American Society of
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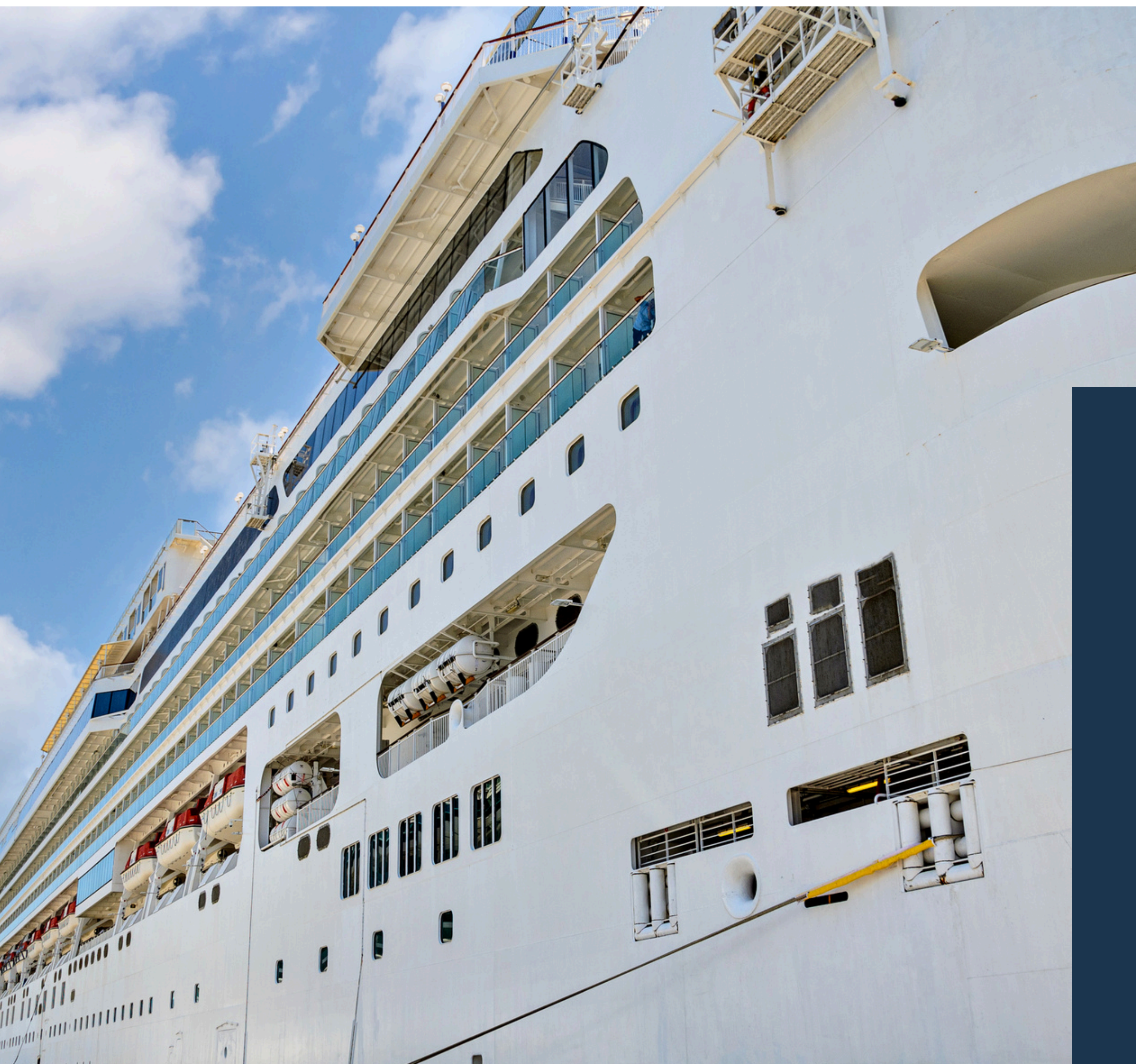
THE HISTORY, ECONOMIC IMPACT AND FUTURE OF NON-COMMISSIONABLE FARES (NCFS) IN THE TRAVEL INDUSTRY

AN INDUSTRY BRIEF FROM THE AMERICAN SOCIETY OF TRAVEL ADVISORS



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The History, Economic Impact and Future of Non-Commissionable Fares (NCFs) in the Travel Industry

Executive Summary

Non-commissionable fares (NCFs) are a long-standing pricing construct that govern compensation outcomes, predominantly in the cruise industry, that excludes a portion of the total cruise fare from the commissionable base used to compensate travel advisors and their affiliated distribution partners. While NCFs have no direct impact on consumers in most transactions, they have a significant and measurable impact on the economics of traditional travel agencies, host agencies, and consortia.

