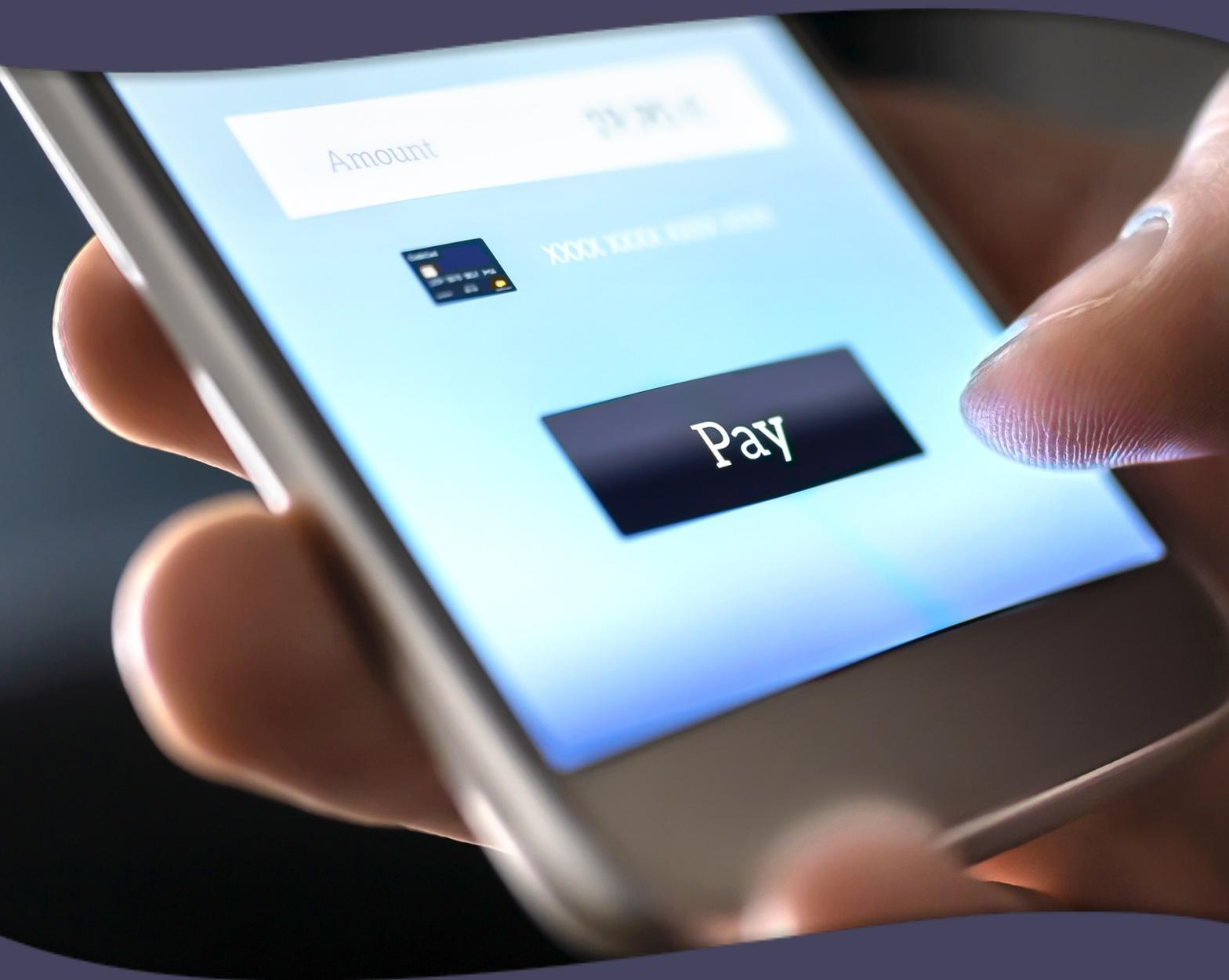


The Essential Guide to Online Payments for Law Firms



Law firms, it's time to wake up to the benefits of online payments

I recently found myself requiring the services of a law firm. When it came to making a payment, they sent me a very complicated three-page invoice with no instructions on how to pay. With no idea what I was supposed to pay, or how I was supposed to pay for it, I eventually had to call them for an answer - costing me my time as well as theirs. I was told to set up a bank transfer (using bank details that had been sent to me in a separate document to the invoice) as I didn't feel comfortable reading out my card details over the phone. Unsurprisingly, this was neither convenient nor quick for me to resolve.

