

Modern banking guide

For charities, voluntary organisations,
faith and community groups



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Please note: The availability of some product types may be dependent upon the size and legal entity structure of the charity or not for profit but they are discussed here for your awareness and information. There may be other suitable products and services available for your organisation that are not listed here and the products and services offered, along with their eligibility criteria, will vary from different providers.

Welcome to our guide to modern banking for charities and not-for-profits.

This guide is for people who manage the finances of a charity, charitable not-for-profit or voluntary organisation. The guidance here is not specific to HSBC products and services, but rather aims to inform the reader on the best ways to meet their organisation's banking needs in an evolving world.

Over recent years, there has been a great deal of change, including a societal move towards digital that has been accelerated by the COVID-19 pandemic. The way we live, work and transact will likely never be the same again, and technology continues to evolve quickly.

For charities, innovations in technology, ecommerce and communications present fantastic opportunities, while the growing expectations of the public around ease of payment, strong governance, security and sustainability increasingly shape donor recruitment and retention.

For not-for-profit organisations such as clubs and societies, governance and security are equally important and members increasingly want a diverse range of payment options. We now live in a society where manual payments by cash and cheques are still a means of making payment, but they are far less common than even a few short years ago.

Modern banking can provide a range of opportunities to ensure that charities and not-for-profits are meeting their charitable and social objectives, while also using services which align with their values. New services can innovate fundraising methods, simplify transactions, reduce costs and improve governance and transparency. This guide aims to outline some of the ways modern banking can help you run your organisation safely and efficiently and whether you choose to bank with HSBC or not, the information should be relevant to you.

Whether your organisation has local, national or global reach, this guide will provide you with options and insights into your transactional banking and financial management. Many of the banking options are cost-efficient, simple to learn and don't require large scale investment in technology to implement.

Throughout the guide we will give you hints and tips on how to get the most out of modern banking.

We hope you find this helpful.

Leo Jones

Head of Charities, Not-for-Profit and Education Organisations, HSBC UK

Created in collaboration with our industry partners:

"At CFG all our work is directed at building a financially confident, dynamic and trustworthy charity sector. Information is a fundamental part of that work. This guide is a great start for anyone looking for information about banking for their charity, voluntary organisation or community group. When you are trusted to look after money from donors, people who use your support, grantmakers and other funders, it's crucial to be able to make informed choices about your banking – and to be able to report accurately and confidently about your organisation's finances. We hope you'll find it useful."

Caron Bradshaw OBE
CEO, Charity Finance Group (CFG)



"Banks and finance providers take their social responsibility very seriously and offer a wide range of services and support to charities across the country. This guide is a valuable resource for charitable organisations and community groups to help them understand the different options available and how to make the most of them. It also provides a clear view of the innovation and developments within the industry and benefits they can bring for charities."

