

Cheque Removal

What to consider

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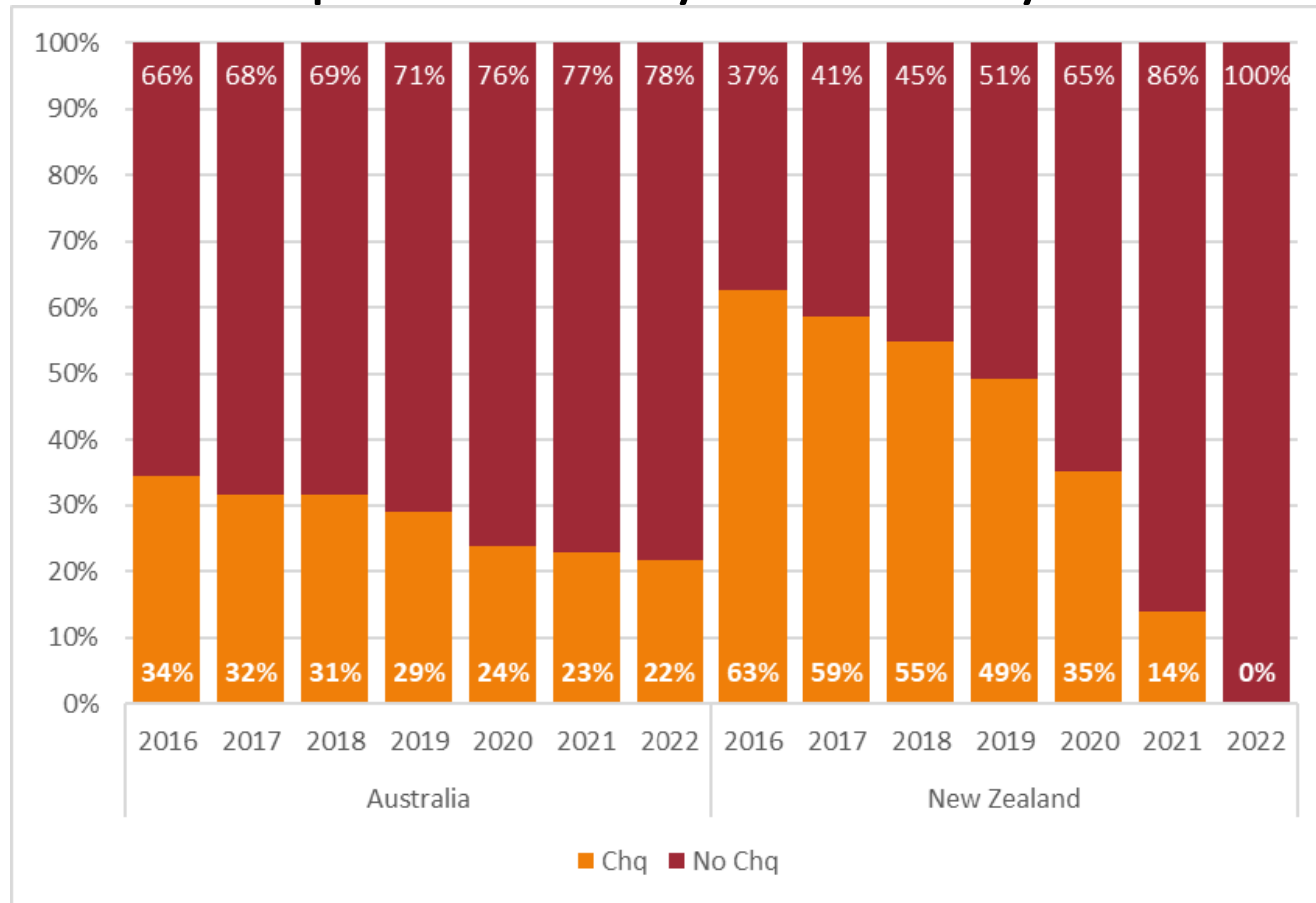




What happened?

