



IATA **WEBINAR**

IATA & ACCREDITED TRAVEL
AGENTS

CROATIA

May 2023

Introduction




- Objective of the webinar is to provide travel agencies with relevant info regarding the financial security options and financial assessment process
- During this session risk component of the LFC will be explained with focus on RHC
- Refresh: IATA Accreditation models and forms of payment
- You can write your questions in the chat box. They will be answered during the Q&A Session – last 30'
- This presentation will be shared with you



New travel agency accreditation models

Three accreditation models main characteristics:

As of 11 Aug 2022

Total number of GoLite	11,878		<input checked="" type="checkbox"/> Cash <input checked="" type="checkbox"/> CC <input checked="" type="checkbox"/> IATA EasyPay	<input type="checkbox"/> Remittance Holding Capacity <input checked="" type="checkbox"/> Financial Assessment <input checked="" type="checkbox"/> ADM/Chargeback Security
Total number of GoStandard	37,682		<input checked="" type="checkbox"/> Cash <input checked="" type="checkbox"/> CC <input checked="" type="checkbox"/> IATA EasyPay	<input checked="" type="checkbox"/> Remittance Holding Capacity <input checked="" type="checkbox"/> Yearly Financial Assessment <input checked="" type="checkbox"/> Financial Security / Default Insurance
Total number GoGlobal	12		<input checked="" type="checkbox"/> Cash <input checked="" type="checkbox"/> CC <input checked="" type="checkbox"/> IATA EasyPay	<input checked="" type="checkbox"/> Remittance Holding Capacity <input checked="" type="checkbox"/> Quarterly Assessment of Parent <input checked="" type="checkbox"/> Parent Guarantee incorporated into PSAA <input checked="" type="checkbox"/> Financial Security / Default Insurance
Total number of NewGen Agents	51,327			

Changing Accreditation Model GoStandard/GoLite

- To change Accreditation Type, select “Other Changes”
- Complete the Notice of Change

IATA Online Agency Accreditation / IFACP Endorsement & Changes
Welcome to the online application.

Agency Accreditation

- Apply for a New Associate Entity
- Apply for New Cargo Head Office
- Change of Bank Account Details

Please note that online accreditation applications must be submitted by an Authorised Signatory of the Company. [View Country Requirements](#)

Proof of PCI Compliance

PCI Compliance is a pre-requisite to enable the Credit Card Form of Payment for an IATA Code.

Ongoing Applications & Changes

You don't have any pending Agency accreditation applications.

Other Useful Forms

- Request Voluntary Relinquishment
- Voluntary more Frequent Remittance(VMFR)

Other Changes

Request Change of Accreditation Type and/or notify IATA of changes to your Location, Company Name, Legal Status, Ownership / Shareholding.

Minor changes to your Agency details e.g. Phone number, email address etc. can be made directly from your Company Information page.

Request for Change

A. Select Type of Change | B. Review Country Requirements | **C. Details of Change** | D. Submit to IATA

[Back](#) [Next](#) [Save Draft & Leave](#)

You can save your change request at anytime and come back later to complete it.

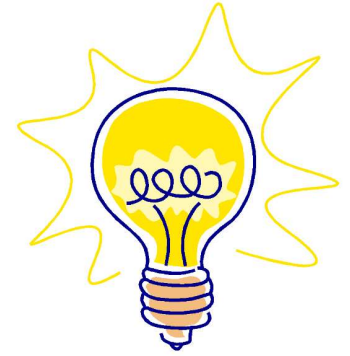
For each section below either:

- Confirm that the Agency Details are correct
- OR
- Notify IATA of the Change and update your Agency Details

1. Accreditation type

Current Accreditation Type	Change of Accreditation Type	Compare Accreditation types
Accreditation Type: GoStandard	Confirm Accreditation Type is correct <input type="checkbox"/>	Request Change of Accreditation Type <input type="checkbox"/>

Recommendation



It is recommended that the Travel Agent **first opens an EasyPay account** before doing the change of accreditation to GoLite.

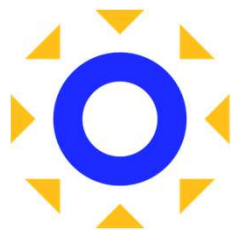
Otherwise there is a risk that the Agent will be more limited with their payment options.

