



# PAX Rejection Memo Reduction

## Industry Initiative

Monthly Report May-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:

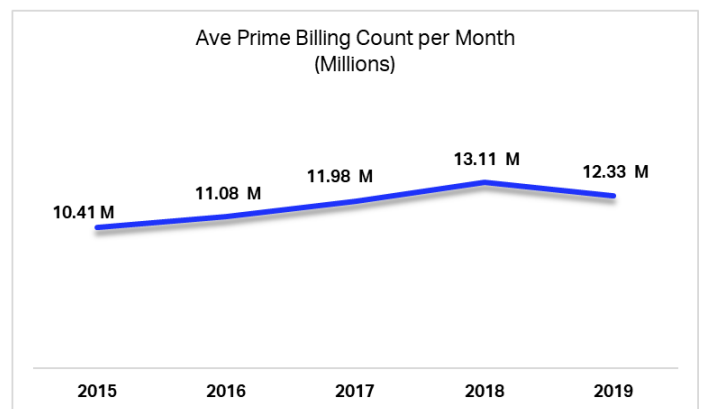
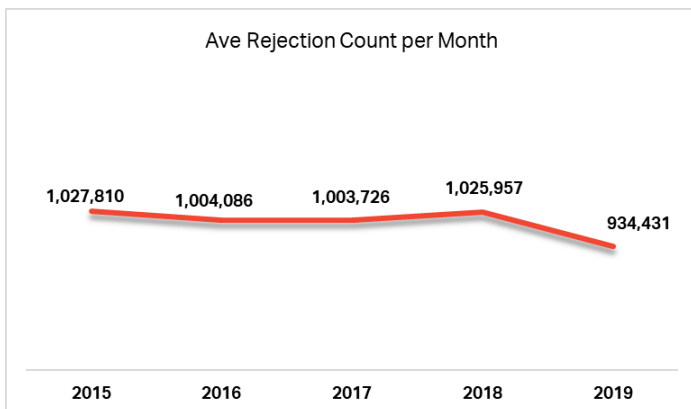
$$\text{Rejection Rate} = \frac{\text{Sum of Rejection Memos of Past 12 months}}{\text{Sum of Prime Billings of Past 12 months}} \times 100\%$$

The table below shows the decrease in the rejection rate at the end of each year. By May 2019, the rejection rate decreased by **25.12%** in comparison to the base year 2015.

	2015	2016	2017	2018	May-2019
Rejection Rate	9.87%	9.06%	8.38%	7.82%	7.39%
Percent Decrease	-	8.21%	15.14%	20.72%	25.12%

### Average Rejection Counts and Prime Billing Counts per Month

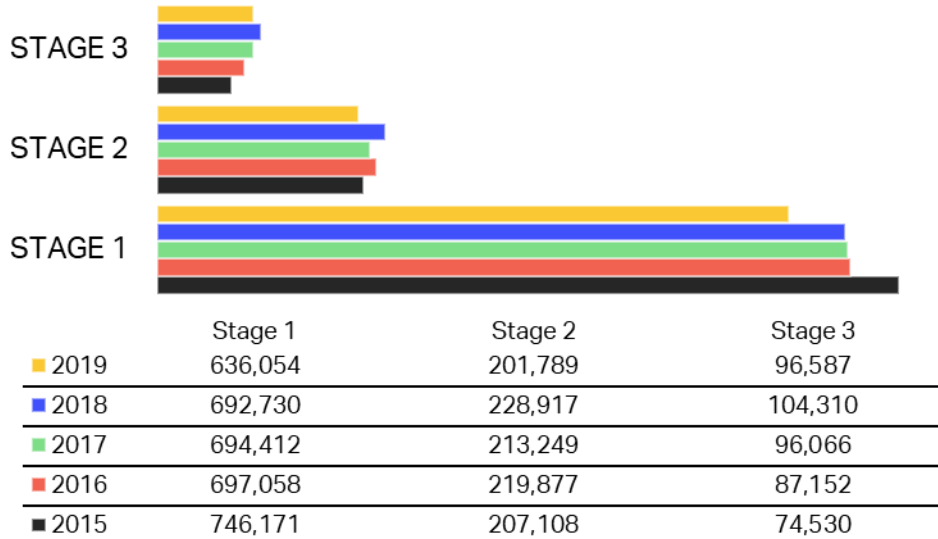
The charts below show the average monthly rejection counts of all three stages and the average monthly prime billing count (2015 – 2019).





