



PAX Rejection Memo Reduction

Industry Initiative

Jul – Sep 2019

Rejection Reduction Target and Progress

The industry target is **32%** reduction of the rejection rate by the year 2020. The rejection rate is calculated as follows:

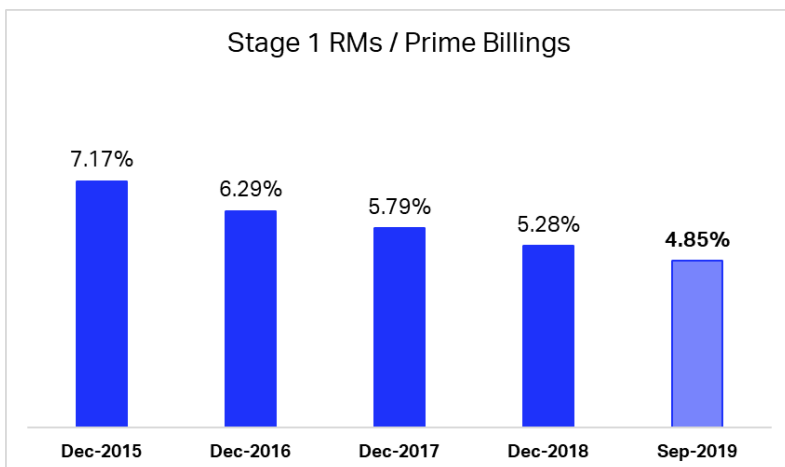
$$\text{Rejection Rate} = \frac{\text{Sum of Rejection Memos of Past 12 months}}{\text{Sum of Prime Billings of Past 12 months}} \times 100\%$$

The table below shows the decrease in the rejection rate at the end of each year. By September 2019, the rejection rate decreased by **28.08%** in comparison to the base year 2015.

	2015	2016	2017	2018	Q3-2019	2019	2020
Rejection Rate	9.87%	9.06%	8.38%	7.82%	7.36%		
Percent Decrease	-	8.21%	15.14%	20.72%	28.08%	27%	32%

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 4.85% of the prime billings were rejected in the past 1 year (Oct 2018 to Sep 2019).



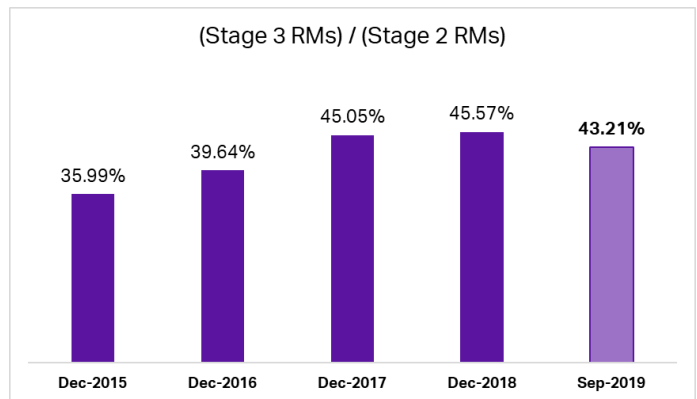
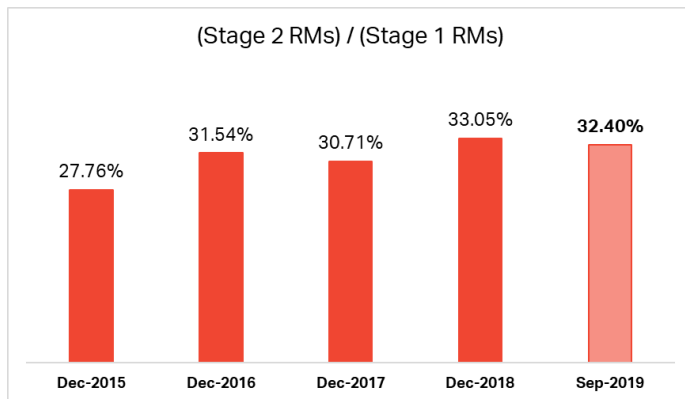
$$\text{Estimated \% of rejected prime billings} = \frac{\text{Sum of Stage 1 RMs of past 12 months}}{\text{Sum of Prime Billings of Past 12 months}} \times 100\%$$



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

The percentage of 1st stage rejections which are 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 (left). Approximately 32.40% 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 (right). Approximately 43.21% of the 2nd stage rejections in the past year were rejected back 3rd stage.