How Accredited agent benefits from IATA EasyPay?

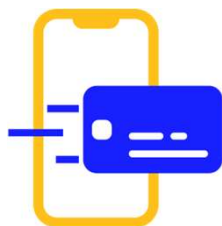
- **Easy way** of issuing and **settling airline tickets**
- Top up your account **based on your needs**
- **Detailed reporting** on transactions
- **No fees**, voluntary, and no minimum balance required
- **No commitment** to use or maintain the account
- Option for GoStandard agents to **reduce financial security** amount
- Option for GoStandard agents to **manage RHC**
- **Single and multi-use numbers** to meet your operational requirements
- IATA EasyPay is currently **accepted by 100+ airlines**



What is IATA EasyPay?



B2B payment solution for Agents to issue Airline tickets in the BSP



Pay-As-You-Go online wallet only available for IATA agents



Accepted by most BSP airlines

Up to date list available on the IATA EasyPay Portal

A revamped IATA EasyPay is being delivered in 2023, bringing:

- ❑ Seamless to Airlines as unique change is the BIN code used as FOP
- ❑ Simplified onboarding process for agents
- ❑ Reduced time on issue resolution for agents and Airlines
- ❑ Standard solution for all markets
- ❑ More user-friendly IATA EasyPay Platform



RISK MANAGEMENT

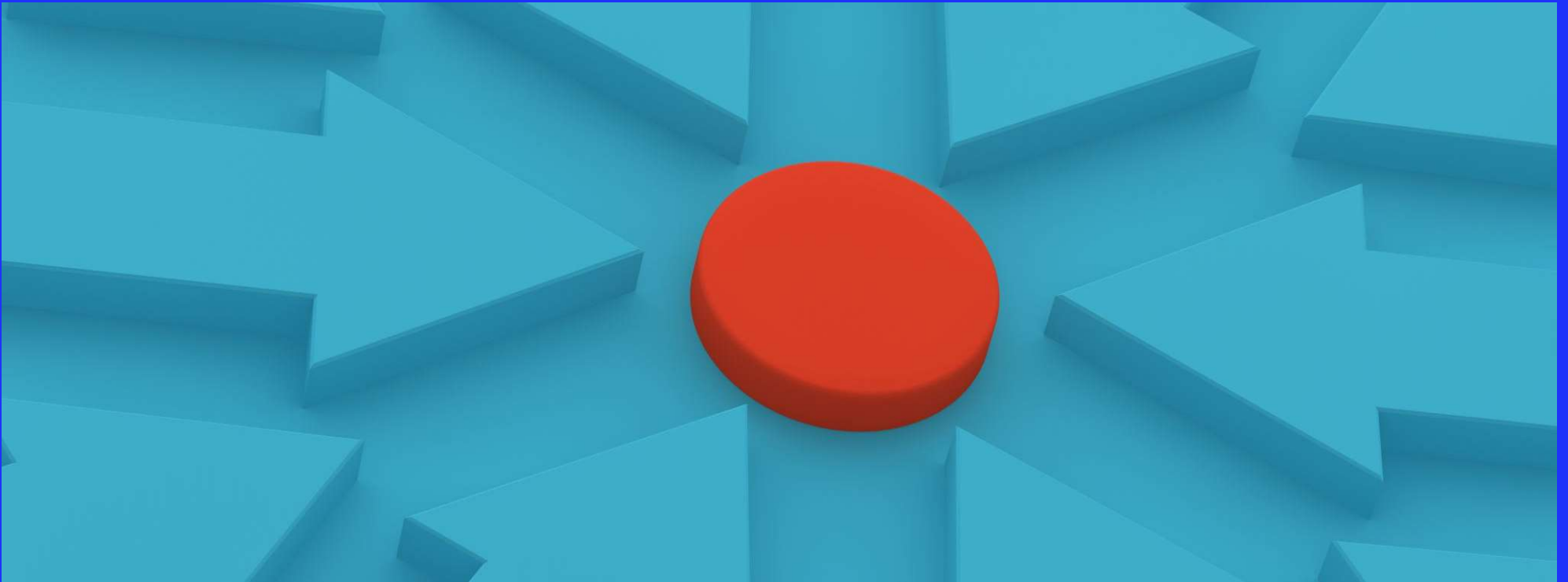


Table of content:

