

# IATA Agent Accreditation Guide

*For Travel Agents in the United Kingdom*

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The contents of this guide are for information and guidance only and may be subject to change

# **IATA Agent Accreditation Guide**

## *for Travel Agents in the United Kingdom - Foreword*

If you are reading this guide, you are probably running a travel agency business, or are considering setting one up.

The question whether you should apply for IATA Agency Accreditation is one for you to decide.

IATA is primarily concerned with International Scheduled Air Transport. If your business is involved in selling scheduled airline tickets, then you should consider applying.

If your business is mainly selling holidays or forms of travel other than scheduled air transport, then IATA Accreditation will be of less value and you should request a TIDS number from IATA, and perhaps concentrate on seeking membership of other trade bodies such as ABTA.

If you are a tour operator or consolidator, you will need to be aware of the legislation administered by the CAA under the ATOL scheme.

This Guide should answer all your questions about IATA Agency Accreditation in the UK – what is required and what you need to do to apply.

## **1. IATA**

The International Air Transport Association, IATA, was set up by an act of the Canadian Parliament in 1946. Its forerunner, the International Air *Traffic* Association, was in existence from the dawn of the air transport era. Most of the world's major airlines belong to IATA. Their membership is quite voluntary and most have chosen to be members because of the advantages this membership brings.

IATA airlines fly routes between all the major cities of the world, to every continent under the flags of the world's nations. This vast global route network, operated collectively by IATA airlines, faces many problems. However, IATA's activities help to provide solutions to these problems by co-ordinating working methods and practices, without stifling competition or innovation.

## **2. Agency Accreditation**

It is generally considered impractical for an airline to set up a network of its own sales outlets to sell tickets throughout a country such as the UK. For this reason, the airlines have developed a distribution system that includes a network of accredited travel agents to sell their products and services. The majority of sales for airlines are generated through travel agents. Over the years IATA, directed by its member airlines, has established a global Agency Accreditation Programme, which has been adapted and developed to meet changing market conditions. Another activity administered by IATA is the BSP – Billing and Settlement Plan, the system through which the majority of travel agents' ticket sales are reported and paid for. The IATA Office is responsible for the accreditation and financial assessment of agents and the co-ordination of the IATA agent training programmes. The accreditation criteria are recommended by a body known as the Agency Programme Joint Council – UK (APJC) and endorsed by airline delegates at their conference, the Passenger Agency Conference (PACConf). Airline and travel agency organisation officials sit on the APJC, thus ensuring that both sides of the travel industry negotiate accreditation criteria and agency rules acceptable to both sides.

The IATA Office receives and processes applications for accreditation and makes decisions in accordance with the rules laid down.

### 3. How to apply for Accreditation

If you wish to apply for IATA Accreditation, you must complete an application form which is obtainable from the Agency Services Office. The questions on the form seek information on the company, the location and the owners. The questions are unambiguous but guidance may be given by the Agency Services Office. It is not necessary to submit applications through third party organisations such as solicitors or management consultants. The application form, once signed, becomes part of the Passenger Sales Agency Agreement, the contract that binds travel agents to their IATA airline principals.

- There are several items that **must** accompany the application form:
  - *Photographs of the premises – one interior and one exterior*
  - *a copy of the latest company accounts or opening Balance Sheet for assessment by our financial assessors*
  - *Specifications of the security system installed or a Crime Prevention Survey Report*
  - *Specifications of the safe/steel cabinet installed*
  - *Sample of agency letterhead*
  - *Order/confirmation from GDS system supplier for automated ticketing equipment*
  - *Proof of identity and a completed Identity Certification Statement*
  - *Fees*

### 4. Accreditation Criteria

To qualify for IATA Accreditation, you must meet certain accreditation standards that have been established for the UK by the Passenger Agency Conference. The aim of these standards is to ensure a high degree of professionalism in IATA Accredited travel agents. Your application will not be approved if you fail to meet these minimum standards. The criteria fall broadly into the following categories:

- *Premises*
- *Security of premises*
- *Safe/secure storage of BSP Traffic Documents*
- *Automated ticketing*
- *Finances*

### 5. Premises

The only stipulations IATA makes for premises are:

- *They must be open for business on a regular basis*
- *They must be identified*
- *They must trade as a travel agency*

These conditions do not apply to agents who act solely as tour operators, or to in-plant locations. In-plant locations are sited in the offices of commercial customers to serve their in-house travel needs. Such locations must be branches of existing IATA agents.

