



PAX Rejection Memo Reduction

Industry Initiative

Monthly Report -Jan-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

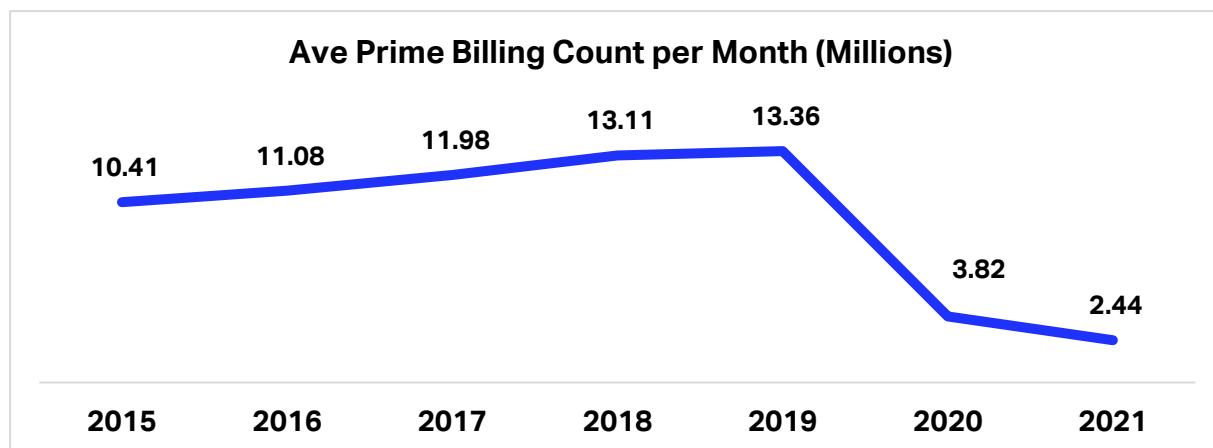
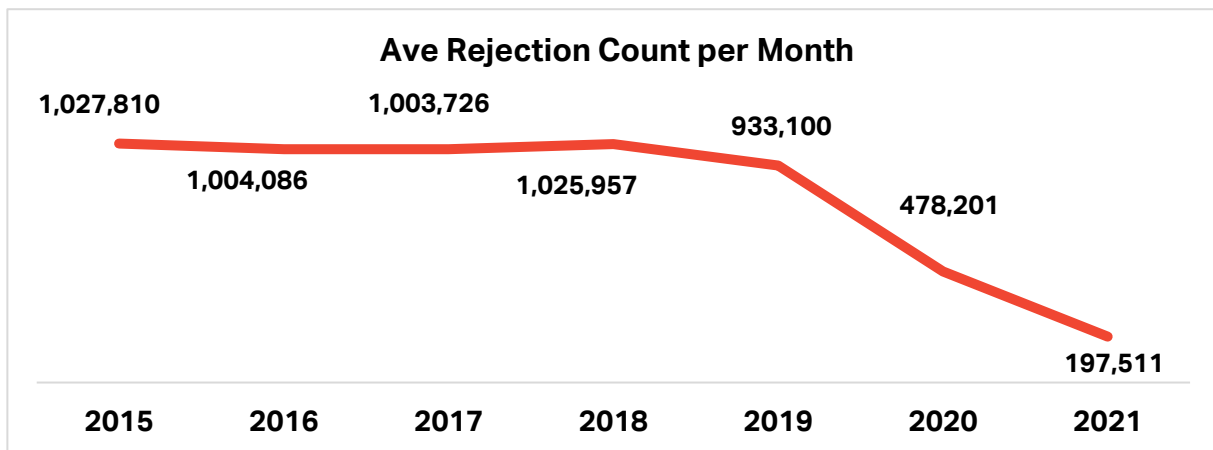
For the month of January 2021, there was a decrease of **2%** for the prime billings compare to last month.

