

A CLIO GUIDE

Everything You Need to Know About Legal Payment Processing Solutions



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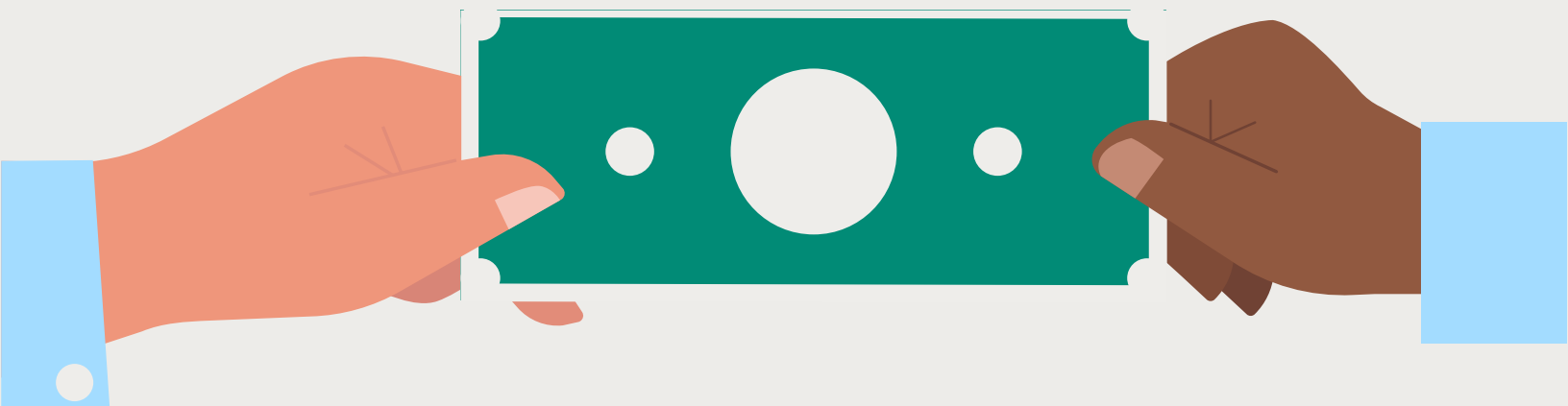
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Client expectations have changed

Client expectations have shifted as a result of being exposed to newer and better ways of accessing products and services of all types, including payment methods for legal services. The [2021 Legal Trends Report](#) found that online payments are preferred by consumers (66%), followed by automated payments (61%), and payments via mobile app (61%). This should come as no surprise given the increase in paying for items and services online due to the pandemic and technological advancements.

Offering clients online payment methods and flexible payment plans are no longer a nice-to-have, but a necessity. It's important to note that it's not only the solutions that are advanced, but also how these solutions are being implemented. Ensuring that implementation is client-centered is key to increasing the value that clients get from your legal service and a critical aspect of driving firm growth.



How law firms can benefit from online payments

The key to online payments is having fast, secure, and flexible payment options to drive business while increasing customer satisfaction. And the benefits aren't limited to clients.

By implementing online payment systems, law firms make it easy to pay and get paid—reducing collection times and increasing cash flow. However, it's important to keep in mind the compliance and regulatory requirements that are required for your jurisdiction. Lawyers must recognize this change and be prepared to deliver value not just through their legal advice, but through the flexibility of their services.

IN THIS GUIDE WE WILL COVER:



The benefits of online payments for clients and law firms



Online payment compliance and regulations you need to know



How to find the right payments solution for your firm



Taking it a step further: The benefits of an all-in-one legal practice management and payment solution





Why clients prefer to pay online



It's a no-brainer to let clients pay online, and the reason is simple: Clients are already used to paying by credit card, and using online transfers for day-to-day transactions and bills. For example, [71% of U.S consumers](#) use online banking, and 43% use mobile banking. Additionally, it is expected in 2021 that there will be [230.5 million](#) online shoppers. The bottom line is that clients are accustomed to online payment methods, no matter the service or purchase amount. And if your firm isn't changing its billing and payment processes to meet this reality, you risk losing potential clients (and possibly existing ones) to lawyers who can.

CONVENIENCE

You want to make it as easy as possible for clients to pay you. Traditional payment transactions via cash or check are time-consuming. Clients typically have to manually write a check, and go to the post office to mail it. And many people don't even have checks or stamps handy anymore: The number of checks written [declined 7.2% from 2015-2018](#), and the amount of first class regular mail sent has [decreased almost 50% since 2000](#). And your law firm has to wait for the check to arrive, deposit the check and wait for the funds to transfer.