Key findings from ASTA research indicate that NCFs:

- Reduce the effective agency commission rate on cruise sales by 20–25%, with ~30% as a high-end case" as compared with the nominal commission level
- Disproportionately impact sales of lower-priced cabins to price-sensitive consumers
- Decrease host agency and consortium override revenue that fund marketing, technology investment, and advisor support
- Limit the expansion of small-business income across the travel agency channel and diminishes supplier competitive positioning

Recent analysis by Phocuswright in collaboration with ASTA identified that travel advisors book 70% of all cruises, quantifying the extraordinary value they deliver for cruise lines around the world. NCFs have been a long-standing and often contentious element of compensation structures between travel suppliers and travel advisors. However, these non-commissionable elements are not just limited to cruise lines but are manifested in different forms in other travel verticals as well. This ASTA Industry Brief outlines the evolution of NCFs, supplier rationales for their use, the economic consequences on travel agencies, successful industry shifts, and the case for encouraging broader adoption of reduced/zero NCF models. Recent movement by certain cruise lines toward fully commissionable fare structures suggests that aligning supplier and advisor revenue models may produce measurable distribution benefits and market share growth. ASTA has long advocated for compensation models that are transparent, equitable, and aligned with the value provided by professional travel advisors and has been joined by an impactful roster of travel industry leaders in demanding alignment with these practices.

What Are Non-Commissionable Fares (NCFs)?

An NCF is a portion of a travel product's published price that a supplier designates as non-commissionable — meaning the travel advisor receives no commission on that portion of the sale or revenue.

In cruise pricing, this historically has included fees that are bundled into the fare but excluded from commission calculations. These fees are typically embedded in the advertised cruise fare but not always shown as a separate consumer line item and historically have reduced the commissionable base. In travel commission guides created by individual suppliers, NCFs are typically framed non-commissionable, and often cost-associated or protected components of the fare that sit outside the commissionable base, rather than identifying them as a commission reduction mechanism.

Cruise Industry Origins

Pricing in the cruise industry has evolved over the decades from static, fixed "brochure rates" in the 1970s-1980s to a dynamic shift toward revenue management. In other words, what one saw in a brochure several decades ago was the fixed price, but over time this shifted to a dynamic system where retail prices might go up or down based on demand, timing, and availability, similar to the way airlines price seats today. The focus toward maximizing revenue per passenger and yield management through the 2010s and continuing to the present day has resulted in a relative reduction in base fares coupled with heavily marketed extra-cost add-ons such as drink packages and specialty dining options. With this shift, NCFs have become steadily more pervasive in the cruise industry since the late 1990s when legal challenges and regulatory scrutiny led to greater transparency in cost disclosure. For example, a cruise might be advertised today with a $799 base fare, which looks cheaper than older all-in pricing, but once booked, the traveler may pay additional charges for drink packages, Wi-Fi, specialty dining, and other add-ons. At the same time, a larger portion of that $799 fare is designated as non-commissionable (NCF), meaning the travel advisor earns commission on a smaller share of the total price, even though the cruise line ultimately generates more total revenue per passenger when the base fare is combined with onboard spending. Many cruise lines split total fare revenue into:

- Base fare (commissionable)
- NCF portion (non-commissionable) often including gratuities, shore excursions, certain operational cost allocations and other charges
- Government or port taxes/fees collected and passed through to the appropriate authorities (not commissionable but disclosed separately)[1]

As cruise pricing became more modular and revenue-driven, NCFs emerged as a mechanism for suppliers to selectively exclude parts of the price from commission. Over time, this approach became widely adopted across the industry.

Advocacy for Change

ASTA, alongside other notable travel advisor networks and trade organizations, have long criticized NCFs for creating opaque commission structures that result in reduced compensation. This advocacy culminated in a joint industry statement uniting 33 travel industry leaders and organizations in January 2026 to encourage the elimination of NCF's across all cruise lines and travel suppliers. ASTA notes that advisors work, market, and sell all elements that make up a booking, including the non-commissionable elements, yet in many cases only earn commission on a portion of the sale, reducing the advisor's effective commission rate. ASTA supports compensation models that align advisor compensation with the full value of any fare, excluding only true pass-through charges, such as government taxes and fees. This provides transparency and consistency in commission calculations and supports the long-term sustainability of the travel agency distribution channel.

