Online Donations and Fundraising: financial best practice

nicva

Tony Clarke

OVERVIEW

➢ Different types of cashless payments

➢ The risks of receiving cashless payments

➢ How to reduce potential risks

➢ Responsibilities

➢ Due Diligence

nicva

Stats on
Cashless payments

Latest figures from Goodbox, which supplies contactless technology to the non-profit sector UK, found that the number of individual contactless donations increased from 32,000 in May 2019 to 78,000 in May 2021.

nicva

Stats on
Cashless payments

Barclaycard research demonstrated that charities in the UK may be missing out on more than £80m in donations each year by only accepting cash donations

nicva

Stats on
Cashless payments

22 of the biggest UK charities also partnered with Apple to allow iOS users to pledge donations through Apple Pay. The feature allowed anyone with a supported iPhone, iPad or Apple Watch to send money securely, using only their fingerprint.

nicva

Regulations of handling donations

The Fundraising Regulator sets the standards for the responsible collection and utilisation of donations. These standards are outlined and explained in the Code of Fundraising Practice, and can be roughly grouped into the following categories:

➤ **Responsibilities** – How should charities go about accepting, returning or processing donations? How should they be looking out for the welfare of fundraisers and remain transparent about their operations and activities?

Regulations of handling donations

➢ **Behaviour** – How can charities conduct themselves while carrying out fundraising? This includes treating people fairly (regardless of their decision to donate) and being respectful when requesting support or funding.

➢ **Processing Donations** – How can charities implement clear processes so that donations are not only handled correctly and securely but also used for their intended purpose? This goes beyond individual donations to include Gift Aid and regular sponsorship.

nicva

TYPES OF CASHLESS PAYMENTS

nicva
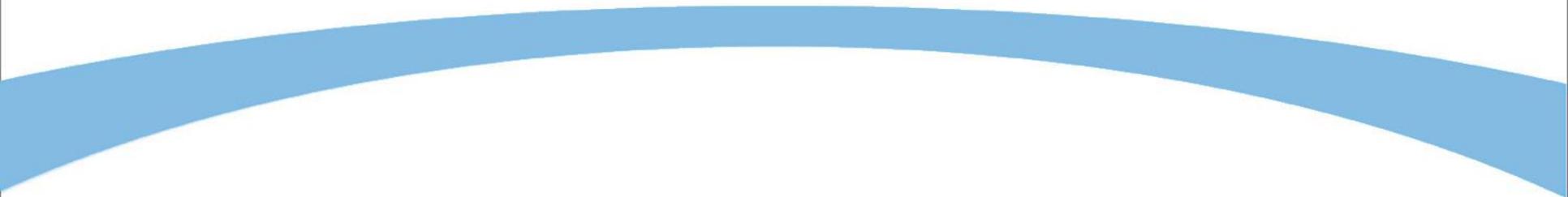
Just Giving

Free membership plan for charities

- **No monthly fee:** You just pay the standard 1.9% +20p payment processing fees and 5% on Gift Aid.
- **Online campaigns**: Launch an always-on campaign or appeal that your supporters can donate to or create their own fundraising pages to support.
- **Individual giving made easy:** Put a donate button on your site to receive donations, provided the links and code.
- **Gift Aid reclaim:** Boost your donations by 25% with our automated Gift Aid reclaim on eligible donations.

nicva

TYPES OF CASHLESS PAYMENTS

Paypal

- **Simple setup**: Easily create a Donate button for your website, no programming skills required.
- **Fast processing**: Donations go straight in to your organisation's bank account usually within minutes.
- **Easy Payment:** Donors can use credit or debit cards to make a donation, an account with PayPal is not required.
- Option to set up monthly recurring donations

TYPES OF CASHLESS PAYMENTS

Sumup

- **Fully integrated with Give A Little app**:
- **No contract**: Pay-as-you-go with no fixed or hidden costs.
- **No Errors:** Checkout totals automatically sync to SumUp
- **No Cables:** Fast mobile payment acceptance
- **Secure:** Highest security and PCI compliance standards

nicva

TYPES OF CASHLESS PAYMENTS

Goodbox

- Tap to Donate Device
- FCA regulated, PCI & GDPR compliant
- All funds raised are settled weekly
- Eliminates unnecessary admin

nicva

Impact of COVID-19 on cashless donations

- The number of donors making cash donations saw a substantial drop off between March (34%) and April (13%) and remains at very low levels compared to previous years.