If you accept cash, you need to meet your clients face-to-face, then deposit the cash at the bank. And like checks, many clients don't typically carry cash with them; they'll need to visit the bank first, which adds to the overall time needed to complete the transaction. In certain situations, like a pandemic, or for clients who can't visit your office, it may be difficult to arrange an in-person appointment for your client to pay your law firm. On top of this, they must repeat all these steps to make recurring payments.

The advantage of accepting online payments is that firms can send bills instantly to clients, and clients can instantly pay, eliminating travel time.

You can also create automated payments, which means clients don't need to remember when a bill needs to be paid—they'll get automatic reminders. For example, when working with a legal practice management system like Clio, you can send electronic invoices and trust requests via email or through a secure client portal.



Once received, the client can pay using credit, debit, or eCheck from any device—making it convenient and simple to pay legal fees. Firms can authorize recurring payments and automate reminders so clients are aware of their bills.

FLEXIBILITY

The *2021 Legal Trends Report* found that 81% of consumers look for a law firm that offers payment plans. If you [implement payment plans](#) and let your legal clients pay via automated payments or fund transfers, your firm will appear more attractive to potential legal clients.

Because of liquidity constraints, legal clients appreciate the option to break that retainer up into multiple payments. It's also important to remember that payment plans can be a necessity for some clients to access legal services.

Online payments are central to payment plans as it allows your clients to make automatic payments to your firm. Payment plans via credit card, debit, and eCheck payments are helpful for you too—setting up automated payments means you won't have to manually collect outstanding bills every month.

ACCESS TO LEGAL SERVICES

For most people, coming up with a required retainer amount isn't easy. Even if they have the funds, their money may be tied up in an investment or retirement account. Yet plenty of law firms still ask potential clients to pay a large amount up front, plus additional replenishments as the case progresses.

Most people don't realize they need a lawyer until they do, and it's likely that they haven't been saving up for one. By offering flexible payment plans, you're giving people the ability to get help for their most pressing problems, rather than scrambling around to find the money to afford a lawyer—or in some cases, not seeking legal help at all.





Why online payments are essential to you law firm



— The benefits to online payments aren't limited to clients—there are many ways your firm can benefit as well.

GET PAID FASTER

Giving clients the option to pay online can substantially increase how quickly you get paid. In fact, [research](#) has shown that 57% of invoices get paid within same day they are billed, and 85% get paid within a week. Getting paid faster means less follow ups with clients, and more time spent on billable hours. It also increases your firm's cash flow, giving you the ability to access more resources.

IMPROVE COLLECTION RATES

As previously mentioned, not every client can afford to pay a legal bill all at once. With online payments, you can offer clients flexible payment plans, and break large bills into manageable installments on a schedule you're both comfortable with. Using a payment processing provider allows you to schedule payment plans or recurring payments over a set period of time, or until a balance is paid. This saves you and the client from staying on top of each payment manually, and in turn, improves your firm's collection rates.

Automated payment plans also help manage trust deposits. You can create payment automations to top up trust accounts. And once again, you ditch the hassle of following up with clients and continue working on cases.

STILL NOT CONVINCED?

The [2021 Legal Trends Report](#) found that the rapid rate of online payment solutions correlates with improved collection rates among shrinking firms.



STREAMLINE ADMINISTRATIVE PROCESSES

Collecting payments online opens doors to a more streamlined billing workflow where information is tracked and processed in a detailed and transparent manner. When working with a payment solution that is integrated with your LPM, you easily see payments run in real-time and view their status immediately—giving you the power to see the processing fees you'll incur, allowing you to manage costs better. Additionally, you can easily view your financial health since payments are reflected in reporting.

CLOSE THE ACCESS TO JUSTICE GAP

For many people, access to legal services is out of reach. The [2020 Legal Trends Report](#) found that 61% of respondents said they cannot afford to deal with a legal problem, and another [study](#) found that in 2018, 39% of Americans didn't have funds available to pay for a \$400 emergency expense. This can make the difference between having a job and a home, or experiencing homelessness for long stretches of time—sometimes over an issue that's not even complicated to fix. But lawyers can make a difference.

By accepting credit cards, offering online payments, and offering payment plans, you're making legal services more accessible and affordable. And you're able to serve more clients and reach those who otherwise wouldn't have taken legal action.





How online payments work: Compliance and regulations you need to be aware of



— Before you implement online payments at your law firm, to remain compliant with jurisdiction regulations, you need to take some security measures into account.

HOW ONLINE PAYMENTS WORK

Online payments are coordinated by an electronic funds transfer (EFT), which is the process of transferring money from one bank account to another without a physical exchange. Online payment methods that use EFT include credit cards, debit cards, and eChecks.

