

# MALAYSIAN AVIATION COMMISSION

## Malaysian Aviation Consumer Protection Code 2016



**Malaysian  
Aviation Commission**  
*Suruhanjaya Penerbangan Malaysia*

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Director Consumer Affairs  
3 April 2019

- 2018 – 102.5 million passenger movement
- 6 local airlines & 62 international airlines
- 42 airports - 23 commercial & 19 STOL ports

# Roles of MOT, CAAM & MAVCOM



**Malaysian  
Aviation Commission**  
*Suruhanjaya Penerbangan Malaysia*



## Malaysian Aviation Commission

- Economic regulator, overseeing commercial and economic matters
- Independent adviser to Ministry of Transport on economic matters pertaining to civil aviation



## Ministry of Transport

- Principal policy maker for aviation industry in Malaysia
- G2G negotiations for bilateral rights



## Civil Aviation Authority Malaysia

- Technical regulator, overseeing safety, maintenance and security

Economic issues

Technical issues

**Industry**

# Prior to the implementation of the Malaysian Aviation Consumer Protection Code 2016



## General :

### Consumer Protection Act (CPA) 1999

- General consumer protection law cutting across all industries

## Aviation-specific :

### Montreal Convention 1999

- Ratified by Malaysia in 2007

- **Unresolved disputes between airlines & passengers** were channelled to :
  - ✓ Consumer Tribunal (under the CPA 1999);
  - ✓ Consumer Association of Penang (CAP)
  - ✓ Federation of Malaysian Consumers Associations (FOMCA);
  - ✓ National Consumer Complaints Centre (NCCC);
  - ✓ Consumer instituting legal recourse
    - Small claims court – below RM5000

## Malaysian Aviation Commission Act 2015

### Part X – Consumer Protection

- Under section 69(1), the Commission may **prescribe a consumer code** to be published, which cover the minimum policies and practices for:
  - **Meeting consumer requirements;**
  - **Handling of complaints and compensation** of consumers in case of a breach of the consumer code;
  - **Raising consumer awareness** and determination of fees or charges imposed on consumers by aviation service providers
  - Protection of consumer information; and
  - Any other matters of concern to consumers
- 69(3): Aviation Service Providers **must comply to the consumer code**
- 69(4): The Commission **may impose a financial penalty** of an amount not exceeding RM 200,000 for any non-compliance

# Key considerations of the MACPC

The Malaysian Aviation Consumer Protection Code 2016 (MACPC) came into force on 1 July 2016.

Consumers	Industry	Nation
Protect and educate consumers of their travel rights	Airlines and airports to be <b>responsible</b> and <b>accountable</b> for quality of service	Align Malaysia towards <b>global standards in consumer protection</b>

- **Global standards:**  
Guiding principles set by the Montreal Convention 1999, ICAO & IATA on consumer protection
- **Single standard:**  
To accommodate both business models - full service carriers and low cost carriers.
- **Drive efficiency**  
Airlines to take ownership and provide equitable resolution to the issues created by them  
- short term close monitoring and tracking. Long term - self regulation

# Groundwork prior to the implementation of the MACPC

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1. Conduct **benchmarking exercise** - the regimes available in other countries such as US, EU, India, and to review international conventions and regulations such as the Montreal Convention 99 and ICAO & IATA guidelines on consumer protection
2. Common themes from travellers on their issues with airlines
3. Present to MOT and subsequently with the Attorney General's Chamber for gazettelement
4. Consult with various industry stakeholders prior to implementation - **draft version of the MACPC was circulated** to industry players for feedback prior to implementation
5. Airlines were given **one year** to make adjustment to internal processes and comply with the consumer protection code
6. Launched the MACPC with the media in **attendance of industry players to obtain their support and commitment**

# Malaysian Aviation Consumer Protection Code 2016



## Part I: Preliminary

Preliminary

## Part II: Minimum Service Level and Standards of Performance for Airlines and Aerodrome Operators

Full disclosure of air fare	Prohibition on post-purchase price increase	Prohibition on automatically adding on services	Identity of operating airline	Disclosure of terms and conditions	Communication of changes in flight status	Non-discrimination of persons with disability
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## Part III: Air Passenger's Rights

Entitlement to claims	Denied boarding	Flight delay and cancellation	Compensation for lost, damaged or delayed baggage	Compensation for lost or damaged mobility equipment	Notice to inform passengers of their rights	Conversion of monetary units
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## Part IV: Consumer Complaints

Complaint to airline and airports	Complaint to the Commission
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## Part V: Consumer Awareness

Consumer awareness	Obligations of airlines
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## Part VI: General

Reports	Penalties
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## First Schedule: Compensation and Care

## Second Schedule: Assistance by Airlines

## Malaysian Aviation Consumer Protection Code 2016 (MACPC)

There are five (5) main sections in the MACPC :