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

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

Global Rejection Memo Analysis

Total Rejection Memo Count and Value Comparison - Split by Stage

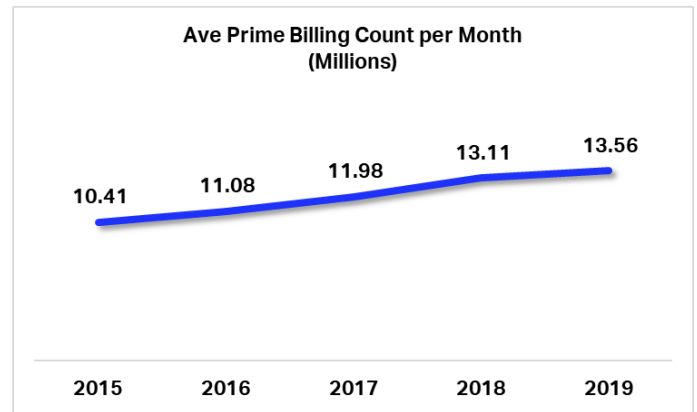
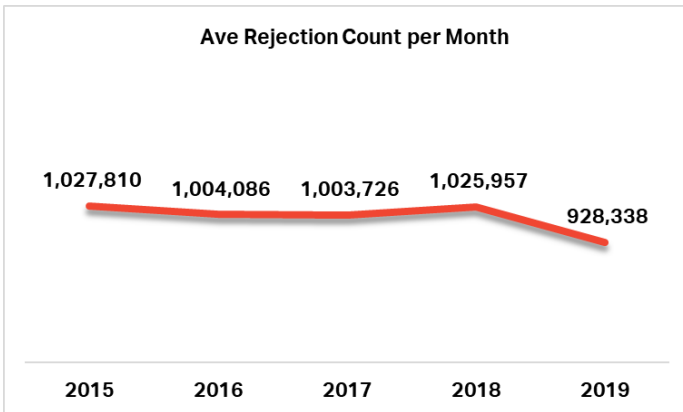
In Q3 2019, the 1st and 3rd stage rejection counts have decreased but 2nd stage rejections have increased in comparison to Q3 2018. The rejection amounts have decreased in all three stages in comparison to the same period last year.

Stage	RM Count Jul-Sep 2019	RM Count Jul-Sep 2018		RM USD Amount (Mill) Jul-Sep 2019	RM USD Amount (Mill) Jul-Sep 2018	
Stage 1	1,944,255	2,211,503	↓	\$ 166.53	\$ 207.84	↓
Stage 2	666,476	629,824	↑	\$ 64.36	\$ 69.22	↓
Stage 3	234,488	320,186	↓	\$ 27.21	\$ 44.81	↓
Total	2,845,219	3,161,513	↓	\$ 258.10	\$ 321.87	↓



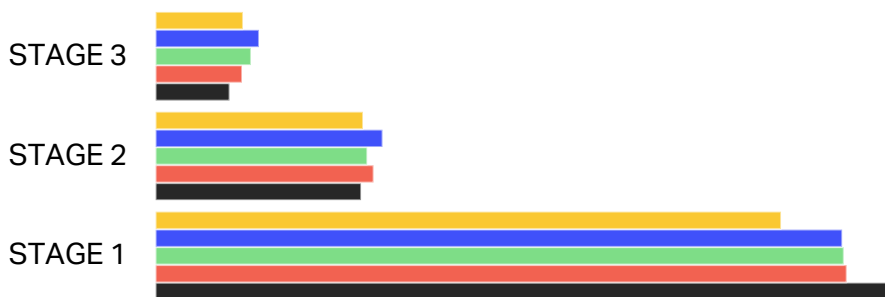
Average Rejection Counts and Prime Billing Counts per Month

The charts below show the average monthly rejection counts of all three stages and the average monthly prime billing counts for the years 2015 to 2019.