SECURITY

The client-lawyer relationship is one that is built on trust—clients usually share deep personal information related to cases knowing that the lawyer will keep it confidential. The same applies to payments. It's your responsibility to process online payments in a secure manner that protects clients from fraud and identity theft as much as possible. When choosing a payment system ensure that the software is PCI compliant, and encrypts transfers while in transit.

PCI COMPLIANCE

Payment credit card industry (PCI) compliance is mandated by major credit card companies to help ensure the security of credit card transactions. For businesses accepting credit card payments, there are [five compliance goals](#) suggested by the industry:

1. Build and maintain a secure network
2. Protect cardholder data
3. Maintain a vulnerability management program
4. Implement strong access control measures
5. Maintain an Information Security Policy

[Clio Manage](#) takes on most of the work to reach PCI goals, for free—so law firms can practice with confidence. Clio is helping build and maintain a secure network that protects cardholder data for you. By combining that with the [security](#) and strong access authentication features that Clio offers with user management, law firms using this system get a boost in meeting their PCI obligations.



TRUST ACCOUNTING

Using a non-legal payment solution can put your firm at risk. While these solutions may deposit money correctly, they often fail to handle these transactions according to trust accounting and IOLTA rules. For example, when dealing with trust and operating accounts, the payment processor could debit the transaction fee directly from the trust account instead of the operating account in the event of a chargeback.

Law firms need a solution that is built for lawyers—one that doesn't allow chargebacks on trust accounts, and does not take fees from trust accounts. A solution like [Clio Payments](#) ensures you have separate operating and trust accounts and that processing fees are deducted from your operating account only. You'll never have to worry about an inadvertent ethics violation due to your choice of online payments provider.

ETHICS OF TAKING CREDIT CARDS

Part of the reason lawyers may hesitate to accept online payments like credit cards is that credit cards have flexible uses. Not every state ethics committee has equally addressed all the issues surrounding this flexibility. Clients can use credit card charges to pay outstanding invoices, reimburse law firms for expenses, and deposit funds into a firm's trust account. Lawyers can use charging capabilities to set up payment plans, create flexible billing options, and offer affordable options to clients. Because of these multiple uses, lawyers may need to consider how they are using credit, debit and eCheck before starting to accept them. In general, there are four ethical questions surrounding online payments, specifically credit cards, with law firms:

1. Can I accept payment for legal fees and expenses via a credit card?
2. Can I accept the advance payment of fees via a credit card?
3. Can I pass a [surcharge](#) to my client to compensate for the processing fees charged by some credit card processors?
4. Can I set up recurring charges to customers once they have stored a credit card on file with my law firm?

It is also important to check your state's [ethical opinions](#) on credit cards. However, **do not assume that a lack of ethical opinions in your state means you cannot accept credit cards or other forms of online payments.** If your state doesn't have an explicit ethics opinion, look to neighboring jurisdictions.





How to find the right payment solution for your firm



- You're likely familiar with traditional payment providers such as Stripe, Square and PayPal. However, because of the legal-specific requirements, specifically for trust accounts, a payment provider that is built for legal professionals is the best option. To be as secure as possible and get the most out of online payments solution, payment solutions should meet the following criteria.

OFFERS MULTIPLE PAYMENT OPTIONS

Providing a client-centered payment experience includes giving clients multiple payment options. As previously mentioned, clients are already using online payment methods such as credit cards, debit cards, and eCheck in other areas of their lives. Ensure your payment processor of choice supports each.

ALLOWS FOR PAYMENT PLANS

Payment plans make legal more accessible—giving clients the ability to pay in installments over a period of time rather than a large sum. Choosing a payment processor that doesn't offer payment plans can put a strain on current clients, and also deter future clients.

TAKES PAYMENTS RIGHT FROM YOUR WEBSITE OR "PAY NOW" BUTTON ON AN INVOICE OR EMAIL

The secret to increasing collections is making it as easy as possible for clients to pay. Having the power to create payment links and "pay now" buttons makes it simple for clients to fulfill an invoice. Clients and your firm should get notified when a transaction occurs, and it should be automatically synced with your accounting ledger. Look for real-time reporting—this allows law firms to immediately see if a transaction was successful, for example with refunds or voided transactions.

MAINTAINS COMPLIANCE WITH TRUST ACCOUNTING AND IOLTA REQUIREMENTS

Generic payment solutions are a risky choice for your firm, as they aren't held to the same trust accounting and IOLTA requirements as law firms. Ensure that your legal online payments software is built with these regulations in mind so you can remain compliant.



