



# Exploring the Options:



## Online Donation Payment Choices

**If you want to raise funds online, how will you receive the money? Here are your choices.**

By David Crooke

Offering online donation processing can help your organization in many ways. Donors often prefer the convenience of making a donation online using a credit card. And providing donors with the option to give online lets you receive funds immediately and automatically, versus waiting for a check in the mail that you must process manually. If you want to take payments electronically over the Internet, here are the alternatives:

### Credit Card Merchant Accounts

The traditional way to take payments online is by opening a merchant account that is Internet enabled. A merchant account is an account you can open through a bank that is a member of the Visa, MasterCard, or other credit card network that allows merchants to accept credit cards from purchasers. This is still the most streamlined and cost effective form of electronic

Credit cards are still the method of choice.

payment for larger organizations.

You should ensure that your online software provider allows for easy merchant account setup. For example, some software providers have pre-existing arrangements with merchant account providers to offer their clients attractive group rates.

### Factored Accounts — IATS

For organizations that require a faster turn around time or want to set up multiple accounts quickly for special campaigns, IATS provides another credit card option. Check with your online software provider to ensure it supports IATS, which lets you process all major credit cards without having to set up your own

merchant status with banks or credit card companies.

IATS's service works exactly like a merchant account, but with a simpler and faster application. IATS doesn't charge a set-up fee and, unlike a merchant account, doesn't require extra application forms to enable you to accept additional card types such as American Express and Discover.

The range of options for nonprofits has never been better.

### To PayPal, Or Not to PayPal?

With the growing success of the eBay community, organizations often ask if they should "take PayPal" on their Web sites. There are two very different ways you can use payment systems offered by PayPal:

1. You can use PayPal's processing service as an alternative to a merchant account or IATS account. This is similar to using a merchant or IATS service, and is similarly priced.

2. You can accept donations of "PayPal Dollars" in addition to regular forms of payment. Initially, this may seem like an attractive option. However, the vast majority of people with PayPal logins use PayPal only as a vehicle to pay for items on eBay listed by private sellers and have never actually had a balance in their PayPal accounts. So, it offers little value to nonprofits.

PayPal seems to be attempting to grow out of its eBay roots to

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Be sure any vendor you use is accredited to the latest PCIDSS requirements.

become more of a force in the online payment industry. So it may be worth a second look in the future.

### Security Considerations

With online fraud and identity theft at record levels, the credit card industry is taking security seriously, and is beginning to require organizations accepting online payments to adhere to their published security standards. Be sure any vendor you use is accredited to the latest Payment Card Industry Data Security Standard (PCIDSS) requirements. ■

### Resources

Atlas, Leonard, "Charity Begins on the Web: Tips to Enhance Online Fundraising," *Nonprofit World*, Vol. 23, No. 4.

Crooke, David, "Are You Exposing Your Online Donors to Credit-Card Thieves?," *Nonprofit World*, Vol. 25, No. 2

Frenza, JP & Leslie Hoffman, "Fundraising on the Internet: Three Easy Strategies," *Nonprofit World*, Vol. 17, No. 4.

These articles are available free at [www.snpo.org/members](http://www.snpo.org/members).

*David Crooke is the co-founder and chief technology officer for Convio, Inc. ([www.convio.com](http://www.convio.com)), a leading provider of software and services to help nonprofit organizations use the Internet to become more effective at fundraising, mobilizing support, and managing constituent relationships.*



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