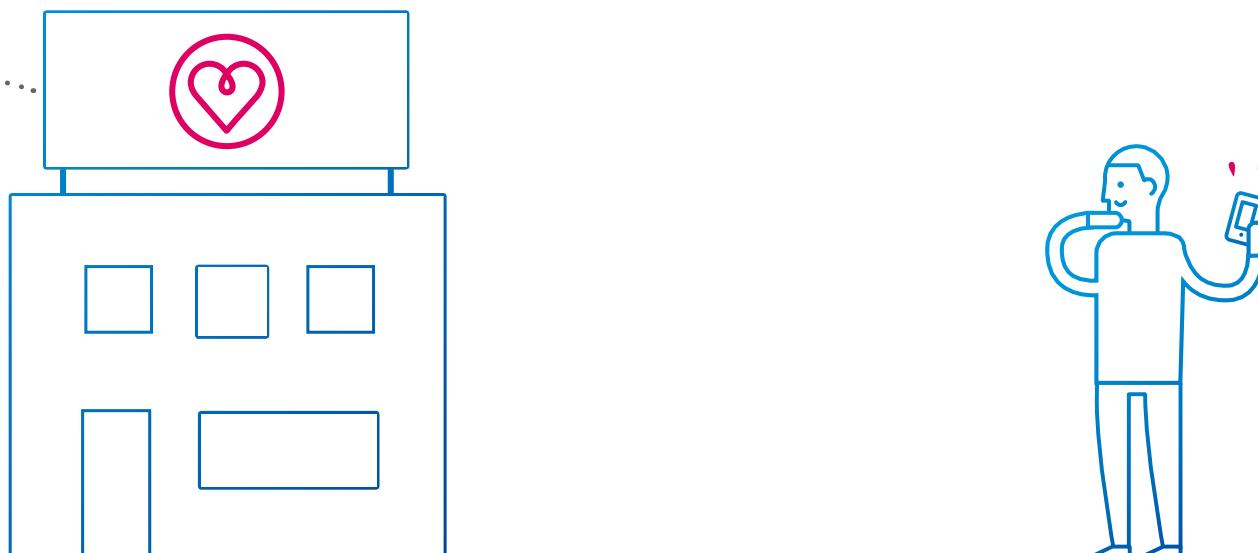


Understanding the Costs of Charitable Giving



By: Usman Ahmed and Clam Lorenz - PAYPAL
Kornel Mahlstein, Christine McDaniel, and Simon Schropp – SIDLEY AUSTIN

Executive Summary

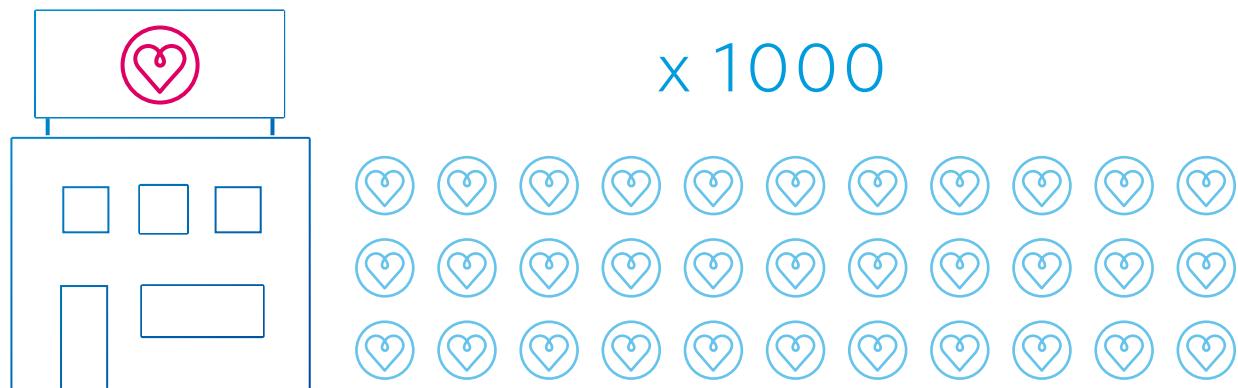
Charitable organizations pursue important causes and provide public services, with no intention of making a profit.

Donors, be they individuals, groups, or companies, spend their hard-earned dollars to support these causes.

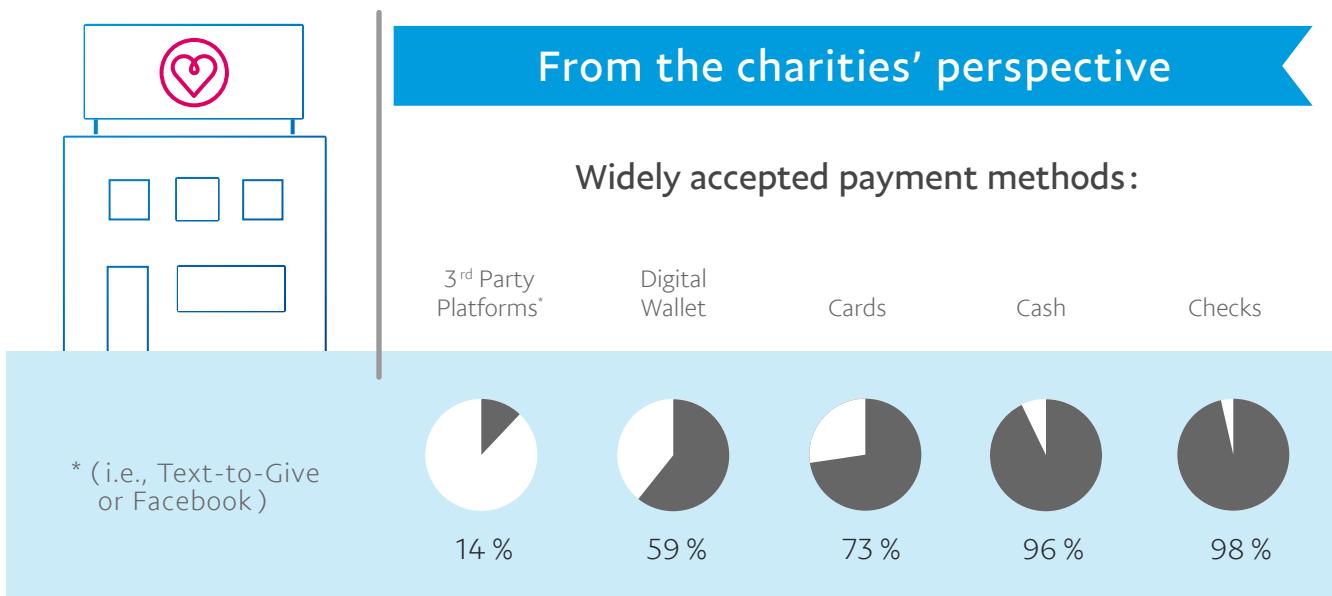
Transferring funds from donors to charitable organizations however takes resources. The wide variety of payment methods available today — *checks, credit cards, debit cards, digital wallets, and others* — has democratized charitable giving by enabling people of any means to become donors and to donate anytime, anywhere. That said, each payment method comes with its own unique set of costs and benefits.

Based on a new large-scale survey among US-based organizations conducted in 2016, this article reports findings regarding the costs and benefits of different payment methods for charitable organizations.

We hope our results will assist charities in making informed choices in allocating their payment processing resources.



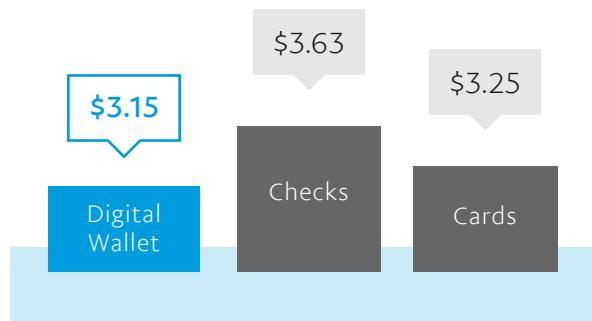
We surveyed nearly 1,000 US-based charities to examine the landscape for payment processing methods, and to gain insight into the resources required (monetary and non-monetary) for a donation to reach a charitable organization's account.



