IATA Airline Billing and Settlement Working Group

- Newly formed working group (Nov 2022)
- Kick off meeting Nov 2022 (25 Carriers- 6 ACH)
- Per IATA rules, working groups cannot operate without a Chair and Vice-Chair
- 1st call on April 26, 2023
  - Chair-Benaifer Bhathena/West Jet
  - Vice Chair-Daniel Erler/Hanh Air

IATA ABS WG (cont.)

- Upcoming meetings planned
  - June 6, Aug 17, Nov 8, and Dec12 (tentative)
  - Face to Face Sep 19-21 (Montreal)
  - If interested in attending as an 'observer', please contact IATA
- Standards Setting Workspace (SSW) Platform
  - Meeting Agenda/Minutes, discussions, ballots, etc.
  - Contact standards@iata.org for assistance or questions
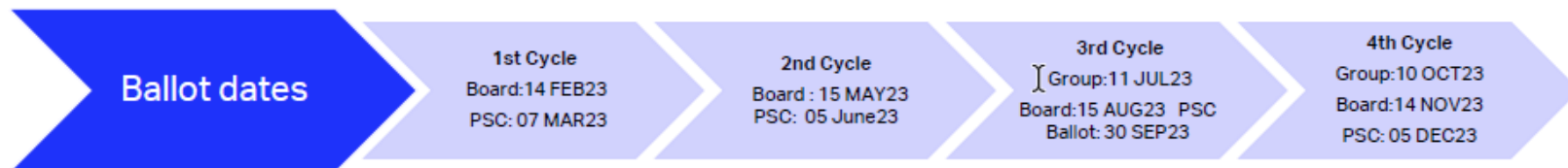
IATA ABS WG (cont.)

- Term of Reference (ToR) of this WG
  - Priority is Creating Billing/Settlement standards with Offers and Orders
  - RAM changes will focus on 'legacy' rulings ONLY
    - Business-critical changes
    - Regulatory

IATA ABS WG (cont.)

- Decision Making Process
  - ABS WG Discussion and Ballot
    - Majority vote (50% +1 of qualified voters present)
  - PASB (SASB) Discussion and Ballot
    - Greater than one-third of eligible Members opposed will defeat the action
  - PSC Ballot
    - Unanimous votes needed
  - Airlines can propose RAM changes directly to PSC (not recommended)

IATA ABS WG (cont.)

- Passenger Standards Conference Accredited Representative (PSC AR)
  - Only PSC AR can exercise an airline's vote
    - Make sure your airline has an appointed PSC AR
    - Check the IATA Portal accredited-reps.pdf(iata.org)

Ballot dates	1st Cycle	2nd Cycle	3rd Cycle	4th Cycle
	Board:14 FEB23	Board : 15 MAY23	Group:11 JUL23	Group:10 OCT23
	PSC: 07 MAR23	PSC: 05 June23	Board:15 AUG23 PSC Ballot: 30 SEP23	Board:14 NOV23 PSC: 05 DEC23

Industry Initiatives

- IATA Simplified Involuntary Re-Route Settlement Methodology (SISM)
- SIS bilateral invoice settlement
- Passenger P1 Flown Coupons – speed up cash flow
- SIS-ISWeb access to be limited to IATA Customer Portal

IATA Simplified Involuntary Re-Route Settlement Methodology (SISM)

- IBS OPS WG created a taskforce to develop distance-based simplified settlement methodology for invol reroutes
- Taskforce composed of AA, CZ, LX, NZ
- Draft proposal released to IBS OPS GM SSW website for feedback
- Proposal put on hold pending ABSG formation
- Added to agenda of first ABSG meeting scheduled for 26 April 2023

IATA Simplified Involuntary Re-Route Settlement Methodology (cont.)

- Proposal:
  - Mandatory settlement of invol reroute coupons based on Value Per Mile (VPM) by cabin class
  - S/C 01 billing data to be extracted from SIS "values established in USD using billing month FDR"
  - Prorate Factor Miles used for mileages (not TPM)
  - Cabin class from S/C 01 data matched to ATPCO RBD Answer Table by carrier
    - First/Business, Premium Economy, Economy class of service
  - Rates for each cabin split into 10 mileage bands, no geography

IATA Simplified Involuntary Re-Route Settlement Methodology (cont.)

- Proposal (cont):
  - SISM value does not include ISC or taxes
  - SISM is not to be used for ID/AD/TG/CD and frequent flyer tickets
  - CH/IN discounts do apply on the VPM rates
  - Tentative effective date: TBD
    - Originally proposal was July 2023 prime billings

SIS Bilateral Invoice Settlement

- Initiative to allow invoices submitted in SIS with SMI "B" to be subsequently approved, by the debtor, for settlement via the applicable Clearing House
  - This phase
    - Applicable when both billed and billing parties are a member of ACH and/or ICH
    - Applicable to Miscellaneous
      - $5.1B in SIS invoices may be eligible annually

ach
Airlines Clearing House

SIS Bilateral Invoice Settlement (cont.)

- Challenges still being addressed
  - FDR rates
    - If billed party accepts to pay invoice from prior month when different FDR rates were applicable
  - Invoice present on billed party's SIS ISXML file at the time invoice raised with SMI "B"
    - Example: Invoice raised in Jan P 01 against billed party and has been included in SIS ISXML as SMI "B". Billed party approves for settlement in Jan P 04. No additional output of invoice on Jan P 04 SIS ISXML file.

Passenger Period 01 Flown Coupons – Cash Flow

- Initiative between SIS SG, ICH WG, and ABSG
    - Task force of 7 airlines, SIS Ops, ACH, and ICH
    - Monthly calls
    - Final recommendation by 30 September

- Problem: Period 01 timing results in delayed cash flow for coupons flown in first week of the month

- CFOs want to speed up the cash

Passenger Period 01 Flown Coupons – Cash Flow (cont.)

- P1 opens in SIS on ~8th of month and closes ~14th of month
  - Coupons with flight dates of 1st – 7th can't be invoiced in SIS until P1 opens
    - Due to delayed opening (8th) some airlines are unable to process all eligible coupons in P1
- Both RAM and ACH Manual prohibit passenger coupons to be billed in the previous month

Passenger Period 01 Flown Coupons – Cash Flow

- Task force narrowed down list of options from five to two:
    1. Adjust open/close days and settlement days of billing periods
    2. Allow P4 to include next month coupons ignoring exchange rate differences (use P4 five-day rates)
- ✓ Based on input from Task force option 1 is preferred, but both are being explored

Passenger Period 01 Flown Coupons – Cash Flow

Option 1: New SIS open/close and settlement dates
  Applicable to all types (Pax, Cargo, Misc, UATP)

Period	Proposed Closure Date	Proposed Settlement Date	Current Closure Date	Current Settlement Date
01	10	17	14	21
02	17	24	21	28
03	24	3	28	7
04	3	10	7	14

Passenger Period 01 Flown Coupons – Cash Flow (cont.)

- Option 2 may have accounting implications and added cost for airlines
  - Some airlines book revenue based on billing month
  - May need system enhancement to handle multiple months in billing period
    - Receivable and Payables

SIS-Access to IS-Web

- IATA is implementing a change in accessing IS-Web SIS
- IS-WEB URL is being decommissioned at the end of June
- All users will be forced to sign in via the IATA Customer Portal using two-factor authentication
- Please refer to SIS Bulletin Issue 7/2023 for details and instructions

Thank you