

## **Charity Checkout — Written evidence (CHA0051)**

**Innovation: How do charities seek to innovate, particularly in the digital arena?**

### **1. About Charity Checkout**

#### **1.1 Our mission**

Charity Checkout was founded by Chester Mojay-Sinclare in late 2011, with the core mission of helping charities to increase funding through digital channels. In particular, Charity Checkout aims to help small or local charities to modernise and develop online fundraising into a sustainable income source. Charity Checkout now has over 1,200 charity clients, has helped raised over £8,000,000 for charity and currently employs 21 people in its fast-growing team.

#### **1.2 Our service**

Charity Checkout offers everything a charity needs to collect and manage online donations, from a mobile-optimised website through to a donation platform and donor management suite. Our platform allows the charity to instantly accept one-off and recurring donations via credit card, Direct Debit and mobile payments. This empowers even the smallest charities to compete effectively with the largest and best funded charities, when it comes to fundraising via their own website and social media profiles. Charity Checkout is currently researching and developing new innovative services that will help change the way charities fundraise online.

#### **1.3 Our perspective**

Charity Checkout is an agent for change, resulting in millions of pounds of new funding flowing into local charities each year, due to the increased convenience of online giving that we provide to our charity clients. This gives us a unique perspective on how innovation in the digital arena can be used to help the charity sector, specifically local charities whom we work with every day. The following submission contains both opinion and evidence from our own market research, which Charity Checkout has carried out to identify how charities are adapting to modern technology. We also have information to share based on the insights we have gained from our existing 1,200 clients.

### **2. What barriers are there to being innovative?**

#### **2.1 Charities do not have the right online tools to succeed**

There is a growing concern that given the recent funding cuts, many local charities will cease to exist if they are unable to raise donations from the public. These organisations are often a central part of the community in which they work, and so also have great potential to develop a committed donor base. Nevertheless, despite the opportunity for local charities to increase their donations, there are significant issues around their ability to effectively

fundraise online. The vast majority of local charities still do not accept donations via their website or social media profiles, and 45% of the 500 newly registered charities we assessed from May/June 2016 have a website that is not mobile optimised. Furthermore, the majority of established small charities do not accept donations online, thus restricting their ability to raise funds. This stems from both a lack of knowledge and available technical resources, the latter of which is our primary focus.

## **2.2 Where exactly are charities falling short in digital fundraising?**

- 58% of small charities lack basic digital skills compared with 23% of SME's and 59% of small charities do not accept donations online (Lloyds Business Digital Index 2015)
- Local charities often lack strong digital and marketing skills
- Technology is a means, not an end: its application must link into the overall strategy, which is not always the case with charities
- Digital exclusion leads to operational inefficiency; knowing how to make best use of the tools available is key
- A lack of collaboration and knowledge sharing leads to common mistakes across the sector
- Trustees do not always understand the benefits of innovation and technology, which can restrict the exploitation of digital opportunities

As 59% of small charities do not accept donations online, it is difficult for donors to support them when compared with national charities. This leads to local charities failing to maximise their funding through donations. This research is mirrored by our own customer base, of which 55% were new to online donations before joining us. We believe that by addressing this digital exclusion we will continue to increase funding to the sector.

A recent in-house study conducted by Charity Checkout of 500 recently registered charities from May/June 2016 showed that, of the 60% with websites, 45% were not mobile responsive and over 85% lacked 'an attractive and professional design' in the view of the assessor. Charity Checkout offers attractive low-cost websites for the sector that are mobile-optimised, support built-in online payments and can be live within days.

We also believe that there is a significant opportunity to increase funding for local charities by tackling the reluctance of some trustees to adopt a digital approach, through digital training, education and awareness building.

Charity Checkout offers in-house support so that charities can accept online donations within 48 hours of joining. Our platform offers an effective and secure way for charities to increase donations via their own website; and we can supply charities with their own mobile-optimised website within a few days if they do not have one already. We believe this approach is preferable when compared to charities having to rely on external fundraising websites, which require the supporter to establish a relationship with the fundraising website, rather than directly with the charity.

*"Online giving has proven to be very efficient. Previously we would request confirmation of receipt before thanking donors. The branded aspect of Charity*

*Checkout's online donation system has been vital. Donors are wary of using their credit/ debit card online but branded donation pages make the entire process more authentic and trustworthy"*

Sara Bowcutt, Director of Fundraising - MTV Staying Alive.

### **2.3 Our findings of charities using external sites for digital fundraising**

- They are used when there is a lack of resource and confidence within the charity preventing them from building this function into their own website
- They lack personalisation and brand identity which creates poor recall of the charity, low supporter loyalty and less being given
- Higher processing costs and per transaction fees reduce the income the charity receives (using Charity Checkout or another built in system would save some charities over 4% in transaction fees).
- Using external sites creates a three way donor relationship which means the charity itself loses the ownership
- Security ratings can sometimes be poor exposing donor's data and damaging trust

*"The management team believe it is vital for Hope for Kids International that donors can give immediately via the website. The fact our donors can see our logo, branding and information ensures that they feel they are giving directly to us, which increases trust and security."*

Roger Allen, Executive Director - Hope for Kids International

The Online Giving study by Network for Good showed that, on average, people give 38% more via branded donation pages. This creates a good impression, improves supporter recall and loyalty, increases trust and reduces checkout abandonment. Our platform can be customised with branded pages to give charities professional looking online campaigns.