- a) Minimum service level and standards of performance for airlines and aerodrome operators
- b) Air Passenger's Rights
- c) Consumer Complaints
- d) Consumer Awareness
- e) General – Reports and Penalty



## **A. Minimum service level and standards of performance for airlines**

- Full disclosure of air fare
- Prohibition on post-purchase price increase
- Prohibition on automatically adding on services – opt in vs opt out
- Identity of operating airline
- Disclosure of terms and conditions
- Communication of change in flight status
- Non-discrimination of persons with disability

## **B) Air Passenger's rights**

- Denied boarding
- Flight delay and cancellation
- Compensation for lost, damaged and delayed baggage – MC99
- Compensation for lost or damaged mobility equipment and assistive devices
- Notice to inform passengers of their rights

## C) Consumer Complaints :

### *i) Complaint to airline and aerodrome operator :*

- a) An airline or an aerodrome operator shall make available their contact number, mailing address
- b) Acknowledgement within 24 hours and resolution within 30 days

### *ii) Complaint to the Commission*

- a) Acknowledge of any complaint lodged within 7 days

## **D) Consumer Awareness**

- A provider of aviation service shall make efforts to raise awareness of the consumer rights and the complaint procedures.

## **E) General**

- **Reports**

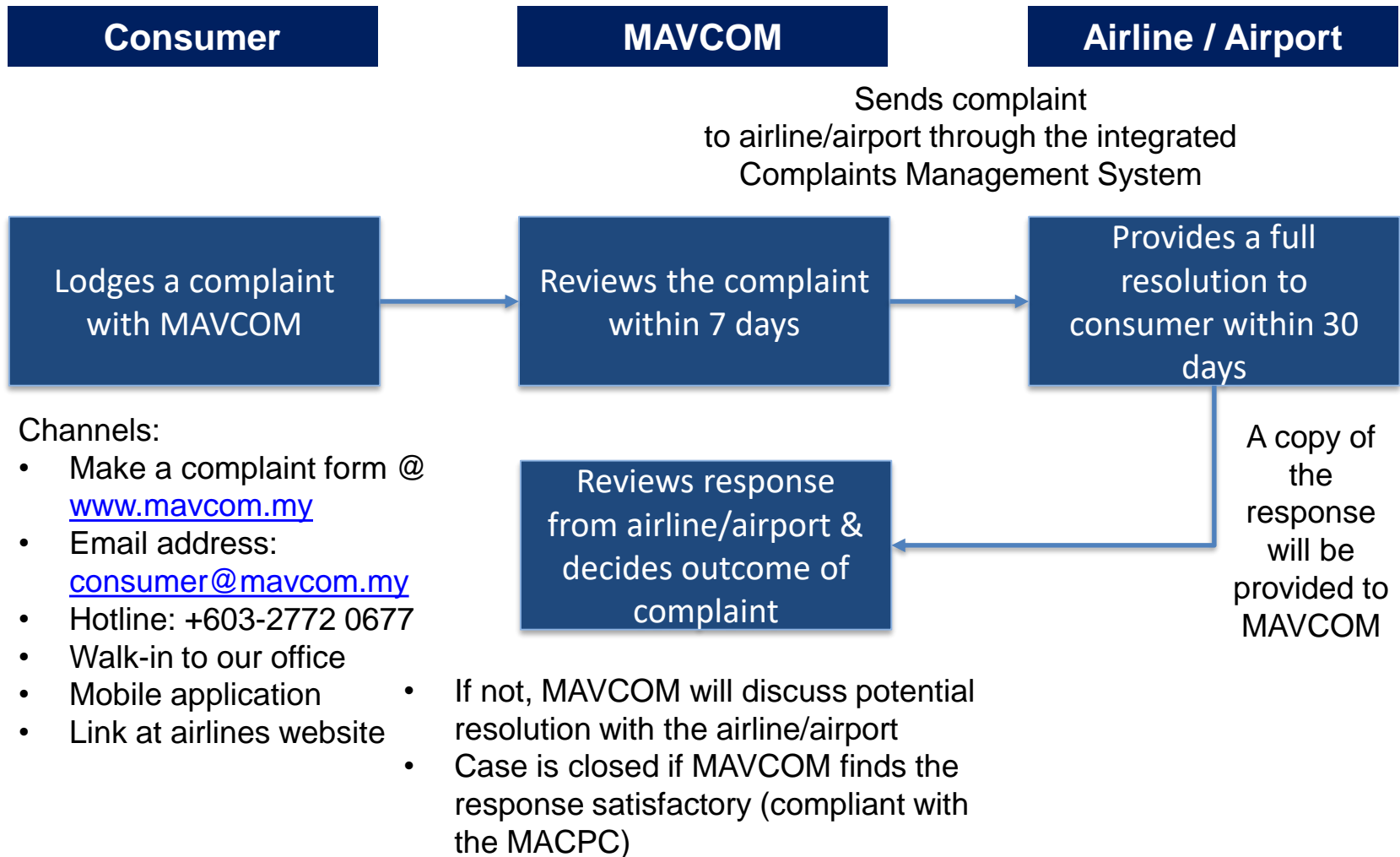
- a) A provider of aviation service shall furnish a report in the form and manner as determine by the Commission