IATA agents are permitted to share office space with another travel agency provided ticket stocks and business operations are separated. An IATA Agent cannot share office space with an airline or a General Sales Agent.

## 6. Security of premises

As the potential value of blank airline tickets is very high if stolen and fraudulently used, security of premises is a very important aspect of the IATA accreditation criteria.

Standard security criteria have been established. These are:

- *All access doors must be fitted with 5 lever mortise deadlocks meeting British Standards*
- *All windows and skylights should have adequate window locks to British Standards*
- *An alarm system meeting British Standards must be installed by a NSI/NACOSS approved installer, with a monitored line to an alarm receiving center (ARC) through a monitoring service.*

**Unless alternative security measures are recommended by a Crime Prevention Officer**

## 7. Safe/Secure Storage for Ticket Stock

An Accredited Agent location in the UK may be assigned stocks of Standard Traffic Documents equal to three months' average usage. A working supply equal to one months' average usage may be held in the Agent's premises at any one time and reserve stocks must be stored in an off-premise vault such as a bank vault or security deposit box. In the light of this, it is essential that a suitable safe or steel cabinet be installed in which to store your working supply of BSP Traffic Documents (tickets, etc). The safe or steel cabinet must meet IATA's minimum standards as set out below.

The requirements for safes and steel cabinets are:

**Safe:** (For storage of one months working stock on premise):

- *Minimum weight – 182kg*
- *Fitted with both key and combination locks*
- *Bolted to the floor or wall if weighing less than 500kg*

A limpet alarm device or alarm sensor fitted to the safe may be accepted in place of one of the locking devices, or as an alternative to bolting for safes weighing between 300kg and 500kg.

Safes below the minimum 182kg in weight are not acceptable.

*Any of the permutations in the following table are acceptable:*

Weight in Kg	Key Lock	Mechanical or digital Combination	Limpet	Bolted
182 to 300	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
301 to 500	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
500 +	<input type="checkbox"/>	<input type="checkbox"/>		
	<input type="checkbox"/>		<input type="checkbox"/>	
		<input type="checkbox"/>	<input type="checkbox"/>	

**Steel Cabinet:** (For storage of one month's working stock on premise): If a steel cabinet is installed instead of a safe, the cabinet must be lockable and meet with the European Certification Board Security Systems standard EN-1143-1

Optionally - for storage of two months' working stock on premise:

- *A safe to Grade IV European Standard (£60,000 cash rating) with dual Tech detectors or*
- *A pre EU standard safe with a £60,000 cash rating with either a limpet alarm or dual tech detectors or*
- *A Chubb Security Cabinet with limpet alarms*

Optionally - for storage of all reserve stock on premises:

Reserve ticket stocks may only be stored on premises if a vault or strongroom is installed.

Validator plates must not be stored in the safe, but locked away separately.

**Electronic Ticketing** is growing rapidly in the UK market and should an Agent decide to only provide Electronic Tickets to its customers, there is no requirement to have a safe installed in the premises for the purposes of IATA Accreditation.

## **8. Automated ticketing facilities**

It is a mandatory requirement that applicants have automated ticketing facilities installed by the effective date of approval. This means that applicants must make arrangements with an approved GDS system provider to have the equipment installed and set up during the application-processing period, to be operational on the effective approval date. You should make enquiries directly with any approved system provider. Applications will not be approved unless we have proof that such systems have been ordered and will be installed.

