



Passenger Rejection Reduction Best Practices

Version 1.1
July 2019





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1. Background

The passenger rejection reduction initiative is endorsed by the IATA Financial Committee to reduce unnecessary passenger rejections in the industry. The goal of this initiative is to improve the quality of interline billings, increase efficiencies, improve cash flow and reduce the overall cost at industry level. In 2015, the IBSOPS working group was tasked to reduce the rejection rate by 32% in 5 years (by 2020).

Since then, the IATA Rejection Reduction Team and the IBSOPS WG have undertaken multiple actions to reduce the number of passenger rejections in the industry. By the end of 2018, the rejection rate decreased by nearly 21% in comparison to the base year 2015.

Year	2016	2017	2018
% Reduction	8%	15%	21%

In 2018, several airlines were invited based on different criteria (size, volume of rejections, alliances, geographical location etc) to form a Rejection Reduction Advisory Group. The IATA Rejection Reduction Team works closely with this group to understand the reasons of rejection, estimate the cost of rejections, contribute to the 32% target by 2020 and build a Best Practices guide.

This document contains a list of best practices, considerations and recommendations to help airlines ensure high quality interline billings and reduce unnecessary rejections.

Please note that this remains a "living" document and will be updated with new best practices and recommendations, from the airlines and IATA.

2. New Master Updates (SPA / Tax / PMP etc.)

Below are recommendations to be followed when a member is updating the Master Data in the Revenue Accounting system.

2.1. Special Prorate Agreements (SPA)

- a. **New SPA to be received at least 4 weeks in advance of the first billing.** Members should receive updates to SPA's at least 4 weeks prior to the effective date of the SPA, to ensure that enough time is left for coding and testing of the SPA.
- b. **Notify commercial teams 60 days prior to expiration of a SPA.** It is recommended that Revenue Accounting (RA) teams alert their Commercial department at least 60 days prior to the SPA expiration date. This will allow enough time for the commercial team to clarify if the SPA has been extended / new SPA signed.
- c. **Revenue Accounting (RA) department's feedback before final SPA sign off.** It is a good practice for commercial teams to get their Revenue accounting department's feedback whenever they are negotiating a new SPA to ensure that the SPA conditions are clarified and system limitations, if any, are highlighted.
- d. **Simulation of the SPA.** Simulate the SPA in the RA test system to ensure that the values are satisfactory for the Revenue Management team each time there is a new destination added, a new type of fare or a new SPA signed.
- e. **Periodic feedback.** It is a good practice for Revenue Accounting Department to give periodic feedback to the Commercial Team, monthly or at any other periodicity agreed, but not later than 3 months, on the performance of the SPA signed and implemented. This will equip the commercial teams with a better and informed decision-making process.



- 2.2. Joint SPA coding with airline partners using the same PRA System.** Some airlines ensure that they do a joint coding for SPA's with interline partners, who are using the same RA system and with whom they sign a SPA. This is very beneficial as any interpretation issues are sorted out at the SPA coding stage.
- 2.3. SPA Coding checklist.** The SPA coding checklist is attached in Appendix A of this document.
- 2.4. PRA team to work closely with the Revenue Management/Commercial department**
 - a. Share what your PRA system handles (capabilities, limitations).
 - b. Have monthly calls / meetings regarding the effectiveness of SPAs and share with the Revenue Management team the reports with values recorded for revenues from SPAs.
- 2.5.** Conference calls between SPA carriers and both Revenue Management & Revenue Accounting teams before the SPA goes live.
- 2.6. Validate prorate values once SPA moved to Production.** A quick indicator could be unusually high or low billings.
- 2.7.** Communication of SPA coding changes to outsourced BPO team / internal interline team.
- 2.8. Master data - Sign off / Quality checks on every update.**
 - a. Such as: Taxes, Codeshare, Exchange rates, Prorate factors, Provisos, FFP, TPM's, RATD etc.
 - b. Test to ensure high quality of output data prior to sign off.
- 2.9.** Tax coding centralized and tested prior to moving to Production.
- 2.10.** Request your PRA System provider to load ATPCO "RATD X1" automated file in order to reduce tax billing rejections.
- 2.11.** System limitations / exceptions for exceptional scenarios not able to be automatically processed in RA systems. Communicate with your interline partners and agree on a process for handling these exceptions rather than raise rejections.

