



**Debit Memo Working Group
Discussion Notes
October 5, 2016**

Welcome and Introductions

Shelly Younger, Manager, Settlement Services

State of the Debit Memo Union

2016 ADM reason code data through the end of September was reviewed by category. Highlights are noted below (See slides 4-17 for detailed listing). Until reason codes are in place, “fee” encompasses both a carrier imposing an administrative fee as well as memos for agents owing fees not charged to customers.

Debit Memo Reason Code - Highlights

Count vs. Dollars

This is tracked by month of issue of the debit memo within a calendar year not a rolling twelve months. Includes all tickets both auto and manually priced.

Reductions

- Count < 0.5 %
- Dollars < 6.4%

Dollars

Reductions

- See Attachment <21%
Note: Minimal increase seen in other categories as a result of this significant drop
- Fees <16%
- Chargebacks <10%
- Fares and Taxes <9%
- Others <7%
- Endorsement
/Tour codes <7%
- Commission <5%

Increase

- Refunds and
Exchanges +29%

Count

Reductions

- Endorsement/
Tour codes <30%
- Fees <23%
- See Attachment <11%
- Fares and Taxes <9%

Note: Minimal increase seen in other categories as a result of this significant drop

Increase

- Refunds and
Exchanges +28%
- Commission Recall +16%
- Commissions +3%
- Others +2%
- Chargebacks +2%

ADM vs. Total Transaction Count

For every 296 tickets issued through ARC in 2016 there is 1 debit memo created (through mid Sept).

ADM vs. Total Transaction Dollars

For every \$577 dollars in ticket value there is \$1 in memos created.

DMWG Feedback: Please separate out memos for penalties vs. memos for accounting. ARC Note: Once the Standard Debit Memo Reason Codes are in place for the large majority of the carriers, this will be easier to separate out.

Items Referred to System Providers via ARC Memo Manager (AMM)

If the GDS pays the carrier directly, the carrier will close the item in AMM and these transactions are included in the data. “Close” and “Inactive” are separate status codes. Inactive is defined differently by a variety of carriers.

ARC action item: Standardize industry definition of Inactive vs. Closed or at a minimum educate the industry on what the difference indicates. Send list of items marked as “other” for review by the DMWG.

AVG days between debit memo load date and AMM close date (i.e. paid or closed by the carrier)

In general 2016 data is tracking close to previous years. For this count inactive is still considered open. There has been a drop in commission, “other” and “see attachment” with a rise in reversals and tour codes. Also includes items paid by the GDS to the carrier and closed by the carrier. For details see slides 14-16.

ADM Closure rates – Sample by Month

ADM closure rates (calculated from memo load date to memo close (paid or closed by carrier) from January 2015 through March 2016 averages 94%. Of those closures, approximately 13% are closed by carrier. For details see slide 17.



DMWG Subgroup Updates

Credit Card Chargeback Subgroup

Jennifer Watkins, Director, Credit Card Services and Fraud Prevention

Kevin Haag, Manager, Credit Card Services

3D Secure

ARC implemented changes to support this initiative on August 4, 2016. Awaiting both GDS and Agencies to make applicable changes to transmit the data to ARC. A DMWG webinar was held on 3D secure in collaboration with Cardinal Commerce, the authentication provider for the industry, to educate participants on this topic.

Chargeback Remedy - Flight Manifest

It has been approximately 18 months since Visa began accepting the flight manifest as a remedy. From January-August of 2016 United Airlines had a 45% win rate when a manifest was presented for a fraud chargeback. Visa does not currently provide the passenger name. The carrier takes the pnr, pulls the info and assumes it is the passenger. When there are multiple passengers on a pnr the carrier provides all names. If it is clear it is a family it is often successful. If the manifest submission is not successful Visa does not tell the carrier why. A link to term conditions may be requested from the agent and provided by the carrier via email. If the dispute is over the terms and conditions of the sale, i.e., a refund not received, service not provided etc. a copy of the terms may be provided as compelling evidence to support re-presentation of the chargeback. Amex, MasterCard and Discover will allow the manifest as compelling evidence for friendly fraud to prove they took the trip. Amex is providing the passenger name. Turnaround time for carriers is 7 days therefore accurate contact information for the agency is imperative. United is currently building its own database of agency contacts for this purpose.

