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| Mobile Giving*A discussion paper on the potential of mobile giving as a fundraising tool for not-for-profit organisations – background and the Australian context* |
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Mobile Giving

The potential of mobile giving as a fundraising tool for not-for-profit organisations – background and the Australian context

The not-for-profit sector has been growing at over 5% a year for the last decade. Maintaining this growth will be a challenge over the coming decade.

The not-for-profit sector derives approximately 10% of its revenue from fundraising activities. Expanding this area of funding is critical to maintain growth and enable the not-for-profit sector to move away from a reliance on government funding (currently 34% of all income in the sector). How this growth can be achieved is a key question for both the sector and government. To address this important issue, both government and the not-for-profit sector need to be forward looking and proactive.

Mobile Giving, the ability to make donations through text messaging via mobile phone, is an as yet untapped fundraising resource in Australia. There is an opportunity to introduce Mobile Giving to Australia through a partnership approach involving Government; the not-for-profit sector; the Communications Alliance; the telco industry; private funding; and potentially a mobile giving platform such as that provided by the Mobile Giving Foundation, currently operating in the USA and Canada.

This discussion paper provides information on Mobile Giving; the Mobile Giving story in the US, Canada and the UK; the role of the Mobile Giving Foundation; and the potential of Mobile Giving in the Australian context.

# What is Mobile Giving?

Mobile Giving harnesses mobile and wireless technology to solicit and receive donations for charitable causes.

In the US and Canadian models, mobile users are able to donate small donations (typically $5 or $10) to approved charities, via a premium text messaging service.

Much like mobile voting platforms, Mobile Giving campaigns use a particular keyword to identify a particular organisation or fundraising campaign; which are sent to shortcodes - codes used like phone numbers that route text messages from mobile phones to interactive mobile messaging applications.

The donation is added to the user’s mobile phone bill, or deducted from their pre-paid balance, and 100% is passed on to the charity. Mobile users receive a tax receipt for all donations made via text and can access this online at any time.

Mobile Giving has the potential to increase the pool of fundraising revenue in Australia, and to galvanise people supporting a particular cause.

For not-for-profits, it is an effective channel for new donor acquisition, fundraising and, combined with follow up and other channels, an effective donor interaction strategy.

For those giving, it is an immediate way to respond to a call to action, it is easy and no credit card numbers are required, making it a comfortable and secure giving channel.

In Australia, mobile giving is currently restricted to people providing their payment information via mobile phone. A more comprehensive Mobile Giving channel would be characterised by the capacity to donate using a simple text message and linking payments directly to your phone account, not providing other personal or payment details.

# Mobile Giving – the US, UK and Canadian stories

Mobile Giving has been gaining momentum in the US, the UK and Canada over a number of years. Assisting this momentum is the Mobile Giving Foundation, which was founded in 2007 to help facilitate Mobile Giving in the USA, and was followed by the Mobile Giving Foundation in Canada.

A number of recent studies have looked at the take up and success of Mobile Giving as a legitimate and growing fundraising channel.

One US report, New Directions (2011), showed that from 2010 to 2011 the percentage of not-for-profits using mobile phones to fundraise nearly doubled (to 9%) and was expected to have reached 20% by the end of 2011.

The Mobile Giving Foundation in the US works with nearly 400 major charitable organisations and cites participation rates of between 1.5% to over 18%, depending on the cause, the specific call to action etc. The Foundation also says that Mobile Giving often outpaces online donor acquisition by a factor of 3:1.

In Canada, charities registered with the Mobile Giving Foundation Canada raised more than $600,000 through mobile giving; and more than 140 mobile campaigns were completed during 2010.

In the UK, a npfSynergy report found that the proportion of people giving by mobile phones increased by 12% in the eight months to March 2011 – 15% of people said they had used their mobile phone to make a donation to charity in the past three months.

It is estimated that by 2014, text donations could be generating around £100 million per year for charities in the UK.

# The Mobile Giving Foundation

The Mobile Giving Foundation is an example of a mobile giving platform that, developed with the right Australian ‘skin’, could assist the establishment of a mobile giving channel in this country. In the US and Canada, the foundation works as the link between the fundraising campaign, telcos and donors.

