Participants are reminded that live streaming of this webinar by participants to parties not in attendance is not permitted, except as indicated by and with the express permission and knowledge of the Chairperson and IATA. Unauthorized recording of the meeting is also prohibited. Note that IATA itself will record the webinar and share the link afterwards to the members of this group.
IBS OPS WG Activity Update

Sophie Creusot, AF
IBS OPS WG Chairman
Introduction

This has been a very special year with an almost complete standstill of airline activity as from March 2020. The IBS OPS group has continued to work and support the industry in the best possible way during this unprecedented crisis.

The working group monthly calls have continued and the May face to face meeting was replaced by 2 calls.

There will be no voting agenda items this year and therefore no changes to RAM. Consequently, there will be no new edition of RAM in January 2021.
Harry Schwart (DL), chair of IBS OPS working group, retired end of July 2020 after 47 years in Revenue Accounting. In 2000, Harry chaired the IATA Paperless Billing WG and then participated on the Passenger WG for SIS requirements gathering to later become a SIS SG member upon its rollout. He has served on the IATA Sampling Steering Committee and the IATA Revenue Accounting WG (RAWG) where he chaired the last meeting (RA48) and has been an active member and chair of the new group IBS OPS WG.

“My sendoff as Chairman of the IBS OPS WG comes under the most difficult times I have ever seen the industry undergo. I wish all of you well as we put this virus behind us”.

He will be missed for his very great expertise and for all the guidance he has given as chair of the IBS OPS group over the past 2 1/2 years.
• Myrna Adams (AC) retired end of June 2020. She has been an active member of various IATA working groups for over 13 years representing the cargo area, of which the SIS eCargo working group, RAWG and IBS OPS.
• Thank you Myrna for your contribution over the past years.
Leaving the IBS OPS working group

- Matt Holden (BA) is leaving the group end of October to meet new challenges outside BA after 23 years in Cargo, Sales and Passenger Revenue Accounting.
- Matt is well known for his contribution to the industry since 2005, first in IATA Tariff, then in SIS Project, SIS Steering Group, RAWG and IBS OPS, where he held the position of Vice chair in 2016/2017.
- He is one of the most experienced and active members of the group. His contribution will be greatly missed.
Leaving the IBS OPS working group

- I have been offered a new job in another department and will also be leaving the IBS OPS at the end of September.
WG Membership

• With the approval of FINAC,
  • The current mandate of the working group members has been extended to 30th September 2021 due to the situation resulting from the pandemic.
  • Of the 15 seats on the Working Group
    – 2 seats will be reserved for members with expertise in the field of ICH
    – 2 seats will be reserved for members with expertise in the field of Cargo
WG Membership

• Given the current situation and the departure of 4 IBS OPS Members, there is a call for membership for the current mandate and an opportunity to join.

• Participating in the IBS OPS is a wonderful opportunity to
  - broaden your vision of Interline and Revenue Accounting.
  - work on the IATA projects for the future
  Resulting in better anticipation of the coming changes.

• Volunteers should fill in the nomination form available via the link https://www.surveymonkey.com/r/fcwgform).
Nominations will be reviewed and approved by FINAC.
Current composition of the WG

IBSOPSWG Members

- **Sophie Creusot** – AF – Chair – Leaving
- **Matthew Holden** – BA – Leaving
- **Suresh Verkot** – EK
- **Amisha Jhaveri** – HR
- **Gavin Pereira** – NZ
- **Felicity Sekoto** – SA
- **Paulo Godinho** – TP
- **Harry Schwart** – DL – Chair – Retired

Official Observers of the IBSOPSWG

- Ab Bouman – KL
- Nermin Azem Kiran – TK
ICH Update

Review of 3 Non-IATA member applications
  • JX-189 Starlux
  • MV-012 Mediterranea
  • XF-848 Mongolian Airways Cargo

Due to the Covid-19 pandemic, new Non-IATA member applications were put on hold from March to August.
ICH Special Clearance

Review of the ICH Calendar and Regulations including Procedure 18 (re ICH Special Clearance) and management of correspondences have resulted in a need to clarify the procedure in RAM A10 5.2.2.6.

“In case of suspension, the time limits above apply. If the correspondence is resolved with authority to bill granted during the post-suspension claim submission period designated under ICH Procedure 18, transaction(s) will be included in the Special Clearance. Once the Special Clearance has completed any open correspondence with the suspended carrier can no longer be considered for settlement via the Clearing House. Any discussion, agreement and settlement with the suspended carrier on these correspondence cases can only continue by bilateral agreement on a bilateral level.”
Rejection Reduction Initiative

In 2015 the IBS OPS WG was tasked to reduce rejections by 32% within 5 years (2020).

Since mid-March 2020, due to the pandemic, there has been a brutal drop in prime billings of aprox 83%. This has skewed the calculation of the rejection rate.

Rejection rate reduction was 30,03% in February and projected at 31,9% for April if there had not been the pandemic. IBS OPS ruled that the rejection reduction target of 32% was reached.

