

Charitable Giving in Canada

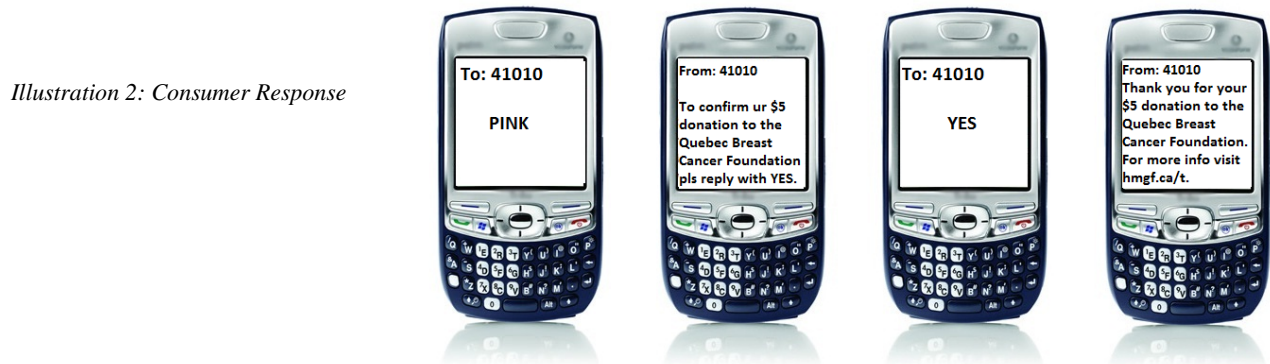
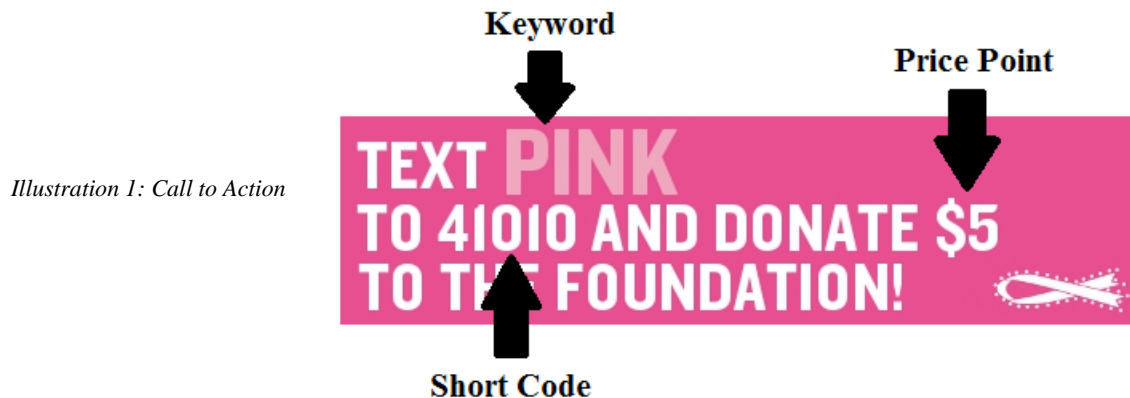
Submitted to: House of Commons Standing Committee on Finance

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The Mobile Giving Foundation Canada (MGFC) is pleased to submit these comments in regards to the House of Commons Standing Committee on Finance study on tax incentives for charitable donations in Canada. MGFC is a non-profit public foundation dedicated to improving the effectiveness and efficiency of registered charities in Canada by providing a mobile technology platform for charitable donations. The mobile platform allows mobile users to make a one-time donation of either \$5 or \$10 to a registered charity via their mobile devices, and have the convenience of the donation appear on their monthly wireless phone bill. Now in its second year of delivering this exciting medium for charitable donations, MGFC is at the forefront of the emerging mobile payment and m-commerce market. Refer to *Illustration 1: Call to Action* for an example of how mobile giving campaigns are promoted.

MGFC enables text-to-donate campaigns for registered charities in Canada by leveraging the assets and generosity of wireless service providers (WSPs). The WSPs provide the text-to-donate service at zero cost to the donor; there are no standard text messaging fees incurred while making a text message donation. Refer to *Illustration 2: Consumer Response* for the step-by-step actions taken by a donor to complete a text message donation. Additionally, the WSPs have also made extensive billing system modifications so that donations are charged as tax free transactions. WSPs do not receive any portion of a text message donation; donations are passed to the charity through MGFC at 100%.



From a global perspective, the number of m-commerce transactions is expected to reach just over \$100 billion in retail revenue in the next couple of years, representing almost 10% of all e-commerce transactions¹. Therefore, one cannot study nor speak of e-commerce without referring to the current mobile market and m-commerce. The relationship between e-commerce and m-commerce is not difficult to comprehend when one also considers that wireless coverage in Canada reaches approximately 99% of the population, and the rate of wireless data usage is increasing by as much as 5% on a weekly basis. Furthermore, Canadians are among the world's fastest adopters of smart phones. This means that more and more Canadians are using wireless technology, and they want to use it for everything, including charitable donations. To aid in this FINA study, MGFC can be used as a prime example of successful e-commerce in Canada.

For some insight into our successes, following are some of the leading statistics on mobile giving in Canada. Currently, MGFC has more than 120 Canadian registered charities running mobile giving programs. There are more than 290 keywords active on the five MGFC dedicated short codes that facilitate text message donations. In 2010, MGFC helped charities raise a total of \$600,000 in text message donations, with approximately \$400,000 supporting emergency relief efforts in Haiti. In 2011, MGFC has helped charities raise another \$600,000, with a forecast to reach \$1 million by the end of the year with an anticipated push for increased giving around the holiday season. Since its inception, MGFC has helped charitable organizations raise more than \$1.2 million through individual micro donations of either \$5 or \$10.

