



PAX Rejection Memo Reduction Industry Initiative

Jan – Mar 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:

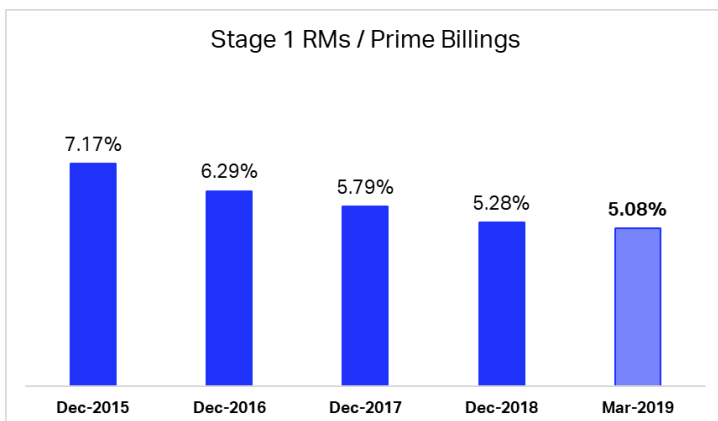
$$\text{Rejection Rate} = \frac{\text{Sum of Rejection Memos of Past 12 months}}{\text{Sum of Prime Billings of Past 12 months}} \times 100\%$$

The table below shows the decrease in the rejection rate at the end of each year. By March 2019, the rejection rate decreased by **24.14%** in comparison to the base year 2015.

	2015	2016	2017	2018	Q1-2019	2019	2020
Rejection Rate	9.87%	9.06%	8.38%	7.82%	7.49%		
Percent Decrease	-	8.21%	15.14%	20.72%	24.14%	27%	32%

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 5.08% of the prime billings were rejected in the past 1 year (Apr 2018 to Mar 2019).



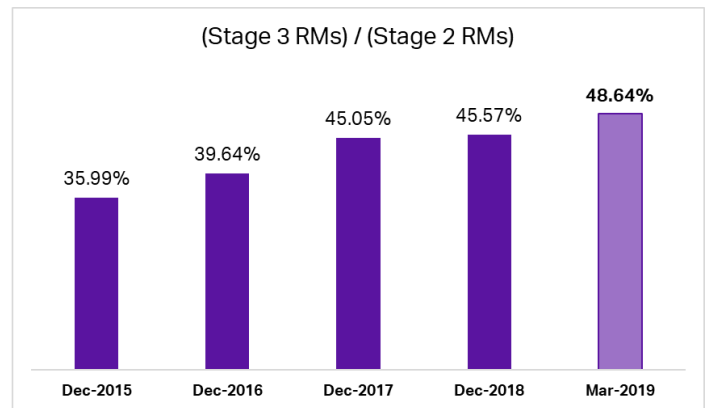
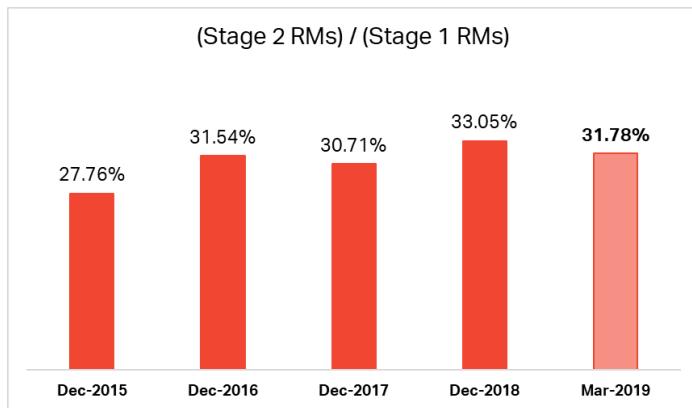
$$\text{Estimated \% of rejected prime billings} = \frac{\text{Sum of Stage 1 RMs of past 12 months}}{\text{Sum of Prime Billings of Past 12 months}} \times 100\%$$



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

The percentage of 1st stage rejections which are 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 31.78% 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 48.64% of the 2nd stage rejections in the past year were rejected back 3rd stage.