This is a great achievement for the industry and could not have been done without the support of all the member airlines. A big thank you to all for your contribution in achieving this challenging target.
Rejection Reduction Initiative

Once the effect of the pandemic is past, a new target will be proposed for the next years.

IATA will continue to monitor rejection levels, identify misuse and suggest best practices.

A focus will be done on source code 31 rejections to assess the impact on rejection levels of the new rule for billing of taxes for involuntary rerouted coupons. Currently rejections on source code 31 billings are much higher (25%) than on regular billings (5%). Tax related rejections represent 49% of rejections on involuntary rerouted billings.

Rejection processing is a cost. Reducing rejections reduces costs.
Stay Alive Rejection and Correspondence

It has been called to IBS OPS notice that some rejections and correspondence have been sent back with no valid reason simply because the airline has been unable to process within the time limits due to restrictions linked to the pandemic.

This is not allowed under RAM rules and is now being closely monitored.

A bulletin (2020-02) was sent out on 5th May to clarify this.
TTBS&ATPCO Involuntary Reroute Exemption Tag

As a result of the IBS OPS WG activity and recommendations, IATA TTBS have added an involuntary exemption tag to their RATD tax database and ATPCO added the same exemption tag to the ATPCO X2 file.

This tag indicates that an RATD exemption exists for a tax in case of involuntary rerouting. Upon seeing a tag, the billing airline must read then apply the terms of that exemption for the Tax. The exemption shall be applied irrespective of the reason for involuntary reroute.

This is available and coded since February 24th, 2020.

Please refer to IATA TTBS Bulletin 12583 for more detailed information. IATA TTBS and ATPCO continues work with the industry to align and clarify these exemptions.
IATA/ATPCO Joint Tax Governance Group

This group coordinates TFC (tax, fees & charges) issues within different IATA domains including TTBS/RATD, reservations, pricing, ticketing, sales reporting, interline billing. The goal is to find solutions to simplify the management of ticket taxes within the industry.

10 of the taxes causing most interline rejections and disputes have been identified and will be analyzed.

In order to support the activities and priorities of the ATPCO-IATA Tax Governance Group, a short survey, prepared and endorsed by the ATPCO-IATA Tax Governance Group to identify potential issues relating to taxes, has been sent out to all TTBS/RATD customers.

This working group is open to any IATA Airlines and Strategical Partners with expertise in the field of ticket taxes and who wishes to participate.
Simplified Involuntary Settlement Taskforce

The survey sent by IATA prior to WFS 2019, indicated that 90% of you supported simplifying the settlement process in case of involuntary rerouting.

A taskforce was created to work on this. The taskforce had several calls and met once before the pandemic. Requirements for a simplified settlement were defined. Potential alternative settlement methods were reviewed and 3 were shortlisted. These 3 methods are currently under study and SIS will be contributing with figures to support the analysis.

As a result of the disruption to airline activity, the taskforce was deferred. Once the situation has stabilized, IBS OPS and IATA will review if the taskforce should be reactivated.
Future of Interline (Settlement) Taskforce

This Taskforce was mandated to work on the future of Interline settlement in perspective with NDC and One Order, leveraging from the work done with SWO settlement between carriers and sellers (travel agencies) for One Order.

The Taskforce had several calls and met once. The taskforce agreed that with NDC and One Order, the current interline settlement process should be reviewed with a view to simplification and cost reduction. A complete review of the end to end process will be needed to identify the specific requirements and necessary adaptations.

As a result of the disruption to airline activity, the taskforce was suspended. Currently focus is on supporting carriers through the pandemic by facilitating interline. This has been done through the issuance of a Future of Interline Whitepaper and the SRSIA (Standard Retailer and Supplier Interline Agreement) which is planned to be endorsed at the end of 2020.
Online Ballot

IBS OPS will be working on a procedure for online ballot. There will be no change to the current voting rules. Once the procedure has been approved by the related industry groups, a communication will be sent out to the industry.
Other Activities

Other working group activities have included:

- Reply to clarification requests
- Webinar “RAM 2020 Changes” given in January 2020
- Discuss and analyze amendments needed to RAM
- Refine involuntary and planned schedule change interline settlement processes
- Simplify interline taxes calculation and billing
- Review the correspondence process in order to simplify and reduce the number of correspondence
- Review frequency and timing of RATD (currently published on the 25th of the month)
Questions will be taken at the end of the webinar.
Thank you!
The Year in ICH Update

Cedric Chretien
Head Settlement GDC / ICH Manager
chretienc@iata.org
2019 Highlights

- Volume of transactions: New ICH record with USD62,487,383,368 (+0.6% vs 2018)
  - In Value terms:
    - Passenger -1.7% with USD34b
    - Miscellaneous +1.8% with USD19.5b
    - UATP +9.1% with USD8.1b
    - Cargo -5.8% with USD936m
  - In Transactional terms: overall growth of 0.7% vs 2018 with 1.27m invoices processed with SMI “I”