## **9. Staff Qualifications**

The Applicant must have in its employment, competent and qualified staff able to sell international air transportation and correctly issue BSP automated and manual travel documents. Such competence must be in IATA Ticketing procedures and Computerised Reservations and Ticketing system operation. IATA UK provides Agent Training Seminars covering all aspects of BSP document issuance and reporting procedures, and we recommend that staff attend a Seminar as soon as possible after accreditation approval. At time of publication of this Guide, the cost of the BSP Seminar is £125.00.

## 10. Finances

One of the most important aspects of accreditation is financial fitness. Once approved as an accredited agent, all BSP air ticket sales will be made on a credit basis. You will not need to pay for the sales you make until the 17th day of the month following the month of sale, which is the date when the Direct Debit for the amount outstanding will be lodged and debited from your bank account. With this in mind, for our members it is important that only agents who demonstrate their ability to pay bills will be accepted. The financial criteria have been drawn up with the objective of ensuring that only financially sound applicants are accredited.

The financial aspect is examined in detail by our Financial Assessor. The assessment is based on the examination of a full set of the most recent audited accounts. Exceptionally, companies that meet the requirements for a "Small Company" in accordance with the criteria laid down by Companies House will be required to submit Certified Accounts.

Newly formed companies which have been trading for less than one year must submit a copy of an opening balance sheet, certified by a qualified accountant.

If your company is a subsidiary of a larger parent organisation, you will need to submit a copy of that parent company's most recent audited accounts.

The financial criteria fall into three areas:

- *share capital/capital account*
- *profitability*
- *liquidity*

### A) Share capital (for limited companies)

#### Capital account (for partnerships/sole traders)

Minimum levels for the issued and fully paid-up share capital in limited companies have been set. For partnerships and sole traders, these levels must be reflected in the firm's capital account. There are two levels set – the normal minimum for companies that have traded for less than 3 years, and the traded minimum for companies that are able to submit 3 consecutive years' accounts.

The levels are based on an average of the projected annual turnover of BSP airline sales less credit card sales, for the first two years' trading.

No exceptions are made in applying these levels, which are shown in the following table.

**Less than 3 Years 3 Years Accounts Turnover up to (£) Normal Minimum (£) Traded Minimum (£)**

2 million	40,000	20,000
3 million	60,000	30,000
4 million	80,000	40,000
5 million	100,000	50,000
6 million	120,000	60,000
7 million	140,000	70,000
8 million	160,000	80,000
9 million	180,000	90,000
10 million and over	200,000	100,000

### B) Profitability

Your accounts must show that you have made a profit before tax at the end of an accounting period.

### C) Liquidity

Your accounts must indicate that you have a favourable liquidity ratio. Current assets must exceed current liabilities at the end of an accounting period.

## 11. Bonding requirements

You will have to provide a bond if your accounts show that:

- a. your company does not meet either of the requirements in B or C above and/or
- b. your company has traded for less than 3 years in the travel industry.
- c. Your company/entity is registered in Scotland and will bank the proceeds of sales under the IATA Sales Agency Agreement in a bank registered or located in Scotland and you choose to remit your BSP payments to BSP once per calendar month. Should you choose to remit to BSP twice per calendar month, the standard conditions in this paragraph apply. This means for example that if you have already traded as an Agent for more than 3 years and your accounts meet B & C above, a bond will not be required.

A guarantee may be arranged through a bank registered in the UK, Channel Island or Isle of Man under the statutes of the UK/Channel Islands/Isle of Man or through an Insurance Company acceptable to the IATA Office – a list will be provided upon request.

As with share capital requirements in A above, the level of bond is based on an average of the projected annual turnover of BSP-UK airline sales (including non-IATA BSP airlines) less credit card sales, for the first two years' trading.

The bonding levels are calculated to the nearest multiple of £5,000 and subject to a minimum of £25,000.

