

# LEVERAGING DIRECT WITHDRAWAL VIA ACH TO BUILD SUSTAINING DONORS

Executive Summary on Donor Trends  
and Messaging Studies



## OVERVIEW

Nonprofits face many challenges in their quest to grow, effect change, and make a positive impact. Fundraising may be chief among them as nonprofit organizations seek to raise the resources they need to fulfill their mission. The top priority is not just to acquire new donors, but to retain them for years to come. While the occasional donor is always appreciated, the key to fundraising success is the sustaining donor who regularly contributes a set amount to a nonprofit — typically monthly. Development officers and donor relations professionals recognize that sustaining donors help create a reliable cash flow for nonprofit organizations and a secure baseline for annual planning and program development.

To that end, NACHA — The Electronic Payments Association,® the administrator of the Automated Clearing House Network — commissioned two studies by ConsumerQuest. The first study evaluated the ways in which people donate, and the reasons and motivations for donating in those ways. The second study evaluated what messages were most effective to get consumers to switch to or use direct withdrawal via ACH for sustaining donations. As experts in payments, NACHA wanted to better understand the donations landscape, how payment options influence donations, and how options — such as direct withdrawal via ACH — can more fully support nonprofit goals and objectives by retaining and cultivating recurring donors.

In most cases, direct withdrawal via ACH is more cost-effective for nonprofits than donations made via credit/debit cards. Also, direct withdrawal via ACH payments do not have the challenges with credit card expiration dates or cancelled cards. Direct withdrawal via ACH allows more of the donation dollars to be directed to the mission of nonprofits. A recent NACHA case study with Capital Public Radio showed that direct withdrawal via ACH was a key to supporting and enhancing their sustaining donor program.

**Direct withdrawal via ACH payments are processed through the Automated Clearing House, an electronic network at the center of commerce in the U.S. that moves money and information from one bank account to another through direct deposits and direct payments. Direct withdrawal via ACH is a type of electronic payment in which funds are withdrawn or debited from a donor's checking or savings account and transferred electronically to your organization. It serves as an efficient means for nonprofit organizations to collect donations.**

## KEY FINDINGS

### DONATIONS TRACKING STUDY

#### Motivating Factors Behind Donations

Donors decide to give to a particular organization for a variety of reasons. The two most important factors are:

- Having a personal liking or connection to the organization (37 percent)
- Knowing that the organization uses its resources efficiently (32 percent)

#### Recurring Donations

Donors prefer to give to the same organization repeatedly.

The donor tracking study finds 67 percent of donations are from a person who has donated to that organization for at least the last three years. The donor retention rate, however, decreases over time with 42 percent donating for at least six years, and 27 percent donating for at least 10 years.

#### Donors say they choose their donation delivery method based on:

- Familiarity and comfort (41 percent)
- Time savings and ease (41 percent)
- How quickly the nonprofit receives the donation (34 percent)
- Trustworthiness (33 percent)

Recurring direct withdrawal via ACH payments can be set up so they never expire, as do credit cards, until the donor decides to cancel. It is also easier to increase the amount of the recurring donation with direct withdrawal via ACH at the donor's request because there is no need to collect account information again or get a new authorization.

#### Direct Withdrawal via ACH Donor Profile

Direct withdrawal via ACH donors give often and more in volume and value.

- These donors give more, donating more than double (\$1,700 vs. \$650) in a 12-month period, compared to donors using other methods.
- 29 percent of these donors have donated more than \$1,000 in the past 12 months.
- Nearly three-quarters (71 percent) of donors authorize automatically executed donations according to a set schedule.

For those who give by direct withdrawal via ACH, the top three reasons donors choose to use this method are:

- Quick and easy, saves time (60 percent)
- Familiarity and comfort (30 percent)
- A solid financial record (27 percent)

### DONATIONS MESSAGING STUDY

The messaging study was designed to:

- Identify the most effective message(s) for convincing card and check donors to use ACH when they make a donation

- Determine the public’s relative familiarity with the terms “ACH,” “direct withdrawal,” and “e-check”

### Top Messages Among Donors

The most convincing single message was:

- Donations made via direct withdrawal are more cost-effective for your nonprofit than credit cards, as credit card donations cost an organization 3 to 5 percent of the donation amount just to process

The next two most convincing messages were:

- Donations payment via direct withdrawal via ACH are safe, secure, and confidential
- Unlike checks, which contain your account details and can pass through many hands, donations via direct withdrawal via ACH are transferred electronically so your personal account information remains protected

### Familiarity with Payment Methods

The results of the study show consumers’ responses of “very familiar” or “moderately familiar” to the following payment methods:

	Very Familiar (%)	Very or Moderately Familiar (%)
Direct withdrawal	64	85
E-check	59	81
ACH	42	65

## VALUE PROPOSITION OF DIRECT WITHDRAWAL VIA ACH FOR SUSTAINING DONOR PROGRAMS

Nonprofits cannot accomplish all of their mission goals strictly from one-time, annual, or infrequent contributions. Building and growing sustaining donor programs mean nonprofits can expand organizational offerings, ensured of a consistent cash flow for the organization from a loyal and committed donor base.

Sustaining donations provide uninterrupted support at a lower cost. This allows nonprofits to spend more on the mission, and less time and resources on fundraising and administration. One key to making such programs work is promoting direct withdrawal via ACH as the default or preferred payment option for donations.

When donors use direct withdrawal via ACH to give, the organization benefits. Because direct withdrawal donations are electronic payments, organizations receive donations quickly, allowing the funds to be put to good use right away.

Donations made by direct withdrawal via ACH are more cost-effective than credit cards, as credit card donations can cost a charity 3 to 5 percent of the donation amount just to process. Reducing costs allows donors’ resources to more fully support the mission.

Additionally, direct withdrawal via ACH removes difficulties with credit/debit card and paper check donations. With direct withdrawal via ACH, there is no need to fill out a check or find stamps and envelopes to mail a donation. It takes about the same amount of time for donors to input their bank account details — which can easily be found on a check or their bank’s online banking website or mobile app — as it does to enter their credit/debit card information.

Direct withdrawal via ACH eliminates the hassle of credit/debit card expirations for nonprofits. Consumers don’t change bank account numbers nearly as often as they change credit/debit card numbers. There are no expiration dates with direct withdrawal via ACH, unless the donor cancels the recurring donation. Further, donors can track their giving through their regular banking statements or online banking, eliminating the need to wait for year-end statements from the nonprofit.

Direct withdrawal via ACH donations are also safe, secure, and confidential. Direct withdrawal via ACH eliminates the need to store and handle paper checks. Unlike checks, which contain a donor’s account details and can pass through many hands, direct withdrawal donations are transferred electronically so personal account information remains protected.

In short, direct withdrawal via ACH is the gold standard for recurring payments and the strongest foundation to build a nonprofit’s sustaining donor program.

**For more information on how your nonprofit can grow its sustaining donor program with direct withdrawal via ACH, visit [ElectronicPayments.org/donor](https://ElectronicPayments.org/donor) to download a toolkit that offers practical tips and resources.**

**The nonprofit toolkit consists of four core pieces:**

- 1. Case Study** – Featuring Capital Public Radio’s “Evergreen” campaign, this case study provides a concrete example of how ACH payments increase donor contributions and retention. The station reports ACH payments are responsible for more than 40 percent of all individual donation dollars, and they retain ACH donors up to 20 percent longer than those using credit cards.
- 2. Checklist** – Identifying specific steps, this checklist simplifies the process of establishing a sustaining donor program with ACH.
- 3. Best Practices** – Once established, nonprofits can enhance and grow their sustaining donor programs by increasing ACH payments. This document outlines tried-and-true practices that deliver increased sustained donations for nonprofits.
- 4. Addressing Common Misconceptions** – This promotional piece directly addresses and responds to common misconceptions about ACH payments, enabling nonprofits to offer factual responses to donors who may have questions.

## APPENDIX I

### Donations Tracking Study - Methodology

Administered by ConsumerQuest and fielded in October 2016, NACHA's study of donor trends, methods, and behavior measured and traced the donation behavior of 1,023 U.S. households. The study measured the ways in which people donate and the reasons and motivations for donating in those ways. Interviews were conducted online and distributed regionally similar to the U.S. population.

### Survey Sample Composition

A total of 1023 respondents were surveyed nationwide.

- Half were male (512) and half female (511).
- The sample was evenly distributed by age from 21-69 years old.
  - Median age of 45 years old.
- Half (521) had a household income of \$150,000 or more.
  - The median income surveyed was \$152,000.
  - 11 percent had a household income of \$250,000 or more.
- Relatively highly educated.
  - 82 percent were college graduates; 39 percent had post-graduate degrees.

### Donations Messaging Study – Methodology

Administered by ConsumerQuest and fielded from Jan. 26 to Feb. 2, 2017, NACHA's study

traces which messages are most effective in persuading donors to authorize donations via ACH.

### Survey Sample Composition

A total of 208 respondents were surveyed nationwide.

- Roughly half were male (99) and half female (109).
- The sample was evenly distributed by age from 21-69 years old.
  - Median age of 45 years old.
- Half (108) had a household income of \$150,000 or more.
  - The median income surveyed was \$135,000.
  - 13 percent had a household income of \$250,000 or more.
- The sample was highly educated.
  - 90 percent were college graduates; 52 percent had post-graduate degrees.
- Distributed geographically similar to higher income areas of the U.S. population.
  - Regions with a prevalence of high net-worth markets (e.g., Atlantic and Pacific Coasts) comprised half the sample.

To qualify, all had to have donated money to a charitable organization in the past 12 months by paper check or credit/debit card.

- Those who had previously donated by direct withdrawal were excluded from the sample.

## ABOUT CONSUMERQUEST

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## NACHA — THE ELECTRONIC PAYMENTS ASSOCIATION

NACHA — The Electronic Payments Association is the steward of the ACH Network – one of the largest, safest, and most reliable payment systems in the world. The ACH Network creates value and enables innovation by universally connecting all U.S. financial institutions, and moving money and information directly from one bank account to another. In 2016, there were 25 billion ACH payments made that moved \$43 trillion. NACHA also brings together diverse organizations to develop rules and standards to benefit payments ecosystem participants, including Electronic Benefits Transfer (EBT) and health care Electronic Funds Transfer (EFT). By collaborating with other standards organizations and geographies, NACHA facilitates compatibility and integration with U.S. payments. Visit [nacha.org](http://nacha.org) for more information.