3. New Airline Moving to Interlining

- 3.1.** Ensure availability of standardized ticket sales data files such as ATPCO/ ISR / BSP / TCN formats.
- 3.2.** Make sure you have a list of all reference data required to be updated in the Revenue Accounting system, including internal accounting codes.
- 3.3.** [RATD](#) (Revenue Accounting Tax Database) X1 File. The ATPCO "RATD X1" file streamlines the interline billing process for taxes, charges and fees with convenient access via the web. The Enhanced RATD X1 file is a source of tax referential data to automatically update PRA Systems.
- 3.4.** [FDR/MMR](#) (Five Day Rate / Mean Monthly Rate). To perform interline invoicing and settlement, airlines must have exchange rates of world currencies. The Exchange Rates published by IATA are the sole source to support interline billings and settlement.
- 3.5.** [Proration Methods and Subscriptions](#). The airlines engaged in interlining of passengers and cargo depend on settlement agreements to assist in the determination of each airline's revenue. These agreements are referred to as the "Multilateral Prorate Agreement-Passenger" and the "Multilateral Prorate Agreement-Cargo". Ensure Revenue Accounting Systems are updated on-time with the appropriate proration master data requirements.
- 3.6.** [RAM](#) (Revenue Accounting Manual). The IATA Revenue Accounting Manual (RAM) explains the standard billing procedures for the interline accounting of Passenger, Cargo, UATP and Miscellaneous revenues.



- 3.7. [Training and Development](#). The IATA Training provides a broad spectrum of basic, intermediate and advanced training courses designed to ensure RA teams are well equipped to handle interline accounting. You may request customized trainings from the IATA training team depending on your needs.
- 3.8. [SIS \(Simplified Invoicing and Settlement\)](#). SIS is the industry platform that facilitates the electronic invoicing and settlement process by streamlining key processes, unifying invoicing standards, reducing paper wastes and ultimately fostering a simpler and more efficient environment for airlines and aviation business partners (ground handlers, maintenance companies, manufacturers, etc) to engage in business.
- 3.9. [ACH / ICH \(Airlines Clearing House / IATA Clearing House\)](#). These are the two industry-recognized Clearing Houses that provide fast, secure and cost-effective settlement services in multiple currencies for the air transport industry. (Not mandatory).
- 3.10. [SIRS \(Simplified Involuntary Reroute Settlement\)](#). This is an optional and voluntary multilateral agreement (offered by ACH, endorsed and supported by IATA) for settlement of involuntary reroute transactions based on pre-determined billing rules. It removes uncertainty of expected billing values for involuntary reroutes. You can request test files to better understand SIRS and compare with your billings.
- 3.11. **Revenue Accounting System Provider Training**. Most Revenue Accounting System Providers offer holistic trainings to maximize the use of their systems. RA teams of airlines are encouraged to participate in these training sessions, including training following system upgrades and enhancements.
- 3.12. **Bilateral Settlements**. Billing partners to agree on invoice currency, bank accounts, settlement methods and schedule, if it is not already part of the contract.
- 3.13. Conduct quality checks on interline billings and have regular calls with interline partners to address the gaps that lead to rejections.
- 3.14. Simplify and standardize your agreements as much as possible for mutual benefit.

4. Change of Revenue Accounting Systems / Proration Engines / etc.

- 4.1. Decide a Migration Strategy from the old system to the new system and create a Migration Plan.
- 4.2. Ensure the redesign of the new processes is in place.
- 4.3. Ensure all SOPs, user guides and system documentation are in place.
- 4.4. Before going live, perform multiple parallel test runs, compare the results and correct, if necessary.
- 4.5. In the case of data migration, ensure that previously billed coupons do not get re-billed out.
- 4.6. Conduct regression testing for complex SPA changes.
- 4.7. Focus both on Processing and Accounting objectives.
- 4.8. Ensure that users can obtain useful reports from the systems to illustrate interline billing trends and support decision making.
- 4.9. Ensure Master Data tables are correct and complete.
- 4.10. Ensure all subscriptions needed are in place.



