

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 assist its most vulnerable residents, and champion causes such as environmental protection.

But what enables them to be able to do this? Like any conventional enterprise, 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 these constituted 72%² of total funding for all NGOs as of June 2019.

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



HSBC

Opening up a world of opportunity

A sudden halt

Indeed, donations and grants are the lifeblood of any NGO, which makes their unimpeded collection imperative for them to continuously meet operational requirements. However, following the start of the pandemic, NGOs globally have found themselves facing drastic drops in donation volumes. This is no different in HKSAR, where 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 through numerous rounds of safe distancing measures has been a cause of this, as proceeds from these were major sources of funding.

This high reliance on physical fundraising efforts has naturally had a knock-on effect on NGOs'

collections infrastructure. Prior to the pandemic's onset, cash was king for donors in the territory- 83.4% of respondents to a 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.

As a result, some organisations¹ have found themselves with enough funds left 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 has thus been to pivot to remote outreach, either by enabling digital donations, or establishing online commercial activity to diversify funding streams. This has only intensified as HKSAR continues to combat the pandemic with social distancing measures, which has made restarting physical outreach efforts difficult. Additionally, cash could possibly see reduced popularity as a payment option even after the pandemic's end, as COVID-19 has shown businesses and consumers alike the feasibility of transacting digitally.

Considering the paper-intensive ecosystem that NGOs were operating in, digitisation may initially seem tricky. However, there are readily-available

solutions that can help organisations take the first steps on their digital journeys.

To this point, HSBC has observed greater momentum amongst NGOs towards enabling digital collections through solutions such as Business Collect, which can enable collections through a wide variety of digital payment channels such as cards, real-time payments and e-wallets in days. PayMe has also emerged as another popular alternative, with NGO clientele on the platform having grown 430⁴ over the last couple years.

HSBC has also assisted a prominent NGO's online fundraising event by enabling donations via Faster Payments System (FPS) QR code. Donors could

⁴ HSBC internal data, Apr 2022

simply scan 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 just limited to opening a greater variety of digital collections channels, though, as the NGO sector's historical inclination towards cash has typically necessitated time-consuming manual reconciliation efforts. Digitisation therefore also presents an opportunity for NGOs to automate reconciliation to expedite cash application to accounts.

One way of accomplishing this is by Application Programming Interfaces (API), which HSBC has been including as part of a larger solution for NGOs that are using services such as Boutir to set up an online presence. API enables instant initiation of payment requests to donors' banks instantly upon checkout from an NGO's site, with payments subsequently being remitted near-instantly to accounts via FPS QR or PayMe. Payment notifications are then automatically transmitted back to an NGO's systems, completing reconciliation in seconds. This can be implemented in just a matter of days, allowing for immediate diversification of donation streams.



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



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These 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. The work that HKSAR's NGOs perform has become more essential than ever, and at HSBC, we continue to listen to their needs and focus our efforts on designing solutions that enable seamless digital journeys to allow them to continue lending a hand to those who need it the most.

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