



PAX Rejection Memo Reduction Industry Initiative

Annual Report 2018



The Passenger Rejection Memo Reduction initiative is endorsed by the IATA Financial Committee to reduce the number of unnecessary passenger rejection memos in the industry.

The IBSOPS Working Group intends to achieve an industry-wide target of reducing the rejection rate by 32%, by the year 2020. The IBSOPS WG and Rejection Reduction Team have undertaken several actions to reduce the number of passenger rejections:

- New validations in SIS

- Changes in the RAM

- Multiple presentations/workshops at industry meetings

- Continuous reporting and communications to the industry

- List of Best Practices

The purpose of this report is to track the trend of passenger rejection memos in SIS and provide a comparative analysis of the rejection memo counts of 2018 versus the counts of the base year 2015.

All values in this report exclude ACH billings (settlement through ACH using ACH rules). Also, the report covers Sampling and Non-Sampling analysis separately.



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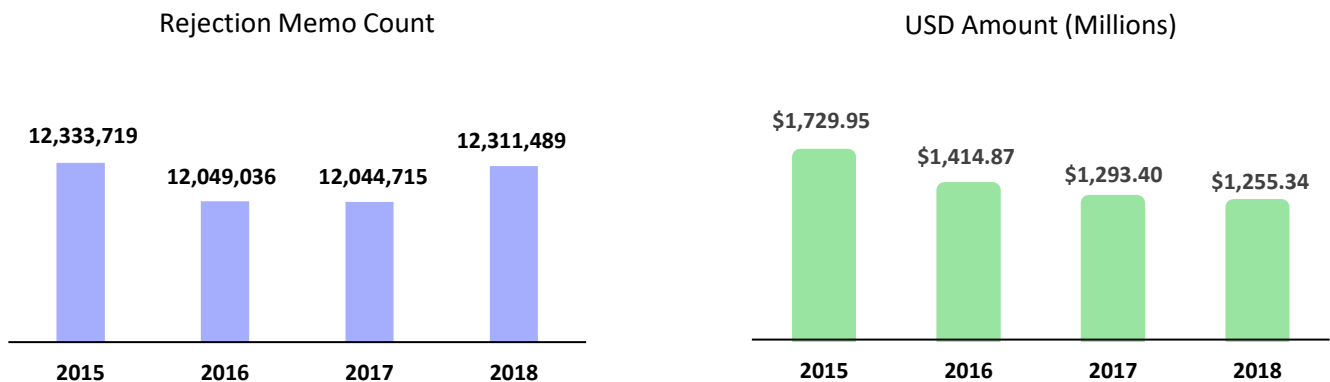
1. Highlights 2018

- ✚ Prime Billings increased by 26% in 2018, in comparison to 2015.
- ✚ Although the rejection counts have increased in 2018, the rejected values have been continuously decreasing since 2015. It is partially due to the decrease in FIM rejections, but as well due to decrease in 1st stage fare rejections.
- ✚ Source Code 31 was introduced for involuntary reroute prime billings in May 2018. Currently 64 airlines are using it.
- ✚ 2018 had the highest monthly count of Stage 2 and Stage 3 rejections.
- ✚ 2018 had the highest count of 1st stage Tax rejections for SMI-I/M.
- ✚ Reason code 1G (Tax) is the top reason code for stage 1 rejections, however reason code 1B (Fare) is the top reason of 2nd and 3rd stage rejections. This indicates a high number of incorrect tax prime billings, which are resolved in 1st stage. While Fare rejections reach 2nd and 3rd stage., and possibly correspondence.
- ✚ One airline was responsible for over 58% of all 2nd stage rejection with SMI-B.

