PAX Rejection Memo Reduction Industry Initiative
Monthly Report -Feb-2021
COVID-19 Edition

Background

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. Due to the COVID-19 Global Pandemic, this initiative is now considered closed and the IBSOPS WG will monitor internally ongoing trends to identify misuse and propose best practices. Once the related passenger interline invoicing volumes begin to stabilize, a new target will be proposed by the IBSOPS WG. The IBSOPS WG and Rejection Reduction Team have undertaken several actions to reduce the number of passenger rejections, such as:

- **Introduce New Validations in SIS**
- **Changes in the RAM rules that impact rejections**
- **Multiple presentations/workshops at industry meetings**
- **Continuous reporting and communications to the industry**
- **Publication of Best Practices Document**
- **IBS OPS recommendations to industry on handling of rejections**

The purpose of this report is to track the monthly trend of Passenger Rejection Memos in SIS and provide a comparative analysis of the rejection memo counts of previous months.

This "SIS PAX Rejection Memo Reduction" report includes SMI "I", "M" and "B" billings only (settlement methods through "ICH", "ACH Using IATA Rules" and "Bilateral").
The report covers Non-Sampling analysis only and Source Code 31 Rejection Memo Analysis.

Notes:
- **All SMI-A (Settlement through ACH using ACH rules) data is excluded from this report.**
- **All Sampling data is excluded from this report.**
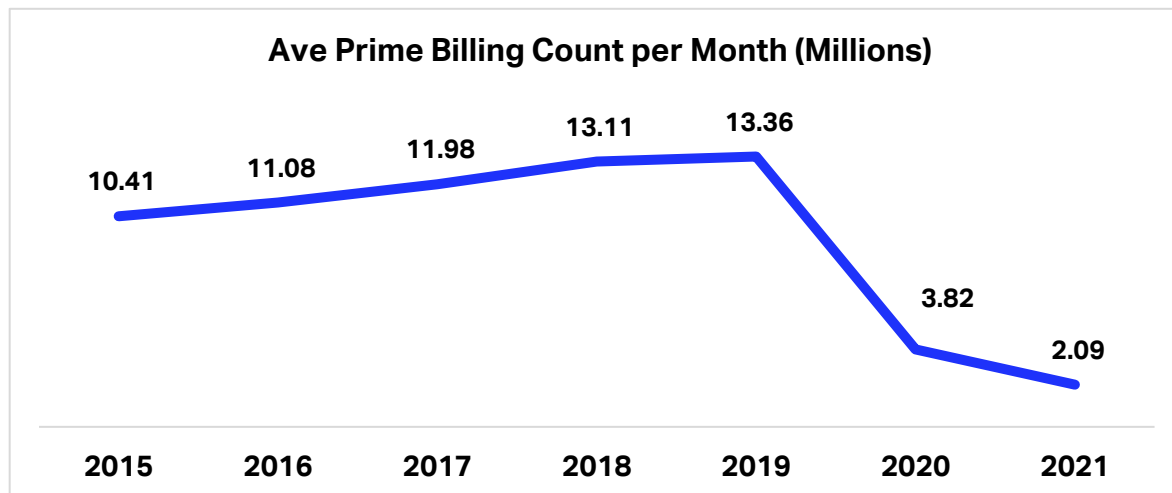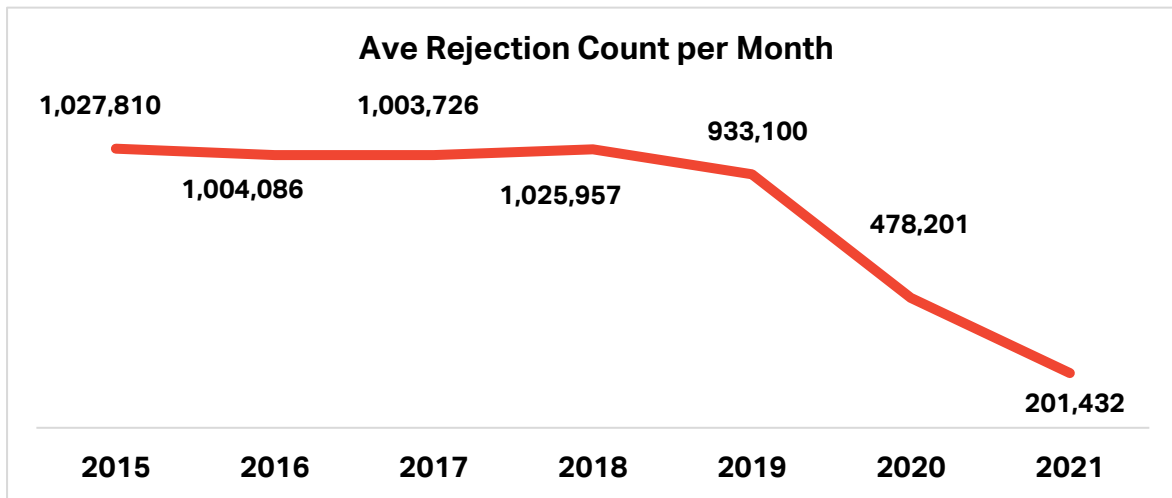
Executive Summary

For the month of February 2021, there was a decrease of **29%** for the prime billings compare to last month.

