The Case for Online Giving

What We Know and What We Need to Know

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If your organization cannot receive donations online, it is time to change. There are dozens of companies and professional platforms from which to choose, many designed particularly with the needs of faith communities in mind. Some even promise a money-back guarantee of increased giving. Seem too good to be true? Too gimmicky? Maybe, but our research continues to demonstrate that faith-based organizations that add online options to their giving platforms almost always see a considerable increase in annual giving. Your organization can no longer afford to remain offline.

WHAT WE KNOW

Good data around online giving still remains murky, but according to a recent Dunham+Company/Campbell Rinker study, we know that only 42% of all churches allow online giving. That number is significantly below the 70% of all nonprofit organizations that are enabled to receive online gifts. However, when narrowed down to churches of 200 or more in weekly attendance, the percentage of online enabled congregations jumps to 70%. Most larger congregations are online, and many spend significant time promoting these online giving options.¹

The recent Dunham+Company study not only estimated the number of online enabled congregations, they also estimated what percentage of the annual budget online giving represented. For those under 200 attendees, online giving consisted of 11% of a congregation’s budget. For those over 200 attendees, online giving made up 13. In our own anecdotal research working with congregations, we have found these percentages to be much higher. Most larger congregations average closer to one-third of their budget coming through online giving. (This is a number we are continuing to track, and we would be grateful to know what you are learning from your own congregation.)

Regardless of the percentages of annual budget we use, congregational giving online far exceeds the average percentage of nonprofits’ annual budget (hovering at 6%).¹ Why is this the case? The reason again goes to the regular, systematic giving of faith-based donors to congregations.

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much of online giving comes from one-time gifts, much of congregational giving online are made up of EFT or ACH (electronic funds transfer or automatic clearing house) transactions, set up to regularly transfer money from one account to another. Think of those in your organization that automate their weekly or monthly contribution from their bank to their congregation.

WHAT DOES IT MEAN?

Online giving is consumer driven. While it may be more expensive and require some initial work for your organization, your members and donors expect it. Take a poll to see how many of your weekly attenders carry cash or checks. My guess is very few. And while online giving is a necessity to connect with younger donors, this is not simply a millennial issue. The shift online is happening among all generations. And online giving does not mean staring at your desktop computer. Online is now increasingly mobile. Last year, Amazon reported that 60% of all holiday shopping on its site was done via mobile device, and the percentage continues to grow. If your website is not designed to be viewed mobile first, or if it is a hassle to give to your organization via a smartphone, you’re inhibiting giving to your organization.

Online giving is more than a single method. In addition to setting up automatic, reoccurring payments, what other forms of online giving do you want to enable in your organization? What components do you hope to use: text-to-give; a designated app; platforms that enable secure credit card payments; a kiosk or I-pad enabled-option in your building? Think strategically about a full complement of options, how easy they are to access from your home page, and how you plan to promote them.

THE CHALLENGES OF ONLINE GIVING FOR FAITH-BASED ORGANIZATIONS

Online giving boosts giving by current donors, but it often enables many who have never given to your organization to give for the first time. The question many experts are asking is how to move one-time online givers to become reoccurring givers. This is something religious communities are well-equipped to address because of the ongoing connection with them.

Online giving is a priority because donors expect it, but it is also a necessity because of changing attendance patterns. Frequent attenders are now averaging less than twice a month, and soon a
majority of giving for churches will happen outside of Sunday. Organizations must become more donor-centric, and if this is the case, religious communities must be able to accept donations at any time, not just when it is convenient for the organization.

One of the remaining questions left for us to consider, however, is how online giving transforms religious communities. Increased budgets are not the only outcome. What about the ritual and practices of receiving gifts within a worship service? How do we pass down the tradition and values of generosity to the next generation when we pass an empty offering plate or see a reference on a screen to take out our phones to give? In many of our Executive Certificate in Religious Fundraising (ECRF) courses, participants have begun to tackle this issue with both theological depth and creativity. While technology is helpful, it is not neutral. It changes us. Yet if technology is not neutral, it is also not evil. Online giving is here to stay, and it should be an essential part of any organization’s fundraising strategy.

The additional question for religious communities to consider is how to incorporate these options while continuing to nurture the virtues and practices of generosity, and Lake Institute is invested in helping religious communities with these questions. Let us know how we can help.

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