2. Global Non-Sampling Analysis

Total Rejection Memo Count and USD Value per Year

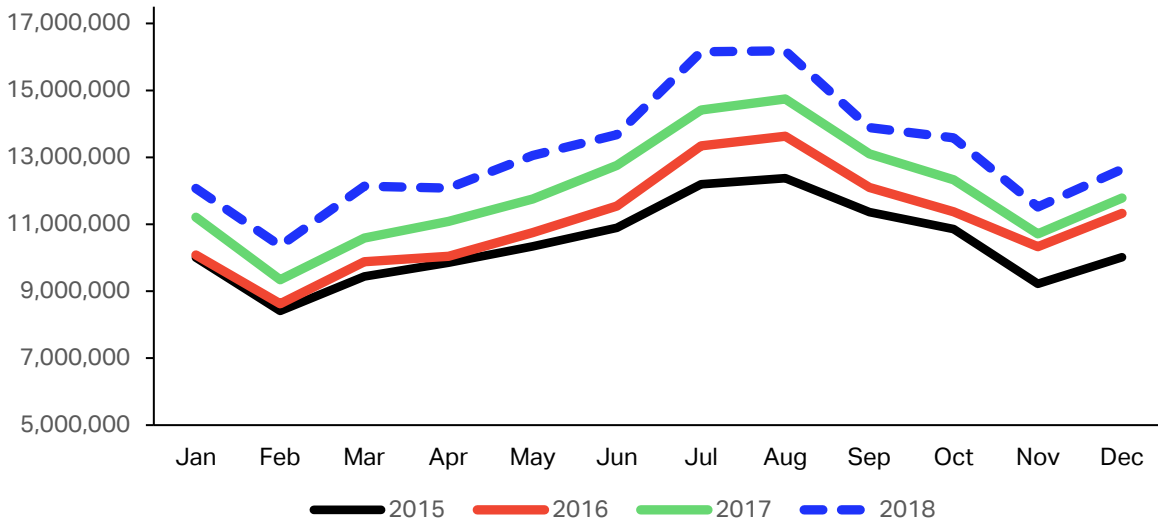
In 2018, the Rejection Memo count has increased in comparison to the previous two years and is now nearly as high as the 2015 count. However, the USD value has been decreasing consistently since 2015 and is now 27% lower.





Total Prime Billings Counts (2015 - 2018)

The below graph illustrates the trend of non-sampling prime billings per month for the past 4 years. The prime billings have been increasing continuously, while following a seasonal pattern with the highest counts in July and August.

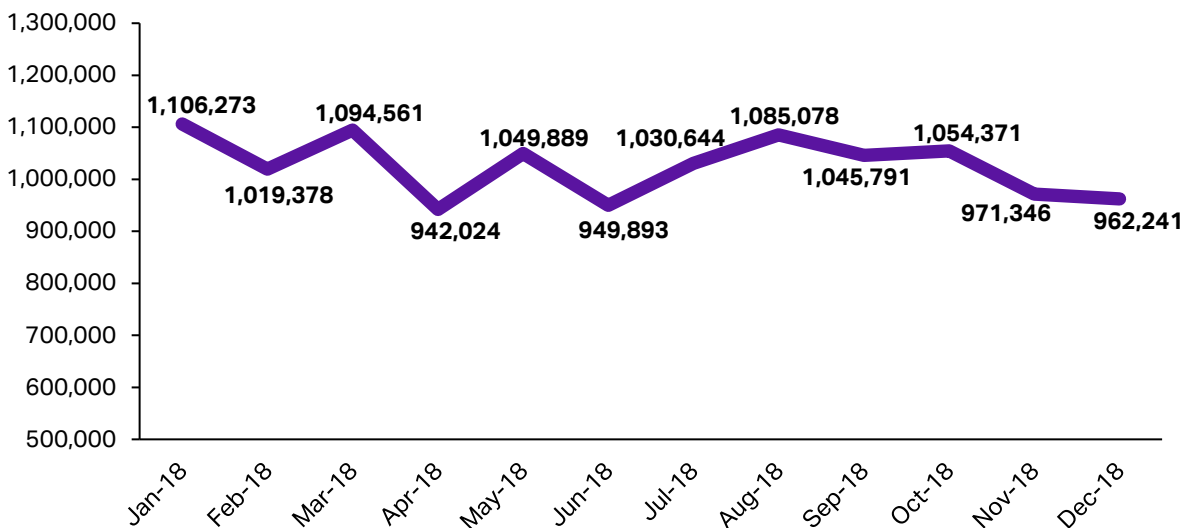


The prime billing counts have increased by **26%** in comparison to the base year 2015.