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

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

Global Rejection Memo Analysis

Total Rejection Memo Count and Value Comparison - Split by Stage

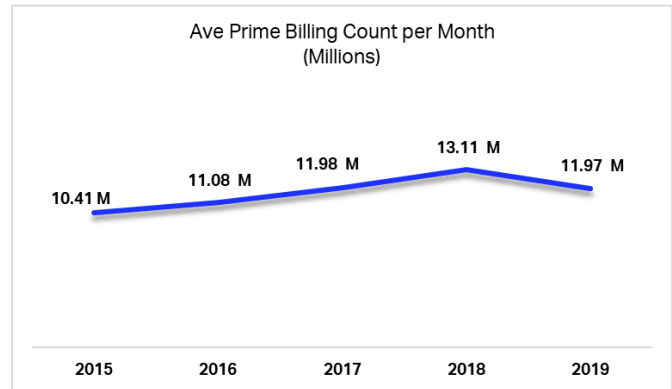
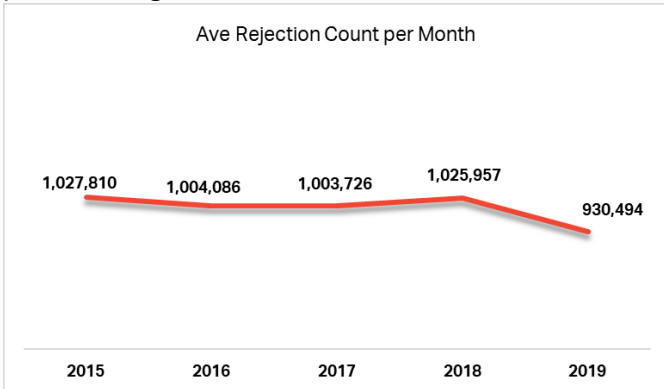
In Q1 2019, the counts and amounts of rejection memos have decreased in all three stages in comparison to the same period last year.

Stage	RM Count Jan-Mar 2019	RM Count Jan-Mar 2018		RM USD Amount (Mill) Jan-Mar 2019	RM USD Amount (Mill) Jan-Mar 2018	
Stage 1	1,868,757	2,111,488	↓	\$ 156.96	\$ 210.01	↓
Stage 2	627,277	809,254	↓	\$ 65.54	\$ 82.58	↓
Stage 3	295,448	299,470	↓	\$ 38.62	\$ 40.58	↓
Total	2,791,482	3,220,212	↓	\$ 261.12	\$ 333.16	↓



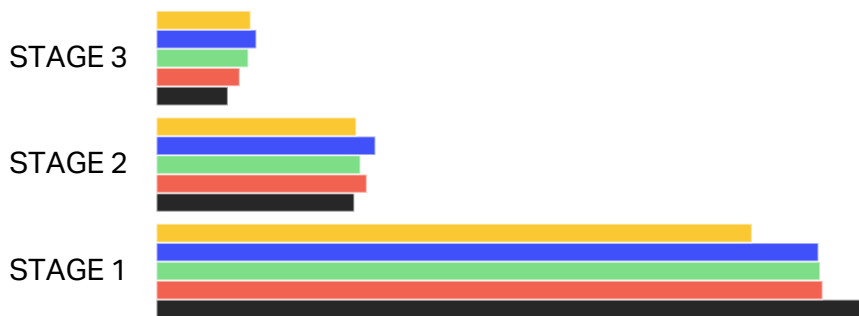
Average Rejection Counts and Prime Billing Counts per Month

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 1st stage rejections has decreased in comparison to the previous years and is now **17% lower** than in 2015.
- The average monthly count of 2nd stage rejections is now **1% higher** than in 2015.
- The average monthly count of 3rd stage rejections is now **32% higher** than in 2015.



	Stage 1	Stage 2	Stage 3
■ 2019	622,919	209,092	98,483
■ 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



Rejection Memo Analysis - Settlement Method and Reason Code Split

Rejection count - Split by Stage (Q1 2019 vs Q1 2018)

The table below shows the counts of SMI I and SMI M rejections per stage (2019 vs 2018). The counts of all stages have decreased in Q1 2019, in comparison to Q1 2018.

SMI I/M	1 st Stage	2 nd Stage	3 rd Stage	Total RM Count
	-7%	-14%	-3%	-8%
Jan - Mar 2019	1,759,611	612,986	287,968	2,660,565
Jan - Mar 2018	1,886,696	714,577	296,176	2,897,449

The table below shows the counts of SMI B rejections per stage (2019 vs 2018). In comparison to Q1 2018, the counts of all 1st and 2nd stage have decreased in Q1 2019, while the count of 3rd stage has increased.