- KiwiBank removed cheques in 2019
- Cheque working group convened by FINZ as other banks indicated they would do so too
- All other banks removed cheques by July 2021
- NZ individual giving income was growing, and continues to do so
- Cheque donors represented sub-25% of income for survey charities (but was as high as 50-75% for some)
- Cheque usage was already in decline

SG Donor Cheque use by Country 2016-2022



New Zealand - General Public Surveys 2020-2021



2021 - Gifts-in-wills, Cheques and Trusts

- 1,056 members of the general public in NZ
- Conducted: November-December 2021

2020 - Covid Impact survey

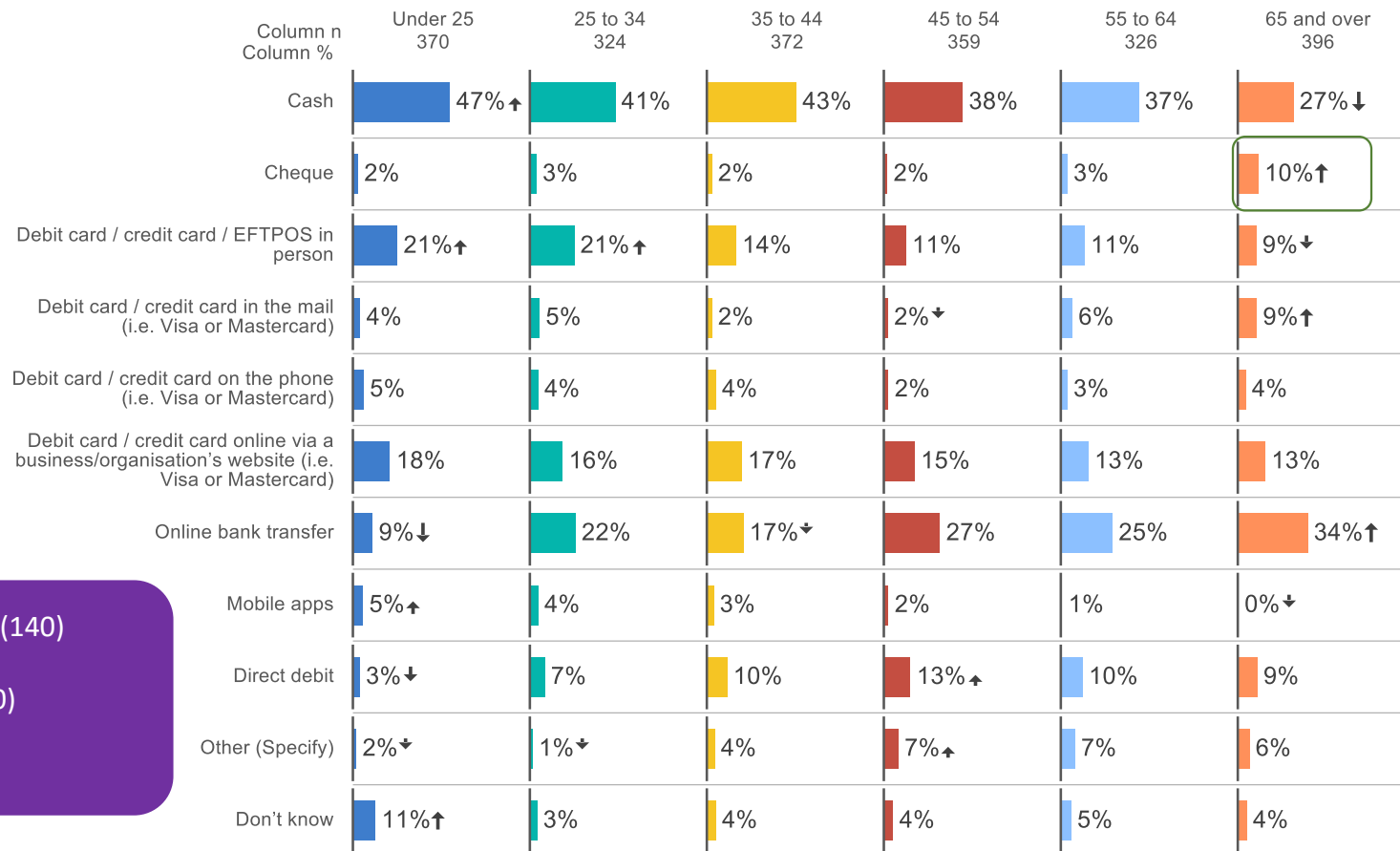
- 2,147 members of the general public in NZ
- Conducted 7 Oct-12 Nov 2020



