



ARC Cash Settlement Frequently Asked

Questions (FAQs)

FOR TRAVEL AGENCIES

Updated 10/29/2020

As the global travel community adapts to the impact of the COVID-19 pandemic, ARC recognizes the enormous pressures facing our industry, customers and partners. This is an unprecedented time and is transforming our marketplace.

In response to refunds far outpacing new sales, effective period ending date (PED) 03/29/20, ARC moved the weekly PED cash settlement day from Friday, five days after the end of the sales week, to the following Wednesday, 10 days after the end of the sales week. This change provided airlines with additional time to transfer the necessary funds to ARC for the successful settlement of cash refunds for that PED.

Additionally, after being informed by its settlement processing bank, U.S. Bank, that all ACH debits must be secured by the bank for three business days prior to being disbursed as part of the ACH process, ARC is making the following change to its cash settlement calendar:

To comply with the bank's mandate, ARC will require all airlines to wire any funds owed and process cash debits from its travel agency customers on the Friday* following the end of the sales week (PED+5). ARC will then process cash credits to its airline and travel agency customers the following Wednesday* (PED+10).

These changes will go into effect beginning PED 11/08/2020. [This calendar](#) depicts the revised cash settlement schedule and relevant holiday sales weeks.

Q: What was the initial calendar change ARC made to its settlement processes in March 2020?

A: Throughout the COVID-19 pandemic ARC has worked closely with participating airlines to secure the necessary funds to cover travel agency refunds. During this unprecedented time period, participating airline refunds can often exceed sales — creating an inversion in payment dynamics and requiring ARC and its airline customers to put new processes in place to secure necessary funds to allocate to agencies and keep liquidity in the market. Given the scale of refunds for many airlines, including some facing weekly imbalances of millions of dollars, wiring of these large sums has triggered additional internal processes and approvals that must be obtained by airline staff before they are able to send ARC funds of these magnitudes. By moving the disbursement date from Friday, five days after the end of the sales week, to Wednesday, 10 days after the end of the sales week, ARC ensured that:

- Its more than 230 participating airlines have adequate time to navigate internal rules, procedures, approvals and systems to provide ARC with the necessary funds
- ARC is able to successfully execute its clearinghouse function between airlines and travel agencies

*Due to the bank's requirement that ACH debits must be held for three business days to secure them, if there is a Friday banking holiday, airlines will need to wire their funds to ARC by the following Monday, ARC will delay travel agency debit processing until the following Monday and disbursements will be delayed until Thursday. If there is a Monday banking holiday, disbursements will be delayed until Thursday.



- Travel agencies continue to receive the cash disbursement they expect on a consistent, weekly basis
- Travel agencies can continue to rely on ARC for cash refunds versus having to work with each airline individually

If ARC had continued with disbursement five days after the end of a sales cycle, there is an increased likelihood more airlines would have been unable to provide ARC with the necessary funds in time and would have been forced to manage refunds directly.

Q: Why is ARC making the additional change to split cash debit and credit processing?

A: ARC's settlement processing bank, U.S. Bank, is requiring that all ACH debits must be secured by the bank for three business days prior to being disbursed as part of the ACH process. The bank has taken this position as part of its own risk mitigation practices associated with the financial impacts of the COVID-19 pandemic. Effective PED 11/08/2020, ARC will require all airlines to wire any funds owed and will process all net drafts on the Friday* following the end of the sales week (PED+5) and all net disbursements the following Wednesday* (PED+10). ARC's primary objective was to provide an equitable solution for the market and ensure airline and travel agency customers would continue to receive any funds they were owed as soon as possible.

A visual representation of the new calendar can be found [here](#).

Q: Previously, the draft/disbursement date moved from Friday to the following Wednesday. Does this new change mean that both disbursements and drafts happen on separate days?

A: For travel agency customers who authorize a weekly sales report with a cash debit balance will be drafted five days after the close of the sales week (Friday*), whereas customers who authorize a weekly sales report with a cash credit balance will disburse funds 10 days after the close of the sales week (the following Wednesday*).