There was an increase of 8% for volumes at stage 1 rejection are stable compared to previous month. There has been an increase of 13% regarding stage 2 rejection and 30% 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.

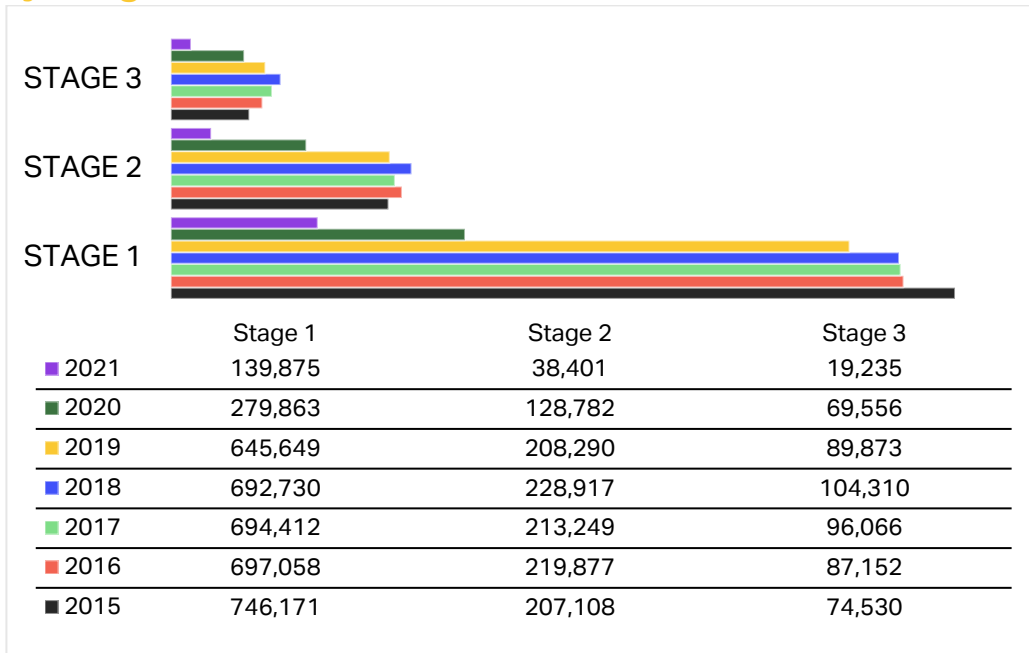
Average Rejection Counts and Prime Billing Counts per Month

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.





Analysis by Stage

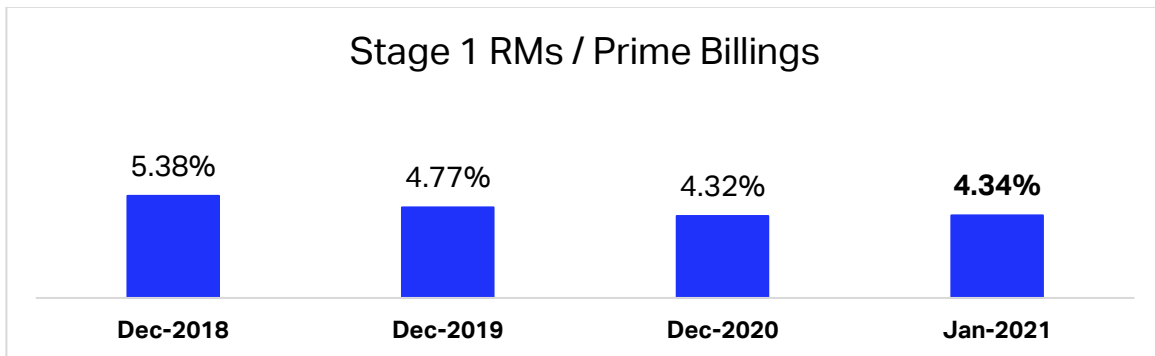


- The average monthly count of 1st stage rejections has decreased in comparison to the previous years and is now **81% lower** than 2015.
- The average monthly count of 2nd stage rejections is now **81% lower** than 2015.
- The average monthly count of 3rd stage rejections is now **74% lower** than 2015.

