

IATA WEBINAR

SIS & IBS OPS Joint Webinar: Passenger Rejections & Interline Billings Best Practices

24 March 2021



IATA Legal Reminders

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- ! Unauthorized recording of the meeting is also prohibited.
- ! IATA will record the webinar and share the link afterwards to the members of this group and it will be posted on the SIS Website.

Competition Law Guidelines

Do not discuss:

- Any element of prices, including fares or service charges
- Commissions
- Allocations of customers or markets
- Marketing plans, commercial terms or any other strategic decision
- Group boycotts
- Your relations with agents, airlines, system providers or other third parties
- Any other issue aimed at influencing the independent business decisions of competitors

Our Presenters Today

- Gavin Pereira, Quality & Data Maintenance Analyst, Air New Zealand (AKL)
- Sachin Jain, Manager Revenue Audit Interline & Refund, Financial Reporting, Etihad Airways (AUH)
- Kirk Pereira, Head Standardization Invoicing, IATA (MAD)



Let's get engaged!

Agenda

- 2020 Highlights: IATA Passenger Rejection Memo Reduction Initiative Update
- Industry Statistics: Passenger Interline Rejections
- Passenger Interline Best Practices: Data Quality | Controls | Checklists
- Benefits of Accurate Prime Billings & Reducing Rejections
- Q&A – Post questions at any time in “Questions” box



Rejection Reduction Initiative

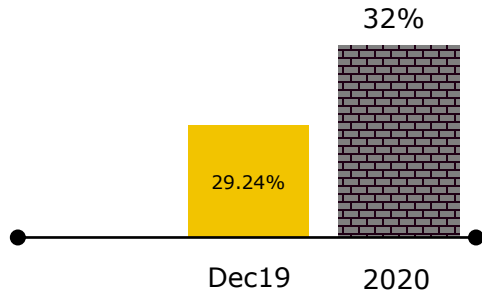
1
FinAC endorsed initiative to reduce rejections in 2015

Target
32%
by 2020

2
IBSOPS WG
Rejection Reduction
Sub-Group



3
Status update



- Since mid-March 2020, due to the pandemic, there has been a brutal drop in prime billings which skewed the calculation of the rejection rate.
- Rejection rate reduction was 30,03% in February and projected at 31,9% for April if there had not been the pandemic.
- IBS OPS WG ruled that the 5-year rejection reduction target of 32% was reached and the initiative was closed with the approval of FinAC.
- IBS OPS WG and IATA have been continuing to monitor rejections and take actions to minimize them.

Rejection Reduction Actions Undertaken

New validations in SIS

Changes in the RAM

Multiple presentations/workshops at
industry meetings

Continuous reporting and
communications to the industry

Publication of Best Practices
Document



Rejection Reduction progress

$$\text{Rejection Rate (New formula)} = \frac{\text{Sum of Rejection Memos of Past 12 months}}{\text{Sum of Prime Billings of Past 12 months (including 3 months LAG)}} \times 100\%$$

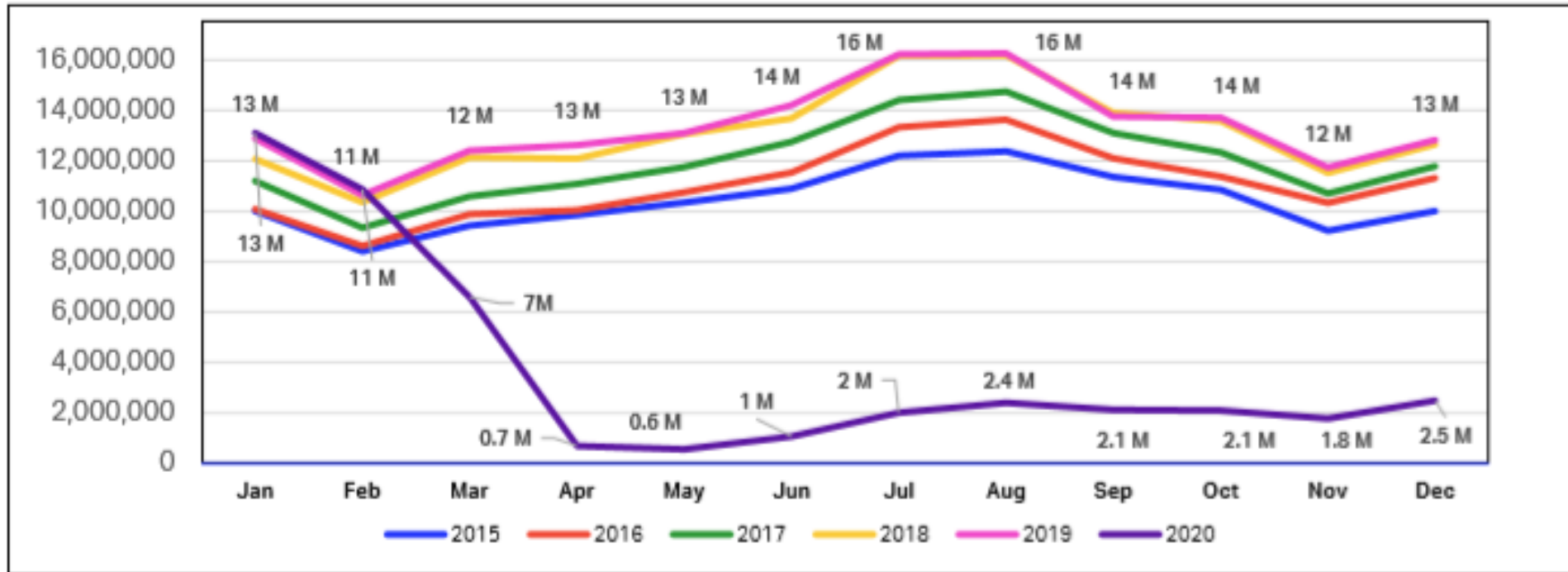
	2015	2016	2017	2018	2019	2020
Rejection Rate	9.87%	9.06%	8.38%	7.82%	6.98%	7.38%
Percent Decrease	-	8.21%	15.14%	20.73%	29.24%	25.23%

