



# The Future of Donations: Is Cash History?

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## Introduction

Have you ever found yourself in an interminably long line at a store, only for the person in front of you to pull out a checkbook to make a purchase? While scenarios like this might not happen as much as they did in the recent past, there are still people who pay the old-fashioned way, using either check or cash. However, this number gets smaller every year.

The way payments are processed constantly evolves as new technology is invented. For instance, magnetic stripe credit cards are now being replaced by EMV chip-enabled cards to prevent fraud. But security chips aren't the only new feature to change the way we pay for goods and services.

Mobile wallets—smartphone apps such as Apple Pay and Google Wallet—allow us to simply wave a device over a scanner to make purchases. While it's

typically larger companies investing in mobile wallet acceptance, an increasing number of merchants plan to install mobile wallet readers in 2016.

Unfortunately, many nonprofits are still not able to accept online donations, which could frustrate donors and lead to a drop in contributions. What's more, the number of nonprofits in the U.S. is growing, adding more competition for each donated dollar.

The number of nonprofits in the U.S. jumped by 25 percent from 2001 to 2011, according to the most recent figures compiled by the Urban Institute, as reported in *The New York Times*<sup>1</sup>.

There is also double the number of tax-exempt groups in existence in the country than there were just six years ago, making for a crowded field, according to *Harvard Business Review*<sup>2</sup>.

1. <http://nccs.urban.org/statistics/quickfacts.cfm>

2. <https://hbr.org/2010/10/the-emerging-capital-market-for-non-profits>



If a nonprofit wants to thrive, it needs to make the process of giving as quick and easy for its patrons as possible. A solution to the problem can be found in giving donors a number of online donation options so contributors can give easily without a second thought.



## The Steady Rise of Online Giving

*Nonprofit Quarterly expects millennials to be the biggest givers by 2045*

While the majority of donations are still not made over the Internet, online giving is steadily growing.

According to an M+R 2015 Benchmark Study, the rate of online donations grew over the past two years, with nonprofits seeing a 13-percent increase in the number of online gifts from the preceding year. Meanwhile, 20 percent of online gifts were from first-time online donors.

It's likely only a matter of time before online donations overtake mailed-in checks or providing sensitive credit card information over the phone.

Millennials, a generation that grew up with computers in the household, recently overtook baby boomers as the largest living generation in the nation. These men and women use smartphones and laptops to connect both professionally and socially with the rest of the world. Because of this, it's inevitable they'd expect the nonprofits to offer convenient online donation forms.

Additionally, this generation's giving power is increasing.

Nonprofit Quarterly expects millennials to be the biggest givers by 2045<sup>3</sup>. Millennials already have \$200 billion in spending power on hand with an estimated \$41 billion coming to them in the form of inheritance, Nonprofit Quarterly reported.

This means nonprofits must be ready to change with the times, including adopting a more tech-friendly approach to reach younger donors. The usual mailing campaigns will not work the same with millennials as they did with baby boomers and earlier generations.

Social media platforms such as Facebook, Twitter and Instagram are much more effective means of reaching younger donors, according to the 2015 M+R Benchmarks study.

Facebook is the dominant platform by far for nonprofits, but charities are also using YouTube, Google+, LinkedIn, Pinterest and Tumblr to their advantage<sup>4</sup>.

While social media might seem solely an option to catch up with friends or post pictures, nonprofits should treat these platforms with just as much reverence as they do phone campaigns and direct mailers.

3. <http://nonprofitquarterly.org/2014/10/20/millennials-and-the-reshaping-of-charity-and-online-giving/>

4. <http://nonprofitquarterly.org/2013/03/29/benchmarks-study-indicates-trends-in-online-giving/>



*Consumers already used smartphone wallets to spend \$52 billion in 2014*

## The Increase in Mobile Wallets and Payment Apps

Adoption of mobile wallets and payment apps is still in its infancy, but as smartphones become even more ubiquitous, nonprofits can be sure donors will want to use their mobile wallets to make a donation<sup>5</sup>.

According to Forrester, mobile payments are expected to grow to \$142 billion by 2019. Consumers already used smartphone wallets to spend \$52 billion in 2014<sup>6</sup>.

Additionally, ComScore.com data cited by Entrepreneur Magazine showed 56 percent of survey respondents demand varied payment options at check-out<sup>7</sup>.

Declining to accept mobile wallet transactions in the coming years could mean less money and fewer contributors for a nonprofit and its cause.

5. <https://www.apple.com/pr/library/2014/10/16Apple-Pay-Set-to-Transform-Mobile-Payments-Starting-October-20.html>

6. <http://blogs.forrester.com/deneecarrington/14-11-17-us-mobile-payments-will-reach-142b-by-2019>

7. [https://thenewlogistics.ups.com/cdn/en-us/whitepapers/Online\\_Shopping\\_Cust\\_Experience\\_Study.pdf](https://thenewlogistics.ups.com/cdn/en-us/whitepapers/Online_Shopping_Cust_Experience_Study.pdf)



# The Future of Philanthropy

*Nonprofits must create and maintain a strong online presence that includes a website with fast and secure donation processing*



Some nonprofits may pine for a time when gathering donations was a simpler affair, but giving donors multiple ways to contribute can only be a positive.

A professional payment processing service that specializes in not-for-profits can help organizations immensely by analyzing donor data and keeping the transactions safe, secure and worry-free.

These new avenues mean both nonprofits and the public can respond quickly to a cause or a need by sending out an announcement via social media and receiving potentially millions of dollars in just a few days.

The future of philanthropy lies in increased engagement with donors

and the rest of the public. Instead of quarterly reports or monthly newsletters mailed out to contributors, a more connected world demands not-for-profits to clue donors in on their activities on a daily basis.

Nonprofits must create and maintain a strong online presence that includes a website with fast and secure donation processing software along with a consistent approach to social media as a tool for marketing. Furthermore, websites must be mobile-friendly, as Web browsing is increasingly done via smartphones and tablets.

Many 18-to 26-year-olds follow nonprofits they care about on Facebook, Twitter and other social media platforms. Smart nonprofits



*Having a strong Web presence and visibility on social media can make a difference*

will use their social media pages to engage these followers to either give or volunteer.

Having a strong Web presence and visibility on social media can make a difference in how much support a nonprofit receives.

The data shows that nonprofits must diversify the way they both engage and raise funds. A more connected world means both business and the business of giving has to run at a faster clip, and transactional flexibility will be a necessity.



600-1188 W. Georgia St.,  
Vancouver, BC, Canada, V6E 4A2

[iatspayments.com](http://iatspayments.com)