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# **SIS Passenger Rejection Analysis (Apr – Jun 2018)**

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**Distributed to: IBSOPS WG, SIS Steering Group**

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

## 1. Rejection Reduction Target and Progress

In 2015 the IBSOPS working group was tasked to reduce the number of rejections by 32% in 5 years (by 2020). The reduction is applied on the rejection rate:

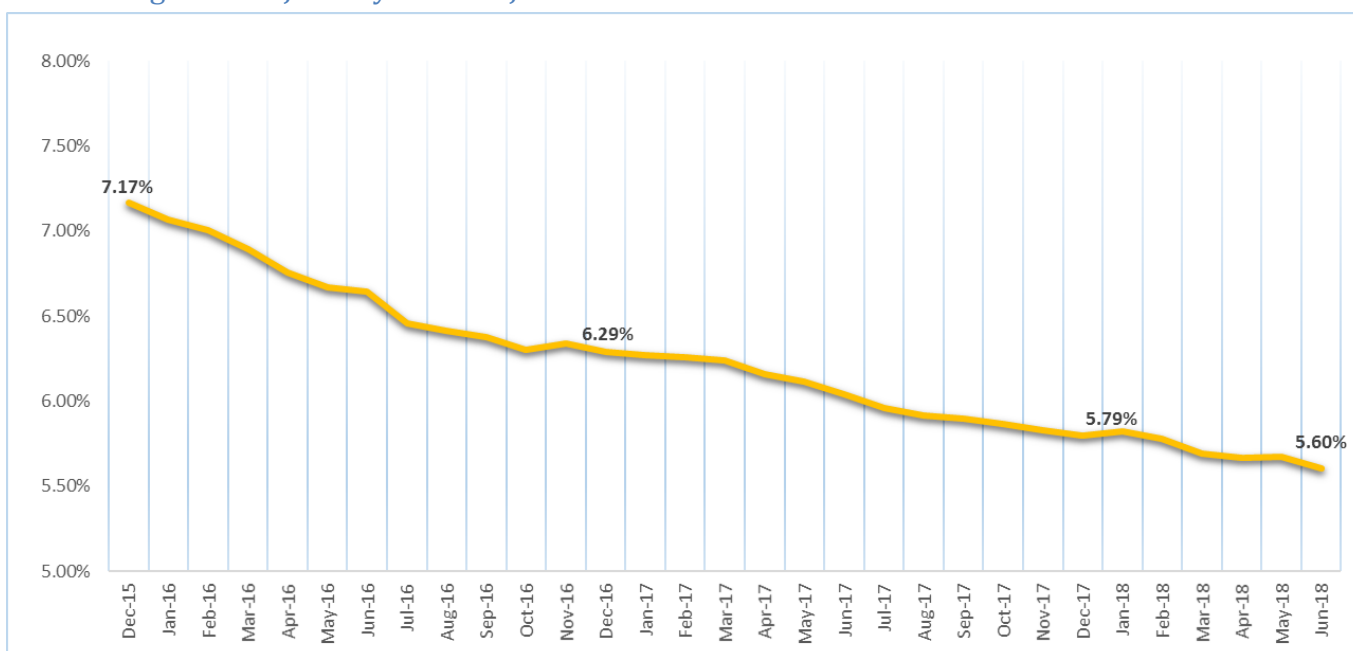
$$\text{Rejection Rate} = \frac{\text{Sum of Rejection Memos of Past 12 months}}{\text{Sum of Prime Billings of Past 12 months}} \times 100\%$$

By June 2018, there was a 17% decrease in comparison to the base year 2015.

	2015	2016	2017	Q2-2018	2018	2019	2020
Rejection Rate	9.87%	9.06%	8.38%	8.22%			
% change in comparison to 2015	-	8%	15%	17%			
Target					21%	27%	32%

### Estimated Percentage of Rejected Prime Billings

The chart below illustrates the trend of estimated percentage of rejected prime billings. Each month the percentage is recalculated 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 of time (formula shown below). The graph is based on data from billing months January 2015 to June 2018.

