Rejection Reduction
Best Practices

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1. Background

The passenger rejection reduction initiative is endorsed by the Financial Committee to reduce the number of unnecessary passenger rejections in the industry, in order to increase efficiencies, improve cash flow and reduce the overall cost at industry level. In 2015 the IBSOPS working group was tasked to reduce rejections by 32% in 5 years (by 2020).

Since then, the IATA Rejection Reduction team and the IBSOPS WG have undertaken several actions to reduce the number of passenger rejections in the industry. By the end of 2017, there was a reduction of 15% in the rejection rate in comparison to the base year 2015.

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td>% Reduction</td>
<td>8%</td>
<td>7%</td>
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In 2018, the IATA Rejection Reduction team introduced the Pilot Carriers Proposal to the IBSOPS WG. Several airlines were chosen as pilot carriers based on different criteria (size, volume of rejections, alliances, geographical location etc). The IATA Rejection Reduction team works closely with these airlines to understand the reason of rejection, estimate the cost of rejection, contribute to the 32% target by 2020 and learn their Best Practices.

This Document contains the lists of best practices, considerations and recommendations by the Rejection Reduction Pilot Carriers to help airlines ensure high quality interline billing data and processing to reduce rejections.

Please note this document remains a “living” document that can be updated with new best practices approved by the Rejection Reduction Pilot Carriers.
2. New Master Updates (SPA / Tax / PMP etc.)

Below are recommendations to be followed when a member is updating master data in their Revenue Accounting systems.

2.1. Special Prorate Agreements (SPA).
   a. New SPA Received - at least 4 weeks in advance of first billing. Members should try and receive updates to SPA’s at least 4 weeks prior to the commencement of the SPA so that enough time can be given to the coding and testing of the SPA.
   b. Notify commercial teams 60 days prior to expiration. It is recommended that Revenue Accounting teams give their commercial counterparts an alert at least 60 days before an SPA can expire. This will give the commercial team enough time to clarify if the SPA has been extended etc.
   c. Revenue Accounting (RA) department’s feedback before final SPA sign off. It will be good practice for commercial teams to get their Revenue accounting department’s feedback to ensure that SPA conditions are clarified or system limitations are highlighted.
   d. Simulate the SPA in the RA system to check if the values are satisfactory for the Revenue Management team each time there is a new destination added or new type of fare or new SPA signed.

2.2. Joint SPA coding with other airline in case the partner uses the same PRA System. Some airlines ensure that they do a joint coding for SPA’s with other airlines who use the same RA system and with which they sign a SPA. This is very beneficial as any interpretation issues are sorted out at the SPA stage.

2.3. SPA Coding checklist (IBSOPS WG will share the checklist).

2.4. PRA team work closely with Revenue Management/Commercial department.
   a. Share what your PRA system handles / capabilities / limitations.
   b. Share test files between billing members.
   c. Monthly calls / meetings regarding effectiveness of SPA. Share reports with the Revenue Management team on values recorded for revenues from SPAs.

2.5. Conference calls between SPA carriers with both Revenue Management & Revenue Accounting teams before the SPA goes live.

2.6. Communication of coding changes to vendor / BPO / auditors.

2.7. Master data - Sign off / Quality checks on every update.
   a. Such as: Taxes, Codeshare, Exchange rates, Prorate factors, Provisos, FFP, TPM’s, RATD etc.
   b. Test to ensure high quality of output data prior to sign off.

2.8. Tax coding centralized and tested prior to moving to Production.

2.9. Request your PRA System provider to load ATPCO X1 automated file in order to reduce tax billing rejections.
2.10. Validate prorate values once SPA moved to Production. A quick indicator could be higher / lower billings than usual.

2.11. Ongoing conference calls among interline carriers’ Passenger Revenue Accounting teams, including Alliance partners, before the agreement goes live.

2.12. System limitations / exceptions for scenarios not handled – communicate with interline partner on handling of same rather than raise rejections.

3. New airline moving to Interlining

3.1. Ticket data / Lift files / (sales data) such as ATPCO/ISR/ BSP / TCN format.

3.2. List of reference data required to be updated in Revenue Accounting systems, including internal accounting codes.

3.3. RATD (Revenue Accounting Tax Database) X1 File – The “RATD X1” file streamlines the interline billing process for taxes, charges and fees assigned a two-letter code with convenient access via the web.

3.4. FDR/MMR (Five Day Rate / Mean Monthly Rate) – In order to establish selling fares and to perform interline invoicing and settlement, airlines must have rates of exchange between world currencies. IATA Exchange Rates published by IATA are the sole source to support interline billing and establish tariffs.

3.5. Proration Methods and Subscriptions – Airlines engaged in the interlining of passengers and cargo depend on settlement agreements to assist in the determination of each airline's revenue. These agreements are referred to as the Multilateral Prorate Agreement-Passenger and the Multilateral Prorate Agreement-Cargo. Ensure Revenue Accounting Systems are updated on-time with the appropriate proration master data requirements.

3.7. **Training and Development** – The IATA Academy provides a broad spectrum of basic to advanced training courses designed to ensure RA teams are well equipped to handle interline accounting. You may customized trainings from the IATA training team depending on your needs.