5. Monitoring Incoming and Outgoing Billings / Quality Control

- 5.1. Use the SIS Rejection Analysis reports to monitor volumes of incoming/outgoing rejections and get in contact with interline partners in case the trends are increasing.
- 5.2. Maintain key integrity checks in the system, as well as relevant and timely alerts to minimize revenue losses and decrease rejections.
- 5.3. **Billing Value Checks.** Prior to submitting billings, conduct quality checks on prepared outward billings to identify high/low/negative yields.
- 5.4. **ISC / Tax Value checks.** Prior to submitting billings, conduct quality checks on prepared outward billings to identify incorrect ISC and tax values.
- 5.5. Duplicate billing checks.
- 5.6. **Second pass audit.** Introduce "double-check" audit processes on outward and inward billings, particularly when large volumes of rejections are identified.
- 5.7. **SPA review.** Post SPA go-live in production, perform 1 / 6 / 12-month reviews of SPA effectiveness to close the gaps.
- 5.8. **Analytics.** Generate reports used to illustrate month-over-month, quarter-over-quarter, year-over-year analytics and identify rejection trends which need to be addressed with your interline partners.
- 5.9. **Correspondence Aging and Value.** Monitor the aging and the number of correspondence stages and set up the Correspondence Aging Alerts in SIS to receive:
 - Open Correspondences that have crossed stage 7 (initiated and received)
 - A list of Correspondences initiated, for which authority has been received but billing memos have not been raised
 - A list of Correspondences initiated, which have expired due to non-reply from the other airline and no billing memo has been raisedAlso, associate the cost of handling correspondences against the value of the correspondence. It is important to know when to address the issue directly with the interline partner(s). Communicate to the Commercial Department when a correspondence is not agreed after few iterations.
- 5.10. Regularly provide feedback to Commercial departments to consider changes when renewing SPA's.

6. SIS Analytical Reports

- 6.1. **PAX Non-Sampling RM Analysis Report.** Use this report to monitor your incoming and outgoing rejections (Figure 1), to measure the percent of rejected billings and re-rejected rejections (Figure 1), to identify the top reasons of incoming/outgoing rejections and to compare your airline with the Industry average (Figure 2). This report helps in assessing the quality of billings and rejections and quickly identifying any billing issues.

The report is split in two parts:

Case 1: Prime billings sent and subsequent rejections and correspondence

Case 2: Prime billings received and subsequent rejections and correspondence

To access the report, click on Reports >> Passenger (Figure 3). There are two options:

Analysis for inter-clearance billings (ACH to ICH and v.v.)

Analysis for ACH to ACH billings

On click, the report will be downloaded. It is recommended to download and review the report on monthly basis.



Figure 1. Comparison Table: current year vs previous year

	Apr'18 – Mar'19	Apr'17 – Mar'18
Count of Prime Billings billed by XY-123	7,677,931	10,256,896
Count of Stage 1 RMs received by XY-123	337,399	500,378
Ratio of Stage 1 (received) to Prime Billings (raised)	4.39%	4.88%
Count of Stage 2 RMs raised by XY-123	73,007	95,454
Ratio of Stage 2 (raised) to Stage 1 (received)	21.64%	19.08%
Count of Stage 3 RMs received by XY-123	43,307	67,408
Ratio of Stage 3 (received) to Stage 2 (raised)	59.32%	70.62%

Figure 2. Comparison Chart: Your airline vs Global Industry trend (2 years data)

