

## + Benefits of Reporting NDC sales through the BSP

### ▶▶▶ WHY IS THIS IMPORTANT?

The IATA Billing and Settlement Plan (BSP) is a system designed to facilitate and simplify the selling, reporting and remitting procedures of IATA Accredited travel agents, as well as improve financial control and cash flow for airlines.

To ensure the BSP continues to deliver value to airlines and travel agents, IATA is implementing the New Generation of IATA Settlement Systems (NewGen ISS) which represents the most extensive and ambitious modernization of the (BSP) since it was created in 1971 to facilitate the global distribution and settlement of funds between travel agents and airlines.

If NDC sales are not reported within the BSP, both airlines and agents will not benefit from the BSP value proposition nor the enhanced capability of NewGenISS.

### ▶▶▶ ZOOM INTO THE TOPIC

#### Key benefits

For airlines, NewGen ISS implementation means faster settlement, safer funds and a lower cost of distribution. For travel agents, it will mean more personalized products and services, enhanced customer support and more cost-effective solutions.

With the introduction of NewGen ISS, IATA will also provide an enhanced 24/7 customer support to better address the needs of airlines and agents.

All these benefits are also available for NDC sales.

#### What are the key issues / risks?

Airlines not reporting (partially or fully) their NDC sales through the BSP may overlook some major implications:

▶ **Distribution Contract** — **What is outside the industry distribution framework is bilateral and more complex to manage.** The BSP and the Agency Program provide a distribution contractual framework, with its Resolutions, to manage all types of issued air transactions and business situations between agents and airlines. Outside this distribution contractual framework, the airline and the agent are under an individual and bilateral relationship.

▶ **Agency risk management (\*)** — **What is not reported in BSP does not exist.** The BSP performs risk management to provide critical information and agency risk management to protect against prejudiced collection of funds. The risk management can only be performed based on what is visible in the BSP.

BSP real-time sales monitoring detects abnormal sales increases and protects against bust-outs. It includes all reported transactions through the BSP with all forms of payment. **What is outside does not exist and cannot serve to detection.**

As “BSP Cash” risks are better monitored and managed, this can lead to fraudsters moving to credit cards. If Cards transactions are reported through BSP, there is better prevention of fraud risks here also.

As part of the Agency Program, IATA monitors the PCI DSS compliance of Travel Agents. PCI DSS compliance can only be scrutinized for transactions processed through the BSP.

▶ **Value-added Standard Reporting** — **The BSP does this for the Airlines and the Agents.** The BSP provides a standard, unique and familiar sales reporting for both airlines and agents. It calculates taxes and commissions for all reported transactions and enables consolidated incentive management for all BSP reported transactions.

The BSPLink facilitates the interactions/exchanges of information between airlines and agents. It provides in one single place electronic access to all BSP ticketing information and acts as an exclusive medium for adjustment (ACM, ADM) between airlines and agents.

▶ **BSP Transparency in Payments (\*) - TIP** — **The Airline gets visibility and control with the BSP.** TIP monitoring reports are offered as part of the BSP proposition (an upfront validation solution will be available in the near future). TIP also detects unusual patterns of card products usage at the time of transaction. If transactions are not reported, pattern identification cannot be performed.

*(\*) effective once NewGenISS and TIP deployed in corresponding BSP market*

 **INDUSTRY STATE OF PLAY**

A truly worldwide system: there are BSP operations in some 180 countries and territories. The system currently serves more than 370 participating airlines with an on-time settlement rate of 99.999%. In 2017, IATA's BSP processed \$236.3 billion.

**Link to more detailed information**

IATA Billing and Settlement Plan:

[www.iata.org/services/finance/bsp/Pages/index.aspx](http://www.iata.org/services/finance/bsp/Pages/index.aspx)

IATA NewGenISS initiative:

[www.iata.org/whatwedo/airline-distribution/Pages/new-gen-iss.aspx](http://www.iata.org/whatwedo/airline-distribution/Pages/new-gen-iss.aspx)