3.8. **SIS** (Simplified Invoicing and Settlement) – SIS is the industry platform that facilitates the electronic invoicing and settlement process by streamlining key processes, unifying invoicing standards, and reducing paper wastes, ultimately fostering a simpler and more efficient environment for airlines and aviation business partners – such as ground handlers, maintenance companies, and manufacturers – to engage in business.

3.9. **ACH / ICH** (Airlines Clearing House / IATA Clearing House) – These are the two industry recognized Clearing Houses that provide fast, secure and cost effective billing and settlement services in multiple currencies for the air transport industry. (Not mandatory).

3.10. **SIRS** (Simplified Involuntary Reroute Settlement) – This is an optional and voluntary multilateral agreement (offered by ACH, endorsed and supported by IATA) for settlement of involuntary reroute transactions based on pre-determined billing rules. This removes uncertainty of expected billing values for involuntary reroutes. You can request test files in order to better understand SIRS and compare with your billings.

3.11. Revenue Accounting System Provider Training – Most Revenue Accounting System Providers offer holistic training to maximize the use of their systems; RA teams are encouraged to participate in these training sessions, including training driven by system upgrades and enhancements.

3.12. Bilateral Settlements – Billing partners agree on invoice currency, bank accounts, settlement methods and schedule, if not already part of the contract.

3.13. Conduct quality checks on interline billings and have regular calls between interline partners to address the gaps that lead to rejections.

3.14. Simplify your agreements as much as possible for mutual benefit.
4. Change of Revenue Accounting Systems / Proration Engines / etc.

4.1. Ensure multiple parallel test runs are done before going live, results compared and corrected before going live.

4.2. In case of data migration, ensure that previously billed coupons do not get rebilled out.

4.3. Conduct regression testing for complex SPA changes.

4.4. Focus both on Processing / Accounting objectives.

4.5. Ensure users can obtain useful reports from systems to illustrate interline billing trends and support decision making.
5. Monitoring incoming and outgoing billings / Quality Control

5.1. Use the SIS Rejection Analysis reports to monitor volumes of incoming/outgoing rejections and directly address with interline partner if trends are increasing.

5.2. Maintain key integrity checks in system and relevant and timely alerts are in place to minimize revenue losses and rejections.

5.3. Billing Value Checks – prior to submitting billings, conduct quality checks on prepared outward billings to identify high/low/negative yields.

5.4. ISC / Tax Value checks – prior to submitting billings, conduct quality checks on prepared outward billings to identify and correct incorrect ISC and tax values.

5.5. Duplicate billings checks.

5.6. Second pass audit – introduce “double-check” audit processes on outward and inward billings, particularly when large volumes of rejections are identified.

5.7. SPA review – post SPA go-live in production, perform 1 / 6 / 12 month reviews of SPA effectiveness to close gaps.

5.8. Analytics – generate reports used to regularly illustrate month-over-month, quarter-over-quarter, year-over-year analytics to identify rejection trends that need to be addressed with interline partner(s).

5.9. Correspondence Aging and Value – monitor number of correspondence stages and aging, associate cost of handling correspondence over aging against value of correspondence. It’s important to know when to discontinue correspondence and address issue directly with interline partner(s). Communicate to Commercial Department when a correspondence is not agreed after few iterations.

5.10. Regularly provide feedback to Commercial departments to consider changes when renewing SPA’s.
## 6. Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>ACH</td>
<td>Airlines Clearing House</td>
</tr>
<tr>
<td>ATPCO</td>
<td>Airline Tariff Publishing Company</td>
</tr>
<tr>
<td>BPO</td>
<td>Business Process Outsourcing</td>
</tr>
<tr>
<td>BSP</td>
<td>IATA Billing and Settlement Plan</td>
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<tr>
<td>BVC</td>
<td>Billing Value Check</td>
</tr>
<tr>
<td>FDR</td>
<td>Five Day Rate</td>
</tr>
<tr>
<td>FFP</td>
<td>Frequent Flyer Program</td>
</tr>
<tr>
<td>IBSOPS WG</td>
<td>Interline Billing and Settlement Operations Working Group</td>
</tr>
<tr>
<td>ICH</td>
<td>IATA Clearing House</td>
</tr>
<tr>
<td>ISC</td>
<td>Interline Service Charge</td>
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<tr>
<td>ISR</td>
<td>Industry Standard Record (enhanced version of TCN—Transmission Control Number data).</td>
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<tr>
<td>MMR</td>
<td>Mean Monthly Rate</td>
</tr>
<tr>
<td>PMP</td>
<td>Prorate Manual - Passenger</td>
</tr>
<tr>
<td>PRA(S)</td>
<td>Passenger Revenue Accounting (System)</td>
</tr>
<tr>
<td>RA</td>
<td>Revenue Accounting</td>
</tr>
<tr>
<td>RAM</td>
<td>IATA Revenue Accounting Manual</td>
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<tr>
<td>RATD</td>
<td>Revenue Accounting Tax Database</td>
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<tr>
<td>RM</td>
<td>Rejection Memo</td>
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<tr>
<td>SIRS</td>
<td>Simplified Involuntary Reroute Settlement</td>
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<tr>
<td>SIS</td>
<td>Simplified Invoicing and Settlement</td>
</tr>
<tr>
<td>SPA</td>
<td>Special Prorate Agreement</td>
</tr>
<tr>
<td>TCN</td>
<td>Transmission Control Number</td>
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<tr>
<td>TPM</td>
<td>Ticketed Point Mileage</td>
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