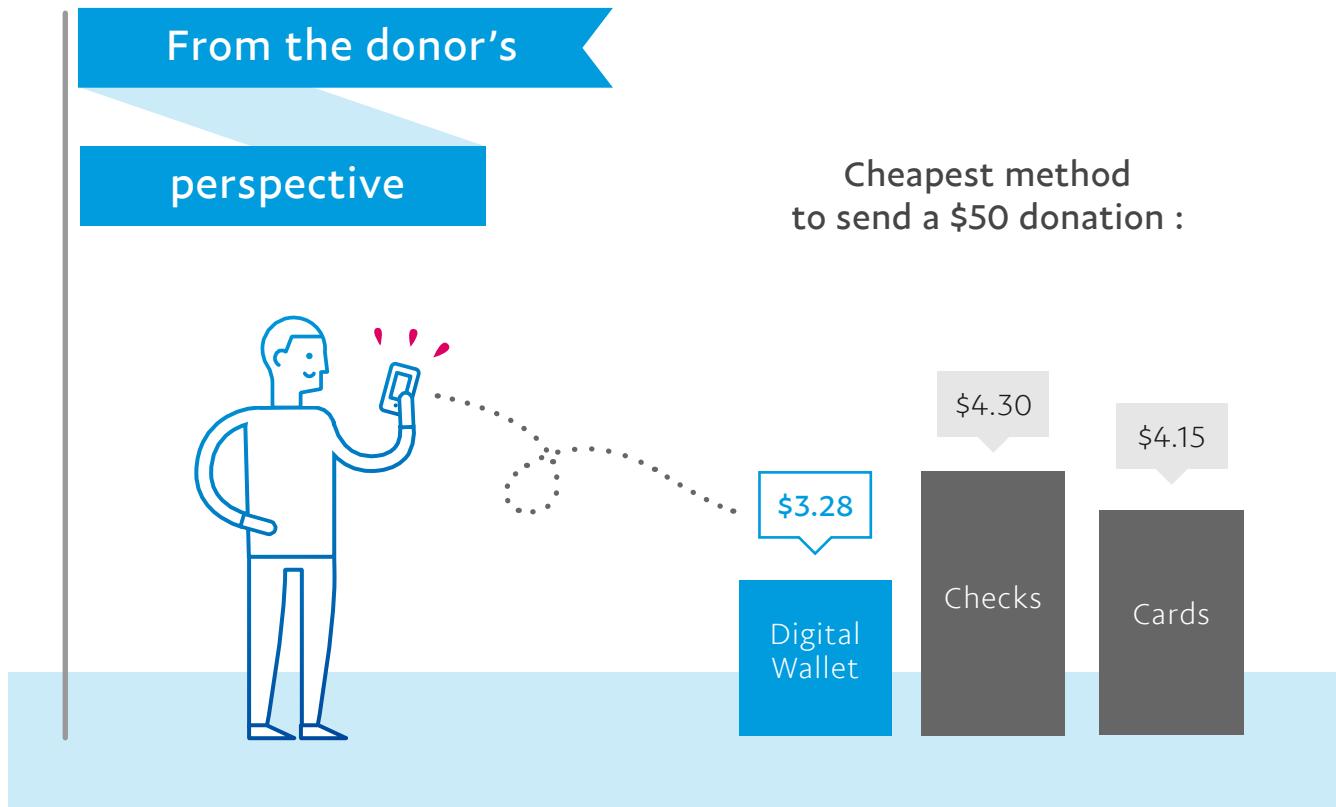
We found that:

- Checks, cards, and digital wallets are all widely accepted payment methods by charities. 98% of charities accept checks, 92% accept cash, 73% accept cards, 59% accept digital wallet, and 14% accept payments from third-party platforms (i.e., Text-to-Give or Facebook).
 - For a charity to accept a single \$100 donation by a first-time donor, check is the cheapest method for accepting payment. A check of \$100 results in \$3.61 in costs for the charity to process, a credit card \$4.25, and a digital wallet transaction \$4.15.
 - Overall, digital wallet donations were less costly for smaller denomination donations, problematic transactions, and repeat donations. The processing cost of a \$50 gift, for example, runs \$3.15 for digital wallets and \$3.25 for credit cards, while it's \$3.63 for checks.
- That means that for a \$50 donation, digital wallets are 14% cheaper than checks for a charity to process.

Process cost for a \$50 donation:



- Larger and more established charities tend to appreciate the benefits of checks, while emerging and smaller charities tend to prefer digital wallets.
- If the costs incurred by the donors, their time spent or postage, for example, are taken into account, digital wallets become an even more attractive option. A donor of a \$50 gift spends an average of \$3.28 vs. \$4.15 for credit card and \$4.30 for a check, meaning that from the donor perspective a digital wallet transaction is 25% cheaper than a check.



In the next chapter, we begin by describing the study's objectives and our methodology. Next, we delve deeper into our findings on the costs and benefits of different payment channels and the implications for charitable organizations. The final section concludes.

1. Objectives and Methodology

This is the first study to compare the costs and benefits to charitable organizations of receiving donations across payment channels. The objective of the study was to better understand the process and operations of receiving donations in US-based charitable organizations ; and identify and quantify the costs and benefits of receiving donations for US charitable organizations.

Our Methodology:



We utilized a 3-tiered research methodology consisting of desk research, in-depth interviews, and a large-scale survey.

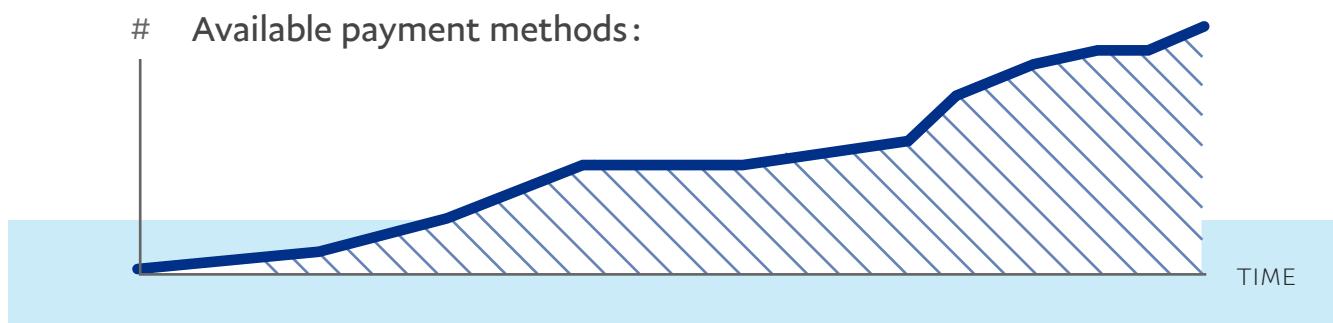
I) Literature Review

In our literature review we examined over 25 academic and non-academic studies dealing with the costs of various payment channels worldwide. To the best of our knowledge there does not exist any study reporting the costs to charitable organizations across donation payment methods. Some studies examined social costs (the total costs to society in connection with a particular transaction), while others focused on private costs (only the costs incurred by particular parties involved in the financial transactions, such as the payer, the intermediate bank, or the receiver of funds such as a merchant). Some studies

focused on particular payment channels (e.g., checks), while others compared the costs of different methods. Overall, the most relevant studies for our research purposes were those that focused on private costs to merchants on account of their similarity to charitable organizations in the payment process. Such studies have assessed fixed and variable costs, as well as monetary and non-monetary costs. Methodologically, most of the studies we reviewed rely on a mix of in-depth interviews, surveys and publicly available data.