DMWG Feedback: Agents would like an ability to communicate with the carrier before the item becomes a debit memo via a tool that would provide the ability to respond.

ARC Feedback: ARC is seeking a method of communication to meet this need. Some agents would prefer that AMM is not the tool as it is a separate group of employees who handle these types of items. Additionally, some carriers outsource or partner with a vendor on these transactions.

Chargeback Policy Change

Currently the credit card chargeback policy states that a signed and imprinted Universal Credit Card Charge form is required to remedy a fraud chargeback and ultimately shift liability from the agent. With the growth in chip cards in the U.S. and the fact that a signed and imprinted charge form no longer remedies a chargeback when the card has a chip, the credit card chargeback policy will be changing. Credit card terminals are not currently available via the GDS in the travel agency distribution channel in the US, therefore the infrastructure to support chip technology in a card present environment is not available. For those travel agents that still have customers come into the office to obtain a Universal Credit Card Charge Form, they are encouraged to continue to do this as a best practice. For agents accepting transactions in a card not present environment, the change to the policy doesn't impact them. This change will likely take effect in January 2017.



Fares & Taxes and Refunds & Exchanges Subgroups

Paige Blunt, Manager, Settlement Industry Relations

Participants for both the Fare & Tax (FT) and Refund & Exchange (R&E) subgroups compiled a list of key issues resulting in debit memos and ranked the lists in priority order. The top two items for F&T are (1) invalid/missing endorsements and training and (2) understanding taxes and how they should be collected. The top two items for R&E are (1) invalid tour code/ticket designator on exchanges and (2) incorrect calculations on exchanges. See slides 28 and 29 for a complete list of items.

Conference calls will be conducted to begin working with the groups on these items.

DMWG Action Item: If you want to participate in these subgroups or have a colleague in your location that is focused on one of these areas, please contact Paige Blunt at pblunt@arccorp.com.

Memo Reason Standardization Update and Memo Manager

Sarah Sager, Manager, Revenue Recovery Service

Reason code mapping has been completed with 8 airlines. The functionality for primary and secondary codes should be loaded to Memo Analyzer (MA) by year end. MA is a business intelligence tool containing ARC Memo Manager (AMM) data. MA will serve as a prototype which will provide ample user testing. ARC projects the mapping will transition into AMM by the close of 2017. IATA has committed to working with ARC to globalize memo reasons.

ARC will continue to complete reason mapping for remaining carriers, implement standard reasons in AMM and look to a technology refresh that will allow AMM to adapt to any device. Enhancements beyond this need to be revalidated with the group. See current enhancements list -slide 34.

Note: Memo manager technology has not had a refresh in 6 or 7 years so that is a priority.

ARC Inquiry: Is requiring a comment on partial payments important to this group and if so where would it fit generally on the list of priorities?

DMWG feedback: No issue if agents are required to comment but not a high priority. Group actions are more important such as the ability to assign multiple items to the GDS. Ensure there is some type of flag for carrier's indicating a comment on partial payment was entered. Maybe the carrier accounting office is not getting the AMM comments. Some carriers have payment files and that has to be taken into account as well. (Note: Delta requested to be contacted first re: partial payment)

ARC Action Item – Republish the enhancement list to the DMWG via survey monkey (include development estimates) to obtain prioritization feedback from the group.

IATA Debit Memo Working Group (ADMWG)

Amber Wan, IATA

Manager, Agency Debit Memo Project

IATA’s working group has the following commitments: Alignment with ARC to adopt the same standardization codes and BSP development to automate logic to apply the codes, root cause analysis report regarding the source of ADMs and a best practices education effort. The adoption of ADM standardized codes is 100%, however only 75% of the BSP global ADMs have been identified with a standard reason code, the rest could not be identified due to insufficient information from the ADM document itself.

The root cause analysis report will be used to make recommendations for tangible deliverables to the industry.