Also, ensure that the software can store clients' card or bank information securely and in compliance with PCI standards. You can use saved payment methods to set up payment plans, pay bills, create a trust deposit, charge consultation fees, and more.

And it makes it easier and faster for clients to pay. However, you may not have this ability depending on the software. For example, some providers can save credit card information for invoices but not for trust deposits or scheduled consultations—to get the most out of your payments solution, look for one that does both.

ALLOWS FOR AUTOMATIC OR RECURRING PAYMENTS

Your to-do list is long enough when it comes to payments. And if you're reading this it's likely that you're consistently chasing down invoices or struggling to keep up with billing. But it doesn't have to be this way. Look for a solution that allows for automatic or recurring payments, making it convenient for you and your clients to fulfill invoices.

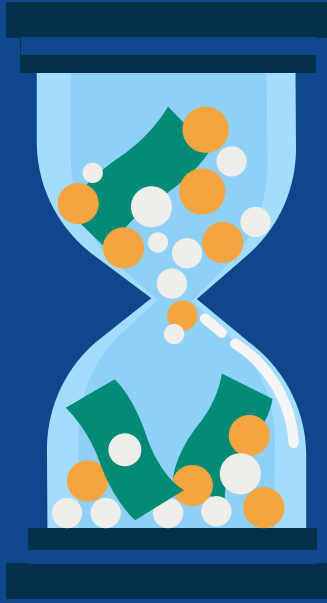
CHARGES REASONABLE AND TRANSPARENT PROCESSING FEES

No one likes hidden fees and charges. When evaluating vendors make sure you have a deep understanding of the processing fees so you can prepare business financials and educate clients accordingly.

Specifically look into monthly and per-transaction fees. Companies may choose to charge a monthly fee for their services where others may not. Per transaction fees likely will vary depending on the credit card being used, plus terminal charges. For example, PayPros Legal charges just 1.69% per transaction with no monthly fees. However, that's only if you use their terminal to process payments (you'll need to buy the terminal for \$60). Without the terminal—i.e., if clients want to pay online—it costs 2.25% per transaction or 2.99% per transaction for specialty credit cards. Whereas Clio Payments is included in every Clio Manage plan and offers simple, transparent transaction fees to help increase predictability in billing.

Not all credit card processing solutions for lawyers are the same. It's up to you to find the balance between monthly fees and per-transaction fees that works best for you and your firm.





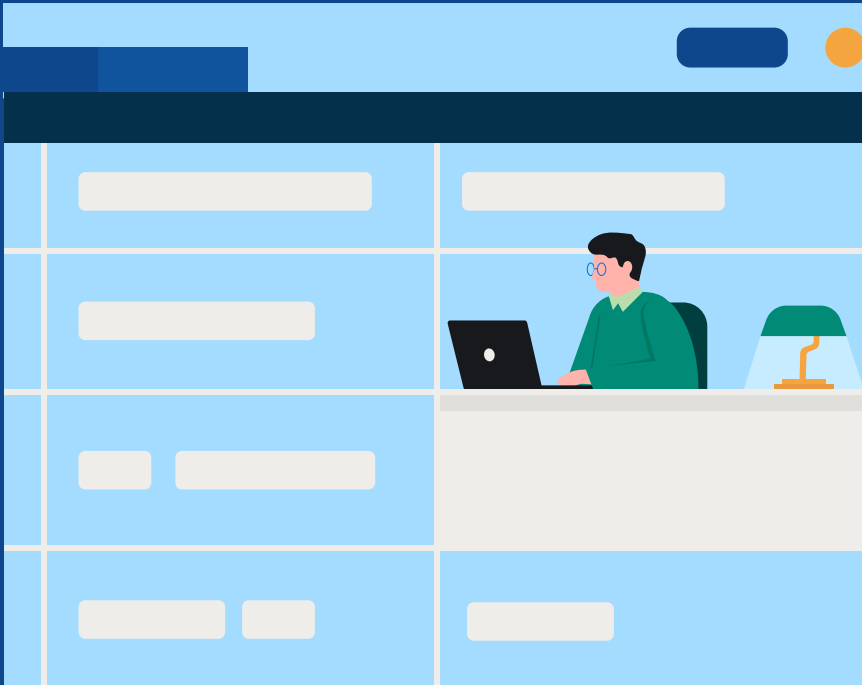
The benefits of an all-in-one LPM and payment solution



— When considering an online payment solution for lawyers, it's imperative to think about how your chosen solution will impact the other tools you already use. If you're keeping multiple windows open and entering the same information into different programs, you're wasting valuable time on a rote task—and increasing the chance of human error.

