

Giving Circle vs Crowdfunding

15 Dec 2015, Pauline Tan

Members of a giving circle come together to make a collective decision to support selected charity(s). There are commonly two kinds of meeting format. In the first format, a few charities, usually three, are nominated and pitched by the members to their group. In the second format, charities are shortlisted by a selection committee and are then invited to make a pitch during the meeting. After the pitches are made, the final decision is often made democratically through a voting process.

For charity crowdfunding, it often happens that there is an individual who is moved enough by a charitable cause to take the initiative to pitch and launch an online donation campaign, encouraging others to donate and support the cause. There is usually a target donation amount and a timeline given before the campaign ends. Anyone with internet access and the relevant online payment can join.

Similarities

There are similarities between the two kinds of giving. Both involve a pitch to create awareness of the charitable cause and both harness the collective power to create a bigger impact beyond the impact of a single person.

Differences

There are also fundamental differences. In the giving circle, members come together regularly to engage in philanthropy. There is some commitment expected and members are often living within the same locality. The regular interactions also enable members to learn and support one another in their philanthropic journeys. Friendships are made and members also develop a deeper understanding of the charity sector through the regular pitching sessions.

Charity crowdfunding, on the other hand, is often a once off exercise. Individuals are free to come and go. Support can come from anywhere in the world, allowing it to have a wide outreach. Interactions between individuals that are donating for the same campaign is limited. At the end of the campaign, the group is disbanded.

Giving circles and crowdfunding complement each other, it is not the case that one is better than the other. Members of a giving circle might also give through crowdfunding, and to understand the strengths and limitations of each can be a useful learning experience for donors. While crowdfunding can involve a large number of people and quickly raise funds, giving circles offer the experience of engaging with charities at a deeper level.