The main findings from the existing literature include:

- The overall approach to calculating payment processing costs has changed little over time; and service fees, staff time, and float costs (lag between when the payment is made and when the payment hits the recipient's account) largely drive any cost estimate.
- The number of available payment methods has increased over time, which complicates the comparison between older and newer studies.
- Owing to innovations in financial payment tools, the evolution of the marketplace and the emergence of mobile payment systems, the focus of the literature has shifted over time. Advances in technology combined with the dynamics of the consumer marketplace make it increasingly important to consider both costs and benefits of payment instruments for merchants — **convenience, ease-of-use, donor relationship management, and the experience of giving** are all shaping the landscape of charitable giving.



- Checks and credit cards are more costly to process than direct debit, although merchants with large payment volumes are able to negotiate lower credit card fees and so such costs are less of a concern with larger entities.
- Of the few studies that consider innovative payment methods (e.g., PayPal), most find that such new payment methods offer the least costly payment option. The rise of online tools notwithstanding, processing a check has become less costly with eCheck technology.
- Security, customer data control, and customer retention also have had implications on the costs and benefits for merchants. Also, fraud can result in significant costs for the receiving entity: fraud mitigation is associated with 1.39% of revenue of most merchants. The probability of fraud varies across payment instruments and recent cost studies attempt to account for this important factor.

These insights fundamentally informed our approach to the survey, in-depth interviews, and the analysis.

The main scenario for the survey was a single donation of \$100 gifted by a first - time individual (non-institutional) donor.

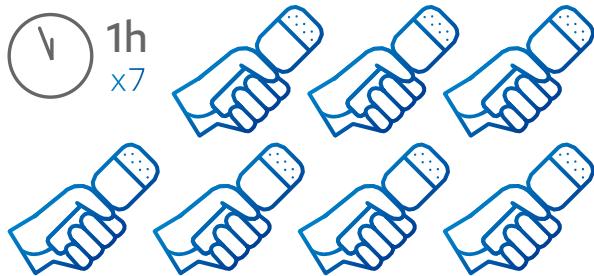
II) In-Depth Interviews

We conducted 7 in-depth interviews of at least 1 hour with active charities. We cast a wide net on interviewees: Respondents included large internationally active and small local charities, as well as younger and more established charities. One selection criteria was that interviewees offer a wide variety of payment channels to donors. The charities were taken through a 4-page interview guide (Appendix A). Responses were treated as confidential: they were used solely for gathering non-attributable insights and for informing the design of our large-scale survey.

We owe special thanks to the charitable organizations that participated in these in-depth interviews. Their cooperation, patience and in-depth knowledge were instrumental in our ability to conduct the analysis.

III) Large-Scale Survey

Our 28-question online survey (Appendix B) focused on costs and benefits across payment channels, with check, credit card, and digital wallet as the key payment channels of interest. The survey was sent in late March 2016 to over 20,000 charities that are registered charities with PayPal, and 707 responses were collected. In addition, GuideStar sent the same



survey to 4,000 charities also in late March, and 157 responses were collected.

Surveys were sent to the head of the accounting departments at each charity, and participating charities had 7 days to respond. No reminder email was sent out. The GuideStar survey respondents effectively created a control group to help ensure there was no selection bias from the PayPal sample.¹

There were no significant differences between the PayPal and GuideStar response cohorts, which allows us to report our findings in the aggregate, based on the entire survey sample. Hence, in total, responses from 864 US-based charities were collected and used as the basis for the findings presented below.²

¹ The authors would like to extend appreciation to GuideStar for their support and cooperation on this study.

² Survey respondents participated anonymously, which made it impossible for us to test for duplicate responses between the PayPal and GuideStar. However, we note it is highly unlikely that a charity would respond to two exactly similar survey requests.

2. Demographic Findings

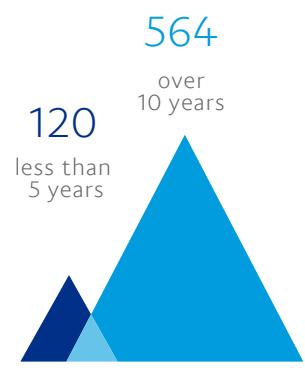
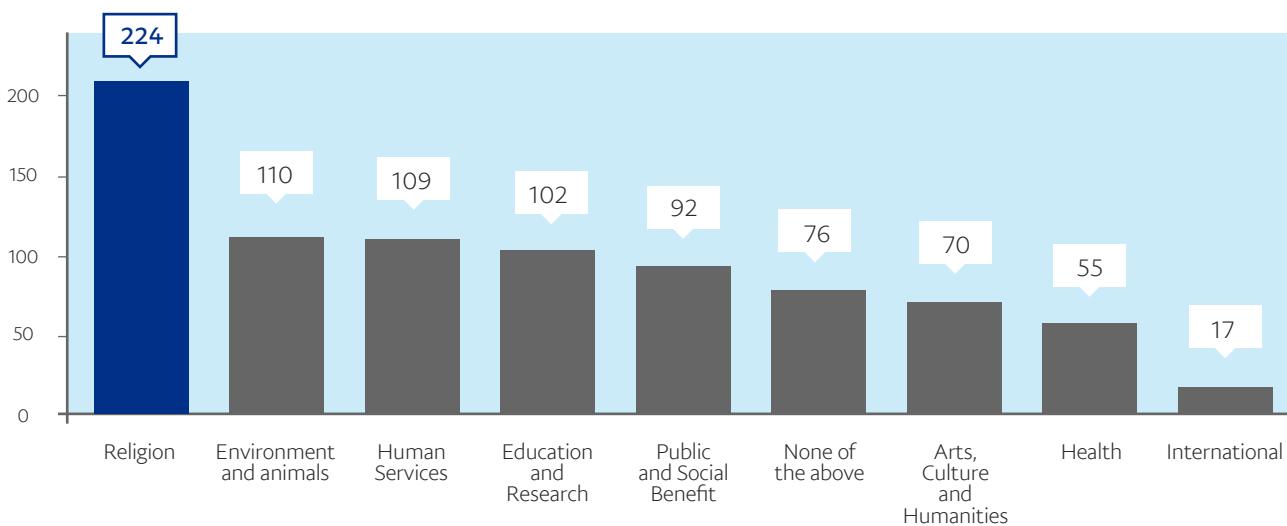
The scope of survey respondents reflected the tremendous heterogeneity that exists amongst charities in terms of size of operation, age, geographic scope, and mission.

A little over one-third of respondents reported annual revenues below \$100,000, another one third reported annual revenues between \$100,000 and \$500,000, while slightly less than one-third reported annual revenues in excess of \$500,000. There were 564 respondents that reported their orga-

nization was founded over 10 years ago, while 120 reported being less than 5 years old.

A wide variety of charitable sectors were represented in the survey, including education, human services, religion, arts, and health categories.

A large cross-selection of charitable organizations participated in the survey:



Organizations' age:

Annual revenues of respondents:

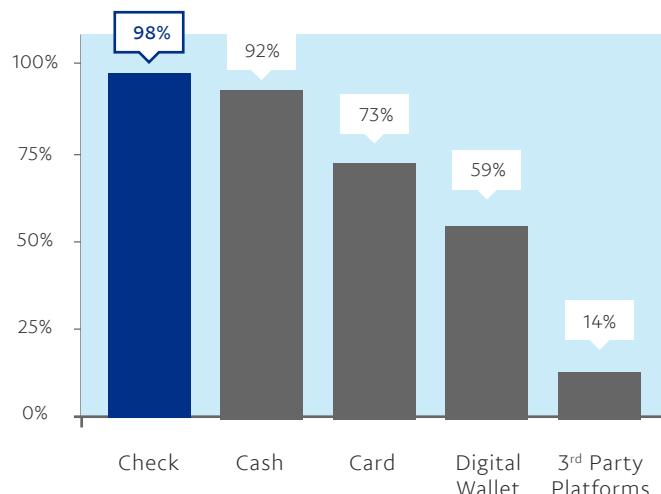


3. Initial Findings on Payment Channels

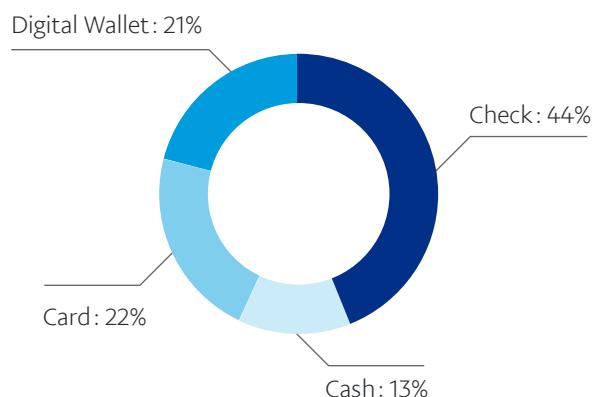
The vast majority of donations are received by check, card, digital wallet and cash. Other payment channels such as third party platforms and direct deposit constitute a small share (on average less than 5% for most charities).