1. Remittance and settlement frequency
2. Financial security
3. RHC formula
4. Financial assessment criteria



Enhanced Risk Management Framework

❖ Going from unlimited to mitigated Risk - **Go Standard & Go Global**



Reduction of default losses resulting from limitation of cash risk exposure (RHC)



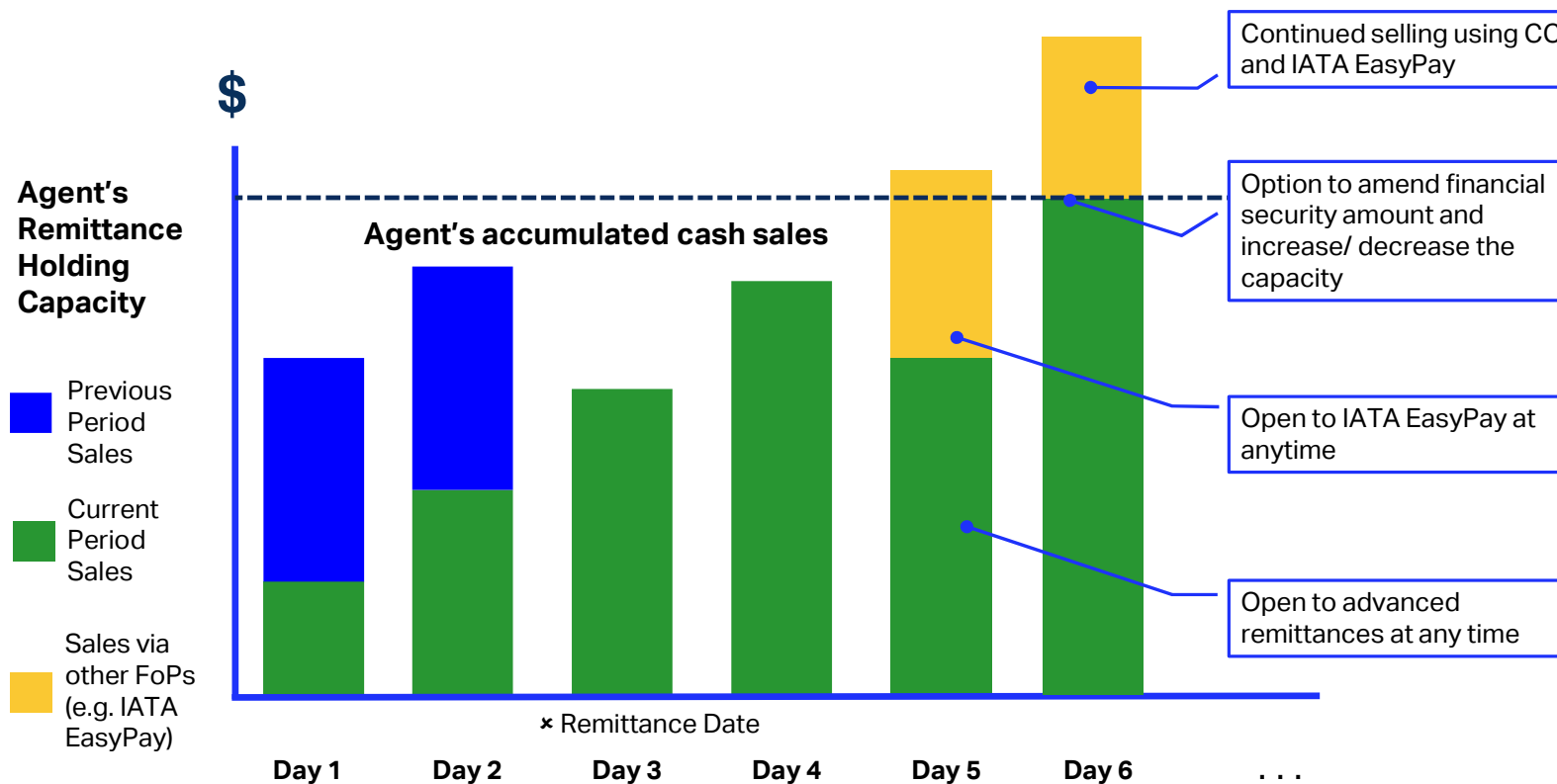
Real time around the clock sales monitoring