The ideal solution is an all-in-one LPM and payment software, so you can handle payments and keep your records up to date in one place. It should automatically post transactions to the appropriate matter or client account, and sync records with your accounting platform—increasing the efficiency of your firm, and decreasing the amount of manual work required to manage these transactions.





Clio Manage: Your all-in-one legal practice management solution

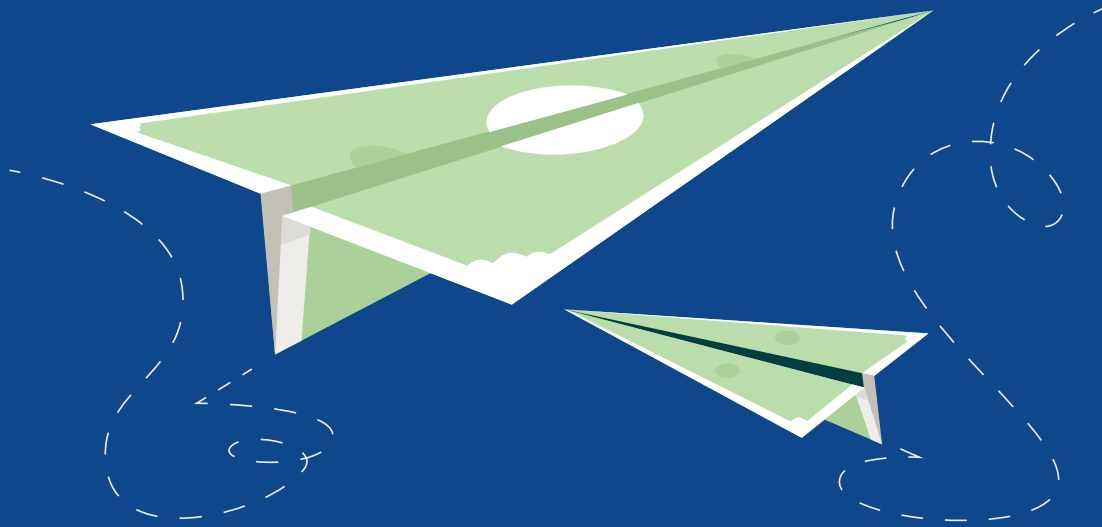


— For most clients, paying a legal bill is not easy or fun. Chances are, they have **not budgeted** for a lawyer and the legal matter they are going through is adding stress to their life. However, they've engaged you in getting their matter resolved as swiftly as possible.

Clio Manage enables you to automate and simplify admin work so you can focus on what matters most to you—your clients and your practice. Its built-in payments solution enables you to take it a step further and make it easier for your clients to pay their bill. Similar to the way your clients pay bills in their everyday life, they can now pay you using credit, debit, or eCheck.

Easily send secure click-to-pay links in your bills or on any client communication—allowing clients to pay online, saving them a trip to the bank and to your office. Payments made through Clio get automatically recorded to your client's account and synced with your ledger. Payments can be made to your trust or operating accounts, and in the back-end, Clio handles it all to ensure you remain compliant with trust accounting rules.





**You're ready to
start accepting
online payments**



— Accepting online payments gives you the ability to get paid faster, make it easier to get paid, increase cash flow, and improve collection rates. Having an all-in-one payments solution saves you from struggling with disconnected workflows by automatically posting transactions to the appropriate matter or client account that then syncs and records into your accounting platform. More importantly, meeting your clients where they are, offering payment methods (remember that 67% of clients prefer paying online) they are accustomed to is all a part of providing a client-centered service.

In this guide, we covered everything you need to know about online payments for legal professionals. You now know what legal payments are and the ethical, security, and trust accounting requirements. You also know what to look for in a legal online payments solution, and how it provides a client-centered experience that gets you paid faster and makes the payment process more efficient for your firm.

Now, it's time to do your research and actually start accepting online payments from clients.



Clio has been transforming the legal industry for over a decade with 150,000 customers spanning 90 countries, and the approval of over 65 bar associations and law societies globally.

Start collecting credit, debit, and eCheck payments today with the all-new payments feature in Clio Manage. Setup only takes a minute.

Learn more at clio.com

See Clio Legal Payments in Action

About Clio

Clio, the leader in cloud-based legal technology, empowers lawyers to be both client-centered and firm focused through a suite of cloud-based solutions, including legal practice management, client intake, and legal CRM software. Clio continues to lead the industry with initiatives like the Legal Trends Report, the Clio Cloud Conference, and the Clio Academic Access Program.