Considering those main payment channels, we found the distribution of donations by volume to be approximately 44% by check, 22% by card, 21% by digital wallet, and 13% by cash.

**Payment method acceptance
(GuideStar responses):**



How donations are sent:



As the figure on the left shows, 98% of charities responding to our survey accept check, 92% accept cash, 73% accept card, 59% accept digital wallet, and 14% accept third party platforms.³

Our in-depth interviews revealed checks constitute a relatively large but declining share of charities' revenues. The largest donations tend to come by wire transfers and checks, and then by cash, digital wallet, card, and finally third party platforms (in descending order). Most charities reported a desire for donors to use online payment channels due to the ease of accessing donor information.

The importance of access to complete donor information was a consistent theme in our in-depth interviews.

Charities also indicated that donor information facilitates donor correspondence and improves repeat giving.

³ We relied on the GuideStar responses for this insight in order to avoid bias from the fact that we surveyed PayPal charities.

4. Costs of Payment Channels

As mentioned, our survey questions focused on charitable donations received via check, card, and digital wallet for the purposes of assessing the costs to charities. Charities were asked to consider the costs associated with a single \$100 donation by a first-time, non-institutional donor. We then sought to understand the effect of problematic transactions, smaller denomination donations, repeat donations, and the inclusion of donor costs.

I) Single \$100 donation

In our survey and interview questions we attempted to identify every single cost that a charitable organization incurs when processing a donation. We included both the monetary and non-monetary costs per transaction. For instance, monetary costs include up-front costs for check scanning equipment and a credit card gateway provider, mail and postage fees, fixed fees and per-transaction fees. Non-monetary and other costs include staff time and resources required to process donations, open mail, reconcile transactions and accounts, confirm donor information, and reconcile

problematic transactions.

We asked charities to estimate the monetary costs (fixed and variable costs) associated with a single \$100 donation through various payment methods. The chart below reports our findings. These costs were calculated using responses to various survey questions, as well as the latest data by the US Bureau of Labor Statistics for average employment costs in the charitable sector, we multiplied staff time by hourly costs of \$33 per hour (\$25 per hour plus non-wage costs).

Costs of processing a single \$100 donation through different payment methods:

TYPE OF COST	CHECK	CARD	DIGITAL WALLET
MONETARY COSTS <i>(fixed and variable)</i>	\$ 1.08	\$ 2.47	\$ 2.50
LABOR COSTS	\$ 2.53	\$ 1.78	\$ 1.65
TOTAL	\$ 3.61	\$ 4.25	\$ 4.15

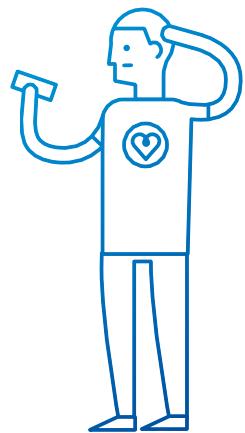
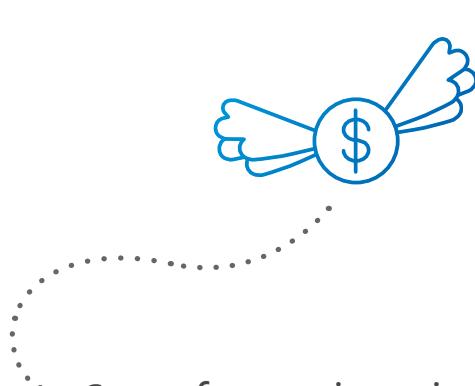
We find that check is the least expensive method for accepting a one-time \$100 donation. The cost of processing a \$100 check on average is \$3.61. This reflects the relatively low monetary costs for accepting a check (no percentage-based transaction fees), and technical advances, like the efficiency of check scanners.

For less sophisticated charities the labor costs of processing individual checks may be moderately high, but for more sophisticated charities check-processing technologies and lockbox vendors have dramatically reduced the time it takes to process checks. The cost of processing a \$100 digital wallet and credit card donation is \$4.15 and \$4.25, respectively. Card and digital wallet have higher monetary costs than checks, but lower labor costs.

II) Problematic Transactions

Our initial in-depth interviews revealed that problematic transactions resulted in high costs for charities. Problematic transactions are defined as donations where some error occurred preventing the donation from initially going through. These transactions might include letters lost in the mail, misspellings, expired card information, card not present, fraud, or duplicate donation chargebacks (among others).

The chart below summarizes our findings on the costs of processing a single \$100 problematic transaction across payment methods. Again, we combine survey responses with data from the US Bureau of Labor Statistics.



Costs of processing a single \$100 problematic transaction through different payment channels:

TYPE OF COST	CHECK	CARD	DIGITAL WALLET
MONETARY COSTS <i>(fixed and variable)</i>	\$ 4.79	\$ 3.78	\$ 2.78
LABOR COSTS	\$ 4.33	\$ 4.77	\$ 3.43
TOTAL	\$ 9.12	\$ 8.56	\$ 6.21

We find that processing a problematic transaction is the least expensive with a digital wallet donation.

We find that processing a problematic transaction is the most expensive with a check donation, and the least expensive with a digital wallet donation, \$9.12 and \$6.21, respectively, with credit card being in the middle at \$8.56.

Again, this finding makes intuitive sense. If a check has an error, the charity may have a difficult time contacting the donor in order to have the error rectified. Moreover, if a charity utilizes a check-processing lockbox vendor, our interviews demonstrated that these vendors charge high fees for problematic transactions.

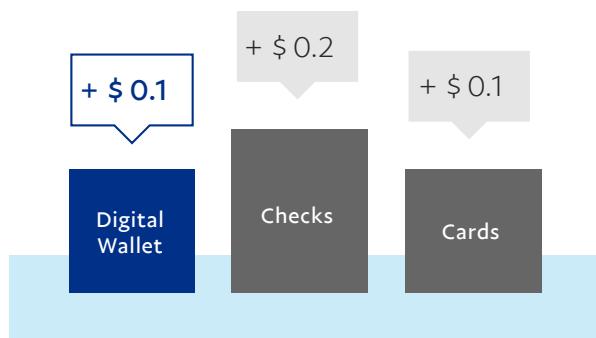
Card chargeback can also result in high costs for charities. Online giving, by contrast, prevents some types of errors (through card number validation on the donation form, for example), and provides easier options for the charity and donor to contact each other to resolve discrepancies.

According to survey respondents, problematic transactions are a rare occurrence.

Most respondents said that they had fewer than 5 problematic transactions in 1000 across all three payment channels (check, card, digital wallet).

Consequently, the impact that problematic transactions have on the total processing costs of a charity are minimal, raising the costs of a check by just \$0.02 to \$3.63, the cost of cards and digital wallets by just \$0.01 to \$4.26 and \$4.16, respectively.

Impact of problematic transactions on total processing costs:



Note that the survey responses are in considerable contrast to our in-depth interviews, where charities reported far more frequent occurrence of problematic transactions. As we discuss below, this issue warrants further inquiry.

III) Small Denomination Donations

Not every donation amounts to \$100. As our in-depth interviews revealed, donors are giving in smaller amounts, yet more frequently. Lowering the denomination of the transaction has almost no effect on the labor costs of processing different payment mechanisms, but it dramatically

affects the monetary transaction fees charged to charities. Survey data and interview information enabled us to adjust the monetary costs based upon reported variable monetary costs. The two charts below present the costs of accepting smaller donations amounts.