Safer environment & sales continuity through new payment options

Remittance Holding Capacity

All Agents with access to Cash will be assigned a Remittance Holding Capacity



RHC

effective February 2021

New formula using a multiplication factors based on the Agent's **Amount at Risk** and **Risk Status**

$$\text{Amount at Risk} = \frac{\text{Total days x total BSP Cash Turnover 3 highest Reporting Periods}}{\text{Days in Reporting Period x 3}}$$



Remittance Holding Capacity			
Tier	Amount at Risk	Risk status A	Risk Status B
1	Up to USD 5,000,000	Formula X 2	Formula X 1.50
2	USD 5,000,001 – USD 10,000,000	Formula X 1.75	Formula X 1.35
3	More than USD 10,000,000	Formula X 1.50	Formula X 1.20

RHC - Examples

Example 1:

Remittance Frequency: weekly

highest period 1= 155,000

highest period 2= 150,000

highest period 3= 135,000

⇒ Total **440,000**

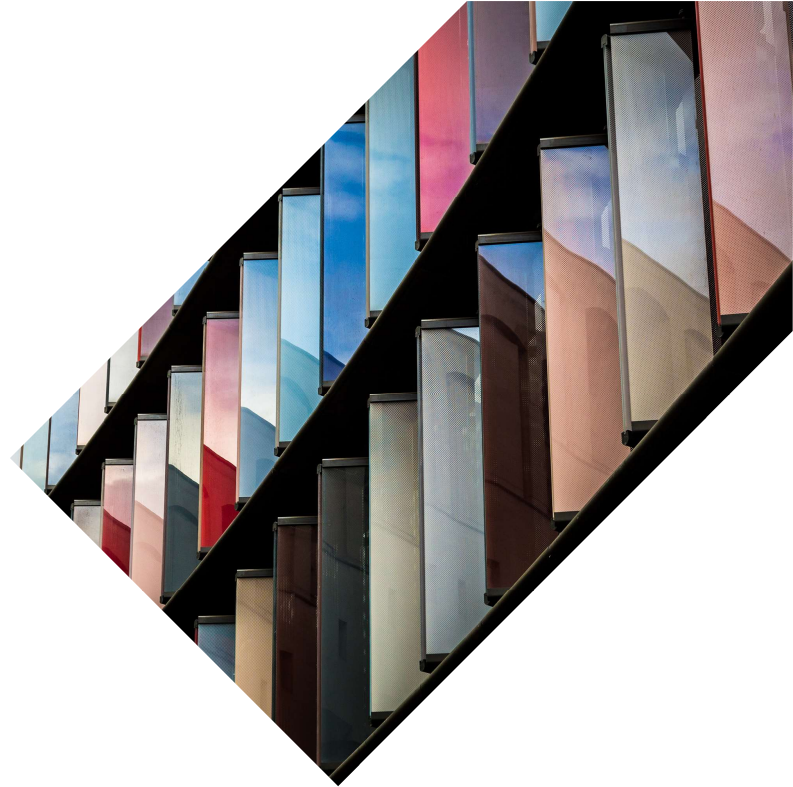
⇒ Days in Reporting Period: 21

⇒ Total days: 14 from day 1 of reporting period till the Remittance day

$$\text{Amount at Risk} = \frac{14 \times 440,000}{21} = \mathbf{293,333.00}$$

$$\mathbf{RHC} = 2 \times 293,333 = \mathbf{586,666.00/-} \text{ (Risk A)}$$

$$1,5 \times 293,333 = \mathbf{439,999.00/-} \text{ (Risk B)}$$



RHC - Examples

Example 2:

Remittance Frequency: **bi-Monthly** Risk Status **A**

highest period 1= 6,000,000

highest period 2= 4,000,000

highest period 3= 6,000,000

⇒ Total **16,000,000**

⇒ Days in Reporting Period: **45**

⇒ Total days: **31** from day 1 of reporting period till the Remittance day

Amount at Risk = $\frac{31 \times 16,000,000}{15 \times 3} = \mathbf{11,022,222.00}$