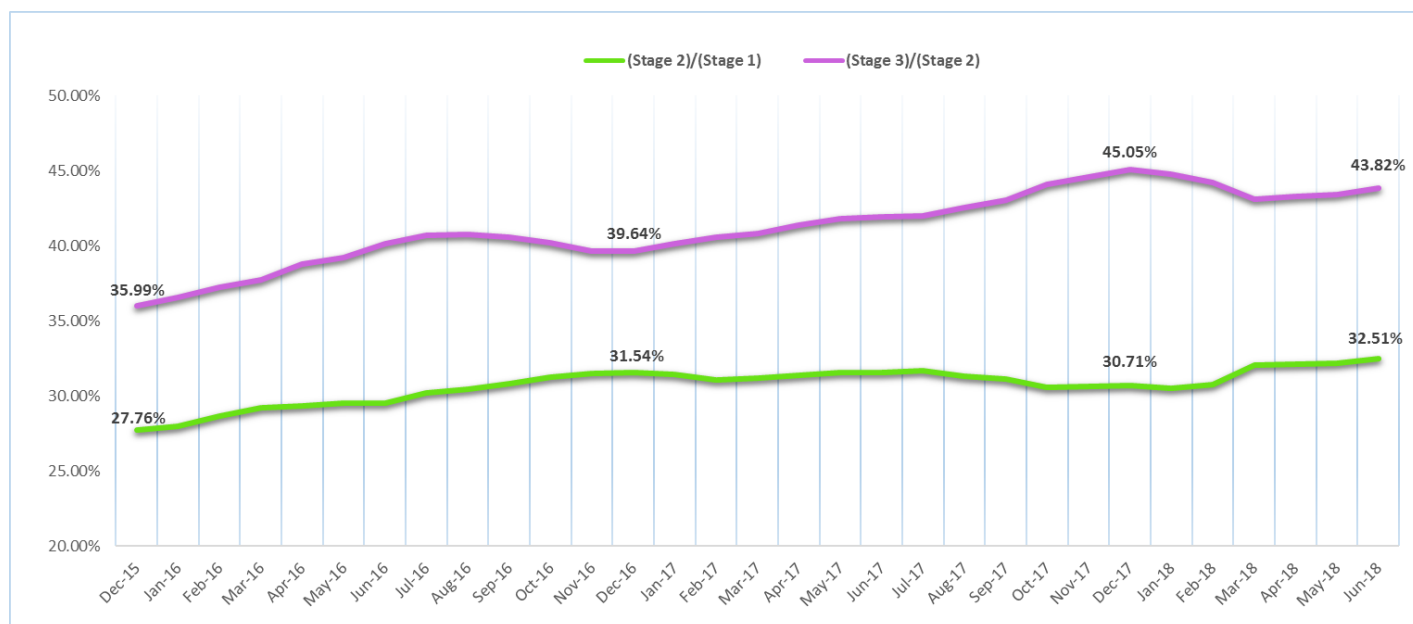


$$\text{Estimated \% of rejected prime billings} = \frac{\text{Sum of Stage 1 RMs of past 12 months}}{\text{Sum of Prime Billings of past 12 months}} \times 100\%$$

## Estimated Percentage of re-rejected Stage 1 and 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 of time. The percentage is recalculated each month and plotted in the chart below. The trend shows an increase in 2018.

The percentage of 2<sup>nd</sup> stage rejections which are re-rejected is calculated in a similar way (formulas shown below) and also plotted in the below chart. The chart shows an overall increasing trend.



