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NW Financial Review

Earned interest aggregation feeds philanthropic effort

EDITOR'S NOTE: William Dolan is an attorney who worked at the Securities and Exchange Commission in Washington, D.C., and in private practice at Lindquist & Vennum (now Ballard Spahr) and Briggs and Morgan. In 2014, Dolan launched the Interest for Others Foundation, an online giving platform that encourages people to donate earned interest to charity. Dolan shared the details:

Q: Tell us about the Interest for Others Foundation.

William Dolan: Interest for Others Foundation is a social giving network for community-conscious banks and their customers designed to support local charities. It pairs the electronic movement of funds with the world of charitable giving. We encourage generosity and community spirit by giving bank customers an easy way to donate earned interest to charities important to them. Our founding premise is that by aggregating many small donations, the total amount of charitable giving can be increased. Banks help us succeed by introducing their customers to our website, InterestforOthers.org. We perform all the transaction-related tasks and manage the relationships with charities. A fundamental component of what we do is the promise that 100 percent of donations (up to \$50 per donation) are paid to the charity selected by the donor without a deduction for payment processing costs.

Q: What were the origins of the idea?

W.D.: The idea of donating earned interest to charity began in 2013 when I learned that one of my checking accounts earned \$3.43 in interest for the prior year. I considered the amount so insignificant that something better could be done with it; perhaps it could be donated to charity. When I mentioned the idea to my wife, she questioned how charities could possibly benefit from my \$3.43. Such a donation could be meaningful only if my interest was aggregated with interest earned by other people. With only a limited amount of research, I learned that earned interest from just 10 percent of demand deposit accounts at U.S. banks, if donated to charity, would equal \$2.5 billion of incremental charitable contributions. So it could have a real impact, if done capably.



Q: What has the response from the banking industry been so far?

W.D.: Encouraging, but cautious. I offered the idea freely to banks, expecting my role, if any, to be merely advisory. If the idea had merit, I thought bankers would pick it up quickly and I could remain retired. I had no intention of starting a nonprofit and was not interested in developing a system for customer donations to charity. However, my meetings with large and small banks showed me there was a need to develop a finished program for their use. I formed Interest for Others Foundation as a 501(c)(3) nonprofit to perform the charity selection, oversee the aggregation of funds, and orchestrate expansion of the idea as an offering to all banks in every state.

In January 2017, I lured Mark Greene, former head of IBM's banking segment and former CEO of FICO, the credit scoring company, to be my successor as president and CEO. Working as a volunteer, Mark completed our online giving platform and developed the bank interface. He and I continue to meet with Minnesota community banks of all sizes and locations within the Twin Cities area. Some are well-known for their philanthropic attitudes. We found one — a third generation family-owned bank located in a Twin Cities suburb — to run our pilot.

Working with that bank and Jack Henry & Associates, its online banking software vendor, Interest for Others is preparing a fully integrated "single

sign-on” program which will be launched soon. It will permit customers of the bank to go directly from its internet banking site to our site to make a donation. No account numbers, confidential or personal information will be available to Interest for Others or to the customer’s selected charity, though donors may choose to share their names and contact information with the charity.

Q: Is Interest for Others working to mitigate the anticipated loss in charitable donations caused by recent tax law changes?

W.D.: Yes. We have been working hard to get legislative relief, understanding the potential negative impact of those changes.

Congress has recognized the potential for earned interest as a source of charitable giving with introduction of the Interest for Others Act of 2017, H.R. 894, pending in the U.S. House of Representatives. Its passage would help offset the damage to nonprofits caused by the increased standard deduction.

Q: Tell us about your expansion plans beyond Minnesota. Where will you go next? What does the timeline look like?

W.D.: Interest for Others held an informational meeting for South Dakota charities in March. The meeting was co-hosted by Ballard Spahr and five South Dakota financial institutions. When co-marketing agreements are obtained from approximately 30 charities, the Interest for Others website will enable contributions to be made to South Dakota charities. Once it is fully operational, we will invite all South Dakota banks to partner with Interest for Others. North Dakota and Colorado banks and charities have also been inquiring about Interest for Others; entering those states seems to be the logical next steps for us.

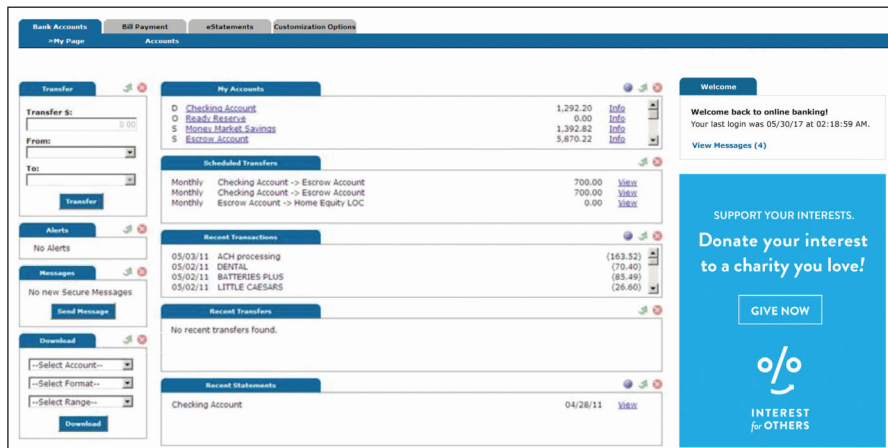
Q: What do you believe is the potential for this concept? Are there any examples of similar efforts that offer some insight? Do you have specific goals for development?

W.D.: The Interest for Others concept can be universally adopted by banks of all sizes. It makes it easy for bank customers to make donations to charities important to them, and it supports local communities where the banks do business. Our sole purpose is to increase overall charitable giving while helping banks introduce this platform to their customers.

No bank in the country does this presently, to my

knowledge. We are understandably excited about our unique offering, its potential to increase overall charitable giving and to introduce philanthropy to a new generation of donors.

There is a need for innovative programs which mitigate the loss in charitable giving resulting from recent tax law changes. With most filers using the



Bank customers can go directly to the Interest for Others Foundation website from their bank’s website to make donations.

standard deduction, it is estimated that charitable donations may be reduced by \$30 billion annually, or more.

Q: Tell us about the relationships you hope to develop with charitable organizations. How have they responded to the Foundation so far?

W.D.: When we started Interest for Others in Minnesota we were blessed by having 50 or more charities apply to be listed on our giving platform. Of those, 30 were chosen using independent rating organizations and interviews, and signed co-marketing agreements. The listed charities co-market to help drive traffic to the Interest for Others website.

Q: If bankers want to get involved or help with the effort, what should they do?

W.D.: Interest for Others seeks banks that wish to enhance their standing in the community by offering our social giving platform to their customers, deployed in a phased, low-cost, low-risk manner. Once a relationship is established, the bank co-markets with us. There are expanded efforts to drive traffic to the Interest for Others platform, such as banner ads and hyperlinks appearing on the bank’s website. In the third phase, the bank’s online banking system is integrated with the Interest for Others platform. The integration approach is tailored to the specific needs of the participating bank, with security and privacy safeguards ensuring compliance with Anti-Money Laundering/Bank Secrecy Act and similar regulations. ■