The volumes at stage 1 rejection are stable compared to previous month. There has been an increase of 27% regarding stage 2 rejection and 18% regarding stage 3 rejection. This is mostly due to the major decrease in prime billings from March 2020 as a result of COVID-19.

Due to COVID-19's impact on passenger primes and rejection billings, this report considers the time limit allowed for each transactions type as per RAM rules. In this report, the time limits are considered as the "lag" between the relevant transaction types in accordance with the RAM rules. The application of the time limits has been factored into the formulae used to calculate ratios.
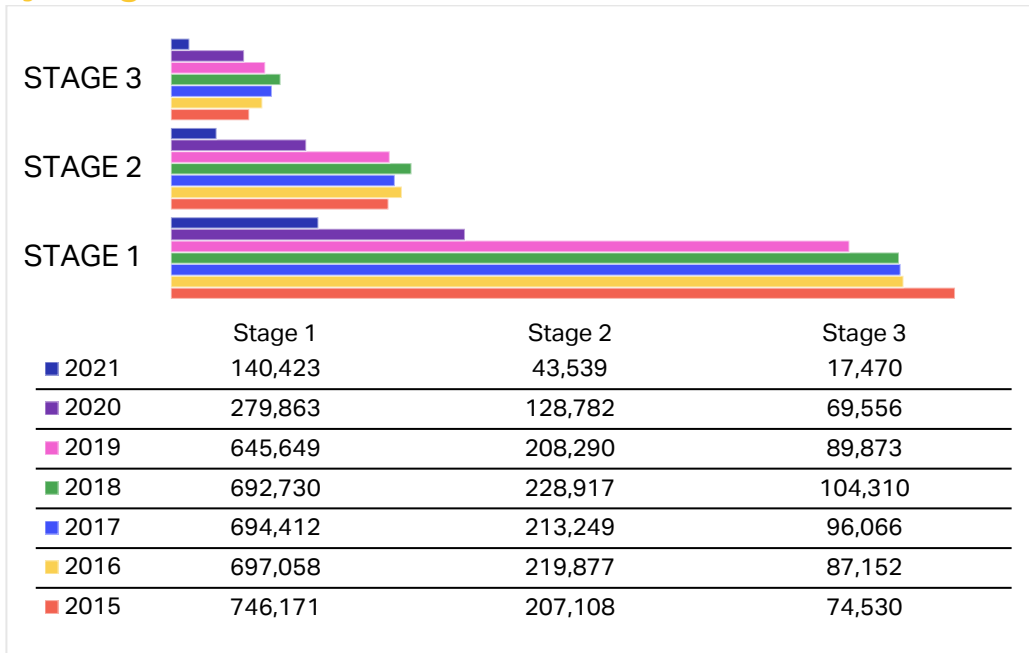
Average Rejection Counts and Prime Billing Counts per Month

The charts below show the average monthly rejection counts of all three stages and the average monthly prime billing count (2015 – 2020). The reduction in these averages are due to the impact of COVID-19.

Ave Rejection Count per Month

1,027,810   1,003,726   933,100

1,004,086   1,025,957   478,201

201,432

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |

Ave Prime Billing Count per Month (Millions)

10.41   11.08   11.98   13.11   13.36

3.82   2.09

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |

Analysis by Stage

|	Stage 1	Stage 2	Stage 3
■ 2021	140,423	43,539	17,470
■ 2020	279,863	128,782	69,556
■ 2019	645,649	208,290	89,873
■ 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

- o The average monthly count of 1st stage rejections has decreased in comparison to the previous years and is now **81% lower** than 2015.
- o The average monthly count of 2nd stage rejections is now **79% lower** than 2015.
- o The average monthly count of 3rd stage rejections is now **77% lower** than 2015.

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 **4.37%** of the prime billings were rejected in the past 12 months. The proportion of Prime Billings that are being rejected has been decreasing continuously over the past 3 years.