- Settlement Success Rate was at 99.9958% with USD2.6m resettled out of USD62.5b processed despite 15 suspensions
2019 Highlights

- Total active membership was **463**: (+18 vs 2018) 1st time ever >450
  - **308 Airlines** (223 of which were IATA Members & 85 Non-IATA), **139 Associates** and **16 Sponsored**
  - 31 new participants (6 IATA, **14 Non-IATA**, 11 Associates)
  - 15 suspensions (+3 vs 2018)

- ICH Support: since Feb-19
  - The [IATA Customer Portal](#) is the sole channel to communicate with ICH

- ICH System:
  - 14 releases (11 ENHC & 52 INC)
Outlook 2020: Covid-19 pandemic severally impacting activities

- **Volume:** (after completion of the Aug-19 P4 clearance)
  - Volume with USD16.4b dropped by 61% over the same period in 2019 with USD42.1b.
  - During last 5 months (March to August) volumes fell by 86% on average
  - Year-end forecast for total throughput is likely to be around **USD24.5b**
Outlook 2020: Covid-19 pandemic severally impacting activities

- **Volume:** (after completion of the Aug-20 P4 clearance)
  - YTD there has been a drop in all 4 categories of transactions with the biggest in UATP with 78.4%, Passenger 66%, Miscellaneous 47.2%, Cargo 20.5%
  - 3 months of consecutive growth! (34% June/May – 31% July/June & 4.4% August/July)
Jan to Sep-20 Highlights

- **Membership:** (as at 25 Sep-20)
  - 9 new participants (2 IATA, 2 Non-IATA & 5 Associates)
  - 1 reinstatement / 5 withdrawals
  - 10 suspensions (9 IATA & 1 Non-IATA)
  - Note: reaccepting new members: IATA/Associate since Jun P1 & Non-IATA since Sep P1

- **ICH4 system & Operations:**
  - YTD 16 releases addressing 3 Enhancements and 62 Incidents with no major ones
    - Freeze on ENHC due to Covid-19 pandemic
  - Teleworking since March 2020
  - DR “Disaster Recovery”: successfully completed between 17 & 24 Sep-20 switching hosting from primary site in GVA to secondary site in ZRH
  - SOC2: renewal of the certification obtained from Deloitte with once again no exceptions
Jan to Sep-20 Highlights

- Special Clearances:
  - Completed:
    - (9W-589) Jet Airways: Collection Jan P2 & Distribution Jan P4
    - (BM-480) British Midland: Collection Jan P3 & Distribution Feb P1
    - (4Q-741) Safi Airways: Collection Jun P1 & Distribution Jun P3
    - (QC-040) Camair-Co: Collection & Distribution Jul P2
  - Upcoming:
    - (KK-610) AtlasJet Havacilik A.S: TBD
    - (BE-267) FlyBe Limited: TBD
    - (J2-771) Azerbaijan Airlines: TBD
Jan to Sep-20 Highlights

- ICH Workload: resulting from the Covid-19 pandemic
Risk Management

- **YTD we have had 10 suspensions:** (15 in total in 2018)
  - **Americas:** (2) (EQ-269) TAME Linea Aerea del Ecuador (suspended from all ISS Operations), (4O-837) ABC Aerolineas S.A. de C.V. (only ICH)
  - **Africa/Middle East:** (3) (VR-696) Transportes Aereos de Cabo Verde TACV (suspended from all ISS), (P4-710) Air Peace Limited (only ICH), (MN-161) Comair Ltd (suspended from all ISS)
  - **Europe:** (4) (BE-267) Flybe Limited (suspended from all ISS), (TF-276) Braathens Regional Airways (suspended from all ISS), (0B-475) Blue Air Aviation S.A. (only ICH), (J2-771) Azerbaijan Airlines (only ICH)
  - **North Asia:** (1) (UW-699) Uni-Top Airlines (only ICH)

- **No new suspension since May-20**

- **6 resettlements required / 2 recoveries effected**

- **Settlement Success Rate:** 99.976%
  - USD3.8m resettled out of USD16.4b processed (after completion of Aug-20 P4 cl.)
Risk Management

- Continuous controls & monitoring of participants position and activity:
  - Increase in number +10% (92 as at end Aug-20 vs 84 end Aug-19)
  - Decrease in value -13.3% (USD24.4m as at end Aug-20 vs USD28.1m end Aug-19)
  - Hold deposits (security and/or voluntary) on behalf of over 30% of airlines
Customer Satisfaction

**Methodology:**
Online survey interviews distributed to active ICH users from 23rd June to 31st July 2020

**Response Rate:**
7.1% Response rate (vs 3.1% in 2019)

1. Respondents Profile

**Category:**
- 78.2% Airline Member
- 21.8% Associate Member

**Region:**
- 34.6% Africa & Middle East
- 29.5% Americas
- 20.5% Asia Pacific
- 10.3% Europe
- 10.3% North Asia

**Type of ICH Contact:**
- 59.0% ICH Financial Contact
- 24.4% ICH Primary Contact
- 11.5% ICH Circular Contact
- 6.4% Others

