



5th

World Financial Symposium

The Year in ICH

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Clearing House Manager





2017 Highlights

- ✈️ • Customer Satisfaction survey:
 - Average global satisfaction rating of 86% (+4 vs 2016)
 - Net Promoter Score “NPS” of 56 (+7 vs 2016) *How likely is that you recommend ICH?*
- ✈️ • Total active membership was 438: (+10 vs end 2016)
 - 298 airlines, 125 Associates and 15 Sponsored
 - 26 new participants (7 IATA, **13 Non-IATA**, 5 Associates & 1 Sponsor)
 - 9 suspensions and 7 voluntary withdrawals and/or termination
- ✈️ • PoC Blockchain





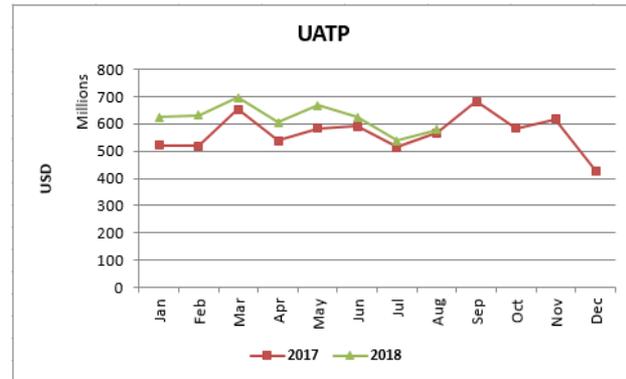
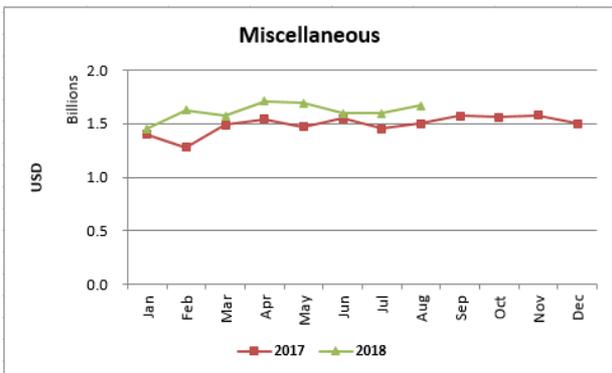
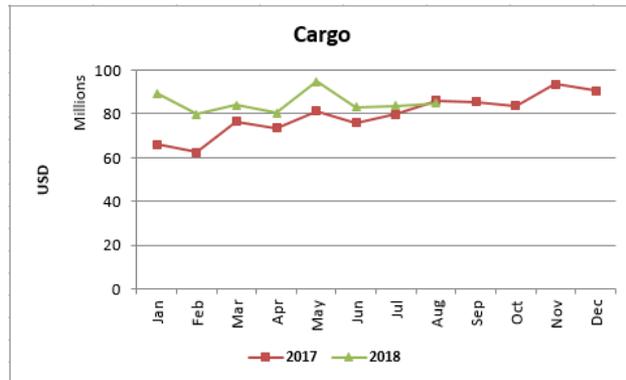
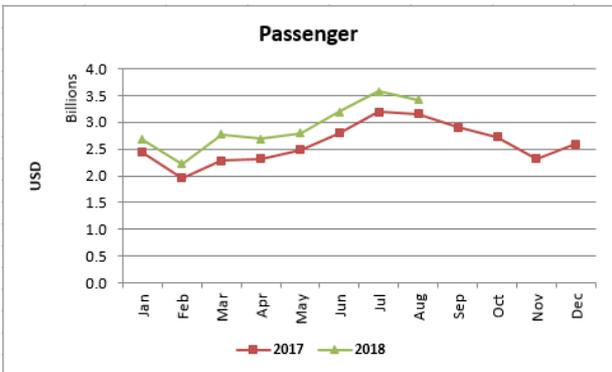
2017 Highlights

- ✈️ • Volume of transactions: USD56.8b (+4.6% vs 2016)
 - In Value terms: Miscellaneous **+2.5%**, Cargo **+22%**, Passenger **+5%**, & UATP **+5.5%**
 - In Transactional terms: overall growth of **7.5%**
- ✈️ • 100% Settlement Success Rate 3rd time in ICH history with USD56.8b processed and paid in full despite 9 suspensions
- ✈️ • Disaster Recovery “DR”: successful switched of the system from the Interoute primary site in GVA to the secondary site in ZRH
- ✈️ • Global Delivery Center “GDC” announcement