Formula was modified to handle the fluctuation of volumes due to COVID-19.

2020 at a glance



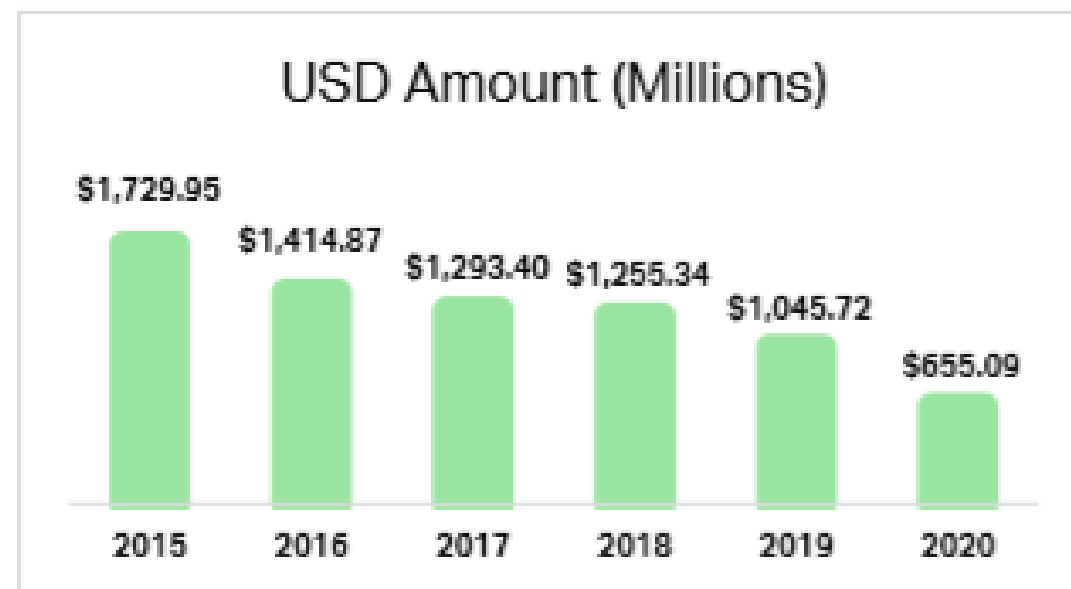
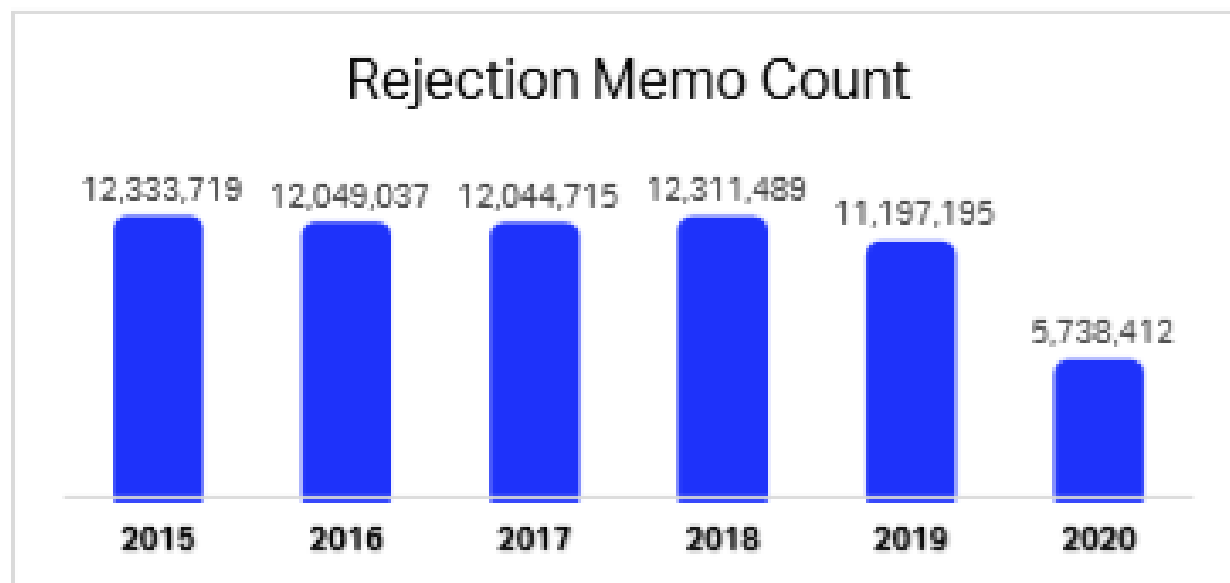
Prime Billing Counts (2015 – 2020)



Total Prime Billing Counts							% Variation 2015 vs 2020
Year	2015	2016	2017	2018	2019	2020	
Counts	124,965,120	133,004,194	143,807,432	157,354,093	160,339,228	45,856,996	-63%

Rejection memos

In 2020, the Rejection Memo count has decreased by over 5.5 million in comparison to the 2015 count, which represents 49% reduction. Additionally, the USD value has been decreasing consistently since 2015 and is now 62% lower. This decrease is due to the decrease of prime billings due to COVID-19.