15x3

⇒ First 5M → under tier 1

⇒ Next 5 → under tier 2

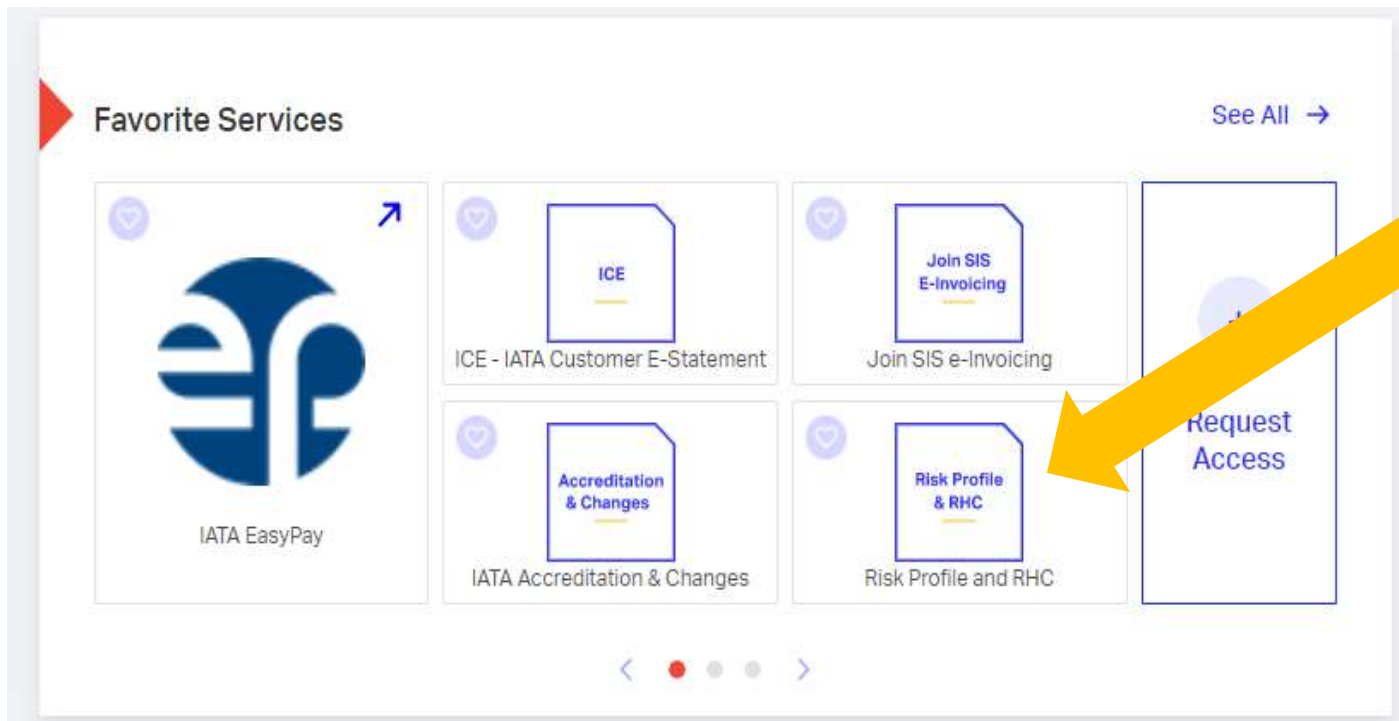
⇒ Final 1,022,222 → under tier 3

RHC = $2 \times 5\text{mil} + 1.75 \times 5\text{mil} + 1.5 \times 1,022,222 = \mathbf{20,283,333.00}$

Remittance Holding Capacity			
	Amount at Risk	A	B
1	Less than 5M	X 2	X 1.50
2	More than 5M – less than 10M	X 1.75	X 1.35
3	More than 10M	X 1.50	X 1.20

RHC Management and Risk Profile

- Login to IATA Portal
- Click on Risk Profile & RHC



RHC Management and Risk Profile

3

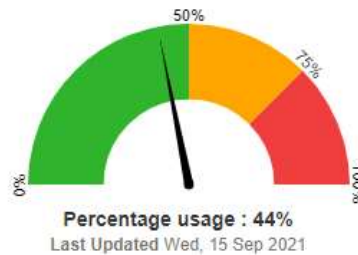
Remittance Holding Capacity

RHC Amount ⓘ NGN 1,196,581,022

Current usage ⓘ NGN 522,170,903.82

Current Financial Security NGN 1,196,581,022

Remittance frequency 4 times per month



5

Request Balance Update

ICE - IATA Customer E-Statement

4

Risk Events History

Risk Event Status

Active

Expired

Inactive

All

Show 5 entries

Risk Description	Issued Date	Expiry date	IATA Code	Case Number
Failure to provide financial statements	6 Apr 2021	6 Apr 2022	59212893	