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

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

## 2. Global Rejection Memo Analysis

### Total Rejection Memo Count and Value Comparison - Split by Stage

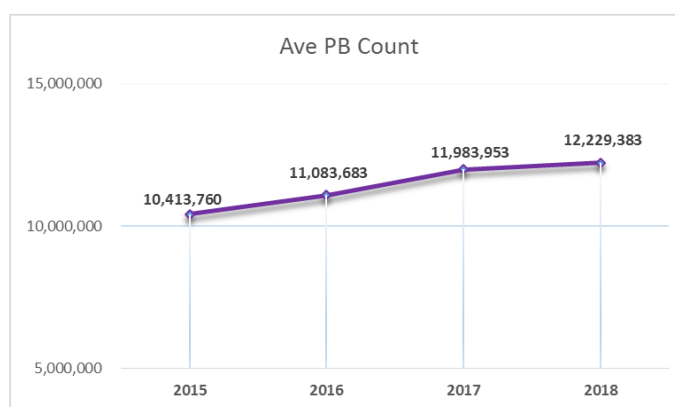
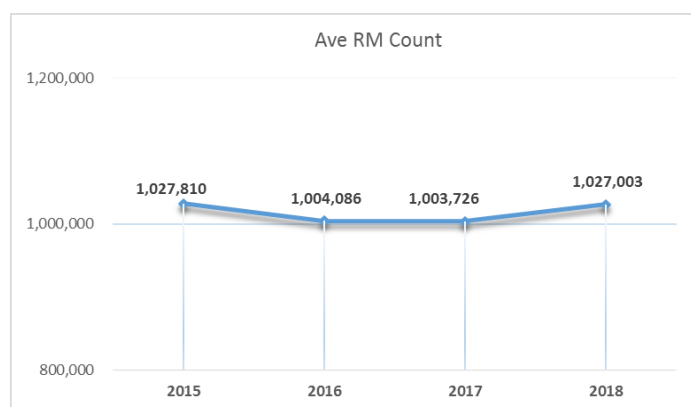
In Q2 2018 the counts of rejection memos have increased in all three stages in comparison to the same period last year. May 2018 had the highest count of stage 3 rejections so far.

The USD amounts of 1<sup>st</sup> and 3<sup>rd</sup> stage rejections have decreased while the USD amount of 2<sup>nd</sup> stage has increased in comparison to the same period last year.

Stage	RM Count Apr-Jun 2018	RM Count Apr-Jun 2017		RM USD Amount (Mill) Apr-Jun 2018	RM USD Amount (Mill) Apr-Jun 2017	
Stage 1	1,920,913	1,871,414	↑	\$ 191.00	\$ 203.12	↓
Stage 2	681,060	629,554	↑	\$ 71.85	\$ 65.90	↑
Stage 3	339,833	297,400	↑	\$ 43.21	\$ 44.13	↓
Total	2,941,806	2,798,368	↑	\$ 306.05	\$ 313.16	↓

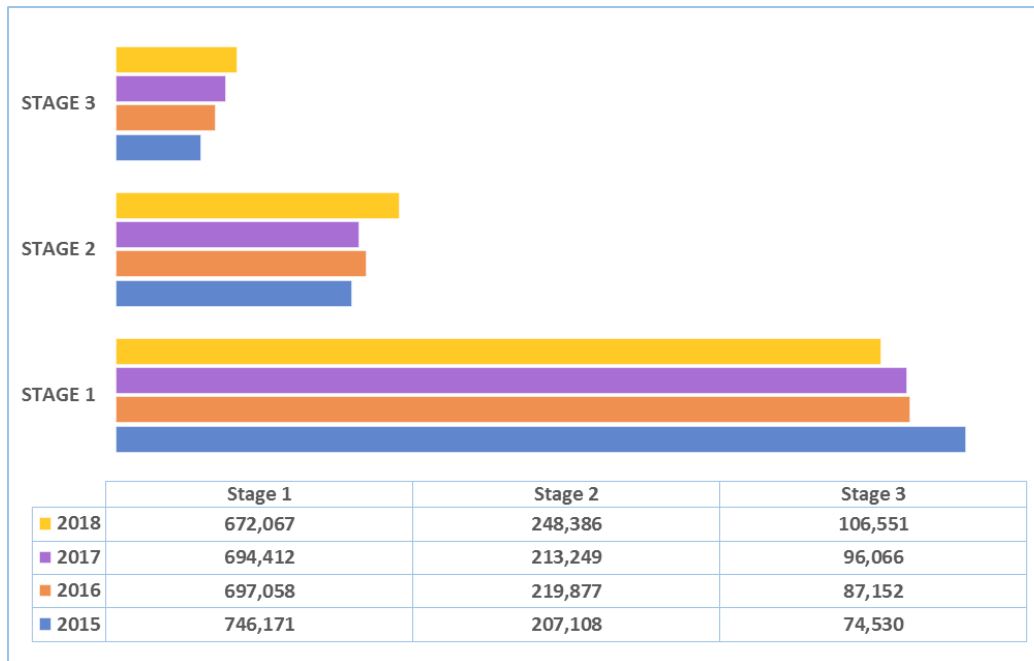
### Average Rejection Memo Count and Prime Billing Count per Month

