PAX Rejection Memo Reduction Industry Initiative

Monthly Report Feb-2019

Rejection Reduction Target and Progress

The industry target is **32%** reduction of the rejection rate by the year 2020. The rejection rate is calculated as follows:
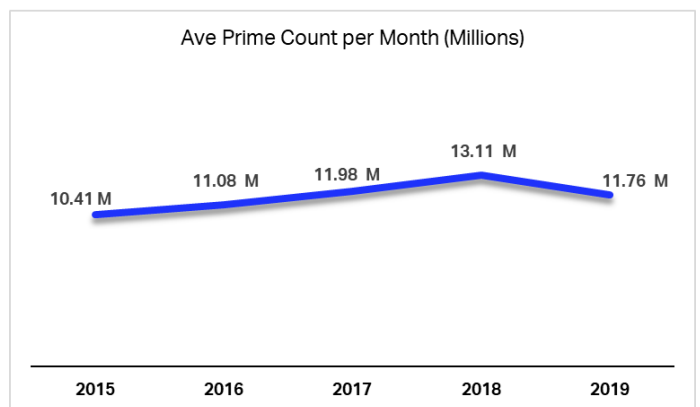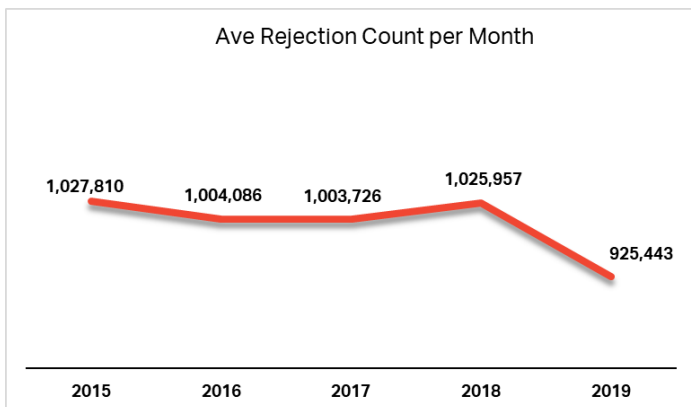
$$\text{Rejection Rate} = \frac{Sum\ of\ Rejection\ Memos\ of\ Past\ 12\ months}{Sum\ of\ Prime\ Billings\ of\ Past\ 12\ months} \times 100\%$$

The table below shows the decrease in the rejection rate at the end of each year. By February 2019, the rejection rate decreased by **23.03%** in comparison to the base year 2015.

	2015	2016	2017	2018	Feb-2019
Rejection Rate	9.87%	9.06%	8.38%	7.82%	7.60%
Percent Decrease	-	8.21%	15.14%	20.72%	23.03%

Average Rejection Counts and Prime Billing Counts per Month
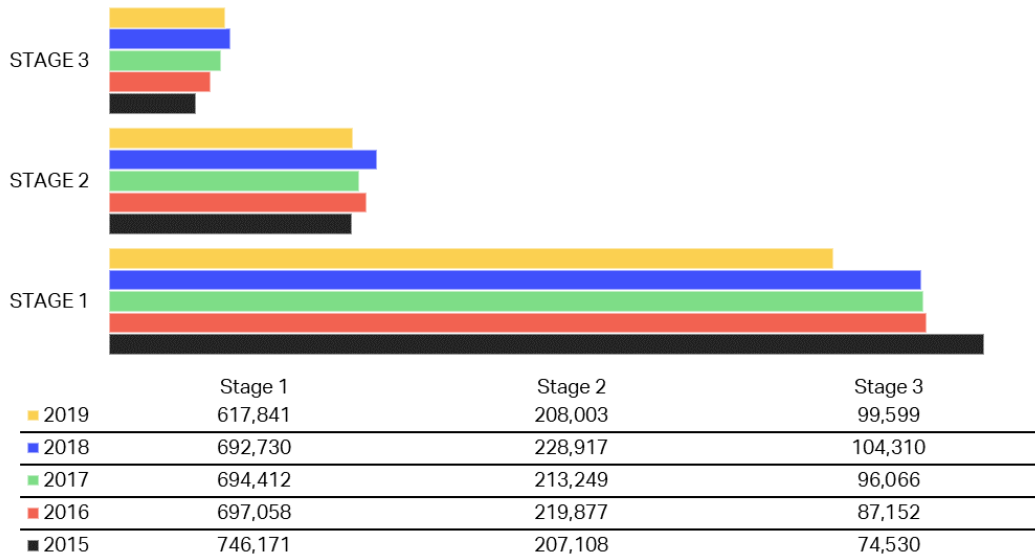
The charts below show the average monthly rejection counts of all three stages and the average monthly prime billing count (2015 – 2019).