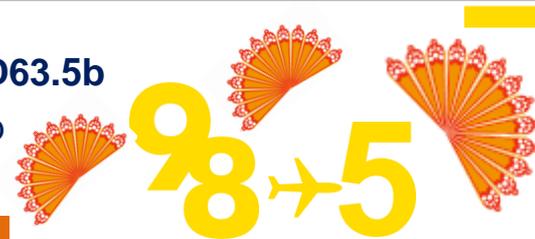
Outlook 2018



2018 vs 2017 Jan-Aug	Value
Passenger	+13.2%
Cargo	+13.1%
UATP	+10.7%
Miscellaneous	+10.5%
Total	+12%

✈ Membership: end Q2 442 members
 => 10 new joiners:
 (4 IATA, 4 Non-IATA, 1 Associate, 1 Sponsored)

✈ Volume estimate at year-end: **USD63.5b**
 => 2014 record: USD57.8b





Jan to Sep 2018 Highlights



- Global Delivery Center “GDC” restructuring completed:
 - Effective 01 Sep-18, the entire ICH Team is based and Operations run from Montreal
 - Two new Team members joined:
 - Mr. Shehryar SADIQ, Manager Financial Services, replacing Ursula SAXTON
 - Mrs. Yu SONG, Assistant Manager Financial Operations, replacing Vivian FERNANDES



- ICH Finance Enhancements:
 - Automation of Security Deposit calculation and management
 - Automation of Interest on Security Deposit calculation





Jan to Sep 2018 Highlights



• Special Clearances: Procedure 18

- (Z6-181) Dniproavia: Jun-18 P2
- (AB-745) Air Berlin:
 - ICH Circulars: 026-18 Claim Submission Period & 029-18 Special Clearance
 - Jul-18 P2 Collection from Debtors
 - Jul-18 P4 Distribution to Creditors
 - 129 ICH participants involved



• Blockchain Phase 2: more pilots, more features...





Jan to Sep 2018 Highlights



- General Data Protection Regulation “**GDPR**”:
 - Effective 25 May 2018
 - Compliance is on track – day to day collaborative work between Legal, IT and Business
 - Internal privacy audit of FDS functions achieved by IATA’s – Q3 2018
 - Ongoing exhaustive inventory of the agreements signed between IATA and its contractors/processors/sub-processors - Q3 and Q4 2018
 - Legal:
 - Review/draft of privacy clauses, data processing agreements
 - Review of the ICH contractual package: Clearing Bank “Barclays” and hosting provider “Interoute/GTT” Services Agreements
 - ITS:
 - Review of IATA data retention guidelines
 - Implementation of compliance tools: management of data subjects





Jan to Sep 2018 Highlights



• Service Organization Control “**SOC2**”:

- Certification is ongoing. Attestation planned by year-end
- Looking at various controls:
 - Management of: user access, roles and responsibilities, data received from SIS, Clearing Bank
 - Security trainings
 - Business Continuity Plan “BCP” & Disaster Recovery “DR” documentation complete and tested



• ICH4 System:

- 7 releases YTD addressing 3 Enhancements and 34 Defects
- Optimizing the Form 3 reports: by end Nov-18
 - Creation of an XML format for all F3 (F3, F3 Extended, F3 Suspended)
 - Creation of a CSV format for the F3 Extended & F3 Extended Suspended
 - Automated generation of F3 (except Suspended) in ASCII, XLSX, CSV, XML and posting in ICH members iiNET accounts





Risk Management

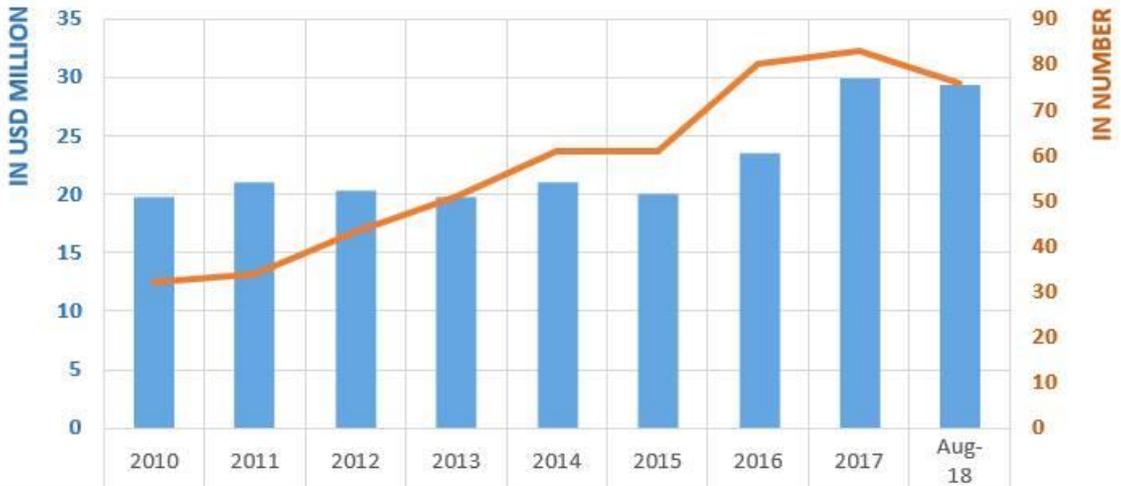
- ✈️ • So far in 2018 we have had 8 suspensions: (9 in 2017)
 - 5 for default: (7N-185) Pan Am World Airways Dominicana S.A., (LN-148) Libyan Airlines (already reinstated), (8U-546) Afriqiyah Airways, (UG-150) Tunisair Express, (C2-304) Ceiba Intercontinental S.A. (already reinstated)
 - 2 for ISS suspension: (2N-121) NextJet AB and (WE-307) Centurion Air Cargo
 - 1 following code withdrawal: (NL-740) Shaheen Air International
- ✈️ • Reinforced controls & monitoring of participants position and activity:
 - Increase of deposits in value +2% (USD29.4m vs USD28.8n as at end Aug-17)
 - Decrease of deposits in number -8% (76 vs 83 as at end Aug-17)
 - Hold deposits (security or voluntary) on behalf of over 30% of airlines
- ✈️ • Settlement Success Rate: 99,9993%
 - USD298k resettled out of USD41.9b processed (as at end Aug-18 P4)