Stage 1 RMs / Prime Billings

Dec-2018	Dec-2019	Dec-2020	Feb-2021
5.38%	4.77%	4.32%	**4.37%**
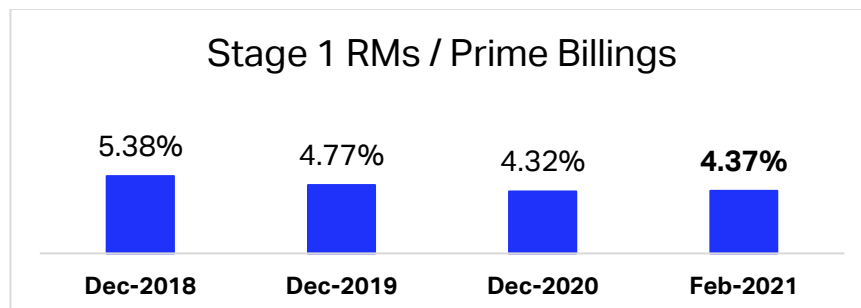
$$\text{Estimated \% of rejected prime billings} = \frac{Sum\ of\ Stage\ 1\ RMs\ of\ past\ 12\ months}{Sum\ of\ Prime\ Billings\ of\ Past\ 12\ months\ (including\ 3\ months\ LAG)} \times 100\%$$
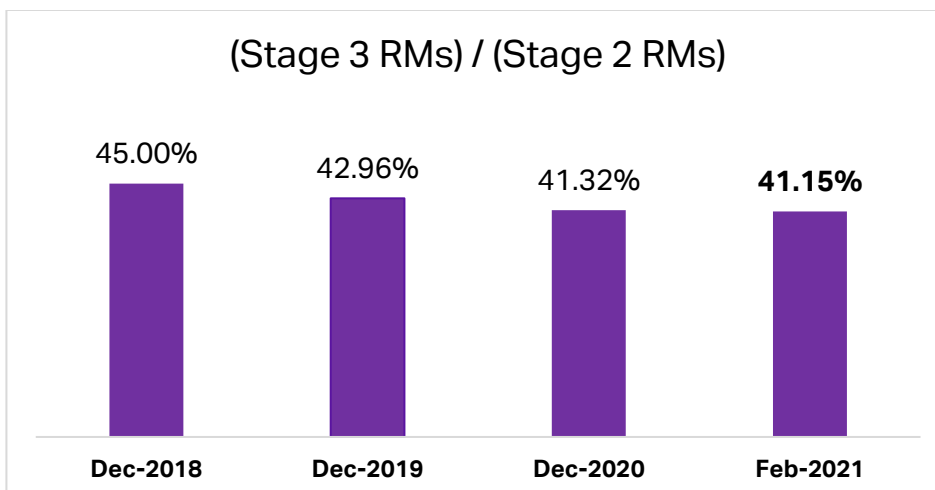
Stage 2 & 3 Analysis - Estimated Percentages of re-rejected Stage 1 and re-rejected Stage 2 Rejections

The percentage of 1st stage rejections which are re-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. Approximately **32.25%** 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 below. Approximately **41.15%** of the 2nd stage rejections in the past year were rejected back 3rd stage.

(Stage 2 RMs) / (Stage 1 RMs)

Dec-2018	Dec-2019	Dec-2020	Feb-2021
32.28%	32.26%	31.38%	**32.25%**
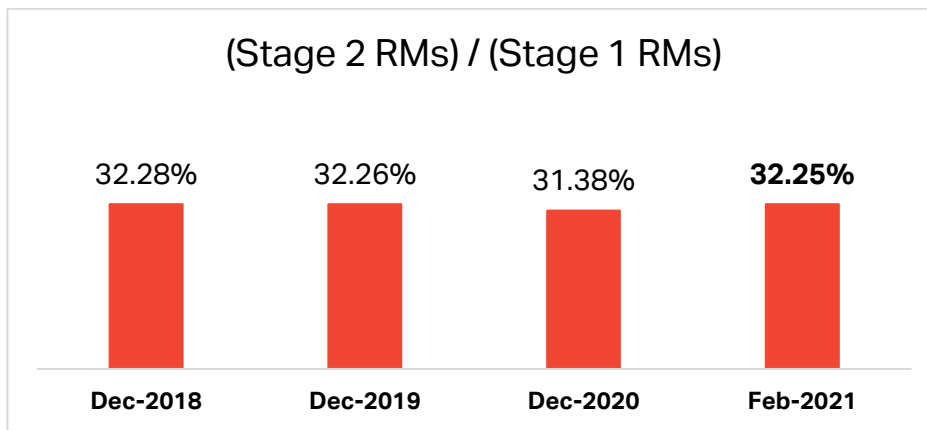
$$\text{Estimated \% of rejected Stage 1 RMs} = \frac{\textit{Sum of Stage 2 RMs of past 12 months}}{\textit{Sum of Stage 1 RMs of past 12 months (including 3 months LAG)}} \times 100\%$$

(Stage 3 RMs) / (Stage 2 RMs)

Dec-2018	Dec-2019	Dec-2020	Feb-2021
45.00%	42.96%	41.32%	**41.15%**

$$\text{Estimated \% of rejected Stage 2 RMs} = \frac{\textit{Sum of Stage 3 RMs of past 12 months}}{\textit{Sum of Stage 2 RMs of past 12 months (including 3 months LAG)}} \times 100\%$$

Source Code 31 (Involuntary Reroute) Analysis

The table below shows the count of Involuntary Reroute rejections per month from **March 2020** to **February 2021**. 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.

