

Ref: CM20-009/941

Mr Aleks Popovich
Senior Vice President FDS
IATA

Brussels, 22 March 2020

Dear Aleks,

Re: BSPs about to collapse!

We wrote you last week demanding flexibility concerning remittance periods. Following our call on Wednesday, where you made clear that money flows in both directions must take place, including balances due to agents, the situation has massively deteriorated.

Within hours, more and more airlines have prohibited the normal refund process through the GDS. This is the only process where refunds are processed in a timely manner. Instead we have seen most airlines only allowing refund applications via BSPLink – some prohibited refunds all together. As you are probably aware, this means a delay of refunds for months – in the best case that the airlines are still around.

Resolution 824r provides that airlines have to “ensure that valid refunds on totally unused Traffic Documents are made or authorised not later than the following remittance schedule after the refund application is received from the Agent by the Carrier” (§ 2.1.1). The decision, individually taken by each airline, is a breach of the Resolution an abuse!

At the same time, IATA insists that agents still settle their sales via BSP. It is still not allowed to net sales from the current periods with refunds for flights that have already been cancelled by airlines. Agents and their customers have to rely on hypothetical refunds in the future. There is no guarantee by airlines that customer’s money will be refunded. This is not acceptable!

The BSPs – at least in Europe, where people can hardly fly at all at the moment and for months to come – are about to collapse with no sales coming in and airlines refusing their duties to process refunds and IATA unwilling to enforce it.

For good reasons, agents have no trust in the money flows of the BSP – money has to be remitted by them, while refunds are not enforced. Already in non-crisis times, agents learned their lessons from numerous airline bankruptcies. Several would follow if all airlines would now have to pay back all paid tickets that were cancelled.

All companies in the travel industry are fighting hard to get government support granted and implemented to somehow survive this crisis. Without any guarantee though for the remitted moneys in the BSP to cover refunds, this system will collapse!

Therefore, it is the joint interest of IATA's and ECTAA's members to have a guarantee in place as fast as possible, and get the political support for that. In the meantime, we cannot recommend our members to settle any amounts due to the BSP unless refunds can be offset.

We would like to discuss this as soon as possible with you.

Yours sincerely,



Pawel Niewiadomski
President



Eric Drésin
Secretary General