

Electronic donation boxes – points to consider for Quaker meetings

Friends at the Trustees and Treasurers Conference 2019 raised the issue of using electronic terminals for donations and so we have pulled together some key points on this subject that we hope might be helpful. Please note that BYM itself is not currently using these terminals and so we cannot speak directly from experience. The following refers to devices specifically designed to take donations for charities: it does not cover general POS (point of sale) terminals designed for retail use, which – depending on what kind of electronic transactions your meeting would like to be able to process – may be an alternative option for you to explore.

Some general points to consider:

- The major restriction on these devices is that – due to the requirements of banks and card-providers – *they can only be leased or sold to registered charities*. This means that they are not an option for area meetings that are not yet registered, or their constituent local meetings. For any local meeting wanting to use one where the area meeting is registered, the area meeting would need to enter into the contract and put an arrangement in place for redirecting the funds to the local meeting if required (the funds would need to be received by the area meeting's bank in the first instance).
- Amongst the devices currently available, *most are designed for static use and only take contactless payments* – which means the maximum donation value for a single transaction is £30. Looking at the costs (below), such devices are probably only a viable proposition if placed in a building with a high footfall and in which you expect a good proportion of donors will want to donate by contactless (a CAF report on giving trends for 2018 found that among donors who had used a debit card in the last four weeks, only 9% used contactless).
- There are also some portable devices available, including some with a chip-and-pin facility, which means donations above £30 can be taken.
- The devices do not have any facility for processing Gift Aid, though donations of up to £30 and totaling up to £8,000 in a year may be eligible for the Gift Aid Small Donations Scheme (GASDS) – however, the £8,000 allowance would be shared with any cash donations received. Claims made under GASDS relate to your area meeting's Gift Aid claim – see the HMRC website for full information: <https://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-8-the-gift-aid-small-donations-scheme>

Costs:

- We are not sharing specific costs for all the devices as this information could date quite quickly. Most of the providers do not publish costs on their websites and require you to contact them for pricing.
- Upfront cost: this comprises the purchase of equipment plus a one-time setup cost. The average across the devices we looked at was around £400. Most of the devices were between £350 and £450 – there was one outlier, the Goodbox mini, at £160 (May 2019). For the simple reason that it is cheapest, this may be the unit of most interest to meetings – but we have no experience of it and our mention of it here should not be taken as an endorsement of it.
- Ongoing costs: these are comprised of transaction fees and, in some cases, ongoing contract costs. All providers charge a percentage transaction fee that currently ranges from 2.5% to 2.9%. One provider charges an additional fixed

fee of 20p per transaction. The ongoing contract costs range from nil to £100 per month (though around £25 per month is more typical). In some cases the contract is optional and its sole purpose is to reduce the percentage transaction fee charged – so you would only take this up if you were expecting a very high volume of relatively high-value donations (for example, if you are the British Museum!).

- Rental costs: rental is an option only for some devices, ranging from around £45 per week if you want it for a particular fundraising drive to around £45 a month if you want it longer term – though minimum contract lengths apply for monthly rentals, which can be up to a year.
- Upgrading costs: as security is key in financial activity it is possible that software and perhaps even hardware upgrades will be needed in the future. If you plan to purchase a device you should check whether this would be free or incur a charge.
- Less obvious costs: some devices are stand-alone and contain a sim card like a mobile phone, but others rely on an internet connection or syncing with a mobile device – so you may wish to factor in internet/mobile data costs and the cost of purchasing a partner device if you don't already have something suitable. In all cases there will be a cost in powering or charging the device from mains electricity. An investment of time is also required in setting up and administering the system.

Breaking even:

- To help you decide whether this kind of system might be of interest to you, we've worked out some break-even figures. These factor in the upfront cost (assuming you purchase a device rather than renting one) and ongoing costs, but not the less obvious costs.
- On average, you would need to get £470 (gross) in donations via the electronic terminal in your first year just to break even.
- For devices with ongoing contract costs, you would need a certain level of donations every subsequent year just to break even – typically around £260.
- For devices with no ongoing contract costs, once you have made back the upfront cost you would no longer need a certain level of donations to cover the device itself but you might want to keep in mind the running costs (electricity) and of course be aware that all donations will be subject to a transaction fee.
- The cheapest device we looked at would need to take around £184 in total over its lifetime (based on an average donation value of £2 – but this could vary due to the 20p fixed transaction fee) to break even.
- The most expensive device would need to bring in £687 in its first year and £281 every subsequent year.

In pulling this information together we looked at five different devices from three providers: tapDONATE, LibertyPay and Goodbox. There are other providers available. If you are interested in this type of device you should research the full range of providers, check the latest pricing directly with them, and consider carefully whether the product would be beneficial in your particular circumstances – BYM is not making any recommendations. At this point, there still has not been a huge take-up of these devices amongst charities and you are most likely to see them in high-footfall locations such as museums and galleries.

Information correct as of 28 May 2019.