*"It integrates fully into our site – including automatic Gift Aid – and so allows us to keep donors on our own website. Before we started using them, our analytics showed that people would disappear once they clicked from our site into another to finalise their donation. Our stats now show that we are keeping the user with us after donation. I think donors trust the process more because they're donating directly to us. And, since we've brought in a direct debit option using their system our donations have increased by 600%."*

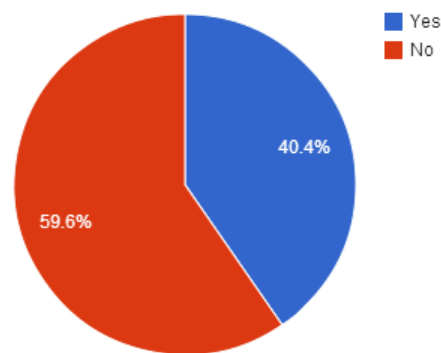
Alex Smith, CEO & Harrison's Dad - Harrison's Fund

We believe there is a place for fundraising websites, as they can help the public to identify and select from various campaigns. However, in our view even those that specifically support local charities do not offer small charities the best route to becoming sustainable and self-sufficient when it comes to fundraising digitally.

### **2.4 Charities that do offer online giving often lack key features**

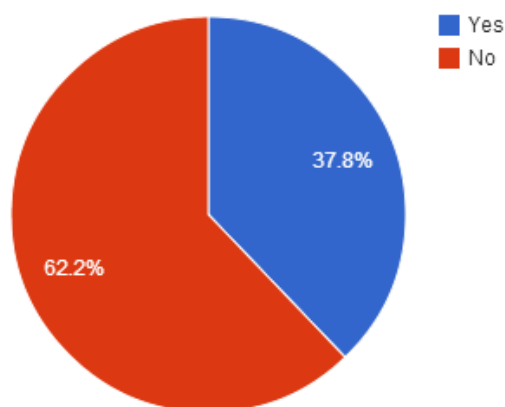
Charity Checkout has found that 60% of charities do not process Gift Aid via their online donation system, which reduces their potential revenue by up to 25%. Any retrospective collection of Gift Aid declarations via email or in writing following an online donation is inefficient and uses valuable resources that could be used elsewhere. This is often the case when small charities

**Gift Aid Reclaims**



implement systems that are not charity sector specific.

**Regular Giving Option**



We also found that 62% do not have a regular giving option within their online donation system. These recurring payments can provide charities with a much needed regular income source, given that 37% of online donations are regular. An average £5 monthly donation offers more value than a single donation of £100, since more is given over time. Therefore, the 62% of charities that are not offering this as part of their online giving options are missing out substantially.

We used random sampling in our research, for unbiased representation, collecting information over the telephone. Over 2,000 charitable organisations took part in our research from across England and Wales.

Charity Checkout supports regular giving, leaving charities to focus on recruiting regular supporters who provide a new means of secure and stable income. As an approved HMRC agent Charity Checkout automatically reclaims Gift Aid on the charity’s behalf to maximise their revenue.

**What more could be done to promote innovation, and by whom?**

**3.1 The opportunity for small and local charities**

We believe that there is huge potential to increase giving at a local level, but that this untapped funding can only be reached by local charities offering effective online giving to their supporters. We have seen this potential realised first hand, through the success of our own charity clients. We see our role as a facilitator; we believe that whilst local charities also need digital training and support, this cannot be expected to have an impact without charities having the facilities to capitalise on it.

Charity Checkout has helped over one thousand local charities to start accepting donations via their website and social media profiles. Over 75% of those charities did not accept regular donations via their website previously, and 55% did not offer any method of online

giving prior to working with us. Charity Checkout has helped some local charities increase their donations by as much as 600%.

### **3.2 How can the shortfalls in digital fundraising be overcome?**

- Further support and investment for local charities to adopt mobile-optimised websites and online payment systems such as ours
- Training and education for local charities focused on the digital arena
- Partnerships between with relevant stakeholders for added value and support
- Identifying the trends and digital success stories will help to change attitudes among trustees to online fundraising
- Limit checkout abandonment by providing donors with easy to use online payment systems (Eduserv, the not for profit IT provider, found 32% of charities require donors to complete over 20 fields and clicks on their website before they can actually donate)
- Websites made mobile friendly to avoid being penalised, optimised for charitable giving, inexpensive and rapidly launched (The Office for National Statistics found internet access using a mobile phone more than doubled between 2010 and 2014, from 24% to 58%. Eduserv found only 62% of charities have sites optimised for mobile. And Google, that 36% of all searches in the "Donations and Charitable Giving" sector are now on mobile devices and this is forecast to grow.)

Charity Checkout offers bespoke mobile-optimised websites and a complete payment platform at a fraction of the cost of developing one in house, which helps charities to overcome the common digital pitfalls. Our services save administrative time and promote advocacy amongst donors, including features such as integration with social media, regular giving, automatic Gift Aid reclaim, payment page customisation and multiple campaigns - all with simplicity at its core. As a social business, we operate a grants scheme for small charities and look to collaborate with partners to provide charities with the support they need.

### **3.3 Our vision of the future for charities**

- Local charities recognising the value and importance of digital fundraising more and more each year
- Charities taking back ownership of their digital profile to raise more income via their own website, therefore not relying as much on external fundraising websites
- The sector investing in its brand to inspire support and build a stronger association: better relationships create donor loyalty
- Older methods of fundraising - cheques and standing order forms, will be replaced with digital methods
- Consistently approached campaigns across all marketing channels will become more common amongst smaller charities
- A donor driven approach to transacting online will be more widely adopted
- Mobile giving will lead the way (PhonepayPlus, Annual Market Review for 2015/6 published a 6% increase in donations by text, highlighting its importance as a lucrative income stream)

- Mobile responsive websites offering an 'on the go' experience will be the norm
- Measurable insights which identify successes to repeat and costly mistakes to avoid will be more openly shared

*2 September 2016*