

## Digital currency for non-profits: a 360 view

Digital or crypto currency is a primarily virtual currency managed and circulated outside the regulation of a government or bank – in other words, a decentralized currency. Avoiding pay exchange rates, transfer costs and credit card charges are among the appealing user advantages, and the reason it has piqued the interest of consumers and companies alike. For non-profits however, digital currency poses some unique considerations. A form of currency used globally and managed by the people has created a level of change not everyone is comfortable with, and the need to fully understand the risks and benefits.



### What are the risks?

Long-term viability, acceptance by other businesses, legality across different jurisdictions and fluctuating currency value are all risks to be taken seriously. The reality of operating without one central authority creates more opportunity for instability and unforeseen change. Specifically for non-profits, currency value fluctuation may cause the most hesitancy given that you may already be facing limited financial resources. With a sudden drop in value, relying on digital currency could really impact the achievements you're working towards. The complications of acceptance or non-acceptance by governments may also limit what non-profits can achieve when working across jurisdictions in both the developed and developing world.



### What can I gain?

There is a confident consensus that digital currency is here to stay. A currency that is global, not managed by a single government or bank, and is independent of normal market forces such as a stock market crash, is why people are moving toward this electronically held currency. We are living in a rapidly digitized world, so an online currency would appear to be the next, logical evolution as part of the way we interact online.

For non-profit organizations, digital currency could mean a faster and more direct route from donation to delivering help by cutting out the middle man, like a bank. People may be more inclined to give if they're confident that more of what they donate is going directly to the cause. The ease of use is another important benefit, as more and more, consumers identify convenience as a top priority in how they interact with organizations. A virtual currency makes donating through a smartphone, tablet or laptop, that much easier.



### So, where do we start?

Enabling digital currency as part of your current system is a big decision, so the important thing is to start small. An easy first step is to take donations from your local community that you know and trust, and make sure—as least initially—it doesn't represent the bulk of your funds. While testing the waters of digital currency, it should not become your organization's standard currency or what you're exchanging on a regular basis. Digital currency is simply another vehicle in which people can donate, but the right adoption strategy is key.



## ***The future of digital currency***

The widespread acceptance of digital currency in non-profits will depend on a number of factors, including jurisdiction or the socio-economic maturity of an organization's environment. In the foreseeable future, we can expect to see it as a means of donation, even if limited to just an organization's Facebook page, and the use will expand from there. Because digital currency is not technically a currency, its grass roots power will be shaped by the people that chose to use it. It is likely that digital currency will become a global standard, so it's important to start understanding its value now.

## ***How we can help***

We can help you transition into this new digital landscape, shaping the market and offering advice on becoming successful in the virtual and physical worlds. Our team provides a range of consulting, tax and assurance services, specializing in customer centricity, social network, targeted marketing, big data, security, cloud computing, risk management and fraud.

### **To start a conversation contact:**

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