Charity Token - Improving Trust on Charity Organizations through Blockchain Technology

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Abstract

Purpose of the article The main intention of this project is using the characteristics of blockchain technology to recover the trust on charity projects and offer full transparency to the use of charity funds.

Methodology/methods This research will be conducted with qualitative research methods including literature review and use cases. The implementation of the project will require some IT methods.

Findings The value of the non-profit sector is above $1,3 trillion. However, there is a decrease on spending in general regarding the donation sector. This decrease has mainly to do with a lack of trust on the managing organizations. Donors doubt that the donated money reaches the intended project and due to that, there has been a reduction on the general amount of money being donated.

Scientific aim Blockchain offers a great solution to this problem due to its transparency and possibility to track transactions. The charity token project aims to develop a platform, where each project needing donation can easily create a verified token with its name on it and offer donors the possibility to exactly know which project they are donating to and track the usage of the donation and the development of the project

Conclusions The implementation of this idea requires the involvement of different actors such as NGOs, financial institutions, charity organizations and maybe the state offering some regulation to the issue. Financial institutions will make it possible to exchange money to tokens when a donation takes place and to accept these tokens and exchange them into a fiat currency at the time they reach to the intended project. NGOs have already projects which are looking for donations but in the most cases the NGO receives the money and then transfers it to the project. Unfortunately, there is a huge lack of transparency in this process and as a consequence the amount of donations is decreasing. This can be avoided if the NGOs promote the project-exclusive token together with the project asking for donations. This will ensure the donors that their money can't be mismanaged by the NGO und will reach the intended project.

The Charity token main platform will check every project in cooperation with trusted partners like Transparency International before allowing them to issue a certified project-specific token. In this way every donor will be sure that they are not donating to a scam but to a verified project.

Keywords: charity, blockchain, trust, NGOs, donations, transparency, distributed ledger

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