Costs of processing a single \$25 donation:

TYPE OF COST	CHECK	CARD	DIGITAL WALLET
MONETARY COSTS <i>(fixed and variable)</i>	\$ 1.08	\$ 0.77	\$ 0.85
LABOR COSTS	\$ 2.55	\$ 1.78	\$ 1.75
TOTAL	\$ 3.63	\$ 2.55	\$ 2.60

Costs of processing a single \$50 donation:

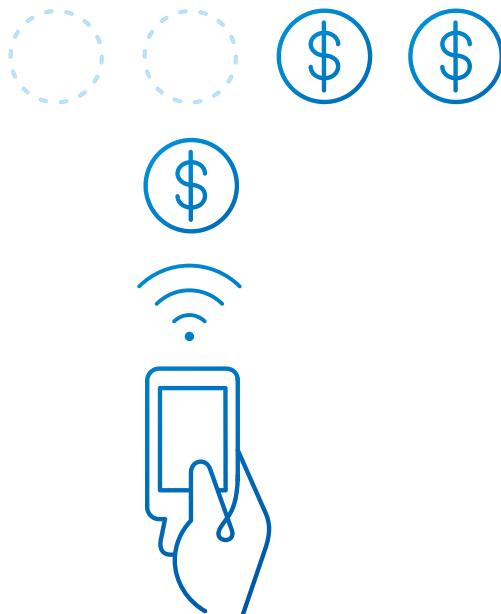
TYPE OF COST	CHECK	CARD	DIGITAL WALLET
MONETARY COSTS <i>(fixed and variable)</i>	\$ 1.08	\$ 1.47	\$ 1.40
LABOR COSTS	\$ 2.55	\$ 1.78	\$ 1.75
TOTAL	\$ 3.63	\$ 3.25	\$ 3.15

Credit cards are the cheapest method for accepting a \$25 donation, while digital wallets are cheapest for \$50 transactions. Digital wallets are 14% cheaper than checks for processing a \$50 donation and 29% cheaper for processing a \$25 donation. These two denominations were selected for analysis because they were round common numbers for smaller denominations, but as it turns out they are also highly relevant for the purposes of repeat donations, as we will show next.

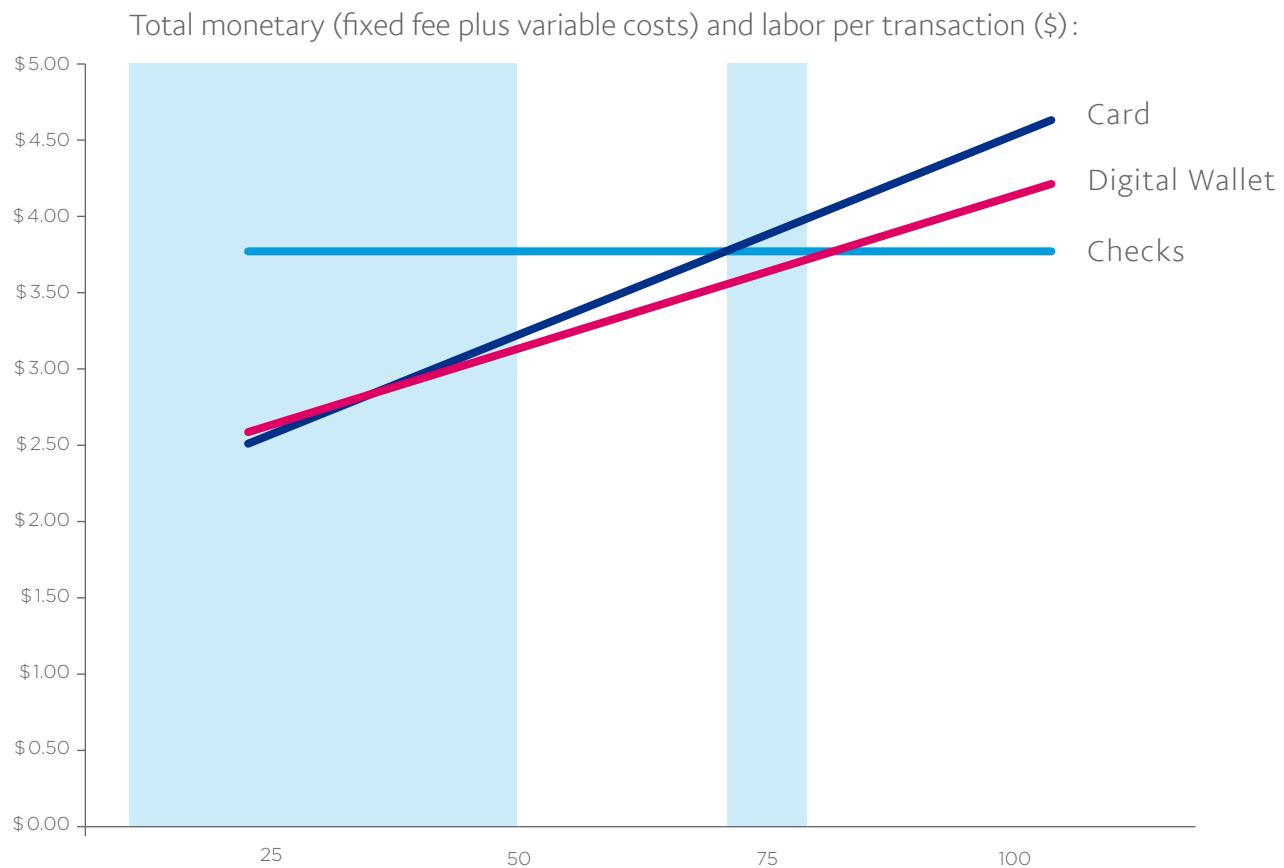
IV) Repeat Donations

Data provided in most of our in-depth interviews revealed that repeat donations tend to be lower denomination, typically falling in the region between \$20 and \$50. This finding maps well with statements by our interviewees that charities prefer card and digital wallet for repeat donations.

As reported, cards and digital wallets are cheaper payment tools for these lower denomination donations. The figure below charts the costs of various payment channels in the line graph and overlays the information on repeat donations.



Digital wallet and card are cheaper than a check for repeat donations, which tend to be between \$20 and \$50:



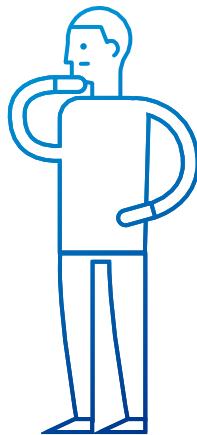
V) Including Costs to Donors

Our survey went out only to charities, and thus we were only able to inquire about the private costs of receiving a donation, that is, the costs incurred by charitable organizations. Donors however also incur various costs across payment methods.

Charities should find donor costs of interest as at least part of any savings derived by the donor from a payment method may well be passed along to the charity. One recent study, *The Evolution of Payment Costs in Australia* Reserve Bank of Australia, 2014 (see p. 63), analyzed the total costs that payers incur when making payments in a commercial context.

These payers are the equivalent of donors in our context. While the Reserve Bank study did not include cost of using digital wallets, it did feature costs of transacting through “direct debit”, which could be analogous to digital wallet in terms of the time costs to consumers.

The Reserve Bank of Australia study's findings are directly incorporated in the table below. The “total” costs provided in the last row of this table are therefore meant to be illustrative of total costs to donors and charitable giving organizations.