SMI I/M	1 st Stage	2 nd Stage	3 rd Stage	Total RM Count
	-51%	-85%	127%	-59%
Jan - Mar 2019	109,146	14,291	7,480	130,917
Jan - Mar 2018	224,792	94,677	3,294	322,763

SMI – I/M Reason Code Analysis

1st Stage Reason Code Analysis – SMI I/M

The Top 6 reason codes represent 98% of all SMI-I/M stage 1 rejections.

Reason Code	Reason Description	1 st Stage Count and Percentage Jan-Mar 2019		1 st Stage Count and Percentage Jan-Mar 2018		% Variation 2019 vs 2018
		Count	Percentage	Count	Percentage	
1G	Tax Reclaim	759,852	43%	732,269	39%	4%
1B	Fare Reclaim	555,596	32%	721,105	38%	-23%
1A	Fare/Tax/ISC	235,153	13%	214,310	11%	10%
1E	UATP Reclaim	70,726	4%	63,765	3%	11%
1C	ISC Reclaim	61,145	3%	48,687	3%	26%
5Z	Others	37,245	2%	37,622	2%	-1%



2nd Stage Reason Code Analysis - SMI I/M

The Top 6 reason codes represent 99% of all SMI-I/M stage 2 rejections.

Reason Code	Reason Description	2 nd Stage Count and Percentage Jan-Mar 2019		2 nd Stage Count and Percentage Jan-Mar 2018		% Variation 2019 vs 2018
		Count	Percentage	Count	Percentage	
1B	Fare Reclaim	290,076	47%	351,723	49%	-18%
1G	Tax Reclaim	179,635	29%	199,108	28%	-10%
1A	Fare/Tax/ISC	80,402	13%	66,978	9%	20%
5Z	Others	33,245	5%	39,386	6%	-16%
1C	ISC Reclaim	18,848	3%	23,759	3%	-21%
1E	UATP Reclaim	3,579	1%	2,158	0%	66%

3rd Stage Reason Code Analysis - SMI I/M

The Top 6 reason codes represent 99% of all SMI-I/M stage 3 rejections.

Reason Code	Reason Description	3 rd Stage Count and Percentage Jan-Mar 2019		3 rd Stage Count and Percentage Jan-Mar 2018		% Variation 2019 vs 2018
		Count	Percentage	Count	Percentage	
1B	Fare Reclaim	121,499	42%	147,831	50%	-18%
1G	Tax Reclaim	100,798	35%	92,807	31%	9%
1A	Fare/Tax/ISC	41,005	14%	27,210	9%	51%
5Z	Others	15,013	5%	15,414	5%	-3%
1C	ISC Reclaim	5,619	2%	7,284	2%	-23%
1E	UATP Reclaim	1,931	1%	1,418	0%	36%

SMI – B Reason Code Analysis

1st Stage Reason Code Analysis – SMI B

The Top 6 reason codes represent 99% of all SMI-B stage 1 rejections.

Reason Code	Reason Description	1 st Stage Count and Percentage Jan-Mar 2019		1 st Stage Count and Percentage Jan-Mar 2018		% Variation 2019 vs 2018
		Count	Percentage	Count	Percentage	
1G	Tax Reclaim	55,723	51%	117,905	52%	-53%
1B	Fare Reclaim	35,157	32%	82,633	37%	-57%
1A	Fare/Tax/ISC	10,804	10%	12,450	6%	-13%
1C	ISC Reclaim	3,085	3%	8,454	4%	-64%
5Z	Others	1,893	2%	1,004	0%	89%
1D	Other Commission Reclaim	771	1%	161	0%	379%



2nd Stage Reason Code Analysis - SMI B

The Top 6 reason codes represent 99% of all SMI-B stage 2 rejections.