Cheques (and online transfer) highest amongst 65+



Q: When you donate to charity, which is the usual way you prefer to make donations? Please select the ones you most often use *By age*



- Slightly more likely to be male (140)
- Retired - (240)
- Live in cities or rural areas (160)

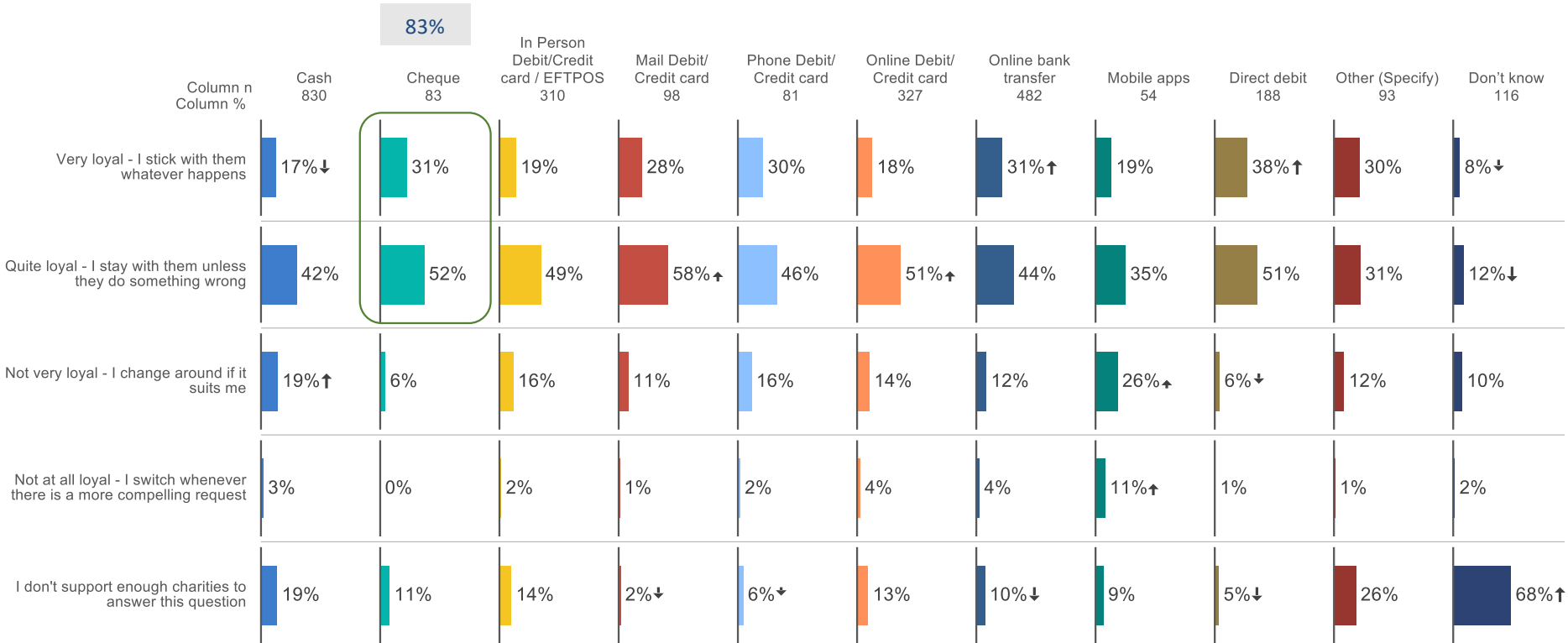
(Ratios)

base n = 2147 Multiple comparison correction: False Discovery Rate (FDR) (p = 0.05)

Cheque givers more loyal than most?



Q: When thinking about your relationship with the charities you support, which statement best relates to you?




83%

base n = 2147 Multiple comparison correction: False Discovery Rate (FDR) (p = 0.05)

Assessed and monitored risk

- Who may this affect?
 - 80:20 rule ... focus on the 20%
- How much, **repeat** revenue may this affect?