Showing 1 to 1 of 1 entries

Previous 1 Next



1

Available Forms of Payment



Cash
✓



IATA EasyPay
✗
Open IATA
EasyPay
Account



Credit Card
✗
Request Credit
Card FoP

2

Risk Profile

Accreditation Type ⓘ GoStandard

Risk Status ⓘ A

Financial Review Satisfactory

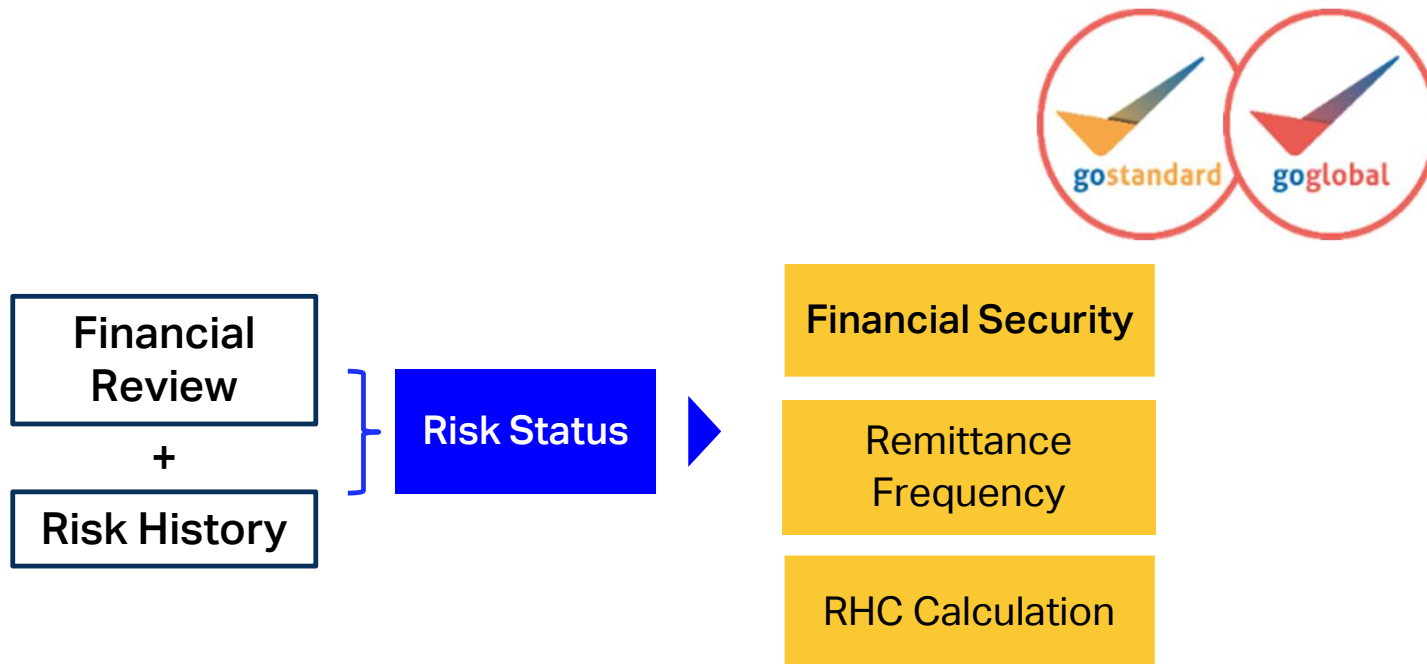
Risk History Passed





B. Risk Status and Risk Events

Risk management framework




Risk History Assessment

- Risk Events valid for **24 months**

Risk Event	Agent fails at
Authorization to use Cash payment Method for less than 24 months	One occurrence
Major change of ownership or legal status	
Payment Default	
Default due to common ownership	