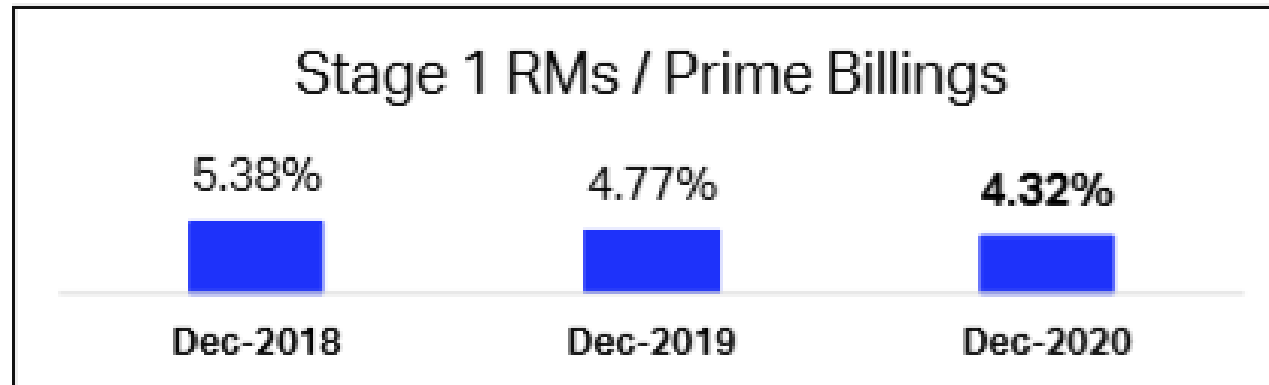


Rejection Reduction progress

Stage 1 Analysis - Estimated Percentage of Rejected Prime Billings

The chart below illustrates the trend of the estimated percentage of rejected prime billings. Based on this calculation, approximately 4.32% of the prime billings in 2020 were rejected, a consistent decrease since 2015. The percentage is calculated using the following formula.

$$\text{Estimated \% of rejected prime billings} = \frac{\text{Sum of Stage 1 RMs of past 12 months}}{\text{Sum of Prime Billings of Past 12 months (including 3 months LAG)}} \times 100\%$$



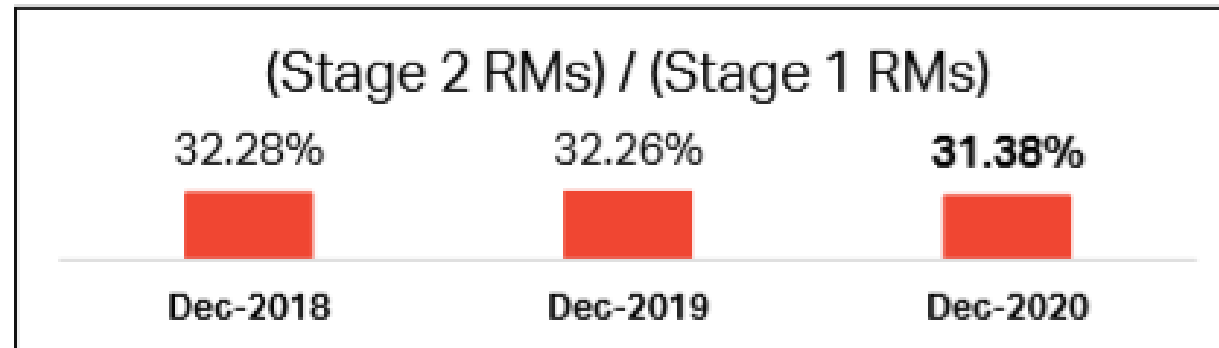
Rejection Reduction progress

Stage 2 & 3 Analysis - Estimated Percentage of Re-Rejected Stage 1 and Stage 2 Rejections

The percentages are calculated using the following formula.

$$\text{Estimated \% of rejected Stage 1 RMs} = \frac{\text{Sum of Stage 2 RMs of past 12 months}}{\text{Sum of Stage 1 RMs of past 12 month (including 3 months LAG)}} \times 100\%$$

The estimated percentage of rejected Stage 1 Rejection Memos is plotted in the graph below and show a decrease in 2020 in comparison to previous years. Approximately 31.38% of the Stage 1 rejection in 2020 were rejected back 2nd stage.