Analysis by Stage

- The average monthly count of 1st stage rejections has decreased in comparison to the previous years and is now **15% lower** than in 2015.
- The average monthly count of 2nd stage rejections is now **1% higher** than in 2015.
- The average monthly count of 3rd stage rejections is now **18% higher** than in 2015.



	Stage 1	Stage 2	Stage 3
■ 2019	630,993	209,291	88,054
■ 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



Rejection Memo Analysis - Settlement Method and Reason Code Split

Rejection count - Split by Stage (Q3 2019 vs Q3 2018)

The table below shows the counts of SMI I and SMI M rejections per stage (2019 vs 2018). The counts of 1st and 3rd stage rejections have decreased in Q3 2019, while the counts of 2nd stage rejections have increased in comparison to Q3 2018.

SMI I/M	1 st Stage	2 nd Stage	3 rd Stage	Total RM Count
	-11%	7%	-26%	-9%
Jul – Sep 2019	1,861,037	653,717	228,579	2,743,333
Jul – Sep 2018	2,094,721	609,378	308,648	3,012,747

The table below shows the counts of SMI B rejections per stage (2019 vs 2018). In comparison to Q3 2018, the counts of all stages have decreased in Q3 2019.

SMI B	1 st Stage	2 nd Stage	3 rd Stage	Total RM Count
	-29%	-38%	-49%	-32%
Jul – Sep 2019	83,218	12,759	5,909	101,886
Jul – Sep 2018	116,782	20,446	11,538	148,766

SMI – I/M Reason Code Analysis

1st Stage Reason Code Analysis – SMI I/M

The Top 6 reason codes represent 84% of all SMI-I/M stage 1 rejections.

Reason Code	Reason Description	1 st Stage		1 st Stage		% Variation 2019 vs 2018
		Count and Percentage	Count and Percentage	Count and Percentage	Count and Percentage	
		Jul-Sep 2019		Jul-Sep 2018		
1G	Tax Reclaim	650,715	35%	899,607	43%	-28%
1B	Fare Reclaim	548,094	29%	771,932	37%	-29%
1A	Fare/Tax/ISC	167,129	9%	221,492	11%	-25%
1C	ISC Reclaim	77,910	4%	66,618	3%	17%
1S new!	SPA Applicable	63,297	3%	-	-	-
1E	UATP Reclaim	57,965	3%	62,288	3%	-7%



2nd Stage Reason Code Analysis - SMI I/M

The Top 6 reason codes represent 87% of all SMI-I/M stage 2 rejections.

Reason Code	Reason Description	2 nd Stage Count and Percentage Jul-Sep 2019		2 nd Stage Count and Percentage Jul-Sep 2018		% Variation 2019 vs 2018
		Count	Percentage	Count	Percentage	
1B	Fare Reclaim	236,489	36%	281,567	46%	-16%
1G	Tax Reclaim	191,258	29%	193,051	32%	-1%
1A	Fare/Tax/ISC	45,827	7%	51,362	8%	-11%
1S new!	SPA Applicable	36,424	6%	-	-	-
1Y new!	YQ/YR Rejections	35,094	5%	-	-	-
5Z	Others	26,590	4%	46,741	8%	-43%

3rd Stage Reason Code Analysis - SMI I/M

The Top 6 reason codes represent 88% of all SMI-I/M stage 3 rejections.

Reason Code	Reason Description	3 rd Stage Count and Percentage Jul-Sep 2019		3 rd Stage Count and Percentage Jul-Sep 2018		% Variation 2019 vs 2018
		Count	Percentage	Count	Percentage	
1B	Fare Reclaim	82,179	36%	149,847	49%	-45%
1G	Tax Reclaim	67,649	30%	88,741	29%	-24%
1Y new!	YQ/YR Rejections	18,445	8%	-	-	-
1A	Fare/Tax/ISC	14,442	6%	27,726	9%	-48%
1S new!	SPA Applicable	11,966	5%	-	-	-
5Z	Others	7,522	3%	20,103	7%	-63%

SMI – B Reason Code Analysis

1st Stage Reason Code Analysis – SMI B

The Top 6 reason codes represent 92% of all SMI-B stage 1 rejections.

