but the global picture can be fragmented – and travellers notice.

Consumers who make travel and transportation online purchases with PayPal are 24% more likely to have a positive purchase experience,<sup>8</sup> highlighting how streamlined payment solutions can help bridge gaps and enhance the overall journey.

<sup>8</sup> PayPal internal data, Q2, 2023



## The big picture role of payments providers

An individual travel brand can see only their portion of the journey – but, global payment providers like PayPal see it all. That broader view makes it easier to spot behavioural patterns, identify risk signals, and deliver a more personalised, secure experience across touchpoints.

## Adding value to travel partnerships

Beyond transactions, payment providers connect the ecosystem. Hotel-to-tour-operator settlements that once took days can be done in minutes, streamlining operations and enabling more responsive, personalised experiences.

# Building future-ready travel payment strategy

When it comes to modernising payments, it's not always clear where to focus.

Here are **five essential questions** to ask.

## 1. Is there friction between booking channels?

Travellers move between apps, browsers, call centres and in-person agents. Any break in the payment journey risks losing the booking.

- Ensure customers can pick up where they left off
- Recognise guest bookers and returning customers alike
- Keep checkout seamless across all channels

## 2. Do you have a clear view of payment performance?

Without visibility across channels, regions and segments, revenue leaks go unnoticed.

- Track approval rates, declines, abandonment and processing costs
- Identify high and low performing channels
- Use insights to refine routing, retry logic and provider relationships

## 3. Are you routing payments optimally?

Smart routing finds the most efficient path for each transaction, improving approvals and lowering costs.

- Analyse transaction data to identify the best routing paths
- Use intelligent routing tools to reduce processing costs
- Recover lost revenue and improve customer satisfaction



#### 4. Can customers pay in the right currency and payment method?

Travellers expect to pay in their preferred way. If you can't offer local methods and currencies, you risk losing the booking.

- Support popular payment types in each market
- Enable local currency payments to reduce friction
- Adapt quickly to emerging payment trends

#### 5. Do you use payment data to personalise the travel experience?

Your payment data holds the clues to who your best customers are, and how to keep them coming back.

- Identify high-value travellers and frequent bookers
- Tailor offers and loyalty rewards based on spend patterns
- Use insights to drive premium upgrades and add-on sales



# Thoughts on travel transformation

If you're looking to aid better conversion, lower costs and stronger customer loyalty, the path forward is more practical than theoretical.

## 1

### Review your current state

Track approval rates, cart abandonment at checkout, processing costs, and customer satisfaction scores. Map the payment journey across channels and gather input from customers and frontline staff. Pinpoint where your existing setup supports growth and where it's holding you back.

## 2

### Evaluate your partners

When evaluating providers, look beyond product features. Do they have proven experience in your market? Can they support the payment methods your customers prefer? How strong are their fraud prevention tools? How flexible are their APIs and integration paths? Can they offer data and insights that will help you adapt over time?



## 3

### Implement incrementally

Create a phased roadmap with realistic timelines and clear milestones. Rolling out improvements gradually means you reduce disruption and build momentum, with measurable wins at each stage.

## 4

### Measure and optimise

Make optimisation an ongoing process rather than a one-off project. Monitor performance regularly. Test new strategies. Learn what works and evolve your setup to stay aligned with customer expectations and business goals.



# Make payments a competitive advantage

Payments have become a core part of how travel companies compete, grow and build loyalty. For UK travel businesses juggling rising costs, shifting behaviours, and global growth ambitions, the right payment partner makes all the difference.

**PayPal Open** gives you the infrastructure to simplify operations and unify the customer experience – from real-time payouts and flexible payment methods to advanced fraud protection. It's an easy-to-integrate platform that's designed to help you get paid, get growing and get ahead.

Because the less time you spend managing payments, the more you can focus on building better experience, maximising the travel opportunities ahead.

**Want to see what smarter payments could do for your business?**

**Get in touch**

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