Dashboards are used to facilitate discussions within the group. The DMWG is welcome to view information via the Extranet at <https://extranet2.iata.org/sites/admwg>. The IATA ADMWG will meet in Geneva in November to begin the design of an action plan and guidelines.

Breakout Groups

Fare Filing Topics

When this topic was last reviewed by the group in May 2016, issues regarding the free text fields, excessive confusing verbiage around CAT 16, as well as issues with CAT 31 and 33 were the priority for agents. What is filed under free text cannot be automated.

ATPCO’s help was enlisted to identify which carriers use free text. The challenges with free text are compounded because a footnote can override a rule. Seasonality and black outs are a sample of items contained in footnotes. The footnote always prevails and they can be auto priced. Free form text cannot be auto-priced and require the agency to read them and possibly manually override the auto-pricing if the free text verbiage is different than the auto-price rule.

Cat 33 often advises the agent to go to CAT 16. Agents would like carriers to put file all free text or if that is not possible, put the free text along with the specific category, instead of sending them to another field to review. ATPCO advises that the free text issue has not arisen as a top priority among the requests brought to them by carriers. ARC is struggling to obtain agency data on the free text issue. Some has been received but not enough to make any recommendations on proposed solutions.

DMWG Feedback: Agents advise that they would not review free text, especially if relying on an auto-priced tool. If you are using an auto pricing tool you will be held liable for rules in free form text which is manually priced. Propose the development of best practice verbiage for CAT 16 to standardize it. It is difficult for an agency to tell upon receipt of a memo whether it is for the free text. Additionally, a subgroup should be created to include carrier’s fare representatives, ATPCO and the GDSs to clarify this information, making it a joint project with IATA. *(Note: star partners and the alliance partners file fares as well so they should be included as meeting participants)*

DMWG Action Item:

Agents: Provide ARC with examples of verbiage from CATs 31, 33 and 16.

Carriers: Review this item with the fare filing group within your organization and provide any applicable

data to ARC on fare filings and footnotes as well as supply the names of any representatives from the fare area that would participate in a subgroup.

Group Exercise

FCMI Codes

Example: Agency uses ticket designator on an auto priced ticket. It now reads as a manually priced ticket simply because the designator was added even though no financials changed. Additionally, if an agent just takes the commission, it triggers a change to the FCMI code. If you forgot an item such as tour code or ticket designator and try to add it after the fact, then the auto price indicator is lost.

DMWG Feedback:

Additional Examples of FCMI issues:

(1) Dual competing tickets with designators. Agent uses the wrong designator by mistake. Reissues the transaction and it was a bulk fare. The reissue drops that terminology and agent goes back to add it in manually. This changes the FCMI resulting in a memo.

(2) The new KGB tax – Requires the passenger age which you may not have on hand. When you go back to supply the information the FCMI changes.

- Some participants question whether this is really that much of an issue? These agents experience some issues related to commission but overall they are seeing a decrease in memos of this type.
- Is there an appetite to add or change FCMI codes? That would be a massive change with a lot of cost. FCMI code 0 denotes tour codes only and not ticket designator. Need the 0 updated to reflect ticket designator.
- Create a new FCMI indicating the transaction was auto priced and only approved fields were modified.
- Include these changes in protections and don't issue a memo
- How relevant is the problem if these data elements can be changed in IAR? A change to FCMI codes are generally initiated by the agents need to respond to a carrier request. (Note: Only 1 business day to change data element in IAR)
- Allow some type of post processing
 - IAR will not change it to the pnr in the future. It is passed to carrier on the CAT. CAT is used to audit however it will not feed back into the e ticket record.
 - Propose that ARC send a notification to the desktop letting the agent know they invalidated the FCMI
- Standardize a best practice for commission contracts having the carrier use the tour code instead of the FCMI
- GDS can tell at point of ticketing that fare and tax was not manipulated so a new FCMI could be used

as they have data points all the way through the transaction to see what happened. There is sensitivity about GDSs and what FCMI's will be reviewed or not as that may be contractual.

- Carriers will not look at evidence that the code changed and won't take the explanation from the agent that they did not change financials.