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 **4.34%** 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.



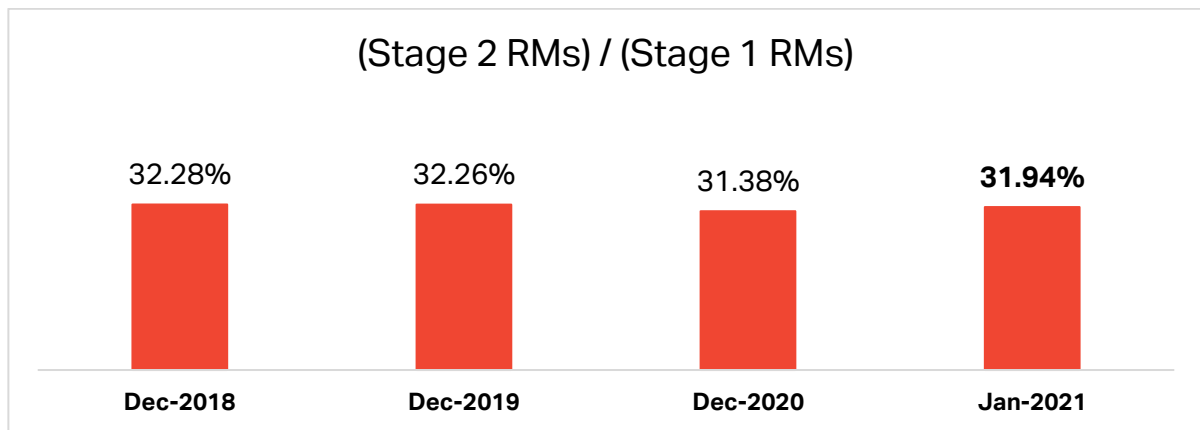
$$\text{Estimated \% of rejected prime billings} = \frac{\text{Sum of Stage 1 RMs of past 12 months}}{\text{Sum of Prime Billings of Past 12 months (including 3 months LAG)}} \times 100\%$$



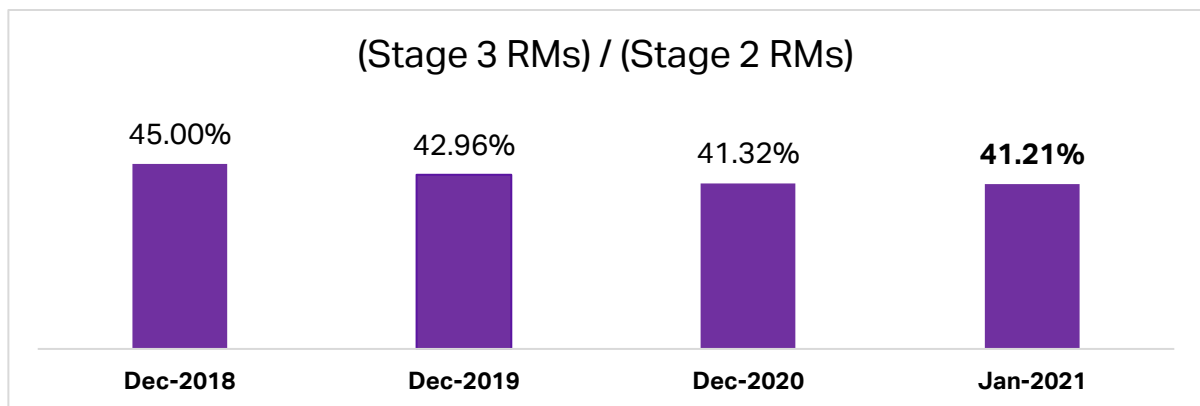
Stage 2 & 3 Analysis - Estimated Percentages of re-rejected Stage 1 and re-rejected Stage 2 Rejections