Stephen Pegge
Managing Director, UK Finance



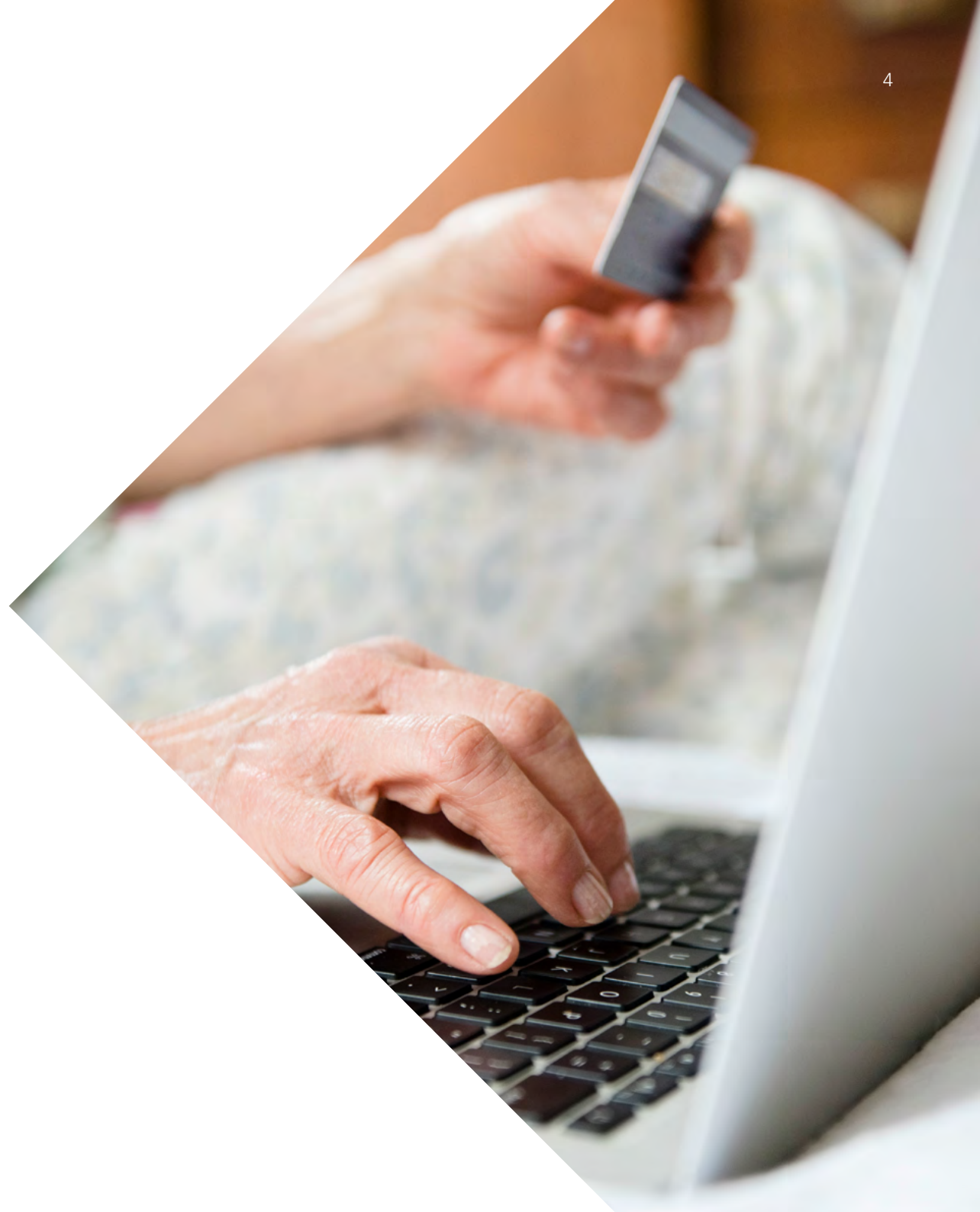
Operating your account

Historically, charities and not-for-profit organisations (NPOs) have tended to access their accounts via bank branches or over the phone, relying on paper bank statements for reconciliation of payments and receipts. Although these options are still available, developments in technology have led many people to choose to access their bank digitally through a computer or smartphone app, or by telephone.

There are many benefits to doing this which we will explore below. If you are new to online banking, it may be more straightforward than you think, with a little help from your bank to get you started.

General tips for staying safe online

- 1** Update your browser: Modern browser software adds protection against fake websites. Modern browsers warn you if you visit fake websites and it is harder for viruses to infect them. It is a good idea that you install an up-to-date web browser. There are several free ones to choose from.
- 2** Keep your software up-to-date: It's harder for viruses to infect updated software. The criminals who create viruses take advantage of software bugs to infect computers. Software companies fix bugs with free downloadable updates. You should install updates for your software as soon as they become available. Be wary of fake emails about bogus updates. Use the update software that comes with your computer – don't click on links in emails.



Most banks offer a webpage-based version of online banking for use on PCs and laptops and/or an app version, for smartphone use, usually called mobile banking. All require some form of secure log-in to protect the account and keep your organisation's funds safe and secure. We will talk more about keeping your organisation safe online elsewhere in this guide.

Services vary between banks, but generally, once logged in, charities and NPOs are able to monitor their day-to-day transactions, make payments between their accounts and pay bills. Some systems allow for more advanced options too, such as making overseas payments, searching for specific transactions on your bank statements or even paying in a cheque by taking a photo of it.

The [Charity Commission for England and Wales](#) recommends the use of dual authorisation on payments for financial control and some online systems can cater for this when making payments, but it is worth checking with your banking supplier to ensure the system meets the needs of your particular organisation. Other regional regulators may have similar guidance.