Supplier Rationale for NCFs

Travel suppliers historically defend NCFs with several arguments. First, suppliers maintain that certain components of the overall price, such as port charges, taxes, mandatory fees, are collected from travelers and passed through to third parties, and as such do not represent revenue retained by the cruise line. There is significant validity in that argument and because these fees are passed through to government entities, they should not necessarily be commissionable.

Second, suppliers contend that they use NCFs to control distribution costs while keeping published prices consistent. By designating parts of the fare as non-commissionable, suppliers can reduce the overall cost of distribution and increase margins in an environment where commission may be a significant expense. One controversial example is the use of gratuities to subsidize crew wages. Many crew agreements allow gratuities collected to serve to fulfill base pay requirements. By collecting these from passengers, the cruise line offloads a significant portion of its payroll cost directly to the traveler yet often excludes gratuities as a commissionable expense for the advisor selling the cruise. Separating gratuities from the base fare allows cruise lines to advertise a much lower base fare as part of a marketing strategy for certain traveler segments. In many cases, there are also often unique tax advantages or other financial benefits for the cruise lines when gratuities are classified as service charges or tips rather than fare income. Various jurisdictions subject these to different tax treatments that allow cruise lines to minimize corporate tax liability.

Third, suppliers sometimes argue that NCFs help maintain pricing consistency between direct bookings and intermediated (travel advisor) bookings. They assert that eliminating NCFs entirely could distort supplier pricing strategies. Simply put, without NCFs, commissions would have to be priced into fares more visibly, which could raise prices and complicate consistent pricing across distribution channels.

Analysis of Commission Structures and NCF Impact Across the Distribution Chain

The current economic impact of NCFs can be described through examination of the effective commission rate. While contract negotiations often focus on the stated commission percentage paid for business booked, the actual effective commission rate is lower, having been watered down through a number of tactics over the years. The economic impact of non-commissionable fares (NCFs) is most clearly illustrated at the individual transaction level, where nominal commission rates often overstate actual advisor earnings. For example, on a $2,000 cruise booking for two passengers, with $120 in taxes and $100 in additional non-commissionable fees per person, the commissionable base is reduced to $1,560 ($2,000 - $440). At a 15 percent commission rate, the advisor earns $234 rather than the expected $300, resulting in an effective commission rate of 11.7 percent rather than the nominal 15 percent. This illustrates how NCFs systematically reduce realized income despite unchanged “headline” commission rates.

The magnitude of this impact has historically varied by the specific cruise itinerary. Earlier ASTA research demonstrated that NCFs accounted for approximately 8 to 14 percent of gross fares depending on destination, with regions such as Alaska and the Caribbean often carrying higher non-commissionable proportions. More recent data indicates that NCFs—and related non-commissionable components—have grown substantially across much of the cruise industry, in some cases exceeding 30 to 40 percent of the total fare. While there is variation among brands, these generally elevated levels further compress effective commission rates and advisor profitability across suppliers and itineraries.

NCF structures also differ meaningfully by cruise segment, reflecting distinct pricing and distribution strategies. Contemporary, mass-market cruise lines tend to have the highest NCF ratios, often in the 20 to 30 percent range, driven by price-dominant marketing models and maximization of allocation of fixed costs into non-commissionable components. Premium and upper-premium segments typically exhibit moderate NCF levels, while luxury and expedition brands often maintain low-NCF or fully commissionable fare structures as part of a deliberate, advisor-centric distribution strategy.

Within cruise pricing, NCFs also introduce disparities by cabin category. Because many NCFs are applied as fixed per-passenger amounts, they represent a larger percentage of lower-priced cabin fares and a smaller share of higher-priced accommodations. As a result, effective commission rates increase with fare level: entry-level cabins may yield approximately 6 to 7 percent, while suites can approach or exceed 9 percent. This dynamic creates a structural imbalance, disproportionately reducing earnings on bookings for more price-sensitive clients and limiting advisors' incentive to sell – and ability to profitably serve – those segments.