Rejection Reduction progress Stage 3

$$\text{Estimated \% of rejected Stage 2 RMs} = \frac{\text{Sum of Stage 3 RMs of past 12 months}}{\text{Sum of Stage 2 RMs of past 12 month (including 3 months LAG)}} \times 100\%$$

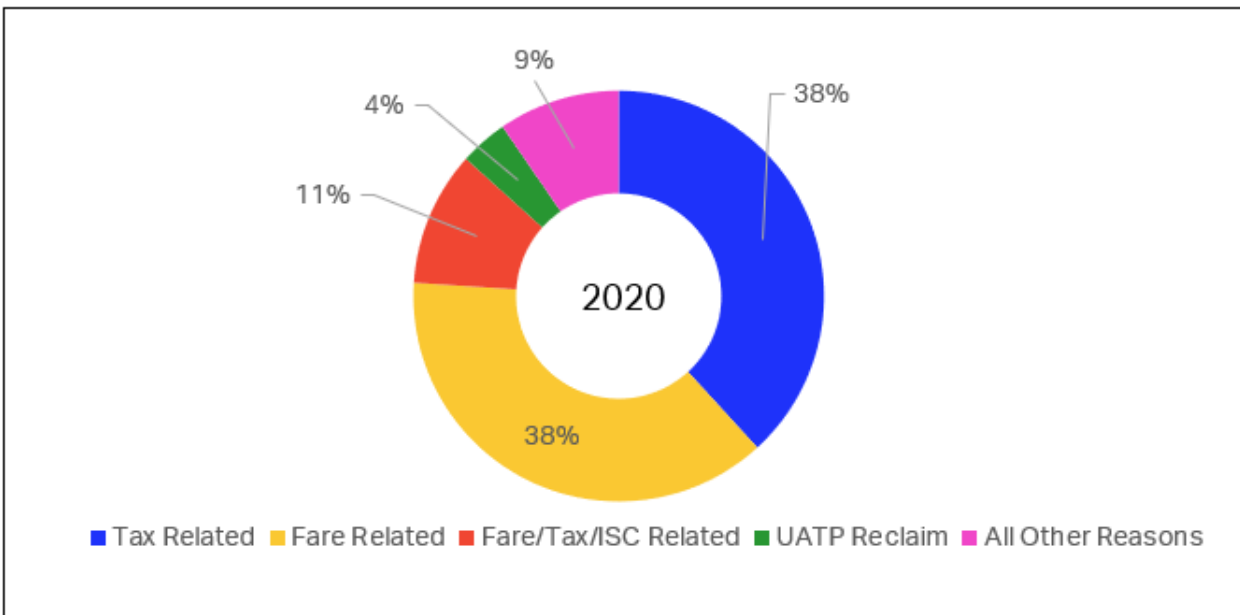
The percentage of 2nd stage rejections which are rejected back 3rd stage is also plotted in the below chart with a decreasing trend in 2020. Approximately **41.32%** of the 2nd stage rejections in 2020 were rejected back 3rd stage.



Reason code analysis – SMI – I/M/B

1st Stage Reason Code Analysis

The table below shows the Top 7 Reason Codes. The top 7 reason codes represent **97%** of all SMI-I/M stage 1 rejections.

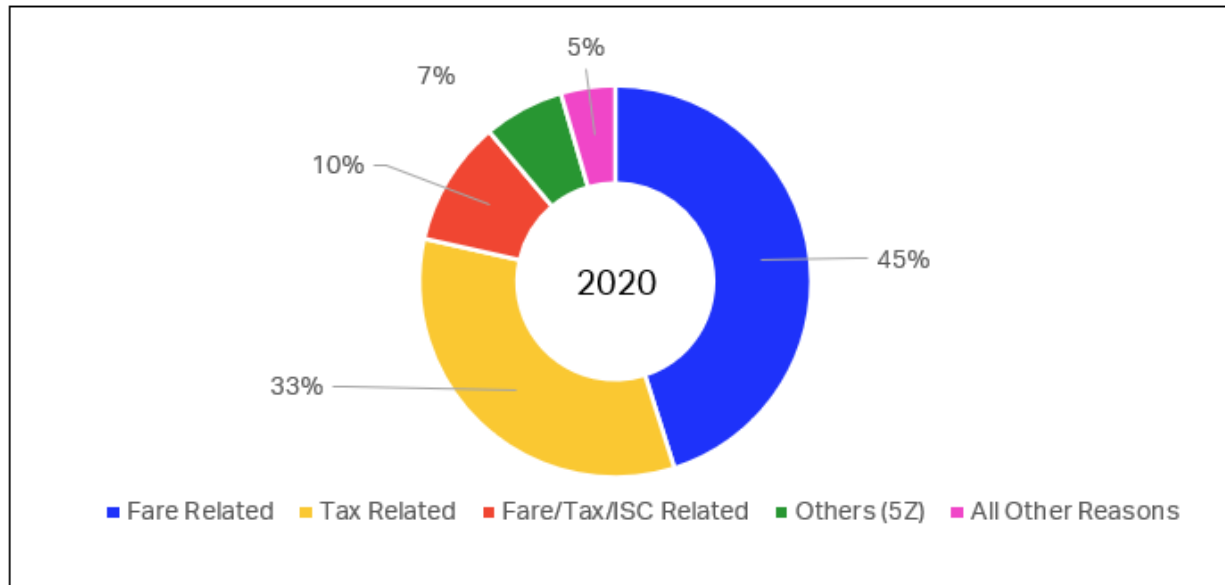


Reason Code	Reason Description	1 st Stage 2020	1 st Stage 2019
1G, 1T, 1Y	Tax Related	1,281,350	3,166,183
1B, 1S, 1Z, 2S	Fare Related	1,268,887	2,643,573
1A, 1R	Fare/Tax/ISC Related	355,840	854,253
1E	UATP Reclaim	126,758	254,377
1C	ISC Reclaim	117,342	272,651
5Z	Others	99,038	166,951
2B	Duplicate Billings	35,769	61,045

Reason code analysis – SMI – I/M/B

2nd Stage Reason Code Analysis

The table below shows the Top 7 Reason Codes, sorted by 2020 stage 2 rejection counts. The top 7 reason codes represent **99%** of all SMI-I/M stage 2 rejections.