The charts below show the average rejection memo count of all three stages and the average prime billing count per month.



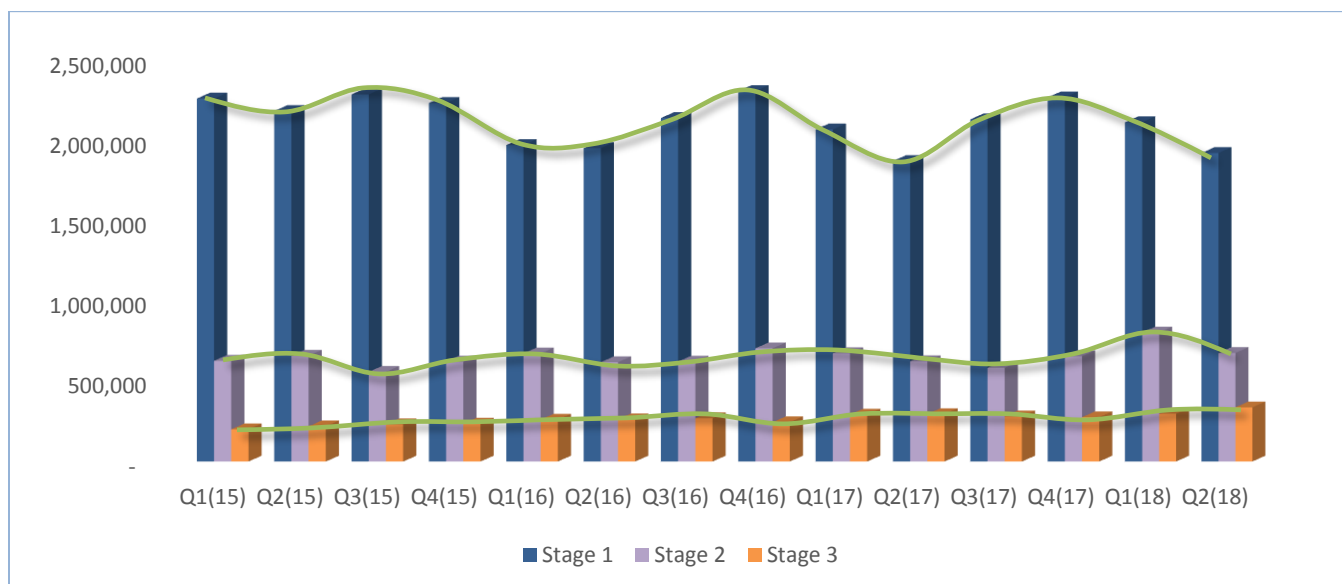
## Average Rejection Memo Count - Split by Stage

- The average number of 1<sup>st</sup> stage rejections has decreased by 10% in comparison to 2015.
- The average number of 2<sup>nd</sup> stage rejections has increased in comparison to the previous years and is now 20% higher than in 2015.
- The average number of 3<sup>rd</sup> stage rejections has also increased and is now 43% higher than in 2015.



## Total Rejection Memo Count - Split by Quarter

The chart below shows the rejection memo count split by quarter for each stage.



### 3. Rejection Memo Analysis - Settlement Method and Reason Code Split

#### Rejection count - Split by Stage (Q2 2018 vs Q2 2017)

SMI I/M	1 <sup>st</sup> Stage		2 <sup>nd</sup> Stage		3 <sup>rd</sup> Stage		RM Count
Apr - Jun 2018	1,793,843	65%	641,478	23%	331,401	12%	2,766,722
Apr - Jun 2017	1,750,490	66%	615,212	23%	293,804	11%	2,659,506

- In Comparison to Q2 2017, there has been an increase in all three stages.