Total Prime Billing Counts					
Year	2015	2016	2017	2018	% Variation 2015 vs 2018
Counts	124,965,120	133,004,194	143,807,432	157,354,093	26%

Total Rejection Memo Counts by Month - 2018

The below graph shows the total count of non-sampling rejection memos per month in 2018. January had the highest rejection memo count of 2018.

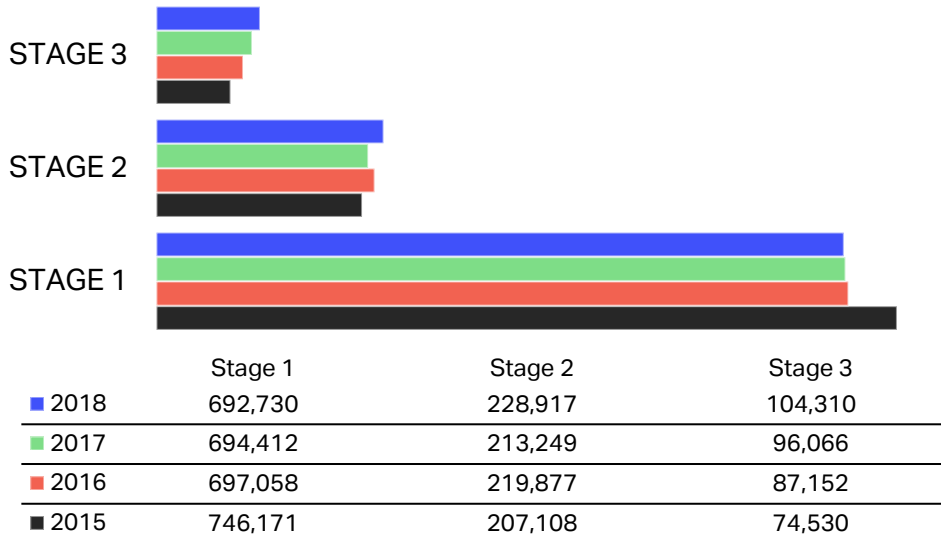




Total Rejection Memo Count by Stage

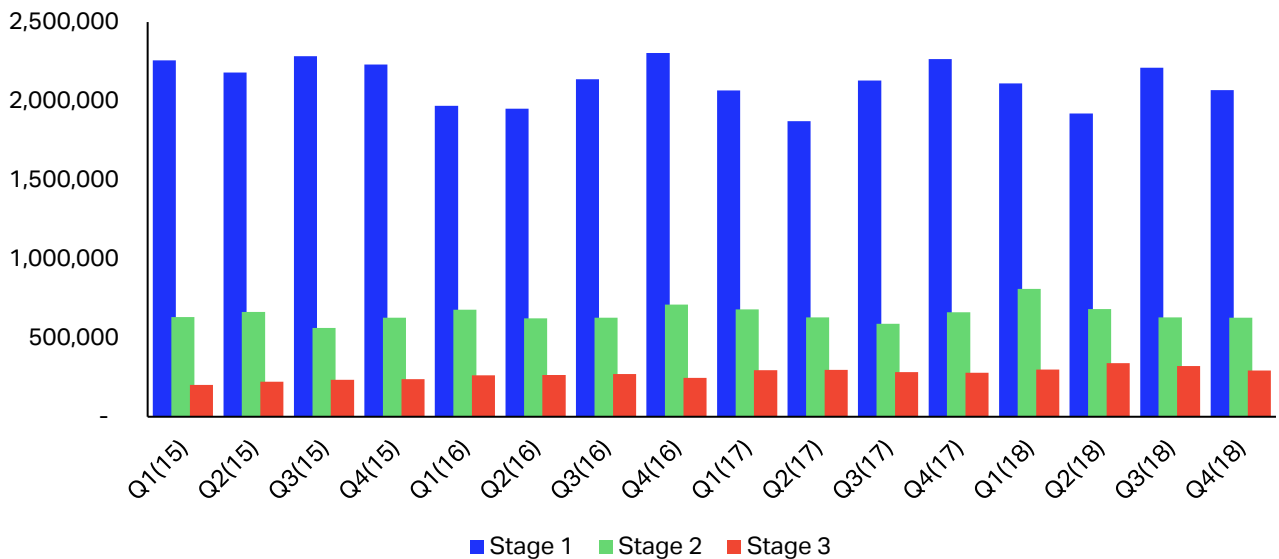
The below chart shows a comparison of rejections counts for each stage between 2015, 2016, 2017 and 2018. In comparison to the base year 2015:

- Stage 1 counts have decreased by **7%** in 2018
- Stage 2 counts have increased by **11%** in 2018
- Stage 3 counts have increased by **40%** in 2018



Total Rejection Memo Count - Split by Quarter

The below chart shows the quarterly rejection memo count per stage. Quarter 1 of 2018 had the highest number of stage 2 rejections so far, Similarly, Quarter 2 of 2018 had the highest number of stage 3 rejections so far.





3.Rejection Reduction Target & Progress

Target

The industry target is **32%** reduction of the rejection rate by the year 2020. The rejection rate is calculated as follows:

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

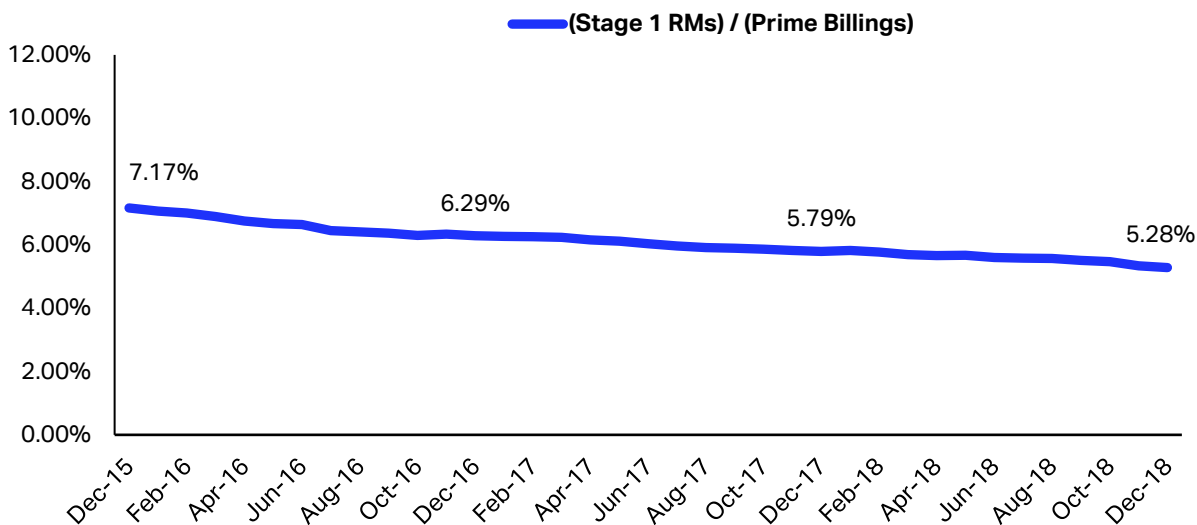
The table below shows the decrease in the rejection rate at the end of each year. By December 2018, the rejection rate decreased by **20.73%** in comparison to the base year 2015.