Reason Code	Reason Description	1 st Stage Count and Percentage Jul-Sep 2019		1 st Stage Count and Percentage Jul-Sep 2018		% Variation 2019 vs 2018
		Count	Percentage	Count	Percentage	
1B	Fare Reclaim	22,616	27%	40,912	35%	-45%
5Z	Others	19,528	23%	1,608	1%	1114%
1G	Tax Reclaim	15,529	19%	53,047	45%	-71%
1A	Fare/Tax/ISC	8,589	10%	16,637	14%	-48%
1Y new!	YQ/YR Rejections	7,351	9%	-	-	-
1S new!	SPA Applicable	2,742	3%	-	-	-



2nd Stage Reason Code Analysis - SMI B

The Top 6 reason codes represent 94% of all SMI-B stage 2 rejections.

Reason Code	Reason Description	2 nd Stage Count and Percentage Jul-Sep 2019		2 nd Stage Count and Percentage Jul-Sep 2018		% Variation 2019 vs 2018
		Count	Percentage	Count	Percentage	
1G	Tax Reclaim	4,671	37%	13167	64%	-65%
1B	Fare Reclaim	4,386	34%	4731	23%	-7%
1A	Fare/Tax/ISC	1,276	10%	1383	7%	-8%
5Z	Others	883	7%	807	4%	9%
1S new!	SPA Applicable	513	4%	-	-	-
2A	Unmatched Sale	280	2%	48	0%	483%

3rd Stage Reason Code Analysis - SMI B

The Top 6 reason codes represent 97% of all B stage 3 rejections.

Reason Code	Reason Description	3 rd Stage Count and Percentage Jul-Sep 2019		3 rd Stage Count and Percentage Jul-Sep 2018		% Variation 2019 vs 2018
		Count	Percentage	Count	Percentage	
1B	Fare Reclaim	3,145	53%	5,502	48%	-43%
1G	Tax Reclaim	858	15%	846	7%	1%
1A	Fare/Tax/ISC	727	12%	342	3%	113%
2A	Unmatched Sale	446	8%	13	0%	3331%
1C	ISC Reclaim	385	7%	4,438	38%	-91%
5Z	Others	185	3%	273	2%	-32%



SC 31 – Involuntary Reroutes

Rejection Counts per Month

The table below shows the count of Involuntary Reroute rejections per month from Aug 2018 (when SC 31 was first introduced) until May 2019. 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.

For example, in May 2019, **111,765** SC31 prime billings were billed. Out of these, **28,460** were rejected (during the months of May 2019 to September 2018). Which means, **25%** of all SC31 billings in May were rejected.

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

Month of Rejection:	Month of Prime Billing:									
	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19
Aug-18	3,114									
Sep-18	9,112	2,473								
Oct-18	8,133	7,995	1,313							
Nov-18	5,261	7,686	5,790	1,403						
Dec-18	6,517	5,976	6,399	9,120	2,234					
Jan-19	1	4,672	5,418	5,485	10,399	1,679				
Feb-19			2,834	4,465	7,692	9,288	1,211			
Mar-19		1		4,065	4,194	7,592	7,417	1,732		
Apr-19				198	3,805	5,200	5,776	9,856	2,245	
May-19						5,476	3,556	9,795	11,507	2,052
Jun-19						3	3,594	6,010	9,662	8,965
Jul-19								4,323	6,492	9,816
Aug-19								1	3,686	4,453
Sep-19									15	3,174
Total RM's	32,138	28,803	21,754	24,736	28,324	29,238	21,554	31,717	33,607	28,460
Total SC31 Prime Billings	106,076	102,133	79,977	103,454	117,526	128,469	90,065	111,008	111,651	111,765
Rejection %	30%	28%	27%	24%	24%	23%	24%	29%	30%	25%