Donor cost and total cost of various payment channels:

TYPE OF COST	CHECK	CARD	DIGITAL WALLET
MONETARY COSTS (fixed and variable)	\$ 1.15	\$ 1.47	\$ 1.40
LABOR COSTS	\$ 2.55	\$ 1.78	\$ 1.75
DONOR COSTS	\$ 0.60	\$ 0.19	\$ 0.13
TOTAL	\$ 4.30	\$ 4.15	\$ 3.28

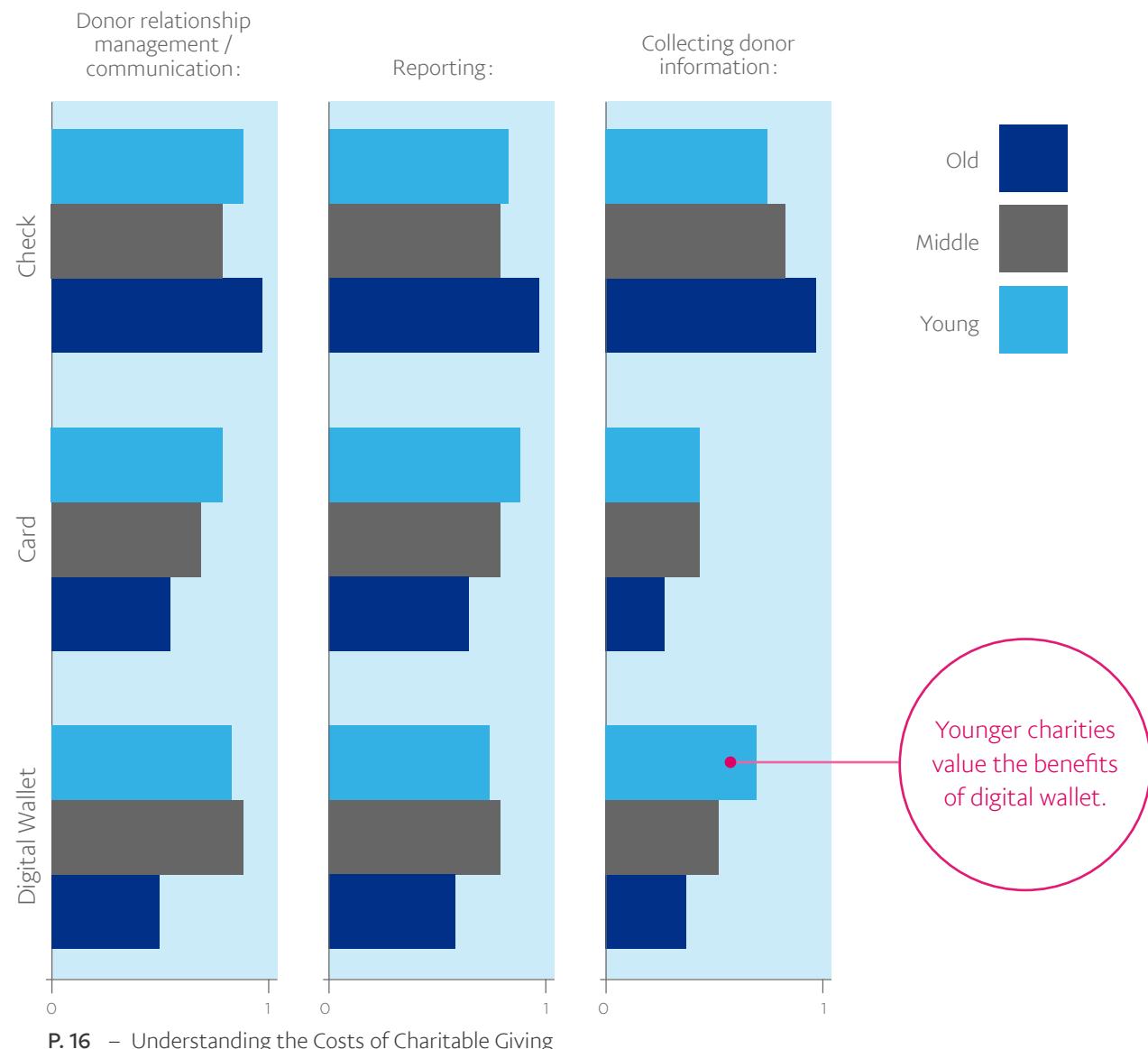
5. Benefits of Payment Channels

Next to information of costs incurred from receiving gifts, we also asked charities about their perceptions of the benefits of different payment channels.

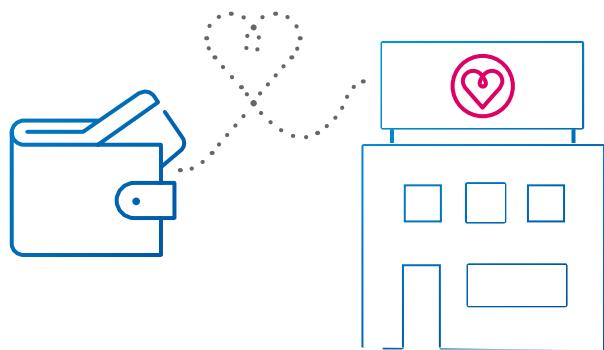
The survey included questions on the ability of different payment mechanisms (check, card, digital wallet) to attract repeat donors, improve donor relationship management, simplify reporting, provide easy access to donor information, enhance donor experience, and prevent

fraud. Charities tended to value the certainty that a check provides, while card and digital wallet had more favorable views in terms of winning over repeat donors. Overall, younger and smaller charities tended to have more favorable views of cards and digital wallets. These results are shown in the charts below : responses are categorized by payment channel, age and size of charities.

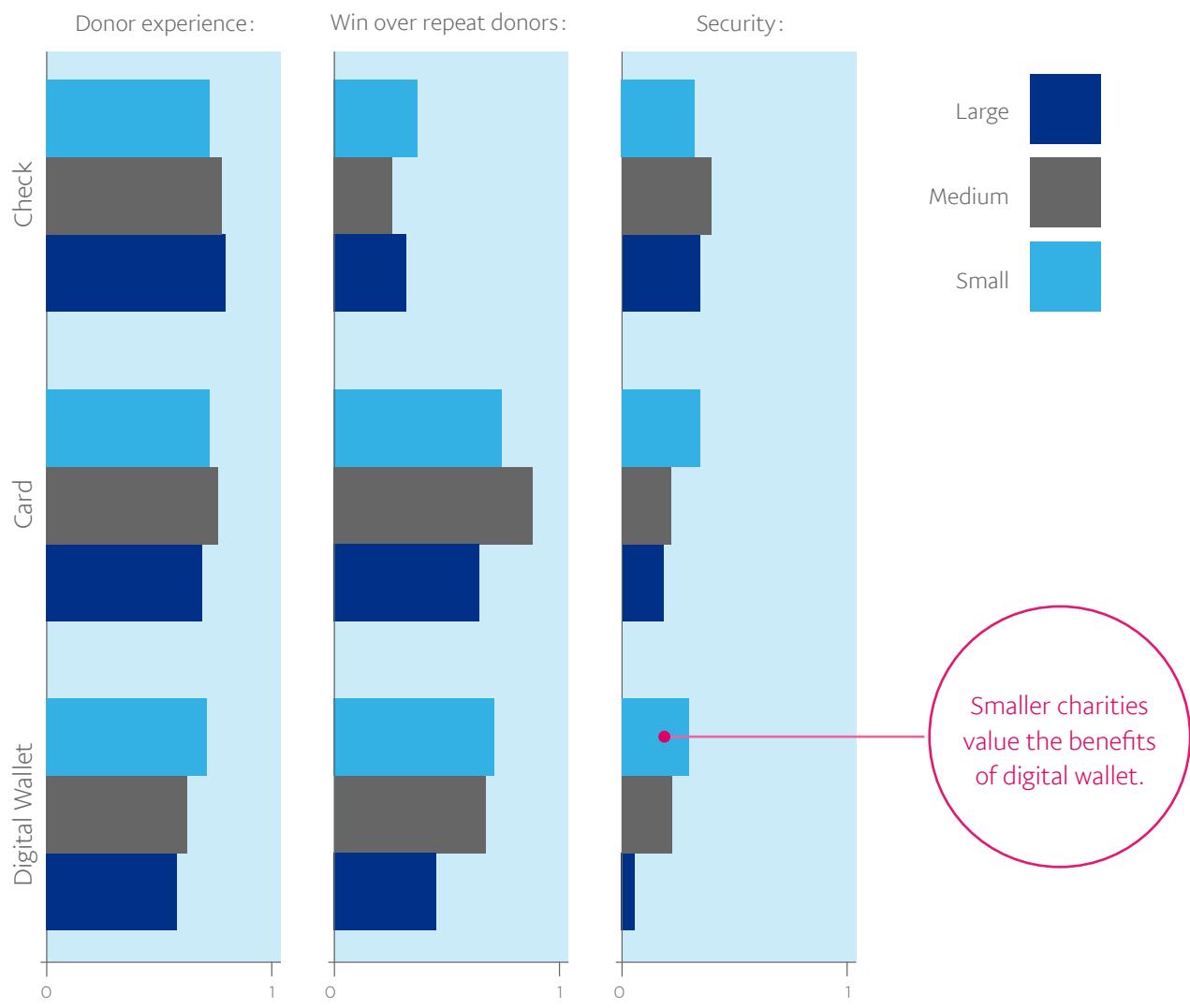
Charities views on the benefits of payment channels by age:



Overall, younger and smaller charities tended to have more favorable views of cards and digital wallets.