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

Stage 1 Analysis - Estimated Percentage of Rejected Prime Billings

The chart below illustrates the trend of the estimated percentage of rejected prime billings. Based on this calculation, approximately 5.28% of the prime billings in 2018 were rejected, a consistent decrease since 2015. The percentage is calculated using the following formula:

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





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

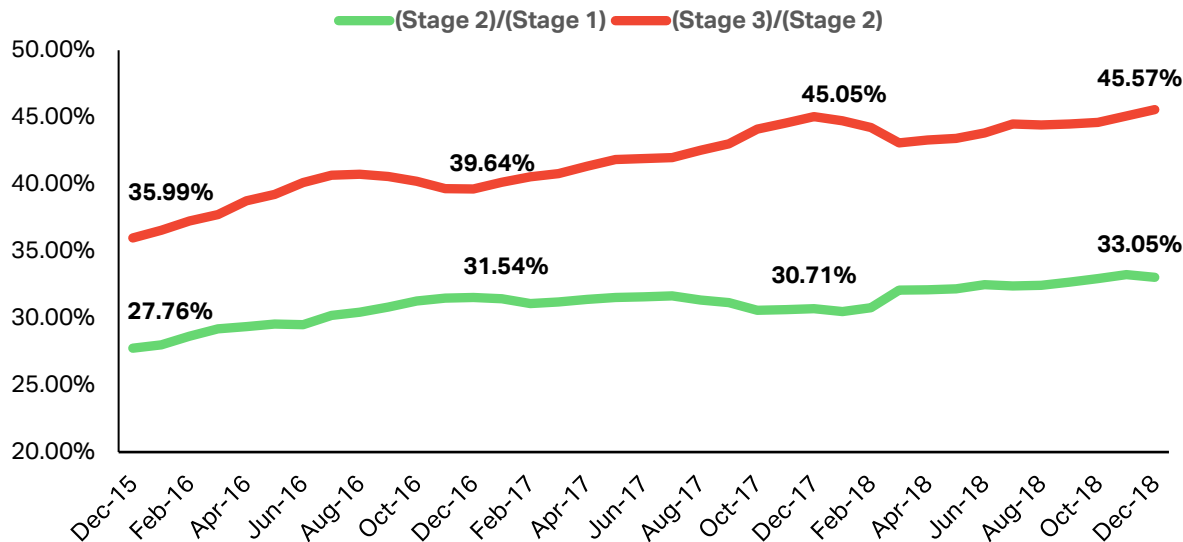
The estimated percentages of rejected Stage 1 Rejection Memos are plotted in the graph below and show an increase in 2018 in comparison to previous years. Approximately 33.05% of the Stage 1 rejection in 2018 were rejected back 2nd stage.

The percentage of 2nd stage rejections which are rejected back 3rd stage are also plotted in the below chart with an increasing trend in 2018. Approximately 45.57% of the 2nd stage rejections in 2018 were rejected back 3rd stage.

The percentages are calculated using the following formulas:

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

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





4.Rejection Memo Analysis - Split by SMI

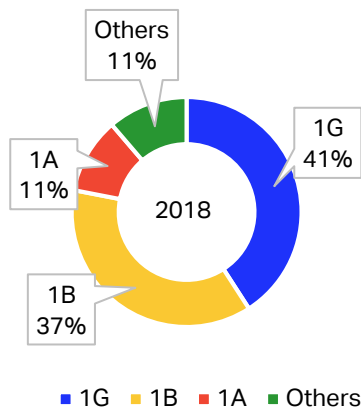
SMI - I/M Rejection Memo Counts per stage (2018 vs 2015)

The table below shows the counts of SMI I and SMI M rejections per stage (2018 vs 2015). The counts of all stages have increased in 2018, in comparison to the base year 2015.

SMI I/M	1 st Stage	2 nd Stage	3 rd Stage	Total RM Count
% variation 2018 vs 2015	0%	6%	41%	5%
2018	7,725,677	2,568,306	1,218,212	11,512,195
2015	7,692,894	2,425,398	863,209	10,981,501

SMI – I /M Reason Code Analysis

1st Stage Reason Code Analysis

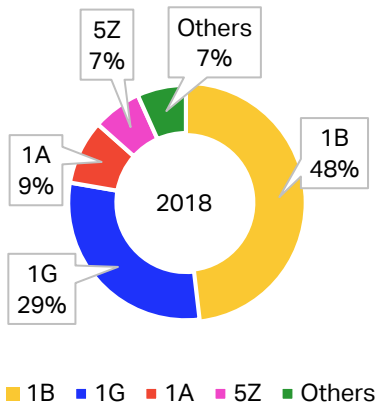


The table below shows the Top 7 Reason Codes, sorted as per 2018 stage 1 rejection counts. The top 7 reason codes represent 98% of all SMI-I/M stage 1 rejections. 2018 had the highest count of 1st stage rejection with reason code 1G (Tax).