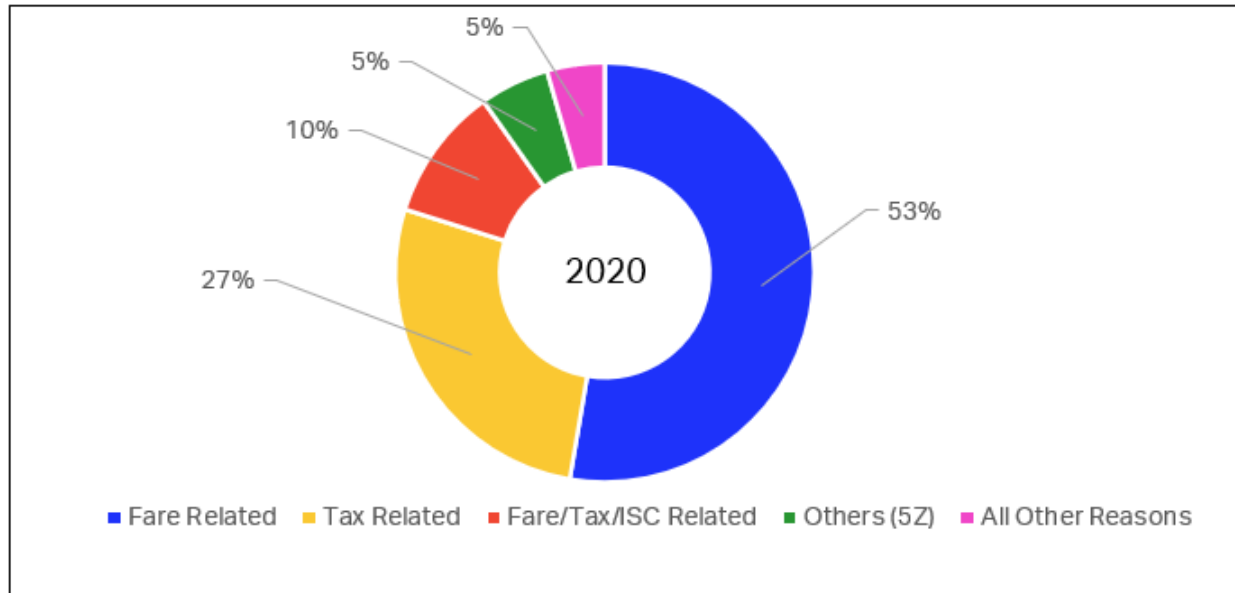


Reason Code	Reason Description	2 nd Stage 2020	2 nd Stage 2019
1B, 1S, 1Z, 2S	Fare Related	693,359	1,179,865
1G, 1T, 1Y	Tax Related	513,036	814,639
1A, 1R	Fare/Tax/ISC Related	159,183	241,643
5Z	Others	102,259	126,285
1C	ISC Reclaim	53,838	89,431
1E	UATP Reclaim	7,804	13,113
1D	Other Commission Reclaim	4,421	13,835

Reason code analysis – SMI – I/M/B

3rd Stage Reason Code Analysis

The table below shows the Top 7 Reason Codes, sorted by 2020 stage 3 rejection counts. The top 7 reason codes represent **99%** of all SMI-I/M stage 3 rejections.



Reason Code	Reason Description	3 rd Stage 2020	3 rd Stage 2019
1B, 1S, 1Z, 2S	Fare Related	435,593	492,093
1G, 1T, 1Y	Tax Related	224,853	394,964
1A, 1R	Fare/Tax/ISC Related	85,342	103,217
5Z	Others	44,444	48,014
1C	ISC Reclaim	26,710	23,232
1E	UATP Reclaim	6,746	7,083
2A	Unmatched Sale	1,550	2,132

USD Value Analysis of RMs

USD Value Analysis of RMs			
	2019	2020	2021
USD Value (in Mill) of RMs containing Taxes	164.31	71.44	5.56
% of Total Rejected USD Value	15.71%	10.91%	17.51%
USD Value (in Mil) of RMs containing Fares	920.06	605.7	26.91
% of Total Rejected USD Value	87.98%	92.46%	84.73%
Total Rejected USD Value (in Mil)	1,045.72	655.09	31.76

*Variances attributed to rejected ISC & UATP amounts considered in Total Rejected USD Value.