When speaking to others, this emerged as a common theme. Paying for legal services can be a time-consuming and out-dated experience.

Most law firms are out of touch with what the average consumer does, how they act and what they want. For many years now, clients have become accustomed to using online payment methods in every aspect of daily life - a fact which was only accelerated by the COVID-19 pandemic. If your firm isn't meeting client expectations, you impact your ability to win and retain clients.

Law firm clients aren't the only ones missing out, though. Finance and accounts teams spend several hours a day ringing clients and taking phone calls just to get invoices paid. When your team spends a huge amount of time chasing payments and managing associated admin, instead of completing billable work, how much further can you really expect to grow?

Here at Legl, we believe the maths is clear: if you give consumers a convenient and simple way to put money on account, they will convert into clients quicker. They will also pay their bills quicker. And you will have better cash flow as a result.

It doesn't take weeks to implement a digital payments solution, and it doesn't cost a fortune to maintain. It takes less than 24 hours to get up and running, and you'll be future-proofing your business for a long time to come.

Today's clients expect more. Other industries have evolved to meet client expectations, and it's time the legal sector matched that evolution. Law firms which seize the opportunity to implement tech solutions that offer customers best-in-class service have a competitive advantage that will enable them to grow, compete and win.

Will your law firm be one of them? Read on to find out!

Lauren Watson, VP of Legal Partnerships, Legl



The state of online payments in 2022

Payment methods and their popularity have always changed over time. But with the advent of COVID-19, new concerns over safety, convenience and necessity have seen the world migrate towards online payments faster than ever before.

If people can pay for everything from their food shop to their gym membership online, then law firms have no excuse not to offer the same level of convenience. The numbers don't lie.

The Legal World



80% of clients expect to be able to pay their invoice online.



Only **34% of recent law firm customers** said they had the option to pay using digital card payment methods.



38% of consumers give up on getting legal advice if they cannot afford to pay for it.



93% of law firm customers believe it's important their lawyer uses technology to make dealing with them easier and less expensive.

The Wider World



Over half (52%) of all payments in the UK were made using cards in 2020, a quarter of which were via contactless methods.



32% of adults had registered for mobile payments (aka 'digital wallets') in 2020, an increase of 7.4 million people from 2019.



A quarter of UK adults used mobile payments in 2020.



65% of consumers reported that they would prefer to use contactless payments as much as, or even more than, they did prior to getting a vaccine for COVID-19.

Connecting the dots: the benefits of online payments to both you and your clients

Convenience. Security. Flexibility.

Those three words are the cornerstones of online payments. They represent every reason why you should be integrating more digitally-friendly payment methods into your practice, enabling your clients to transfer their money in a way which is both safer and more intuitive to use.

What's more, those benefits aren't just for your clients. They go both ways. In other words, what's convenient, secure and flexible for your clients is also convenient, secure and flexible for you.

	The Client	The Law Firm	The Proof
Convenience	Enable clients to pay their bills at a time that suits them, on a personal device of their choice and in as few steps as possible - no matter where they're based.	Collect payments faster and maintain a healthier cash flow. Streamline Accounts Receivable operations with simple reconciliation for finance teams by collecting all the correct information about the payment.	Online payments require two steps and an average of 90 seconds to complete. BACs transfers require eight steps, nine minutes to complete and often a card reader to set up the initial bank transfer.
Security	Provide strong customer authentication (SCA) and allow clients to make payments with confidence by using their credit or debit cards.	Improve the safety of your client's data, protect against cyber attacks and avoid the financial and reputational consequences of a security breach.	2/3 of consumers rate safe and secure payments as the most important factor in online checkout processes.
Flexibility	Support simple payment options and make your services more accessible by enabling clients to pay their bills in a way that suits them.	Maintain high levels of customer satisfaction and reduce the confusion around payments to ensure you get paid on time, every time.	71% of consumers believe having multiple ways to pay a bill increases their overall satisfaction with a service.

