



PAX Rejection Memo Reduction Industry Initiative

Apr – Jun 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:

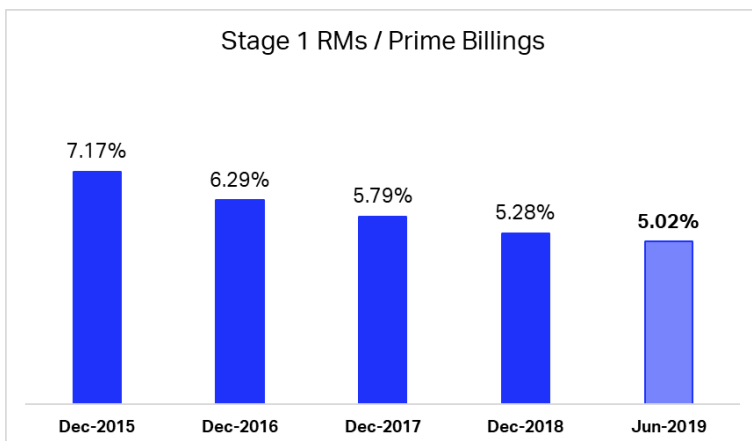
$$\text{Rejection Rate} = \frac{\text{Sum of Rejection Memos of Past 12 months}}{\text{Sum of Prime Billings of Past 12 months}} \times 100\%$$

The table below shows the decrease in the rejection rate at the end of each year. By June 2019, the rejection rate decreased by **26.37%** in comparison to the base year 2015.

	2015	2016	2017	2018	Q2-2019	2019	2020
Rejection Rate	9.87%	9.06%	8.38%	7.82%	7.27%		
Percent Decrease	-	8.21%	15.14%	20.72%	26.37%	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 5.02% of the prime billings were rejected in the past 1 year (Jul 2018 to Jun 2019).



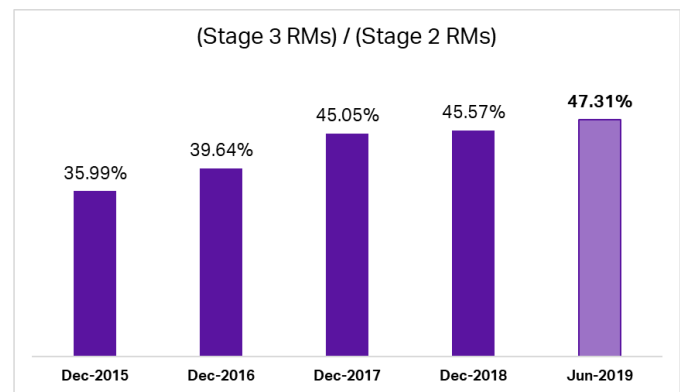
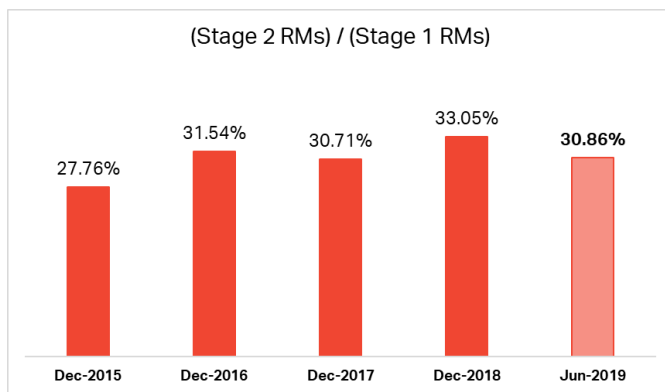
$$\text{Estimated \% of rejected prime billings} = \frac{\text{Sum of Stage 1 RMs of past 12 months}}{\text{Sum of Prime Billings of Past 12 months}} \times 100\%$$



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 30.86% 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 47.31% 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