SMI B	1 <sup>st</sup> Stage		2 <sup>nd</sup> Stage		3 <sup>rd</sup> Stage		RM Count
Apr - Jun 2018	127,070	73%	39,582	23%	8,432	5%	175,084
Apr - Jun 2017	120,924	87%	14,342	10%	3,596	3%	138,862

- In Comparison to Q2 2017, there has been a significant increase in stage 2 and stage 3 rejections.  
Stage 1 has also increased.

#### Rejection count - Split by Reason Code (Q2 2018 vs Q2 2017)

Reason Code SMI - I/M	Reason Description	1 <sup>st</sup> Stage Count and Percentage Apr-Jun 2018		1 <sup>st</sup> Stage Count and Percentage Apr-Jun 2017		Percentage change 2018 vs 2017	
1G	Tax Reclaim	737,659	41%	617,291	35%	↑	19%
1B	Fare Reclaim	662,429	37%	711,962	41%	↓	-7%
1A	Fare/Tax/ISC	193,717	11%	193,420	11%	↑	0%
1E	UATP Reclaim	62,894	4%	82,637	5%	↓	-24%
1C	ISC Reclaim	54,545	3%	41,610	2%	↑	31%
5Z	Others	36,936	2%	48,557	3%	↓	-24%
2B	Duplicate Billing	9,576	1%	17,232	1%	↓	-44%
	Other codes	36,087	2%	37,781	2%	↓	-4%
	<b>Total</b>	<b>1,793,843</b>	<b>100%</b>	<b>1,750,490</b>	<b>100%</b>	↑	<b>2%</b>

- Top 7 reason codes sorted as per 2018 counts

Reason Code SMI – I/M	Reason Description	2 <sup>nd</sup> Stage Count and Percentage Apr-Jun 2018		2 <sup>nd</sup> Stage Count and Percentage Apr-Jun 2017		Percentage change 2018 vs 2017	
1B	Fare Reclaim	315,170	49%	299,770	49%	↑	5%
1G	Tax Reclaim	182,746	28%	178,123	29%	↑	3%
1A	Fare/Tax/ISC	58,410	9%	53,812	9%	↑	9%
5Z	Others	42,408	7%	53,795	9%	↓	-21%
1C	ISC Reclaim	25,812	4%	20,269	3%	↑	27%
2B	Duplicate Billing	5,512	1%	652	0%	↑	745%
1D	Other Commission Reclaim	2,952	0%	689	0%	↑	328%
	Other codes	8,468	1%	8,102	1%	↑	5%
	Total	641,478	100%	615,212	100%	↑	4%

➤ Top 7 reason codes sorted as per 2018 counts










Reason Code SMI – I/M	Reason Description	3 <sup>rd</sup> Stage Count and Percentage Apr-Jun 2018		3 <sup>rd</sup> Stage Count and Percentage Apr-Jun 2017		Percentage change 2018 vs 2017	
1B	Fare Reclaim	168,859	51%	137,454	47%	↑	23%
1G	Tax Reclaim	92,987	28%	75,721	26%	↑	23%
1A	Fare/Tax/ISC	28,952	9%	35,571	12%	↓	-19%
5Z	Others	12,230	4%	32,323	11%	↓	-62%
1C	ISC Reclaim	10,630	3%	7,834	3%	↑	36%
2A	Unmatched Sale	7,037	2%	483	0%	↑	1357%
1D	Other Commission Reclaim	3,384	1%	155	0%	↑	2083%
	Other codes	7,322	2%	4,263	1%	↓	72%
	Total	331,401	100%	293,804	100%	↑	13%

