

Online Invoicing - What Makes it Good For Transactions

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In brief

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Online invoicing provides a frictionless payment option for customers who want to choose their payment method and make their payment without worrying about envelopes, stamps, and the unreliability of traditional mail. So if you're ready to make a difference in your customers' payment experience, consider these additional benefits of online invoicing.

Quicker Payments

When customers have a simple way to pay an invoice directly from that invoice, they often do it immediately upon receipt. That means you get your money faster, too. You don't have to wait for their monthly bill paying day or for the mail to arrive a few days later (if it doesn't get lost along the way). In most cases, you get your money just a few seconds after your customer pays your invoice.

Even if they don't pay your invoice online right away, when they do pay it, you'll still get your money faster than you would if they paid by mail. When you get a paper check, you must take it to the bank to cash it or deposit it into your account. With online payments, you don't have to go anywhere to have your money deposited into your bank account. Everything is automated, so you get your money whether you can make it to the bank that day.

Better Management of Large Transactions

Invoices with large balances can be a hassle if you do everything on paper. Payments can get applied to the wrong charge, documents can be misplaced, and it can be difficult to cash extensive checks. Online invoicing keeps track of your large transactions by ensuring the customer chooses where the payment should be applied so that you don't have to assume where it goes. This makes the entire accounting process more accessible.

Online invoices can have multiple line items so that your customers receive a full breakdown of all jobs, large or small, so they have transparency in your billing process. You can ask for payment in full on receipt or offer more flexible terms by providing the ability to make payments over a specific time frame. It's simple to meet your customers where they are and still get your invoices paid on time.

More Efficient Internal Accounting Processes

An online invoicing system makes your internal account processes more efficient because the accounting team isn't having to search for paper invoices, match them up to payments, and file them. Instead, they can track real-time payments, monitor outstanding invoices, and follow up with slow-paying customers from one central online location.

Sometimes, with a manual invoicing process, you don't realize a problem with an invoice or payment until long after you think the invoice has been paid. But, with an online invoicing system, you'll know immediately if a payment doesn't go through or is rejected because the system will notify you. This means your accounting team can quickly rectify the situation rather than wait days or weeks to contact the customer.

Lower Costs

There are costs associated with accepting online payments. Still, they are typically lower than credit card fees, which means every time a customer chooses to pay an invoice online, you're saving money. Bank transfers, ACH payments, and other debit methods usually have between a 1% and 3% fee, generally less than the standard 3% and up for credit cards. It may not seem like a lot, but the savings add up.

Payment Variety

When you only accept checks by mail, you're limiting how your customers can pay, which means if they cannot pay by check, you don't get your money. If you are paying using online invoices, most online payment processors accept a variety of payment forms, including checks (which are converted to automatic withdrawals or ACH payments), payment apps (like Venmo, Cash App, and Paypal), credit cards (Visa, Mastercard, American Express, Discover), and direct bank transfers.

By giving your customers a choice on how to pay their bills, you are essentially saying, "I don't care how you pay as long as you pay." After all, it doesn't matter what payment form your customer uses because it's all converted to money in your bank account. But, when you give them choices, they are more likely to pay using their preferred option rather than putting you off.

Conclusion

Customers are getting more and more tech-savvy all the time, and they want easy, seamless ways to pay their bills. Online invoicing benefits customers by giving them what they want, but it also benefits you by getting you paid faster at generally lower costs. It's truly a win-win option!

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