The success of MGFC can be attributed to numerous factors: the growing number of wireless consumers (currently, more than 25 million Canadians are wireless phone subscribers); the rise of social media as a mainstream communication channel that has been integrated with mobile; Canadians' spontaneity to help others, with the convenience of being able to do so through a text message; and the popularity of text messaging. To give one a better sense of text messaging popularity among Canadians, it should be noted that an astounding 19.5 billion person-to-person text messages were sent in Q2 2011, an 8% increase² from the 18 billion sent in Q1. Text messaging has also been found to be especially popular among youth, with 90% of those aged 18-34 reporting text messaging as one of their most frequently used mobile phone features, compared to 68% across all age groups (14-55+), and 38% for those in the 55+ category³.

The key to successful e-commerce is security. The mobile giving channel is by far one of the most secure methods available for consumers when making a donation. The personal information of mobile donors is never visible to any third party and it is not transmitted or passed along to anyone at any point during the transaction, ensuring the donor remains completely anonymous. There is absolutely no risk of identity theft through the mobile giving channel, there is no risk of

¹ Chiu, (8 April 2011), Are You Ready for the New Mobile Commerce. *How to take your multichannel strategy into the era of disruptive mobile technology*, (p.3). Elastic Path. <http://www.elasticpath.com/pdf/whitepapers/elastic-path-mobile-commerce.pdf>

² CWTA, TXT Stats: <http://www.txt.ca/english/business/statspress.php>

³ Quorus Consulting Group (29 April 2011), 2011 Cell Phone Consumer Attitudes Study, (p.26-29). CWTA. <http://cwta.ca/wordpress/wp-content/uploads/2011/08/Consumer2011.pdf>

fraud, and there is no risk that the consumer will receive any unwanted contact. MGFC has empowered Canadians to make impulse-driven micro donations to the charities and programs that they are passionate about. This fundraising medium is attractive to consumers because the transactions are private, secure, convenient and instantaneous.

To further understand the consumer perspective on mobile giving, the Canadian Wireless Telecommunications Association enlisted the services of the Quorus Consulting Group to conduct a consumer attitudes survey in April 2011 on cell phone usage in Canada. Quorus surveyed 2,004 Canadians with questions specifically related to mobile giving⁴. The results found that 50% of mobile users in Canada were aware of the text-to-donate channel, yet only 6% of those aware have actually made a donation via text message. The study also found that those who have never donated through text message would be more likely to do so in the future if they were provided with instruction on how to do so. Additionally, 12% of respondents showed interest in subscribing to a monthly giving plan. In terms of donation thresholds, respondents on average would be willing to donate up to \$23 through text message. What this shows is a substantial interest and comfort in making donations through text message, an interest in subscription mobile giving programs, and the desire to learn more about how to send a donation through text message.

Like e-commerce, mobile giving continues to evolve. With the findings of the consumer attitudes survey, MGFC has been able to push projects forward with the supporting evidence to justify specific areas of program advancement. MGFC is currently working on developing the platform requirements necessary in order to provide Canadians with the ability to subscribe to a monthly giving plan. Canadian mobile users and registered charities will both benefit from this type of program. It will provide charities with a higher return on investment, and it will allow mobile donors to automate their contributions.

Additionally, MGFC carefully assumes from the results of the survey that consumers are relatively comfortable with the idea of making a one-time \$20 donation through text message. With this assumption in mind, MGFC is also working with the WSPs to provision a \$20 option for charitable donations. To accomplish this, MGFC requires the approval and participation of all WSPs so that mobile giving programs utilizing a \$20 donation option can then be accessible to all mobile subscribers. Once MGFC has obtained the collective approval from the WSPs, the \$20 option will be made available to registered charities running mobile giving campaigns.

Regarding the relatively low level of awareness around mobile giving (50%), MGFC will continue to focus on increasing consumer awareness by leveraging partnerships within the wireless industry in order to provide education on mobile giving to a broader range of Canadians. MGFC aims to highlight the many benefits of sending a text message donation and the ease by which it can be done. MGFC is actively seeking opportunities and different avenues that can be used to increase public visibility, build trust among consumers, and expand the applicability of the mobile giving channel.

⁴ Quorus Consulting Group (29 April 2011), 2011 Cell Phone Consumer Attitudes Study, (p.69-83). CWTA. <http://cwta.ca/wordpress/wp-content/uploads/2011/08/Consumer2011.pdf>

The success of mobile giving in Canada demonstrates that Canadians are highly responsive to the advancement of mobile technology which now enables them to use their mobile devices for donations. It is evident that e-commerce and m-commerce provide value to Canadian consumers and businesses, but they are also valuable tools for registered charities. Registered charities, like businesses, put forth much effort to adapt to the varying desires of their constituents. MGFC is helping charities adapt by connecting Canadian donors to charitable causes through their mobile devices, and is an exemplary model of how e-commerce in Canada can serve as a benefit to both consumers and registered charities.

MGFC urges Committee members to make their constituents aware of this free, convenient and efficient method of donating to registered charities in Canada. The use of wireless technology to facilitate charitable giving provides an innovative platform to improve the social, cultural and economic fabric of Canada.

MGFC appreciates the opportunity to share its views on this important topic with the House of Commons Standing Committee on Finance.