



Airline Fee Recovery

27 February 2014

Agenda

- Welcome
- Facts about costs airlines incur
- Carrier-Imposed Fees
- Ticketing Fees
- Questions and comments

Fact Sheet: Fuel

- Fuel is the major operational cost for airlines
 - The global airline industry's fuel bill was estimated at **\$214 billion** for 2013
 - Fuel costs account for an average of **31%** of airline operating expenses
 - A major global airline recently reported they spent **\$12.3 billion** on aircraft fuel in 2013
- You can take actions to save fuel costs
 - Buy an oil refinery
 - Install new winglets
 - Remove in-flight magazines
 - Convert paper navigational charts to tablets

Fact sheet: Merchant Fees and Ticketing Channels

- **Credit Card Merchant Fees average up to 3%**
 - Credit card merchant fee represents \$15 of a single \$500 ticket
 - \$1B airline may spend up to \$30M annual on fees
- **High-cost ticketing channels**
 - Costs range from \$10 to \$25 per ticket at call centers and at city ticket offices

Carrier-Imposed Fees

YQ/YR



Industry Business Requirements

Airline need

React quickly to market conditions on fuel, insurance, and other carrier-initiated fees

Airlines need the ability to assign fees to tickets in addition to base fare

Initially, the primary drivers were fuel, because of spikes in jet fuel and insurance premium increases airlines faced post-9/11, but carriers are incurring more costs that they need to pass on to the passengers

The Solution

- YQ/YR
 - Developed and deployed in 2005
 - YQ & YR – tax codes allocated by IATA
 - Additional Sub-codes
 - YQF – Fuel fees
 - YQI – ~~Insurance fees~~ Carrier-Imposed
 - YRF – Fuel fees
 - YRI – Carrier-Imposed Fees (can be other fees)
 - Specific to Marketing Carrier
 - All data is public data
 - Data distributed with hourly subscriptions

Product Overview

Carrier-Imposed Fees

Two records required for processing

Carrier-Imposed Fee
Record
S1

What is the fee
and who is it
for?

Validating Carrier
Record
S2

Concurrence

Fees Record – S1

- Describes the fee and who it is applied for
- Can vary by
 - Passenger Type
 - Travel Dates
 - Ticketing Date
 - Type of Fare
 - Point-of-sale location (area, country, city, state, airport)
 - RBD
 - Equipment
 - Fare Basis Code

Validating Carrier – S2

Concurrence/Interline Processing

- S2 – Validating carrier specifies whose marketing carrier's fees they will collect
- S1 – Includes the fee and identifies validating carriers who are allowed to collect the marketing carrier's fee

Carrier-Imposed Fees in the Market

File Edit View Actions Functions Tools Help													
ATP1EAW ATPCO													
MORE TO FOLLOW - HIGHLIGHTED SEGMENTS CONTAIN ADDITIONAL CRITERIA													
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ID	Action	Status	Fee Type	Sub Code	Sequence Number	Travel Effective	Travel Discontinue	First Ticket	Last Ticket	Fee Application	Amount/Percent	CUR	Typ
Marketing Carrier	Data		YQ	F	1956669	06NOV13				Sector	180.00	EUR	Nation
	Data		YQ	F	1956670	06NOV13				Sector	180.00	EUR	Nation
	Data		YQ	F	1956675	06NOV13				Sector	130.00	EUR	Nation
	Data		YQ	F	1956676	06NOV13				Sector	130.00	EUR	Nation
	Data		YQ	F	1956679	06NOV13				Sector	192.00	EUR	Nation
	Data		YQ	F	1956680	06NOV13				Sector	192.00	EUR	Nation
	Data		YQ	F	1956685	06NOV13				Sector	142.00	EUR	Nation
	Data		YQ	F	1956686	06NOV13				Sector	142.00	EUR	Nation
	Data		YQ	F	1956694	06NOV13				Sector	202.00	EUR	Nation
	Data		YQ	F	1956695	06NOV13				Sector	202.00	EUR	Nation
	Data		YQ	F	1956700	06NOV13				Sector	152.00	EUR	Nation
	Data		YQ	F	1956701	06NOV13				Sector	152.00	EUR	Nation
	Data		YQ	F	1956710	06NOV13				Sector	FREE	USD	Nation
	Data		YQ	F	1956711	06NOV13				Sector	FREE	USD	Nation
	Data		YQ	F	1956715	06NOV13				Sector	43.00	EUR	Nation
	Data		YQ	F	1956716	06NOV13				Sector	43.00	EUR	Nation

