



MEMORANDUM

PAC/RESO/1081

To: All Members, Passenger Agency Conference
Accredited Representatives

From: Director, FSDS Operations, GDC

Date: 30 October 2025

Subject: **MAIL VOTE (A712)**
PAC2 (Mail A712)
CHANGES TO LOCAL FINANCIAL CRITERIA - NIGERIA

Background Information

Submitted by APJC Nigeria

Nigeria APJC met on 23 April 2025 to discuss changes to Local Financial Criteria. Proposed changes have been proposed by Local Financial Criteria Working Group (LFCAG).

Members agreed to the proposed changes.

- 1- Cash Cover Ratio: Correct the errors in "less than" (<) signs in sub-sections (e) and (f) and change it to "greater than" (>) sign. Currently, it mentions "above 25/40%" but the calculation indicates: "< 25/40%" which is contradictory.
- 2- Financial Security: Increase the minimum financial security from NGN 10,000.000.00 (NGN Ten Million) to NGN 40,000.000.00 (NGN Forty Million). This takes into account the local currency devaluation. Between June 2023 and January 2024, the value dropped from NGN 450 to NGN 1,600 per dollar.

A quorum was present. The council consists of 9 Airlines and 9 Agents.

Unanimous agreement was reached during the meeting, with 9 airlines and 6 agents endorsing the proposal.

Effective Date

The proposed effective date of these changes is 15 May 2026.

Proposed Action

Conference to adopt the changes to the Local Financial Criteria as shown in Attachment 'A'.
The timetable for this Mail Vote is as follows:

Voting Period: 30 October-13 November 2025

Filing Period: 14 - 28 November 2025

Effectiveness: 15 May 2026

To cast a vote, Members are asked to access the application from the following link:

<https://forms.office.com/e/X2tmmeakQK>.

Please note that no other form of voting will be accepted. Voting will conclude at close of business MAD time on **Thursday, 13 November 2025**. Votes not cast by that deadline will be deemed to be affirmative.

In conformity with the Mail Vote procedure endorsed by PACConf in October 2009, this Mail Vote has been provided in advance to representatives of the agency associations ECTAA, UFTAA and WTAAA for review and/or comment.

No comments were received.

Any Member seeking clarification on any aspect of the mail vote or the mail vote process is invited to contact the IATA Passenger Governance team by email to pac-gov@iata.org.

A handwritten signature in black ink, appearing to read 'J.A. Rodriguez', with a long, sweeping horizontal line extending from the end of the signature.

Juan Antonio Rodriguez
Director – FSDS Operations, GDC

NIGERIA*(Effective ~~1 June 2020~~ – PAC/42 15 May 2026)***License**

The Agency must be licensed by Government as a limited liability company.

Share Capital

Minimum paid-up share capital of 30m Naira for new and existing applicants effective 31st March 2019.

FINANCES**1. Financial Statement**

Annual financial statements duly audited by a Chartered Accountant disclosing airlines' sales and aged debtors must be produced annually and supplied to IATA within 6 months of the Agent's financial year-end.

The accounts will be assessed against the following financial test:

- (a) There must be positive Net Equity at the end of Last year (LY) accounting period.
- (b) Operating Profitability: The accounts must show that the Agent has made an operating profit at the end of LY accounting period.
- (c) Net Profitability: The accounts must show that the Agent has made a positive net result/profit at the end of LY accounting period.
- (d) Net Liquidity: The accounts must show a positive net liquidity i.e.(i) cash at bank and cash equivalents must exceed (ii) any Loan (within one year of after one year) + any other interest-bearing liability at the end of LY accounting period.
- (e) ~~Cash cover ratio: The accounts must show a cash cover ratio above 25%, ie (cash at bank + cash equivalents)/(Trade creditors due within one year) < 25%.~~
Cash cover ratio: The accounts must show a cash cover ratio above 25%, ie (cash at bank + cash equivalents)/(Trade creditors due within one year) > 25%.
- (f) ~~Cash cover ratio: The accounts must show a cash cover ratio above 40%, ie (cash at bank + cash equivalents)/(Trade creditors due within one year) < 40%. Note that if the cash cover ratio is below 25%, the full assessment is considered as failed (see above).~~
Cash cover ratio: The accounts must show a cash cover ratio above 40%, ie (cash at bank + cash equivalents)/(Trade creditors due within one year) > 40%. Note that if the cash cover ratio is below 25%, the full assessment is considered as failed (see above).
- (g) DSO ratio: The ratio Days of Sales Outstanding (Trade debtors/Revenue x 360) should be below 180 days at the end of LY accounting period (applicable for all Agents).
- (h) DPO ratio: The ratio Days of Purchases Outstanding ((i) Trade creditors/(ii) (Revenue — Operating Profit) x (iii) 360) should be below 180 days at the end of LY accounting period.

