

ACC08

**AIRLINE LOYALTY PROGRAMS UNDER INVESTIGATION; A
DISCUSSION OF THE APPLICABLE ACCOUNTING AND LEGAL
FRAMEWORK**

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Abstract

In September 2024, the U.S. Department of Transportation (DOT) launched an inquiry into the four largest U.S. airlines' loyalty (rewards) programs concerning potential "unfair, deceptive, or anticompetitive practices"—specifically, whether/how consumers enrolled in these programs are being impacted by "the devaluation of earned rewards, hidden or dynamic pricing, extra fees, and reduced competition and choice." The inquiry highlights the potential complexity firms face in accounting for loyalty programs as well as the inherent discretion they exercise in doing so. In this paper, we illustrate the accounting techniques for airline loyalty programs, describe these airlines' 10-K disclosures, and discuss the legal framework which may apply as the investigation continues.

Conference Track

Accounting