ARC Action Item: Determine a method of quantifying the size of this problem, ex. data from AMM or from participants in order to prioritize this issue. Numbers will be issued to the group when available.

DMWG Feedback:

- FCMI =0 applies to everything that is auto priced but you can change your tour code and it will not change the FCMI. Therefore you need to split the ticket designator and tour code when the research is done. If the tour code is filed, then it would be auto priced. Ticket designator would already be manual.
- Agents looking for consistency in having global definitions for waiver code, tour code etc.
- Some agents send all memos to the GDS, i.e. let me know what you will or will not pay
- If you have a waiver you will use the tour code to place the waiver and that applies it manually creating an FCMI
- When it is exchanged you have to go add it back in and then the item is considered manual and memo issues
- If there is a new FCMI there is a commercial conversation that should take place between the GDS and the agent

Group Discussion - Priorities

1. Communications

DMWG Feedback: Potential AMM enhancements increasing access within multiple areas of the carrier Ex. fare filing area does not have access to AMM so an issue could not be forwarded. Other teams have access but this group is the one responsible for the fare filing. For example, at one carrier just the audit area has access. They would be willing to allow other areas in, if access was view only. Carriers don't want sales teams to have the ability to touch memos for their best accounts. View only should be a public view that does allow private conversations. Dispute and pay button should be separate from view only. Carriers feel there are not enough people in an agency with access to AMM when they contact the entity.

2. YQ/YR

ARC Inquiry: What is the best way to get data on this? It will be added to priority list but we need data on this item.

DMWG Feedback: Refunds tend to generate a memo because the YQ/YR was not refundable. If the fare is refundable the YQ/YR is refundable. If it is not a refundable fare then it is not refundable.

DMWG Action Item: Send data related to YQ/YR memos to Shelly Younger at syounger@arccorp.com.

3. Fare Filing

DMWG Feedback: We should not completely table large issues that may take years to complete. We need to discuss them now so solutions will be available in a few years. An item that falls into this category is the automation of involuntary refund and exchange rules. One GDS says most memos are about involuntary change. Additionally, upload tariffs more or less frequently. For example, a fare is booked at Noon and then the fare has changed when you return in 30 minutes to ticket. If the fare rule allows it to sit on the pnr for a certain time, the system transitions the item to manual pricing even though the rule allowed the same fare.

Group Exercise Proposed Best Practices for ADMS

DMWG Feedback:

Policies/Procedures

1. Publication of ADM policies – general policies not specific tickets
 - a. Mirror IATA. ARC should house it in AMM the way it is housed in BSP link
 - b. Via IATA you cannot issue memos if the policy is not there
 - c. Policy library – each carrier on their agency websites
2. Creation and publication of carrier ticketing policies – memos come in even though they followed the GDS fare rule and memo is for not following the website policy. The policy should be filed in the fare itself.
3. Centralization of regular operations information - If it is hidden, make it accessible not password protected. Perhaps a link from ARC to a list where you can see the trail of what all the policies were at the time and not just a snapshot in time.
4. Grace period - Agents receive memo because tkt deadline is midnight. Customer went online at 11:58. Additionally, customer starts the process at 11:58 and the \$300.00 fare is now \$1,000. The customer has no idea. Agency has to cover the difference. Agents would like a grace period guideline, if it is not commercial.
5. Pre-adm conversations / inquiries that come before the adm issues. Would like it centralized using the same tool the chargeback team will use – reduces the work carrier would have to do re: data entry.
6. Involuntary schedule changes (ex. hurricanes, disasters) – More online information to avoid agents calling in for a waiver if something is not filed on line yet. Carrier site should address all delayed or affected flights.
7. Agents would like something similar to an OSI message. If flight number impacted can an OSI message pump out with a waiver code? Note: Different carriers use various audit methods so OSI may not avoid the audit like a waiver would. This is an item where more carrier departments need to be involved in the discussion.