What are the other benefits to your firm?

- ✓ Removing the need to manually chase payments and saving a huge amount of time for finance/accounts teams as a result
- ✓ Surfacing real-time data for a better overview of payments coming into the business
- ✓ Enabling direct payments straight into client/office account as required
- ✓ Ensuring better tracking and reconciliation using payment references
- ✓ Enabling finance and credit control teams to focus on higher value activities instead of wasting time following up manually with clients to provide them with receipts or other details
- ✓ Removing the risk associated with taking payments over the phone and making processes more compliant

A beginner's guide to digital wallets

Digital wallets have been around since 2011, but a surprising number of people and businesses (law firms included) still don't know exactly what they are.

In simple terms, digital wallets allow users to store all of their important cards and payment information virtually within their smartphone, watch or tablet.

Still struggling to picture it?

Imagine taking a picture of your wallet on your phone, having it stored securely under password, fingerprint or biometric protection, and then using that picture to pay for daily purchases as if it was a real wallet.

As well as taking up less space in your pocket, digital wallets are also protected by a fingerprint scanner or facial recognition and the user's information is highly encrypted, making them more secure than physical debit or credit cards.

Why should your law firm care about them?

The data shows that digital wallets are becoming more and more common, at an ever-increasing rate. They are extremely convenient to use, and supporting them will dramatically improve your chances of being paid on time. After all, **studies have shown** that people are more likely to forget their wallets than their phones.

Plus, with the rise of scams and fraud in today's fast-paced world, most consumers aren't comfortable with reading out their card details and security number during a phone call. Digital wallets let them avoid that.



Although digital wallets are admittedly more popular amongst younger generations, it's important to remember that these younger individuals are the clients of the future. If you aren't prepared to meet their payment expectations now, will you be ready when they eventually need you?

How popular are they?



The number of unique **digital wallet users** could exceed 4.4 billion globally by 2025, up from 2.6 billion in 2020.



The **total amount spent** through digital wallets is expected to rise from USD \$5.5 trillion to \$10 trillion in the same time period.



32% of mobile wallet users have three or more active cards contained on their phone (e.g. Apple Pay or Google Pay).

