

Implementing an Electronic Giving Solution

By Casey O'Keefe

Today, there are few good reasons for a church *not* to provide its members with an electronic giving option. Electronic giving offers important benefits to congregations while overcoming many of the risks posed by traditional giving.

The most compelling benefit of electronic giving is the increase in church revenues produced when donations are received automatically on a scheduled basis uninterrupted by travel and other commitments. Participation from even a small number of families can create a noticeable improvement in summer donation slump and other seasonal shortfalls.

Other benefits include streamlining the weekly task of manually processing collections and reducing the amount of money and sensitive information that is handled and stored in the church office.

Risks of relying on traditional giving

Churches that continue to rely principally on congregation members placing checks, cash, and envelopes in the collection plate every week are slowly putting their financial future at risk. This cumbersome paper-based system may never become

totally obsolete but there is now a whole generation of dedicated churchgoers who rarely, if ever, writes checks. It is quite reasonable for them to expect the same payment options at church that they use in all other areas of their lives.

The other risks of traditional donation methods are more tangible. Churches must be concerned with safeguarding the collections and sensitive information that are physically handled by staff members and volunteers every week.

Getting started

Electronic giving should be an agenda item for even the most tradition-bound stewardship committee. It is best viewed as a *supplemental* donation method that does not replace existing methods of giving. Churches can adopt electronic giving and still accommodate long-time members who will always want to make offerings using a handwritten, hand-delivered check. Many other donors, however, will seize upon the opportunity to switch to a consistent electronic giving method.

Ultimately, all churches will accept donations by a variety of methods and, in the long run, electronic giving will represent the lion's share of all religious and charitable contributions. Get

started by getting to know the basic types of electronic giving.

1. Direct Debit Giving

Direct debit is a low-cost payment method used to automatically transfer funds from a donor's checking or savings account to a church's bank account via the Automated Clearing House (ACH) Network. Direct debit is the most widely-used form of non-cash payment and is frequently referred to as Electronic Funds Transfer (EFT) or simply ACH.

It's the way most people receive payroll and Social Security payments or pay mortgages and utility bills. For recurring transactions, banking information is entered only once and then donations continue to process automatically on a scheduled basis. Some service providers require that the bank accounts of all participating church members be debited on the same specified date each month while other providers allow individuals to choose their own donation schedule.

2. Credit & Debit Card Giving

Payment card processing, also known as merchant services or credit card processing, allows congregation members to make one-time and recurring donations with credit and debit cards. Whether for the convenience or the rewards, payment cards are used by an increasing number of families to responsibly manage an assortment of payments and obligations. A donor's card information is entered only once and then donations continue to process automatically.

Depending upon a service provider's procedures, they may or may not offer individual donors a choice of processing dates. Sensitive to the wishes of individual congregations, some providers of electronic donation solutions offer a technology that automatically restricts the use of payment cards to only debit card transactions.

3. Online Giving

Online giving allows congregation members to link 24/7 to a secure donation page where they can make one-time donations, set up automatic donation schedules, retrieve personal donation histories, and print confirmations. A donation page typically lists a handful of church funds and the payment methods that can be used. Tuition payment pages work in a similar manner.

Among all donation methods, online giving requires the least amount of work from the church

and provides the greatest security. Members can manage their own donation activity with little or no staff assistance; sensitive banking information is not handled or stored in the church office; and staff members only have access to the information required to perform their jobs.

For disaster relief and other urgent funding appeals, churches often need changes made quickly to their donation page. As a result, turnaround times and change fees both become important considerations in selecting a provider of online donation services.

Choosing a provider

Electronic donation services are implemented on a standalone basis but are often integrated to work in conjunction with popular church management software programs. These solution providers employ extensive security measures and must be certified in order to process vast numbers of transactions. Electronic donation service companies are independent, in most cases, from the companies that provide church management software.

When selecting a solution provider to process donations, there should be no compromise on the following requirements:

1. *Money must move securely.* Use only a Payment Card Industry (PCI) Level 1 Compliant Service Provider. There are four levels of PCI security certification ranging

from 1 (high) to 4 (low). PCI Level 1 Compliant Service Providers undergo regular independent on-site audits and critical assessments to assure that credit and debit card transactions are being processed with maximum security.

2. *Money must move quickly.* There should be no unnecessary delay in transferring funds. EFT transactions should always be debited from the donor's account and credited to the church account on the same day. Credit and debit card transactions should be electronically deposited into the church account within 2 – 4 business days after processing.

3. *Money must be segregated at all times.* Donations should never be deposited into the operating account of a solution provider, commingled with its operating funds, held in an interest-bearing account for its benefit, or mailed to the church by check in order to create a float.

Once these critical requirements are satisfied, the selection process can be refined to identify the solution provider that offers the best combination of experience, service and value.

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