Contracts and Communication

1. Agents receive a notice and it is effective immediately or the communication comes 5 days after the effective date.
 - a. Can there be a communication day and a separate effective day?
2. Private fares – What is the root problem? Only airlines should be giving fares to ATPCO.
 - a. If filed with ATPCO, the private fare is auto priced
 - b. Some carriers have specific private fares or contracts that an agent inputs manually
 - c. An example of a private fare challenge is when a transaction has a private fare on one airline combined with travel on another airline. Ticketing airlines cannot see the private fare. Ticketing airline says their fare cannot be combined but the other carrier says the private fare carrier should have filed restrictions.
 - d. Ensure joint ventures get the contracts at the same time
3. Best practice for auto price tools is to use them
 - a. Develop a tool for refunds
 - i. Inordinate number of memos on straight sales that are manually priced

DMWG Feedback: What are the biggest drivers as to why you would not auto price a straight sale? Why are straight sales not being automated?

ARC Action Item: Determine whether data can be pulled on all straight sales and see what has tour code vs. waiver code. FCMI codes are the source of the data so this has a close relationship to the tour code vs. ticket designator issue. Note: If it is solely stored in the pnr ARC cannot pull the data.

Agency Training

1. Communication around policy changes or contract changes – Issue it early to get people on board
2. Access to carrier/agency pages
3. Ongoing refreshers with your agents - all staff on the call not just managers
4. Targeted classes given by the GDS – most existing classes are geared toward helping a customer on the phone. An ADM is in the past so the researching agent is not using the same commands a ticketing agent would use. Classes are needed re: reading a pnr historically.
5. Contract changes – require a summary page highlighting what has changed

Removing Agents from GDS/Carrier Dispute

1. Can't ADMs for auto priced tickets go straight to the GDS?
2. May help to try to negotiate with your airline partner on these items, ex. contract language re: you are absolved from adms for auto priced tickets
3. Best if carrier issues the memo to the GDS and agent at the same time to get the process moving since carrier is aware it is auto priced
4. More education on the use of the dispute process
5. Send an alert from AMM - if we can get the auto price code from the GDS

6. Need to ensure it is a fare or tax item as the GDS will not pay if it is commission
7. Would like carriers to do as much work as possible up front and talk with whom they need to internally
8. Allow GDS to take action on the memo in AMM
9. Carrier rejects the dispute before the GDS can get in to type their comments. It was elevated to the GDS in AMM and the GDS does not get a chance to reply.
10. The term auto priced is not well defined. FCMI could be modified in some way that is not fare and tax that would create more issues. Need to work on the GDS definitions of FCMI codes before we could do a push of adms automatically to GDS.

Service Level Agreements/Documentation

1. Timeline re: date of transaction and issuance of ADM varies by airline
2. Propose 9 months from travel date
3. Some airlines like to have minimal documents while others prefer lots of detail. If reason codes are more sanitized and a brief summary of the transaction is included, less documents should be needed. Upload with reason code and appropriate comments. As a standard practice put it together without attachments.
4. What is the value of attachments? Is there a difference in the resolution rate if there is or is not attachments?
5. What fields are filled out also affects resolution - ex. ticket number is not filled out – would like ticket number included.

ARC action items: Review the ability to export the AMM page and have it all on 1 page. It currently prints on 2 pages which makes the internal coding difficult. Research the ability to create a DRS link in AMM.

Dispute Process

1. Agent response to initial debit memo depends on type -ex. chargebacks more sensitive so agents need to prioritize memos
2. Within 14 days start your dispute or resolution process
3. If you are going to dispute, be specific about what was wrong re: why you need to dispute it. Screen shots attached would be helpful.
4. Reason codes for disputes (like standard codes for issuance)
5. Include a copy of the contract (ex. commission issue)
6. Carrier/GDS opens it within 48 hours when the dispute arrives – put enough info so the agents can train employees on the error
7. Internal communication within the carrier, no canned responses, don't repeat the previous response if it was previously disputed
8. GDS should have the same response timeframes as carriers
9. GDS should look at the memo at the time of assignment and not post travel
10. If GDS is providing a technical response make sure the right person at the carrier is reviewing it, i.e. they are a technical subject matter expert.
11. As the memo is being circulated within the carrier, avoid losing time by dropping collateral. If it has been passed to three people and collateral is dropped, the final recipient has to start over and loses time.