Introducing Pay by Bank

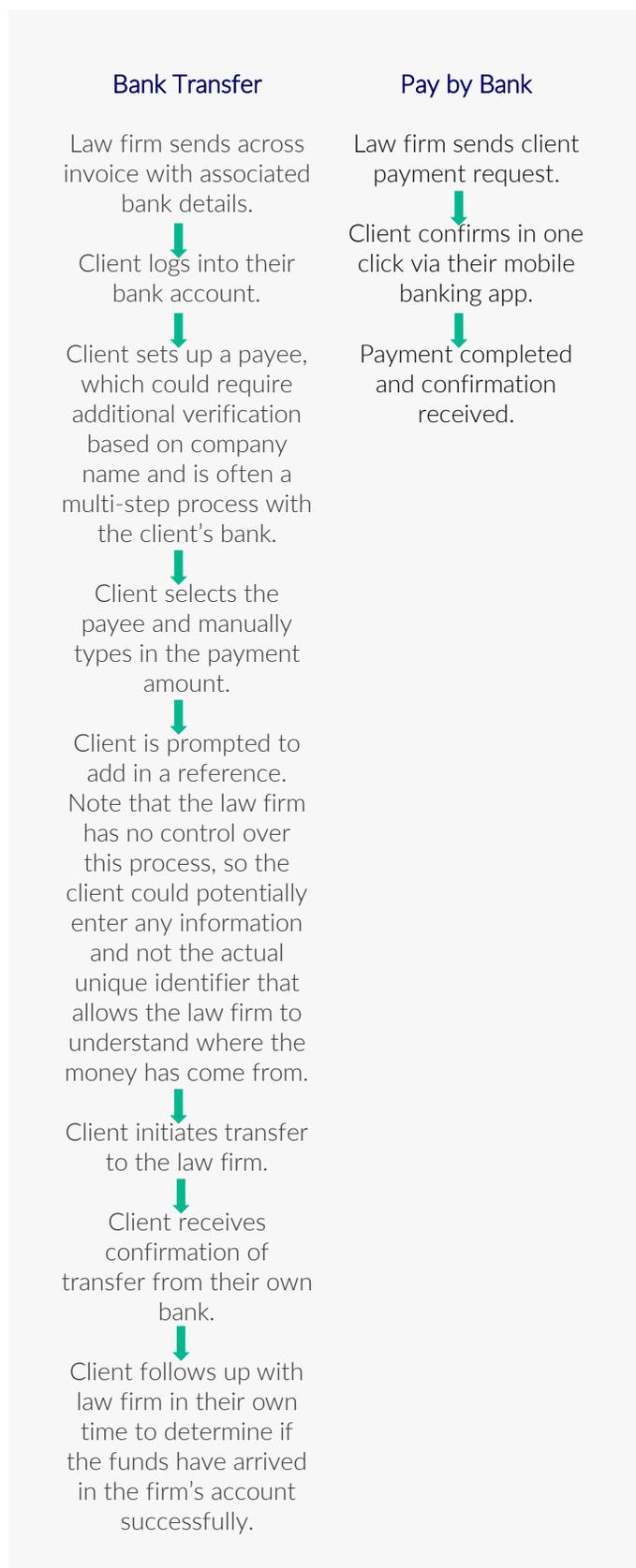
Setting up a bank transfer can be a long and tedious process. There's a lot of stress around typing in the correct account number and sort code, there have been plenty of high profile scams involving bank transfers and they can be tricky to set up (especially if you can't find your card reader!).

But now there's a new kid on the block. One which offers convenience, security and flexibility without any of the logistical drawbacks.

Introducing Pay by Bank: the payment method of the future, here today.

Pay by Bank enables bank-to-bank payments to be confirmed instantly and securely by you and your clients, in real-time. With no need for the payee to manually enter any complex reference information, instant bank pay simplifies the entire payment process for both you and your client, prioritising speed while also drastically reducing inaccuracies.

The result? Less time spent chasing payments, and a smoother customer experience for your clients.



Instant payments, instant benefits

✓ It's faster

Rather than logging into online banking separately, Pay by Bank seamlessly connects your client with your firm's bank. The secure transaction can be completed in a couple of clicks—and it clears instantly!

✓ It's cheaper

The likes of Visa, MasterCard and Amex all come with payment processing fees. Pay by Bank cuts out the middleman, making it cheaper for you to support convenient, digital payment methods and take larger payments in an affordable and secure way.

✓ It's more accurate

Pay by Bank automatically fills all the important details, reducing the chances of clients inputting the wrong information, payments going astray, or individuals being defrauded. Remove the dread of sending money to the wrong place and never seeing it again.

✓ It's smarter

Traditional bank transfer options rely on the consumer to manually enter reference information which can cause headaches down the line for law firms when identifying where the money has come from and which matter it's associated with. Pay by Bank functionality removes this hassle as all payments include matter reference/client reference numbers to facilitate simple reconciliation.

Staying secure in the world of online payments

With great payment power comes great responsibility. Online payments are subject to a host of cybersecurity considerations and legislations, and these are especially stringent in the legal industry. Whether it's a case of someone accessing sensitive data or hijacking your emails to send clients fraudulent bank details, cybersecurity breaches can be of huge financial and reputational damage to your law firm.

If you want to avoid that, here are five of our top tips for improving the security of online payments in your law firm.

5 steps to a secure online payment

1. Comply with PCI

While online payments are infinitely more secure than taking payments over the phone, you still need to ensure that your payment software of choice is PCI compliant. This means any transfers you receive are encrypted in transit, and that this is a regulatory requirement.

2. Host it securely

When integrating an online payment system, take care to host it in a secure environment with all the correct safeguards in place. Not sure if you're safe? Look for a Secure Socket Layer (SSL) certificate to confirm whether your data exchange is encrypted.