**Customer Age (Usage):**
- 71.8% 1 - 2 Years
- 24.4% 3 - 5 years
- 11.5% 6 Months or less
- 11.5% More than 5 years
- 3.8% More than 6 months and less than 1 year

Methodology:
Online survey interviews distributed to active ICH users from 23rd June to 31st July 2020

Response Rate:
7.1% Response rate (vs 3.1% in 2019)
2. Key Experience Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Satisfaction</td>
<td>84.7%</td>
<td>85.4%</td>
</tr>
<tr>
<td>Customer Effort Score (CES)</td>
<td>82.1%</td>
<td>83.60%</td>
</tr>
<tr>
<td>NPS</td>
<td>52</td>
<td>64</td>
</tr>
<tr>
<td>Contribution to Business Success</td>
<td>98% of respondents believe that ICH contribute to their business success</td>
<td>94% of respondents believe that ICH contribute to their business success</td>
</tr>
</tbody>
</table>
3. Key Experience Metrics (NPS verbatims)

**Promoters**
- Easy & Fast
- Accurate and Reliable
- Security
- Strengthen Cash Flow

**Detractors**
- Doesn't have interface with our accounting system
- The tool is not linked to SAP and makes the reporting quite manual

**Neutrals**
- If we can have a yearly refresher course on all the regulations related to ICH and SIS system
- Teaching us how to manage IATA ICH details
- Give training on what each section/option/button does... not a manual
- Strengthening risk information early warning
- Price for Associate Members
4. Satisfaction with ICH Processes

**Overall Process Satisfaction**

- Special clearance and bankruptcy management: 71.8%
- Frequency of settlement (current weekly): 94.9%
- Circulars and notifications: 88.5%
- Settlement and on-time payments of balances due from ICH: 93.6%
- Management of bank details: 80.8%
- Management of protest/adjustment: 80.8%
- Processing of claims: 85.9%
- Joining Process: 82.1%

**Comments:**

- “Customers can reject/claim back from invoices without ground or justification by entering an invoices (understand it works both ways) but would help if a customer could not”
- “ICH Circulars should be sent via Email for easier access”
- “Recently observed, we are not getting updates on special clearance due for suspended carriers”
- “It's difficult to make a protest and adjustment”
5. Satisfaction with ICH Support

Overall Satisfaction w/ ICH Team Support: 85.9%

IATA Customer Portal: 83.3%
ICH Extranet (Associate members 65%): 82.1%
Support team knowledge: 89.7%
Timely Response to Queries: 88.5%

Comments:
- “Teaching us how to use the ICH Extranet I hadn’t heard about it”
- “IATA Customer portal is not always easy to use (ergonomics)”
- “To have a helpdesk in Europe, so we don’t have to wait 24h for an answer”
- “To easy and fast support, expecting chat online option”
- “Regular online meetings can be organized”
6. ICH New Features

Comments:

• “Interested in status of airlines and their business situations, especially source of funding, and liquidity situation”
• “ICH can provide quarterly settlement reports”
• “Online training”
7. Covid - 19

Has the level of support received during the COVID-19 pandemic satisfied your needs?

“I am happy with the support during this time”
“The actions taken are OK for us”
“Nothing much, actually we have been kept up to date with new developments and suggestions. Much appreciated”
“Continuous communication”
“Very good support from ICH”
“They have done well so far”

“In this unprecedented world crisis IATA has given huge pain introducing security accumulation to mitigate risk factor from airlines side. IATA should have taken this sort of initiative during fare time and good business condition”
“Freeze/remove the annual fees”
“Decrease charges”
8. Summary Overview / Testimonials

Sample Insights

Airline Members +78% and AME (35%), Europe (30%), remains the dominant profile for this survey

Airlines are the most satisfied 85.4% while Associates satisfaction stands at 82.3%

Users find ICH easy, reliable, accurate, strengthening cash flow

ICH remains a key business tool that is crucial (98% contribution to success index)

89% of the respondents appreciated the support received during Covid-19 pandemic

Key Areas of Focus

ICH strengths are the on-time and reliability of settlements

New features requested are mainly related to reports/dashboards

More training is requested, specially related to clarification on the different “portals” (extranet), and detailed functionalities explained online/tutor instead of manuals

Support is highly appreciated but upskill Teams across regions will be appreciated

“IATA (ICH) is a significant contributor to our Airline’s success in the Financial Industry “

“For the airline settlement, they are the best“

“Great business partner!”

“Saving time and effortless method to settle the accounts with the partners”
Cedric Chretien
Head Settlement GDC / ICH Manager
chretienc@iata.org
Bankruptcy / Suspension Update

John Middleton
Ass’t General Counsel, IATA
middletonj@iata.org
Main Cases – Bankruptcy and Suspension
• Not all cases addressed involve a bankruptcy or insolvency filing
Reminder on Procedure
Reminder on the Basics…

Applicable ICH Regulations (see Reg. 9; Proc. 18)

- 9(a): “…no liability for payment and no right of action to recover payment shall accrue between Clearing House Members.”
- 9(b): The ICH has “…the exclusive right to institute court actions, file claims in appropriate jurisdictions and to settle and compromise such claims.”
- Individual member action can interfere with the ICH’s ability to claim its rights in court, and therefore jeopardize the rights of other members.
- Any approach by legal firms, administrators, liquidators, or other representatives of the bankrupt airline should be referred to the ICH.
Also...