Importantly, the effects of NCFs extend beyond individual advisors to the broader distribution ecosystem, including host agencies and consortia. Override commissions, typically calculated as a percentage of the same commissionable base, are similarly reduced when NCFs are applied. For example, on a $2,000 booking with a reduced commissionable base of $1,600, an advisor earning 10 percent commission generates $160, while a host agency and consortium earning 3 percent and 2 percent overrides receive $48 and $32, respectively. In an NCF-free model, where the full fare is commissionable, these amounts increase proportionally to $200 for the advisor, $60 for the host, and $40 for the consortium. This demonstrates that the elimination of NCFs would produce a positive multiplier effect across all layers of the distribution chain, enhancing the funding of marketing, technology investment in sales tools and training, and advisor support.

Certain promotional activities can further distort advisor compensation. Offers such as "buy one, get one" or 50 percent discounts often apply NCFs to both passengers, compressing effective commission rates. "Flash" sales that reduce the base fare while leaving NCFs unchanged similarly erode advisor compensation. In contrast, promotions that bundle "free" perks into higher advertised fares can marginally improve effective commission, as the commissionable base increases while NCFs remain fixed. Group rates, often perceived as high-value opportunities, may also underperform from an advisor profitability standpoint when NCFs are unchanged across multiple passengers.

These dynamics illustrate that a nominal 10 percent commission rarely translates into a true 10 percent return in practice. Across common NCF ranges, effective commission on cruise bookings typically falls between approximately 6.5 percent and 8.5 percent, representing a meaningful reduction in advisor income for the equivalent effort. This compression has broader implications not only for individual advisors, but also for host agencies and consortia whose override structures and marketing investments are tied to total commissionable revenue.

The impact is particularly significant given the cruise industry's continued reliance on travel advisors as a primary distribution channel. Compensation structures that reduce effective rates, especially on lower-priced products, can limit advisors' ability to profitably serve a broad range of clients, ultimately influencing booking behavior, supplier preference, and long-term channel alignment.

Taken together, these models illustrate that NCFs materially suppress effective commission rates, distort profitability across products and regions, and reduce revenue for all participants in the travel distribution ecosystem. As a result, compensation structures that eliminate or significantly reduce NCFs not only improve advisor yield but also enhance alignment across suppliers, hosts, and consortia ultimately influencing booking behavior and competitive positioning within the industry.

Elimination of NCFs

As described above, NCFs have a range of downstream effects that extend beyond individual transactions, particularly for high-volume sellers. By reducing the commissionable portion of cruise fares, NCFs disproportionately impact agencies and advisors who generate significant sales volume, while also weakening the effectiveness of override programs that are typically tied to total revenue. In addition, NCFs can constrain the size of marketing fund pools, limiting the ability of suppliers and agencies to invest in joint promotional efforts.

Conversely, the elimination of NCFs introduces the potential for several strategic advantages. Fully commissionable fare structures strengthen preferred supplier relationships by aligning financial incentives more closely with advisor performance. They also expand the capacity for cooperative marketing investments, enabling more robust demand-generation initiatives. Perhaps most notably, these changes can drive a measurable shift in market share, as advisors demonstrate a clear willingness to direct bookings toward cruise lines that offer more transparent and equitable compensation models.

The elimination of NCFs, particularly within the cruise industry, has immediate and measurable economic implications across the distribution ecosystem. Most notably, it results in a meaningful increase in advisor earnings. Industry feedback following recent policy changes indicates that advisors may realize a 20–40 percent increase in commission per booking when NCFs are removed, again depending on itinerary and fare structure. The shift from partially to fully commissionable revenue directly improves advisor yield more fairly without requiring additional sales effort.

Beyond individual earnings, the elimination of NCFs can materially enhance a supplier's competitive positioning. By increasing the economic value of each booking for the advisor, suppliers create a strong incentive for advisors to recommend the brand to their clients. Importantly, this advantage can be achieved without raising published prices, allowing suppliers to drive incremental demand through the advisor channel while maintaining price competitiveness in the marketplace.

Operationally, eliminating NCFs also introduces greater administrative simplicity. Commission calculations become more transparent and predictable, reducing friction for both front-line advisors and back-office teams. This simplification can lower administrative costs, minimize disputes, and improve overall efficiency in commission tracking and reporting.

From a cost perspective, while suppliers may relinquish some control over commissionable expense, this must be viewed in the context of the agency channel's role as a scalable, performance-based extension of the supplier's own sales and marketing teams. Increased booking volume driven by stronger advisor preference can offset higher commission payouts, and in some cases, suppliers have funded these changes through internal reallocations rather than fare increases. As a result, the net financial impact may be balanced or even accretive when considering total revenue generation.

