



ASTA Offers Testimony Before Joint Hearing of DOT and CFPB on Airline and Credit Card Rewards Programs

On May 9, 2024, the Department of Transportation (DOT) and the Consumer Financial Protection Bureau (CFPB) [convened a joint hearing](#) to examine the diminishing value of rewards programs offered by airlines and credit cards. ASTA CEO and President Zane Kerby and Advocacy Vice President Jessica Klement had an opportunity to provide one-minute remarks. Their comments are as follows.

Good morning. I'm Zane Kerby, President and CEO of ASTA, which represents more than 160,000 travel advisors across the country. 98 percent of travel agencies are small businesses, and 80% are women-owned. Last year, travel agencies sold more than 40% of all airline tickets. Thank you for this opportunity.

I want to bring your attention to changes American Airlines announced in how it rewards points and miles. But to understand the changes, a bit of recent history.

Last April, American rolled out its "New Distribution Capability" or NDC, a standard that changes how airlines provide fares to travel agencies. Initially, to gain DOT approval, the airlines sold NDC as a dynamic marketplace where bundles of airline services could be compared, and ASTA lent its support. In practice today, that is far from the case.

As part of its NDC roll out, American removed many lower-cost fares from existing channels where advisors book travel. This decision caused widespread and serious consumer harm through higher airfares and reduced competition. We brought this to DOT's attention through a formal complaint last fall that remains pending.

Emboldened by no competitive, consumer, or regulatory response, American decided that travel agencies that don't book via NDC at arbitrary levels and completely at American's own discretion won't be "preferred," meaning their clients won't receive rewards miles for their flights. This move is anti-consumer, discriminatory, and disproportionately affects the elderly and rural populations. American's monopolistic behavior should be concerning to regulators and lawmakers who value competition and consumer choice.

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Good morning. I'm Jessica Klement, VP of Advocacy at ASTA. Following the remarks of my colleague, I'd like to provide further information on the move by American to eliminate miles booked through a non-preferred travel agency.

While the so-called criterion for becoming a preferred agency is 30% of bookings through NDC, American is intentionally vague on 30% of what – total bookings, revenue, etc... no one knows, including our own members who have been deemed preferred. Additionally, American itself explicitly states that agencies are “eligible to qualify into the preferred agency program at American's sole discretion.” This is intentionally opaque, and another step towards eliminating travel agencies from the booking channel to force customers to book direct on aa.com.

Travel advisors are consumer advocates. Their clients depend on the experience provided by a knowledgeable and personally attentive travel agent. By excluding travel agencies from its rewards programs, American is undermining small businesses and disenfranchising consumers.

This is an outrageous attempt to eliminate competition and will reduce the level of service and protection for travelers. We believe this monopolistic behavior will negatively affect millions of travelers, especially those in cities where American is the dominant airline, and urge you to investigate further.