➤ Top 7 reason codes sorted as per 2018 counts










## SMI - B: Reason code breakup as per average monthly RM count

Reason Code SMI – B	Reason Description	1 <sup>st</sup> Stage Count and Percentage Apr-Jun 2018		1 <sup>st</sup> Stage Count and Percentage Apr-Jun 2017		Percentage change 2018 vs 2017	
1G	Tax Reclaim	60,697	48%	82,546	68%	↓	-26%
1B	Fare Reclaim	46,939	37%	21,592	18%	↑	117%
1A	Fare/Tax/ISC	11,254	9%	12,108	10%	↓	-7%
1C	ISC Reclaim	2,599	2%	111	0%	↑	2241%
2D	Out of Period	2,443	2%	179	0%	↑	1265%
5Z	Others	793	1%	1,779	1%	↓	-55%
1E	UATP Reclaim	575	0%	295	0%	↑	95%
	Other codes	1,770	1%	2,314	2%	↓	-24%
	Total	127,070	100%	120,924	100%	↑	5%

➤ Top 7 reason codes sorted as per 2018 counts

Reason Code SMI – B	Reason Description	2 <sup>nd</sup> Stage Count and Percentage Apr-Jun 2018		2 <sup>nd</sup> Stage Count and Percentage Apr-Jun 2017		Percentage change 2018 vs 2017	
1B	Fare Reclaim	30,537	77%	5,876	41%		420%
1G	Tax Reclaim	4,075	10%	6,237	43%		-35%
1C	ISC Reclaim	3,274	8%	20	0%		16270%
1A	Fare/Tax/ISC	684	2%	1,273	9%		-46%
5Z	Others	557	1%	784	5%		-29%
2D	Out of Period	168	0%	1	0%		16700%
2B	Duplicate Billing	122	0%	1	0%		12100%
	Other codes	165	0%	150	1%		10%
	Total	39,582	100%	14,342	100%		176%

➤ Top 7 reason codes sorted as per 2018 counts

Reason Code SMI – B	Reason Description	3 <sup>rd</sup> Stage Count and Percentage Apr-Jun 2018		3 <sup>rd</sup> Stage Count and Percentage Apr-Jun 2017		Percentage change 2018 vs 2017	
1B	Fare Reclaim	4,007	48%	1,410	39%		184%
1C	ISC Reclaim	2,984	35%	-	-		
1G	Tax Reclaim	968	11%	1,453	40%		-33%
1A	Fare/Tax/ISC	307	4%	356	10%		-14%
5Z	Others	88	1%	281	8%		-69%
2A	Unmatched Sale	41	0%	19	1%		116%
5B	FIM Rejection / Rebill	28	0%	77	2%		-64%
	Other codes	9	0%	-	-		
	Total	8,432	100%	3,596	100%		134%

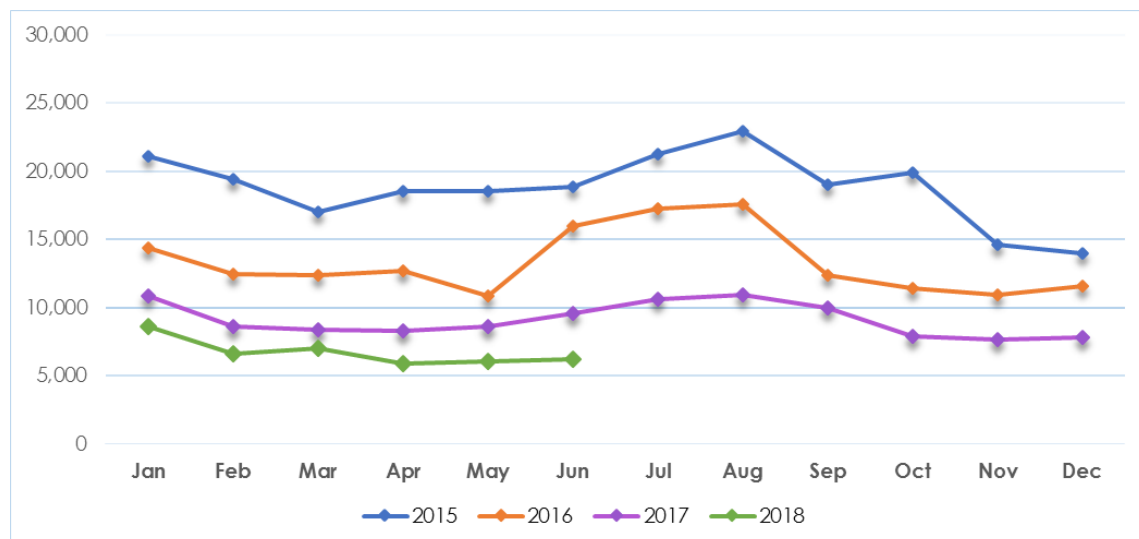
➤ Top 7 reason codes sorted as per 2018 counts



