7 Questions to Ask Legal Payment Processing Software Providers

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Today's consumers demand convenience and flexibility. These heightened expectations are driving a global digital transformation across a host of sectors—and the legal industry is no exception.

Legal clients want to be able to pay their fees quickly, easily, and securely. In fact, legal clients are not only looking for alternative payment methods, 70% want the ability to have a payment plan.

The right legal practice management software can make this effortless to offer to your clients. But how do you know which one to go with? Read on to find out.

With Clio Payments law firms can offer accept many different payment options such as credit, debit, eCheck and direct ACH Payments, along with the ability to set up payment plans—and so much more!

What is a legal billing software?

Legal billing software, like Clio Payments, streamlines the payment process to make it easy for clients to electronically pay their bills using a credit card, debit card, or eCheck.

Credit and debit card payments

Client credit card payments (borrowing against a line of credit) and debit payments (drawing funds directly from a checking account) are processed by online payment software in the same way.

That said, there are differences between the two. Among them, debit transactions typically have a lower processing fee than credit card transactions.

To make a transaction, the legal payment processing software solution contacts the card issuer to verify whether the card is valid. If there's enough available credit (or cash in the checking account) to cover the amount, it proceeds and the payee receives a receipt of the payment.

eCheck payments

An eCheck, or electronic check, is a digital alternative to a paper check. It includes the same details—like the account number and payment amount—but processes everything electronically, transferring funds directly from the client's bank account to the firm's.

For US customers, Clio uses Plaid to process eChecks by verifying clients' bank account details instantly, allowing funds to be transferred directly and securely—no paper checks or manual entry needed.

Meeting client expectations with online payments

Whether you decide to offer credit card options, automated recurring payments, or other online payment options such as debit card, eChecks, or direct ACH payments, expanding your payment methods is crucial for providing clients the payment experience they want. No longer considered a premium service or competitive advantage, offering online payment options has become a standard feature that clients expect.

Learn more about how eChecks work here.

The advantages of legal payment software

In addition to providing clients credit, debit, and eChecks, and direct ACH online payment options, firms using a legal payment processing solution can:

- Offer flexible payment plans
- Accept trust payments
- Maintain compliance with trust accounting rules

The benefits don't stop there.

According to the *2020 Legal Trends Report*, firms that used online payments, client portals, and client intake and CRM software saw 6% year-over-year growth during the most intense periods of the pandemic.

These firms also collected nearly 40% more revenue per lawyer compared to firms not using these technologies.

So, it should come as no surprise, as shown in the *2021 Legal Trends Report*, growing firms in 2021 are 37% more likely to use online payments.

Online payment systems also enable passive bill collection. By allowing legal clients to pay remotely at their convenience, it removes the need for someone at the law firm to be physically present to process the payments.

Legal payment processing software also:

- Automates back-end processes
- Minimizes time-consuming administrative tasks
- Increases operational efficiency at the firm

For example, once a client makes a payment, a payment system updates the appropriate billing records at the firm. It indicates exactly how much was paid, when it was paid, and if there are any amounts outstanding.

Boosting client satisfaction with online payments

Whether you decide to offer credit card options, automated recurring payments, or other online payment options such as debit card or eCheck, expanding your payment methods is crucial for providing clients the payment experience they want.

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Selecting an online legal payment solution

The marketplace for legal payment processing software can feel overwhelming. When evaluating which solution is best for your law firm, it's important to ask the right questions.

Here are the seven most important questions to ask a legal payment software provider.

1. How does your legal payment processing software manage trust accounting?

This question is critical when selecting the best legal billing software for your law firm.

It's imperative to maintain IOLTA trust compliance and keep earned and unearned funds separate in accordance with trust accounting rules.

Accordingly, legal payment software must accept client trust payments and retainers and keep them separate from the law firm's operating funds. The trust account should also be protected from all third-party debiting, including processing fees and chargebacks.

Learn how Clio Manage can help you comply with legal industry trust accounting regulations while making timely, accurate, and profitable business decisions.

2. Does your legal payment processing software integrate with a practice management solution?

As a lawyer, your time is precious. Yet, too many law firms use disjointed systems to create bills, process payments, and reconcile their firm's books—wasting valuable time and resources.

Fortunately, there's a better way.

You can simplify and automate your collection process by ensuring your legal payment processing software integrates seamlessly with your practice management system.

An integrated cloud-based legal practice management solution will automatically post transactions to the appropriate account and sync records with your accounting platform. This can:

- Reduce error-prone data entry
- Streamline reporting and tracking
- Ensure your firm gets paid on time

3. What online payment methods can my firm accept when using your legal payment processing software?

Clients today want to pay their fees using the method that is most convenient for them—whether that's credit card, debit card, eCheck, direct ACH payments, or digital wallet.

When investigating the best legal billing software, look for solutions that offer multiple online payment options. This will allow you to create a flexible, client-centered experience.

4. Can I set up payment plans and recurring charges for clients?

Obtaining legal services is stressful for many clients. The experience can be filled with barriers—and the financial burden can be particularly troublesome.