There were **65,287** rejections raised against **229,233 SC 31 prime billings** that were issued over the period **March 2020** to **February 2021**.

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

Month of Rejection:	Month of Prime Billing:								
	Mar-20	**Apr-20**	**May-20**	**Jun-20**	**Jul-20**	**Aug-20**	**Sep-20**	**Oct-20**	**Total**
Mar-20	3,954								**3,954**
Apr-20	11,540	563							**12,103**
May-20	6,523	1,260	312						**8,095**
Jun-20	5,407	668	585	799					**7,459**
Jul-20	6,764	341	287	1,360	646				**9,398**
Aug-20		660	331	94	1,957	1,016			**4,058**
Sep-20	1		110	280	693	3,429	924		**5,437**
Oct-20				133	418	514	4,644	945	**6,654**
Nov-20			1		160	356	505	4,438	**5,460**
Dec-20					5	210	351	1,003	**1,569**
Jan-21							247	524	**771**
Feb-21								329	**329**
Total RM's	34,189	3,492	1,626	2,666	3,879	5,525	6,671	7,239	65,287
Total Prime Billings	107,005	15,292	8,808	8,897	17,428	22,652	23,005	26,146	229,233
Rejection %	32%	23%	18%	30%	22%	24%	29%	28%	28%

Note: The above table represents up to prime billing month October 2020, before which no further rejections can be raised. Source code 31 coupons billed from November 2020 and onwards are still within the rejection time limits and hence not included in the table.

SC 31 Rejection Memo Reason Code Analysis

The table below shows the Top Reason Codes for rejection memos (all stages) related to SC 31 prime billings.

The **top 6 reason codes** represent about **90%** of all SC 31 rejections.

Reason Code	Reason Description	All Stages 2020	% of Total RMs
1G	Tax Reclaim	14,288	22%
1T	Involuntary Rerouting Tax Difference	12,690	19%
1A	Fare/Tax/ISC	11,850	18%
1B	Fare Reclaim	9,332	14%
1Z	Involuntary Rerouting Fare Difference	5,569	9%
1R	Involuntary Rerouting Fare/Tax/ISC	5,236	8%
	All Other Reason Codes	6,322	10%
	Total	65,287	100%
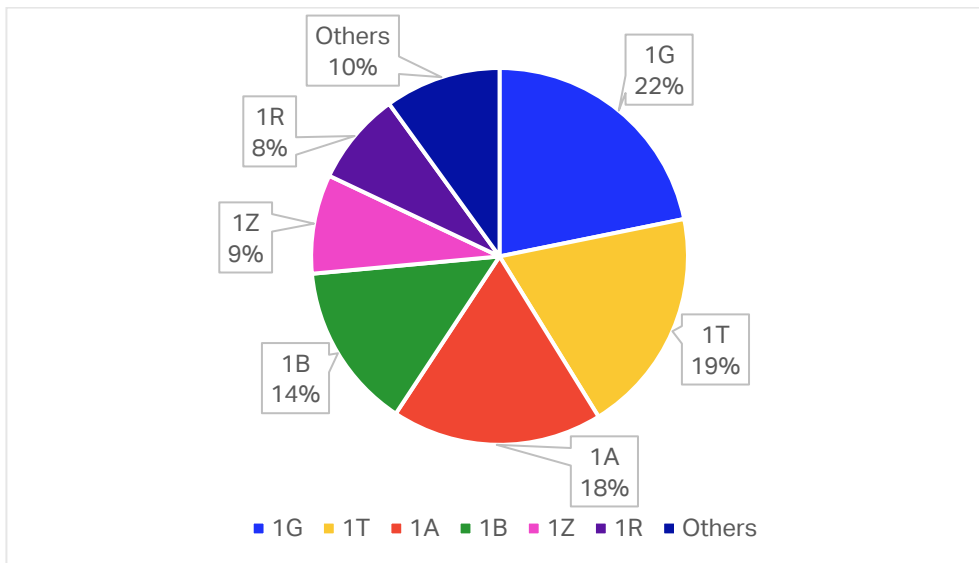
The **IATA Rejection Reduction team remains available to support you throughout this initiative!**

We can be contacted at: RejectionReduction@iata.org

Keep updated with this initiative and its resources on our website