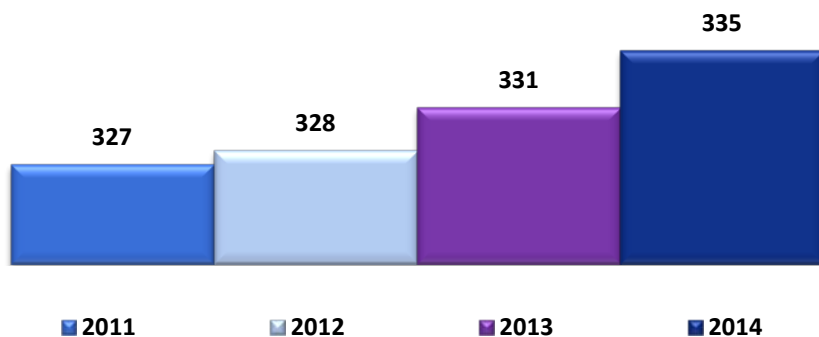
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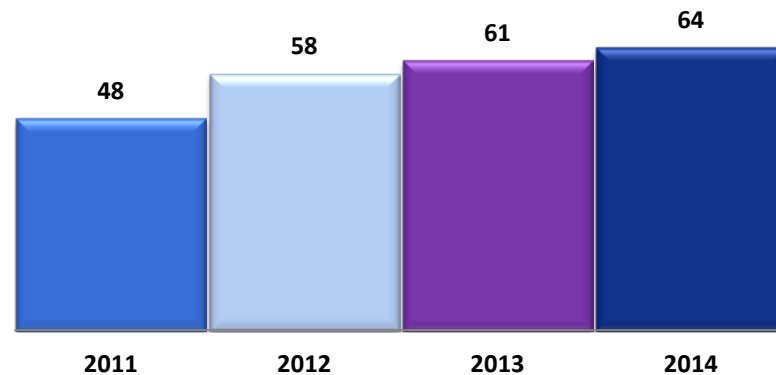
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Carrier-Imposed Fees Industry Adoption

Carriers providing data to ATPCO



Subscribers to Carrier-Imposed Fees



What's next

- Product
 - Aligning YQI with YRI to enable for flexibility for coding carrier fees
 - Analyzing data coding efficiencies for airlines
 - Larger R&D project to evaluate user experience for all Service Fees products

Ticketing Fees



Industry Business Requirements

Airlines need an efficient tool to recover costs associated with issuing tickets, such as credit card merchant fees or costs associated with expensive ticketing channels

The Solution

- Ticketing Fees
 - Developed and deployed in 2007
 - IATA two-letter service code OB
 - Assigned, collected, and kept by validating carrier
 - Not interlineable
 - Does not appear on the face of the ticket
 - Data can be public or private
 - Uses ATPCO BIN Answer Table
 - To differentiate between debit card and credit card for merchant fee recovery
 - Data distributed with hourly subscriptions

Product Overview

Ticketing Fees

Record required for processing

Ticketing Fees
S4

Identifies the fee and conditions as to when it should be applied

Ticketing Fees Record – S4

- Identifies the fee and conditions when it should be applied
 - Passenger Type
 - Travel Dates
 - Ticketing Date
 - Point-of-sale location (area, country, city, state, airport)
 - Journey geography
 - Fare Basis Code / Ticket Designator
 - Account Code

Bank Identification Number (BIN) Answer Table



- BIN Answer Table distinguishes between debit and credit cards
- BIN Answer Table identifies card type (debit or credit) based on the first six digits of its BIN
- GDS and pricing engines use BIN Answer Table in Ticketing Fees processing