Charities views on the benefits of payment channels by size:



Questions for Future Research

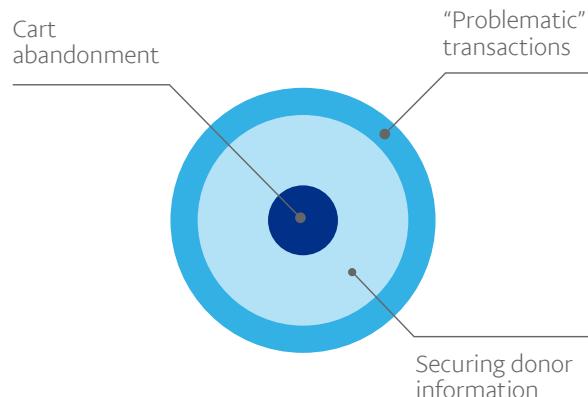


"Problematic" transactions

As is often the case, some of our findings revealed areas of potential future research. One area worthy of further inquiry is the group of "problematic" transactions. We consistently heard in our in-depth interviews that fraud was a major issue in credit card transactions (while digital wallet was considered relatively safe), but those findings did not appear in our survey.

Cart abandonment

A second area of further research is the occurrence (and subsequent costs) of "cart abandonment", that is, a situation in which would-be donors start the donation process, but then for one reason or another change their mind and prematurely abandon the transaction before completion. Some of the more sophisticated charities try to track this activity and report relatively high incidence rates, which suggests identifying factors that explain "cart abandonment" could be helpful to charities.



Securing donor information

A third area relates to donor information. Our in-depth interviews consistently revealed the importance of securing donor information, which can help build a donor relationship. The ease of securing this information, however appears to vary greatly across payment methods. For example, many charities noted that third party platforms can facilitate micro-donations but fail to provide donor information, which leaves the charity in the position of not having that information or expending resources in an attempt to secure that information.

The accessibility of donor information across payment channels is important in better understanding the benefits and costs of different payment channels.

Concluding Remarks

Any charitable donation is an appreciated gift towards a worthy cause. However, the choice of vehicle by the donor matters.

Payment channels matter to the charitable organization: the use of checks, card payments, cash, digital wallet, third party platforms — each comes with its own unique set of costs and benefits.

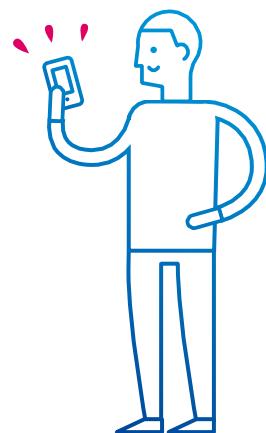
This is the first study to seek a better understanding of those costs and benefits from the perspective of charitable organizations. Our results suggest that for a single \$100 donation, check oftentimes remains the cheapest form of payment.

Overall, digital wallet donations were less costly for smaller denomination donations, problematic transactions, and repeat donations. Once charities reasonably take account of costs incurred by their core stakeholders – the donors – **digital wallet remains the least costly payment channel on a transaction - level basis.**

These findings provide insight for charities on understanding the costs of accepting donations and perhaps will even spur charities to benchmark themselves. The money saved from lower overhead costs of accepting donations could be repurposed to further the important missions that charities serve.

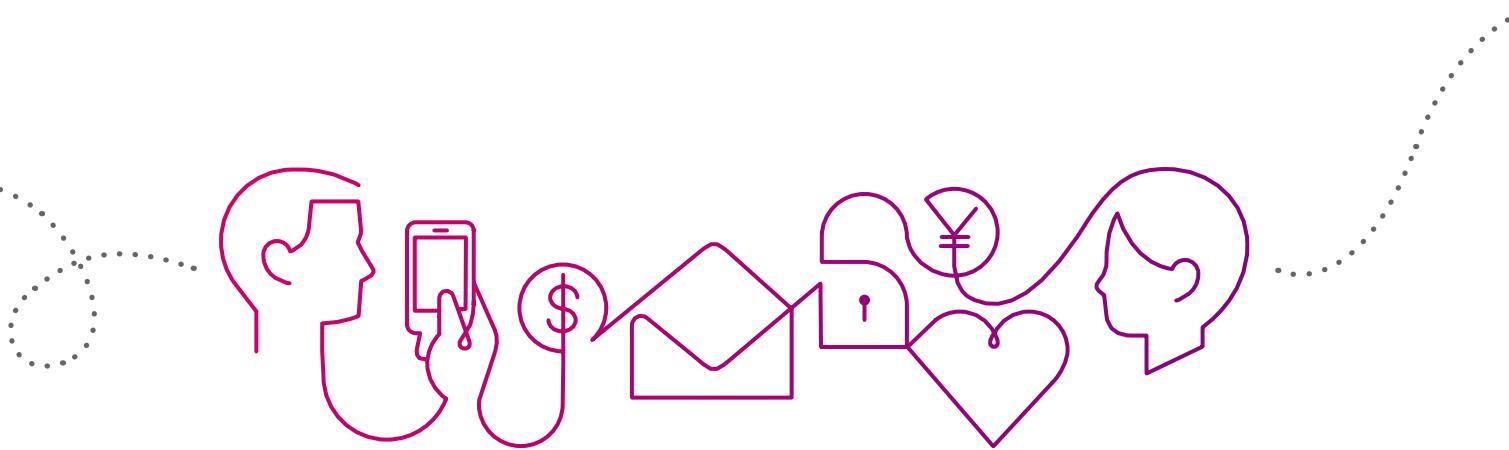
We hope that the study inspires further inquiry into this incredibly important field.

For donations of \$75 or less
digital wallets become the most
cost - efficient method.



Interview Guide

Appendix A



PayPal Charitable Giving Study:
Interview guide for discussions with charities.

Introduction and Background

Charities receive millions of donations every day through various channels: credit card, check, cash, bank wire, PayPal, Apple Pay etc. There are costs and benefits involved in using any of these payment channels. While some costs are obvious (e.g., bank or credit card fees), some are more indirect (e.g., transaction times, delays), but potentially more significant. Our literature review indicates a lack of existing studies that rigorously compare the costs of receiving charitable donations across payment channels. Understanding the benefits and costs is important because for every dollar saved when receiving funds, charitable organizations can further advance their goals.

PayPal, Inc., in collaboration with the economics division of *Sidley Austin LLP*, are conducting a study to analyze empirically the extent to which innovative financial payment mechanisms are enabling charitable organizations to save money when receiving funds from private and institutional donors. To that end, we are engaging in interviews with charitable organizations from around the world.

Our objective is to compare the private costs and benefits to charities from receiving donations across payment methods (credit card, check, cash, PayPal, ACH transfer, etc.).

In the following, we present a list of questions to help structure the informational interview the *PayPal/Sidley* project team will conduct with your organization. We will appreciate your help in answering as many questions as you can. Where possible, please identify the source you base your response on.