Ave Rejection Count per Month

1,027,810   1,004,086   1,003,726   1,025,957   925,443

2015   2016   2017   2018   2019

Ave Prime Count per Month (Millions)

10.41 M   11.08 M   11.98 M   13.11 M   11.76 M
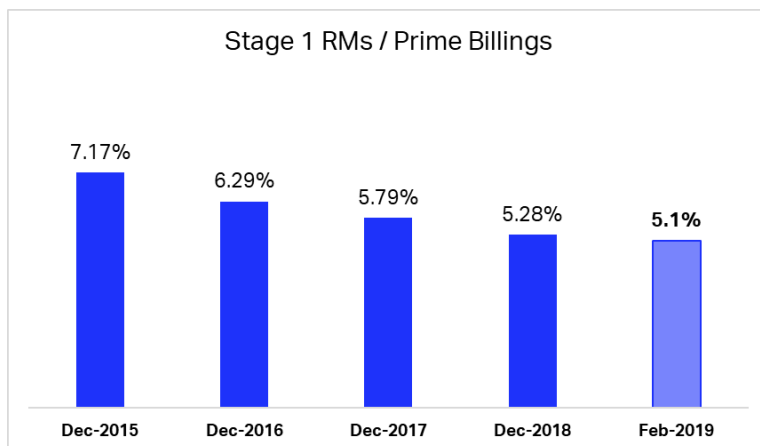
2015   2016   2017   2018   2019

Analysis by Stage

- o The average monthly count of 1st stage rejections has decreased in comparison to the previous years and is now 17% lower than 2015.
- o The average monthly count of 2nd stage rejections is nearly the same as in 2015.
- o The average monthly count of 3rd stage rejections is now 34% higher than 2015.

	Stage 1	Stage 2	Stage 3
■ 2019	617,841	208,003	99,599
■ 2018	692,730	228,917	104,310
■ 2017	694,412	213,249	96,066
■ 2016	697,058	219,877	87,152
■ 2015	746,171	207,108	74,530

Stage 1 Analysis - Estimated Percentage of Rejected Prime Billings

The chart below illustrates the estimated percentages of rejected prime billings. The percentages are calculated by dividing the sum of 1st stage rejections of the previous 12 months by the sum of prime billings for the same period (formula shown below).

Based on this calculation, approximately 5.10% of the prime billings were rejected in the past 1 year (Feb 2018 to Feb 2019). The proportion of Prime Billings that are being rejected has been decreasing continuously over the past 4 years.
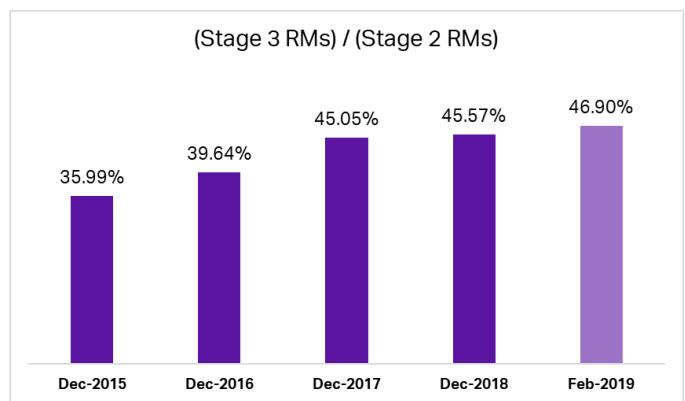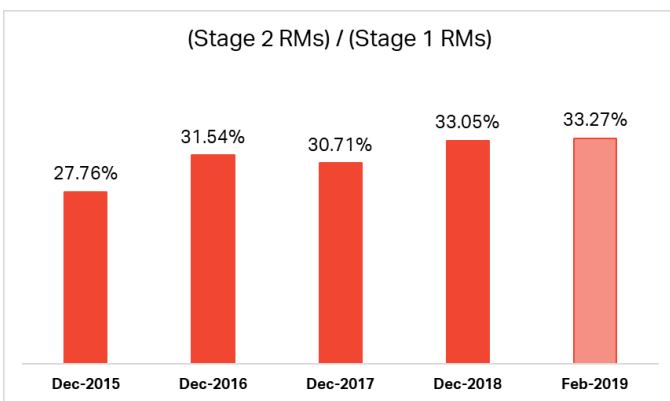

Stage 1 RMs / Prime Billings

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

Stage 2 & 3 Analysis - Estimated Percentages of re-rejected Stage 1 and re-rejected Stage 2 Rejections

The percentage of 1st stage rejections which are re-rejected is estimated by dividing the sum of 2nd stage rejections of the previous 12 months by the sum of 1st stage rejections for the same period. The calculated percentages are plotted in the first chart below (left). Approximately 33.27% of the Stage 1 rejection in the past 1 year were rejected back 2nd stage.

The percentage of 2nd stage rejections which are rejected back 3rd stage is estimated in a similar way (formulas shown below) and plotted in the second chart (right) with an increasing trend. Approximately 46.90% of the 2nd stage rejections in the past year were rejected back 3rd stage.

Left chart — (Stage 2 RMs) / (Stage 1 RMs):
- Dec-2015: 27.76%
- Dec-2016: 31.54%
- Dec-2017: 30.71%
- Dec-2018: 33.05%
- Feb-2019: 33.27%

Right chart — (Stage 3 RMs) / (Stage 2 RMs):
- Dec-2015: 35.99%
- Dec-2016: 39.64%
- Dec-2017: 45.05%
- Dec-2018: 45.57%
- Feb-2019: 46.90%

$$\text{Estimated \% of rejected Stage 1 RMs} = \frac{Sum\ of\ Stage\ 2\ RMs\ of\ past\ 12\ months}{Sum\ of\ Stage\ 1\ RMs\ of\ past\ 12\ months} \times 100\%$$

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

The IATA Rejection Reduction team remains available to support you throughout this initiative!

We can be contacted at: RejectionReduction@iata.org

Keep updated with this initiative and its resources on our website

Note:

- All SMI-A (Settlement through ACH using ACH rules) data is excluded from this report.
- All Sampling data is excluded from this report.