## Analysis by Stage

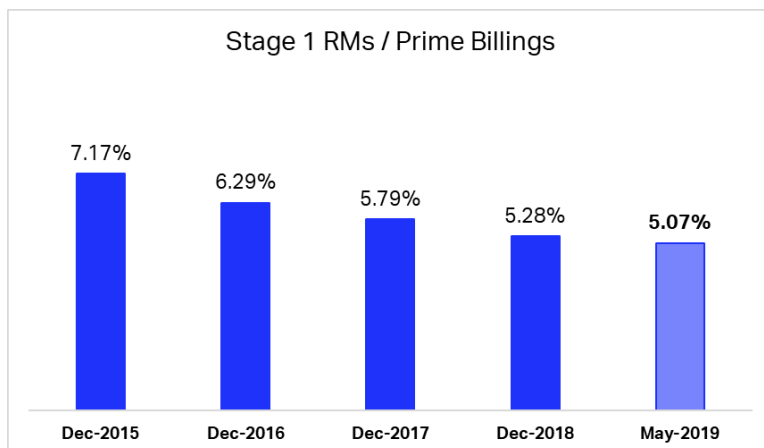
- The average monthly count of 1<sup>st</sup> stage rejections has decreased in comparison to the previous years and is now **15% lower** than 2015.
- The average monthly count of 2<sup>nd</sup> stage rejections is now **3% lower** than 2015.
- The average monthly count of 3<sup>rd</sup> stage rejections is now **30% higher** than 2015.



## 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 1<sup>st</sup> 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 5.07% of the prime billings were rejected in the past 1 year (Jun 2018 to May 2019). The proportion of Prime Billings that are being rejected has been decreasing continuously over the past 4 years.



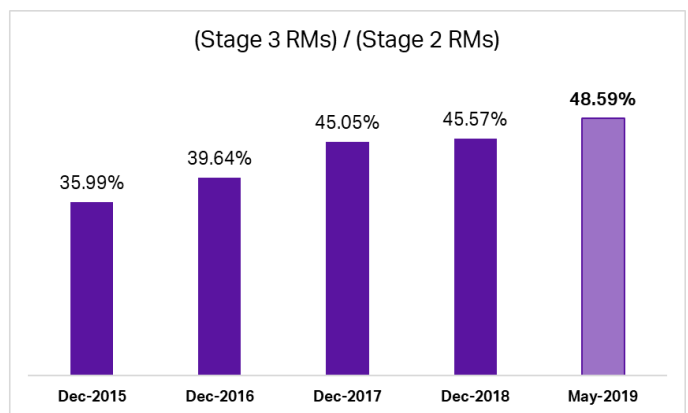
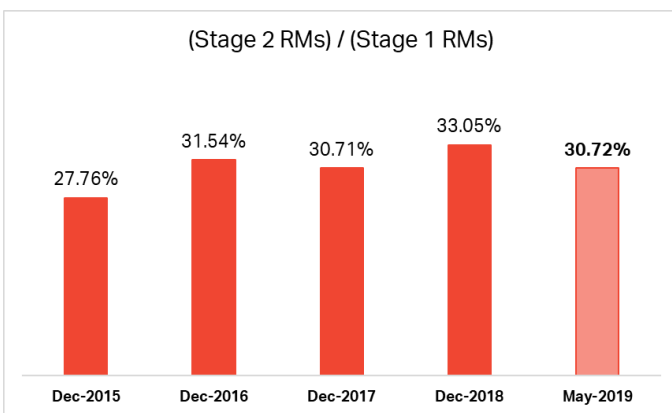
$$\text{Estimated \% of rejected prime billings} = \frac{\text{Sum of Stage 1 RMs of past 12 months}}{\text{Sum of Prime Billings of Past 12 months}} \times 100\%$$



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

The percentage of 1<sup>st</sup> stage rejections which are re-rejected is estimated by dividing the sum of 2<sup>nd</sup> stage rejections of the previous 12 months by the sum of 1<sup>st</sup> stage rejections for the same period. The calculated percentages are plotted in the first chart below (left). Approximately 30.72% of the Stage 1 rejection in the past 1 year were rejected back 2<sup>nd</sup> stage.

The percentage of 2<sup>nd</sup> stage rejections which are rejected back 3<sup>rd</sup> stage is estimated in a similar way (formulas shown below) and plotted in the second chart (right) with an increasing trend. Approximately 48.59% of the 2<sup>nd</sup> stage rejections in the past year were rejected back 3<sup>rd</sup> stage.



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

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

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

We can be contacted at: [RejectionReduction@iata.org](mailto: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.