Action plan to mitigate risk:

- Pre-emptive messaging
 - Short-term support
 - Longer-term reactivation
 - Gifts in Wills promotion
- 

Assessing your risk



Total cheque (*only*)
revenue last 12/24
months



Of that what would
normally be expected
to be repeated in the
next 12/24 months?



New donors vs. long-
term donor plans

Assessing your risk

# Donors	# Gifts	Revenue	
2,482	4,770	\$ 483,848	Gifts via cheque in the last year
44	54	\$ 10,094	Less: Organisations
94	166	\$ 13,406	Less: Uncontactable
138	288	\$ 34,916	Less: Do Not Mail, No Appeals
380	380	\$ 32,798	Less: New Cash Donors
90	186	\$ 19,700	Less: Cheque Donors who have used other methods to give in the last year
1,736	3,696	\$ 373,054	Actual Risk Exposure for 12 months



What did charities do?

- Deprioritise cheques as a payment method ... stock took where they suggest them as a payment method
- Promoted their safe & secure payment methods
- Identified their alternative giving methods and others they could implement / test
- Promoted their friendly donor care people
- Upped the customer service & adapted supporter communications
- Made sure their privacy policy was up to date
- FAQs for everyone internally, including the board
- Invested in improving your online donation experience / journey
- Kept up with what the banks were doing and what other support was out there

SG Donor Retention – 3 Years



Single Gifts under \$10,000

Cheque Donor retention in Australia has increased, in NZ it was historically higher, but from 2017 NZ charities have lost ~ 15-20% of donors that were paying by cheque