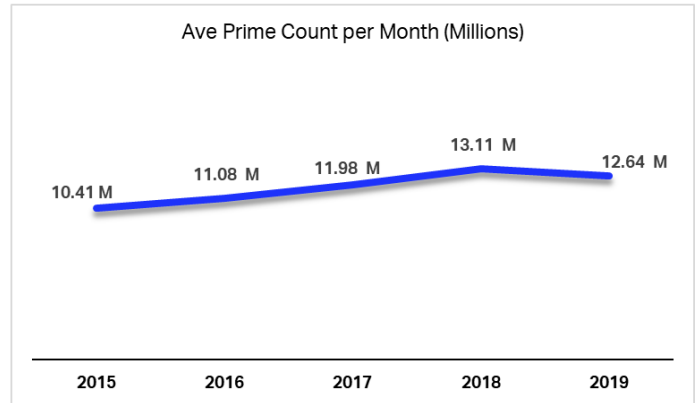
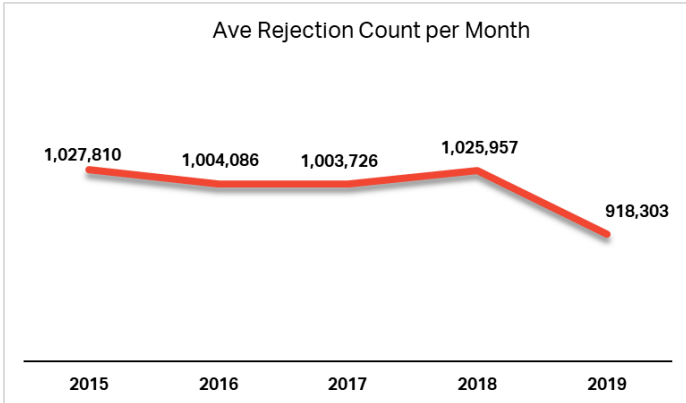
In Q2 2019, the counts and amounts of rejection memos have decreased in all three stages in comparison to the same period last year.

Stage	RM Count	RM Count		RM USD Amount (Mill)	RM USD Amount (Mill)	
	Apr-Jun 2019	Apr-Jun 2018		Apr-Jun 2019	Apr-Jun 2018	
Stage 1	1,865,923	1,920,913	↓	\$ 158.15	\$ 191.00	↓
Stage 2	589,865	681,060	↓	\$ 54.57	\$ 71.85	↓
Stage 3	262,550	339,833	↓	\$ 33.17	\$ 43.21	↓
Total	2,718,338	2,941,806	↓	\$ 245.89	\$ 306.05	↓



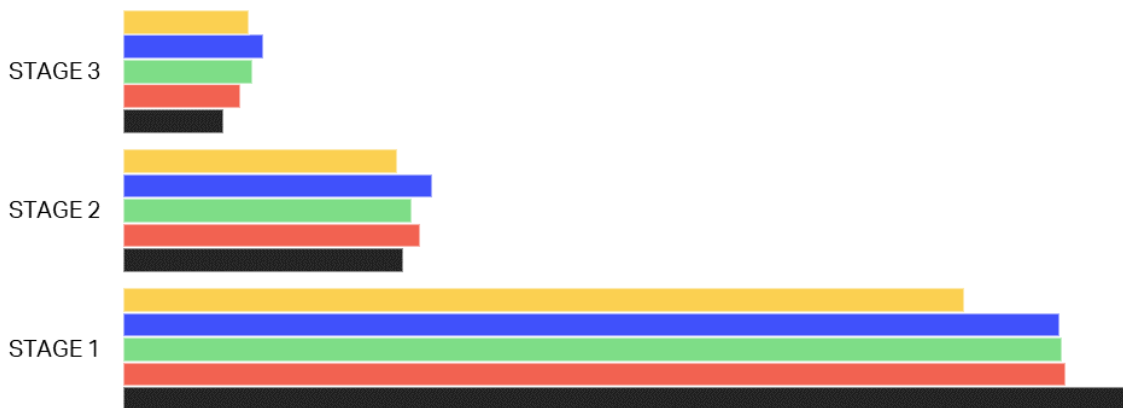
Average Rejection Counts and Prime Billing Counts per Month

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 **2% lower** than in 2015.
- The average monthly count of 3rd stage rejections is now **25% higher** than in 2015.



	Stage 1	Stage 2	Stage 3
2019	622,447	202,857	93,000
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 (Q2 2019 vs Q2 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 Q2 2019, in comparison to Q2 2018.

SMI I/M	1 st Stage	2 nd Stage	3 rd Stage	Total RM Count
	0%	-10%	-23%	-5%
Apr - Jun 2019	1,789,623	576,452	256,501	2,622,576
Apr - Jun 2018	1,793,843	641,478	331,401	2,766,722

The table below shows the counts of SMI B rejections per stage (2019 vs 2018). In comparison to Q2 2018, the counts of all 1st and 2nd stage have decreased in Q2 2019, while the count of 3rd stage has increased.