To help increase accessibility to legal services for clients, determine whether the legal payment processing software provider you select can provide a client-centered payment experience that prioritizes clients' needs. For example:

- **Payment plans** break large bills into manageable installments on a schedule that works for a client. In addition to offering much-needed flexibility, this helps you collect more of your outstanding balances. As stated above, 70% of consumers want the option to pay a lawyer via a payment plan. Making it easier for your clients to pay your firm is just another way you can support them on their legal journey.
- Similarly, **recurring charges** help clients manage their budget with predictable, scheduled payments. In turn, your firm can maintain or improve cash flow by making it easier for clients to pay their invoices on time. You can also offer **legal fee financing solutions** that improve cash flow by getting paid upfront while giving clients the flexibility to pay over time.

5. What fees does your legal payment software charge?

Comparing fees charged by online payment solution providers can be tricky.

That's largely because there can be multiple fees involved, including monthly fees, per-transaction fees, and extra fees for special cards (e.g., American Express).

When evaluating legal payment processing software providers, choose vendors who offer full transparency—so you don't get surprised by hidden fees.

As a rule of thumb:

- Credit card transaction fees are 1.5–3.5% of the transaction (that said, some cards have higher rates of up to 4.5%).
- eCheck and direct ACH transfer fees are typically lower (up to 1.5%).

Note that some legal payment processing software providers charge additional fees for processing minimum penalties, additional trust accounts, and payment card industry (PCI) compliance. Other potential charges include credit card network fees, monthly memberships, and chargeback fees.

Keep in mind that some legal payment processing solutions, such as Clio Payments, which offers simple, transparent fees, can simplify the payment process for your firm.

6. How can I give my clients confidence that their payments are safe and secure?

Credit card companies mandate PCI compliance to help ensure the security of credit card transactions.

So, be sure to verify that potential legal payment processing software providers can securely process, transmit, and store clients' card details for recurring payments. All of which should be in compliance with PCI standards.

By protecting client data with a highly secure online payment processing solution, you can assure your clients their payments are as safe as possible. You'll also be able to effectively manage fraud, disputes, and chargebacks.

7. How quickly can I start accepting payments?

When evaluating potential legal payment processing software providers, consider how quickly the solution can be operational. Is there a lot of training required to learn the software? What kind of support does the vendor offer?

A user-friendly, integrated online payment processing solution is the best path to getting your online payment and collections process up and running swiftly and seamlessly. And operational means you can start to:

- Process payments quickly
- Track invoices and payments in real-time
- Generate data-driven financial reports
- Realize a quick return on investment

For more tips on getting started with payments for lawyers, visit our payments resource hub.

Clio Payments: Your built-in legal payment processing solution with Clio Manage

You asked the questions and Clio has the answers. With the aim of providing a client-centered experience, we help you make your collections process fast, automated, and convenient for you *and* your clients.

Clio Payments makes it easy for your clients to pay bills online using a credit card, debit card, eCheck, or direct ACH payments—without the need for a third-party payment processor. Built within the powerful Clio Manage infrastructure, Clio Payments offers a faster, more transparent collections experience and a real-time view of transactions.

Clio provides a cost-effective legal payment processing solution for credit card, debit card, eChecks, and direct ACH alike. Unlike many online payment processing solutions, Clio Payments offers simple, transparent pricing. There are no hidden fees, surprise bills, or extra costs.

Clio Payments also allows law firms to offer clients payment flexibility with bulk billing, payment plans, and split billing for multiple payers–ensuring you get paid in a way that makes sense for your client.

Clio Payments now available in Canada

Since launching Clio Payments in the US, we've seen the tremendous impact of streamlining this crucial touchpoint for our customers—Law firms are getting paid faster, and the client experience is improved as well—so we're thrilled to now offer this functionality to our Canadian customers as well.

According to the Canadian Bar Association, nearly 12 million Canadians will experience at least one legal problem in a 3-year period, and few will have the resources to solve them.

- As a result of inaccessible legal services, 50% of Canadians try to solve their problems on their own with minimal or no legal assistance.
- Over 20% of the Canadian population can not access legal services.

For many clients, online payment methods and the flexible payment plans they afford may be the difference between being able to access a lawyer and not.

Clio payments will enable our Canadian customers to dramatically improve the financial performance of their firms while helping them to deliver an effortless client experience. Ultimately, this will help make legal services more accessible to Canadians.

Conclusion

As law firms move away from stagnant manual payment processes in favor of client-centered technologies like legal payment software, they can see a host of benefits, including:

- Increased operational efficiency
- Reduced labor and resources
- Improved cost management
- A better bottom line

If you aren't accepting online payments yet, you could be losing potential clients—not to mention wasting time chasing payments or processing checks. Don't let the payment process become a friction point between you and your clients. By implementing a legal payment solution, you can better maintain cash flow, get paid faster, and improve client satisfaction.

By asking potential software providers the important questions, you can select a vendor that best fits your needs. And that ultimately helps you meet all of your client-focused and ethical responsibilities.

Curious to learn how Clio can help your law firm maximize efficiency and increase revenue? Book a demo to see Clio Payments in action.

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Book a Clio Payments demo

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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

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