SG Income Retention – 3 Years



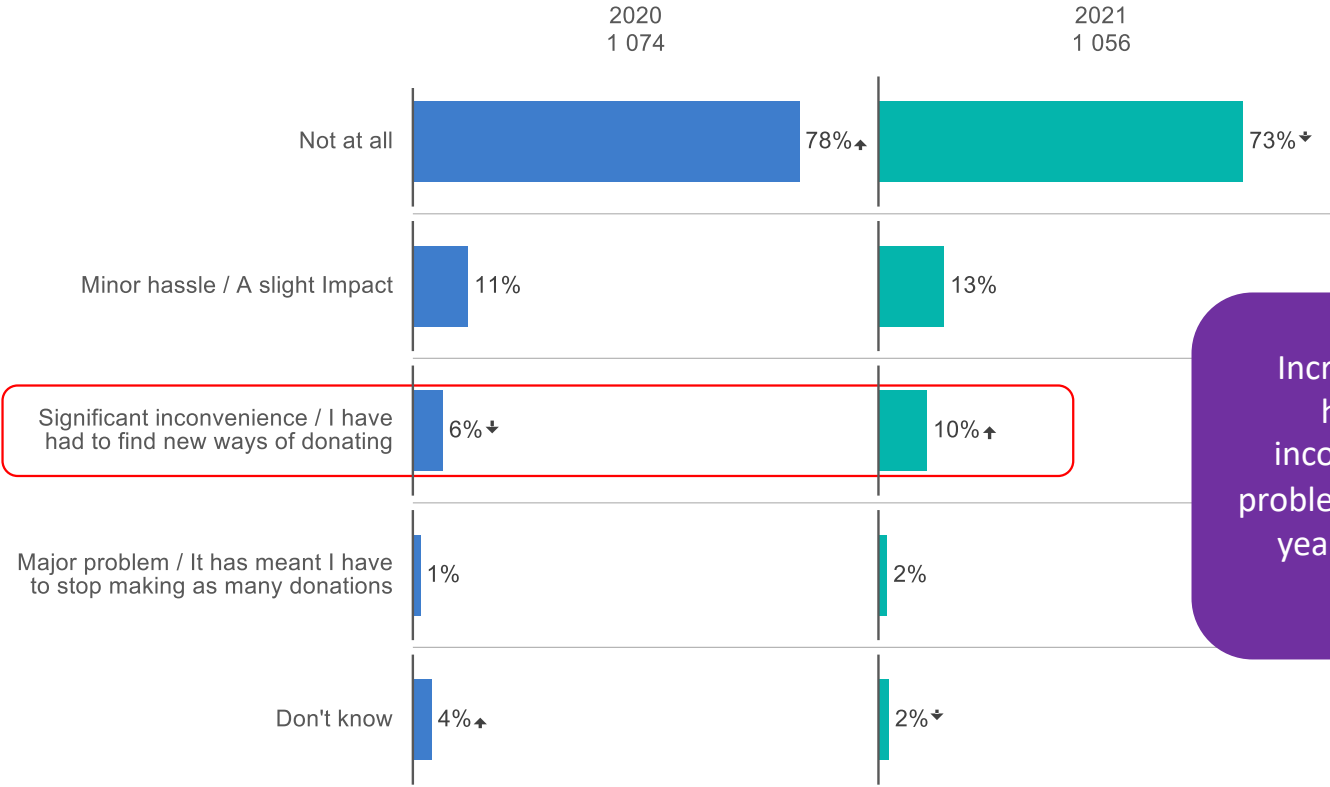
Single Gifts under \$10,000

Cheque Income retention in Australia has increased, in NZ it was historically higher, but from 2017 NZ charities have lost ~ 15-20% of income from donors that were paying by cheque

Reality of experience increases those saying they were inconvenienced



New Zealand banks have now stopped issuing and accepting cheques. How much has the removal of cheques impacted your usual method of donating? Please select one only



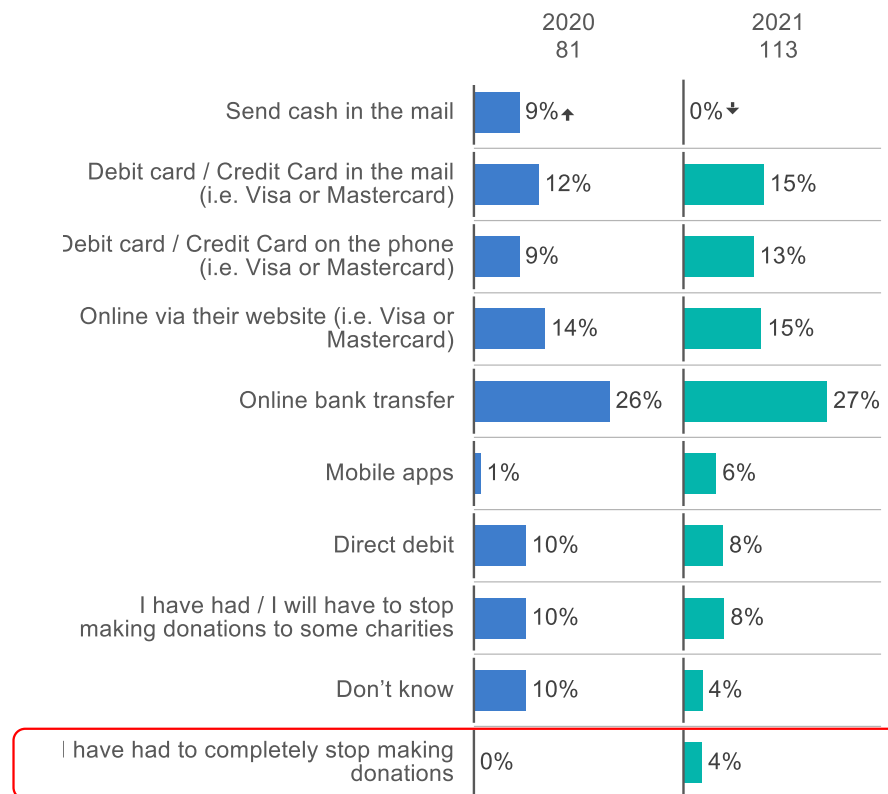
Increase of 5% in those having significant inconvenience or major problem - since the previous year when changes not implemented

Weighted; base n = 2130; Multiple comparison correction: False Discovery Rate (FDR) (p = 0.05)

4% who have had to stop has appeared in 2021



Now cheques are no longer available, how do you make donations to a charity that cannot be made in person? Please select one only