The Mobile Giving Foundations (US and Canada):

* provide the organizational element that enables charitable giving across wireless carrier platforms
* are responsible for compliance with all federal and state laws and regulations
* develop, manage and keep standards for participation
* certify not-for-profit participation and giving campaigns
* manage assigned short codes to be used by charities for mobile giving
* act as a billing settlement and records clearinghouse between carriers and participating charities
* issue donor receipts
* conduct research on demographics of mobile giving and optimizing mobile giving campaigns
* increase awareness among the general public about the ‘Mobile Philanthropic Channel’.

Charities who wish to engage with Mobile Giving must first be certified for participation by the Foundation. The foundation then works with the charity, an approved mobile marketing firm or Application Service Provider (ASP), and the charity to develop the fundraising campaign.

The Foundation’s messaging platform is then used by telcos through their SMS centres. Because there is minimal resourcing commitment required from the telco, 100% of each donation is passed on to the charity.

In the USA and Canada, costs to the charity include those the Foundation charges back for short code costs, reporting and messaging charges; and pricing for mobile giving campaigns is determined by the charity and the ASP (charities with the ability to develop their campaigns in-house may do so).

# Trust and Transparency

There are some key trust and transparency issues associated with a Mobile Giving channel, which would need to be addressed in the development of the channel in Australia.

Mobile technology has some unique characteristics, such as its wide reach and immediacy, which can lead to certain behaviors such as impulse response. While this is part of the benefit of a Mobile Giving channel, it is also vital that any NFP call to action is highly accountable and best practice.

There is also an obligation to provide the wireless operators/telcos with brand protection – i.e. limit exposure to their brand and keep their costs low. How this would play out in the Australian context is still to be determined.

# Mobile Giving – the Australian Context

Mobile phone use is on the rise in Australia, with around six million more mobile subscribers than people.

It was estimated that Australian operators would have had more than 28 million mobile subscribers by late 2011.

Undoubtedly, there is an untapped potential for Mobile Giving as a source of fundraising revenue for Australian not-for-profit organisations. There are already some charities who operate in Australia such as World Vision, UNICEF and CARE whose international counterparts are already able to access Mobile Giving channels.

However, Mobile Giving has not yet to taken off in Australia due to a number of barriers - particularly it seems because of the possible administrative burden on the telco providers.

By working with a third party provider such as the Mobile Giving Foundation, that burden is removed from the carriers, and a significant administrative burden is also removed from the NFPs.

The key participants in any discussion about the introduction of Mobile Giving in Australia include:

* Government representatives
* The Communication Alliance
* NFP representatives
* The telcommunications companies

The costs associated with setting up the infrastructure for a Mobile Giving channel in Australia could potentially be borne by: Government; private individuals; telecommunications companies; not-for-profits; the Communications Alliance.

The possibility of using an international specialist in this area who could provide Mobile Giving back office functions, for example the Mobile Giving Foundatin, offers a significant saving in comparison with having to develop and implement a new system. Given the capacity to run systems internationally through the internet, the only functional barrier would be around customising the back office to Australian regulations and taxation requirements.

A number of key issues to be addressed in the development of a Mobile Giving channel in Australia include:

* who pays for the establishment of the service
* what role can government play to facilitate mobile giving
* what is a realistic timeframe for development and implementation
* gaining the co-operation of the telecommunications industry and individual companies in Australia
* which NFP organisations will be eligible to be a recipient of the scheme, and how is this determined in an Australian context
* what will the fees be for charities to register their campaigns or organisation
* should the maximum giving limit be set at $10?

While the Mobile Giving process clearly offers major benefits to Australian donors, not-for-profit organisations, the telcos themselves and those who run the scheme, the full potential of Mobile Giving will only be achieved once the core issues have been addressed and resolved.

If government, the telcos and not-for-profits are willing to work collaboratively to address these issues and ensure any Mobile Giving channel developed here responds to the unique Australian context, Mobile Giving could become a very important future revenue stream for not-for-profits across the country.