

Helping the helping hand

Digitising collections for Hong Kong SAR's NGOs

No one can deny the invaluable role that Hong Kong SAR's non-government organisations (NGOs) play in lending a helping hand to those in need. As of March 2020, the sector employs approximately 52,000 people¹, who collectively work to provide assistance to the most vulnerable residents in one of the world's most competitive cities, and champion causes such as sustainability.

But what enables NGOs to be able to do this? Like any conventional business, NGOs need sources of funds. Unlike conventional businesses, however, NGOs do not generally raise a bulk of their funds from commercial activity. Instead, the majority of their funding comes from donations from individuals, and grants from government or private institutions. This is no different in HKSAR, where as of June 2019, these constituted 72%² of total funding for all NGOs.

¹ Coronavirus-battered NGOs say Hong Kong's charity sector needs government aid to keep doing their work, avoid redundancies - South China Morning Post, March 8 2020

² Hong Kong NGO Governance Health Survey 2018 – Summary of Key Findings, June 2019

A sudden halt

Indeed, donations and grants are the lifeblood of any NGO, which makes their unimpeded collection imperative for an NGO in order to continuously meet operational requirements. However, following the onset of the COVID-19 pandemic, NGOs globally have suddenly found themselves facing drastic drops in donation volumes. HKSAR's NGOs have not been immune to this. The South China Morning Post revealed that 60% of respondents to a survey of HKSAR's NGOs reported a 33% drop in funding¹ in the aftermath of the pandemic. Cancellation of physical fundraising events such as donation drives, charity runs, and galas following the imposition of social distancing measures has been pinpointed as a reason for this, as proceeds from these were major sources of funding.

The high reliance on physical fundraising efforts amongst HKSAR's NGOs has naturally had a

knock-on effect on collections infrastructure. Prior to the pandemic's onset, cash was paramount for donors in HKSAR- a staggering 83.4% of respondents to a 2017 University of Hong Kong-sponsored survey named it as their preferred donation method, with only 3.1% having reported making a donation online. Additionally, only 23.3% of responding NGOs provided support for online donations³, underscoring the traditional inclination towards physical outreach efforts.

The sudden disruption to physical fundraising efforts has thus had a severe impact on the livelihood of HKSAR's NGOs. Over the course of the pandemic, certain NGOs¹ have found themselves left with only enough funds to cover expenses for just two additional months, highlighting the precarious cash flow situations that have become a grim reality for some.



¹ Coronavirus-battered NGOs say Hong Kong's charity sector needs government aid to keep doing their work, avoid redundancies – South China Morning Post, March 8 2020

³ 2016-2017 Giving Hong Kong Report – Centre for Civil Society and Governance, the University of Hong Kong, 2017



The digital dawn in the darkest hour

The onus for NGOs in HKSAR has therefore been to pivot quickly to remote outreach, either by enabling digital donations, or establishing online commercial activity to diversify funding streams. The impetus is only expected to intensify as HKSAR continues to combat the lingering effects of the pandemic by extending social distancing measures, which will most likely prevent resumption of physical outreach efforts for the foreseeable future. Additionally, cash will potentially see reduced popularity as a payment option even after the pandemic's end. Businesses and consumers alike have been shown the feasibility of using digital channels as primary transaction methods through COVID-19, which has resulted in their wider popularity amongst HKSAR's population.

Considering the paper-intensive ecosystem that NGOs were previously operating in, rapid digitisation may initially seem tricky. However, there are readily-available solutions that can help organisations take immediate first steps on their digital journeys.

Over the past few months, HSBC has already observed greater momentum amongst HKSAR's NGOs towards enabling digital collections. This has been reflected in heightened interest in solutions such as Business Collect, which facilitates collections through a wide variety of digital payment channels such as cards, real-time payments and e-wallets in just a matter of days. Enabling donations via PayMe is another alternative, with the success of the October 2020 #PayMeForGood campaign,

which encouraged users to donate to participating NGOs through the platform, showing its viability as a donations channel.

HSBC has also recently assisted a prominent NGO in allowing donations via Faster Payments System (FPS) QR code to support an online fundraising event. Through this, donors could donate remotely by simply scanning a QR code displayed on-screen during the event and keying in their desired payment amounts, which were then credited to the NGO's accounts almost-instantly. These donations constituted 35% of total donations volume, making it one of the event's most heavily-utilised channels.

Potential solutions for NGOs are not limited to providing a wider variety of digital collections channels, though. Indeed, the NGO sector's historical inclination towards cash has had natural implications on reconciliation processes, with cash reconciliation necessitating time-consuming manual efforts. Digitisation, therefore, also presents an

opportunity for NGOs to automate reconciliation, and expedite working capital cycles.

One way of accomplishing this is by Application Programming Interfaces (API), which HSBC has been including as part of a larger solution for NGOs looking to step up digital fundraising efforts by setting up online platforms through services such as Boutir*. API connectivity with HSBC allows payment requests to be initiated and sent to donors' banks instantly upon checkout from an NGO's online interface. This can be combined with Boutir's integrated support for digital payment channels such as FPS QR Code or PayMe to enable near-instant crediting of funds from donors to an NGO's accounts. Payment notifications are immediately transmitted back to an NGO's systems through API, completing reconciliation in seconds. Solutions such as this can be implemented in days, allowing NGOs to immediately diversify their donations streams.



*Boutir Limited ("Boutir") is an integrated partner of HSBC Business Collect and PayMe for Business.



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These solutions are just some of the numerous possibilities that NGOs can take in going digital, and underscore the momentum towards digitisation many of them have shown as a means of dealing with these turbulent times. This is truly inspiring, as it highlights the dedication our NGOs have in serving others by looking to swiftly adapt long-standing practises- which is certainly not an easy task at times. Indeed, the work that HKSAR's NGOs perform has become more essential than ever, and at HSBC Hong Kong SAR, we continue to listen to their needs and focus our efforts to design solutions that enhance their digital journeys, so they can continue to lend a hand to those who need it the most.

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