Reason Code	Reason Description	2 nd Stage Count and Percentage Jan-Mar 2019		2 nd Stage Count and Percentage Jan-Mar 2018		% Variation 2019 vs 2018
		Count	Percentage	Count	Percentage	
1B	Fare Reclaim	6,767	47%	79,976	84%	-92%
1G	Tax Reclaim	5,175	36%	5,775	6%	-10%
1A	Fare/Tax/ISC	1,355	9%	1,587	2%	-15%
5Z	Others	681	5%	657	1%	4%
2H	Missing Supporting Documents	154	1%	-	-	
5B	FIM Rejection / Rebill	95	1%	49	0%	94%

3rd Stage Reason Code Analysis - SMI B

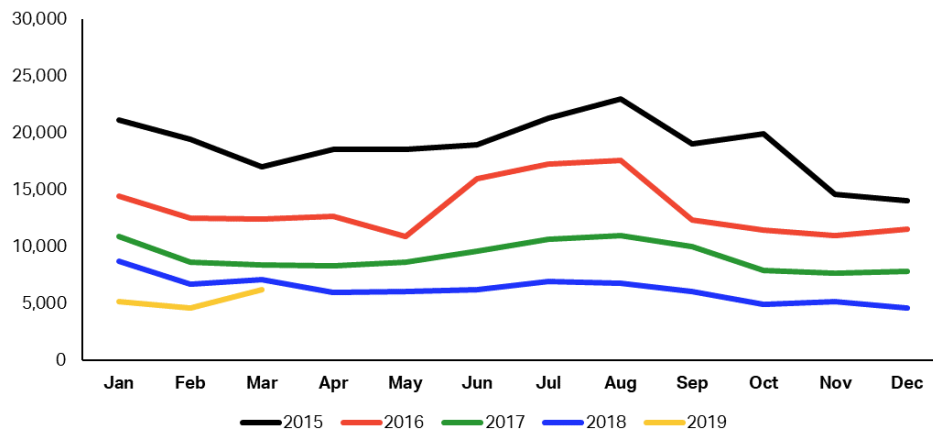
The Top 6 reason codes represent 99% of all B stage 3 rejections.

Reason Code	Reason Description	3 rd Stage Count and Percentage Jan-Mar 2019		3 rd Stage Count and Percentage Jan-Mar 2018		% Variation 2019 vs 2018
		Count	Percentage	Count	Percentage	
1G	Tax Reclaim	3,194	43%	1,519	46%	110%
1B	Fare Reclaim	2,998	40%	1,289	39%	133%
5Z	Others	664	9%	155	5%	328%
1A	Fare/Tax/ISC	538	7%	229	7%	135%
5B	FIM Rejection / Rebill	49	1%	36	1%	36%
1C	ISC Reclaim	15	0%	16	0%	-6%

FIMs

Prime Billing Count by Month

The graph shows a decrease in FIM prime billings starting towards the end of 2015 due to the IATA Paper Out project to eliminate all paper documents.





FIMs Prime Billing Count - Split by Settlement Method

FIMs	Jan-19	Feb-19	Mar-19	Total
SMI I/M	4,140	3,635	5,358	13,133
SMI B	1,044	945	864	2,853
Total	5,184	4,580	6,222	15,986

FIMs Prime Billing Count - Split by Settlement Method

SMI - I/M	SRCD 44	SRCD 45	SRCD 46	Total
	-33%	-24%	-29%	-31%
Jan - Mar 2019	6,641	2,398	865	9,904
Jan - Mar 2018	9,899	3,139	1,214	14,252

SMI - B	SRCD 44	SRCD 45	SRCD 46	Total
	95%	110%	38%	92%
Jan - Mar 2019	708	132	62	902
Jan - Mar 2018	363	63	45	471

Sampling Billing Analysis

	Form A/B Count	Form D/E Count	Form F Count	Form XF Count
	-11%	-12%	38%	20%
Jan - Mar 2019	1,928,476	31,246	3,850	1,306
Jan - Mar 2018	2,155,388	35,329	2,793	1,090

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.



Glossary

Term	Definition
ACH	Airlines Clearing House. It is the A4A's Clearing House for Interline Billings
BM	Billing Memo
IBSOPS WG	Interline Billing and Settlement Operation working group
ICH	IATA Clearing House
ISC	Interline Service Charge
RAM	IATA Revenue Accounting Manual
RM	Rejection Memo
SMI	Settlement Method Indicator - In SIS it indicates the clearing house to be used for settlement as well as the Revenue Accounting rules to be followed SMI - I – Settlement through the ICH using the RAM rules SMI - M – Inter clearance settlement of a billing from an ACH member to an ICH member using RAM rules. It could also be a billing from an ACH member to another ACH member using RAM rules SMI - A – Settlement through the ACH using ACH rules SMI - B – Bilateral settlement using RAM rules
SIS	Simplified Invoicing and Settlement
SIS SG	The SIS Steering Group that overlooks the governance of SIS
SRCD	Source Code
UATP	Universal Air Travel plan