Digital Fundraising

Practice Note

Digital fundraising involves the use of technology such as the internet, mobile phone apps, sms, and social media. It may include crowdfunding, donation matching, online auctions and donation websites.

Digital has the advantage of operating at a distance while still enabling the fundraiser to interact with donors in meaningful and personalised ways.

Digital platforms can have a lower barrier to entry, especially for smaller charities and non-profits with limited budgets.

They also are currently less regulated by government, although this entails some risk for fundraisers. In this context, it is even more important for fundraisers to ensure they are operating ethically and in accordance with best practice.

It must also be acknowledged that digital is evolving at a very rapid rate and practices will need to be reviewed regularly, perhaps even annually, to keep pace.

The purpose of this practice note is to assist FIA Members in compliance with the FIA Code when conducting digital fundraising.
1. **Avoiding misrepresentation**

1.1 Some digital media, such as sms messaging and display ads on mobile phones are, by their nature, more limiting in how much information can be conveyed in a single communication. It can be tempting to use emotive language or images to get the message across.

1.2 Members are reminded that failure to disclose important information needed by the donor to make an informed decision may constitute a breach of cl. 4.11. The Code states:

   4.11 Members will ensure their promotional materials:
   a) are not false, misleading or likely to deceive;
   and
   d) do not contain depictions that are ...unduly violent towards a person or group.

1.3 Members should take care in their digital fundraising not to unduly exploit a disaster event inorder to raise funds, for example by using disturbingly graphic images or verbal descriptions. They should also avoid misrepresenting the true purpose of their fundraising activity, for example by giving the appearance that funds are being raised for a specific cause or beneficiary, when in fact they will be used for a different purpose.

2. **Transparency**

2.1 Clause 4.4 of the Code requires members to provide, on request, information about the charitable Cause and how donated funds are to be used, among other matters. The intent of this clause is to promote full disclosure and transparency so that donors can make informed decisions about their gift, especially at heightened emotional times such as during disaster relief.

2.2 Fundraisers should avoid making inaccurate statements about the specific Cause for with they are raising money.

2.3 Mimicking the campaign of another charity could also be found to be in breach of cl. 3.6 which states: “Members will be open about the work they do, including how funds are raised, managed and disbursed” as well as 4.11(f) which deals with infringement on the intellectual property of others.

2.4 Members should also refrain from “ambush marketing” a practice whereby a brand attempts to associate itself with a competitor brand in an effort to draw away supporters of the other brand.

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3. Respecting donor preference and gaining consent to share data

3.1 The Code (cl. 4.1) states: “Members will, each time they contact a prospective Donor, provide information about how the prospective Donor can opt-out of receiving any further solicitations from the Member.”

3.2 The Code makes a distinction between existing and ‘prospective’ donors. It does not require members to provide an opt-out to existing donors. However, it is considered good practice to regularly update records of donor preferences as part of donor care programs.

3.3 Many charities have introduced donor preference centres on their web sites where people can choose which kinds of communications they want (or don’t want) to receive. FIA Members should take care to ensure that the option to decline all communications is readily available and easy to choose and that the operation of their preference centre does not impede donors’ ability to opt out of all communications.

3.4 Members should offer an easy and automatic option to unsubscribe for those who no longer wish to receive digital content. They should also have the ability to manually unsubscribe a donor in circumstances where, due to a technical or database error, the person complains they continue to receive communications after unsubscribing.

4. Sharing Personal Data Across Digital Platforms

4.1 Transparency around sharing of personal data is particularly important in cases where Members use third-party fundraising platforms and social media. Fundraising intermediaries, such as social media platforms, may use the data collected on donors for different purposes than for the initial purpose of collection, a practice which risks falling foul of Australian privacy law.

5. Cookies

5.1 Online platforms often use cookies and other analytical and marketing tools to track activity for re-targeting or geo-targeting. Not all fundraising platforms allow access to personal data on a charity’s own donors, which puts these platforms in a position of power relative to the charity. Under Australian law, Australian websites do not require opt-in consent for cookies (i.e. a cookie notification banner with options to accept or decline various cookies), however Members should disclose the cookies their site collects in their Privacy Policy. It is likely that this will change in the future as GDPR principles are more widely adopted globally, at which time Members will be required to ask users for opt-in consent.

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6. Donor experience

6.1 Fundraisers often emphasise the importance of the ‘donor experience’. This entails a dialogue between the fundraiser and donor in which the needs of the donor are matched to the charitable cause in a way that makes the donor feel good about their decision to give. The term ‘donor journey’ is often used to describe this ongoing engagement effort. The Code states:

3.3. Members will act with respect for professional Fundraising, the Cause they represent, Donors and Beneficiaries.
3.4. Members will not exploit relationships with Donors.

6.3 Providing a poor donor experience may constitute a breach of cl. 3.3 and 3.4. Examples of behaviour that may be found to be in breach of the Code include:

a. sending (uninvited) the same ad numerous times to a person’s mobile device in a short period of time, although some repetition of the message over time is considered acceptable
b. pretending to be doing a survey when the real intent is to capture the Donor’s contact details
c. using a petition to capture Donor contact details, then failing to submit the petition

7. Use of automated systems for fundraising, including artificial intelligence

7.1 Artificial intelligence (AI) applications can be used to create responsive and automated two-way conversations with supporters by SMS or online chat. There are currently no specific standards that would guide the use of algorithm-based systems of this type. Donors may also not be aware that these are automated AI systems, without a real person interacting with them. Care should be taken to not misrepresent the nature of the communication - for example, using an Ambassador or staff person’s name in the communication in a way that implies a real person is engaged in the conversation with the donor.

