

Standard of Electronic Fundraising Practice

The Standard of Electronic Fundraising Practice provides practical guidelines for FINZ members for best practice for conducting electronic fundraising activities, including internet and text (SMS) fundraising, within an ethical framework.

This standard must be read in context with FINZ's Principles of Fundraising Practice, including the Code of Ethics and Professional Conduct, Code of Relationships with Donors and FINZ's Complaints Process

FINZ members should note if there is a conflict between the provisions of this standard and legislation, the legislation prevails.

1. To whom does this standard apply?

1.1 This standard applies to FINZ members. FINZ can only monitor this standard and enforce it if necessary against a FINZ member.

1.2 This standard does not replace nor override the applicable New Zealand legislation.

2. Planning an electronic fundraising activity

2.1 Before the fundraising activity is implemented, a fundraiser should create goals for the fundraising activity including as a minimum:

- a) the goals in relation to the donors;
- b) how the donors are acknowledged;
- c) desired outcomes for the organisation; and
- d) targets for the fundraising activity, based upon how many donors would sign up or the average level of gift that is achievable.

2.2 When planning a fundraising activity, a fundraiser should ensure the following details are included:

- a) how the fundraising activity works;
- b) details of the tax relief available;
- c) information donors will see on their receipts;
- d) an overview of how the donation process works;
- e) information on how to cancel enrolment and obtain a refund and in refunding how it will deal with bank charges relating to online donations;
- f) the security measures used to protect the donor's information and the donation.

2.3 A fundraiser must ensure that the fundraising activity includes:

- a) information to the donor about the organisation;
- b) acknowledgement of the donor when the donor enters the fundraising activity;
- c) payment details;
- d) an appropriate process for obtaining permission from the donor to have their donor information made available to the organisation;
- e) appropriate security measures (including encryption of internet transactions in accordance with industry standards) to ensure that the donor's information and the donation are secure at all times;
- f) that the electronic fundraising supplier (EFS), if used, complies with these specifications and that this requirement is covered in the contractual arrangement.

2.4 The donors' personal information about their identity, their donations and the organisations to whom they donate are protected under the Privacy Act 1993 and must not be disclosed to a third party without the consent of the donor.

3. Management of donations

3.1 Before commencing the collection of donations, the fundraiser or organisation should ensure that donors are able to complete an online form with the following information:

- a) if donations are collected by an EFS, written notice that the donation will be processed by the EFS pending payment to the organisation;
- b) how much the donor wishes to donate; and
- c) for recurring donations, how often the donor wishes to donate.

3.2 For recurring donations, the fundraiser or organisation should ensure that the donor is informed that the donor may change the amount or frequency or cancel the donations at any time and how to make such changes.

3.3 A third party working for the organisation or EFS must maintain an agency bank account or trust bank account or donation bank account (as applicable to the particular entity) into which all donations are deposited. The third party or EFS must ensure that donations are deposited into an account that is separate from general operations funds and that its operations bank account and agency bank account or trust bank account or donations bank account are managed as separate accounts at all times.

3.4 The organisation or EFS must provide each donor with a receipt (which may be electronically generated provided that it can be printed).

3.5 The EFS must maintain a separate ledger record for each organisation it serves. The organisation must maintain a ledger record for its donation bank account. The ledger must record:

- a) all donations received;
- b) if donations are collected by an EFS, all fees charged by the EFS to the organisation including credit card fees, bank fees and administration fees; and
- c) all payments made to the organisation by the EFS.

3.6 The EFS must provide reports to each organisation it services on an agreed date for a period that is agreed with the organisation. The reports must include:

- a) the ledger record set out in section 3.5;
- b) any statistical and demographic data concerning the Donors that the EFS has agreed to provide; and
- c) the name of each donor and the amount of each donation.

4. Management of the relationship between the EFS and the organisation

4.1 The organisation must have a written agreement with the EFS.

4.2 The organisation must ensure that the agreement requires that the EFS:

- a) is registered with appropriate regulators and complies with appropriate legislation;
- b) cannot claim that it is a deductible gift recipient if it does not have that status;
- c) will have no legal control over any donations to an organisation made through a service provided by an EFS and cannot prevent donations passing to an organisation by claiming a legal right including a lien or set-off over the donations;
- d) identifies full details of all fees to be paid, including payment terms, by the fundraiser and/or organisation for the service, including details of how refunds for cancelled donations are to be paid;
- e) reports in accordance with the relevant legislation to the fundraiser and the organisation about the donor, statistical and demographic data processed by the EFS;
- f) assumes liability for completion of the donation transaction before the donation passes to the organisation;
- g) monitors and does not knowingly allow inappropriate content (i.e., sexual or violent content) on the organisation's website;
- h) complies with the Privacy Act 1993;
- i) assumes liability for protection of the donor's personal information and transaction details;
- j) undertakes to advise the fundraiser and/or organisation immediately if there is a security breach and to take immediate action to remedy the security breach;

- k) complies with the organisation's requirements about the use of its business name and trade mark on the EFS's website; and
- l) has a contractual agreement that complies with FINZ's Principles of Fundraising Practice and this Standard.

5. SMS fundraising

5.1 Organisations should disclose the registration process for SMS messaging on all forms of relevant documentation including websites and must include procedures for unsubscribing on all messages. This also applies to e-mail messaging.

5.2 Organisations must only send marketing SMS messages to those phone numbers that have specifically opted to receive them. The option must be clearly set out in a written consent form, by sending a clear SMS message or other means.

