Agenda

Background

Progress

Actions Taken

Homework
Background

Before SIS:
The exact global number of interline billings, rejections and correspondences was unknown.

With SIS:
Global system to track the exact number of prime billings, rejections and correspondences.
But... We also realized that we have a huge number of rejections and bad practices!

In 2015, the IATA Financial Committee (FINCOM) tasked the IBSOPS WG to reduce unnecessary rejections in the industry.

Target: Achieve a reduction of 32% by the year 2020.
Goal

Reduce Rejections and Cost by improving the quality of interline billings!
Who’s involved in this initiative?

The Entire Industry!
Who’s leading this initiative?

• The IBSOPS Working Group

• An advisory group: (volunteers supporting the initiative)
And supported by us

....the IATA Rejection Reduction Team:

Adina
Altug
Andres
Vivekh
Daniela
Progress

*Note: All values in this report exclude ACH billings (settlement through ACH using ACH rules) and sampling billings.
How do we measure progress?

We measure the percentage decrease in the Rejection Rate in comparison to the base year, 2015.

Rejection Rate = \( \frac{\text{Sum of Rejection Memos of Past 12 months}}{\text{Sum of Prime Billings of Past 12 months}} \times 100\% \)
# Progress

We have achieved nearly 21% reduction so far:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Reduction (Target)</td>
<td></td>
<td></td>
<td>21%</td>
<td>27%</td>
<td>32%</td>
</tr>
<tr>
<td>% Reduction (Actual)</td>
<td>8.21%</td>
<td>15.14%</td>
<td>20.73%</td>
<td></td>
<td></td>
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</tbody>
</table>

We need your support to continue improving!
Stage 1 Analysis

The percentage of rejected prime billing counts:
Stage 2 Analysis

The percentage of re-rejected 1\textsuperscript{st} stage rejections:
Stage 3 Analysis

The percentage of re-rejected 2\textsuperscript{nd} stage rejections:
Analysis per Stage

STAGE 1:
- 7% decrease

STAGE 2:
- 11% increase

STAGE 3:
- 40% increase

Legend:
- Blue: 2018
- Green: 2017
- Red: 2016
- Black: 2015
Main Reasons of Rejection

Top 7 Reason codes (sorted as per 1<sup>st</sup> stage):

<table>
<thead>
<tr>
<th>Reason Code</th>
<th>Reason Description</th>
<th>1&lt;sup&gt;st&lt;/sup&gt; Stage 2018</th>
<th>2&lt;sup&gt;nd&lt;/sup&gt; Stage 2018</th>
<th>3&lt;sup&gt;rd&lt;/sup&gt; Stage 2018</th>
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</thead>
<tbody>
<tr>
<td>1G</td>
<td>Tax Reclaim</td>
<td>41%</td>
<td>29%</td>
<td>30%</td>
</tr>
<tr>
<td>1B</td>
<td>Fare Reclaim</td>
<td>37%</td>
<td>50%</td>
<td>49%</td>
</tr>
<tr>
<td>1A</td>
<td>Fare/Tax/ISC</td>
<td>11%</td>
<td>8%</td>
<td>9%</td>
</tr>
<tr>
<td>1E</td>
<td>UATP Reclaim</td>
<td>3%</td>
<td>~0%</td>
<td>~0%</td>
</tr>
<tr>
<td>1C</td>
<td>ISC Reclaim</td>
<td>3%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>5Z</td>
<td>Others</td>
<td>2%</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>2B</td>
<td>Duplicate Billing</td>
<td>1%</td>
<td>1%</td>
<td>0%</td>
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</table>
Value of Rejections

<table>
<thead>
<tr>
<th>Year</th>
<th>Average USD Value per Rejection</th>
</tr>
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<tbody>
<tr>
<td>2015</td>
<td>$140 USD</td>
</tr>
<tr>
<td>2016</td>
<td>$117 USD</td>
</tr>
<tr>
<td>2017</td>
<td>$107 USD</td>
</tr>
<tr>
<td>2018</td>
<td>$102 USD</td>
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Actions taken
How did we do it?

**AWARENESS**
- Multiple presentations at industry meetings (WFS)
- Multiple conference calls with WGs
- Continuous reports and communications to the industry

**COLLABORATION**
Close collaboration between IATA and the Airlines to:
- Identify the reasons of rejection
- Compile a list of Best Practices

**RULES AND VALIDATIONS**
- Papers for new validations in SIS and changes in the RAM were accepted
SC 31 - Involuntary Reroute Lifted Passenger Coupons

New Source Code introduced in May 2018

<table>
<thead>
<tr>
<th>Month</th>
<th>Number of Airlines Using SC 31</th>
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<tbody>
<tr>
<td>Dec-18</td>
<td>51</td>
</tr>
<tr>
<td>Nov-18</td>
<td>48</td>
</tr>
<tr>
<td>Oct-18</td>
<td>52</td>
</tr>
<tr>
<td>Sep-18</td>
<td>49</td>
</tr>
<tr>
<td>Aug-18</td>
<td>49</td>
</tr>
<tr>
<td>Jul-18</td>
<td>43</td>
</tr>
<tr>
<td>Jun-18</td>
<td>29</td>
</tr>
<tr>
<td>May-18</td>
<td>23</td>
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Examples of papers that passed

The following papers with the voting outcome were presented at the 2018 SIS General Meeting and IBSOPS sessions:

- YQ/YR Validation in SIS
- Monthly PAX report from SIS
- Correspondence aging report
- Reason code 5Z – Breakdown coupon is mandatory
- Addition of 7 new reason codes
- Hard validation of duplicate billings

The papers that passed will be implemented in 2019
With the input from the IBSOPS WG members and the Rejection Reduction Advisory Group, a Best Practices document was created in 2018.

Objectives of the Interline Best Practices Document:

- What to know as a new airline moving into interlining.
- Monitoring incoming and outgoing billings / Quality Control
- Ensure timely and accurate updates of system’s master tables (SPA / Tax / PMP etc.)
- Checklist when changing Revenue Accounting Systems / Proration Engines / etc.
What have we accomplished so far?

- Nearly 21% reduction in the industry Rejection Rate
- New SIS enhancements
- Best Practices Document
- Stronger RAM rules
Homework
Cost

What is the cost of having bad quality billings?

How much does a rejection really cost?

Do you know your cost?
What can you do?

Get involved!

Set internal Targets

Monitor your Rejection Rate

Calculate your Cost per Rejection

Nominate a Champion and get in touch with us

Share with us your Best Practices and success stories

Contact your partners when you notice something is incorrect
Thank you for joining us…

Keep updated with this initiative and its resources on our website.

The IATA Rejection Reduction team remains available to support you throughout this initiative!

We can be contacted at: RejectionReduction@iata.org