Unfortunately bankruptcy processes are slow

- The ICH is not the only creditor, and some take much longer to provide data
- Government rules may be applied
- Many companies are trying to negotiate with the Administrator at once
- The airline may no longer have access to systems, data, or expertise
- The airline may dispute the claims of the ICH
- Court appearances need to be scheduled
- Assets need to be identified by the Administrator

COVID has also greatly slowed pending court cases
Also...

Internally it also takes time

- Funds in IATA’s hands have to be identified from around the world
- Local regulations on release and remittance apply
- Members have six months to clear their accounts and submit claims
- Special Clearances take time to set up, run, and release funds

Additional information is available via the bankruptcy/suspension extranet updates
KW-100 Wataniya
- Won fully at trial court & first appeal. Airline has appealed again, and IATA has attached its assets to preserve collection opportunities.

NM-476 Air Madrid
- IATA successful at trial court, appeal, and second appeal, defeating claim for ICH claims without offset of debts. Distribution is not possible on the pending claims. This case will therefore be closed.

LC-183 VarigLog
- Claim confirmed by the court, awaiting completion of bankruptcy process.
2013 and Prior (part 2)

B3-208 Bellview
  • Marginal recovery to be made via internal offset; special clearance to follow.

C9-251 Cirrus
  • Amount of ICH claim still under negotiation; small recovery ultimately likely.

JK-680 Spanair
  • Amount of ICH claim still under negotiation; small recovery ultimately likely. We anticipate a decision on this case at year-end 2020.

U8-669 Armavia
  • Claim filed in bankruptcy; special clearance to follow for partial distribution.
2014 Cases

V3-021 Carpatair
• Unfortunately no distribution will be possible in this case, which will be closed.

DN-440 Senegal Airlines
• Considering collection options following cessation of operations; possibility of small distribution via offset of internally held funds.
2015 Cases

UN-670 Transaero
• Claim filed in bankruptcy, partially successful at trial court – matter may be appealed. Despite our earlier hope of a material distribution, it now appears that any distribution is questionable.

OV-960 Estonian
• Claim filed in bankruptcy but denied without explanation – ICH proceeding with appeal. Distribution uncertain and depends on appeal process.
2016 Cases

4Q-741 SAFI Airways
• A partial distribution was made in this case following a special clearance in June 2020. This case will therefore be closed.

LC-753 Equatorial Congo Airlines
• The ICH has determined that collection efforts will not be effective in this case. A small distribution will be made following a special clearance.

GE-170 TransAsia Airways Corporation
• Claim submitted in bankruptcy and accepted by estate. Recovery questionable.
2017 Cases

71-958 Insel Air International
• Submitted claim in court case; material distribution eventually likely.

LV-400 Mega Maldives
• The ICH will not pursue collection actions, but a small distribution will likely be possible through internal offset, following a special clearance.
2018 Cases

F7-033 Darwin Airline
- Claim submitted in bankruptcy and accepted by estate. Partial distribution possible depending on outcome of case.

UG-150 Tunisair Express
- The ICH has determined that collection actions will not be taken in this case. A special clearance is being considered for a partial distribution.

CO-354 Cobalt Air
- Claim filed in bankruptcy and accepted by estate. Recovery depends on outcome of bankruptcy process.
2019 Cases (part 1)

9W-589 Jet Airways

- All claims in periods before suspension were paid under a deposit agreement with the airline. Claim filed in bankruptcy for post-suspension submissions. Small distribution made via Special Clearance, and no further distribution is expected. This case will therefore be closed.

S2-705 Jet Lite India, Ltd.

- All claims in periods before suspension were paid in full. After consideration of the amount of the post-suspension submissions, the ICH has determined that collection actions will not be cost-effective in this case. No further distribution will therefore be possible, and this case will be closed.
2019 Cases (part 2)

O6-247 Avianca (Brasil)
- All claims in periods before suspension were ultimately paid in full via deposit held by IATA. After consideration of the amount of the post-suspension submissions, the ICH has determined that collection actions will not be cost-effective in this case. We are considering whether any small additional distribution may be possible via internal offset, but funds transfer restrictions make this very difficult.

ZI-439 Aigle Azur
- The ICH has submitted its claims against the bankruptcy estate and is awaiting further developments in that process.
2019 Cases (part 3)

JP-165 Adria Airways

• The ICH has submitted its claims against the bankruptcy estate and is awaiting further developments in that process.

KK-610 Atlasglobal

• No debts as of suspension; will be conducting a special clearance which should result in full payment.
2020 Cases (part 1)

BE-267 Flybe
- No claims as of suspension. Post-suspension claims are net in the airline’s favor. We will therefore perform a special clearance which should result in full payment.

