



Understanding Electronic Offertory

An Analysis of the

- Benefits
- Risks
- Diocesan Observations
- Parish Considerations
- Service Considerations
- Vendor and In-House Comparisons
- Cost Comparisons
- Marketing
- Maintenance



Understanding Electronic Offertory Giving

Electronic Offertory refers to a process whereby, through the use of fund transfer processes or credit cards, donors are able to either:

1. Plan and commit to all of their giving at one time including regular Offertory gifts, special collection donations and periodic parish contributions – such as quarterly debt reduction, endowment or capital campaign gifts, *or*
2. Return to a secure web page at any time to make one-time or recurring gifts to the parish.

Compared to the traditional collection basket, Electronic Offertory is a relatively new process – first gaining recognition and popularity around the country in 2003. In 2006, the Archdiocese of St. Louis carefully reviewed the process and many of the firms that were offering this service and determined that this form of giving could provide many benefits for both parishes and donors. (They have graciously allowed the Diocese of Owensboro permission to use their information.)

However, where there are benefits, there are also risks. Thus, it is important that any parish considering the use of any form of Electronic Offertory carefully review the issues that are outlined here. Also, keep in mind that modern technology changes quickly, so you may encounter situations that are different from those outlined in this resource.

- **Benefits:** There are great benefits for parishes and donors alike. *Page 3*
- **Risks:** Because we are dealing with money and donor relations the risks can be substantial if proper security and protection are not in place. *Page 4*
- **Diocesan Observations:** The diocese offers several observations to protect parishes and donors. *Page 5*
- **Parish Considerations:** Each parish should carefully evaluate its own situation to determine if benefits outweigh risks and costs. *Page 6*
- **Service Considerations:** Every EOG program is packaged and priced differently. It is important to know what your parish needs from a service. *Page 8*
- **Vendor and In-House Comparisons:** Every vendor or option has strengths. Every option has weaknesses. Find the best match for you. *Page 9*
- **Cost Comparisons:** Costs also vary greatly. Consider the needs of your parish and of your donors to determine the most economical option for you. *Page 13*
- **Marketing:** If an EOG program is going to have an impact on overall giving marketing will be necessary. Consider those costs, too, in your analysis. *Page 15*
- **Maintenance:** Many of the risks of an EOG program can be minimized if the parish staff is diligent in maintaining and monitoring the program. *Page 16*



The Benefits

Electronic Offertory programs have been proven to be beneficial for both parishes and donors. Here are just a few of the many benefits.

Benefits for the Parish

- Parishioners using an automated giving system **increase their giving substantially**. The range of individual increase is 35%-75%. This increase occurs because donors are able to consistently give the amount that they want to give. Research also shows that those who plan and give their gifts monthly give 40% more than those who give whatever they want on a week-by-week basis.
- **Important stewardship lessons** – such as giving to God first, giving a planned and consistent amount and seeing the Offertory as a financial obligation – are reinforced.
- Parishioners' **gifts are given consistently** – meeting **both** their intention to give and the parish's needs.
- The parish has a **steady and predictable flow of income**, even during summer months when giving drops because of vacations or winter months when giving drops because of bad weather or sickness.
- **Special parish and diocesan collections** are also covered, which is not the case if a parishioner simply arranges with his or her own bank to transfer a monthly Offertory gift to the parish.
- The parish often has the option to **add new giving opportunities** at any time, such as for a parish, family or community emergency.

Benefits for the Donor

- Parishioners can give in a way that is **most efficient for them**. Many parishioners complain that the check to the parish is the only check that they have to write every month because all other financial matters are handled electronically.
- Parishioners can use **credit cards** – which many families prefer for security, ease of bill paying and rewards programs. (50%-65% of EOG givers use credit cards.)
- Parishioners can give in the same way that they are paid, usually **monthly** or semi-monthly.
- Parishioners can **manage all of their giving at one time**. They can plan and designate their contributions for all special collections and extra parish collections at the same time that they pledge their regular Offertory gift. This reduces the feeling that the parish is always asking for money and gives a better understanding of all of the needs.