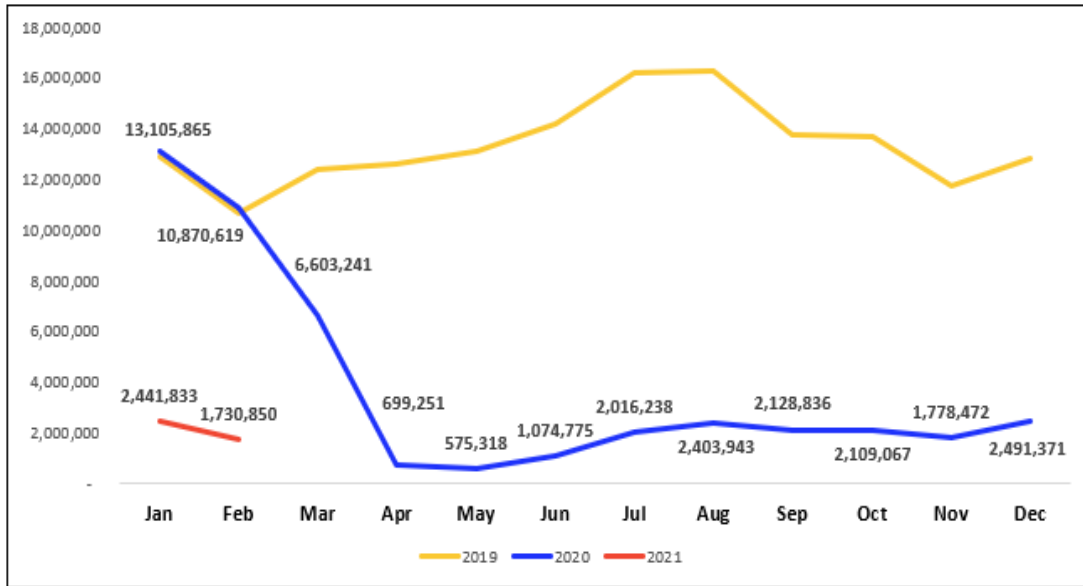
Source Code 31 Analysis

Month of Prime Billing:															
Month of Rejection:	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Total
Jan-20	1,825														1,825
Feb-20	7,535	3,794													11,329
Mar-20	9,341	9,800	3,954												23,095
Apr-20	4,319	5,783	11,540	563											22,205
May-20	3,550	4,179	6,523	1,260	312										15,824
Jun-20	8	3,065	5,407	668	585	799									10,532
Jul-20			6,764	341	287	1,360	646								9,398
Aug-20				660	331	94	1,957	1,016							4,058
Sep-20			1		110	280	693	3,429	924						5,437
Oct-20						133	418	514	4,644	945					6,654
Nov-20					1		160	356	505	4,438	762				6,222
Dec-20							5	210	351	1,003	5,796	2,841			10,206
Jan-21									247	524	613	7,665	1,011		10,060
Feb-21										329	509	2,236	6,161	1,751	10,986
Total RM's	26,578	26,621	34,189	3,492	1,626	2,666	3,879	5,525	6,671	7,239	7,680	12,742	7,172	1,751	147,831
Total Prime Billings	111,907	110,800	107,005	15,292	8,808	8,897	17,428	22,652	23,005	26,146	32,675	57,314	51,768	38,033	631,730
Rejection %	24%	24%	32%	23%	18%	30%	22%	24%	29%	28%	24%	22%	14%	5%	23%

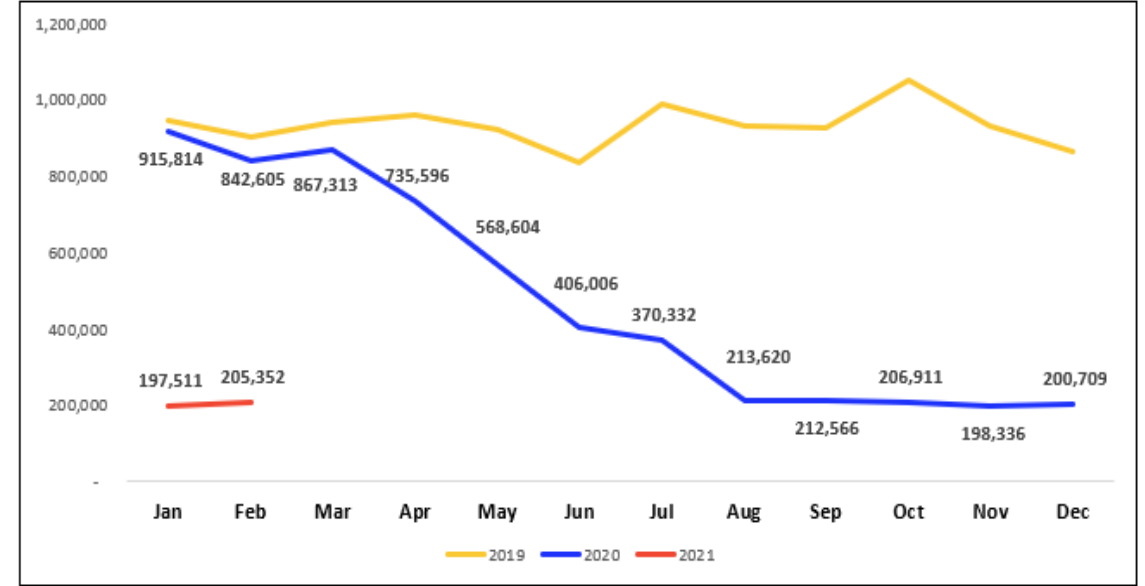
Note: Includes only SMI's – I/M/B

How are we doing in 2021?

