

E-Giving

Tools, Costs, Decisions

Topics

1. Trends: E-Commerce and E-Giving
2. E-Giving Tools Available
3. Decision-Making
4. Marketing Your E-Giving Program

1. TRENDS:

Average Contribution Per Member: \$1,122

Average Contribution Per Attendee: \$2,214

How does your congregation compare? Check your statistics at
www.pcusa.org/search/congregations/

TRENDS: Your Congregation.

Think specifically about your givers (3 types pictured in 3 concentric circles):

Inner Circle: Largest Givers.

Core Membership, tithers, gifts greater than average, e-giving tools do not suit their gift size, older, e-giving tools are less interesting and unfamiliar.

Recommendation: (1) Do NOT detract from traditional giving. (2) Consider planned giving for this group.

Middle Circle: Modest Givers

Regular Membership, gifts equal to or less than average, regular to irregular givers, optional tithers, young adults/families boomers, e-giving tools are convenient, e-giving tools are helpful trend (may not give if not present in church)

Recommendation: (1) Online Banking. (2) Online Giving.

Outer Circle: Casual Givers

Some regular and some infrequent members / visitors, non-tithers, gifts below average or nothing (more than 50% church attendees give \$0.00), give in the moment. E-giving tools are helpful.

Recommendation: Immediate-giving Tools

TRENDS: Online Culture

Recent trend mirrors American culture

2007 – 53% of US households used online banking

2007 – 80% used direct deposit for income or benefits payments

In 2015 80% of church collections will be conducted online.

Charitable Habits of Generations:
(from Next Generation of American Giving - Edge Research, March 2010)

	Donation % via Mail	Donation % via Website	Donation % via Monthly Debit	Plans to Increase Future Giving
Matures	77%	25%	11%	8%
Boomers	54%	31%	14%	17%
Gen X	43%	35%	17%	24%
Gen Y	26%	29%	11%	30%

Presbyterian Giving Culture Trends

1. Increasing competition for charitable dollars. Decades ago it was just us (the church) as the recipient for charitable dollars. The non-profit industry has expanded rapidly. In the past years alone it has increased 33% to over 1.3 million. They are run like businesses. They have large staffs, dedicated to fund-raising. They have massive budgets, sophisticated tools, lots of time and intense goals.
2. We are changing. We are aging; we are entering new routines often because we HAVE to; increasingly complex world, everything is instant, we are connected to new groups in new ways.
3. Our tactics remain the same as when there was no competition and as when we were younger and simpler.

TRENDS: Protestant Churches

LifeWay (part of ServiceU) Research 2010 Survey of 1003 protestant churches found:

14% of Protestant churches provided their congregations with the option of donating online (78% of churches have a website), while a 2011 Federal Reserve payment study revealed more than 75% of transactions in the US were either ACH or cards.

Online giving a factor of size

- 55% churches w/ avg. worship > 500 offer e-giving.
- 26% congregations 200-499 offer
- 9% congregations 100-199
- 7% churches 50-99
- 4% churches <50

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Recent trend for churches

- 66% churches offered 2 years or less. Breakdown:
- 26% offered 2 years
- 24% less than 1 year
- 16% about 1 year
- 9% offered 3 years
- 4% 4 years
- 13% online giving > 4 years

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Suburban – Urban

- 28% churches in large cities use e-giving
- 15% churches in small cities use e-giving
- 12% in suburbs
- 6% rural

Online-Giving is a big deal – primary way a huge percentage of the population give these days. We are catching on yet late and slow. Why so? E-Giving is complex. There are dozens - if not hundreds - of vendors and ways to do online giving. The products and services are not uniform, the huge menu of fees are not standard across the industry, and each product integrates so differently with the client organization's (your) software. Understanding and comparison is complicated and could be a massive endeavor.