The Risks

The risks that exist when dealing with Electronic Offertory depend on the type of service the parish uses. **There are more serious risks if the parish is handling the program in-house.**

Risks If the Parish Is Using an Outside Vendor*

- If the vendor holds the parish funds for a period of days, there is a risk that during the time those funds are in the possession of the vendor the funds could be lost, stolen or frozen due to bankruptcy, theft or close of business. Adequate precautions and insurance on the part of the vendor can minimize this risk.
- If the vendor co-mingles the funds from one diocese with the funds from other dioceses there is a slight risk that all funds could be frozen should any of the represented dioceses be involved in litigation that would cause freezing of that diocese's funds.
- If the vendor does not have adequate security, there is a risk that hackers could steal actual funds or the identity of donors or the parish.

*** Important note:** By carefully reviewing the business practices, audit reports, insurance programs and security compliance of selected vendors, the diocese **has made every attempt to limit these risks for parishes who use one of the vendors that have been reviewed** by the Diocesan Offices of Finance, Internal Audit, Risk Management and Stewardship.

Risks If the Parish Is Attempting to Handle the Process In-House

- Parishes that initiate an ACH debit against a donor's account assume serious responsibilities. Among these are requirements for disclosures and resolution of errors within a defined timeline. Failure to comply with the requirements of the National Automated Clearing House Association (NACHA) could lead to penalties for the parish.
- Security issues are a major concern. Any fraud on a parishioner's bank account could greatly undermine the trust that the entire parish community places in the parish office. By handling parishioners' banking information, the parish is adding itself to the "list of possible suspects" should any parishioner experience credit card or banking fraud or theft in any way or from any source. This could have a negative impact on all giving.
- Parish offices are not able to allow donors access to the online giving system since parish computer systems do not meet the necessary security requirements. The costs for achieving and maintaining the acceptable level of security are prohibitive. Thus all data entry must be done by staff.
- By handling and storing parishioners' financial information in the parish office, the parish incurs the risk and liability of fraud or theft from any staff member or volunteer who may be able to obtain access to the information.



Diocesan Observations

In light of the benefits and the risks, the Diocese of Owensboro offers the following observations regarding Electronic Offertory and online giving.

- All parishes should carefully consider the benefits of using an Electronic Offertory Giving program. Review the Parish Consideration on page 6 to determine if online giving might help increase and stabilize your flow of revenue
- If you determine that online giving could be beneficial in your parish community, carefully review the Service Considerations, Vendor Comparisons and Cost Comparisons found in this document.
- Take advantage of the fact that professional representatives from several diocesan offices and legal counsel have all been involved in the due diligence review of the vendors that appeared to offer the best options for our parishes. **However, also be sure to ask your own questions about security, insurance, business practices and pricing. In this economy these issues can change quickly.**
- Use the expertise of parishioners who are familiar with the many aspects of online funds transfers to assist you in this decision.
- **Do not allow any parishioner or parish staff person to attempt to create or establish an in-house system for your parish. The risks are overwhelming.**
- Parishes **should not attempt to set up a new** in-house Electronic Giving program that requires any member of the parish staff or any volunteer to be directly involved in entering parishioners' banking or credit card information, or storing this information in the parish office or on the parish computers.
- If your parish, is currently administering an in-house electronic giving program be sure to review the risks found on page 12. Address these concerns. Carefully consider whether using an outside vendor might be a more secure choice for the parish and a more attractive alternative for the donor. Although initial costs may seem higher, professional services are much more donor-friendly than in-house programs. Because outside vendors offer more security, flexibility and confidentiality, more parishioners are inclined to use such services, thus increasing your online giving revenue and justifying the higher costs.
- Depending on the questions or concerns that you may have regarding your online giving options, please feel free to contact:
 - **Ernie Taliaferro, Chief Financial Officer – 270-683-1545**
 - **Kim Haire, Controller – 270-683-1545**
 - **Kevin Kauffeld, Chancellor/Director of Stewardship – 270-683-1545**



Parish Considerations

Here are some questions that you should ask to determine if Electronic Offertory giving is right for your parish.

Do we have a large number of donors who give inconsistently?