- 12. Place an alert on disputes so it is flagged to the right person
- 13. Always send memos to the same place no matter the size or dollar value of the adm (ex. sending to HOL instead of branch)
- 14. Require the use of a domain account for the mailbox and not Hotmail/Gmail

Multiple Dispute Guidelines

- 1. 3rd dispute coming in should go to carrier supervisor
- 2. Carrier should respond and explain why the provided support is not valid
- 3. If GDS technical info is sent back, deliver to applicable technology employee at the Carrier
- 4. Carrier will have to make a final decision if it is between the GDS and the Agent
- 5. Everyone...Carriers, Agents and GDSs should have a response time

Agency and GDS Review - Payment

- 1. 90 days to action a standard adm before something would be sent to collection. This is payment time not response time.
- 2. If disputed allow up to 120 days
- 3. No payments allowed outside of AMM
 - a. Unless GDS paying carrier directly with the understanding that the carrier would close the memo
 - b. There are unique situations that require payment outside AMM but most should go in
 - c. Note: ARC has discussed with 2 large agencies why they are sending checks to the carrier which creates additional work for the airline. ARC cannot mandate a check is not mailed however we continue to work with them re: alternatives.
- 4. Recommendation for duplicate payments – a credit memo showing the memo number issued twice
- 5. Partial payments – dispute first, then pay
- 6. If an adm is sent to collection, advise the agent first and then discuss with sales first before sending it. Identify in AMM with a flag if it is going to an outside collection agency. Require carrier to respond to dispute before it is sent to collection.
- 7. Look at turn time and develop the timelines from those averages
- 8. Is there an email so the carrier knows that a note was entered
- 9. More discussion is needed re: the partial payment process as there is a divide in the group re: how it should be processed
- 10. Wrong codes on closure – says paid outside IAR even though it was a dispute won and it was closed

ARC Action Item: Determine whether there is data re: what types of debit memo has the longest response time and see whether the number changes if chargebacks are eliminated from the data pool.

What's next in 2017?

Shelly Younger, Manager, Settlement Services

ARC needs some high level prioritization from this group on the items below (listed in random order).

1. Free text
2. Footnotes
3. Stats re: change of FCMI
4. YQ/YR
5. Automated refund and exchange
6. Testing fare rules before transmission
7. Uploading fare changes more or less frequently

DMWG Feedback: Would like to see some of the best practices combined with the prioritization list items, if they go together. Put education collateral out early and tell industry what to expect. DMWG does not know the inner workings of ARC and what things are taking resources away from these DMWG enhancements.

ARC Action Item: Presentation on non-ADM ARC projects.

ARC Action Item: Send survey re: where the group would like to spend their time on the fare filing topics. Best practices will be documented in a digestible format and distributed to all with the intent of having more calls to define this area and work as closely with IATA as possible.

Thank you ATPCO!!

Delta gave a shout out to ATPCO for training conducted from an audit perspective; familiarizing them with applications they have and introducing them to some new applications. It has eliminated some disputes. There are some new applications they are considering ex. YQ/YR application.

ARC Action Item: Obtain a statement from Delta participant to advertise this ATPCO training to others.

The following organizations participated:

| | |
|-------------------------------|-------------------|
| Air France | Connoisseur |
| ATPCO | Delta Air Lines |
| Alaska Air | Emirates Airlines |
| Altour | Expedia |
| Amadeus | Frosch Travel |
| American Airlines | Flight Centre |
| American Express and AMEX GBT | Hawaiian Airlines |
| ASTA | Hotels.com |
| BCD | IATA |
| MLT Vacations | United Airlines |
| Nexion | Sabre |
| Priceline | Travelport |



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The following ARC employees were in attendance: Sarah Sager, Shelly Younger, Rita Gramling, Doug Mangold, John Pittman, Colleen Hughes, Paige Blunt, Jennifer Watkins, Kevin Haag, Lucianne Leighton, Jeannine Hankinson, Matt Seiler, Chuck Fischer, Frank Marumoto, Mark Pond, Jim Watson and Allison Mitchell.