- Risk Events valid for **12 months**

Risk Event	Agent fails at
Failure to provide financial statements	Two occurrence
Failure to provide Financial Securities	
Unreported change of ownership, legal status or name	
Change of Head Entity's location to another country	
Prejudiced Collection of funds	
Late or Short Payment	Adjusted for Remittance frequency
Payment in Wrong Currency	

 **Items to Note**

If an Agent FAILS its Risk History, its Risk Status will be affected (i.e. from A to B)

Remittance Frequency	Remittances per year	Agent fails at
Monthly	12	One occurrence
Twice per month	24	
Three times per month	36	Two occurrence
Four times per month	48	
Weekly	52	
Six times per month	72	Three occurrence
Twice per week or more	>104	



Risk Status & Cash Conditions

Assessment			
Fin. Review	Risk History	Risk Status	Cash Conditions
PASS	PASS	A	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> RHC = Calculation <input type="checkbox"/> Financial Security only if required in LFC for Go-Standard <input checked="" type="checkbox"/> Standard remittance frequency of BSP
PASS	FAIL	B	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> RHC = Calculation <input checked="" type="checkbox"/> Financial Security <input checked="" type="checkbox"/> Standard remittance frequency of BSP
FAIL	PASS		
FAIL	FAIL	C	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> RHC = Financial Security <input checked="" type="checkbox"/> Financial Security <input checked="" type="checkbox"/> Most frequent remittance frequency in the BSP*

Local Financial Criteria (LFC) in Croatia

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18 May 2023

Local Financial Criteria

1.2 Existing IATA Accredited Agents

Financial evaluation for existing Agents in Croatia will be performed yearly. All IATA Accredited Agents must submit the documents listed below. The result of the financial assessment will then be considered as PASS or FAIL.

An existing Agent must comply with the following tests:

1. Net profit in the accounting period
2. No blocked periods for the current accounts in the last 12 months
3. Short term liquidity coefficient:

$$\frac{\text{Current assets-long term business claims}}{\text{Short term financial and business liabilities}} \geq 1$$

If the Agent fully complies with the criteria set under points 1 and 2, a short-term liquidity coefficient between 0,75 and 1 is acceptable.

2. ANNUAL FINANCIAL REVIEWS

2.1 An Agent who applies for IATA accreditation should provide the following documentation:

1. Excerpt from the registry of the Commercial Court
2. Opening balance sheet for the agents who have just started their business in the current calendar year
3. Current balance sheet – not older than 6 months, original or copy with signature and stamp of an independent third party Certified Public Accountant (stamp of the Financial Agency FINA is acceptable)
4. BON-2

2.2 An existing Agent who is subject to a financial assessment:

1. Current balance sheet – not older than 6 months, original or copy with signature and stamp of an independent third party Certified Public Accountant (stamp of the Financial Agency FINA is acceptable)
2. Profit and loss account – as submitted and accepted by relevant financial or tax authority

2.3 BON-2

Financial Security (FS)

3. FINANCIAL SECURITY

3.1 Agents will be required to provide a financial security based on 23 days' average of BSP net cash sales, during the previous (12 consecutive months).

3.2 New applicants will be required to provide a minimum financial security of 25,000 EUR for each the first 2 years.

3.3 Agents Accredited for more than two years.

3.3.1 Agents with Risk Status A

Agents will be required to provide as of 01st of January 2023, a financial security that covers 40% of their 23 days of average BSP net cash sales within the previous 12 consecutive months, with the minimum amount of 25.000 EUR whichever is higher, after the expiry date of current financial security.

3.3.2 Agents with Risk Status B

Agents will be required to provide as of 01st of January 2023, a financial security that covers 80% of their 23 days of average BSP net cash sales within the previous 12 consecutive months, with the minimum amount of 25.000 EUR whichever is higher, after the expiry date of current financial security.

3.3.3 Agents with Risk Status C

Agents with Risk Status C must provide a Financial Security with a minimum amount of EUR 25.000.

Why to evaluate Agents' Accounts?

- To ensure Agents have a strong financial health
- To be able to determine the Agent's Risk status and level of Financial Security

How to obtain Satisfactory results?

- Submit the company's **audited** annual financial accounts, no later than 6 months after each FYE, audited by a certified auditor
- Accounts must show:

1. Net profit in the accounting period
2. No blocked periods for the current accounts in the last 12 months
3. Short term liquidity coefficient:

$$\frac{\text{Current assets-long term business claims}}{\text{Short term financial and business liabilities}} \geq 1$$

If the Agent fully complies with the criteria set under points 1 and 2, a short-term liquidity coefficient between 0,75 and 1 is acceptable.