Risk Management

ICH SECURITY DEPOSITS 2010 TO AUGUST 2018



SEC DEP IN USD MILLION	19.8	21.1	20.4	19.8	21	20.1	23.5	29.9	29.4
SEC DEP IN NUMBER	32	34	43	51	61	61	80	83	76

SEC DEP IN USD MILLION SEC DEP IN NUMBER





ICH Regulations

 • 24th Edition effective 1st January 2019:

– Third-party billings: is not allowed! Invoices must be issued in the name of the company providing the service not the one collecting the money and/or against the company receiving the service not the one paying the invoice

▪ Reg. 1: Definition of “Improper Billing,” Add a new sub point (g) and change current (g) to (h)
(g) a third-party Billing – that is, a Billing by or against a non-Member (even if such non-Member is an affiliate of a Member identified in the Billing), including any Billing that improperly claims that it is by or against a Member when the legal relationship is instead with a non-Member.

▪ Reg. 10: Scope of Clearance, Add a new sentence at the end.
For the avoidance of doubt, third-party Billings, as defined in Regulation 1(g), are Improper Billings and therefore are not subject to Clearance.





Key Messages



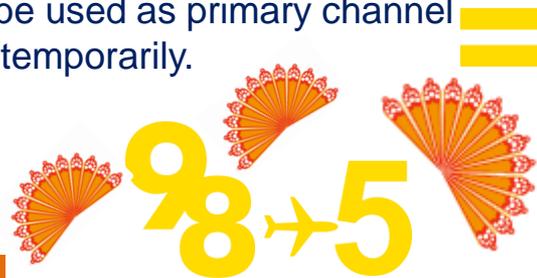
• Operations:

- Early communication of late claims given the 10:00 am EST deadline. Closure of the late claims window is the day after Closure Day
- Ensure ICH notifications: Claims non-receipt / Provisional Claims confirmation / Advice Day messages are reviewed on a priority basis



• Membership:

- Activities moved to the GDC Participation stream now in charge of (ICH, SIS, BSP, CASS, MITA and ICCS) related queries. The IATA Customer Portal must be used as primary channel in lieu of personal e-mails. ISHelpdesk@iata.org can still be used temporarily.
- Bank and/or signatory changes must be cleared by Compliance.
4 business day processing time required.





Key Messages



• Finance:

- Balance DUE TO ICH must be paid per amount reflected on Advice Day message or Final F3 in case of protests/adjustments and not at the invoice level
- To avoid late remittance, being shown on the weekly defaulting debtors message, transfers should be pre-ordered by close of business on the protest deadline for good value on Call Day.

Reg. 28 (a)

- Post suspension claims: continue to submit transactions that arose prior to the date of suspension using SMI "I" for recording purposing. Failing that, transactions will not be considered in the Special Clearance.

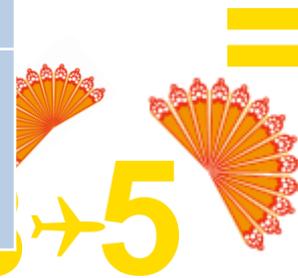
Procedure 18



Blockchain



	PoC	Phase 2
Objectives	<ul style="list-style-type: none"> Operational & Technical feasibility Cash flow acceleration 	<ul style="list-style-type: none"> Expand to more airlines, cycles and new features Analyze legal, treasury and revenue accounting implications
Pilot	 	    
Transactions	MISC	MISC & PASS
Cycles	2	4
Invoices	20	54
Value USD	17k	789k
New Features		<ul style="list-style-type: none"> Dispute interface Partial payment Cash-in/out options Enhanced reporting & App visibility





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