



Why is POS equipment often the wrong choice for law firms?

Humans are habitual creatures. We often go with what we know simply out of habit. It's often the case that when we become accustomed to a certain way of doing something, we don't challenge why we do it that way.

Handling of payments is one of those things. Most companies, and the people who work for those organizations, are used to seeing POS equipment. Just take your grocery store as one example where you insert your card into a POS machine. Since this is the accepted norm, people often think when they need to accept credit card that they need a POS machine.

What's wrong with having a POS machines?

There's nothing wrong with having POS equipment. Physical POS terminals are reliable and familiar. However, that doesn't mean they are the best way to handle payments.

POS equipment is ideally suited to busy in-person situations where there is a lineup of people, and a need to speed people through a checkout as quickly as possible. For example, at a busy grocery store.

However, few law firms have lineups stretching down the hallway of people waiting to pay their bills. In fact, many firms even take payment details over the telephone. What happens then is that a staff member will take that information and key it into the POS machine. There are several problems with this.

- First, someone has to physically be close to the machine to use it. During Covid many staff are working from home, which can make processing payments a challenge.
- If there are a number of different staff members that need to process a payment, only one payment can be processed at a time.
- POS machines are real, physical things, and they're fairly expensive. There is a significant cost to purchasing or renting a POS machine.
- Some processors have centralized reporting for POS transactions, but some still offer fairly basic PDF reporting with little in the way of online tools to make reconciliation or other administrative tasks easier.
- Perhaps most of all, some payment processors charge higher processing costs when the card is not physically present. It used to be quite common, and is still relatively common, for some processors to provide what's called a "qualified" rate when the card is physically present, and a "non-qualified" rate when the card is not. This means that from a processing costs perspective, you may be paying higher fees when the card is not physically present and inserted into the POS machine. This is a topic worthy of its own discussion, but at a high level, the costs go up from Visa and Mastercard marginally (about 0.10%) for card-not-present transactions, but some merchants are charged much more than this by their processor.

What should I be using instead of a POS machine?

The best option for many law firms is a virtual terminal. This is a secure web page where you can login to process credit card sales. It accomplishes the exact same thing as using a POS machine, but it happens online in a regular web browser. There are a multitude of benefits to this approach.

- There is no hardware to purchase, so there are no upfront costs.
- Some payment processors (including us at www.Merchant-Accounts.ca) will provide a virtual terminal at no costs, which means there are no monthly fees either.
- There is no hardware to break, which means it can't be dropped, damaged or lost.
- You can issue as many logins as you want to different staff members. This means you can have multiple people with access (if desired) to handle payments at the same time.
- It's virtual, which means your employees can take payments while working from home as easily as if they were in the office.
- You will not be penalized from an interchange or processing costs perspective because all virtual terminal transactions are intended to be card-not-present.
- Most online payment processors have more sophisticated reporting which may make it easier to reconcile and keep track of transactions when compared to a traditional POS device.
- You have the opportunity to pair it with an online payment page. So, in addition to letting your customers take payment by phone, they can also just go online to submit a payment. You don't have to do anything (completely hands off) and you'll get an email confirmation each time a payment is received.

Summary

There is certainly a time and place for POS equipment, and it has some benefits that we haven't discussed here. For example, if a customer, card in hand - in person - comes to the office, physically enters their card, and types in their PIN, as a merchant you cannot lose a chargeback for a fraud reason.

However, in practice this just isn't a major concern because most law firms have ongoing relationships with their clients. Legal services are not the type of service that attracts fraud related disputes.

If you've ever wanted to know about using a virtual terminal you can find out more [here](#).

About the Author

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