

IATA Currency Clearance Service (ICCS) ***Simplifying the Business of Airline Treasury***

Cash Management in our World

The world of business is becoming increasingly competitive and increasingly complex. Airline treasuries face greater challenges to efficiently manage their corporate cash flows. More than ever, treasuries require full control of their international accounts receivable in order to mobilise funds and thus ensure that their cash flows quickly contribute to corporate-wide objectives.

Treasuries recognise the importance of systems that enable them to access multi-currency data, analyse local funding requirements and initiate the repatriation process as quickly and as efficiently as possible. Even the world's largest corporations have discovered that designing and implementing such systems is a challenge. Fortunately for the Airline Industry, such a system already exists.

The Airline Cash Management Tool

The IATA Currency Clearance Service (ICCS) is an industry-developed cash management tool that assists airline industry treasuries to meet their corporate cash flow challenges.

Since 1991, ICCS has assisted airline treasuries to effectively centralise their international cash management operations. By enabling them to effectively monitor and manage their international sales proceeds, ICCS provides geographically diverse airlines of all sizes and structures with significant financial and structural benefits by providing an ideal outsourcing solution.

The flexibility of ICCS enables airlines to implement tailored solutions that allow them to outsource the information gathering, collection, conversion and/or repatriation of their international sales proceeds flowing from:

- BSP's (Billing and Settlement Plans)
- CASSes (Cargo Account Settlement Systems)
- GSA's (General Sales Agents)
- Credit Card Settlements

The Value of ICCS

The ICCS has established an unparalleled global banking network that enables airlines to benefit from terms negotiated on an industry-wide basis; it ensures operational flexibility and the efficient movement of funds. ICCS is also uniquely positioned to deliver the full benefits of the airline industry's settlement systems through links with the IATA BSP and CASS networks.

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In short, ICCS provides corporate treasuries with an unrivalled solution to their particular international cash management needs. The potential financial and structural benefits add tangible value to airlines' treasury operations.

Structural Benefits:

- Increased centralised control of global funds repatriation.
- Advanced access to receivables information allowing for more effective cash planning.
- Manpower savings due to head office and local staff having to spend less time on international banking activities.
- Automated and structured system ensuring continuity of fund flows to airline bank accounts.

Cost Savings:

- Accelerated repatriation of foreign sales funds resulting in improved working capital management and reduced foreign exchange risk.
- Optimal foreign exchange rates resulting in reduced currency conversion costs.
- Ability to rationalise foreign bank accounts.
- Reduction in banking fees and transfer charges.
- Competitive interest remuneration on funds in transit.
- Access to industry-negotiated terms and economies of scale.

ICCS' Global Coverage:

- The ICCS is presently being used by over 240 airlines and travel partners, ranging from small, regional carriers to the largest airlines in the world.
- The ICCS is now operational in over 90 countries covering over 150 IATA BSP and CASS operations worldwide.
(please visit our website to view the detailed Membership and Operational Countries lists)

For more information on this strategic industry service, please contact:

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The ICCS Process:

1. Prior to every BSP/CASS settlement, the ICCS makes available to airline treasuries their expected incoming sales amounts and respective due dates. Airlines view the information via the ICCS web-based system.
2. Airline treasuries send specific instructions to IATA via the ICCS web-based system. Airlines can also “do nothing” and ICCS would then carryout the pre-defined “default currency instructions” that have been pre-defined.

In their currency instructions, airlines have the flexibility to:

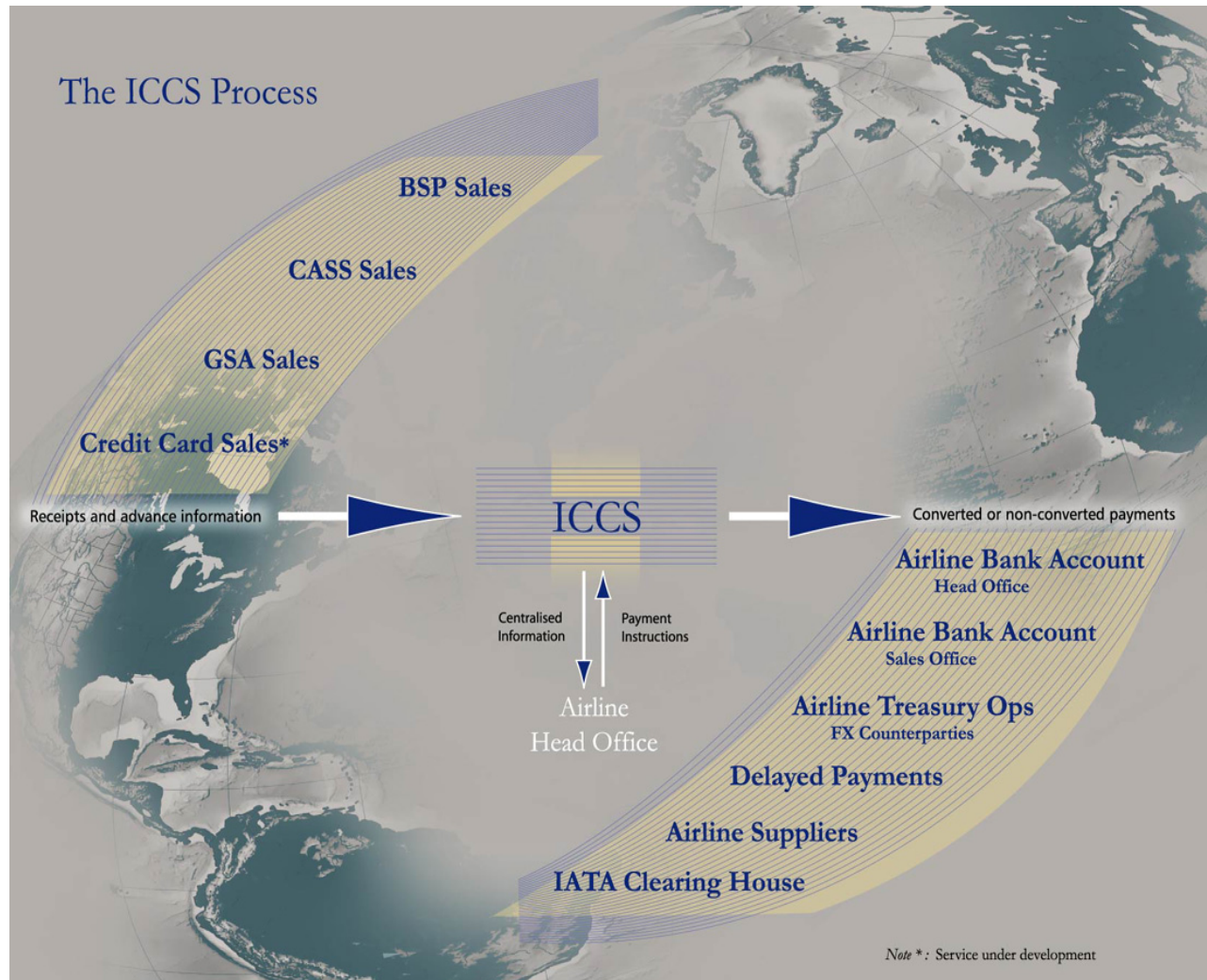
- Convert their BSP/CASS proceeds (all or a set %)
 - Send funds to local and/or head office bank accounts
 - Make payments to suppliers including the IATA Clearing House
 - Purchase any freely convertible currency
 - Delay receipt of funds while earning credit interest
3. ICCS carries out the airline's currency instructions and transfers funds to designated airline bank accounts.
 4. ICCS makes final reports available to airlines outlining amounts transferred, value dates and FX rates applied. These reports are used by airlines to reconcile their cash received and outstanding sales receivables.

Activating your ICCS Membership:

1. Signing the main ICCS Terms & Conditions activates your ICCS Membership.
2. The ICCS Member then decides the specific BSP/CASS countries it wishes to use the ICCS and authorisation letters are sent to each BSP/CASS office advising them that the airline wishes to use the ICCS for the collection of its BSP/CASS settlements.
3. The ICCS Standard Instruction package is completed, signed and returned to IATA. The package includes:
 - List of authorised officers who can deal with ICCS
 - Standing (default) instructions for each currency
 - Details of airlines' recipient bank accounts
 - Authorisation letters to the respective BSP's/CASSes
4. A starting date is decided for each BSP and/or CASS.
5. The ICCS web-based system is downloaded at the airline's head office PC's
6. **You are now operational:** your BSP/CASS settlements start flowing directly to IATA-ICCS bank accounts and ICCS performs all collections and repatriation activities based on instructions provided by your head office Treasury.

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Graphical Representation of the IATA Currency Clearance Service:



The ICCS is a flexible service offering allowing airlines of all sizes and varying cash management objectives to implement a solution specific to their particular needs.