



The Trust Layer: Why Explainable AI Is Non-Negotiable in Fundraising

*Moving beyond "black box" predictions to build
confidence and drive strategy*

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The Problem with "Black Box" AI

As Artificial Intelligence becomes central to modern fundraising, a critical question has emerged: can you trust the predictions your AI platform is making? Many platforms operate as a "black box," delivering a score or a segment without any insight into how that decision was reached. For a fundraiser accountable to a board, a CFO, and the donors themselves, this lack of transparency is a significant barrier to adoption and a major strategic risk.

This is where **Explainable AI (XAI)** becomes essential. XAI is not merely a technical feature; it is a requirement for building trust, ensuring ethical governance, and transforming predictive insights into confident, strategic action. This guide explains what true Explainable AI is, why it is fundamentally different from the outputs of Large Language Models (LLMs), and how it serves as the trust layer for your entire fundraising strategy.

What is Explainable AI (XAI)?

Explainable AI refers to a set of processes and methods that allow human users to comprehend and trust the results and output created by machine learning algorithms. In the context of fundraising, it means your AI platform can show you precisely which donor attributes and behaviors influenced a specific prediction.

Instead of simply seeing that a donor has an 85% likelihood to give, XAI shows you why. It might reveal that the prediction was driven by a combination of factors, such as:

- Recent volunteer activity
- High engagement with a specific email series
- Giving history to similar campaigns
- Demographic data points like geographic location

This transparency is the difference between a mysterious score and an actionable insight.

XAI vs. LLM "Explanations"

It is crucial not to confuse true Explainable AI with the text generated by a Large Language Model (LLM) like ChatGPT. If you ask an LLM why it placed a donor in a certain segment, it will generate a plausible-sounding narrative. However, this narrative is not based on a calibrated predictive model or a statistical analysis of feature importance. It is, in essence, a creative writing exercise. An LLM cannot provide the auditable, evidence-based reasoning that is the hallmark of a true XAI system.

Why Explainable AI Is a Strategic Imperative in Fundraising

1. It Builds Trust with Leadership and Stakeholders

Board members and executive leadership are rightly skeptical of strategies they cannot understand. When you can walk into a meeting and not only present a forecast but also explain the key drivers behind that forecast, you move from being a manager to being a strategist. XAI provides the evidence needed to justify budget allocations, shifts in strategy, and new campaign initiatives.

It replaces "the model told us so" with "we are focusing on these

donors because their high engagement and past giving patterns make them 8x more likely to respond to this appeal."

2. It Enables Smarter, More Agile Strategy

When you understand the "why" behind a prediction, you can refine your strategy in real time. If you see that "event attendance" is a major driver for sustainer upgrades, you can double down on event follow-up. If you discover that a certain demographic is being suppressed from mailings due to low scores, you can investigate whether your model has an inherent bias or if there is a new opportunity to engage that segment differently. A black box gives you an answer; an explainable model gives you a compass.

3. It Ensures Ethical and Responsible Governance

Donor data is sensitive, and its use is subject to increasing scrutiny. Operating with a black-box model that you cannot explain or audit is a significant governance risk. Explainable AI provides a clear audit trail, showing how and why decisions were made. This is essential for ensuring fairness, avoiding unintentional bias, and maintaining the trust of your donors. It allows you to confidently answer questions about why certain donors were contacted while others were not.

4. It Accelerates Team Adoption and Upskilling

For a fundraising team to truly embrace AI, they must be able to understand and interact with it. A black box is intimidating and disempowering. An explainable system, by contrast, is a tool for learning. It helps your team develop a more sophisticated, data-driven understanding of your donor file. A gift officer can see the key factors that make a prospect ready for a call, and a direct mail manager can see why one segment is predicted to respond better to a premium offer. This builds confidence and accelerates the adoption of a data-first culture.

Squark: The Only Platform with True, No-Code Explainable AI for Fundraising

While many platforms now claim to have AI, Squark was built from the ground up with explainability at its core. For every single prediction—from likelihood to give to risk of lapsing—Squark provides a simple, visual interface that shows the top drivers behind that score. This is not a text-based guess; it is a direct, auditable output from our automated machine learning engine.

This commitment to transparency means that with Squark, you get more than just predictions. You get a true decisioning platform that empowers your team to:

- **Communicate with Confidence:** Justify your strategy to the board with clear, data-backed reasoning.
- **Act with Precision:** Tailor your messaging and outreach based on the specific factors driving donor behavior.
- **Govern with Integrity:** Maintain a fully auditable and transparent AI process.
- **Learn and Adapt Faster:** Continuously refine your understanding of what motivates your donors.

In the new era of fundraising, a prediction you can't explain is a prediction you can't trust. Don't settle for a black box. Demand the trust layer of Explainable AI.

About Squark AI (powered by Market Holdings)

Squark AI is an artificial intelligence platform purpose-built for nonprofit fundraising and data-driven decision-making. The platform connects directly to an organization's existing data systems and applies automated machine learning, predictive modeling, time-series forecasting, natural language processing, and generative AI to forecast donor behavior and recommend the next best actions to improve fundraising performance. Designed as a no-code environment for fundraising teams, Squark translates complex analytics into clear scores, forecasts, and recommendations that can be deployed across direct mail, digital, and multichannel campaigns. In addition to the core application, Squark provides an API that allows organizations and partners to embed its predictive intelligence directly into CRMs, marketing systems, and operational workflows. Over the past seven years, Squark AI has helped power fundraising strategies that have generated billions of dollars for some of the world's largest and most mission-critical nonprofit organizations.

About Market Holdings

Market Holdings is a global group of companies focused on fundraising, marketing, media, data solutions, and artificial intelligence for nonprofit and mission-driven organizations. Through its portfolio of agencies and technology platforms—including Innovairre and Squark AI—the company provides integrated services spanning strategy, analytics, creative communications, digital marketing, print production, and donor engagement technologies. Together, these organizations support hundreds of charities worldwide and help raise billions of dollars annually for causes such as healthcare, climate initiatives, hunger relief, and social services by combining data-driven marketing with advanced fundraising technology.

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