Reason Code	Reason Description	1 st Stage 2018	1 st Stage 2017	1 st Stage 2016	1 st Stage 2015	% Variation 2018 vs 2015
1G	Tax Reclaim	3,157,875	2,785,137	2,836,874	2,591,444	22%
1B	Fare Reclaim	2,872,253	3,054,911	3,025,507	3,248,605	-12%
1A	Fare/Tax/ISC	824,711	835,804	926,496	929,403	-11%
1E	UATP Reclaim	259,154	352,210	256,828	94,152	175%
1C	ISC Reclaim	226,634	207,161	200,262	264,514	-14%
5Z	Others	146,653	155,389	185,735	243,756	-40%
2B	Duplicate Billing	83,713	57,604	70,576	82,491	1%



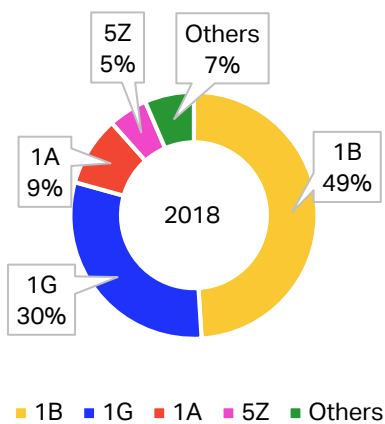
2nd Stage Reason Code Analysis



The table below shows the Top 7 Reason Codes, sorted as per 2018 stage 2 rejection counts. The top 7 reason codes represent 99% of all SMI-I/M stage 2 rejections.

Reason Code	Reason Description	2 nd Stage 2018	2 nd Stage 2017	2 nd Stage 2016	2 nd Stage 2015	% Variation 2018 vs 2015
1B	Fare Reclaim	1,236,554	1,193,123	1,217,942	1,181,272	5%
1G	Tax Reclaim	759,512	733,642	721,209	661,343	15%
1A	Fare/Tax/ISC	227,178	231,577	242,609	218,045	4%
5Z	Others	172,854	184,575	221,913	211,451	-18%
1C	ISC Reclaim	99,128	106,640	104,675	102,918	-4%
2B	Duplicate Billing	27,776	4,403	5,054	4,282	549%
1D	Other Commission Reclaim	12,709	6,412	4,563	5,297	140%

3rd Stage Reason Code Analysis





The table below shows the Top 7 Reason Codes, sorted as per 2018 stage 3 rejection counts. The top 7 reason codes represent 98% of all SMI-I/M stage 3 rejections.

Reason Code	Reason Description	3 rd Stage 2018	3 rd Stage 2017	3 rd Stage 2016	3 rd Stage 2015	% Variation 2018 vs 2015
1B	Fare Reclaim	597,059	554,115	543,865	428,002	39%
1G	Tax Reclaim	369,129	302,771	206,564	183,276	101%
1A	Fare/Tax/ISC	110,966	114,919	106,127	73,045	52%
5Z	Others	62,479	99,763	95,065	132,107	-53%
1C	ISC Reclaim	42,078	39,081	41,681	25,210	67%
2A	Unmatched Sale	10,139	1,962	2,851	2,199	361%
1D	Other Commission Reclaim	7,087	2,521	1,456	608	1066%