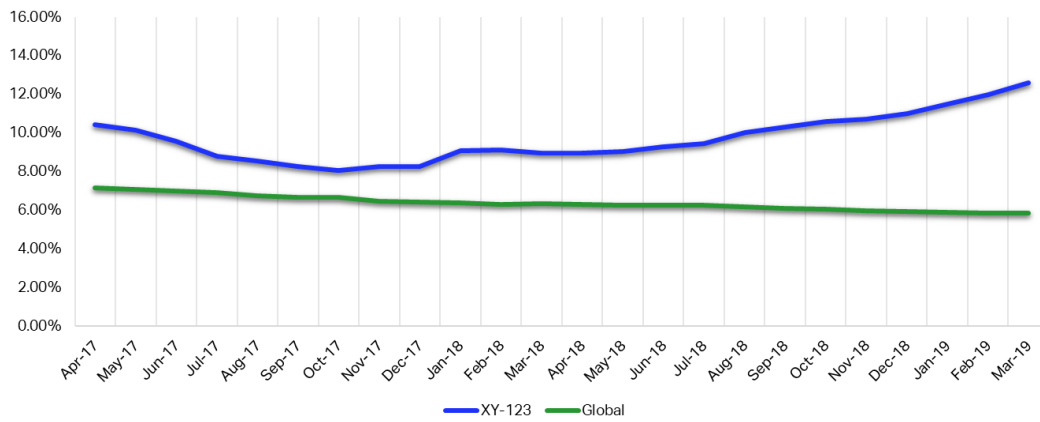


Figure 3. Accessing the PAX Non-Sampling RM Analysis Reports

Upcoming Milestones

Period	Milestone	Date (EST)
Jun 2019 P3	Auto Billing Invoice Finalization	04-Mar-19 20:30
Jun 2019 P2	Billing Output Generation	04-Mar-19 06:51
Jun 2019 P4	Submissions Open	04-Mar-19 21:31
Jun 2019 P3	Submission Deadline for ACH Invoices	04-Mar-19 21:30
Jun 2019 P3	Submission Deadline for ICH and Bilateral Invoices	04-Mar-19 21:30

Navigation Menu:

- Processing Dashboard
- SIS Usage Report
- SIS IS-WEB Usage Report
- Member/Contact Report
- SIS Users Report
- IS and CH Calendar Report
- Invoice Deletion Audit Trail Report
- Invoice Reference Data
- Financial Controller
 - Passenger
 - Cargo
 - Miscellaneous
- Download Offline Reports
- Receivables
- Payables
- Correspondence Status
- BVC Details
- Non-Sampling RM Analysis Comparison to Industry – IATA RAM Rules
- Non-Sampling RM Analysis Comparison to Industry – ACH Rules



6.2. PAX Interline Billing Summary Reports (Receivables/Payables). These reports can be used to analyse incoming/outgoing billings, through the various stages of rejections and correspondence. They give an end-to-end visibility of rejections from their prime stages up to correspondence. The reports generated are sorted per clearance month and billing/billed member.

To access the reports, click on Reports >> Passenger >> Receivables/Payables >> Non-Sample Rejection Analysis.

Figure 4: PAX Receivables Non-Sampling Rejection Analysis Report

Outward Billing Month-Year	Billed Member Code	Billed Member Name	Currency Code	Total No of Prime Coupons	Total Value of Prime Coupons	1st Rejection - Received				2nd Rejection - Raised				3rd Rejection - Received				Correspondence														
						No of Coupons Rejected (R1)	Total Rejected Amount (R1)	Rejection Raised % by Cpn count Vs Prime billing (R1)	Rejection Received % by Value Vs Prime billing (R1)	No of Coupons Rejected (R2)	Total Rejected Amount (R2)	Rejection Raised % by Cpn count Vs Prime billing (R2)	Rejection Received % by Value Vs Prime billing (R2)	No of Coupons Rejected (R3)	Total Rejected Amount (R3)	Rejection Raised % by Cpn count Vs Prime billing (R3)	Rejection Received % by Value Vs Prime billing (R3)	Corr-No of Coupons Disputed	Corr-Dispute % by Cpn count Vs Prime billing	Corr-Dispute % by Cpn count Vs 3rd Rej.	Corr-Value of Coupons Disputed	Corr-Dispute % by value Vs Prime billing	Corr-Dispute % by Value Vs 3rd Rej.	Corr-No of Coupons Accepted & Closed	Corr-No of Coupons Expired & Closed	Corr-No of Coupons Billed & Closed	Corr-No of Coupons Open	Corr-Value of Coupons Open				
Jan-09	XX-002	XX Airways	USD	23,400	800,000.00	4,680.00	208,000.00	20.00	26.00	2,122	108,000.00	9.07	13.50	45.34	51.92	1,076	57,000.00	4.60	7.13	50.71	52.78	750	3.21	69.70	37,500.00	4.69	65.79	50	100	400	200	10,000.00
Jan-09	YY-290	YY Air	USD	60,000	1,000,000.00	10,000.00	140,000.00	16.67	14.00	4,000	87,000.00	6.67	8.70	40.00	62.14	2,120	42,000.00	3.53	4.20	53.00	48.28	1,673	2.79	78.92	33,460.00	3.35	79.67	40	678	672	283	5,660.00
Jan-09	ZZ-097	ZE Airlines	USD	10,000	1,000,000.00	1,500.00	120,000.00	15.00	12.00	750	74,000.00	7.50	7.40	50.00	61.67	475	47,000.00	4.75	4.70	63.33	63.52	350	3.50	73.68	34,300.00	3.43	72.98	0	0	319	31	3,038.00

