EFT processing vs. credit cards

• Lower processing fees

• Higher donor/payment retention rates

• Higher Lifetime Value
What is NACHA?

NACHA—National Automated Clearing House Association—is the governing body setting the rules and regulations for all electronic payments. NACHA is responsible for three key areas:

• Legal foundation for the ACH Network

• ACH Network enforcement and risk management

• ACH Network development
Why worry about NACHA?

- Avoid financial sanctions
- Continue EFT processing
- Clarify EFT with donors
What did we do next?

Got the NACHA Operating Rules and started reading…

- Reviewed EFT marketing collateral and collection practices
- Reviewed backend, operational practices
- Performed compliance gap analysis with payment consultant
- Closed EFT marketing, authorization, and operational gaps
What has WGBH learned?

- Rules apply to all EFT transactions
- Specific to the method/channel used
- Redo processes related to EFT
General Rules on EFT
1. Station must obtain authorization from donor:

- Must be in writing and signed or e-signed by the donor

- Station must provide each donor with an electronic or hard copy of the donor’s authorization
  - Letter or email to donor
2. An authorization must:

- Be readily identifiable as an authorization
- Have clear and understandable terms
  - Specify amount and timing of deductions
- State that the donor may revoke the authorization
  - Fundraising language
3. Electronic authorizations:

- Signature requirements may be satisfied by compliance with the E-Sign Act*

  - Suggestion: check box with authorization language

    - “I authorize WXYZ to withdraw my Sustaining membership from my bank account each month according to the amount and schedule shown in the Donation Summary. This authorization remains in effect until I notify WXYZ that I wish to change or end this agreement. To contact WXYZ, call 555-555-5555 (M-F, 9-5).”
4. Retention & Provision Record of the Authorization:

- Record must be retained for two years after pledge is canceled

- Station must be able to provide copy of authorization to donor upon request within ten Banking Days
The ABCs of NACHA

- Clarify Terms
- Obtain Signature
- Retain Record
Specific Provisions
Specific Provisions

What does that mean in practical terms?

- Standard Entry Class (SEC)
  - Every channel has a unique SEC code
- Special rules apply to specific channels
- SEC has to follow entire transaction chain
- Important SECs
  - PPD (Direct Mail, Canvassing)
  - TEL (Telephone)
  - WEB (Online)
PPD (Prearranged Payment & Deposit)

- Applicable to Direct Mail and Canvassing

- Authorization must conform to all General Rules
  - Clarify Terms
  - Obtain Signature
  - Retain Record

- Canvassing: Authorization slip must be handed out
I authorize WXYZ to withdraw my ongoing, sustaining donation from my bank account ending in 1234 in the amount of $10 per month. The first deduction will occur on or shortly after 3/25/15 and will continue monthly until I notify WXYZ that I wish to change or end this agreement.

WXYZ can be contacted by calling 555-555-5555 (M-F, 9-5).

Contribution Summary:

<table>
<thead>
<tr>
<th>Donor’s Name (printed)</th>
<th>$</th>
<th>Recurring Monthly Amount</th>
</tr>
</thead>
</table>

Signature

Date
I authorize WXYZ to withdraw my ongoing, Sustaining donation from my bank account ending in **1234** in the amount of **$10** per month. The first deduction will occur on or shortly after **3/25/15** and will continue monthly until I notify WXYZ that I wish to change or end this agreement.

WXYZ can be contacted by calling **555-555-5555** (M-F, 9-5).

Signature ___________________________ Date ______________
TEL (Telephone-Initiated Entry)

- Applicable to Telemarketing, Pledge, Customer Service
- Must have existing relationship between the station and the donor OR the donor must initiate the telephone call
  - No acquisition telemarketing for purchased list (warm prospects ok)
- Call recording must include:
  - The installment amount of the recurring transactions
  - The timing (including the start date), number, and frequency of trans
  - Donor’s name
  - The account to be debited
  - Telephone number for donor inquiries
  - Verbal confirmation
- Follow the ABCs of NACHA
  - Clarify/Obtain/Retain
Sample Call Script

“This is to confirm that your monthly Sustaining donation will be deducted from the bank account that you provided during our call in the amount of $10 per month. The first deduction will occur on or shortly after 3/25/15 and continue monthly until you notify WXYZ that you wish to change or end this agreement. You can call WXYZ at 555-555-5555 should you need to contact them about your contribution.”

“Ms. Jane Smith, can you please verbally confirm that you authorize these terms of your recurring Sustaining contribution?”

“Thank you so much for your generous support of WXYZ!”
WEB (Internet-Initiated/Mobile Entry)

- Follow the ABCs of NACHA
  - Clarify/Obtain/Retain

- Signature can be electronic: check box

- Records must be secure (broad definition)
  - Access control, Network security, etc…

- Verify the identity of the donor (IP address logs)

- Must verify the bank routing number used
  - Check digit or lookup
Stations’ Operational Considerations
Stations’ Operational Considerations

- SEC code must travel with transaction chain
- Storing the written authorizations from direct mail
- Ensure all calls are recorded, stored, and readily accessible
- Must acknowledge authorization on Web entries (check box)
- Sending EFT donors an acknowledgment summarizing authorization terms (mail or email)
- Transaction returns must be monitored and appropriate action taken corresponding to return reason
Dear Chris Clark,

Thank you for your Sustaining donation to WGBH. Your support makes all we do possible!

The details of your donation are reflected below. The bank account you provided us will be deducted on or shortly after 3/25/15 and will continue each month until you notify WGBH that you wish to change or end this agreement.

Please review the details of your ongoing gift, including the monthly donation amount and your contact information. If anything needs to be corrected, or if you have any questions or instructions about the management of your contribution, please call our Sustainer Hotline at 617-300-3505 (M-F, 9-5). We’d love to hear from you!

Sustainers like you are WGBH’s most loyal and reliable supporters, playing a crucial role in bringing independent news, first-rate drama, and world-class music to your entire community - thank you again for your generous ongoing support!

Sincerely,

Daren E. Winckel
Senior Director of Membership

Please print or save this message for your personal records.

**Donation Summary**

<table>
<thead>
<tr>
<th>Name</th>
<th>Chris Clark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>10 Main Street</td>
</tr>
<tr>
<td></td>
<td>Anywhere, USA 11111</td>
</tr>
<tr>
<td>Gift Date</td>
<td>3/25/15</td>
</tr>
<tr>
<td>Monthly Sustaining Amount</td>
<td>$10</td>
</tr>
<tr>
<td>Payment Method</td>
<td>Electronic Funds Transfer</td>
</tr>
</tbody>
</table>
Dear Chris Clark,

Thank you for your Sustaining donation to WGBH. Your support makes all we do possible!

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Sincerely,

Daren E. Winckel
Senior Director of Membership

Donation Summary

Name: Chris Clark
Address: 10 Main St, Anywhere,

Gift Date: 3/25/15
Monthly Sustaining Amount: $10
Payment Method: Electronic
Other Notes
Other Notes

• Public media is a low-risk industry, with relatively light ACH traffic, so we’re largely not on the radar, but with more and more fraud, the rules will likely get even tighter, and with it, increased scrutiny, so it’s best to be prepared moving forward.

• Stations should comply with rules

• Future enforcement is likely to increase
The ABCs of NACHA

- Clarify Terms
- Obtain Signature
- Retain Record
Questions
Questions

- Do vendor processes, scripts, systems and contracts support station compliance with the Rules?
- Are there state privacy laws that may affect how you implement and retain authorizations, and/or implement other elements of the Rules?
- What do you do with the gaps in the program now?
- Does your debit frequency affect authorizations?
- Are you recording customer service calls?