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 **31.94%** 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 **41.21%** of the 2nd stage rejections in the past year were rejected back 3rd stage.



$$\text{Estimated \% of rejected Stage 1 RMs} = \frac{\text{Sum of Stage 2 RMs of past 12 months}}{\text{Sum of Stage 1 RMs of past 12 months (including 3 months LAG)}} \times 100\%$$



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



Source Code 31 (Involuntary Reroute) Analysis

The table below shows the count of Involuntary Reroute rejections per month from **February 2020** to **January 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 **84,669** rejections raised against **313,887 SC 31 prime billings** that were issued over the period **February 2020** to **January 2021**.

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

Month of Prime Billing:									
Month of Rejection:	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Total
Feb-20	3,794								3,794
Mar-20	9,800	3,954							13,754
Apr-20	5,783	11,540	563						17,886
May-20	4,179	6,523	1,260	312					12,274
Jun-20	3,065	5,407	668	585	799				10,524
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	5,709
Nov-20				1		160	356	505	1,022
Dec-20						5	210	351	566
Jan-21								247	247
Total RM's	26,621	34,189	3,492	1,626	2,666	3,879	5,525	6,671	84,669
Total Prime Billings	110,800	107,005	15,292	8,808	8,897	17,428	22,652	23,005	313,887
Rejection %	24%	32%	23%	18%	30%	22%	24%	29%	27%

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

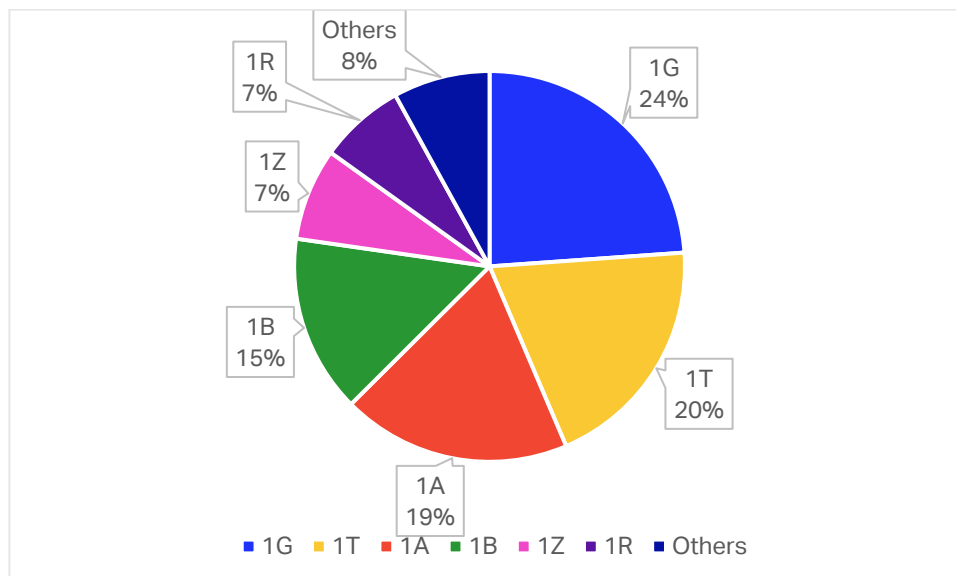


SC 31 Rejection Memo Reason Code Analysis

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 **92%** of all SC 31 rejections.

Reason Code	Reason Description	All Stages 2020	% of Total RMs
1G	Tax Reclaim	20,204	24%
1A	Fare/Tax/ISC	16,686	20%
1T	Involuntary Rerouting Tax Difference	16,044	19%
1B	Fare Reclaim	12,467	15%
1Z	Involuntary Rerouting Fare Difference	6,456	8%
1R	Involuntary Rerouting Fare/Tax/ISC	6,005	7%
All Other Reason Codes		4,977	8%
Total		84,669	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](#)