

Passenger Standards Conference
Settlement and Accounting Standards Board
Airline Billing and Settlement WG

Airline Billing and Settlement WG activities

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Brief introduction

Group composition

- Activities under the umbrella of the Settlement and Accounting Standards Board
- Approximately 70 members from IATA member airlines, organizations and service providers throughout the industry
- WG use Jira/Confluence Platforms which gives greater visibility and transparency
- Chair – Benaifer Bhatena (Westjet), Vice chair – Daniel Erler (Lufthansa) – re-elected in 2025
- Secretary – Altug Meydanli

Objectives

- Primary – develop billing and settlement business requirements and procedural standards for settlement between retailer and supplier based on Offer and Orders standards
- Secondary – Review and endorse proposals to amend existing IATA RAM rules and/or clarification requests for such

Brief introduction

Workplan 2024

- Monthly calls and two F2F meetings
- Close collaboration with Interline WG and Order Accounting WG
- Two carrier clarification requests, one RAM amendment proposal

Main focus: Completion of Business Requirements phase 1

- During 1st F2F in April 2024 six focus areas had been highlighted, subgroups formed
- Sub-groups created their individual BRD part over the summer
- SASB endorsed direction of BRD in October 2024
- Individual content of each subgroup had been presented during 2nd F2F in October 2024 towards the whole ABS WG
- BRD had been presented to conference participants during WFS 2024
- 1st version released for review to other WGs in December 2024

Interline Settlement Business Requirements

Scope of phase 1

Context,
Scope/Term
and
Definitions

Settlement
with Orders
Process

Currency

Taxes, Fees
and Charges

Billing Time
Limits

Interline
Disputes

Scope and Limitations

Scope

- Retailer and Supplier interline settlement process in Offers and Orders environment.
- Airline only Supplier and Retailer in Phase 1 (to be expanded to surface transport operators in the next phases).

Out of Scope

- Invoicing (including legal Invoicing requirements)
- Settlement processing solution, specific products and services.
- Seller (i.e., Travel Agent) Retailer settlements.
- The Retailers relationship with the customer.
- Disruption and other complex scenarios settlement (scope to be expanded in next phases).

Design Principles and Assumptions

- Orders are owned by airlines, always accurate and up to date.
- Source of truth for accounting, settlement and reporting.
- Strong data validation present at the time of Offer and Order creation.
- Accuracy of Offers and Orders are the responsibility of upstream systems.
- Correction processes does not occur outside of Orders.
- Settlement is based on values and data contained in Offer & Order structures.
- No proration required
- Any changes- voluntary or involuntary- require agreement and acceptance between parties to the Order i.e., reshopping.

Definitions

Interline Billing

In the context of Offers and Orders refers to the process which is triggered by the change of the order/service item delivery status. The process utilizes all data elements within the order to ensure sufficient information is available for billing. Unlike legacy interline billing method, no additional data outside the order is required, and specific calculations for the amount to be billed are unnecessary. The amount to be billed is sourced directly from the “settlement value” specified in the Order record.

Interline Settlement

Financial process of identifying payments to be settled between interline partners for services rendered to each other's passengers. This process includes the pre agreement of the “settlement value” and “settlement conditions” and then transfer of funds. It ensures that the interline partners receive appropriate agreed settlement value, based on the accepted Offers and Conditions of Carriage as per bilateral Standard Retailer Supplier Interline Agreement (SRSIA).

Definitions

Interline Invoicing

A formal act of creating and sending invoices to interline partners for services rendered. While part of the broader billing process, invoicing focuses on the issuance of accounting documents that specify detailed charges, payment terms, and are produced in compliance with regulatory requirements. It ensures clarity and consistency in financial transactions. Order Management System (OMS) is required to contain all necessary data elements to create a legal invoice.

Settlement with Order (SwO) Industry Standard

- Heart of Interline Settlement
- Settlement based on ‘Commitment to Pay’ and ‘Settlement Value’ agreed by the interline partners at the time of offer acceptance, ‘Settlement Value’ on service item level
- Net settlement amount - no need to exchange explicit ISC, tax, UATP, VAT etc. to enable settlement. Full value breakdown available at Offers exchange and Order creation (Shop-Order process)
- Offer response settlement value is final
- Settlement conditions will be triggered after the delivery completion unless bilaterally agreed otherwise
- Digital Signature: Ensures authenticity, integrity, and non-repudiation of the settlement data
- Clearance Manager is expected to have data sanity checks and validate the data against defined business rules. If validated, sends clearance acceptance; if not, requests corrections

Taxes

- In line with SRSIA, supplier warrants that the interlineable taxes and charges are correct and the Supplier shall be solely responsible for accuracy of the calculation of these taxes and charges and for any resulting liability for taxes or charges
- All tax values provided by the supplier in the offer response, once accepted, are considered final.
- No adjustments or amendments are permitted unless there is a re-shopping.
- Any exemptions due to transit/transfer, passenger type(s) or other reasons shall be considered during tax calculation based on the data available at such moment.
- At the time of the Offer construction, Supplier's OMS is responsible for precise calculation of the interlineable TFC and providing the correct information required at Order Item and Service levels for interline settlement.
- Non-interlineable taxes calculated by the Retailer.