## 4. FIMs Analysis

### Prime Billing Count by Month

The graph below 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	Apr-18	May-18	Jun-18	Total
SMI I/M	4,537	4,843	4,912	14,292
SMI B	1,391	1,231	1,332	3,954
Total	5,928	6,074	6,244	18,246

### FIMs Rejection Memos - Split by Settlement Method

SMI - I/M	SRCD 44	SRCD 45	SRCD 46	Total
% change	-40%	-29%	-27%	-37%
Apr - Jun 2018	8,997	2,427	1,185	12,609
Apr - Jun 2017	14,879	3,408	1,615	19,902

SMI - B	SRCD 44	SRCD 45	SRCD 46	Total
% change	108%	7%	-54%	54%
Apr - Jun 2018	617	154	38	809
Apr - Jun 2017	297	144	83	524

## 5. Sampling Billing Analysis

	Form A/B Count	Form D/E Count	Form F Count	Form XF Count
<b>% change</b>	<b>-4%</b>	<b>-5%</b>	<b>26%</b>	<b>-40%</b>
<b>Apr - Jun 2018</b>	<b>2,520,608</b>	<b>29,868</b>	<b>2,945</b>	<b>1,442</b>
<b>Apr - Jun 2017</b>	<b>2,614,920</b>	<b>31,375</b>	<b>2,342</b>	<b>2,390</b>

## 6. 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	<p>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</p> <p>SMI - I – settlement through the ICH using the RAM rules</p> <p>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</p> <p>SMI - A – Settlement through the ACH using ACH rules</p> <p>SMI - B – Bilateral settlement using RAM rules</p>
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

## 7. Annex 1. Passenger Source Codes Table

Source Code	Description
1	Lifted Passenger Coupons
2	Exchange Passenger Coupons
3	Refunded Passenger Coupons
4	Rejected documents – 1 <sup>st</sup> Rejection
5	Rejected documents – 2 <sup>nd</sup> Rejection
6	Rejected documents - 3 <sup>rd</sup> Rejection
8	Lost Ticket Billings
9	Billing Memos
14	Flight Interruption Manifests
21	Mutilated / Illegible Documents
23	EMD Billings
24	Credit Memos
25	Excess Baggage Coupon Billings
26	Multi-Purpose Document Billings
27	Rebilling of UAF coupons in Non Sampling
44	Rejected Flight Interruption Manifests – 1 <sup>st</sup> Rejection
45	Rejected Flight Interruption Manifests – 2 <sup>nd</sup> Rejection
46	Rejected Flight Interruption Manifests – 3 <sup>rd</sup> Rejection
51	Sample Form C coupons
54	Sample Evaluation (Form D)
55	Sample Audit / Rebills (Form F)
56	Sample Rebills (Form XF)
60-69	Prime Billing Source codes (Optional source codes for Bilateral use)
70-79	Billing Memo Source codes (Optional source codes for Bilateral use)
80-89	Rejection Memo Source codes (Optional source codes for Bilateral use)
90	Frequent Flyer Prime Coupon Billing
91	Rejected Frequent Flyer Coupons – 1 <sup>st</sup> Rejection

92	Rejected Frequent Flyer Coupons – 2 <sup>nd</sup> Rejection
93	Rejected Frequent Flyer Coupons – 3 <sup>rd</sup> Rejection
94	Billing Memo – Frequent Flyer Coupons