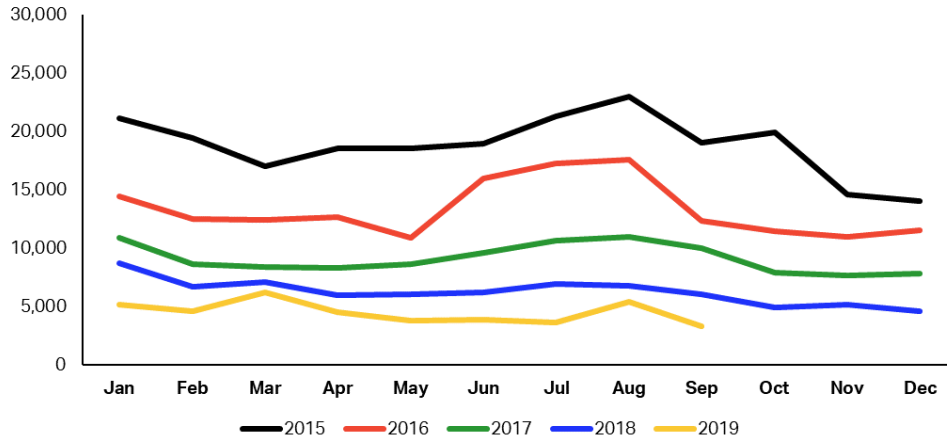
Note: The above analysis is only up to May 2019 to capture billings, against which no further rejections can be raised. Source code 31 coupons issued from Jun 2019 and onwards are still within the rejection time limits and hence not included in the table.



FIMs

Prime Billing Count by Month

The graph shows a decrease in FIM prime billings starting towards the end of 2015 due to the IATA Paper Out project to eliminate all paper documents.



FIMs Prime Billing Count - Split by Settlement Method

FIMs	Jul-19	Aug-19	Sep-19	Total
SMI I/M	3,152	4,484	2,679	10,315
SMI B	497	883	605	1,985
Total	3,649	5,367	3,284	12,300

FIMs Rejections - Split by Settlement Method

SMI - I/M	SRCD 44	SRCD 45	SRCD 46	Total
	-39%	-21%	-2%	-33%
Jul - Sep 2019	5,347	1,601	714	7,662
Jul - Sep 2018	8,755	2,030	731	11,516

SMI - B	SRCD 44	SRCD 45	SRCD 46	Total
	-63%	-92%	-47%	-67%
Jul - Sep 2019	172	13	44	229
Jul - Sep 2018	463	157	83	703

Sampling Billing Analysis

	Form A/B Count	Form F Count	Form XF Count
	1%	-8%	-56%
Jul - Sep 2019	2,803,825	2,552	656
Jul - Sep 2018	2,780,226	2,770	1,500



Note:

- All SMI-A (Settlement through ACH using ACH rules) data is excluded from this report.
- All Sampling data is excluded from this report.

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](#)

Glossary

Term	Definition
ACH	Airlines Clearing House. It is the A4A's Clearing House for Interline Billings
BM	Billing Memo
IBSOPS WG	Interline Billing and Settlement Operation working group
ICH	IATA Clearing House
ISC	Interline Service Charge
RAM	IATA Revenue Accounting Manual
RM	Rejection Memo
SMI	Settlement Method Indicator - In SIS it indicates the clearing house to be used for settlement as well as the Revenue Accounting rules to be followed SMI - I – Settlement through the ICH using the RAM rules SMI - M – Inter clearance settlement of a billing from an ACH member to an ICH member using RAM rules. It could also be a billing from an ACH member to another ACH member using RAM rules SMI - A – Settlement through the ACH using ACH rules SMI - B – Bilateral settlement using RAM rules
SIS	Simplified Invoicing and Settlement
SIS SG	The SIS Steering Group that overlooks the governance of SIS
SRCD	Source Code
UATP	Universal Air Travel plan