- At the same time, the number of donors giving via a website or app increased significantly over the same period (from 13% to 24%) and this remains at much higher levels than normal.

- Research earlier on in the pandemic found that four in ten people (41%) said that they will avoid using cash wherever possible because of the coronavirus, and six in ten (60%) think it is more hygienic to use contactless.

Safer giving campaign

- The Fundraising Regulator has joined with the Charity Commission, National Trading Standards and Action Fraud to emphasise the importance of donating safely this festive season.

- The regulator advised the public to be mindful when donating to charity, by checking the legitimacy of the charity by ensuring it is registered with the Charity Commission, using the Fundraising Regulator's directory to check whether it is registered, if it has a fundraising badge or asking for more information before donating.

"The British public is always exceedingly generous when giving to charity, and we want to make sure that they can continue to do so, safe in the knowledge that their donation is going to its intended cause."

Gerald Oppenheim, chief executive of the Fundraising Regulator

nicva

Gift Aid

- You can claim back 25p every time an individual donates £1 to your charity or community amateu sports club (CASC). This is called Gift Aid.

- You must be recognised as a charity or CASC for tax purposes with HMR.

- There are rules on which donations you can claim Gift Aid on.

- You can claim Gift Aid online - you should get your payment within 5 weeks.

giftaid it

nicva

Who can claim

Your charity or CASC must have claimed Gift Aid:

Any charity or CASC recognised for Tax Purposes with HMRC.

Risks

Fraud: Charities lost £1.6m of public donations to online fraud over the last year, according to data from Action Fraud. Between October 2020 to October 2021, Action Fraud received 702 reports of online charity fraud from the general public.

Online Fundraising Risks

- Impersonation of your charity
- Fake websites
- Scam donations

How to reduce potential risks

For charities verifying the credibility and legitimacy of donations is essential to managing their reputations as efficient, trustworthy and effective charitable entities

Organisations need to have proper procedures in place to mitigate risks associated with charitable donations. Below are several steps you can take to meet this objective:

Implement a Policy

A fraud policy allows everyone, from staff, trustees, to volunteers to see and understand your organisations approach to risk. A fraud policy should clearly show what risks your charity faces, how you will mitigate those risks, what you will do when fraud has occurred and how someone can report suspected fraud.

nicva

How to mitigate those risks

Register with the Fundraising Regulator

- Gives confidence to donor that the charity is committed to responsible fundraising, and to adhere to the best practice and legal standards outlined in the **Code of Fundraising Practice** .

- Ensures the donor is treated fairly and are able to make an informed decision about fundraising or donating online.

- You can tell if an online fundraising platform is registered when you see the Fundraising Badge.

nicva

Responsibilities

Fraud Reporting systems

• Having a well-communicated anti-fraud policy is an easy and effective way to demonstrate the right tone at the top**.**

• Create a staff / volunteers guide to reporting concerns which explains the what, why, where, how and to whom.

Have counter fraud measures in place. i.e Fraud response plan.

• Report all actual or attempted fraud / cybercrime to Action Fraud.

Charity Commission Involvement

• Review your internal financial controls and complete the self-assessment checklist to evaluate your charity's performance against legal requirements and good practice recommendations.

nicva

Due Diligence

Due Diligence on Potential Donors (Larger Donations)

- Identification or registration
- Politically exposed person/state-owned enterprise status or affiliation
- Geopolitical risks associated with the donor's location
- Reputational concerns

nicva

What does this all mean to my charity in a nut shell:

- May be missing donations if you do not have the facility to except donations.

- Don't forget about gift aid.

- Keep yourself right and ensure you have policies and procedures in place.

- Get it approved by you trustees.

- If in doubt ask the question.

- Good communication with you staff / trustees and volunteers.

- Report / capture the income you get to see if it works.

nicva

END OF SESSION ☺

Questions?

Your feed back is greatly appreciated.

nicva