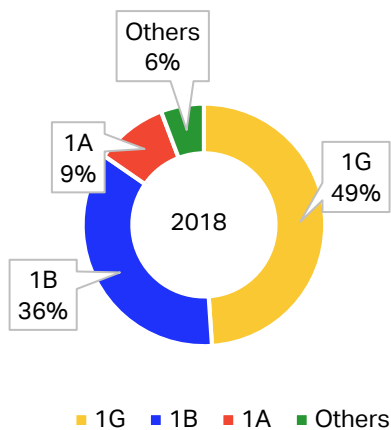
SMI - B Analysis

The table below shows the counts of SMI B rejections per stage (2018 vs 2015). The counts of 1st stage rejections have decreased by 53% in comparison to 2015, while the counts of 2nd and 3rd stage have increased. One airline raised over 58% of the stage 2 rejections,

SMI B	1 st Stage	2 nd Stage	3 rd Stage	Total RM Count
% variation 2018 vs 2015	-53%	198%	8%	-41%
2018	587,080	178,702	33,512	799,294
2015	1,261,159	59,902	31,155	1,352,216

SMI – B Reason Code Analysis

1st Stage Reason Code Analysis

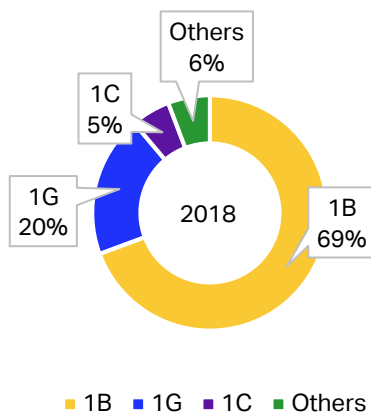




The table below shows the Top 7 Reason Codes, sorted as per 2018 stage 1 rejection counts. The top 7 reason codes represent 99% of all SMI-B stage 1 rejections raised in 2018.

Reason Code	Reason Description	1 st Stage 2018	1 st Stage 2017	1 st Stage 2016	1 st Stage 2015	% Variation 2018 vs 2015
1G	Tax Reclaim	287,330	513,834	470,669	847,088	-66%
1B	Fare Reclaim	209,544	128,096	105,694	151,458	38%
1A	Fare/Tax/ISC	56,476	59,326	79,521	192,204	-71%
1C	ISC Reclaim	12,680	2,638	3,515	11,390	11%
5Z	Others	8,059	4,367	5,737	12,955	-38%
2D	Billing Outside Time limit	3,088	2,194	179	28,358	-89%
1E	UATP Reclaim	2,550	2,083	1,579	1,961	30%

2nd Stage Reason Code Analysis

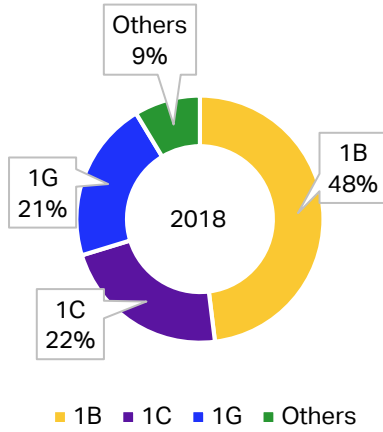


The table below shows the Top 7 Reason Codes, sorted as per 2018 stage 2 rejection counts. The top 7 reason codes represent over 99% of all SMI-B stage 1 rejections.

Reason Code	Reason Description	2 nd Stage 2018	2 nd Stage 2017	2 nd Stage 2016	2 nd Stage 2015	% Variation 2018 vs 2015
1B	Fare Reclaim	123,916	21,824	22,794	23,228	433%
1G	Tax Reclaim	34,858	31,200	34,594	22,781	53%
1C	ISC Reclaim	9,623	329	605	56	17084%
1A	Fare/Tax/ISC	5,120	4,063	4,795	2,825	81%
5Z	Others	3,699	2,911	2,927	6,198	-40%
2D	Billing Outside Time limit	523	2	53	275	90%
5B	FIM Rejection / Rebills	367	406	1,883	348	5%



3rd Stage Reason Code Analysis



The table below shows the Stage 3 counts split by Reasons code. The top 7 reason codes represent over 98% of all SMI-B stage 3 rejections.

