How eCheck Payments Work

Written by Lauren Erdelyi

Payments can be a pain point for any business. That's why companies are increasingly turning to digital methods to effortlessly receive funds while giving customers the flexibility to pay in the best ways for them.

One highly popular choice: eChecks. This simple form of payment is faster and more convenient than paper checks and offers lower fees than credit card payments.

In this post, we'll explain how eCheck payments work and how they can benefit you.

What is an eCheck?

An eCheck—also known as an electronic check—is a digital version of a paper check. It contains all the same information as a traditional check, such as the account number and payment amount. The difference is that the data is captured and transmitted electronically from a bank account to the merchant's bank account.

How do eChecks work?

With eChecks, a payer provides their bank account information, which the payee's bank verifies to ensure there are sufficient funds. Once authorized, the payment is initiated and securely processed through a central financial network called the Automated Clearing House (ACH).

The benefits of accepting eCheck payments

As you can probably gather, there are an abundance of benefits to using eCheck payments —from getting paid faster to eliminating the need for paper checks. Not surprisingly, scores of companies are already using this form of payment: in 2022, the ACH Network processed a whopping 30 billion eCheck payments.

Below, we'll dive a bit deeper into some of the top advantages of eChecks.

Saving time

With eChecks and other electronic payments, business owners save a great deal of time. That's in large part because these types of payments reduce the administrative burden that's often associated with paper checks, including having to manually deposit and record the payments.

Although they may not offer the speed that payment methods like credit cards provide, eChecks are significantly quicker to process than traditional checks, which take about a week or two to clear. As well, businesses not only have to wait for the check to arrive in the mail, but many struggle with finding time in their busy days to go to the bank to deposit it. As a result, their cash flow suffers.

Preventing human error and fraud

When it comes to handling physical checks, there's an increased risk of human error.

Some culprits? Clients can easily misplace checks. They may drop off a check that they haven't filled out correctly, requiring them to come in again. Alternatively, a check can get damaged, lost, or, in worst cases, stolen while in the mail.

In fact, the *2023 AFP Payments Fraud and Control Survey* found that 63% of organizations reported facing fraud activity via checks, making it the payment method most vulnerable to fraud.

The good news: eChecks are significantly more secure than traditional checks. When using them, clients and sellers can be confident that their financial information is secure as all transactions are encrypted.

Giving clients what they want

In today's digital age, clients expect diverse payment options, including electronic payments and alternative methods like split billing, which allows for multiple payers on the same case.

When it comes to the legal industry, Clio's *2022 Legal Trends Report* found that payment plans (including scheduled payments) are one of the top factors clients consider when hiring a law firm, with multiple billing options receiving the fourth-highest impact score for law firm hireability. By providing more convenience and flexibility, companies can deliver better client service, attract new clients, and reach new levels of success.

Interested in learning more about alternative payments like legal fee fincancing? Read our latest blog post comparing legal fee financing and payment plans.

Growing your revenue

Offering online payments, or a variety of payment options–including the option for multiple payers on the same bill–can also help to trim costs and increase a company's revenue.

A recent report from the Association for Financial Professionals found that 62% of all respondents indicated that faster payments have very positively or positively impacted their organizations.

For law firms, offering the flexibility of online payments leads to an increase in revenue.

For example, the*2021 Legal Trends Report* found that law firms that were most successful at growing their revenue were 37% more likely to be using online payments. That's because billing and payment processing technology, especially when built for law firms, helps to expedite new casework and makes collections more easier for both clients and their firm.

Want to learn more about this topic? Be sure to check out our blog post on the revenue advantages of online payments for law firms.

Seamless eCheck processing with Clio Payments

With online payments, such as Clio Payments, law firms can easily process eCheck payments—along with many other payment options. Here are a few ways that Clio makes it easy to give clients the convenience they want and expect.

Paying a bill by eCheck

Making a payment by eCheck is a breeze with Clio Payments. Once a client receives an electronic bill, they simply select the "pay online now" button. After entering the amount that they wish to pay, they can select the eCheck payment method. That will allow them to start the authentication process by selecting their bank, entering their credentials, and authorizing the payment.

Kaitlyn Chiappetta, an Associate at the Law Office of Melanie J. Matiasek, P.C., sums up the ease of eChecks below.

“Having a client pay at their convenience allows me to not worry about marking payments as paid in Clio when received in the mail, and allows the client to not worry about writing or mailing a check if they didn’t bring one with them to our appointment,” she explains. “I no longer have to cross reference if payments are made because Clio automatically tells me.”

Creating an eCheck payment plan

Even better, law firms can take the power of eChecks one step further by setting up payment plans for clients looking for alternative payment options.

With an eCheck payment plan, clients only need to enter their information once, and the system securely saves it in their payment details for future use. This is especially useful when it comes to legal retainer fees.

Final thoughts on eCheck payments

With their many benefits, eChecks are an excellent payment method for today’s digital world. This form of payment offers clients increased convenience, while saving time and money, providing peace of mind, and improving cash flow in law firms.

Clio’s built-in payment processing solution, Clio Payments, accepts multiple forms of payments, including eChecks, allows for split billing, payment schedules, bill reminders, and more—allowing law firms to tap into these possibilities. For more information on optimizing your law firm’s payment options, discover our guide on legal payment processing solutions.

Frequently asked questions

What are eCheck payments?

An eCheck, also called electronic check, are payments that work just like a regular check—they’re just processed digitally. Payers simply enter their payment details, and the system electronically transfers the funds to the merchant’s account within a few days.

How do eCheck payments work?

A payer initiates a payment by entering their financial information—including their bank’s routing number and account number. After verifying the information, the Automated Clearing House network electronically processes money, securely transferring funds from

the payer's bank account to the payee.

About Clio

Clio is the global leader in legal AI, powering legal work across the profession, from law firms of every size to corporate legal teams, government agencies, and courts. Its Intelligent Legal Work Platform unites the business and practice of law, connecting the people, information, and processes behind legal work. Clio's AI brings the context together with legal sources drawn from Clio Library, a growing collection of more than one billion legal documents. Over 400,000 legal professionals in more than 130 countries rely on Clio to run their legal world. Learn more at www.clio.com.