Prime billing coupons



Rejections



Interesting processing trends



Analysis of prime billing per flight date

Billing Month	Flown Date					
	Billing Month	Billing Month -1	Billing Month -2	Billing Month -3	Billing Month -4	Others
January 2020	93.29%	5.84%	0.52%	0.23%	0.02%	0.09%
February 2020	93.83%	5.45%	0.45%	0.18%	0.01%	0.09%
March 2020	92.03%	6.65%	0.71%	0.32%	0.03%	0.26%
April 2020	52.67%	35.40%	5.98%	3.90%	0.70%	1.35%
May 2020	84.39%	2.04%	6.17%	3.79%	0.52%	3.09%
June 2020	94.92%	1.94%	0.19%	1.09%	0.17%	1.69%
July 2020	96.25%	3.23%	0.12%	0.03%	0.02%	0.35%
August 2020	95.09%	4.56%	0.13%	0.01%	0.00%	0.21%
September 2020	92.87%	6.12%	0.59%	0.03%	0.00%	0.39%
October 2020	94.60%	4.14%	0.57%	0.07%	0.04%	0.59%
November 2020	95.61%	3.97%	0.22%	0.06%	0.03%	0.10%
December 2020	95.77%	3.64%	0.49%	0.07%	0.01%	0.02%
January 2021	94.49%	4.86%	0.35%	0.09%	0.02%	0.18%

Analysis of Rejections per previous stage

Billing Month	Rejected Transaction Billing Date					
	Billing Month	Rejection Month -1	Rejection Month -2	Rejection Month -3	Rejection Month -4	Others
January 2020	7.41%	27.15%	32.59%	20.68%	12.02%	0.15%
February 2020	6.16%	35.81%	31.95%	13.69%	12.07%	0.31%
March 2020	7.95%	35.02%	30.94%	13.96%	12.06%	0.08%
April 2020	2.67%	36.46%	22.68%	22.75%	15.38%	0.07%
May 2020	3.99%	19.49%	29.99%	25.65%	20.82%	0.06%
June 2020	5.60%	19.73%	16.92%	29.09%	28.41%	0.26%
July 2020	8.64%	18.75%	13.46%	14.94%	44.20%	0.01%
August 2020	15.16%	31.73%	16.68%	15.49%	20.82%	0.12%
September 2020	15.01%	30.67%	21.87%	17.34%	14.83%	0.27%
October 2020	16.14%	34.60%	19.16%	17.95%	11.68%	0.46%
November 2020	13.07%	35.48%	16.14%	22.92%	12.04%	0.35%
December 2020	19.19%	41.37%	15.08%	15.51%	8.59%	0.26%
January 2021	15.73%	52.94%	12.80%	11.44%	6.83%	0.25%

Best Practices



Best Practices – Master Data Management

Master Data

Industry master data

- PMP
- **RATD and TTBS tax**
- FDR & MMR Rates
- SSIM/OAG

Airline master data

- SPA
 - Codeshare/non-Codeshare
 - **Re-protection**
 - ZED Application
 - UATP card acceptance
- S1 filing /Chart 2 Filing
- YQ/YR rates
- YQ/YR Airline setup in SIS

Continuous on-time review & control

Review

- Review and sign off

Communication

- Revenue Accounting department's feedback to commercial before final SPA sign off between airlines
- Communication of coding changes to vendor / BPO / auditors
- Joint SPA coding & testing in case SPA airline are using same RA system

Timelines

- 60 day notice of SPA expiry to revenue management
- 4 weeks allocated for coding & testing prior to SPA commencement or implementation

☛ Revenue Accounting should seek clarifications on ambiguous SPA intent from airline commercials prior to coding or creating rejections

☛ Above will ensure accuracy in first time billing and will reduce rejections

Best Practices – Billing Analysis

Billing Types

Inward Billing

Outward Billing

Rejections

Correspondence

Revenue Accounting System

Master Data

Transaction Data

Transaction Processing

Evaluation

Quality controls & checks

SPA Review

- SPA vs. MPA
- Codeshare vs. non codeshare
- Voluntary vs. involuntary

Value checks

- High Value
- Low Value
- Avg. Yield
- Variance
- YQ /Q billing
- Tax Billing
- ISC/CSC

Control checks

- Collected vs. Interline able
- Duplicate billing checks
- Rejection analysis
- Correspondence ageing
- 2nd Pass Audit

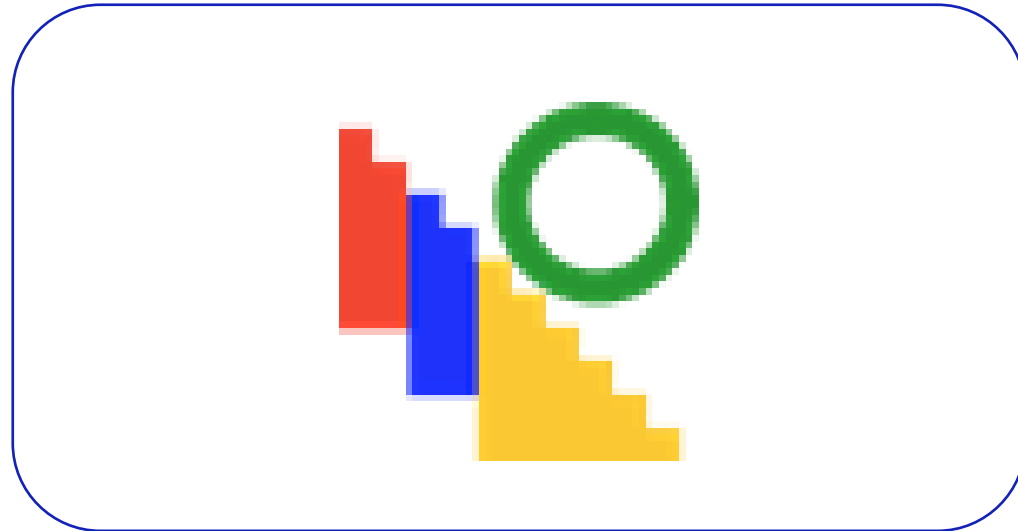
Involuntary Re-routes & Schedule Changes

- Definition, Billing procedures & Identification: RAM chapters A2 2.5, 2.6 & 2.7
- Billing of Taxes for Involuntary Re-routes: RAM chapter A2 1.8.2.2
***New Rule eff. for the prime billing invoicing of re-issued tickets on/after 01 Apr 2020**
- Check for existence of Involuntary Re-route SPAs to be used in settlement of Involuntary.
- Check for existence of Re-Protection Agreements to be used in settlement of Schedule Changes.