SMI B	1 st Stage	2 nd Stage	3 rd Stage	Total RM Count
	-40%	-66%	-28%	-45%
Apr - Jun 2019	76,300	13,413	6,049	95,762
Apr - Jun 2018	127,070	39,582	8,432	175,084

SMI – I/M Reason Code Analysis

1st Stage Reason Code Analysis – SMI I/M

The Top 6 reason codes represent 89% of all SMI-I/M stage 1 rejections.

Reason Code	Reason Description	1 st Stage		1 st Stage		% Variation 2019 vs 2018
		Count and Percentage	Apr-Jun 2019	Count and Percentage	Apr-Jun 2018	
1G	Tax Reclaim	704,152	39%	737,659	41%	-5%
1B	Fare Reclaim	556,637	31%	662,429	37%	-16%
1A	Fare/Tax/ISC	174,385	10%	193,717	11%	-10%
1C	ISC Reclaim	65,901	4%	54,545	3%	21%
1E	UATP Reclaim	52,026	3%	62,894	4%	-17%
5Z	Others	36,109	2%	36,936	2%	-2%



2nd Stage Reason Code Analysis - SMI I/M

The Top 6 reason codes represent 91% of all SMI-I/M stage 2 rejections.

Reason Code	Reason Description	2 nd Stage Count and Percentage Apr-Jun 2019		2 nd Stage Count and Percentage Apr-Jun 2018		% Variation 2019 vs 2018
		Count	Percentage	Count	Percentage	
1B	Fare Reclaim	237,110	41%	315,170	49%	-25%
1G	Tax Reclaim	169,894	29%	182,746	28%	-7%
1A	Fare/Tax/ISC	47,550	8%	58,410	9%	-19%
5Z	Others	28,795	5%	42,408	7%	-32%
1C	ISC Reclaim	22,036	4%	25,812	4%	-15%
1Y new!	YQ/YR Rejections	18,361	3%	-	-	-

3rd Stage Reason Code Analysis - SMI I/M

The Top 6 reason codes represent 92% of all SMI-I/M stage 3 rejections.

Reason Code	Reason Description	3 rd Stage Count and Percentage Apr-Jun 2019		3 rd Stage Count and Percentage Apr-Jun 2018		% Variation 2019 vs 2018
		Count	Percentage	Count	Percentage	
1B	Fare Reclaim	110,977	43%	168,859	51%	-34%
1G	Tax Reclaim	79,167	31%	92,987	28%	-15%
1A	Fare/Tax/ISC	21,171	8%	28,952	9%	-27%
5Z	Others	12,530	5%	12,230	4%	2%
1C	ISC Reclaim	6,676	3%	10,630	3%	-37%
2S new!	SPA Not Applicable	5,571	2%	-	-	-

SMI – B Reason Code Analysis

1st Stage Reason Code Analysis – SMI B

The Top 6 reason codes represent 97% of all SMI-B stage 1 rejections.

Reason Code	Reason Description	1 st Stage Count and Percentage Apr-Jun 2019		1 st Stage Count and Percentage Apr-Jun 2018		% Variation 2019 vs 2018
		Count	Percentage	Count	Percentage	
1B	Fare Reclaim	31,954	42%	46,939	37%	-32%
1G	Tax Reclaim	28,945	38%	60,697	48%	-52%
1A	Fare/Tax/ISC	8,677	11%	11,254	9%	-23%
5Z	Others	2,613	3%	793	1%	230%
1C	ISC Reclaim	1,577	2%	2,599	2%	-39%
2A	Unmatched Sale	621	1%	437	0%	42%



2nd Stage Reason Code Analysis - SMI B

The Top 6 reason codes represent 88% of all SMI-B stage 2 rejections.

Reason Code	Reason Description	2 nd Stage Count and Percentage Apr-Jun 2019		2 nd Stage Count and Percentage Apr-Jun 2018		% Variation 2019 vs 2018
		Count	Percentage	Count	Percentage	
1B	Fare Reclaim	4,336	32%	30,537	77%	-86%
1G	Tax Reclaim	3,689	28%	4,075	10%	-9%
5Z	Others	2,048	15%	557	1%	268%
2B	Duplicate Billing	672	5%	122	0%	451%
1A	Fare/Tax/ISC	575	4%	684	2%	-16%
1S new!	SPA Applicable	528	4%	-	-	-

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 Apr-Jun 2019		3 rd Stage Count and Percentage Apr-Jun 2018		% Variation 2019 vs 2018
		Count	Percentage	Count	Percentage	
1B	Fare Reclaim	4,374	72%	4,007	48%	9%
1G	Tax Reclaim	682	11%	968	11%	-30%
5Z	Others	472	8%	88	1%	436%
1A	Fare/Tax/ISC	370	6%	307	4%	21%
1Y new!	YQ/YR rejections	61	1%	-	-	-
5B	FIM Rejection / Rebill	46	1%	28	0%	64%



SC 31 – Involuntary Reroutes

Rejection Counts per Month

The table below shows the count of Involuntary Reroute rejections per month from May 2018 (when SC 31 was first introduced) until February 2019. The columns in the table represent the months in which the prime billings of these rejections were billed, and the rows represent the months in which the prime billings were rejected. The table also shows the Total number of SC31 prime billings per month.