If your parish is like most, you probably have a large percentage of parishioners who only give about 35-40 weeks a year. If you add an additional 12-17 weeks of giving from these parishioners this can have a big impact on your collection. A successful Electronic Offertory program can convert donors who only give sporadically into donors who give consistently. Consistent givers give 50-52 weeks a year or 12-24 times, if they are giving monthly or semi-monthly. In this busy world, most parishes cannot achieve this level of consistency without an electronic giving program.

Do we have large number of donors who embrace modern technology?

Nearly all young adults and most working adults are very comfortable with modern technology. In fact, experts predict that in the future check writing will be a “thing of the past,” as out of date as bringing our produce or livestock as an offering for the parish. By providing an electronic giving program parishes are meeting their parishioners where they are. They are providing a giving option that is convenient and comfortable for those who prefer this form of giving and bill paying. This can be seen by parishioners – especially new and young parishioners – as a very welcoming and sensitive gesture on the part of the parish.

Do we have a rather mobile parish?

Americans today are extremely mobile. College students go away to school. Older people retire to warmer climates. Men and women of all ages travel for business and pleasure. Families relocate all around the country for jobs. All of these realities mean that on any given weekend many parishioners could be away visiting out-of-town family and thus attending Mass out-of-town. Additionally, many other parishioners also attend Mass at other local parishes due to family celebrations of sacraments or anniversaries, convenience of Mass times or weekend work schedules. All of these factors can lead to a situation where parishioners frequently do not attend Mass at their own parish church and thus do not make a weekly contribution. If your parish faces these very typical challenges, then an Electronic Offertory program could be very helpful in assuring that parishioners can give consistently even when they are away from their parish.

Are we prepared to aggressively market our Electronic Giving plan?

If you want to see a real difference in your parish income, you will need to convert at least 10% or more of your parishioners to this kind of giving. Most parishes seem to have 1-2% of parishioners who will gladly sign up for the program right away. However, reaching a



conversion level that will really make a difference will require some outreach to the community. Mailings to the home, pulpit talks, talks to parish groups, informational meetings and other marketing efforts are all options.

Are we comfortable with the idea of letting our parishioners give with credit cards?

Nearly 55% of people who sign up for Electronic Offertory prefer to use a credit card. Some parishes are uncomfortable with this idea because they feel this means their parishioners cannot really afford to give. However, the days when people only used a credit card if they were short of cash are gone. Today many people prefer to use a credit card for all of their financial transactions. They like the ease of writing just one check or making one fund transfer a month to cover all of their giving, buying and bill paying. Other people prefer to use a credit card because they are accumulating points for family travel or for other financial rewards. Credit card givers do tend to give 2-3% more than ACH givers.

Will our parishioners use the program?

Many parishioners – both young and old – appreciate the convenience of an online giving program. These may be people who receive payroll or social security checks online, pay utility bills online or even keep up with family and friends online. If you are unsure whether your parishioners will be interested in an online giving program, you can always conduct a quick pew survey, asking them of their interest, and also what options they might like to see in a parish electronic giving program. Their response could help you make your plans.



Service Considerations

Donor confidence and potentially large sums of money are at stake when you embark on an Electronic Offertory program. Therefore, it is important that careful consideration should be given to the following factors.

- Look for a service that provides:
 - Easy and confidential sign up **and changing** for parishioners.
 - Secure mail or phone sign-up and changing, if you are offering this option.
 - Good customer support for donors.
(Your donors will see this as an extension of your parish.)
 - The opportunity for parishioners to also designate gifts for special collections, Holy Days, and any other parish collections or fundraising.**
 - Easy reporting to the parish staff.
 - TOTAL SECURITY.**

- Evaluate cost of services based on **long-range projections of usage.**
 - Be aware that while “% of the gift” pricing seems economical at first, consider how much you would be paying every month if 10% of your donors converted to online giving.
 - Realize that a “per transaction” fee may be fairer since it does not cost any more to transfer \$5 or \$500.

- Evaluate risks.
 - Is your parish money held for several days in an account that is owned and managed by the vendor? This presents the risk of loss due to bankruptcy or fraud.
 - If the vendor does have access to the funds, is adequate insurance protection in place to guard against theft or loss?

- Consider the cost of marketing.
 - Every successful Electronic Offertory effort requires some marketing. How will you market your program?
 - Do you have staff or volunteers to do this?
 - Have you considered the cost of mailings, parish meetings or other marketing activities in your budget?

- Do not plan to save money by discontinuing envelopes. Many parishes and parishioners still prefer to use envelopes. The witness of giving can continue if parishioners mark on their envelopes that they give electronically and still place them in the basket.



Vendor and In-House Comparisons

Each vendor has its own strengths and weaknesses. It should be understood, however, that at the time this document was prepared **all of the listed vendors** provided the approved security levels, adequate insurance coverage, and dependable business practices that merited their inclusion on this list. However, **parishes should realize that often any of these situations could change without the Diocese of Owensboro being notified of the change.** Thus, as part of your own selection process you should discuss security procedures, insurance protection, business practices and fee structure issues that may be of concern to you.

The vendors are listed in alphabetical order.

Faith Direct	
Unique Strengths	Unique Weaknesses
Faith Direct is a full-service program which includes a marketing approach that has repeatedly been effective in converting 10% or more of the active giving parishioners to electronic giving.	Although long-term analysis may show Faith Direct to be a very cost effective option, the upfront outlay of funds may be difficult for a parish operating on a very tight budget.
If requested, the firm will work with the parish to tie Faith Direct mailings into the stewardship messages that are used in the parish.	All pledged gifts for the month are taken on the fourth business day of the month. This could cause a cash flow problem for parishioners who may also have other large payments – such as mortgage or insurance – coming at the beginning of the month.



DIOCESE OF OWENSBORO

Stewardship: *Time - Talent - Treasure*

Our Sunday Visitor	
Unique Strengths	Unique Weaknesses
<p>Money never flows to Our Sunday Visitor. The only thing that is transferred is the directive to make the gift. The gifts are made directly from the donor's account to the parish's account through Sage. Thus, concern over loss of funds is minimized.</p>	<p>This program is only available online. There is no option for a donor who cannot go online to manage his or her own giving account. While this could be a weakness, it is important to consider that a donor who is not savvy enough to handle his or her own online giving probably is not a good candidate for online giving and may be exactly the type of person who could be the victim of online fraud if someone else was handling the process for them.</p>
<p>This is an extremely flexible program that gives both the parish and the donor a wide range of options. For example, some donors may want to log in and set up recurring Offertory giving. Other donors may prefer to only use the system to log in from anywhere while they are out-of-town to simply send a one-time Offertory gift to cover the weekend when they are away.</p>	<p>Someone in the parish office must be trained to manage the online giving pages on the parish web site. This gives the parish the flexibility to move or add funds at any time and also to use the email data base for donor emails. The program is very user friendly and extensive training and support are available. However, if there is not a competent staff person who can handle this assignment, it is a problem.</p>
<p>For parishes that use Our Sunday Visitor envelope service, promotional materials for the online giving program can be inserted into envelope packages or mailed using the same data base that is in place for envelope mailings, thus minimizing marketing work and costs.</p>	
<p>Donors are allowed to select the dates when their gifts are made, giving them flexibility to coordinate their giving with their cash flow.</p>	
<p>Our Sunday Visitor is a very strong non-profit organization, established in 1912 and dedicated to serving the needs of Catholic parishes. Their profits are donated back into the Catholic community through their granting foundation.</p>	



DIOCESE OF OWENSBORO

Stewardship: *Time - Talent - Treasure*

Stewardship Technology	
Unique Strengths	Unique Weaknesses
Stewardship Technology has partnered with Connecting Members to provide full-service web design, online giving and electronic community building services. All online giving pages are branded to look like the parish's web site.	This program is only available online. There is no option for a donor who cannot go online to manage his or her own giving account. While this could be a weakness, it is important to consider that a donor who is not savvy enough to handle his or her own online giving probably is not a good candidate for online giving and may be exactly the type of person who could be the victim of online fraud if someone else was handling the process for them.
Donors are allowed to select the dates when their gifts are made, giving them more flexibility to coordinate their giving with their cash flow.	Although gifts are processed on several days throughout the month, Stewardship Technology does hold these funds for a period of several days in a co-mingled account. The fund is not as large because they are transferring money every day, but there is still a slight risk that some funds could be frozen in the event of legal action during the time the funds are being held.
	As with Our Sunday Visitor, someone in the parish must be trained to manage the online giving pages. However, this does give the parish a great deal of flexibility in listing and arranging the funds and communicating via email with the donors.



DIOCESE OF OWENSBORO

Stewardship: *Time - Talent - Treasure*

<p>An In-House Program - NOTE: Due to the many weaknesses parishes should not attempt to set up an in-house program. See page 5 for more information on diocesan observations.</p>	
Unique Strengths	Unique Weaknesses
<p>Can be an extremely low-cost or no-cost option depending on the arrangement made with the local bank.</p>	<p>Requires dependable parish staff with at least two staff members able to manage and monitor this system. There are many risks if only one staff person knows the system; including loss of funds should that individual be unable to make the scheduled withdrawals.</p>
	<p>Places a great liability on the parish and on the staff member(s) who handle the transactions. Most wise parishes and individuals would not want to assume this liability.</p>
	<p>Opens the parish to the perception of wrongdoing if a parishioner ever experiences identity theft or fraud with a credit card or banking account, even when the parish was not involved in the problem. Once you obtain access to the account you are always a suspect.</p>
	<p>The perception of fraud or wrongdoing, through the suspicions of even one parishioner, can undermine the trust and confidence that is critical to successful donor relations. Because donations are totally voluntary when the trust is gone the donations often end, too.</p>
	<p>The parish must comply with the requirements of the National Automated Clearing House (NACHA), such as requirements for initial disclosures and resolution of errors within a defined timeline. Failure to comply with these NACHA requirements can lead to civil penalties against the parish.</p>
	<p>In-house systems do not offer parishioners an easy and convenient option for updating their gift amount. Thus, there is a greater risk that donation amounts will remain flat.</p>



Costs Comparisons

When selecting a vendor for an Electronic Offertory program, cost is obviously an important concern. However, it is wise to look at not only the start-up costs but also what the long-range costs will be once a larger number of parishioners are using the program.

On the following page you will see one example of a cost comparison. Each parish may want to do its own cost projections based on your estimate of how many parishioners you anticipate would be using the program and how much you anticipate could be transferred each month.

When anticipating the number of users, 10% of active parishioners is a good number to use.

It is important to select a vendor whose price structure is affordable in the long run, because each time you change vendors you must ask your parishioners to set up new giving accounts. This can frustrate your donors and cause them to switch back to the less dependable practice of simply giving what they have in their pocket when they come to church.

Please note the following conditions of this cost comparison.

- 1. This analysis is based on the most recent costing information that was provided by the vendors to the Archdiocese of St. Louis in September 2009. Be sure to check with the vendor to make sure this costing structure is still in place.**
- 2. This analysis does not include credit card fees. Since about 65% of electronic donors prefer to use credit cards, your actual costs for the program would be higher. However, since all vendors transfer the credit card fees to the parish, this is an expense that would be incurred with every vendor. Credit card rates may vary slightly based on the vendor and/or the card that the donor is using.**

Here are the criteria that were used for this sample cost comparison:

SAMPLE PARISH:

- 1,000 parishioners
- 100 EOG donors (10% conversion)
- Each donor only gives once a month, thus 100 transactions monthly (This number could be higher if your program allows more frequent donations.)
- \$20,000 transferred monthly (Average monthly gift of \$200 per donor.)



DIOCESE OF OWENSBORO

Stewardship: *Time - Talent - Treasure*

FAITH DIRECT

Monthly fee
 (A fixed monthly rate is determined based on the number of registered parishioners) = \$487.00
Total Annual Cost = \$5,844.00

OUR SUNDAY VISITOR

Monthly maintenance = \$20.00
 Per transaction
 \$33 for ACH
 \$35 for Visa/MasterCard = \$68.00
(Presuming 1/2 ACH and 1/2 Credit)
 Batch Fees of \$3.96 and Credit Card transaction % fees of \$280. (Assumption of 12 batches per month) = \$283.96
 Monthly cost = \$371.96
 Annual cost = \$4,463.52
 Annual PCI Compliance Fee = \$49.00
 Total Annual Cost = \$4,512.52
 One time set-up = \$200.00*
Total Cost = \$4,712.52

**One time set-up would only apply for the first year annual cost. Total annual cost would be \$200.00 less for future years.*

STEWARDSHIP TECHNOLOGY

Monthly fees = \$85.00
 Per transaction (\$.30) = \$60.00
 .5% of donations = \$200.00
 Monthly cost = \$345.00
 Annual cost = \$4,140.00
 One time set-up = \$195.00*
Total Annual Cost = \$4,335.00

**One time set-up would only apply for the first year annual cost. Total annual cost would be \$195.00 less for future years.*



Marketing

Electronic Offertory programs have a measurable impact on the parish budget when 10% or more of the parishioners utilize this form of giving. To achieve this kind of conversion rate the parish should plan to conduct some marketing of the program.

If you wish to have a successful Electronic Offertory program you will need to market it in many and frequent ways. Here are some of the best marketing strategies.

- The pastor needs to encourage parishioners to use the program. If the pastor supports it, parishioners will support it. If the pastor does not support it, most parishioners will ignore it. Pastors should show their support through:
 - Letters and sign-up information mailed to the homes.
 - Comments and encouragement from the pulpit.
- Parishioners who have signed up for the program should talk about their satisfaction with the program. This can be done through:
 - Parishioners talking from the pulpit before or after Mass.
 - Parishioners talking at regular meetings of parish organizations, such as athletic, senior citizen and parent groups. This is most effective if the speaker is also a member of the organization.
 - Parishioners and pastor speaking at an Electronic Offertory information night.
 - Parishioners and pastor speaking at a Back-to-School night.
- Your Electronic Offertory program should be tied into your annual stewardship efforts.
 - Parishioners who are not using EOG should be encouraged to check it out.
 - Parishioners who are using EOG should be encouraged to update their giving.
- Information about EOG should be included in:
 - Welcoming packets for new parishioners.
 - Back-to-school packets for day school and PSR programs.
Note: *Converting all school families to EOG can be one of the most successful marketing strategies and more beneficial than one more school fundraiser.*
 - Periodic bulletin announcements and/or inserts.
 - Parish newsletters and annual reports.
 - Back of church pamphlet areas.
- Host EOG information booths as often as possible, showing parishioners how easy it is.
 - Outside of Mass, monthly or quarterly.
 - At parish events, such as Festival of Ministries or Annual Meetings.
 - At Hospitality Sundays, Welcome events and Back-to-School nights.



Maintenance

Although Electronic Offertory programs are simple to maintain, some oversight is required to assure that donations are received according to donors' wishes. Electronic donations should also be tracked and recognized in the same way as traditional donations.

To assure ongoing success in your Electronic Offertory programs, the following policies and procedures should be in place.

- Verify every month that the money that is expected has been deposited into your account on the day that it should be deposited. If there is any problem at all IMMEDIATELY notify your vendor and the Diocese of Owensboro. The sooner a problem with funds transfer is reported the easier it is to track and retrieve the funds. If the vendor does not correct the situation within 24 hours or is non-responsive to the problem, the parish should notify Kevin Kauffeld in the Stewardship Office at 270-683-1545 or Ernie Taliaferro in the Finance Office at 270-683-1545.
- All Electronic Offertory gifts should be recorded in whatever system the parish uses to track donations.. All parish donation records should always be maintained in one location so as to avoid mistakes or confusion.
- **The parish should retain responsibility for annually thanking electronic donors for their gifts.** When the parish sends the gift acknowledgement this creates a system of checks and balances to assure that the parish is actually getting the gift amount that the donor intended. Additionally, the gift was made to the parish, not to a vendor, and thus the parish should be responsible for saying, ***“Thank you!”*** When the parish fails to recognize the gift, you undermine the all-important relationship between the donor and the parish.
- Remember to list electronically given funds in your weekly, monthly, quarterly and/or annual financial reports to the parish. The more often that parishioners see references to electronically given funds the more comfortable they will become with the idea of giving in this way.
- Regularly monitor the Electronic Offertory link and pages on your website.
 - Make sure the link is **easy to find** on the front page of your website.
 - Make sure the link is working properly.
 - Make sure the giving options are up-to-date and include all giving opportunities, special collections, parish funds and emergency collections.
- Be sure to recognize and thank EOG donors in a special way in annual reports and other financial reports and appreciation efforts.