



Guidelines to Remittance Holding Capacity and Agency Risk Management Framework

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Following the changes to Resolutions 812 adopted through the Passenger Agency Conference Mail Vote item A343, some important changes to the provisions of the Remittance Holding Capacity (RHC) and Agency Risk Management framework were made effective 1 November 2020, although IATA did not enforce those new provisions immediately.

The changes had been part of a joint consultation process with the Passenger Agency Conference Steering Group (PSG) and Passenger Agency Programme Global Joint Council (PAPGJC) and the strategic direction from the Passenger Agency Conference to transform the way the Agency Programme is managed, moving away from a “one-size-fits-all” approach, working towards a more dynamic and relevant scheme that is customized to each Agent. This brief guideline is to provide agencies with an explanation of how the new framework works.

Disclaimer: Please note that this document is to provide you with an understanding of how RHC works. For the most accurate RHC value, please always consult with an Agency Risk Management expert from the IATA team!

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Section 1: Remittance Holding Capacity Framework

The aim of this framework is to assign an RHC to Agents taking into consideration their **operational factors** (based on the Risk Status) in addition to the existing considerations of **historic sales**. To best understand how this works, we will walk you through calculating your own RHC. For that, you will need three pieces of information:

1. The Risk Status of your Agency (this does not apply to Risk Status C Agents, whose RHC stays equal to provided financial security amount as per Resolution 812);
2. The net BSP cash sales amount of your 3 highest Reporting Periods in the last 12 months;
3. Know what your "Reporting Period" is and how many days it corresponds to.

Three easy steps to estimate your RHC level

1. Find out your Amount at Risk:

Amount at Risk is calculated by multiplying the Days' Sales at Risk by the total BSP Cash Turnover of the 3 highest Reporting Periods in the previous 12 months divided by the days in the reporting period and multiplied by 3.

$$\text{Amount at Risk} = \frac{\text{Total Days} \times \text{Total BSP Cash Turnover 3 highest Reporting Periods}}{\text{Days in Reporting Period} \times 3}$$

2. Look up the table below:

Tier	Amount at Risk (AaR)		RHC factor for Risk Status A	RHC factor for Risk Status B
1	USD0	USD5,000,000	2 x AaR	1.5 x AaR
2	USD5,000,001	USD10,000,000	1.75 x AaR	1.35 x AaR
3	USD10,000,001	+	1.50 x AaR	1.20 x AaR

Split your Amount at Risk based on the thresholds mentioned in the Tiers. (Remember the table is based on USD! Make sure to convert your Amount at Risk into USD first if needed.)

The first USD 5 million is allocated to tier 1, the next USD 5 million is allocated to tier 2, and anything beyond that is allocated to tier 3.

Then find the corresponding multiplication factor that applies to you for each tier, based on the Risk Status of your Agency.

Example: **Agency A** is a Risk Status A Agent, with a total Amount at Risk of USD11 million. So, the first 5 million is allocated to tier 1, the next 5 million allocated to tier 2, and the final 1 million is allocated to tier 3 as shown below:

Tier	Amount at Risk (AaR)		RHC factor for Risk Status A	Calculation for Agency A
1	USD0	USD5,000,000	2 x AaR	2 x 5 million = 10 million
2	USD5,000,001	USD10,000,000	1.75 x AaR	1.75 x 5 million = 8.75 million
3	USD10,000,001	+	1.50 x AaR	1.5 x 1 million = 1.5 million

3. Add everything up

Once you have the calculation for each tier that could apply to your Agency, sum up the amounts and this will be an estimation of your RHC value.

Example: Agency A's RHC will be: 10 million + 8.75 million + 1.5 million = **20.25 million**.



Remember! You can always request IATA to adjust your Remittance Holding Capacity levels based on your distribution strategies, it is important that you plan your anticipated sales fluctuation ahead of time to ensure that there will be no disruption to your business for anticipated peaks. Contact us [here](#) to talk about it.

Extension of Exceptional 2021 Conditions RHC until 30 June

As the industry was experiencing unprecedented conditions in 2021, the Agency Administrator obtained recommendations from the Passenger Agency Conference Steering Group (PSG) and the Passenger Agency Programme Joint Council (PAPGJC) to provide exceptional considerations to the new RHC calculation.

Whilst the Resolution changes came into effect on 1 November 2020, IATA did not reinforce its application and the changes to the agency risk management framework until the beginning of February 2021. Furthermore, IATA did not apply the "Amount at Risk" formula for 2021 as described in [this section](#), but instead, the RHC calculation was based on 50% of the 2019 BSP cash sales of each Agent.

To ensure a smooth transition and enough time for communication, the PSG agreed to keep the exceptional RHC calculation until **30 June 2022**.

What will change as of 1 July 2022?

As of 1 July, 2022 IATA will recalculate Agents' RHC following the Resolution formula and using the actual Amount At Risk based on your agency's sales in the last 12 months. Furthermore, to reflect the continuous industry recovery, the Agent's RHC will be recalculated upon the request Agents communicate to IATA (based on Resolution 812, section 5.9.5) to ensure that the highest sales performance of each Agent is taken into consideration.

What if an Agent exceeds 50% of their 2019 cash sales before 1 July?

Since September 2021, IATA has been monitoring the sales recovery and recalculating the RHC whenever an Agent's latest sales exceed 50% of 2019 cash sales for two consecutive months. IATA will continue running the same exercise on Agent's basis until 30 June.

How will the new RHC levels be communicated?

Due to the vast amount of IATA Accredited Agents, the exact date and time will depend on the location of your agency. Our systems will be updated **gradually across one month** to ensure system stability so that your RHC is updated accurately **starting 1 July 2022**.

Once the system is updated, a notification with the new RHC level will be sent to the email address of the IATA Customer Portal users in your Agency, who are subscribed to the *Risk Profile & RHC* service online, you can find a screenshot of this service below:



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