Currency

- Agreement not to refer to common industry exchange rate table rates in the BRD. Bilateral agreement on optional services
- Supplier converts interlineable TFC values to offer response currency
- Offer response currency = Settlement currency (In line with SRSIA)
- Supplier bears FX risk
- System shall enable suppliers to provide offers in multiple settlement currencies
- Supplier's system shall automatically convert the offer's TFCs and total amounts to the settlement currency
- Need to avoid that settlement occurs in a currency that is not supported by the retailer and the supplier and the used clearing methods
- Exact amount in settlement currency must be known and agreed upon at the time of offer acceptance
- No adjustments to the FX rate are permitted once the currency rate is locked in at the time of offer acceptance

Timelimits

- Interline settlement between the Retailer and Supplier shall occur after the delivery of the applicable service is confirmed, unless otherwise agreed bilaterally.
- Time limit may be agreed bilaterally. In the absence of a bilateral agreement at the time of order acceptance, a default time limit is recommended.
- Supplier should be able to send the settlement time limit to the Retailer with its offer response. When the Retailer accepts the Offer (offer acceptance stage), it automatically accepts the time limit.
- The agreed (or default) time limit starts when the applicable service delivery status is provided.
- Default time limit – Recommendation: no later than the end of *the third month** following service delivery.
- Joint responsibility of the interline partners to ensure compliance with applicable billing and settlement time limit laws and regulations current in their respective jurisdictions.

* Must be validated and aligned with Interline WG, to be included in SRSIA

Interline Disputes, Rejections and Refunds

- No interline rejections resulting in cost saving for interline partners.
- All validation, correction, and resolution of service-related issues must be managed at the upstream level within the Offer and Order Management Systems (OOMS).
- Order Accounting systems should only receive fully validated, corrected, and reliable data, free from discrepancies.
- Upstream systems, including OOMS, are responsible for ensuring data accuracy and completeness before passing it to billing, settlement, and order accounting.
- Disputes or rejections must be resolved before the interline settlement and order accounting stage (OOMS requirement).
- Refunds are handled as part of the re-shopping process, hence interline settlement is not affected

Potential Impact on Clearing House Services

- Interline Settlement BRD designed to function independently of specific industry services
- When the whole BRD, solutioning and implementation guide is completed all industry services need to adopt their services to the new interline settlement processes.
- **Transition from invoice-based to order-based settlement**
- **No Interline Rejections/Disputes**
 - Settlement values and conditions agreed in advance during the offer acceptance process
 - All discrepancies are resolved during the upstream O&O process, removing the need for disputes during the settlement process

Potential Impact on Clearing House Services²

- **Streamlined Multi-Currency Handling**
 - With fixed agreed FX rates at offer acceptance, clearing services can benefit from the simplified currency reconciliation during netting.
 - The permitted settlement currencies: to avoid that settlement occurs in a currency that is not supported by the retailer and the supplier and the used clearing methods
- **Service-Level Settlement**
 - Settlement shifts from invoice level aggregation to more granular service-level tracking using unique service IDs
- **Enhanced Validation and Clearance Notifications**
 - Clearing services could adopt automated and real-time clearance notifications, enhancing cash flow visibility for participating airlines

Next Steps in 2025

Discussion with OOTSSWG for solutioning started in February 2025

Further discussion with stakeholders:

- Interline WG
- Offers & Orders WG
- Order Payment WG
- Order Accounting WG (pending)

F2F meeting in April 2025 – feedback from stakeholders discussed and topics for Phase 2 were identified

Next F2F: 16-17 September, Montreal, Canada. Follow-up F2F during WFS in Istanbul, Türkiye (02 November) currently pending IATA management decision



Content of BRD Phase 2

Involuntary/Voluntary/Planned
Schedule Changes

Excess Baggage

Interline taxes and tax changes
in re-shopping

UATP (Universal Air Travel
Plan)



Questions/Feedback

Thank you