OB*-475 Blue Air
- In discussions with estate regarding intent for future ICH participation. Have filed a claim with the estate for the post-suspension balances, as the amounts at suspension were covered in full.

TF-276 Braathens Regional
- Have submitted a claim with the estate and voted in favor of the proposed restructuring plan. Partial distribution anticipated on claims.
MN-161 Comair

- Have submitted a claim with the estate. The restructuring plan has been published, contemplating a minimal (1-2%) distribution on claims. Given a lack of superior options, IATA voted for the plan. Partial distribution expected, with amount depending on outcome of case.
Airlines Remaining in Good Standing in ICH

It is possible for airlines in Chapter 11 or similar restructuring processes to remain active and in good standing in the ICH, notwithstanding the filing

• This requires the placement of a security deposit and the commitment to continue paying all claims in due course
• In some cases claims may be protested as having arisen pre-filing. While discouraged, this generally is permitted under the Regulations.
• A list of these airlines is provided on the next slide
## Airlines Remaining in Good Standing in ICH

<table>
<thead>
<tr>
<th>Airline Code, Name</th>
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<tbody>
<tr>
<td>2K-547 – Avianca Ecuador</td>
<td>MK-239 – Air Mauritius</td>
</tr>
<tr>
<td>4C-035 – LATAM Colombia</td>
<td>OK-064 – Czech Airlines (extraordinary moratorium)</td>
</tr>
<tr>
<td>6R-873 – Aero Transporte de Carga Union</td>
<td>QT-729 – Tampa Cargo</td>
</tr>
<tr>
<td>AV-134 – Avianca</td>
<td>SA-083 – South African Airways</td>
</tr>
<tr>
<td>AM-139 – Aeromexico</td>
<td>T0-530 – Avianca Peru (voluntary withdrawal)</td>
</tr>
<tr>
<td>AZ-055 – Alitalia</td>
<td>TA-202 – TACA International Airlines</td>
</tr>
<tr>
<td>IG-191 – Air Italy</td>
<td>TG-217 – Thai Airways</td>
</tr>
<tr>
<td>JJ-957 – TAM Linhas Aereas</td>
<td>UC-145 – LATAM Cargo Chile</td>
</tr>
<tr>
<td>L7-985 – LATAM Cargo Colombia</td>
<td>VA-795 – Virgin Australia</td>
</tr>
<tr>
<td>LA-047 – LATAM</td>
<td>VS-932 – Virgin Atlantic (solvent restructuring)</td>
</tr>
<tr>
<td>LP-544 – LATAM Peru</td>
<td>XL-462 – LATAM Chile</td>
</tr>
<tr>
<td>LR-133 – Avianca Costa Rica</td>
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28 September 2020
Reminder on Procedure

ALWAYS follow Proc. 18: timely submit claims vs. suspended airline
- 6 months will be provided for submission, unless local law states otherwise
- Failure to timely submit will prevent any recovery on those claims
- **ALWAYS check claims submitted during 6-months post-suspension**
  - The suspended airline should also submit its own claims, which may need to be rejected
  - Untimely rejections will not be allowed, as per RAM guidelines
- **NEVER bilaterally settle claims already submitted in ICH**
  - Bilateral settlement often results in a worse outcome for your own claims, and is in any case grounds for suspension
COVID 19 IATA
Operational Financial Updates

Juan Antonio Rodriguez-
Director FDS Operations

Rodriguezja@iata.org
The industry challenge – Upside Down

From Airlines receiving money to having to refund money to passengers, partners, travel agents and suppliers

Many weeks with negative settlements
## IATA’s reaction during COVID

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<thead>
<tr>
<th>Action</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securing 23bn of airlines’ cash flowing in the middle of an unprecedented pressure from industry partners/suppliers</td>
<td></td>
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<tr>
<td>Urgent establishment of exceptional but controlled processes and rules within ICH, BSP &amp; CASS (e.g. not suspending due to flight cessation)</td>
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<tr>
<td>Establishment of an IATA Airline Crisis Support Team</td>
<td></td>
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<tr>
<td>2 campaigns to Airlines to explain what IATA is doing to support them, to remind of obligations and to support with new processes</td>
<td></td>
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<tr>
<td>Engagement with all Airlines to understand risk and deposit requirements</td>
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<tr>
<td>Free of charge Treasury Dashboard</td>
<td></td>
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<tr>
<td>Launch of new Travel Agent Risk Package</td>
<td></td>
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<tr>
<td>Stable operation, risk levels lower than 2019 and higher customer satisfaction than pre-COVID</td>
<td></td>
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<tr>
<td>Daily settlements in some markets to help airlines getting their cash faster</td>
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<tr>
<td>Aggressive cost reduction and suspension of projects that would not have an immediate effect to airline’s liquidity</td>
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<tr>
<td>Lobbying for vouchers</td>
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<tr>
<td>Lobbying with card providers to avoid holdbacks to Airlines</td>
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<tr>
<td>Lobbying through ICH with suppliers every cycle</td>
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</tbody>
</table>