** full definition of each ratios is in Section 5 in the LFC*



Example

- Agent under weekly remittance
- Last 12 months sales:
- Total sales = **6,848,023.00**
- Days at Risk = **23** Days

Sep-22	550,656
Oct-22	670,569
Nov-23	320,365
Dec-23	956,236
Jan-23	265,885
Feb-23	556,988
Mar-23	497,562
Apr-23	951,235
May-23	556,987
Jun-23	854,412
Jul-23	554,565
Aug-23	112,563



Amount at Risk = (23X 6,848,023.00) / 365 = 431,519.26

Required FS Risk status A = 505,158 x 50% = 252,579.27

Required FS Risk status B & C= 505,158

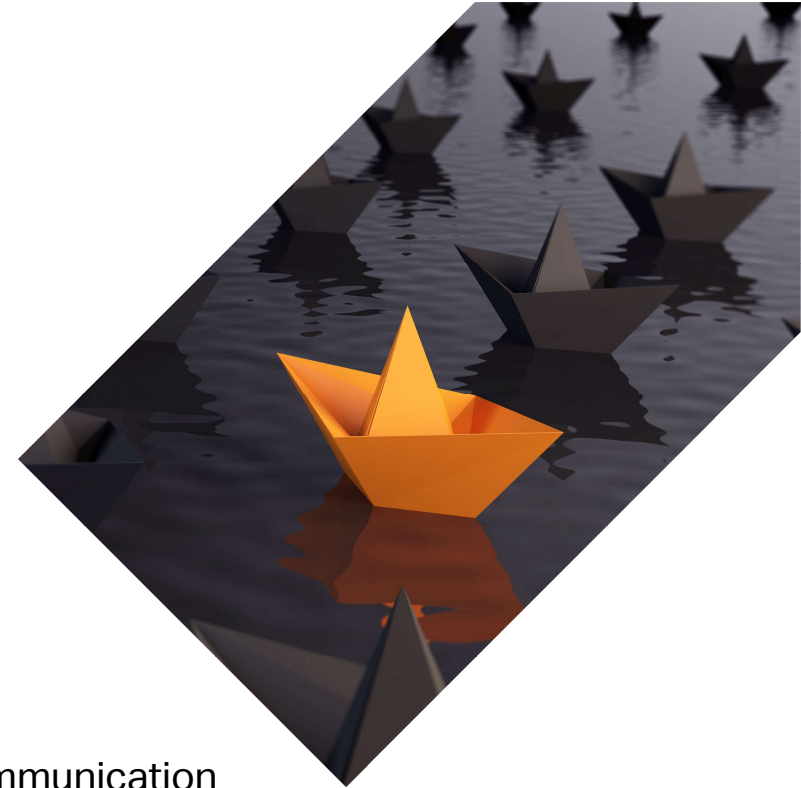
Important to know

Any Financial Security:

- Should be valid for at least 12 months
- Must be drafted based on IATA's template
- Must have a minimum notice of termination period of ninety (90) days
- Must reach Madrid office before the expiry date
- Must be verified by the issuer

SWIFT Bank Guarantee:

- Transmitted electronically by your bank through an inter-bank communication channel
- Contact your bank and request a SWIFT Bank guarantee
- Your bank will send a SWIFT message to IATA's bank – following IATA's template
- IATA's bank will inform IATA once the SWIFT is received



Opt-out Annual Financial Assessment option

- Any Agent can at anytime request to opt-out from the Annual Financial Review exercise.
- Opt-out will be approved by IATA if there is an active Financial Security in place
- Once opt-out is approved IATA will set the RHC to equal the provided Financial Security



Important to know

4 Banks with SWIFT capabilities:

- ERSTE BANK
- PRIVREDNA BANKA ZAGREB
- RAIFFEISEN BANK
- ZAGREBACKA BANKA

If you chose Bank Deposit:

- Confirm with IATA the bank account details
- Deposit the amount in the provided account
- Send via email/query a signed copy of the agreement and the proof of payment



Questions



Thank you!

Contact: www.iata.org/cs