The elimination of NCFs also strengthens supplier-advisor relationships by signaling a commitment to transparency, fairness, and partnership. Advisors tend to reward these signals with increased loyalty, higher booking volumes, and greater participation in cooperative marketing initiatives. Over time, this can lead to deeper strategic alignment and more productive distribution channels.

At the industry level, momentum continues to build around compensation reform. Advocacy efforts led by organizations such as ASTA have encouraged suppliers to re-evaluate commission structures with a focus on advisor value and long-term sustainability. As more suppliers consider adoption of NCF-free models, the practice is increasingly viewed not only as a financial decision but as a strategic differentiator.

Cruise lines such as Viking have supported the agency community through No-NCF policies for more than 15 years and are joined by a growing group including American Cruise Lines, Explora Journeys, Virgin Voyages and, most recently, Norwegian Cruise Line and Oceania. These suppliers have effectively differentiated themselves in advisor selling decisions by prioritizing transparency and maximizing earnings potential.

As a result, advisors are better able to assess the true economic value of a booking at the outset of the sales process, further reinforcing preference for suppliers that offer clear and equitable compensation structures.

Case Study #1: Norwegian Cruise Line (NCL)

In late 2025, NCL announced the permanent elimination of NCFs, making the full cruise fare, excluding taxes and fees, commissionable for sailings beginning in May 2026. This policy change represents a meaningful simplification of NCL's pricing and commission structure and was framed by the company as a strategic investment to strengthen its relationship with travel advisors. By expanding the commissionable base, the initiative improves both transparency and revenue predictability for advisors.

The announcement was met with broad support across the travel distribution ecosystem, including trade organizations, agency groups, and consortia, many of which have responded by encouraging other suppliers to adopt similar models.
Survey data collected by ASTA following the announcement indicates a notable shift in advisor sentiment. Nearly 70% of advisors reported an increased likelihood of recommending NCL to their clients, suggesting that compensation structure plays a material role in supplier preference. The findings point to a broader strategic implication: transparent and equitable commission policies can enhance advisor goodwill and materially influence booking behavior.

More broadly, the NCL case underscores the importance of perceived fairness in advisor compensation. Advisors demonstrate a strong response to clear partnership signals and are increasingly willing to reallocate business toward suppliers whose policies align with their economic interests—while continuing to prioritize their fiduciary responsibility to clients. As a result, NCL's decision has introduced additional competitive pressure within the cruise sector, particularly for brands that continue to rely on non-commissionable fare structures.

Case Study #2: Virgin Voyages

Virgin Voyages' "no NCFs" approach was positioned as a core competitive advantage from their industry introduction representing a fundamentally different distribution and revenue strategy built on transparency and alignment with travel advisors. By eliminating non-commissionable fares and making 100% of the booking—including taxes, fees, and add-ons—commissionable, Virgin directly addressed one of the most persistent pain points in cruise sales: unclear pricing and suppressed advisor earnings. This shift simplifies the economics of selling cruises, removing hidden carve-outs and enabling advisors to clearly understand—and confidently communicate—the total value of a booking. Combined with a more all-inclusive pricing structure, this model eliminates the common "price creep" problem, where a seemingly affordable fare grows significantly with add-ons, creating friction and eroding trust during the sales process.

This strategy also strengthens the role of travel advisors as a primary distribution channel. In the traditional cruise model, advisors are often misaligned with cruise lines due to limited commissionable components, reducing their incentive to promote certain products. Virgin reverses that dynamic by fully aligning advisor compensation with total guest spend, which encourages greater advocacy, higher engagement, and increased attach rates on add-ons. Advisors are not only more motivated to sell Virgin, but they are also more effective in doing so because the product is easier to position: transparent, predictable, and value-driven. This alignment reduces sales friction, improves conversion rates, and allows advisors to focus on selling the experience rather than explaining complex pricing structures.

While this model may reduce some short-term margin advantages that traditional cruise lines preserve through non-commissionable components, Virgin is clearly prioritizing long-term growth and customer lifetime value. While Virgin only occupies 3-5% of the premium adult-only segment, their average selling values increased by 34% in 2025 with efficient operations at full commercial load factors. By pricing more inclusively upfront and paying higher commissions, the company is investing in a stronger, more efficient sales engine driven by trust and simplicity. The payoff comes in the form of higher booking volumes, increased onboard spending, and stronger repeat business, as guests experience fewer surprises and greater satisfaction. Ultimately, Virgin Voyages' "no NCFs" strategy demonstrates that prioritizing transparency and partner alignment can drive both competitive differentiation and sustainable revenue growth, positioning the brand as more advisor-friendly, consumer-trusted, and resilient in a competitive marketplace.