Q: Will I receive two separate transactions from ARC—draft and disbursement—for every sales week?

A: ARC will only process the net amount associated with each travel agency's authorized weekly sales report. If a travel agency owes a net amount, those funds will be drafted on Friday* (PED+5). If a travel agency is owed a net amount, those funds will be disbursed on the following Wednesday* (PED+10).

Q: What about credit card sales/refunds?

A: At this time, no changes will be made to the way credit card sales, refunds or exchanges are managed through ARC. All settlement changes apply to cash transactions only.

Q: Does this apply to ARC Pay transactions?

A: Yes, these changes apply to ARC Pay transactions.

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Q: What if there is a banking holiday on either a Friday or Monday?

A: Due to U.S. Bank's requirement that ACH debits must be held for three business days to secure them, if there is a Friday banking holiday, airlines will need to wire their funds to ARC by the following Monday, ARC will delay travel agency debit processing until the following Monday and disbursements will be delayed until Thursday. If there is a Monday banking holiday, disbursements will be delayed until Thursday.

Q: Is there an extension of the sales report deadline?

A: The Tuesday sales report submission deadline will not change; the sales report submission deadline remains the same. To ensure accuracy, ARC recommends that travel agencies review their sales reports on Tuesday prior to finalizing, and that agencies do not submit their sales reports prior to Tuesday.

Q: Is it possible to extend the sales report deadline?

A: ARC is unable to extend the sales report deadline for any travel agencies. Because our industry is undergoing so much volatility, ARC seeks to keep as many aspects of settlement as consistent as possible.

Q: When should I finalize my sales report?

A: Given this extraordinary environment and to ensure accuracy and minimal re-work, ARC recommends that agencies review their sales reports on Tuesday prior to finalizing, and that agencies refrain from submitting their sales reports before Tuesday.

Q: How should I go about processing refunds?

A: ARC's settlement system remains fully functional and continues to facilitate commerce between agencies and airlines. However, some airlines have opted to manage refunds directly, and have therefore inhibited refunds in the GDSs/IAR. Agencies will need to contact those airlines directly for refunds. For a list of airlines that have informed ARC that they have inhibited refunds in GDSs/IAR, click [here](#). For refunds on all other airlines, agencies should follow standard processes.

Q: How will I know which airlines are processing refunds through the GDSs/IAR and which are not?

A: As airlines inform ARC that they are inhibiting refunds in the GDSs/IAR, ARC will add information [here](#) as a resource for agencies. This page includes relevant contact information wherever possible. ARC is also asking airlines to notify their agency customers directly. This page will be updated as ARC is informed by airlines about any changes to refund processing.

Q: Is it possible for ARC to extend the void window?

A: ARC is not able to extend the void window at this time. In such a volatile period, both travel agencies and airlines rely on the efficiency and timeliness of ARC's settlement processes. To the extent possible, for the foreseeable future, ARC is striving to maintain consistency in

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settlement processes outside of the changes we are making to the handling of cash refunds. The industry is rapidly adapting to constant changes resulting from this pandemic, so we feel it's important that we continue to serve the travel community with as little disruption as possible.

Q: How should my agency handle exchanges?

A: Agencies should proceed as they typically would for exchanges, taking into consideration the fare rules, ticketing guidelines and fees put in place by the airline. In an environment that is rapidly changing, agencies should be sure to consult the airline's website, agency portals and any communications airlines have sent to the agency community. If an agency is unsure how to proceed with an exchange, they should contact the airline directly.

Q: How long do you expect these changes to be in effect?

A: ARC will continuously monitor the situation and adapt as needed to ensure settlement operations continue to run as smoothly and reliably as possible. ARC will continue to advocate on behalf of the global air travel community and work with U.S. Bank to revert to a normal cash settlement processing schedule in the future.

Q: Who should I contact with questions?

A: Please contact ARC's Customer Care Center at ccchelp@arccorp.com or 703-816-8003.

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