Here are some of the features most banks include:

- ◆ **Easy transfer and payment process:** Making payments electronically can speed up the process, be more cost-effective and could give better terms with suppliers. For making payments to staff or volunteers, such as payroll or expenses, using accounting software and going digital makes this more efficient.
- ◆ **Banking from anywhere, anytime:** Mobile banking offers easy-to-use features to manage your accounts and perform day-to-day transactional activities easily and securely, day and night.
- ◆ **Security and accuracy:** With secure log-ins, and many banks offering dual authorisation, mobile and online banking maintains good governance and internal financial control. The security features offered by bank partners, together with effective control procedures within the organisation, will help keep you safe online.

- ◆ **Data insights:** At a more advanced level, some accounts can provide insights into trends in organisations' cashflows, financial position and working capital. We have often found this to be an effective tool for treasurers' financial management, with additional options available specific to organisations' key challenges.

Staying safe when banking online:

- 1 Never share passwords or other confidential log-in details.
- 2 Always make sure you are using a secure internet connection to log into your bank account. Look for the 'https' at the front of the address and the padlock symbol in the browser frame.
- 3 Only visit your bank's website by entering the address in your browser or using a bookmark you have created.
- 4 Ensure you have effective and updated antivirus software and a firewall running before logging in.
- 5 Where available, set up dual authority with your bank, especially for larger transactions.

For more on staying safe online, visit [Get Safe Online](#), a joint initiative between government, police law enforcement and business. It gives free advice in plain English about internet safety. Get Safe Online offers detailed answers about online security and other useful information, including a beginner's guide and the Get Safe Online blog.

Receiving money

There are a growing number of options for receiving funds beyond traditional cash, cheque and standing order receipts. Many people now wish to pay via card or using their mobile phone and charities can miss out on income if they don't offer electronic alternatives to cash donation. Here we will talk about some of the options you may wish to consider for your organisation.

Street collectors

Street collection allows organisations to engage with the wider community, but with few people carrying cash and the traditional cash bucket becoming less prevalent, organisations are considering alternative methods to engage with their donors.

Mobile smartphone payment apps can now be paired with card readers for volunteers to take donations on the go, including via Apple Pay, Google Pay, chip and PIN, and contactless cards.

Some companies can even offer these services without the need for a separate device, so volunteers can simply use their own mobile phone with secure software.

Payment links can also be shared via email or WhatsApp, and contactless QR codes can be worn on t-shirts or displayed on organisations' collection buckets (we talk more about QR codes on the next page).



QR Codes

QR Codes are a versatile method of collecting donations quickly. They enable donors to use the camera on their mobile phone to 'scan' a QR code. They are then redirected to a mobile page and choose a donation amount.

Typically, you can pre-set an amount to encourage higher donations (such as £5 or £10, for example). Because they are just an electronic or printed image, they can be used in a variety of situations, including placed at the door or on tables at events, carried on stickers or printed on street vendors' t-shirts. It lets you create donation links quickly, with no need to worry about cash or spare change, and also reduces any potential hardware costs. Another major advantage is the ability to easily collect gift aid data to further increase the value of donations over simple cash. Many payment service providers now include the ability to create QR codes for accepting payment as part of the service.



This QR code links to the HSBC business website. Just use the camera on your phone to scan the code and then select the link.

Protecting mobile phones:

When using your smartphone for internet banking and online shopping, or to make or receive payments, it's important to secure the device.

You may want to think about:

- ◆ Setting and using a security PIN code, fingerprint or facial recognition

- ◆ Adjusting the phone settings so that it locks automatically if you don't use it for five or ten minutes
- ◆ Not storing passwords or other sensitive information on your phone
- ◆ Be wary of voicemail and text message scams
- ◆ Clicking on links in text messages can be risky - be careful

If you lose your phone report it to your mobile phone provider immediately. Make a note of your phone's IMEI number (dial *#06# to get it). This will make it easier for your phone company to disable a stolen phone. Keep this information somewhere that isn't just on your phone!

Donating by phone

Some organisations still offer to accept donations by phone, so banks provide methods of donating without cards being present. This includes sending donors a secure payment link to receive payments, which could be via social media. A further method for customers for card-not-present transactions is via a virtual terminal, which uses a hosted payment gateway. Your payment service provider can talk to you more about which option will work best for your organisation to accept payments by phone.