IBS OPS WG Webinar

28 September 2020
<table>
<thead>
<tr>
<th>FSOD success drivers</th>
<th>Objective</th>
<th>2020 Target</th>
<th>August YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Centricity</td>
<td>Customer satisfaction</td>
<td>86%</td>
<td>90.2%</td>
</tr>
<tr>
<td></td>
<td>Net promoter score</td>
<td>71%</td>
<td>77.7%</td>
</tr>
<tr>
<td>Operational excellence</td>
<td>On time settlement BSP &amp; CASS</td>
<td>99.98%</td>
<td>99.96%</td>
</tr>
<tr>
<td></td>
<td>On time settlement ICH</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>On time settlement ICCS</td>
<td>99.95%</td>
<td>99.97%</td>
</tr>
<tr>
<td>Mitigate financial risk and increase collection</td>
<td>BSP &amp; CASS agent unrecovered defaults</td>
<td>0.012%</td>
<td>0.016% ($14.8m)</td>
</tr>
<tr>
<td></td>
<td>BSP &amp; CASS airline suspension claw backs</td>
<td>-</td>
<td>$1.6m</td>
</tr>
<tr>
<td></td>
<td>ICH unrecovered amounts</td>
<td>0.02%</td>
<td>0.025% ($3.9m)</td>
</tr>
</tbody>
</table>

IBS OPS WG Webinar 28 September 2020
Airline Clarifications &
IBS OPS WG
Recommendations

Altug Meydanli-Senior Manager,
Pay-Account Standards
meydanlia@iata.org
Airline Clarifications

- IATA is neutral for airline interline disputes and is not able to provide an interpretation on standards unilaterally
- IBSOPS WG serves as adjudicators of interline billing disputes
- IBS OPS WG receives clarification requests from airlines throughout the year concerning the scope or meaning of the standards contained in the Revenue Accounting Manual
- IBS OPS WG discuss such requests in detail and provides clarifications
- Bilateral Agreements (SPAs/ CSs etc.) are out of scope
- Disputes concerning the MPA-P may be directed to the Prorate Agency for informal interpretation
- Negotiations, including commercial teams should be undertaken between the parties prior to bringing the dispute to IBS OPS WG attention
Clarification Request - 1

Question

Is there a time limit/cutoff for correspondences? Or can the two carriers keep going back and forth until one agrees?

IBS OPS WG Clarification

According to the current RAM rules there is no limit for correspondence however IBS OPS WG recommends carriers to reach to an agreement as soon as possible and avoid multiple correspondences going back and forth.
Clarification Request-2

Question
Is there a different RAM rule for tickets that we were involuntary reissued because of Covid-19?

IBS OPS WG Clarification
According to the current RAM rules there is no different billing rule for involuntary tickets that were issued because of COVID-19

RAM Chapter 2 Para. 2.5-Involuntary Reroutings, Billing Values should be applied
Para.2.7-Involuntary Reroute and Planned Schedule Change Flow Chart gives a clear guidance to bill involuntary and planned schedule tickets
Clarification Request-3

Question

For the Transactions invoiced in Outward Billing Jun20 - if the rejections included are pertaining to prime billing Mar-20, then the 2020 relevant RAM rules will apply. However, for any given Rejections, if the prime billing pertains to Nov-19, it will apply the relevant RAM rules of 2019. Is this understanding correct?

IBS OPS WG Clarification

Yes, this understanding is correct and in line with RAM
Clarification Request-4

Question
If there is a contradictory information on the ticket suggesting both involuntary and schedule change then the ticket should be treated as involuntary or schedule change for interline billing purposes?

IBS OPS WG Clarification
RAM Chapter A2 Para. 2.7 Flowchart clearly identifies that if there is any contradictory information on the ticket suggesting both involuntary and schedule change then the ticket should be treated as schedule change change for interline billing purposes
Question

Regarding to the correct application of “ticket issuance” as stated in RAM Chapter A2 Para. 1.8.2.1 (for original sales and voluntary reissues/exchanges), is the ‘ticket issuance’ applied based on ticket original date of issue or ticket reissue date?

IBS OPS WG Clarification

Note under RAM Chapter A2 Para.1.8.3 clearly states that the ticket issuance applied based on the issue date on the coupon uplifted/billed for original sales and voluntary reissues/exchanges.
Clarification Request-6

Question

According to the RAM rule, will the settlement for planned schedule change be a single proration over the revised ATBP based on the fare collected of the original ticket or the fare of the new ticket?

IBS OPS WG Clarification

From January 2019, there is a single proration based on the applicable fare collected on the original ticket for the original date of issue.

Note: IBS OPS WG has been continuing the discussion on this topic and target to prepare a RAM proposal in 2021 according to the outcome of the discussion.
Clarification Request-7

Question

As per RAM Chapter A2 Para. 2.7 Flowchart we believe when the tickets do not pass the first filter of the reissue date and first departure date within 2 days, we must treat the whole ticket as planned schedule change and the 5 days rule for coupons 2,3,4 does not longer apply. Is this correct?