There are two levels of bonding:

Agents who have traded for less than 3 years 16% of BSP airline turnover

Agents submitting 3 years' consecutive accounts 12% of BSP airline turnover

## Effect of changes of ownership on bonding

A bond will also be required (on the basis of 16% of turnover), if your company undergoes a complete or significant change of ownership after approval This is defined as a total acquisition, or a transfer exceeding 49% of the paid-up share capital, representing a change in control.

Cumulative changes will be taken into account. The bond will continue (and may be adjusted in line with turnover) until at least three years' accounts under the new ownership have been submitted.

## 12. Insolvency

If your balance sheet reveals an insolvent situation, your application will be disapproved.

## 13. Annual financial review

Once you have been successfully accredited, you must submit your accounts every year for review by our Financial Assessor. Accounts must be sent by no later than 6 months after your year end. Failure to comply with this obligation may result in further action including a monetary fine. Bonding levels are also re-assessed at this time. However as sales levels are monitored from information available from BSP throughout the year, a review of the bonding level may be prompted at any time.. Audited Accounts will be required except for Small Businesses as defined by Companies House, in which case Certified Accounts will be required.

#### **14. Name**

You must not use a name for your company which is misleadingly similar to that of an IATA member airline or to IATA itself. Also you are not permitted to identify your premises with the name of an IATA airline or group of airlines

#### **15. Criteria relating to persons**

If we have proof that any of the owners or managers of your agency have been convicted of offences involving dishonesty in business, your application will be disapproved. This also applies to any who are undischarged bankrupts.

If any of the owners or managers held similar positions of trust in an IATA Accredited Agency that has been removed from the IATA Agents List owing money due to default, the application will also be disapproved.

#### **16. General Sales Agents**

Many airlines appoint General Sales Agents to represent their commercial interests in specific territories where, for example, they are unable to provide their own sales staff. If you have such a GSA appointment in the UK, or part of the UK, for either an IATA or non-IATA airline, you will have to terminate the agreement before you apply for IATA Accreditation. IATA Agents are not permitted to also act as a GSA.

#### **17. Applications must be accurate and complete**

Your application must be completely documented and accurate. Any material statements in your application that are discovered to be false or inaccurate will be a reason for disapproval.

#### **18. Satellite Ticket Printer Locations (STPs and EU STPs)**

An existing IATA Accredited Agent may apply for approval of a Satellite Ticket Printer location, to service the ticket requirements of a commercial customer which is not itself trading as a travel agent. STP sites are only permitted within the premises of commercial customers and are subject to certain conditions.

The STP must be controlled by a Host Location, which may be either the head office or a branch office of the Accredited Agent and which is responsible for the ticket issues and reporting of the STP.

EU STPs are STPs sited in countries of the European Union or European Economic Area.

The STP must be located in a secure area, which also meets the security criteria of regular IATA locations. The printer must be designed to prevent it being activated to print tickets or allow access to unissued tickets by unauthorised persons. At least one person must attend the printer who has been trained in its operation. This person may be employed either by the agent or by the commercial customer.

#### **19. Satellite Ticketing Delivery Office (STDO's)**

An accredited IATA agent may apply for a Satellite Ticket Delivery Office licence. A ticket printer controlled by the IATA Host, can be installed in either of the the following:

- A non IATA branch location belonging to an accredited IATA agency
- A non IATA travel agent who collaborates with an accredited IATA agency

Just like the STP licence, the IATA agent acts as the host and is responsible for the ticket issues and reporting of the STDO. Only ATB stock can be used and this stock is the responsibility of the host location.