Case Study #3: Viking

In 2010, Viking became the first cruise line to eliminate NCFs, a groundbreaking move that changed the relationship between cruise suppliers and travel advisors. Prior to this change, many cruise lines excluded portions of a booking—such as port charges, taxes, fees, and other components—from commission calculations, reducing advisor earnings despite the advisor being responsible for the entire sale. Viking's leadership believed that travel advisors should be compensated for everything they sell and introduced a commission model that paid advisors on the full value of the booking.

Under Viking's No-NCF policy, travel advisors earn commission on virtually every component of a client's booking, including cruise fare, air arrangements, port charges, taxes and fees, pre- and post-cruise extensions, optional excursions, and other ancillary products. This approach ensures that advisor compensation more accurately reflects the value they bring to the sales process. The policy immediately differentiated Viking from many competitors and became a strong symbol of the company's commitment to the advisor distribution channel. Advisors recognized that Viking was treating them as true business partners. Industry feedback consistently highlighted the policy as a factor that strengthened advisor loyalty and often served as a tie-breaker when recommending cruise options to clients.

Over the past 16 years, Viking has maintained this commitment while introducing other advisor-friendly initiatives, including generous booking transfer policies, automatic protection of onboard bookings for originating agencies, and marketing campaigns that encourage consumers to work with travel advisors. The No-NCF policy demonstrates that supporting the travel advisor channel is more than paying commissions—it is about recognizing the advisor's role in driving revenue, delivering client service, and building long-term brand loyalty.

By compensating advisors on the full value of a booking, Viking created a transparent and equitable partnership model that continues to resonate throughout the industry. Viking's No-NCF policy remains one of the strongest examples of supplier commitment to the travel advisor community. It has helped strengthen advisor profitability, foster trust, and reinforce the critical role advisors play in the cruise sales ecosystem.

Other Travel Suppliers with NCF-like Structures

While NCFs are most commonly found in the cruise sector, non-commissionable components or similarly structured exclusions appear across other travel verticals:

Airlines

Airlines historically paid commissions on airline tickets but largely eliminated standard commission levels in the mid-to-late 1990s. In many cases, air ticketing often yields no commission to the agency. This, among other factors, served as a catalyst for agencies to begin charging service fees to their clients. Travel agencies charge service fees to compensate for the expertise, time, and professional value they provide. As commission structures have declined or become less predictable, particularly in sectors like air travel, service fees help ensure advisors are compensated for trip planning, research, customization, and ongoing support and reflect the advisory nature of modern travel agencies.

However, some travel agencies have negotiated proprietary incentive or override agreements with airlines based on volume, market share, or other commercial factors. Remaining commission levels in place today are typically calculated as a percentage of the base fare amount. Certain fare components, like fuel surcharges and government taxes (YQ/YR), are excluded as a basis for agency compensation. Airlines often recategorize a portion of the fare as a surcharge instead to avoid including these amounts in the base fare in order to reduce commission cost, and control fare filing flexibility.

The disparity between the effective commission rate and the nominal rate is even more pronounced in air travel, where commissions, when offered, are generally limited to base fares. For example, on an $800 ticket with only $300 commissionable value, a 10 percent commission yields $30, or just 3.75 percent of the total transaction value.

Hotel & Lodging

Hotels do not typically use an NCF label but negotiate non-commissionable rates in some contracts (e.g., net or corporate rates), which functionally mean no commission is payable to the agency on certain bookings. Often these non-commissionable rates are significantly lower than published or "rack" room rates offered by the properties.

However, many hoteliers also include resort or destination fees, facility usage charges, and other amenity-based fees that are not included in the room rate but are often mandatory. The effect of these "hidden" fees reduces the Average Daily Rate (ADR) for the property and often has an impact on the rank order of available properties in an online search or online booking tool when the user sorts the results by price. The seeming price comparison advantage in the search process may significantly influence purchase decisions by the consumer, who in many if not most cases is unaware that additional fees apply. Policies may vary by hotel property or chain, but typically resort, destination, facility and usage fees collected by the property are not commissionable to the travel agency. Moreover, in many jurisdictions these resort fees are not subject to occupancy or lodging taxes, and such charges are wholly retained by the hotel as additional revenue.