- **Penalty**

- a) The Commission may impose an amount of RM200,000 of non-compliance
  - b) In the case of a second or subsequent non-compliance, an amount ten times of the financial penalty will be imposed.

- Management of consumer complaints
- Using technology to track and monitor performance – complaints management system
- Engagement with industry & submission of reports by airlines
- Bi-annual consumer report to public

# Management of Consumer Complaints



- Cloud-based for ease of access – accessible anywhere with internet connection, through web browser or through the mobile application
- Key features:
  - Ability to **generate reports** and display information **in dashboards**
  - The key **airlines and airports have (restricted) access** to the system – allows for seamless integration between MAVCOM and the airlines and airports
  - **Automated-replies** from the system acknowledging receipt of complaint
  - **Triggers and pre-sets to notify** the airlines and airports when complaints are assigned to them
  - **Case reference numbers** are assigned to each complaint
  - **Audit trail** enabled

Stakeholder engagements	Submission of reports by airlines
<ol style="list-style-type: none"><li><b>1. Introductory engagement</b> Introduce MAVCOM and share details of the proposed MACPC</li><li><b>2. Quarterly engagements</b> – for the first two years with the following agenda:<ul style="list-style-type: none"><li>• Discussion on <b>the complaints received for the quarter</b></li><li>• Discussion on the <b>action plans</b> to be put in place to address the top complaint categories</li><li>• Sharing of <b>updates from MAVCOM</b></li></ul></li><li><b>3. Half-yearly engagements</b> – 2018 onwards</li></ol>	<ol style="list-style-type: none"><li><b>1. Monthly reports</b><ul style="list-style-type: none"><li>• Total complaints received</li><li>• Number of passengers flown</li><li>• OTP</li><li>• Number of merged/ cancelled/ rescheduled flights</li><li>• Number of domestic/ international flights</li></ul></li><li><b>2. Quarterly reports</b><ul style="list-style-type: none"><li>• Total complaints received by complaint category</li><li>• Number of complaints resolved within 30 days/ more than 30 days/ unresolved</li></ul></li></ol>

## Publishing of reports

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- MAVCOM publishes **bi-annual consumer reports**:
- Key details included in the consumer report:
  - Overall **complaints summary** for the period
  - Consumer **complaints by airline**
  - Consumer **complaints by category**
  - Consumer **complaints by airline and category**
  - Consumer **complaints by airport and category**
  - Updates on **other initiatives** by the Commission for the benefit of consumers at large

# Progress & Achievements



## Consumer Complaints Management

MAVCOM received a total of 4,785 complaints between March 2016 to February 2019. 95% resolved

Approximately 57% of the decision have airlines reversing its initial decision and producing a more equitable or satisfactory outcome to the consumer than initially provided

- Complaints Management System
- Publication of Consumer Reports – bi-annual

## Consumer Awareness

Development of consumer brand “FlySmart” to champion air passengers’ rights

Notices, Digital Screens & Standees at two major airports. Work in Progress for all 23 airports

- Consumer survey
- Social Media – Facebook, Instagram, Mobile Application

## Airport Quality of Service (QoS)

Development of Quality of Service Framework & for Airports

Implemented two major airports in Malaysia terminal 1 and terminal 2 (KLIA & klia2)

Work in progress for 23 airports. Target completion by 2022

- Periodic engagements with stakeholders is a good practice. However, care must be taken as this could lead to unrealistic expectations from industry players on the level of transparency and consumer protection that should be accorded.
- Get your house in order - people, structure, policy & SoPs etc
- Use technology as a enabler & an important tool for tracking, monitoring and enforcement
- Data & statistics to support your case
- Detractors and noises in the media & social space will continue, but the focus should remain to drive efficiency and accountability

### The foundation of consumer protection

1

**Consumer Protection  
in the aviation industry  
is important to  
MAVCOM and  
Malaysia**

2

**Working in partnership with  
airlines and airports to meet  
the minimum service level  
as stipulated in the MACPC**

3

**Travellers to Know their  
Rights**

### Intended outcomes

- Empower consumers to exercise their rights
- Promote self-regulation by airlines and airports and encourage them to take ownership of their issues
- Drive operational efficiencies in the industry

# THANK YOU



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