Charity retail shops

We know that charity shops can be cornerstones of the community and are great for donor engagement. A variety of tools can help the speed and efficiency of donations for both the organisation and the donors themselves. For example, terminals with contactless payment options which link to volunteers' smartphones can be used in some stores as an alternative to traditional counter mounted terminals. This can be especially effective where the shop is a 'pop-up' style space or is not open every day.

Online retail - hosted payment pages

On your website (if you have one), banks offer the option for you to process transactions directly. This can be both recurring donations or one-off donations, and means that organisations can avoid overheads with other payment card industry products.

Large-scale donor engagement

Organisations' donor lists can be used to engage donors automatically and at scale. Lists are uploaded to a platform, where specific parameters are selected to send donation requests to those meeting the profile. This maximises the number of donors who can be reached for fast fundraising and specific engagement. The communication could be via email or social media, or even physical post. The mailing can include methods of payment such as links or QR codes (explained above) to help make it easy for donors to make payments right from their computer or smartphone – even if you have posted them a physical letter.

When contacting people, you need to be aware of GDPR. The United Kingdom General Data Protection Regulation (UK-GDPR) outlines an organisation's responsibilities in data and privacy protection. For more information on the guidelines, refer to [Data protection: The Data Protection Act - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/data-protection-the-data-protection-act)

Organisational add-ons

When paying at a café or restaurant with self-scan facilities (or even paying by card), you will likely have interacted with a virtual charity box. This allows customers to simply add a small donation to their existing transactions via a prompt on the screen, prior to the final transactional amount being displayed. Although donations are often in pennies, this encourages little-but-often donor engagement, with top providers raising millions of pounds.

This growing method of giving could be an opportunity to discuss with corporate partnerships or local businesses.



Cash and cheque requirements

Charities and not-for-profits are sometimes required to process cash and cheques given the nature of their funding. Bringing modern banking into paper-based transactions allows charities to tap into process digitalisation and paper reduction.

Depositing cheques virtually

Many banks now provide you with the option to deposit cheques virtually, without the need to travel to bank branches or post offices. Simply log in to your app and follow the steps to scan the cheque, review and click deposit. Some limits on the volume and value of cheques paid in usually applies, speak to your bank for more information.

Depositing cash physically

NPOs have the option to deposit cash and cheques in-branch or through partners (such as the Post Office) to a cashier or via a self-service machine. With the associated travel time, we are seeing this as a less preferable option across the sector and most are moving towards virtual deposits, but it may still be necessary for those that have a great deal of cash and cheques.

Where organisations have significant volumes, some banks offer a collection service via a dedicated third party carrier, allowing organisations flexibility and security in handling their cash and cheques. With the growing cost and reduced public demand for cash, these services are becoming less popular.



Making payments

Electronic payments

Banks provide a number of methods of making payments to suppliers and employees.

The most efficient way to make these payments is usually through online or mobile banking, or by telephone banking. Within the UK, Faster Payments, BACS and CHAPS dominate transactions.

Faster Payments – An Electronic Funds Transfer (EFT), also known as a direct deposit, is the digital movement of money from one bank account to another. In the UK, EFTs are often available as Faster Payments, which can be processed in a matter of seconds. It's a fast way to send and receive low-value payments, with lower costs, commonly used on mobile apps and online banking, and available 24/7.

BACS – Previously known as Bankers' Automated Clearing Services, this is the system which businesses use to pay wages directly into an employee's account. BACS is a long-established and trusted method of making and receiving payments, particularly used for recurring payments like direct debits* and for payroll. However, it has a three working day processing time, and there may be fees for sending BACS payments via banks.

CHAPS – The Clearing House Automated Payment System is a real-time gross settlement payment system used for sterling transactions in the United Kingdom. Charities and NPOs could use CHAPS for high-value and time-sensitive payments such as to suppliers or for payment of taxes, as it can be settled in real time.

* Subject to eligibility, speak to your bank for more information.



International options

SEPA – The Single Euro Payments Area is a system of transactions created by the European Union to harmonise the way cashless payments are transacted between euro countries, European consumers and businesses making payments by direct debit, instant card transfer and credit transfers. It helps to facilitate cashless payments across borders.

SWIFT – The Society for Worldwide Interbank Financial Telecommunication is a network that allows banks to communicate financial information securely. SWIFT payments are used for international money transfers.

IBAN - Stands for International Bank Account Number, which you can use when making or receiving international payments. Your IBAN doesn't replace your sort code & account number — it's an additional number with extra information to help overseas banks identify your account for payments.

