Industry Snapshot – Charitable Giving

TRENDS & STATS ON MCC 8398

tsg

Nonprofits need help with staff shortages, long sales processes, seasonal volume, administrative fees, and a lack of payment expertise.

SELECTED DEMOGRAPHIC

SOURCE: TSG'S ACQUIRING INDUSTRY METRICS™ PLATFORM

MCC	**8398: Charitable & Social Service Orgs.**
Geo	**U.S.**
Time	**2023**

DEMOGRAPHIC BENCHMARKS

$165
Average chargeback amount[1]

9.2%
Year-over-year same-store sales growth[2]

[1]Defined as chargeback amount divided by chargeback number

[2]Defined as per merchant daily volume adjusted for days processed for merchants active during the year

ISV SNAPSHOT

SOURCE: TSG'S VERTICAL STRATEGY PLAYBOOK SERVICE

Nonprofits choose tailored SaaS platforms that cover payments, a donation platform, a CRM, and a marketing platform

~45% Est. share of card-accepting nonprofit merchants in the U.S. utilizing one of 10 major ISVs

Example ISVs

Kindful A Bloomerang Product	**blackbaud**®	**dp donorperfect**
Uses Stripe for processing	Offers a QR code function for donations	Has supported $100B in donations

FAST FACTS

SOURCE: TSG ISV SURVEY & NONPROFIT INTERVIEW

67	Average Net Promoter Score among nonprofit-serving ISVs
36%	Share of nonprofit-serving ISVs with price as a key reason for choosing their preferred payments processor
6 Years	Average tenure nonprofit-serving ISVs have with their payment processor

"We are seeing a 2.5-3% cost on credit card transactions. Credit cards were increasing in use and it was impacting us. We passed the fees back and gave some programs an increase in cost except for EFT. Some people were willing to pay a higher fee. The effort lead to an 8-10% decrease in credit card payments. Some people continue to use credit cards because they might like the points or do not have the cash."

- CFO of a nonprofit founded 80 years ago

THE BOTTOM LINE

SOURCE: TSG EXPERIENCE

- **There is heavy competition in the nonprofit space among payment service providers.**

- **A sophisticated online auction platform, plus robust reporting for nonprofits are becoming key in this space.**

- **The use of QR code-initiated payments is growing in the nonprofit space. A QR code may be presented on a flyer, within a seating zone, on a banner during a donation drive event, a mailer, or on a video stream asking for donations.**

"The nonprofit vertical is different because the industry operates under unique constraints, and there is no 'one size fits all' solution. An organization may only need a solution to accept donations. But they may also want to sell merchandise, collect fees, or explore other solutions to aid in fundraising efforts. When it comes to payments, the needs of nonprofit organizations are still not well-served in the U.S."

- Sheridan Trent, Director of Market Intelligence, TSG

Sheridan has several scholarly publications in the Nonprofit Management & Leadership journal, and is a board member for a nonprofit supporting senior citizens

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