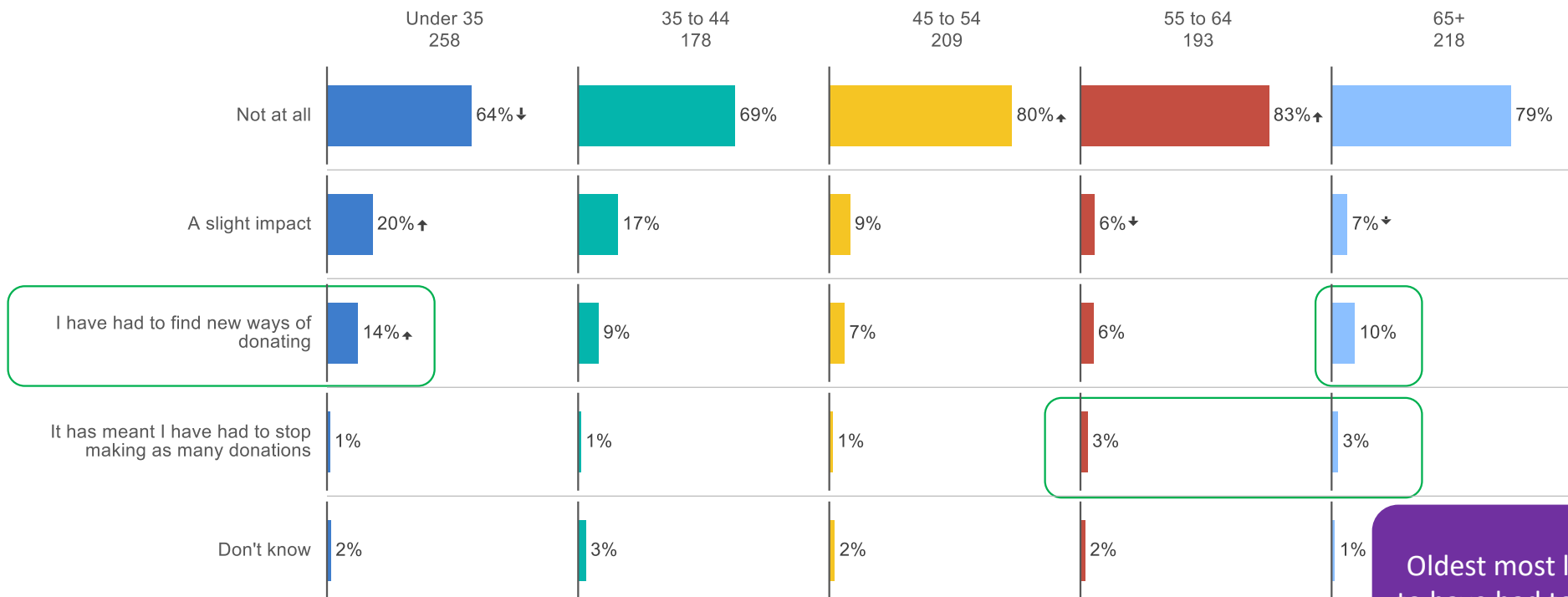


Weighted; base n = 194; Multiple comparison correction: False Discovery Rate (FDR) ($p = 0.05$)

Youngest and oldest most likely to have changed (cash givers?)



New Zealand banks have now stopped issuing and accepting cheques. How much has the removal of cheques impacted your usual method of donating? **By Age**