## **20. Remote ticket Fulfilment – Call Centres**

A facility is available to permit an Approved location of an Agent to enter ticketing data in a CRS Booking Record (Initiating location) and have the ticket printed in another approved location of the same Agent (Issuing location) – either in the same BSP country/area or in another BSP country/area. In this circumstance, the ticket is issued by the issuing location and is reported and settled in the BSP of the issuing location. Only the ticket stock of the issuing Location is used and applicable tariff and ticketing rules must be respected by the Issuing location. This facility utilises Pseudo City Code or City Emulation facilities in the Agent's CRS System, which permit availability, fares, and tariffs displays to be accessed by the initiating location. The application process is therefore as follows:

1. Travel agents must apply to their CRS System Supplier in written form, including email, stating:
  - (a) the applicant is authorised within their agency to make the application.
  - (b) responsibility for the tickets and fares issued via this procedure is accepted by the 'issuing office' not the 'initiating office'
  - (c) the full details of the Locations involved, including their IATA numeric codes.
2. The System Provider will make a written request to the BSP Manager (of the initiating Office) with the following information:
  - a) The location and IATA Numeric Code of the 'Initiating Office
  - b) The location and IATA Numeric Code(s) of the 'Issuing office(s) and
  - c) The commencement dates
3. On receipt of such request, the Coordinator will:
  - a) Respond to the System provider within 7 days of receiving such an application.
  - b) Provide reasons for rejection as may apply
  - c) Communicate the results of all applications to any other BSP Managers in whose Area there are Approved Locations named in the Application.

## **21. Additional Numeric Code (SA)**

Sometimes, if an agent has more than one division of its business (eg. retail and business travel), they and the airlines may find it beneficial to have sales identified separately. An Accredited Agent may apply for an additional numeric code for this purpose. The additional code may only be used on the currently approved premises. Separate identity must be demonstrated along with the provision of separate storage of the two ticket stocks. Although entry and annual fees are charged for these additional codes, they are not recognised as locations with branch status.

## **22. The application process for accreditation**

Your application for IATA Accreditation must be sent to the Agency Accreditation Co-ordinator. Your application must be complete in every aspect, otherwise we will not proceed with it. If any items are omitted, we will notify you.

Once an application has been accepted as complete, the details are published to all IATA's member airlines.

The agency location will be visited by one of IATA's investigators. They are independently contracted to IATA and will usually make an appointment for their inspection. The investigator will pay particular attention to the security of the premises, the safe, and how the location is identified. The staff will be interviewed to ascertain their experience, competence in fares and ticketing and their training course qualifications. The investigator will ask to see any course certificates, so copies should be made available. The staff members should prepare an accurate record of their past experience in advance of the investigator's visit.

The financial documentation of the application is examined by our Financial Assessor. They will examine the accounts and financial information submitted and will establish bonding levels, if required (see information on financial requirements.)

The Agency Services Office must make a decision on the application no later than 60 days (45 days for EU STPs) following publication. The decision is based on the investigator's report, the financial assessment and any information received by the Agency Services Office from the member airlines.

During the application's process, a Passenger Sales Agency Agreement will be sent for signature and return. Also BSP formalities and training are completed in readiness for your agency starting operations on the BSP system. BSP will ask you to complete a direct debit mandate and an estimation of your ticket stock requirements. It is essential that all these formalities are completed in good time.

## 23. Approval

As soon as your application has been approved, notification will be sent to you. This will confirm your IATA numeric code and the effective approval date. BSP will supply you with a ticket imprinter, ticket stock and accounting documents. Arrangements should be completed with a CRS/GDS system supplier for you to commence automated ticketing once you have been approved. Your staff will have received the appropriate BSP training at their seminar.

All IATA member airlines and all non-IATA BSP airlines will be informed of the approval decisions after which you should apply to the airlines for an Automated Ticketing Authority. Some airlines automatically authorise an Agent to ticket on their behalf and you should check in the BSPLink system. Subject to their policies relating to the appointment of Agents, a BSP airline may decide not to authorise a newly accredited Agent to ticket on their behalf until a trading history has been established or a minimum sales turnover is reached via alternative selling channels.

Any member airline that filed objections during the publication period may request consideration and review of the approval decision through the Travel Agency Commissioner, if they still feel that their challenge was justified.