To obtain a satisfactory result on the financial assessment, the Agent must pass all the criteria from (a) to (e) and 2 from (f) to (h).

2. Financial Review

All Agents must continue to provide Audited Accounts for each financial year end during and after the first two years of accreditation for the purposes of evaluation against the financial criteria tests mentioned in financial statements section 1.

3. Financial Security

3.1 An Agent's Financial Security shall not be less than ~~N10million Naira (Ten Million Naira)~~ N40 million Naira (Forty Million Naira)

3.2 Default Insurance Programme (DIP) and Global Default Insurance (GDI)

The DIP and GDI shall operate in Nigeria on the following terms:

Any Agent trading above the individual policy limit is required to increase their Financial Security as advised by IATA within the timelines stipulated under Resolution 812 to cover the difference between the individual policy limit covered by the provider and that Agent's Amount at Risk.

3.3 Bank Guarantee

The Bank Guarantee shall operate in Nigeria on the following terms:

(i) The Minimum Bank Guarantee for new applicants shall be ~~NIOMillion Naira (Ten Million Naira)~~, N40 Million Naira (Forty Million Naira).

(ii) All Bank Guarantee must be issued from the Head Office of the Issuing bank.

3.4 An Agent will not be accredited or will not continue to be accredited unless all the following criteria are met in relation to the Financial Security required by IATA:

- (i) The Original Financial Security document has been received by IATA; and
- (ii) The Financial Security is confirmed to IATA by way of written confirmation received directly from the third party supporting the Financial Security that the Financial Security was issued by that third party and is valid; and
- (iii) The Financial Security must be for a minimum period of twelve (12) Months and subject to a minimum notice period of cancellation of ninety (90) days.

3.5 For the purposes of calculating the amount of a Financial Security the following definitions apply:

3.5.1 "Days' Sales at Risk" means the number of days from the beginning of the Agent's reporting period to the remittance date in respect of that reporting period or periods, plus a margin of five days.

Remittance Frequency	Days at risk
Fortnightly	35
Weekly	21
Dail	5

3.5.2 "Amount at Risk" is calculated by dividing the Days' Sales at Risk by 90 days and applying that percentage to the BSP cash turnover amount the Agent made in the applicable highest three-month period. This being the average of the highest 3 months net cash sales in the previous 12 months.

"Amount at Risk" = "Days' Sales At Risk" x BSP cash turnover in applicable 3-month period/90

3.6 Agents with Risk Status A, B, C

For Agents with Risk Status A, B, C the amount of the Financial Security required must cover at a minimum the Amount at Risk calculated as per Section 3.5.2 using the BSP cash turnover amount equal to the average of the 3 months' highest net cash sales in the previous 12 months, or ~~NGN10Million~~ NGN 40 Million (Whichever is higher).

If an existing Financial Security is insufficient to cover the Amount at Risk, the amount of the Financial Security required will be increased to cover the Amount at Risk.

4. CHANGES IN FINANCIAL YEAR END

4.1 All Agents must notify IATA immediately of a change in its financial year-end.

4.2 The Agent must provide both:

- (a) Audited Accounts at the time of the notification of change of financial year end within 60 days after the change is made and IATA will conduct the Financial Review applicable to the Agent.
- (b) Audited Accounts for the financial year end that would have applied to the Agent before the Agent changed its financial year end. These must be provided to IATA within 60 days of the former financial year end.

4.3 All Agents that have a change in financial year end will be required to provide a Financial Security calculated in accordance with the Amount at Risk applicable to the Agent under Section 3.

DEFINITIONS

Net equity includes (i) share capital (issued and fully paid), (ii) any reserves and (iii) retained earnings (including current year earnings).

Operating profit is defined as:

+ revenue

- direct costs

- administrative expenses

It excludes financial income/charges, exceptional result and income tax.

Net profit is defined

as + Operating

profit +/- financial

result +/-

exceptional result

- income tax

Net liquidity is defined as

+ cash and bank balance, including cash equivalents (ie short term investments)

- short and long term loans (interest bearing items)

Trade creditors and trade debtors are disclosed in the notes to the financial statements.