IBS OPS WG Clarification

Yes, when the tickets do not pass the first filter of the reissue date and first departure date within 2 days, we must treat the whole ticket as Planned Schedule change. RAM Chapter A2 Para. 2.5 relates to the whole ticket.
Clarification Request-8

Question
How does airlines bill partner airlines in a situation where excess baggage exists on the leg they operate while this excess baggage has through checked-in and manual coupons not collected from the passenger?

IBS OPS WG Clarification
IATA Resolutions do not support paper excess baggage tickets
IBS OPS WG suggests airlines to have bilateral agreements with their partners in case they would like to interline paper excess baggage tickets
Clarification Request-9

Question

There is a definition in RAM for Normal and Special Fare. Can this be used for settlement disputes related with normal/special fare definition

IBS OPS WG Clarification

Yes, airlines can use the RAM normal and special fare definition in case they have disputes related with the identification of normal and special fares
Clarification Request-10 (Tariff/Fare Topics)

IBS OPS WG received some clarification requests about interline tariffs and fares

IBS OPS WG Recommendation

Interline tariff/fare related clarification requests are out of IBS OPS WG’s responsibility area

IBS OPS WG highlights that in interline settlement, the billing is based on the ticketed information published therefore recommends airlines to discuss tariff/fare related issues with their tariff/fare/fare filing departments/experts
Clarification Request - Methodology

Clarification requests about IATA RAM (Revenue Accounting Manual) standards should be sent to meydanlia@iata.org stating:

- Background of the Clarification Request;
- Example(s) if any - the examples should not mention the Carrier and Route names, they will be added fictitious routes and airlines codes such as ZZZ, YYY, XXX and Carrier A Carrier B for objectivity reasons
- Option A view/argument
- Option B view/argument
Thank you!
Reinvigorate the Multilateral Interline Framework

28 September 2020
The Interline Group

Reporting to the Plan Standards Board, with a mandate to...

“deal with matters concerning the interline system and multilateral interline agreements...

Explore changes to the interline system ...”
Enhance interline framework to support new types of partnerships

- **2019**: Shaping the Interline framework with Offers and Orders
- **2020**: Focus on the current environment and capabilities
- **2021**: Continue the work to develop the Interline framework with Offers and Orders and enable new types of partnerships

*IBS OPS WG Webinar 28 September 2020*
Reinvigorate the Multilateral Interline Framework
Why is the Multilateral Interline Framework important for restart?

Forming **new interline partnerships** will be essential to:

- Support network
- Ensure connectivity
Reinvigorating Multilateral Interline Framework

At the direction of IATA Board of Governors, Airlines and System Providers are working together with IATA on a **short-term work package** focused on:

- Standards and Multilateral Agreements
- IATA Services
- Education and awareness

IBS OPS WG Webinar  
28 September 2020
Reinvigorating Interline

Key objective

Simplify the formation of new interline partnerships

Deliverables

Changes to MITA agreement in Resolution 780

New Recommended Practice Baseline checklist to form a new interline partnership

New Recommended Practice Interline Framework between Ticketed and Ticketless carriers

Standards and Multilateral Agreements

88

IBS OPS WG Webinar 28 September 2020
Reinvigorating Interline

Key objectives

- Provide easy access to interline partner(s) relevant contacts
- Provide a set of generic airlines information that could be used by carriers in identifying potential partners

Deliverables

Enhance Contact Information in the MITA Customer Portal

Repository of Interline Information
Reinvigorating Interline

Multilateral Interline Framework

At the Heart of the Airline Industry
Interline relationships are a vital enabler of the travel industry, providing traffic for airlines and connectivity for passengers, while allowing one airline to sell to a customer services provided by another airline, such as tickets, otherwise not able to serve alone.

Today’s interline environment is still hard to reach for other players.

Industry restart: Forming new interline partnerships within the multilateral interline framework

Information for airlines

Why is interline important to the industry restart?
Travelady COVID-19 pandemic, restores network services benefiting international passenger operations.

Interline relationships will have a number of industry recovery, providing traffic for airlines and connectivity for passengers, while allowing one airline to sell to a customer services provided by another airline, otherwise not able to serve alone.

At the direction of the International Air Transport Association (IATA) and the need for airlines’ recovery, the IATA has developed a framework framework. It is composed of three components:

1. Industry restart: Forming new interline partnerships within the multilateral interline framework
2. Guidance Document for Airlines
3. Industry restart: Forming new interline partnerships within the multilateral interline framework

Interline Considerations on Irregular Operations (IROPs)

Guidance Document for Airlines

Interline Considerations on Baggage Standards

Coming soon

Education and awareness
Thank you
Q&A
Thanks for joining!

The recording of this webinar along with the presentation and Q&A document will be sent via email to all participants and posted on the SIS website.

1. www.iata.org/sis
2. “SIS for Airlines”
3. “Media” tab