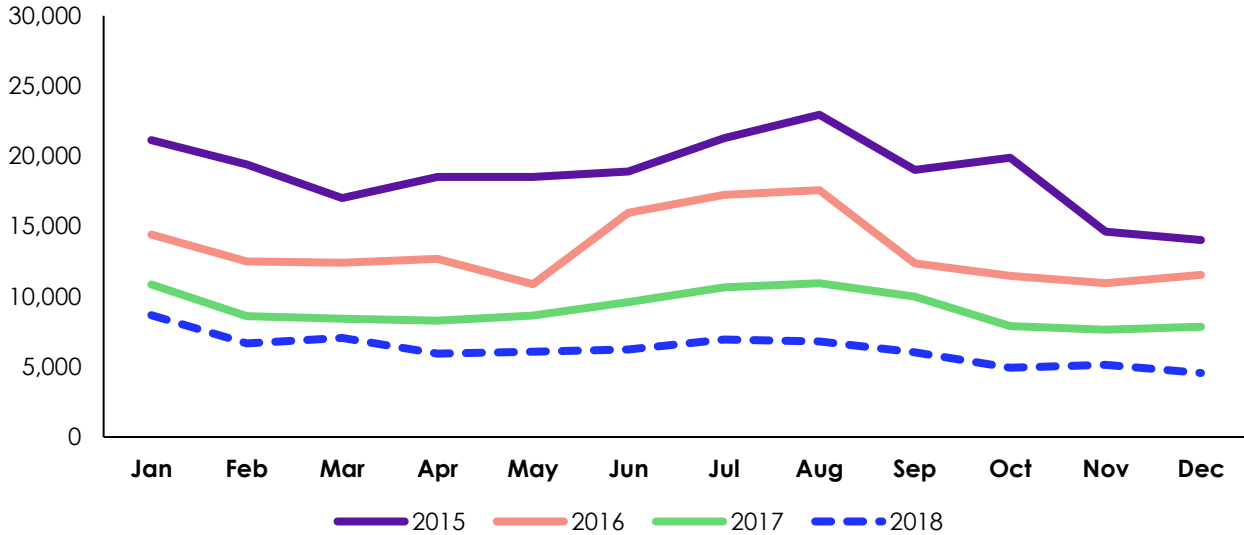
Reason Code	Reason Description	3 rd Stage 2018	3 rd Stage 2017	3 rd Stage 2016	3 rd Stage 2015	% Variation 2018 vs 2015
1B	Fare Reclaim	16,104	11,131	15,398	15,739	2%
1C	ISC Reclaim	7,445	143	119	135	5415%
1G	Tax Reclaim	7,065	8,545	5,503	7,585	-7%
1A	Fare/Tax/ISC	1,518	1,526	1,807	1,176	29%
5Z	Others	962	1,049	1,505	5,720	-83%
5B	FIM Rejection / Rebills	195	206	337	121	61%
2A	Unmatched Sale	102	443	1,484	55	85%



5.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 Counts and FIMs Rejection Memos split by Source code (2018 vs 2015)

In comparison to the base year 2015, the total FIM billings have decreased by 67% and the total FIM rejections have decreased by 72%. The tables below contain the counts split by SMI.

SMI - I/M	FIM Prime Billings	SRCD 44	SRCD 45	SRCD 46	Total RM Count
% variation 2018 vs 2015	-70%	-74%	-65%	-76%	-73%
2018	59,286	35,353	9,746	4,014	49,113
2015	197,600	134,704	27,983	16,660	179,347

SMI - B	FIM Prime Billings	SRCD 44	SRCD 45	SRCD 46	Total RM Count
% variation 2018 vs 2015	-43%	-56%	-49%	-59%	-55%
2018	15,793	1,822	457	264	2,543
2015	27,717	4,167	888	644	5,699



6. Sampling Billing Analysis

Total Sampling Count (2018 vs 2015)

SMI - B	Form A/B	Form D/E	Form F	Form XF
% variation 2018 vs 2015	-25%	-18%	-43%	-47%
2018	9,595,309	137,018	11,334	5,021
2015	12,798,285	166,634	19,736	9,433

7. 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