## 24. Disapproval

If your application is disapproved, you will be told the reasons why. You then have the right of appeal within 30 days of the decision notice. The Agency Services Office then reconsiders its decision. If the reasons for disapproval are removed or rectified, or if an error has been made, then approval may be granted. If the Agency Services Office upholds its original decision, and you still feel aggrieved by it, then the case may be referred to the Travel Agency Commissioner for review. He is an independent arbiter who acts in accordance with set procedural rules. There is a further level of appeal by arbitration if the Travel Agency Commissioner upholds the Agency Services Office's decision.

There is no limit to the number of re-applications that may be made. You should re-apply as soon as the reasons for disapproval have been rectified.

## 25. Agency reviews

In order to maintain standards, as a measure of quality control, reviews are carried out from time to time to ensure that agents continue to meet the criteria.

Quite separately, BSP has an audit programme to monitor agents' compliance to BSP procedures.

## 26. Passenger Sales Agency Agreement

Once IATA Accredited, you will enter into a Passenger Sales Agency Agreement with IATA. To ensure that there is no delay to the effective approval date, you will be asked to sign and return both copies in advance of approval. It is important that this formality is not overlooked.

The Passenger Sales Agency Agreement is the contract that binds your agency to the IATA member airlines. You should familiarise yourself with the terms of the agreement and the contents of the *Travel Agents Handbook*.

## 27. Notification of changes

Once IATA Accredited, you must notify IATA of any of the following changes:

- \_ *shareholding*
- \_ *ownership*
- \_ *name*
- \_ *location*

Failure to do so may result in your agency being declared in Default.

This means that your ticket stocks, plates and credit will be withdrawn.

## 28. Agency fees

The following fees are applicable in the United Kingdom and payable by bank transfer at the time of application:

- non-refundable application fee: £250
- entry fee Head Office: £1,000
- entry fee per branch/STP/SA: £500

*In the event of disapproval, the entry fee will be refunded.*

### Annual Agency Fees

An annual fee of 200 Swiss Francs is levied and invoiced by IATA's Geneva Office. The first annual fee invoice is issued following approval and should be settled promptly. Subsequent annual fees are collected by direct debit through the BSP system.

**Note:** Fees correct at time of publication and subject to change.

## 29. Appointment

Once you have been Accredited, and have signed and returned your Passenger Sales Agency Agreement, member airlines may appoint you automatically under an agreement known as General Concurrence. The few airlines not using this method will issue a certificate of appointment at their discretion.

There is no obligation for an individual member airline to appoint an agency. Appointment may also be withdrawn at any time by an airline notifying IATA accordingly.

Some airlines may also choose not to supply their CIP/Automated Ticketing Authority. CIP's are the property of the airlines and for this reason they may decide to withhold or remove them at any time. Similarly, an airline may give instruction to withhold or withdraw authority for automated ticketing. Such decisions are entirely in accordance with each airline's own commercial policy. If you believe that such action is unfair and puts the viability of your business at risk, you may refer the matter to the Travel Agency Commissioner for review.

An annual Certificate of Accreditation is available from IATA at a cost of 20 Swiss Francs.

## 30. Travel Agent's Handbook

The IATA Agency Rules are contained in the Travel Agent's Handbook.

The handbook should be studied carefully and kept in a safe place for reference. It contains all the IATA rules and resolutions applicable to Accredited Agents. As these are binding under your Passenger Sales Agency Agreement, you should make yourself aware of the contents.

A free copy of this handbook on CD ROM is supplied when a completed application has been approved by us. Other copies can be obtained from the following website: [www.iata.org/agenthome](http://www.iata.org/agenthome). A copy of the IATA Ticketing Handbook is also available at a cost of £32.00.

## 31. IATA Travel Agent Card

As an Accredited Agent, you and your staff are eligible to apply for the IATA Travel Agent Card. This is a valuable ID card which principals recognise throughout the world. It identifies you as a genuine travel agency salesperson and may give you benefits such as special rates or concessions.

For an application form please visit <http://www.iata.org/ps/services/idcard> .

For more information about IATA, please visit the customer service portal on our website at [www.iata.org/europe/cs](http://www.iata.org/europe/cs).

END