PAX Rejection Memo Reduction Industry Initiative Monthly Report Feb-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 February 2019, the rejection rate decreased by 23.03% in comparison to the base year 2015.

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<thead>
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</thead>
<tbody>
<tr>
<td>Rejection Rate</td>
<td>9.87%</td>
<td>9.06%</td>
<td>8.38%</td>
<td>7.82%</td>
<td>7.60%</td>
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<tr>
<td>Percent Decrease</td>
<td>-</td>
<td>8.21%</td>
<td>15.14%</td>
<td>20.72%</td>
<td>23.03%</td>
</tr>
</tbody>
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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 – 2019).
Analysis by Stage

- The average monthly count of 1\textsuperscript{st} stage rejections has decreased in comparison to the previous years and is now 17\% lower than 2015.
- The average monthly count of 2\textsuperscript{nd} stage rejections is nearly the same as in 2015.
- The average monthly count of 3\textsuperscript{rd} stage rejections is now 34\% higher 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 1\textsuperscript{st} 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 5.10\% of the prime billings were rejected in the past 1 year (Feb 2018 to Feb 2019). The proportion of Prime Billings that are being rejected has been decreasing continuously over the past 4 years.

**Estimated % of rejected prime billings**

\[
\text{Estimated \% of rejected prime billings} = \frac{\text{Sum of 1\textsuperscript{st} stage rejections of past 12 months}}{\text{Sum of prime billings of past 12 months}} \times 100\%
\]
Stage 2 & 3 Analysis - Estimated Percentages of re-rejected Stage 1 and re-rejected Stage 2 Rejections

The percentage of 1\textsuperscript{st} stage rejections which are re-rejected is estimated by dividing the sum of 2\textsuperscript{nd} stage rejections of the previous 12 months by the sum of 1\textsuperscript{st} stage rejections for the same period. The calculated percentages are plotted in the first chart below (left). Approximately 33.27\% of the Stage 1 rejection in the past 1 year were rejected back 2\textsuperscript{nd} stage.

The percentage of 2\textsuperscript{nd} stage rejections which are rejected back 3\textsuperscript{rd} stage is estimated in a similar way (formulas shown below) and plotted in the second chart (right) with an increasing trend. Approximately 46.90\% of the 2\textsuperscript{nd} stage rejections in the past year were rejected back 3\textsuperscript{rd} stage.

![First Chart: Stage 1 Rejection](image1)

![Second Chart: Stage 2 Rejection](image2)

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

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

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

Note:

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