Using cards

Banks and payment service providers have a range of card solutions. Volunteers and staff can be provided with cards for purposes including travel and expenses, purchasing, fuel, accommodation, overnight stays and virtual cards via both debit and credit cards.

Corporate cards

Corporate cards are effective for everyday use, allowing you to closely track all business expenditure and make use of data analytics. They can be used for all costs incurred by business activities, including paying for goods and services. If you have specific policies, corporate cards can implement spending or transaction limits applied to provide sound control of your NPO's finances.

Purchasing cards

With purchasing cards, you can allow authorised employees (such as volunteers, staff and trustees) to pay for a range of goods and services including stationery, goods or other procurement products. The main benefit is that they do not need to request approval for the purchase, reducing administration time, but policies and card limits (such as transaction limits and limiting use to supplier categories) can be applied for financial control.

Virtual cards

A virtual card is a type of payment card which does not exist physically but can provide almost all the same services.

The lack of physical card can be more convenient, as most donors and volunteers will have a smartphone they can use, and virtual cards can be used for payments including online, in-app, in-store and mobile.

You cannot use it to withdraw cash from an ATM, but this is often not a challenge today.

Key benefits of digital payments

- ◆ **Financial management and control:** Charities and NPOs can use digital banking platforms to automate and simplify transactions, reconciliation, reporting and account management whilst keeping good control over employee/volunteer spending. Strong customer authentication on card payments helps prevent fraud and if the organisation scales up, some banking platforms can also be linked to treasury management systems to further streamline processes and reporting.
- ◆ **Fraud protection:** All banks use software designed to detect fraud, giving greater protection. Cards usually have authorising functions embedded such as a signature check or a PIN requirement to reduce the risk when making payments. Many banks also offer refunds or chargebacks if it is found that a card has been used fraudulently without the user's knowledge.
- ◆ **Working capital optimisation:** In some cases, the use of certain types of card for making payments can allow organisations to negotiate better terms with suppliers in exchange for faster payment. Some types of card, those which allow the user to settle or 'clear' the card at the end of the month, can also ease the cash flow needs of the organisation. Care should always be taken to ensure the organisation has sufficient funds to meet any payment obligations under a payment card agreement which forms a credit agreement.



Risks of digital banking

The use of digital banking opens up not only opportunities for charities, but potential vulnerabilities as well. Understanding the risks and how to protect your charity by implementing proper security measures enables charities to leverage digital transactions and protect their assets from operational errors as well as fraudulent activities.

Avoid online fraud and con tricks

- ◆ If it's too good to be true, it probably is. When it comes to protecting your money and accounts online, be wary of ridiculous deals and claims.
- ◆ Criminals may contact you by email, through websites you use, via SMS or even by phone. It pays to be on your guard as they can be quite convincing.
- ◆ If an attachment looks suspicious, don't open it. Don't install software unless it comes from a website you trust. If it doesn't feel right, take your time.
- ◆ If you suspect that there is a problem with your online banking, you can always talk to your bank first.

The Charity Commission regulates charities in England and Wales. The department's [Fraud and Financial Crime guide](#) is free and offers insight into the duties of trustees and types of risks to which charities are vulnerable.



- ◆ **Cybercrime and data risk:** Voluntary sector organisations often hold substantial amounts of personal and sometimes sensitive special category data related to their donors, beneficiaries and volunteers, which can be targeted by criminals for database breaches and misuse.
- ◆ **Fraud and theft risk:** Unfortunately, charities can be abused by fraudsters masquerading as genuine donors, volunteers or supporters. ID theft, employee errors, phishing and scamming activities add an additional risk layer for unauthorised fund movements via charities' physical cards and online business accounts. To stay alert to financial losses, charities should regularly audit and assess their internal processes, put in place a robust code of conduct regarding system access and authorisations, and provide training to administrative users who retain access to payment portals.
- ◆ **Money laundering risk:** Money laundering happens when criminals hide money gained from unlawful sources. Such risk arises when funds are moved between different accounts, people or investments. Frequent money transfers provide complexity in tracing the sources, resulting in 'cleansed' fund sources on the books. Not-for-profits are vulnerable because they can be used to 'mask' illegal activity. Today, electronic transaction channels have created additional ways to launder money, which poses reputational and financial risks to charities. The [International Money Laundering Information Network](#) is a global online network supporting governments, organisations and individuals, and can provide useful guidance to keep you up to date and protect your organisation.