3. Double down on authentication

You can't protect against data loss and fraudulent transactions without Strong Customer Authentication (SCA). Make sure that SCA is enabled for all digital

payments - it's convenient for your customer as well as safe.

4. Be responsible with your customers' data

You don't need to see your client's full card information, and you shouldn't be writing that down or processing that information manually. With a good payment processor, your client's card data will be encrypted so that your finance team only sees the last four digits of the card number and the type of card they paid on. Trust goes both ways, after all.

5. Train your staff

Employees can be your biggest asset in combating cyber threats, but they can also be your biggest weakness. **Only 64% of UK organisations** provide formal cybersecurity training to their employees, but studies show that effective training can **reduce the risk** to an organisation by 70%.

Did you know?

The average consolidated total cost of a data breach in the UK is **£2.37 million**, and **15% of law firms** globally show signs of a compromised network!

What is the biggest risk?

The biggest risk to your law firm (in our opinion) is that your communications are intercepted and client money is directed into another account. You can eliminate this risk by providing your clients with secure payment request links that enable them to pay securely online by card while going through the SCA process.

Alternatively, you can enable them to pay with Pay by Bank, where you don't need to share bank details in writing and where the client has protection via facial recognition or fingerprint to confirm the payment.

Managing your cash flow

Cash isn't king. But your cash flow is.

Although cash flow is consistently raised as a key priority for law firms, a worrying number of them still struggle to maintain a healthy level of cash in their business.

You don't need to look hard to find out why. Inconvenient payment methods and inefficient billing processes result in an unnecessarily long lock-up period (the time it takes to convert "work-in-progress") and long average invoice payment times (often 6 weeks or more). In other words, law firms take too long to bill for their work, don't receive invoice payments quickly, and have less control over their incoming funds as a result.

The longer it takes to get paid, the more dramatic the negative impact on your firm's cash flow could be. The longer the delays in receiving payment and having cash in the bank, the longer it takes you to reinvest that cash on new hires, new tech, marketing material/business development or other areas of business growth. Improving your cash flow is therefore essential to growth.

So how do you improve your cash flow?

- ✓ Use digital payment methods to make it quick, simple and easy for clients to pay
- ✓ Allow for partial payments and bill for work regularly rather than in one lump sum
- ✓ Enable tighter credit control and chase bills earlier and more effectively
- ✓ Improve forecasting and visibility over payments, either through new hires or new tech
- ✓ Harness data to understand friction, gaps in processes, and opportunities for process improvement

Counting the cash flow

55%

of law firms **don't have enough cash** to cover one month's operating expenses

60 days

is the **average invoice payment time** across UK law firms

8 hours

is the average time it takes for invoices **to get paid** when firms include a link to pay

A payments solution built specifically for law firms

Law firms don't work like most other businesses. There are different processes to follow, different regulations to meet and different traditions to uphold. As a result, law firms need to employ technology that is uniquely tailored to their requirements.

Online payments are no different. That's why, as the only legal industry specific provider of digital payments, we've built Legl from the ground up to integrate seamlessly into everyday life at your law firm.

An industry-recognised, trusted and secure technology platform

- ✓ Rather than managing developer costs and plug-in charges yourself, we build a **firm-branded portal that embeds directly into your website**, and we deliver it within 24 hours of signing the contract.
- ✓ Leverage **client-centric technology** that drives a valuable customer experience.
- ✓ Get closer to **client behaviour and patterns** with detailed insights, like what percentage of client payments are made outside of office hours.
- ✓ The way we process payments is **compliant with all the relevant and stringent legal requirements**, for a smoother bookkeeping process in the long run.
- ✓ **Drive efficiencies across client experiences** by leveraging digital technology and supporting remote clients.
- ✓ We **never deduct payment processing fees at source**. That means that money is received 'whole' into the client account, and firms can pay separately for the payment processing.
- ✓ Review **out-the-box reporting and get rich insight** into payment performance, to identify opportunities for improvement

- ✓ The Legl platform captures and stores all the case information associated with a payment and provides you with comprehensive bank transfer summaries to **make payment reconciliation easier and faster**.
- ✓ Understand seasonality and **perform better forecasting** as a result. Identify how quickly it takes for clients to pay their bills and understand the lifetime value of individual clients.