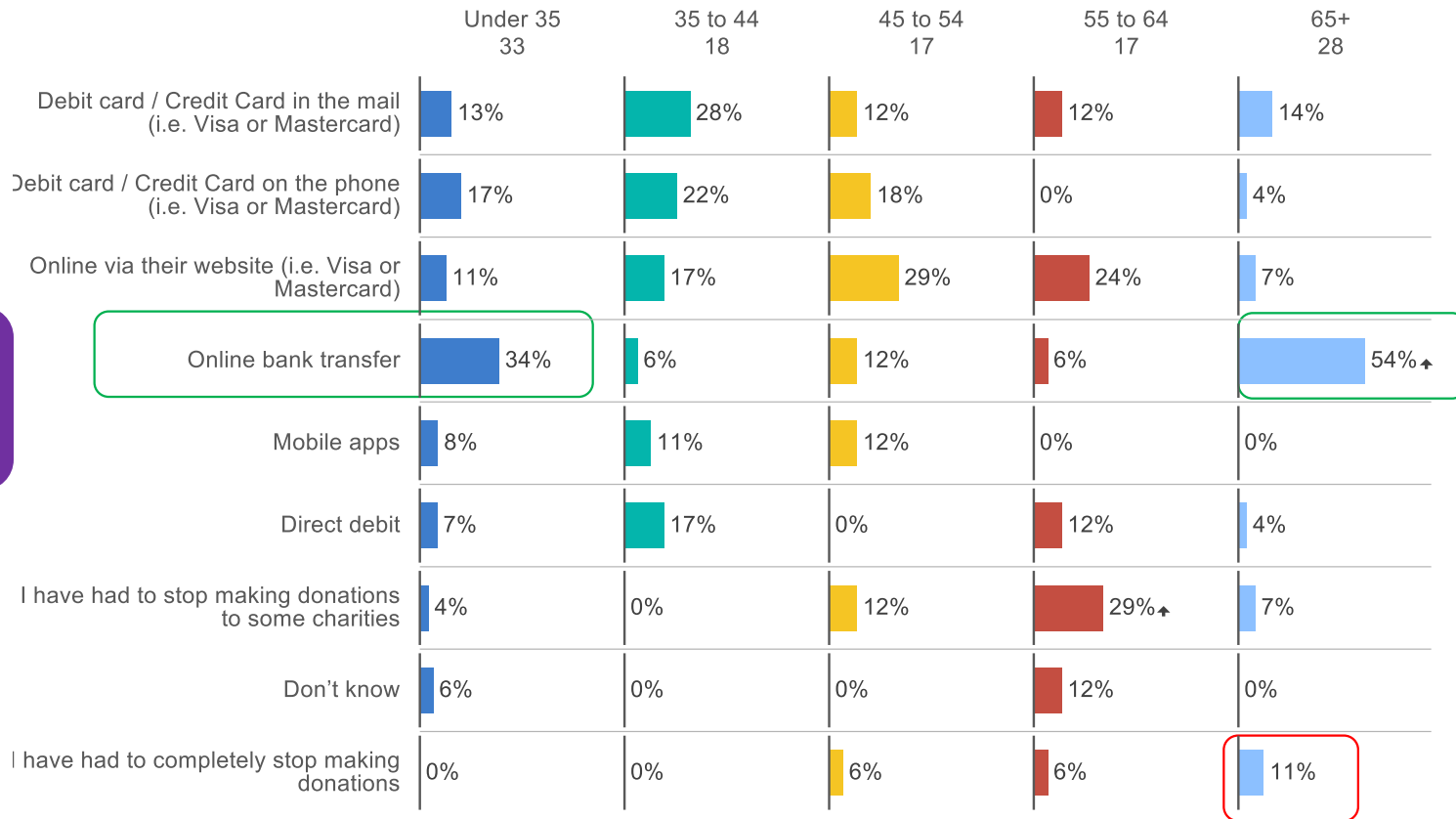


Oldest most likely to have had to stop

Total sample; Weighted; base n = 1056; Multiple comparison correction: False Discovery Rate (FDR) (p = 0.05)

For these groups - shift to online banking

Now cheques are no longer available, how do you make donations to a charity that cannot be made in person? Please select one only **By Age**



Small sample but again; oldest most likely to have stopped

Weighted; base n = 113; Multiple comparison correction: False Discovery Rate (FDR) (p = 0.05)

Implications

- 2022 – from 40 AU charities there was a total of \$56m from cheques
- Cheque use has been falling, but rate has slowed
- On average 3 year Income retention was 18% lower for 2019 donors (in 2022) then for 2015 donors.
- The best retention difference was 9% better, the worst was 29% worse suggesting some losses can be mitigated
- If 18% of 2022 income was lost for these AU charities, that would be ~\$10m
- There is more time to adjust.

Our advice

01

Know your risk

02

Know what
support is out
there

03

Set a plan

04

Track, report,
adjust



Mitigating
Risk



Remember giving is
about IMPACT not the
method

Don't just ADMIN your
donors