8. Exploiting the less-regulated nature of some digital media

8.1 The regulation of some digital platforms, such as social media, has lagged behind other more established media such as telecommunications and print.

8.2 The Code says: (cl. 3.1) “Members will not engage in activities that bring Fundraising into disrepute.”

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8.3 Fundraisers may be tempted to exploit the relatively light regulatory environment in digital to engage in practices they would not otherwise do. Such conduct could be found to be in breach of cl. 3.1.

9. **Keywords and intellectual property**

9.1 Donors may not fully understand how search algorithms work. In searching for a particular Charity online, they may mistakenly land on a different Charity’s homepage.

9.2 The Code (cl. 3.5) says: “Members will conduct themselves in a manner that encourages others to aspire to the same high standards, valuing privacy, confidentiality, trust and integrity.”

9.3 Bidding on another Charity’s name or keywords normally associated with that Charity (either intentionally or unintentionally) may confuse donors into supporting the wrong Cause. It also results in the increasing cost of these search terms. Such conduct may be bound by the Code Authority to be in breach of cl. 3.5.

9.4 The Code also says; “Members will ensure that their Promotional Materials... 4.f) do not infringe on the intellectual property rights of others.” In this context, Members should avoid copy that infringes on the copyright, trademarks and IP of other charities and which may mislead donors about the benefiting charity or cause.

10. **Managing donations and other payments in cryptocurrencies**

10.1 The Code says: (Cl. 4.6.) “Members will have a clear policy on acceptance or refusal of Donations.”

10.2 Charities that choose to accept cryptocurrency donations must have a clear gift acceptance policy that addresses crypto transactions. The necessary protocols need to be in place comply with anti-money laundering and terrorism legislation.

10.3 Crypto currencies are held in digital wallets and are accessible only through a password. Members need to institute a rigorous protocol for password protection, maintenance and recovery. Members should, in discussion with their Board and financial advisers, be clear about financial reporting requirements, as donations of crypto are generally disclosed as non-cash contributions (similar to a gift in-kind). They should get a qualified appraiser to document the value of the gift.

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10.4 Charities interested in collecting virtual currency donations should generally adhere to guidelines for the acceptance of other non-cash donations. When in doubt, document (the value and means of donation), disclose (to tax authorities and regulators in compliance with appropriate laws, erring on the side of more disclosure rather than less), or decline the contribution if there are serious concerns about a conflict of interest or donor motives. Charities starting to accept virtual currencies may also consider partnering with domestic, regulated virtual currency exchanges and/or custodians, in order to streamline processes around asset acceptance, custody, and liquidation.

10.5 The Anti-Money Laundering and Counter-Terrorism Financing Amendment Act of 2017 brings virtual currency exchanges under the AML/CFT legal framework, requiring such entities to be registered with the Australian Transaction Reports and Analysis Centre (Austrac), maintain an AML/CFT program, and meet certain recording and reporting obligations.

10.6 The Australian Securities and Investment Commission has said it does not consider bitcoin to be a financial product under the Corporations Act or the Australian Securities and Investments Commission Act. As a result, activities relating to bitcoin and similar virtual currencies are subject to Australian Consumer Law rather than to the licensing and disclosure requirements in the Corporations Act.”

Definitions

Artificial intelligence means intelligence demonstrated by machines, as opposed to natural intelligence displayed by humans.

Beneficiary means the recipient of a benefit as a result of fundraising for a Cause.

Cause means a purpose such as advancing health, education, social or public welfare, religion, culture; promoting reconciliation, mutual respect and tolerance between groups of individuals; promoting or protecting human rights; advancing the security or safety of the public; preventing or relieving the suffering of animals; advancing the natural environment; promoting or opposing a change to any matter established by law, policy or practice in the Commonwealth, a state, a territory or another country, and other not-for-profit purposes ‘beneficial to the general public’.

Code Authority means a committee established by the FIA Board pursuant to the FIA constitution for the purposes of deciding on matters related to the Code.

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Code means the document that commits FIA Members to high standards of ethical conduct.

Cookies means small blocks of data created by a web server while a user is browsing a website and placed on the user’s computer or other device used to access a website by the user’s web browser.

Complaint means a notice in writing sent by any person to FIA, by way of a completed complaint form, concerning an alleged breach by an FIA Member of any part of the Code.

Cryptocurrency means a digital currency designed to work as a medium of exchange through a computer network that is not reliant on any central authority, such as a government or bank, to uphold or maintain it.

Donation means a voluntary contribution or Bequest of money, property, goods or services to a Cause for the purpose of furthering its objects.

Donor means an individual or their legal representative (in the case of a deceased person’s Bequest) or other entity that makes a donation to a Cause.

FIA means Fundraising Institute Australia.

Fundraising means the act of seeking and obtaining Donations on behalf of a cause.

Member means and includes both individual and organisational Members of FIA.

Supplier means a third party supplying goods or services to a Member for payment. A supplier may also be a Member of FIA.

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