What Legl customers have to say

"I just wouldn't be able to cope if we didn't have Legl's online payments tool. Before, I wasted hours calling, chasing and following up with client payments."

Karen Marsh, Director, **RG Law**

"I love simplicity, and I've seen the team reduce their stress levels because they're not having to chase clients constantly. Everything has been so simple - the change and implementation was so smooth and so slick."

Natasha Boyland, Head of Compliance & Risk, **Woodstock Legal Services**

"Our internal credit control team uses the individual links functionality in the Legl platform and includes them in the credit control letters to clients. We've seen a reduction in payment time from a matter of weeks to just a day in many cases."

Helen Strachan, Practice Manager, **Burnett & Reid**

"We don't have card machines anymore - all of our clients are able to make payments online or through the tablets that we have in the offices instead, which is saving us money."

Ian Bury, Sales & Marketing Manager, **GloverPriest Solicitors**

"With Legl and the flexibility that they offer, there was literally nothing to lose. I can't stress how important this is in this marketplace - I have been chasing the holy grail of data providers for 10 years now, and I have never come across the service and flexibility that Legl offers."

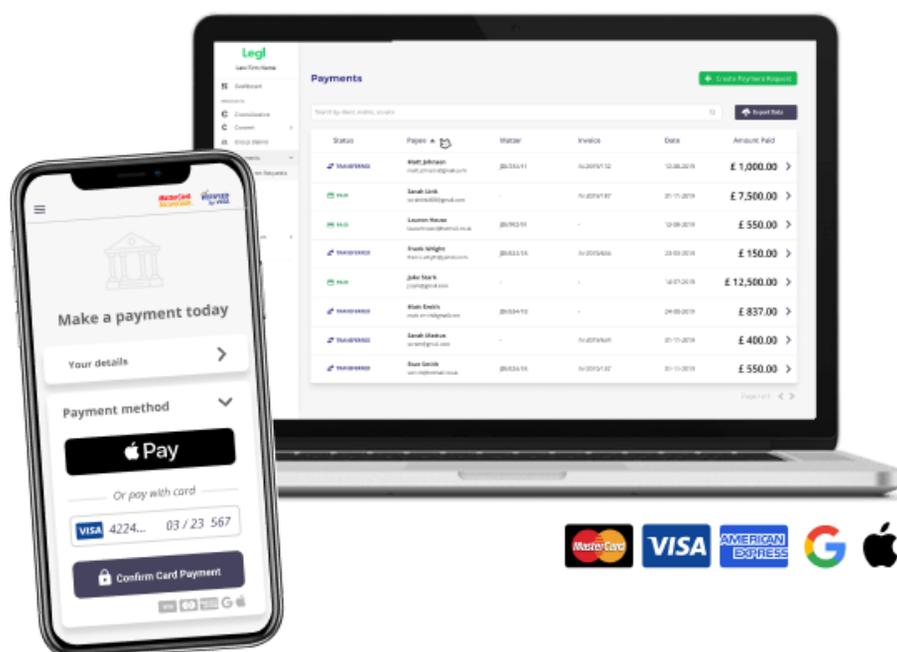
Jamie Abrahams, Operations Director, **Harold Benjamin Solicitors**

"Legl's solution gives our clients confidence in the payment process. The entire user experience is designed to set clients at ease - from the client-facing flow to customised firm branding. [And] with Legl's online payment solution we reduced our debtor days and improved our working capital cycle. It's had a hugely positive impact on our firm."

Barry Davies, Director, **Douglas-Jones Mercer Solicitors**

Stop wasting time, and start getting paid faster

For more information on how you can leverage online payments to improve efficiencies and client experience at your law firm, get in touch with Legl today.



Legl is the leading, award-winning provider of an online payments solution built specifically for legal services. Using Legl's payments tool you can get paid faster, receive payments securely and reduce administrative time, all while giving your clients a better experience and more flexibility. You can find out more by visiting www.legl.com/payments today.