



4 THINGS

EVERY PASTOR
SHOULD KNOW

ABOUT ONLINE

GIVING



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Online Giving – 4 Things Every Pastor Should Know

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The current state of online giving in the church, and the reason it is so important, may best be understood with three percentages:

93% / 14% / 10%

93 is the percent of purchases made in the United States in 2012 via credit or debit card.

14% represents the fraction of Protestant churches in the United States who currently offer online giving.

10% is the minimum “tithe” mentioned in the Old Testament, and it remains a standard many pastors use to encourage giving in their churches.

So the question is: if giving is a spiritual discipline and a core component of the Christian life, why are 86% of American churches requiring people to tithe using methods that we only use 7% of the time (i.e. cash or check)?

Regardless of the reasons that have kept your church from pursuing online giving to this point, the fact that you are reading this eBook is a good sign. You have heard that online giving is important and you are taking the time to look into it further. And, whether or not you decide to proceed immediately with e-giving, it is our hope that this resource will at least address some of the basic “what’s” “why’s” and “how’s” of online giving.

We’ll start with the basics.

Does My Church Really Need Online Giving?

While every church is a unique body with diverse challenges, needs and budgets, I can say with confidence that the answer to the question above – regardless of your church’s size, location, demographic or denomination – is an emphatic “YES!”

There are many reasons for this (including the statistics mentioned in the introduction), but there are three in particular that come up most frequently in my conversations. Taken individually, each of these points presents a strong case for online giving at your church. Taken together, they change the conversation from “why?” to “why not?”

1) Online giving is cheap and easy.

One of the most frequent objections raised by churches considering online giving for the first time goes like this: “We’re a small church. We have limited resources. Why should we be paying processing fees for gifts we could be getting for free?”

This is an important question, but it is based upon a faulty assumption. Namely, that donations via cash and check are “free.” The decision is not between a transaction fee or nothing; it's between a transaction fee and whatever administrative costs you're already paying to process your tithes and offerings.

Gifts made via cash or check need to be counted, sorted, endorsed, recorded, driven to the bank and deposited. And don't even get me started on year-end donor reports! Even if you have a volunteer accountant, all of these processes take time. Online giving automates these processes, thereby freeing you and your staff to focus on other essential activities.

Furthermore, online giving is not here for the gifts you are already getting. Will many of your current givers enjoy having an online option? Certainly! But, if the only thing your new giving platform does is convert 15 consistent check writers into 15 consistent online givers, then it has not provided much value.

The point of online giving is to collect the gifts that the offering plate is missing. It's for the member who is out of town on business every other weekend. Or the parent who is at home on Sunday morning with a sick child. Or the 27 year-old who, despite her best intentions, keeps forgetting to write a check on Saturday night.

When it comes to these gifts, there is no cheaper, more effective way to collect them than through the power of the World Wide Web.

2) Online giving helps you engage with the next generation of givers.

“We have young people at our church, but most of them give inconsistently or not at all.”

How many times have you said this or heard this at a church you've served? Join the club. Figuring out how to encourage consistent giving among young churchgoers is not a new challenge, but it certainly is a common one.

And the good news is – contrary to what you may have read in *Time Magazine* – **young people want to give!** Check out these statistics from a recent survey by the Millennial Impact Project:

- **83%** of Millennials (people born from 1979-1994) said they gave a gift to a nonprofit organization last year

- **84%** of Millennials said they prefer to give on a website, while giving in person came in a distant second with 48%
- **52%** of Millennial respondents say they'd be interested in monthly giving

These statistics are encouraging because they point to a solution that is technological as opposed to psychological or spiritual. The problem with young givers is not that they are poor, selfish, or apathetic; it is simply that you may not have the right tools in place to collect their gifts.

Think about it. When was the last time you saw a 19-24 year old with a checkbook? Conversely, when was the last time you saw that same person *without* their phone? Millennials are already shopping, socializing and even taking classes on the Internet and via their smartphones. Why not provide a way for them to give back to the Lord through those channels as well?

(NOTE: While technology and internet usage is commonly regarded as the realm of the young, your twenty-somethings are not the only ones who will find value in an online giving option. A recent study of "mature givers" revealed that 47% of donors over the age of 60 gave a gift online last year.)

3) Online giving allows for scheduled giving.

I have saved the strongest argument for last. When it comes to the financial health of your church, it is difficult to overstate the importance of scheduled giving.

To that point: a recent review of 1,078 American churches by Rocket Giving (a church consultancy) listed "the ability to accept automatic, recurring donations" as the #1 factor shared by churches that are exceeding their annual budget.

The reasons for this are obvious. Scheduled giving creates predictable, sustainable cash flow for your ministry. It helps smooth out the drop-off in giving that many churches experience during the summer months. It lessens the financial impact of having to cancel a service due to inclement weather or other unforeseen circumstances.

Most importantly, it can, in a few clicks, transform an inconsistent and unreliable giver (aka "a tipper") into a faithful, monthly tither.

Nearly every online giving platform will include the ability to create weekly or monthly gifts. And, many will give you and your team visibility into future scheduled gifts, which is extremely beneficial from a planning and peace-of-mind standpoint.

What Key Features Should We Be Looking For?

- 1) **Scheduled Giving** – It's so important we're mentioning it twice! We've already discussed *why* scheduled giving is essential. But other questions you'll want ask include: how easy is it to create a scheduled gift? How much flexibility is there in determining when and how often the gift runs? How easy is it to modify or cancel a scheduled gift after it has been created?
- 2) **Embeddable Giving Forms** – For security reasons, many payment processors will redirect givers off of your site to a "secure server" before they can give to your church. Most of these off-site giving forms allow customization to match your church's branding, but a better solution is a giving form that can be embedded directly onto your website. Embedded giving forms keep people on your website, keeping your church at the forefront, and – more importantly – establishing trust with your givers. It's *you* they want to give to, not some technology company.
- 3) **Mobile Integration** – Today's Internet has gone mobile! 63% of mobile phone owners use their phones to get online. Meanwhile, a whopping 21% of smartphone owners use their phone as their *primary* tool to access the Internet. Which is to say: "online giving" and "mobile giving" can no longer be viewed separately. Your online giving system *needs* a mobile element. How you accomplish this – whether through text giving, mobile optimized giving forms, or a smartphone app for your church – is for you and your team to decide. Just don't leave this important component out!
- 4) **Multiple Giving Campaigns** – Your church has varied and diverse giving needs. You have missionaries you support. You have a Deacons or Benevolence Fund. You may even have a new building project. Whatever these needs may be, your online giving platform should make it easy for givers (and administrators) to designate their gifts to specific purposes within the church. As with scheduled giving, the more flexibility the better.
- 5) **Administrative Backend** – The first four points focus on tools that will enhance the giving experience for your congregation, but let's not forget about another important group: your finance team! Your online giving platform should make their life easier as well. How intuitive is the administrative backend? How detailed is the reporting? How easy is it to integrate online giving totals with other giving channels? Any online giving platform worth your time will help your bookkeepers make more efficient use of *their* time.

There are many other features and add-ons we could mention, but, if your online giving platform does a good job with the five things mentioned above, you're in good shape. From there, the choice often comes down to the one factor that many churches consider the *only* factor: THE PRICE!

With so many different fee structures out there, an "apples to apples" cost comparison can sometimes be difficult. To cover all of your bases, you'll want to ask these four questions:

What are the startup fees? What are the monthly fees? What are the transaction fees? Is a contract required?

What About PayPal?

While many online giving processors have entered the market over the past half-decade, PayPal remains the most popular choice. PayPal dominates the market, and it is easy to see why. It is easy to setup, it is a “trusted name,” and it is relatively inexpensive. (Only 2.20% + \$0.30 per transaction for nonprofits.)

But does that mean that PayPal is the right solution for *your* church? Not necessarily. While PayPal is cheap and familiar, other merchant service providers can often provide services and features far superior to those offered by PayPal. Below are a few examples.

- 1) **Personal Support** – Personal service is an essential component of your online giving platform. Unfortunately, PayPal, like many large corporations, is not always able to provide the level of attention and customization that churches often require. Having a dedicated service rep can go a long way in avoiding downtime and responding quickly to giver requests.
- 2) **Embeddable Giving Forms** – PayPal’s “Donate” buttons redirect traffic to PayPal giving pages with limited opportunities for customization. As has been previously mentioned, there is great benefit – both from a branding and customer comfort standpoint – in hosting your giving form on your church’s website.
- 3) **Fees** – PayPal’s baseline fees are very reasonable, but there are additional charges for scheduled giving, monthly statements, multiple campaigns, and a host of other services, which many merchant service providers include for free.
- 4) **Direct deposit** – Donations to PayPal do not go directly into your bank account. They go into your PayPal account and then must be moved to your bank account, which can take 3-4 days to process. Other merchant service providers, in contrast, are able to streamline your financial processes by depositing funds directly into your bank account.
- 5) **Limited services** – PayPal does fine with simple, one-time transactions, but what about all the other services your church might need? What about mobile giving? What about creating multiple campaigns for various ministries and displaying them on the same giving form? What about embeddable giving forms? When it comes to these vital activities, you may need to look beyond PayPal for a solution.

If you’re looking for a quick and easy online giving option, PayPal is often the first provider that comes to mind. They provide a functional service at a reasonable price, but – when so much more is available for roughly the same price – it is worth your time to comparison shop with a few other payment processors before making a final decision.

What Does The Bible Say About Online Giving?

For some congregations, the question of online giving is one of theology as well as technology. Attendees wonder if it is Biblical. Elders wonder if gifts given on computers and phones are given in the same spirit as gifts given in church on Sunday morning. While these are important questions, and while they can often lead to fruitful discussions about the nature of giving at your church, the answers are fairly straightforward.

The relative newness of online giving makes it seem like a dramatic shift, but, at the end of the day, it is simply another tool. There was a time when writing a check was a novel – maybe even controversial – idea, and now it is commonplace. The same is true for church websites and Facebook pages. And so it is with online giving.

From traveling the Roman Road to live-streaming worship services online, the church has always found ways to utilize technology to advance The Kingdom. Online giving is merely the next iteration of this trend. Perhaps this is why the Bible does not specifically prescribe *how* we are to give, but instead focuses on the attitude we should have while giving. (“For God loves a cheerful giver.” 2 Cor. 9:7)

Online giving should support and supplement the way your church views and talks about stewardship. It should NOT marginalize giving or push stewardship conversations to the fringe. Even with the scheduled giving option, tithes and offerings should never be relegated to the “set it and forget it” world of automatic bill pay.

That’s because, as Christians, we understand that charitable giving is not about good feelings or social obligations. It’s not even about money. We give as an act of obedience (1 Timothy 6:17-19) and as an act of worship (2 Corinthians 8:3-4). When we bring our “first fruits” to the Lord’s house, we are not simply supporting a cause that we care about; we are actively participating in the life-giving work of The Kingdom. And that is the heart of online giving as it relates to the church.

It’s not about money; it’s about ministry. It’s about creating a culture of stewardship at your church that leverages all available tools so that your attendees – regardless of generation – are excited and encouraged to participate in the offering.

Online giving alone may not get you there, but it is an inexpensive and easy tool to help you on your way.

Conclusion:

Like it or not, believe it or not, ready or not, giving – like most aspects of our lives – is moving online. According to one report, 7% of all charitable funds raised in 2012 were raised online. This may not sound like much, but it is more than all of the funds raised by corporations in 2012 and nearly as much as was raised by foundations.

And it's only going to increase in the years to come. Online donations were up 14% in 2012. (Total charitable giving was up only 3.5%.) With 66% of adult Americans now using the Internet to pay bills, it is no surprise that 6.1 billion fewer checks were written from 2006 to 2009. And where did the funds previously doled out by those checks go? To the web. To smartphones. To text messages. To the rapidly expanding digital world.

As more and more commerce moves to the web, and as more of the web moves to mobile devices, it is becoming increasingly essential for the church to have a presence in those spheres. A modern website and a mobile presence are no longer luxuries or “something to think about down the road.” They are necessities.

It is our hope that the questions and answers above will be helpful to you and your leadership team as you look for the giving solution that works best for your church. Should you have any additional questions, please do not hesitate to reach out to us.

We would also invite you to visit our website www.mogiv.com to learn more about our integrated text, email, and online giving platform. We built the Mogiv platform specifically to address the unique – and often complicated – needs of the church. With our multiple giving campaigns, embeddable forms, mobile giving solutions, and user-friendly backend, we would welcome the opportunity to partner with the stewardship ministry at your church.

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