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How Embedded Payments Can Enhance Your Legal Billing Solution

Katie Langer · Thursday, November 21st, 2024

Every service-based business wants to get paid faster, and law firms are no different. Imagine [getting paid 20 percent faster](#), for example. What kind of a difference would that make to your law firm's cash flow, profitability, and ability to invest in growth?

One of the best ways to ensure an efficient billing and payment cycle is to make it easy for clients to pay — and that requires having a modern [legal billing solution](#) with embedded payments processing in place.

This allows your clients to pay directly from within their digital invoice and gives them options for payment types, such as credit and debit card payments, automated clearing house (ACH) and eChecks.

Payments-related challenges law firms face today

The ability to get paid on time requires efficient processes and software to support them — timekeeping for billable hours, effective billing templates, accurate billing cycles, and the list goes on.

But even if you have processes and systems in place, be aware of common bottlenecks that can slow down [legal billing processes](#) and negatively affect your clients' on-time payment rates — and your firm's profitability.

1. Inefficient pre-billing process

Your law practice's monthly billing process likely begins with compiling billed time and related expenses for each client into a pre-bill. If your attorneys have tracked their time diligently, this part of the process should be smooth.

Reviewing, revising and finalizing the pre-bills is where slowdowns occur. A lead attorney must review the pre-bill, add notes, and adjust costs as needed before the bill can be finalized and sent to the client.

If you have electronic pre-bill functionality in your [legal billing solution](#), you can speed up this process by automatically moving pre-bills through the approval chain.

Jennifer Landrum, office manager at Griffith, Jay & Michel, LLP, estimates it used to take her about two weeks to complete her firm's billing cycle. Using the pre-bill feature within Centerbase, she now saves a minimum of three days each month on billing alone.

2. Complicated, multi-step billing processes

Hopefully, your law firm's billing software automates many of the routine billing and payment functions, such as calculating billing interest and tax, applying existing client funds to bills, and sending overdue bill reminders. If you conduct these manually, however, you're missing out on significant efficiencies.

Electronic legal billing and payments software can [make your billing process more efficient](#) by generating draft bills, taking your firm's fee structure into account, and customizing the billing and payment process to your firm's needs.

Jane Corser, firm administrator at Latham, Luna, Eden & Beaudine, LLP, says that when her firm switched to the Centerbase platform, her [billing cycle improved](#) from 10 days to just three days.

3. Lack of flexible and easy payment options for clients

To get paid faster, use immediacy to your law firm's advantage. The sooner a client receives an invoice after services are rendered, the sooner they'll pay their bill because the services are fresh in their mind.

Even if you send invoices soon after providing services, however, the likelihood of clients paying their bill on time drops significantly if you don't make it easy for them to do so.

For example, offering flexible payment options that meet clients' needs, such as billing arrangements, printed or digital bills, online payments and multi-payor functionality, increases on-time payments. And including a "Pay Now" link within digital bills and statements makes paying even easier.

How payments challenges are being solved in the legal industry

When it comes to law firms' billing and payments processes, efficiency and flexibility are key. The best way to achieve both is to have a legal billing solution with an embedded payments feature. Embedded payments can:

- **Streamline billing and payment workflows.** Attorneys and firm admins save time by not toggling between various systems for billing and payment processing.
- **Handle payments and reconciliations in the same system.** You no longer have to use your general ledger and bank statements to balance your books. Payment and deposit records are created automatically, and funds are automatically applied to the client's bill.
- **Reduce errors and save time.** Payment processing that's embedded in your legal practice management software means tracking billable time, invoicing, and receiving payment takes place in one system.
- **Fund separate accounts.** Not every payment processing system will allow for this, but funding trust and operating accounts separately helps attorneys remain compliant with IOLTA rules.

What law firms should look for in a payment solution

When researching legal billing and payments solutions for your law firm, consider these features to help you select the right solution:

- **Embedded payments feature.** While many legal billing solutions offer integrations with payment solutions, having a fully embedded payment feature is even better. This eliminates a connection point with your legal billing solution, and your team can efficiently manage all billing and payments processes in one platform.
- **Positive client experience.** A friction-free payments process for your clients means a better experience for them, and faster receipt of payment for your firm. Make sure the system offers modern online payment options, flexible payment arrangements for one-time payments or recurring payments, and a client portal where you can communicate with clients about invoices.
- **Automated workflows.** Save your firm time with a payments system that automatically creates payment and deposit records and generates client receipts.
- **Security and compliance.** Ensure the payments capability is fully [secure and compliant](#) with all banking rules and regulations, including legal trust accounting rules.
- **No additional charge or monthly subscription fee.** If you have a standalone payments solution that integrates with your billing system, you're probably paying a separate monthly fee on top of your billing system costs. Conversely, an embedded payments feature within your legal billing solution likely has no additional charge.

Manage the Business of Your Firm with Ease

Embedding payments into your billing solution makes it easy for clients to do business with you and allows you to manage the business of your firm with automation and simplicity. Learn how you can accomplish this with [Centerbase Payments](#), powered by Stripe and embedded in the Centerbase platform. Benefits you can expect include:

- Get paid up to 20% faster and increase cash flow up to 100%
- Offer your clients the modern and friction-free payment options they desire
- Efficiently, accurately, and automatically account for all payment activities

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