2. THE TOOLS



- Online Banking
- Direct Debit (Not Integrated into Website)
- Website Giving
 - Paper Direct Debit / EFT (Electronic Funds Transfer) or ACH (Automated Clearing House). For our purposes the terms EFT & ACH are interchangeable.
 - Electronic Direct Debit / EFT or ACH
 - Plastic: Credit / Debit Cards
- Mobile Giving
 - Mobile Web Pages
 - Text Giving
- Kiosks

Online Banking

Description: Members conduct their own financial transactions through a website operated by their own financial institution. In most cases a processing center mails a computer-generated check to the church.

Cost: \$0.00 * May be charge for paper check at your bank.

Church Action: No involvement. No set-up. Comparable to receiving a check via mail (or receiving an EFT, which is uncommon for this transaction).

Donor Action: Easy first time set-up (minutes). Quick implementation of current, future-scheduled or recurring transactions. Fast and easy to do from smart phones.

PRO'S:

- 80% of households already pay at least one bill online.
- Already preferred / primary method of bill payment for many.
- No cost / no contract to the donor or to the church.
- Easy and fast.
- Frequency options: single, recurring or specific dates.
- Improved consistency and budgeting for both donor and church.
- Secure.
- No debt instrument involved.

CON'S

- Not participating in the offering part of the liturgy.
- Potentially less predictable than auto debit.

WEBSITE GIVING: DIRECT DEBIT

Very common.

Jargon: EFT/ACH (EFT=Electronic Funds Transfer. ACH=Automatic Clearing House)

Description: Mechanism to transfer funds between two financial accounts at the request of the owner of the debited/ sending account. The transactions occurs between 2 computer-based systems. No physical checks or cash are involved. Transactions usually take 3 days.

Two Primary Methods for Direct Debit:

1. Paper form: physical form completed and submitted to the sender and/or receiver's bank. Although common in the past, many find this paper option is not easy and no longer available.
2. Computer based: a computer-based form as a part of a comprehensive website giving page. This is easy and convenient to establish when a part of your giving website page.

Cost: \$0.025 \$0.25 with other fees by service provider, especially if received via merchant account (see section below on "merchant accounts")

PRO'S:

- It is expected.
- Easy and fast for donors.
- Relatively low cost.
- Easy to operate once set up.
- Donor can designate to general fund, special gifts or whatever options church identifies (when done through website/not on paper).

CON'S

- Giver is not participating in the offering or liturgy.
- Very difficult to search for the best provider due to lack of uniform products, prices and features

WEBSITE GIVING: CREDIT and DEBIT CARDS

Description: Members can transact their giving by credit or debit card through a giving webpage on the church's website. Most churches will prefer to have a service provider create the interface and manage the transaction process and security. While it is possible to make these online giving tools, it is not a practical use of time and resources unless there is a compelling reason (that we cannot think of).

GREAT EXAMPLE of PAYMENT PROCESSING in pictures at IdealWare.com:

http://www.idealware.org/articles/payment_processing_pictures.php

Church Action: Same as EFT/ACH - Engage service provider to integrate payment system into website. A merchant account may in most cases be required. The donor is taken through a series of steps/windows to conduct the payment transaction (see IdealWare's diagram of an electronic donation transaction).

http://www.idealware.org/articles/payment_processing_pictures.php

Donor Action: Easy to set up on the first visit. Quick implementation of current, future-scheduled or recurring transactions. Fast and easy to conduct from SmartPhones. Often donors are given the opportunity to make a one-time payment or to set up their own profile for recurring payments, to make changes and to see own giving history.

Cost: 3-6% = Complex fee structure of service provider fees + merchant card account fees

PRO'S:

- It is expected.
- Easy and fast for donors.
- Relatively low cost.
- Easy to operate once set up.
- Donor can designate to general fund, special gifts or whatever options church identifies.
- Many providers allow the church to prohibit credit cards (debt) – and only accept check/debit cards.

CON'S

- Expensive
- Giver is not participating in the offering or liturgy.
- Very difficult to search for the best provider due to lack of uniform products, prices and features

MERCHANT ACCOUNT

Description: A merchant account is a type of bank account that allows businesses to accept payments by debit or credit cards. In some cases, a payment processor or independent sales organization is also a party to the merchant agreement. Whether a merchant enters into a merchant agreement directly with an acquiring bank, or through an aggregator such as PayPal, the agreement binds the merchant to obey the Operating Regulations established by the card brands. (Wikipedia)

Benefits of Having Your Own Merchant Account (instead of through an aggregator or your vendor's merchant account)?

- Required by many online payment service providers.
- Faster payment (days not weeks).
- Assures your organization's name on the donor's statements
- Better pricing for higher volumes
- Greater integration with your organization's software systems

Benefits of Using Your Vendor's Merchant Account (instead of having your own merchant account)?

- Easier to use a vendor's (or aggregator like PayPal) account
- Less ongoing administrative work
- Cheaper for many small organizations with small volume
- Vendor/aggregator responds to donor inquiries on charges

Fee Ranges to Have Own Merchant Account:

- 2.65% Discount Rate (Industry Average) with a range from 1.9-3.0%
- \$0.35 Transaction Fee (Industry Average)
- \$15 Monthly Service Statement (Industry Average)
- \$15-\$35 Minimum Monthly Fee
- \$10-\$30 Internet Gateway Monthly Fee
- \$195 Annual Fees (Many are \$0)

ONLINE PROCESSING SERVICES. Example: PayPal, Google Checkout, Presbyterian Foundation (intends to launch online giving in 2012 – pricing TBD)

Description: Universally accepted tool to pay and get paid online.

Cost: 2.2% plus \$0.30/transaction (non-profit rate) with no monthly fee/minimum/setup

PRO'S:

- Easy solution
- Up and running in 1 hour
- Secure

- No merchant account required
- Widely understood
- Process one-time and recurring donations

CON'S (Services are constantly evolving, so these negatives may be short-lived and not valid for all online processing service vendors):

- Up to 50% of visitors do not complete the transaction
- Look feel not integrated (go to PayPal site and then get returned to your Thank you Page)
- Designations not option
- After donation, PayPal sends you the amount and name of donor. Donor also receives e-mail as proof of their donation.
- Church not on receipt

MOBILE GIVING

- According to the Pew Research Center, 6/10 adults (59%) access the internet wirelessly.
- By 2014 mobile internet will overtake desktop internet usage.
- This is a strong tool for visitors and casual givers.

Mobile Giving Foundation: *Not appropriate for churches.* Until recently Mobile Giving has been primarily associated with the gifts through the Mobile Giving Foundation. Such gifts are more appropriate for campaigns like disaster relief – and effectively unattainable for churches for various reasons: a campaign runs through Mobile Giving Foundation, the organization's annual revenue must be at least \$500,000, donations fixed at \$5 or \$10, fees approx 8% to various providers, donor pays gift as a charge on phone bill, 2-3 months for donation to arrive.

Mobile Giving in a more church-usable format is now available through many of the larger online giving providers.

Mobile Website: Essentially online giving through the church's mobile website. For such transactions, nothing additional is *required* in addition to website giving. However, it is advisable to make the web-site optimized for smart-phones.

Donating by Text (through integrated online providers)

- Donor completes one-time setup
- Donor sends text message donation: enter keyword "Donate" or "Give" followed by dollar amount and four digit PIN
- Donation information captured by vendor in secure environment (not processed by phone service carrier)
- Funds and corresponding data transmitted for deposit
- Funds arrive via ACH
- Donation amounts are variable
- Processed in secure environment

- Donor receives confirmation by text, e-mail and on financial account statements

Cost: Can vary but should be the same as cost for giving via the church website.

KIOSK / TERMINAL

Generally found in very large or mega-churches and/or very young congregations.

Best used for immediate giving and event registration.

Not as well known or received in mainline congregations.

Cost: \$2,500 countertop or \$5,000 free standing unit. Plus transaction fees.

- Can program not to accept credit cards

3. Decisions

The decision-making process is of utmost importance. Pricing and features still vary widely, yet many of the major vendors are beginning to look similar in these areas. The more important criteria is how this integrates into your website and how this interacts with your business administration's software.

The following are steps taken by many of the churches whom we interviewed:

1. Pre-approve concept with Session
2. Assemble researchers/decision-makers. Business administrator must be a part of the conversation
3. Assess your congregation, attendance and givers (diagram)
4. Feature Comparison
 - a. Integration
 - b. Giving page able to take your website design, look, feel
 - c. Permit designations: pledge, memorial, specific detail. There is designation menu that can be changed. Without this, there is extra research to identify purpose of gift.
 - d. Integrate with current church software.
 - e. Security
 - f. Experience in the industry
 - g. Comprehensive solutions (offer everything you need instead of using multiple vendors)
 - h. Provide full menu of credit, debit, EFT/ACH, Mobile, et al.
 - i. Display your name on receipts (normally requires own merchant account)

- j. Other questions: Allow recurring transactions? Whose name is on donor's financial statement? Who is responsible for receipts/acknowledgements to donor. Donor reports available? Any advertising/banners? Customer support extra? What hours? May we visit the giving sites of your other clients? How long is contract period?
5. Identify 3-4 most appropriate vendors
6. Cost comparison: Spreadsheet with online giving predictions & costs
7. Propose to Session

4. MARKETING

Q: Will e-giving boost your revenue?

A: Probably not if you do not LEAD PEOPLE TO IT and MAKE IT EASY

Let people know that you have electronic giving from the pulpit, through bulletins, minute for mission. A good electronic giving program is a great help to many of your members. They will want to know.

Q&A: Mail out or post a Q&A about electronic giving. Good example:

<http://storage.cloversites.com/firstunitedmethodistchurch23/documents/FAQ%20Doc%20-%20Online%20Giving1.pdf>

QR Code:

Inexpensive, cut down on paper, postage, printing.

Anyone can generate in moments.

Been around since 1994 but spreading in US now.

Tools getting smaller. Attention spans shorter. Instead of sending large blocks of information, paper literature, smart phones and iPads are designed to send out short snippets to coax readers to a hub of information. It is a necessary tactic change in a world where we are inundated with more information than anyone can process.

Resources

EGIVING WEB RESOURCES:

IdealWare.com

AffinityResources.com Donation Process:

<http://affinityresources.com/pgs/awz55donationprocess.html>

ChurchTechToday.com

State of the Plate 2011

ChurchGivingMatters.com

Presbyterian Church Statistics: <http://www.pcusa.org/search/congregations/>

Merchant Account Comparison: credit-card-processing-review.toptenreviews.com/v2/

Techsoup.org

Kluth.org

VENDORS:

*This is **NOT** an endorsement of any of these vendors. This list is compiled from churches whom we interviewed on their experience with searching for vendors and who they considered.*

- PresbyterianFoundation.org – launching in 2012
- Vancoservices.com
- ServiceU
- ACS
- GiftWorks
- E-tithes.com
- Sage Merchant Services
- Authorize.net
- EasyTithe.com
- SmartPaymentSolutions.com
- ChurchWerks.com
- Mycharitybox.com
- Paypal.com
- Google Checkout
- Provider Comparison (not comprehensive but interesting):

<http://affinityresources.com/pgs/awz55Online2.shtml>

Other Referenced STEWARDSHIP WEB RESOURCES:

- PresbyterianEndowment.org (PEER Network) – Planned giving/endowment
- Lewis Center
- StewardshipKaleidoscope.org – Conference March 12-14, 2012
- gamc.pcusa.org/ministries/stewardship-education/