

Card Payment Solutions Help Charitable Organizations Adapt to Changing Donor Landscape



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Although the main goal of any charitable organization is to bring awareness to specific issues and to find solutions that ease these problems, charities must focus much of their energy on attracting donors. This task is never complete, the need to secure new donors is an ongoing one, but it's a task that can be made significantly easier every time a one-time donor agrees to become a recurring contributor.

Meanwhile, the donor landscape is continually changing. Charitable organizations must constantly adapt to make it easier for donors to contribute - offering the flexibility to donate what they want, when they want, how they want, and with as little effort as possible. One easy and viable option is to partner with payment providers to provide alternatives that will help charities keep up with this evolution.

Three main trends exemplify this need for change. First, a new generation of donors has emerged as a viable target for charitable organizations. Secondly, a largely untapped potential still exists for debit and credit cards as payment options for contributions. Finally, as we emerge from a U.S. recession, organizations are now focusing on donor retention as much as donor acquisition and payment cards can help in that regard.

Targeting young donors is an essential strategy. Ten younger donors contributing \$100 each are potentially more valuable than a one-time donation of \$1000 from a senior donor. Organizations need to actively seek relationships with tomorrow's donors. Many of the new generation of donors prefer using new payment forms, like debit or credit cards. Research conducted by Visa USA indicates that 10% of Americans feel they would use a debit or credit card to make a donation and, importantly, the average one-time donation on a card is \$99, compared with approximately \$20 with cash or checks. The question then becomes: what can charitable organizations do to be more attractive to young donors, allowing for the donations to be made by methods desirable to them, and making it easy for them to make regular annual or monthly donations?

Establishing card payment options is an important step in reaching this goal. When contributors use a card, they have more flexibility, which often translates into more fund-raising dollars, and therefore more for an organization to give to those who need it most. Using a payment card makes it easy on donors, freeing them to give more than just the cash on hand. The numbers show this can increase the average donation by almost five times. This also makes recurring payments easier, allowing contributions to be spread over time and automatically billed to donors' accounts.

Benefits of using payment cards to accept donations include:

- *Increased pledge fulfillment.* Charitable organizations often ask donors to contribute a dollar amount and then they collect the donation at a later date via cash or check. By offering individuals the opportunity to put the donation on their debit or credit card immediately after they pledge, organizations are not only guaranteed the donation in full, but they can eliminate the necessary follow-up, such as mailing invoices, etc.

- *Easier to donate.* Accepting payment cards makes it easier for donors to generously support a cause, and removes the limitations brought by having to rely on cash on hand.
- *Lower handling costs and accelerated cash flow.* Processing card transactions is significantly less costly than the true costs of processing checks, including all the time wasted on associated administration. Additionally, payment card transactions are processed automatically at the bank end, so an organization will receive a payment much faster than checks.
- *Online transactions.* Allowing donations to be made online is particularly appealing to younger donors. In support of this trend, several third-party companies are bringing interactive online relationship management tools and services to charitable organizations. This enables charitable organizations to increase their outreach and communications, while decreasing overall costs associated with manual data entry, direct mailings and cash and check collections.
- *Recurring payments.* Allowing payments to be made automatically with payment cards encourages donors to give regularly, or to spread contributions over time. This also saves the donor time on completing paperwork and the cost of postage, and provides a regular stream of contributions for the non-profit.

The ideal scenario is clearly to secure recurring donations with as little administration as possible, freeing up time to secure new donors and to achieve the charitable goals of the organization.

Of course, after an organization spends valuable time and money attracting a new donor — especially one that agrees to make recurring contributions — it can be the simple details that become most important to retain them. According to research from Visa USA, more than 55 percent of debit and credit cards have account information changes annually. These include changes in expiration dates, closed accounts, card replacements, and an upgrade to “gold” or “platinum”, loss, theft, portfolio acquisitions or mergers. If this account information is not updated in the charitable organization’s files, a subsequent payment may not be authorized — possibly resulting in lost contributions and frustrated donors.

Services such as Visa Account Updater can help eliminate that issue by automating the process of updating card information for charitable organizations. Automated account updater tools, increase customer retention by reducing disruptions of the payment process that can result from outdated account information, increasing approved card transactions, and reducing the manual process of maintaining up-to-date cardholder information.

Retaining donors is key in today’s donor environment. By making it as easy to donate as possible, encouraging card payment options, and taking advantage of tools that cut out administrative headaches, nonprofits will maximize their chances of securing valuable new donors, increase contributions, and keep them on board as loyal, long-term contributors. This way everyone benefits, especially those whom the charitable organizations are helping each and every day.