Figure 5: PAX Payables Non-Sampling Rejection Analysis Report

Inward Billing Month-Year	Billing Member Code	Billing Member Name	Currency Code	Total No of Prime Coupons	Total Value of Prime Coupons	1st Rejection - Raised				2nd Rejection - Received				3rd Rejection - Raised				Correspondence														
						No of Coupons Rejected (R1)	Total Rejected Amount (R1)	Rejection Raised % by Cpn count Vs Prime billing (R1)	Rejection Received % by Value Vs Prime billing (R1)	No of Coupons Rejected (R2)	Total Rejected Amount (R2)	Rejection Raised % by Cpn count Vs Prime billing (R2)	Rejection Received % by Value Vs Prime billing (R2)	No of Coupons Rejected (R3)	Total Rejected Amount (R3)	Rejection Raised % by Cpn count Vs Prime billing (R3)	Rejection Received % by Value Vs Prime billing (R3)	Corr-No of Coupons Disputed	Corr-Dispute % by Cpn count Vs Prime billing	Corr-Dispute % by Cpn count Vs 3rd Rej.	Corr-Value of Coupons Disputed	Corr-Dispute % by value Vs Prime billing	Corr-Dispute % by Value Vs 3rd Rej.	Corr-No of Coupons Accepted & Closed	Corr-No of Coupons Expired & Closed	Corr-No of Coupons Billed & Closed	Corr-No of Coupons Open	Corr-Value of Coupons Open				
Jan-09	XX-002	XX Airways	USD	23,400	800,000.00	4,680.00	208,000.00	20.00	26.00	2,122	108,000.00	9.07	13.50	45.34	51.92	1,076	57,000.00	4.60	7.13	50.71	52.78	750	3.21	69.70	37,500.00	4.69	65.79	50	100	400	200	10,000.00
Jan-09	YY-290	YY Air	USD	60,000	1,000,000.00	10,000.00	140,000.00	16.67	14.00	4,000	87,000.00	6.67	8.70	40.00	62.14	2,120	42,000.00	3.53	4.20	53.00	48.28	1,673	2.79	78.92	33,460.00	3.35	79.67	40	678	672	283	5,660.00
Jan-09	ZZ-097	ZE Airlines	USD	10,000	1,000,000.00	1,500.00	120,000.00	15.00	12.00	750	74,000.00	7.50	7.40	50.00	61.67	475	47,000.00	4.75	4.70	63.33	63.52	350	3.50	73.68	34,300.00	3.43	72.98	0	0	319	31	3,038.00



7. Glossary

Term	Definition
ACH	Airlines Clearing House
ATPCO	Airline Tariff Publishing Company
BPO	Business Process Outsourcing
BSP	IATA Billing and Settlement Plan
BVC	Billing Value Check
FDR	Five Day Rate
FFP	Frequent Flyer Program
IBSOPS WG	Interline Billing and Settlement Operations Working Group
ICH	IATA Clearing House
ISC	Interline Service Charge
ISR	Industry Standard Record (enhanced version of TCN–Transmission Control Number data).
MMR	Mean Monthly Rate
PMP	Prorate Manual - Passenger
PRA(S)	Passenger Revenue Accounting (System)
RA	Revenue Accounting
RAM	IATA Revenue Accounting Manual
RATD	Revenue Accounting Tax Database
RM	Rejection Memo
SIRS	Simplified Involuntary Reroute Settlement
SIS	Simplified Invoicing and Settlement
SPA	Special Prorate Agreement
TCN	Transmission Control Number
TPM	Ticketed Point Mileage