Thank you very much and we look forward to meeting with you!

We understand the confidential nature of our questions and especially your responses. We assure you full confidentiality and will be happy to discuss options for signing a confidentiality undertaking or non-disclose agreement to protect your organization's confidential information.

A. General information

Please note that we are primarily interested in charitable donations that your organization receives. To the extent that your organization is not uniquely donation-based, i.e., is equally involved in the sale of products or offering or services (e.g., training courses), we would ask you to disregard these for the purposes of this interview, and focus on the receipt of donation/contributions.

1. When was your Charitable Organization Founded?

2. What is your donor base (# of individual donors)?

3. How many of your donors (in absolute or in %) are:

- A. Private v. institutional donors? _____
- B. National v. international? _____
- C. One-time v. repeat givers? _____
- D. General - purpose v. specific - purpose? _____

4. How many distinct payment channels do you offer, and what percentage of funds do you receive through each channel?

- A. Bank Wire Transfer _____
- B. Cash _____
- C. Check _____
- D. Credit Card
 - i. Point-of-sale (POS) based _____
 - ii. Non-POS based (typically online) _____
- E. Debit Card
 - i. POS based _____
 - ii. Non-POS based (typically online) _____
- F. Online Payments Mechanisms ("e-Wallet", e.g., PayPal) _____
- G. Third-party (e.g., Facebook) _____
- H. Other (e.g., stock certificates) _____

B. The giving process and costs associated with receiving funds

The following questions apply to each payment channel, and would ideally need to be repeated for every payment channel through which you receive donations.

1. Assume a one-time receipt of a donation. For each of the payment channels, can you help us understand the following:

- A. Can you walk us through the entire process of receiving a donation? Describe a smooth transaction: What happens, from the moment the payment leaves the donor until the point where it is ready for use in your organization?

- B. What fixed costs do you have to have in place to receive payments through this channel? E.g., time to set up an account, purchase equipment (e.g., card reader); dedicated hires to deal with a payment channel (or %-age of time spent by employee/(s) on this channel); etc.

- C. What variable costs do you incur during every sub-process, in terms of:

- i. Time spent by staff _____
ii. Costs for third-party vendors / processing _____
iii. Delay (waiting time; clearance time) _____
iv. Resources invested (e.g., processing equipment)

v. Fees incurred (e.g., cost of acceptance from credit card companies)⁴ _____

vi. Fraud or fraud prevention _____

vii. Quality control _____

viii. Other _____

⁴ We understand this may sensitive information. If you choose to answer this question, rest assured of the confidentiality and strict non-disclosure of the information.

D. Are the costs different depending upon the amount of the donation?

E. What are the biggest cost-drivers in connection with this payment channel?

F. Describe a transaction that does not go smoothly.

Please explain for every major glitch or mishap:

i. What can cause this glitch or a mishap?

ii. How often does that happen (in %, or out of 100 transactions)?

iii. If delays are caused, what is a typical delay?

iv. What are the extra costs involved with such glitch/mishap?

2. How do the variable cost factors just described change as the volume of transactions changes? What factors extend the processing time? What factors make them easy and seamless?

A. Are there any economies of scale in connection with the payment channel?

That is, does the process described above lower the average costs of receiving the second, third, hundredth transaction?

B. Do the costs change with respect to repeat donations from by the same individual/institution?

C. Are there economies of scope? Does the process described above change at all with the addition of new products (e.g., a dedicated emergency fund)?

Do processing times and costs vary (and if so, how?) between:

A. One-time donors and repeat donors?

B. Private and institutional donors?

C. National and international transactions?

D. General-purpose and specific-purpose?

D. Benefits associated with different channels

The following questions apply to each payment channel, and would ideally need to be repeated for every payment channel through which you receive donations.

1. To the extent, certain issues are not already captured through lower costs (above), what are specific benefits in connection with each of the payment channels above? Examples may include:

A. Quicker or easier access to funds

B. Easier access to donor data

C. Easier to export donor data into a central database

D. Ease of tracking donor history over time

E. Communicating with donors

F. Easier to report data to government officials

G. Other

2. Would it be possible to connect numbers (resources saved) or data (in terms of minutes economized) for each benefit item?

E. Opportunity costs of receiving funds – what can \$1 saved in processing achieve? (*Scale up and think in multiples: \$100? \$1,000? \$10,000? \$100,000? \$1 million?*)

1. Do you publicly disclose the impact that \$1 can have through your work?

2. Do you publicly disclose the overhead costs for each \$1 received?

3. Do you publicly disclose what an additional \$1 of donations can achieve in terms of the cause you are pursuing?

4. How would you go about to assess what one \$1 of cost savings (for example cost savings in connection with receiving funds) can you do with respect to the cause you pursue?

Large Scale Survey Questions

Appendix B



1. Please select the category that best fits your organization
2. When was your organization founded?
3. What is the annual budget (budget income) of your organization?
4. What payment methods does your organization accept? Please check all that apply.
5. Using your best estimate, what share of your donations is collected using the following payment methods? Please check the boxes that apply.
(It is ok if your responses do not sum to 100%.)
6. Do you use a lockbox (or caging) vendor to process your offline payments (checks, offline card transactions)?
7. What were the total fees the lockbox (or caging) vendor charged you for a recent month, and for how many transactions?
8. Do you use a third - party vendor to help you process your online payments?
9. What were the total fees the third - party vendor charged you for a recent month, and for how many transactions?
10. Please rank the payment methods in terms of convenience for your organization with '1' as the most convenient, '2' as the next most convenient, and so on.
11. Consider a first time donor with a check donation of \$100, what fees do you incur (e.g., bank fees, vendor fees, lockbox vendor fees or charges, etc.)?
(Please select from the drop down menu.)
12. Consider a first time donor with a check donation of \$100, what is the total staff time required to process the donation? For instance, physically collecting the donation, recording donor information, deposit preparation, time taken to go to the bank, account reconciliation, and receipting.
13. Next, consider a first time donor with a check donation of \$100 where there is a problem (bounced check, insufficient information, etc.) On average, how often does a problematic check donation occur out of 1,000 checks?
14. On average, how much does it cost your organization to deal with a problematic check (fees, vendor charges, etc.)?

- 15.** On average, how much staff time does it take to deal with a problematic check ?
- 16.** Some payment methods bring additional benefits. Please indicate your level of agreement with the following statements about donations made with a check payment:
- 17.** Consider a first time donor with a card donation of \$100, what fees do you incur?
- 18.** Consider a first time donor with a card donation of \$100, what is the total staff time required to process the donation? For instance, recording donor information, deposit preparation, account reconciliation, receipting, etc.
- 19.** Next, consider a first time donor with a card donation of \$100 where there is a problem (fraudulent activity, payment rejection, incorrect information, etc.). On average, how often does a problematic card donation occur out of 1,000 card transactions?
- 20.** On average, how much does it cost your organization to deal with a problematic card transaction (fees, vendor charges, etc.)?
- 21.** On average, how much staff time does it take to deal with a problematic card transaction?
- 22.** Some payment methods bring additional benefits. Please indicate your level of agreement with the following statements about donations made with a card payment:
- 23.** Consider a first time donor giving a digital wallet donation of \$100, what fees do you incur?
- 24.** Consider a first time donor giving a digital wallet donation of \$100, what is the total staff time required to process the donation? For instance, recording donor information, deposit preparation, account reconciliation, receipting, etc. Please choose one:
- 25.** Next, consider a first time donor giving a digital wallet donation of \$100 where there is a problem (fraudulent activity, payment rejection, incorrect information, etc.). On average, how often does a problematic digital wallet donation occur out of 1,000 such transactions?
- 26.** On average, how much does it cost your organization to deal with a problematic digital wallet transaction (fees, vendor charges, etc.)?
- 27.** On average, how much staff time does it take to deal with a problematic digital wallet transaction?
- 28.** Some payment methods bring additional benefits. Please indicate your level of agreement with the following statements about a donation made with a digital wallet: