



Making Donations By Credit Card

What do you need to know before you offer the credit-card option?

Q:

We would like to offer individual contributors the option of making donations to our organization using their MasterCard, Visa, and American Express cards. Please tell me the procedures involved.

*Tod Lipka, Director
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A:

You are wise to offer your contributors new options and to make it as easy as possible for them to give. There's nothing very complicated about the procedure, and there are ways to hold down costs, too.

Your first step is to negotiate with banks in your area to see who will offer you the best deal. You also need to get a merchant number from the bank of your choice. There is no fee for this. What varies is the discount rate and transaction fee that banks charge. In some cases, the bank will actually donate back the percentage charges to the nonprofit organization. This is more likely if the bank knows about your organization and its work, so it is important to have a good relationship with a bank in your area. (See the series of articles on finding the right bank and forming a good relationship with your banker in *Enterprise Endeavors, Leadership Series, Volume I*, available through the Society's

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Resource Center, 800-424-7367, www.snpo.org. As noted there, your relationship with your banker is probably the most important business relationship you can cultivate.)

American Express charges more than MasterCard or Visa. And only in rare cases, for well-known national programs (the Statue of Liberty Fund, for example), have we heard of American Express not charging a percentage fee. Thus, many nonprofits offer only Mastercard and Visa options.

You may also want to give donors the option of using credit cards to donate over the Internet. A number of Web sites let nonprofits set up contribution forms. If you're interested in collecting contributions

over the Internet, see articles in earlier issues of *Nonprofit World*, especially "Can Nonprofits Really Raise Money on the Internet?" (Vol. 17., No. 3) and "Fundraising on the Internet: Three Easy Strategies" (Vol. 17, No. 4), also available through the Society's Resource Center.

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