Ticketing Fees in the Market

File your credit card fees using FC sub codes

Row	ST	Sub Code	Travel		Journey		Security Table	BIN	Amount/ Percent	CUR	Private	Private Distribution
			Effective	Discontinue	LOC 1	LOC 2						
1		FCA	06MAR13		NO			40.	NOK	<input type="checkbox"/>		
2		FCA	06MAR13		GB			4.50	GBP	<input type="checkbox"/>		
3		FCA	06MAR13		BE			7.50	EUR	<input type="checkbox"/>		
4		FCA	06MAR13		NL			7.50	EUR	<input type="checkbox"/>		
5		FCA	06MAR13		FI			7.50	EUR	<input type="checkbox"/>		
6		FCA	06MAR13		CH			22.00	EUR	<input type="checkbox"/>		
7		FCA	06MAR13		DE			18.00	EUR	<input type="checkbox"/>		
8		FCA	14MAY13					FREE - NOT SHOWN ON RECEIPT		<input type="checkbox"/>		

File your debit card fees using FD sub codes

Row	ST	Sub Code	Travel		Journey		BIN	Amount/ Percent	CUR	Sequence Number
			Effective	Discontinue	LOC 1	LOC 2				
1		FDA	04SEP12				FREE - SHOWN ON RECEIPT		180500	
2										

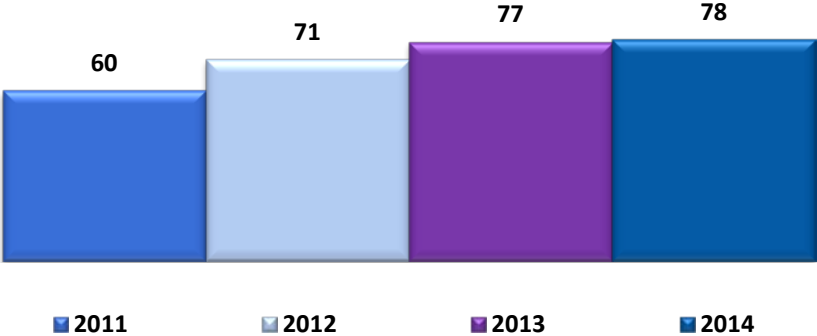
Credit Card Merchant Fees

- Current filings
 - Airlines are recovering merchant fees for these countries today
 - Many more countries may allow merchant fee recovery

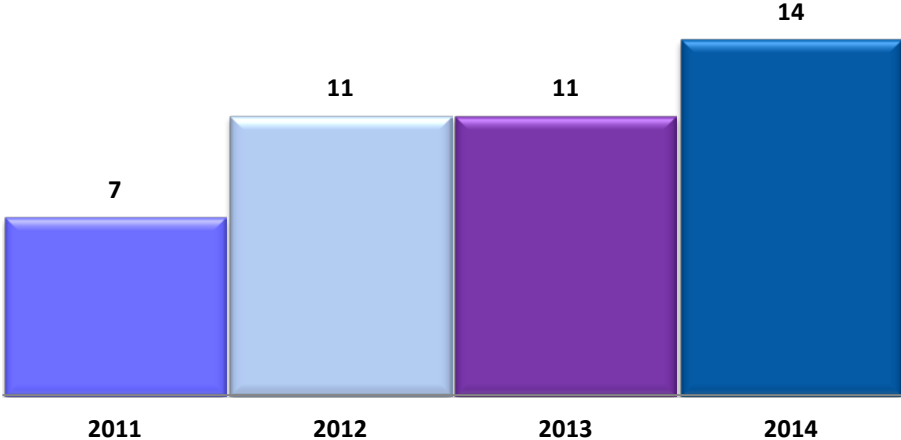
Australia	Austria	Belgium
Denmark	Finland	Germany
Greece	India	Ireland
Italy	Jordan	Morocco
Norway	Spain	Sweden
Switzerland	The Netherlands	United Kingdom

Ticketing Fees Industry Adoption

Carriers providing data to ATPCO



Subscribers to Ticketing Fees



What's next

- Product
 - Larger R&D project to evaluate user experience for all Service Fees products

Questions & Comments

Thank you for participating

Recover your fees!