For example, in May 2018 **50,009** SC31 prime billings were billed. Out of these, **10,523** were rejected (during the months of May 2018 to October 2018).

The last row represents the percentage of SC31 prime billings which are rejected.

Month of Rejection:	Month of Prime Billing:									
	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
May-18	45									
Jun-18	3,191	350								
Jul-18	2,993	3,934	3,062							
Aug-18	2,968	5,749	9,041	3,114						
Sep-18	1,325	3,421	9,339	9,112	2,473					
Oct-18	1	2,481	4,383	8,133	7,995	1,313				
Nov-18			5,352	5,261	7,686	5,790	1,403			
Dec-18				6,517	5,976	6,399	9,120	2,234		
Jan-19				1	4,967	5,570	5,635	10,688	1,679	
Feb-19						3,080	4,579	7,998	9,709	1,215
Mar-19					1		4,344	4,250	7,873	7,735
Apr-19							198	4,062	5,241	5,970
May-19									5,641	3,664
Jun-19									3	4,014
Total RM's	10,523	15,935	31,177	32,138	29,098	22,152	25,279	29,232	30,146	22,598
Total SC31 Prime Billings	50,009	75,283	109,536	106,076	102,133	79,977	103,454	117,526	128,469	90,065
Rejection %	21%	21%	28%	30%	28%	28%	24%	25%	23%	25%

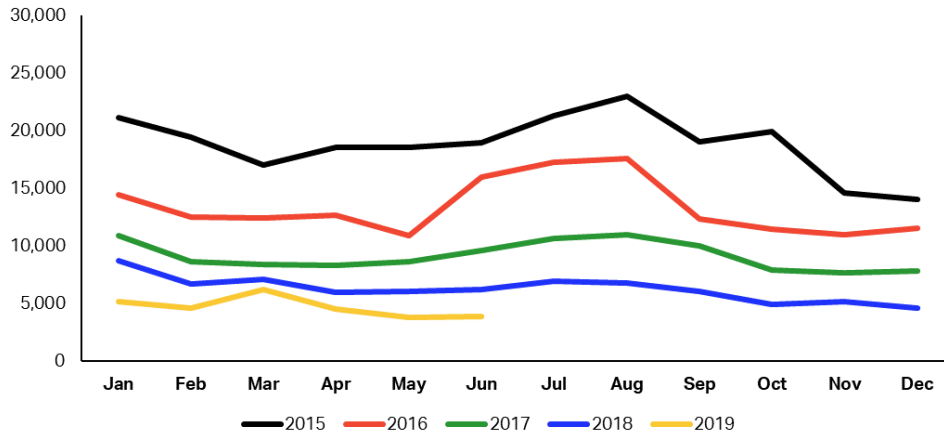
Note: The above analysis is only up to February 2019 to capture billings, against which no further rejections can be raised. Source code 31 coupons issued from March 2019 and onwards are still within the rejection time limits and hence not included in the table.



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	Apr-19	May-19	Jun-19	Total
SMI I/M	4,061	3,459	3,671	11,191
SMI B	491	323	208	1,022
Total	4,552	3,782	3,879	12,213

FIMs Rejections - Split by Settlement Method

SMI - I/M	SRCD 44	SRCD 45	SRCD 46	Total
	-22%	18%	-24%	-15%
Apr - Jun 2019	6,973	2,859	901	10,733
Apr - Jun 2018	8,997	2,427	1,185	12,609

SMI - B	SRCD 44	SRCD 45	SRCD 46	Total
	-78%	51%	47%	-48%
Apr - Jun 2019	135	233	56	424
Apr - Jun 2018	617	154	38	809

Sampling Billing Analysis

	Form A/B Count	Form F Count	Form XF Count
	-3%	-11%	-24%
Apr - Jun 2019	2,448,766	2,614	1,096
Apr - Jun 2018	2,520,608	2,945	1,442



Note:

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

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](#)

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