8. Appendix A - SPA CODING CHECK LIST

SPA CODING CHECK LIST					
	CATEGORY	CODING OPTIONS			
A. VALIDITY DATE:					
	Effective / Discontinue Date Type	Ticket Issue Date	Ticket Travel Date	Original Issue Date	
B. TICKET TYPE:					
	Original / Reissue	Original + Reissue against Own / SPA Airline Document	Original + Reissue Against any Airline Document		
	Involuntary Reroute *	SPA Applicable	SPA Not Applicable		
	Schedule Change *	SPA Applicable	SPA Not Applicable		
	FIM	SPA Applicable	SPA Not Applicable		
	Corporate Fare*	SPA Applicable	SPA Not Applicable		
	Group travel*	SPA Applicable	SPA Not Applicable		
	Frequent Flyer*	SPA Applicable	SPA Not Applicable		
	General Sale Agent*	SPA Applicable	SPA Not Applicable		
	Tour Conductor/Guide*	SPA Applicable	SPA Not Applicable		
	Seaman*	SPA Applicable	SPA Not Applicable		
	Super Commission*	SPA Applicable	SPA Not Applicable		
C. JOURNEY TYPE:					
	Side Trip	SPA Applicable	Not Applicable		
	Stopover /Transfer	Applicable	Not Applicable		
	Differential	Applicable Fare Basis + Class Differential	Applicable Lower Fare Basis + Class Differential	No Class Differential	
	Plus Up	Applicable	Not Applicable		
	Seasonality	Commencement of Travel Date	Travel Date	Fare Basis	
	Flight Range	Include (Own/Partner/Codeshare)	Exclude (Own/Partner/Codeshare)		
D. ATBP:					
	Ticket Stock	Own Stock	Partner Stock		
	Fare Owner	Own Fare	Partner Fare		
	Fare Type	Normal / Special (ATPCO filing / RBD)	Published / Unpublished (Defined)		
	Sector Type	Applicable to Single Sector ATBP	Applicable to Multiple Sector ATBP		
	Class of Service	First / Business / Premium Economy / Economy	Default		
	Joint Carriage	Required in ATBP	Not Required in ATBP but Required in the GFP / Routing	Not Required	



	Third (3rd) Party Participation (MC / OC)	Allowed	Not Allowed in ATBP but Allowed in GFP / Routing	Not Allowed	
	Through SPA Application (Consecutive Carriage)	Applicable (With/Without Transfer Point)	Not Applicable		
	Through SPA with Different RBD (Consecutive Carriage)	Apply Revenue Share Based On RBD Of First Sector or Last Sector	Apply Revenue Share Based On Higher RBD or Lower RBD	Do Not Apply Through SPA	
	Class Hierarchy				
	Routing Qualifications (MC / OC)	Carrier XX is between TC12 in combination with YY within TC2	Carrier XX is between Africa and Europe in combination with YY within Europe		
E. SETTLEMENT METHOD:					
	Revenue Share	Fixed Rates	% of PFM / TPM / VPM	SRP	Default Rates
	Minimum Prorate Rule	Apply MPR Check	Do Not Apply MPR Check		
F. SURCHARGE:					
	Q Surcharge	Applicable (Based on ATPCO Filing)	Applicable (Based on Special Instructions)	Not Applicable	
	YQ/YR Carrier Imposed Fee	Applicable (Fixed Rate)	Applicable (ATPCO Filing)	Applicable (When collected and shown on the ticket)	Not Applicable
G. TICKET DISCOUNT:					
	Infant	SPA will apply with discount	SPA will apply without any further discount	SPA Note Applicable (MPA will apply)	
	Child	SPA will apply with discount	SPA will apply without any further discount	SPA Note Applicable (MPA will apply)	
	ID / AD	SPA will apply with discount	SPA will apply without any further discount	SPA Note Applicable (MPA will apply)	
	Other	SPA will apply with discount	SPA will apply without any further discount	SPA Note Applicable (MPA will apply)	
H. INTERLINE FEE:					
	Interline Service Charge (ISC %)	SPA will apply with discount	Industry Rate	Not Allowed	
	Handling Fee (HFEE %)	SPA will apply with discount	Industry Rate	Not Allowed	
	Code Share Commission (CSC %)	SPA will apply with discount	Industry Rate	Not Allowed	
I. Annexure/Attachments:					
	Code Share				



J. Footnote /

Recommendations:

- a) * Requires Ticketing element to be identified to trigger SPA application, i.e. Endorsement, Tour Code, Farebasis Code, etc.
- b) Revenue Accountants should provide feedback to their Revenue Management team before SPA is finalized to ensure SPA clarity and codability
- c) SPA Airline partners with same proration engine are encouraged to Sync up SPA coding and conduct joint testing
- d) Settlement of 3rd party marketed, own/SPA partner operated coupons shall be specified clearly
- e) Other RBD settlement (RBD penalty or MPA) shall be specified clearly
- f) All RBDs of Own/SPA Airline per cabin may be listed in the agreement

Note: The Category Description is not intended to be a complete list of variables but rather a sample