A comparable effective compensation dynamic exists in the hotel sector, where resort fees are typically excluded from commissionable revenue. For a three-night stay totaling $1,050, including $150 in non-commissionable resort fees, commission is calculated on just the base nightly rate, $900, resulting in a $90 payout assuming a 10 percent commission. The effective commission rate in this case is approximately 8.6 percent, modestly below the nominal rate.

Other Travel Suppliers with NCF-like Structures

Tour Operators / Land Packages

Some tour operators designate parts of a tour package as non-commissionable (e.g., special event tickets, government taxes), similar in effect to NCFs. In most cases, these charges include Value Added Tax (VAT) where applicable, park and entrance fees, and other governmental or third-party administrative fees that are passed through. Land-based vacations often provide commissions on a larger portion of the total cost as compared to cruises, leading some agencies to shift their focus to improve their overall profitability.

Car Rental

Rental car companies may set commissions at zero for certain products or add non-commissionable transaction fees. In the rental car industry, the base rental rate is typically commissionable, but certain taxes and fees are excluded from the commission calculation. Typically, customer facility charges, vehicle license fees, fuel options, environmental fees, toll pass charges, optional insurance packages, extra equipment charges and penalties are not included in the commission calculation. Across travel industry verticals, the effect is the same regardless of the name: portions of a booking do not generate advisor commission, reducing total earnings. The key economic factor across cruise, air, hotels and other travel segments is that these mechanisms are used to control distribution costs by moving revenue into buckets for which commissions or overrides are not payable. In some models, these mechanisms may also eliminate Global Distribution System (GDS) segment fees or other costs. These tactics can also improve price positioning by lowering the offered price in cruise ads, airfare displays, hotel search results, and other displays. They also protect yield by keeping more revenue "net" to the supplier.

Strategic Recommendations for Suppliers & Agencies

For Travel Suppliers

For travel suppliers, the evolving competitive landscape calls for a reassessment of commission structures, with particular attention to total advisor compensation tied to the value of the sales generated. Suppliers should carefully evaluate elimination of NCFs that are likely to influence booking volumes, advisor preference, and overall channel performance. Clear and consistent communication with the advisor community will also be critical in building trust, reinforcing intermediary partnership, and ensuring that any changes to compensation models are both objectively fair and well understood.

For Travel Agencies

For travel agencies, there is a parallel need to strengthen internal awareness and alignment around supplier compensation practices. Agencies should prioritize educating advisors on how different commission structures impact both revenue and client outcomes, while also encouraging a strategic focus on suppliers that offer transparent and equitable compensation models. At the industry level, agencies can play an important role by advocating collectively—through trade associations and consortia—for fair and consistent policies. At the same time, advisors must continue to balance these considerations with any fiduciary responsibility owed to their clients, ensuring that supplier recommendations are grounded in the best interests of the traveler.

Fiduciary Responsibilities

On this last point, it goes without saying that consistent with their duty of care, travel advisors are charged with finding and recommending suitable travel options in light of their clients' stated needs and preferences. That said, in some jurisdictions and under certain circumstances, travel advisors are deemed to be their clients' fiduciaries, and in those cases, advisors are held to a higher standard. The fiduciary standard requires an advisor to place the customer's interest ahead of their own, which includes providing clients with the best advice. Practically speaking, this means that there may be situations where the advisor is duty-bound to recommend a certain supplier to a client regardless of its NCF policy or the effective commission rate the advisor stands to earn from the booking.[2]

Summary Conclusion

The widespread use of NCFs by travel suppliers has long shaped how travel advisors are compensated, particularly in the cruise sector. Recent moves by some major suppliers to eliminate NCFs may signal a potential shift toward more transparent and partner-oriented distribution models, though adoption remains uneven across the industry. Eliminating NCFs can boost advisor earnings, simplify administration, and strengthen supplier relationships — benefits that may have relevance beyond cruising if more broadly adopted.

Continued advocacy from ASTA along with sustained supplier engagement will be important in determining whether these practices expand to other travel verticals. Travel advisors should always prioritize matching their clients with the most appropriate supplier for the desired travel experience. However, commercial considerations, including supplier policies that support transparency and equitable compensation, may reasonably factor into business decisions.