

**REVIEW OF MEMBER SUBSCRIPTION CHARGING MECHANISMS**

Presented by FIC

**SUMMARY**

Overall, the paper reviews the current charging mechanism used to establish subscription rates for a broad spectrum of member associations based on size and domestic economic conditions. While cumbersome, the existing charging mechanism provides an equitable process for setting rates without creating an undue burden on the largest MA's

**1. INTRODUCTION**

- 1.1 The Executive Board (EB) tasked FIC to propose for directors' consideration, an alternate charging mechanism that is clearer and easy to follow.
- 1.2 The Directors at Conference in Jamaica 2023 deferred consideration until the 2024 Conference in Singapore to allow for additional time for FIC to research the issue.
- 1.3 As part of FIC's terms of the reference part 2 para 8 2.5.2.2 (b) FIC is to investigate and report on any matter of concern and/or discrepancies which may appear in the books or brought to its attention.

**2. DISCUSSION**

- 2.1 The IAM mandates FIC to review each year the affiliation fees for invoicing of MA. The invoicing targets professional members/ per capita of all MA. However, a cap system is put in place to avoid financial over-dependence on fewer MAs IAM page 81 3.1.4.
- 2.2 The current subscription is based on a combination of factors and clauses which has been added over the period. Due to the diverse incomes of IFATCA member associations (MAs), MAs are categorized into groups based on the World Bank report that classifies countries based on Gross National Income (GNI) per capita income. The report is published annually in the World Bank report and can be obtained online.
- 2.3 The mechanism applies a second factor that adjusts for inflation using the special drawing rights deflator and weighted average of GDP deflators of advanced

economies to preserve the value of the affiliation fees annually. This factor is obtained from the annual International Monetary Fund's (IMF) financial statistic report. According to the IFATCA administration manual (IAM), the value applied should not exceed 2.5%

**2.4** A sliding scale is applied to category 1 membership to reduce the burden on large MAs and capped value is applied to very large MAs.

**2.5** FIC has researched all the archives but is unable to obtain the document establishing the initial amount of the current payment mechanism to investigate trends of subscription. Appendix A provides trends from records obtained from 2016 to 2022.

**2.6** FIC researched charging mechanisms for other associations to compare, adjust and adopt but has so far found none. Most mechanisms simply applied a sliding scale and adjusted the amount annually by applying an inflation factor each year. Other systems simply shed the burden of the annual budget, while other systems applied a flat rate for all subscriptions. This could simply not work well for IFATCA given the diverse economic situations of member associations and the objectives of the federation.

### **3. CONCLUSION**

**3.1** The current charging mechanism, while cumbersome due to its many associated clauses, provides sufficient revenue for the Association to conduct business effectively.

**3.2** Any changes to the charging mechanism would only disrupt a stable process for the vast majority of MA.

**3.3** It should be noted that there exists a potential for crowding at the very top end of the scale, with limited delineation between "large" and "very large" MA.

**3.4** Any effort to create an adjustment to the charging mechanism to reduce such "crowding" as described in 3.3 either results in a reduction of revenue for the Association, or reduces the discount provided by the very large MA and therefore adds to its financial commitment.

### **4. RECOMMENDATIONS**

**4.1** It is recommended that the charging mechanism utilized by the Association remain unchanged at this time.

### **5. REFERENCES**

**5.1** IAM 2023

## Appendix A

TABLE 1: World Bank classification of countries 2022 (USD)

GROUP JULY 1st 2022 BAND Structure  
High Income >13,205 100%  
Upper- middle income 4,256 – 13,205 32%  
Lower - middle income 1,085 – 4,255  
Low income < 1,085 8.2%

TABLE 2: IFATCA has three classifications of MA's otherwise referred to as Category based on the world bank classification.

IFATCA Category World Bank Group/  
classification  
GNI per capita WBDR  
July ,1 2022 (USD)  
Cat 1 High income >13,205  
Cat 2 Upper -middle income 13,205 - 4256  
Cat 3 Lower to Middle 4,255-1,085  
Lower-income <1,085

TABLE 3: Current IFATCA Application of Slide Scale and Band Structure

2.7.1 in order to Lessing the burden on Category 1, the IAM makes provision on page 81  
3.1.4. for a sliding scale. Category 2 and category3 is a flat per capita.

### CATEGORY SLIDE AMOUNT (USD)

#### Band structure

##### CAT 1

First 300 20.61 100%  
Next 300 18.92 92%  
Next 300 17.28 84%  
Next 400 16.25 78%

CAT 2 All 12.42 60%

CAT 3 All 7.29 35%

Table 4: IFATCA Table of subscriptions for 2016- to 22 for trends  
2016-17 2017-18 2018-19 2019-20 2020-21 2021-22

(USD)

#### Band structure

##### CAT 1

First 300 20.61 100%  
Next 300 18.92 92%  
Next 300 17.28 84%  
Next 400 16.25 78%  
CAT 2 All 12.42 60%  
CAT 3 All 7.29 35%

[Ed. NOTE] US: Capped at \$34,748 (equivalent to 2007 members)  
Canada: next largest at 1840 \$32,038 (\$2710 less)

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