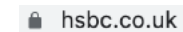
Tips on recognising phishing attempts

Learn to spot fake websites

Criminals use fake websites to con people into giving away passwords and bank details. The technical word for this is 'phishing'.

They're good at making their websites look realistic. But you can often spot the fake ones:

- ◆ dodgy-looking web addresses
- ◆ poor design, typos or bad spelling
- ◆ they ask you to do something unusual
- ◆ a site doesn't display the padlock symbol in the address bar when you log on.



Learn to spot fake emails

Criminals also use fake emails to try to steal passwords and bank details. This is another example of 'phishing'.

For example, they might send you an email that looks like it comes from your bank and it might contain a link to a website that looks like your bank's online page. When you try to log on, they can steal your password. They could also ask you to make a phone call or reply by email.

They are good at making their emails look realistic. But you can often spot the fake ones:

- ◆ dodgy-looking email addresses
- ◆ typos or bad spelling
- ◆ they ask you to do something unusual

If in doubt, check with your bank first. Avoid clicking on links in emails.

Find out more about [phishing in our fraud guide](#).

Where to find more information

- ◆ HSBC ways to bank

Visit website

- ◆ Charity Finance Group (CFG) is the charity that inspires a financially confident, dynamic and trustworthy charity sector. We do this by championing best practice, nurturing leadership and influencing policy makers.
- ◆ UK Finance is the collective voice for the banking and finance industry. Representing around 300 firms across the industry, it acts to enhance competitiveness, support customers and facilitate innovation.

Visit website

- ◆ Through work with the Arts Council of England, the government has ensured free WiFi for all via libraries in England. If you do not have WiFi, this offers a method for access. Please find more information here: [Digital skills and inclusion - giving everyone access to the digital skills they need - GOV.UK \(www.gov.uk\)](https://www.gov.uk/digital-skills-and-inclusion)

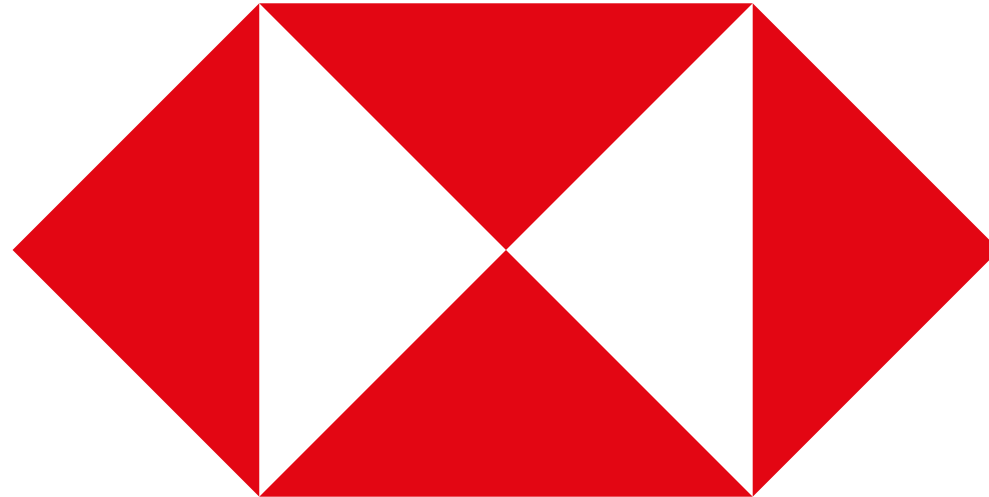
Visit website

- ◆ Libraries in your area can also help you to understand further benefits of upskilling digitally, as many libraries host initiatives in conjunction with charities and private partners.



- ◆ The Charity Commission provides a range of guidance to assist charities and not-for-profits in their day-to-day operations, including best practise for safeguarding and financial management. Please refer to the website for further detail and guidance: [The Charity Commission – GOV.UK \(www.gov.uk\)](https://www.gov.uk/the-charity-commission)
- ◆ To learn more about keeping your charity safe, please refer to our Charity Trustee Guide here: <https://www.business.hsbc.uk/-/media/media/uk/pdfs/campaigns/charity-trustees-guide-1.ashx>

Visit website



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