Lowest Applicable Fare

To Avoid applicable fare dispute, follow the guideline given in **RAM Chapter A2 Paragraph 3**.

More details can be found in the [“2018 WFS PAX Lowest Applicable Fare”](#) (pdf) document, available on the [SIS “Rejections” web page](#).



Taxes, Fees & Charges

- Amounts to be billed: RAM chapters A2 1.8.3, 1.8.4
- Billing of Taxes for Involuntary Re-routes: RAM chapter A2 1.8.2.2
***New Rule eff. for the prime billing invoicing of re-issued tickets on/after 01 Apr 2020**
- IATA Enhanced RATD is the single source for billing Interlineable taxes.
- Ensure Tax master data is updated on a monthly basis and preferably electronically using ATPCO X1.
- ATPCO & IATA Joint Tax Governance Group has been created to address issues related to taxes and a sub-group has been created to review complex taxes i.e. The top 10 Interlineable taxes that cause most rejections in the tax billing area.

Excess Baggage : Paper Documents Deadline

31st May 2021

Action Required by Airlines

- Starting 1 June 2021, carriers who wish to interline excess baggage charges may do so using electronic processes.
- Carriers who do not have interline EMD capability may continue to issue paper Excess Baggage Tickets only on a bilateral basis upon agreement with their partners.
- Carriers are advised to contact their interline partners, to ensure a clearly agreed process is in place for processing excess baggage charges before 1 June 2021.

Important Information

- IATA is neutral for airline interline disputes and is not able to provide an interpretation on standards unilaterally.
- IBSOPS WG serves as adjudicators of interline billing disputes.
- IBS OPS WG receives clarification requests from airlines throughout the year concerning the scope or meaning of the standard procedures contained in the Revenue Accounting Manual.
- IBS OPS WG discuss such requests in detail and provides clarifications however these clarifications are not binding on airlines to solve their disputes.
- If Airlines need a binding decision for solving their disputes with their partners, they can always bring the dispute to the attention of (CoD) Committee on Differences as per RAM Chapter Introduction and Administration paragraph 4-Settlement of Differences.
- **Bilateral Agreements are out of scope.**
- **Disputes concerning the MPA-P may be directed to the Prorate Agency for informal interpretation.**
- Negotiations, including commercial teams should be undertaken between the parties prior to bringing the dispute to IBS OPS WG and CoD attention.

Important Information

- Link to the Best Practices Guide:

<https://www.iata.org/contentassets/3c9d2e2266c74c77be3301f32aa0997e/rejection-reduction-best-practices.pdf>

- Check your respective airline's rejection and correspondence performance in SIS Reports

SIS → Reports → Passenger → Non-Sampling RM Analysis Comparison to Industry.

- Check SIS validation master for YQ/YR block.

SIS → Member Profile → Passenger → Manage Block for Tax Billing.

- Clarification requests on RAM rules can be sent to the IBS OPS Working Group

email address: meydanlia@iata.org

"Stay Alive" Rejections and Correspondence

It has been brought to IBS OPS WG notice that some rejections and correspondences have been sent back with no valid reason simply because the airline has been unable to process within the time limits due to restrictions linked to the pandemic.

This is not allowed under RAM rules and is now being closely monitored by IATA.

An [IATA ADS Bulletin \(2020-02\)](#) was sent out on 5th May 2020 addressing this problem.

IBS OPS and SIS GMs Agenda Proposals

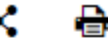
- Please send your IBS OPS and SIS GM Agenda Item proposals to wfsim@iata.org prior to the **18 May 2021**.
- Agenda Proposals should be submitted in the following format outlining the:
 - **Background,**
 - **Problem,** and the
 - **Proposed Solution**

All resources are available on the SIS website!

1. www.iata.org/SIS
2. **'SIS For Airlines'**
3. **'Rejections' Tab**

www.iata.org/cs to contact us!

SIS for Airlines & Intermodal



Joining Simplified Invoicing and Settlement (SIS) instantly connects you with more than 420 airlines and intermodal entities exchanging interline billing data electronically. SIS eliminates the paper from the interline billing and settlement processes increasing efficiency and reducing costs; it enables processing automation which helps reduce billing duplication and simplifies reconciliation.

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Passenger Rejection Reduction Initiative

One of the key actions of the IATA Financial Committee is to improve efficiency in airlines back office processes. Improvement is required in the area of Passenger interline billings, where more than one million rejections are raised per month. The Interline Billing and Settlement (IBS OPS) Working Group has been tasked to improve efficiency by cutting down on incorrect rejections via education, awareness, proposing changes to the billing rules, and adding new validations in SIS.

The charts below illustrate the count and USD amount of rejections over the past five years.



Thank you

Q&A

Post in Q&A box