5.3 Organisations must disclose to donors the cost of messages sent by the donors when using premium rate numbers and should explain to donors how and when they will be billed, taking into account that various billing methods exist for SMS. This also applies to e-mail messaging.

5.4 Organisations must not send donors messages unrelated to the service for which they have subscribed, unless at the same time they offer donors the opportunity to opt-out of future communications.

5.5 In competitions and prize draws, organisations should provide a clear and simple method of requesting any terms and conditions and should publish the identity of the promoter within the SMS competition.

5.6 Verifiable parental consent should be obtained before communicating via SMS with minors and expert legal advice should be sought beforehand.

6. Promotional materials

6.1 An EFS or a Fundraiser must ensure that any promotional material used to promote a fundraising activity:

- a) is factually accurate, truthful and not likely to deceive or mislead any person;
- b) identifies the organisation;
- c) identifies the objective of the fundraising activity;
- d) complies with the Fair Trading Act 1986 (in particular those sections relating to misleading and deceptive conduct and false and misleading representations); and
- e) notifies the organisation before work commences on promoting the Fundraising Activity.

6.2 Where a fundraiser or EFS discloses a cost of fundraising in promotional materials, that cost must be factually accurate.

6.3 An EFS or a fundraiser must make the current annual report of an organisation, which they represent, freely available upon a reasonable request by a donor.

6.4 Despite anything else in this section promotional materials may be part of a positive campaign by a fundraiser or EFS to build public awareness, understanding and support for the objects of an organisation.

6.5 An EFS or a fundraiser should ensure that the organisation monitors the level of contributions and regularly acknowledges donors for their generosity.

6.6 If the fundraising activity or organisation has a trade mark associated with or used in connection with it, an EFS or a fundraiser must ensure that the organisation has given permission for the use of the trade mark and take all reasonable steps to prevent its unauthorised use by third parties including suppliers or the media.

7. Compliance and management of complaints

7.1 FINZ members must comply with FINZ's Codes of Fundraising Practice, this standard and relevant legislation including the Fair Trading Act 1986, the Privacy Act 1993 and the Unsolicited Electronic Messages Act 2007.

7.2 Complaints concerning this standard or the conduct of a FINZ member will be determined by the FINZ Ethics Committee in accordance with the FINZ complaints process.

Definitions

Beneficiary means any person or entity which receives a benefit from an organisation in pursuance of the organisation's objects.

Child or Children means a child under the age of 18.

Company means an entity incorporated under the Companies Act 1993 and established for the purpose of profit.

Complaint means a notice in writing sent by any person to FINZ, by way of a completed FINZ Complaints Form, concerning an alleged breach by a FINZ member of any part of the FINZ Principles and Standards of Fundraising Practice.

Director means a person who is appointed or elected to the position of a director of an organisation or a company.

Donation means a voluntary contribution by a donor of money, property, goods or services to an organisation for the purpose of furthering that organisation's objects. It does not include a sponsorship or community business partnership.

Donor means an individual or other entity that makes a contribution of value to an organisation to further the organisation's objects. A donor includes prospective donors and an individual or entity that has previously made a donation. A donor does not include an individual or entity that engages with an organisation for the purpose of trade.

Electronic Fundraising Activity (EFA) means any fundraising activity carried out by electronic communications including internet communications, electronic mail ("email") and mobile telephone communications including text messaging ("SMS").

Electronic Fundraising Supplier (EFS) means an entity which owns or operates an electronic fundraising service for companies, organisations or members of the public.

Ethics Committee means a committee established by the FINZ Board pursuant to the Constitution for the purposes of making determinations on Complaints.

FINZ means Fundraising Institute New Zealand.

FINZ member means a person who is registered as a FINZ member.

Fundraiser means a person, company or organisation, who carries out activities, whether for remuneration or as a volunteer, for the purpose of raising donations for the objects of an organisation.

Fundraising Activity means any activity carried out by a person, company or organisation, whether for remuneration or as a volunteer, for the purpose of raising funds for the object of an organisation.

Internet Service Provider (ISP) means a body which provides an internet communication service which gives users access to internet services including the worldwide web.

Objects means the objective, purpose or cause, however so defined in an organisation's constituent documents.

Organisation means an entity incorporated under either the Incorporated Societies Act 1908 or the Charitable Trusts Act 1957 and established for a purpose other than profit.

Professional Misconduct means conduct by an FINZ member that is a violation of the Principles and Standards of Fundraising Practice that has serious adverse consequences to a complainant or was committed intentionally by the fundraiser or both.

Promotional Material means any material in connection with a donation, fundraising activity or an organisation whether in printed, electronic or verbal form made available by a fundraiser or organisation to any person.

Sponsor means a third party who sponsors a fundraising activity for an agreed outcome.

Supplier means a third party supplying goods or services for payment to a fundraiser and/or organisation.

Tax means all taxes payable in connection with a fundraising activity, including without limitation income tax, pay as you earn (PAYE) and goods and services tax (GST).

Trade Mark means a word or group of words, logo, image, colour, scent or shape (whether registered or unregistered) used by an organisation to identify the organisation.

Unsatisfactory Conduct means conduct by a FINZ member that is neglectful of the Principles and Standards of Fundraising Practice or that has minor adverse consequences to a complainant or both.

Volunteer means a person who performs a service for an organisation without requiring compensation for performing the service.