Getting Paid in 2020:

What Lawyers Need to Know

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The Practice of Law and the Digital Revolution

> *Some experts believe we're on our way to a cashless, checkless society.*

Even as you read this, accelerating technological innovation continues to reshape entire industries. The Third Industrial Revolution, or the Digital Revolution, which has brought a proliferation of software tools and reshaped the way we communicate and conduct business, is still impacting industries as more and more services become digitized, virtualized, and mobile.

We've seen traditional bookstores rocked over the past decade with the rise of Amazon and other online media retailers. Streaming entertainment companies like Netflix and Hulu have rendered businesses like Blockbuster irrelevant. The taxi industry has been remade with the rise of Uber, Lyft, and other ride-sharing startups. Even the legal industry has had to adapt to an increasingly digitized world, with software solutions for timekeeping, document organization, and practice management changing how lawyers conduct their daily practice.

How people pay for things is changing, too. Just thirty years ago, it wasn't uncommon to see "cash only" signs in storefront windows. Today, payment methods like ApplePay, Android Pay, and Google Wallet have proliferated. Peer-to-peer payment apps like Venmo are gaining popularity, and cryptocurrencies like Bitcoin are roiling markets and disrupting the financial sector. Still reigning supreme are the major credit card brands, Visa, MasterCard, and American Express.

Some experts believe we're on our way to a cashless, checkless society. With so many digital payment options and the convenience they bring, it's no surprise online payments have become the norm and most people's preferred payment method.

Data shows electronic payments continue to dominate

According to a recent TSYS survey, 75 percent of people now prefer to pay with a credit or debit card. Research from Fiserv found that 74 percent of households that have internet access report having paid bills online, 79 percent of consumers have switched to paperless billing, and 70 percent say having multiple ways to pay a bill increases their satisfaction with the biller.

75% of people *prefer* to pay with a credit or debit card

What it comes down to is people want more online payment options, and the businesses that deliver these make customers happy.

Research also shows more people are giving up checks altogether. According to one survey, over half—55 percent—of consumers don't use or rarely carry checkbooks. Most people never write a personal check or only do so a few times a year, and among the youngest cohorts, the data is even more stark: 61 percent of 18- to 24-year-olds never write checks. Another survey found 52 percent of Millennials—who will turn 21–37 years old in 2018—never use checks. And the number of bills paid by check fell 20 percent from 2010 to 2016.

55% of people don't use or rarely carry checkbooks

Expectations of businesses are shifting, too. Like it or not, all businesses are now being held to the higher customer experience standard that leading companies like Amazon are setting. TSYS found 65 percent of people expect to be able to pay with a credit or debit card from a biller's app or mobile website, and 79 percent expect service providers like you to offer the same payment options as large national companies.

65% of people *expect* to be able to pay with a credit or debit card

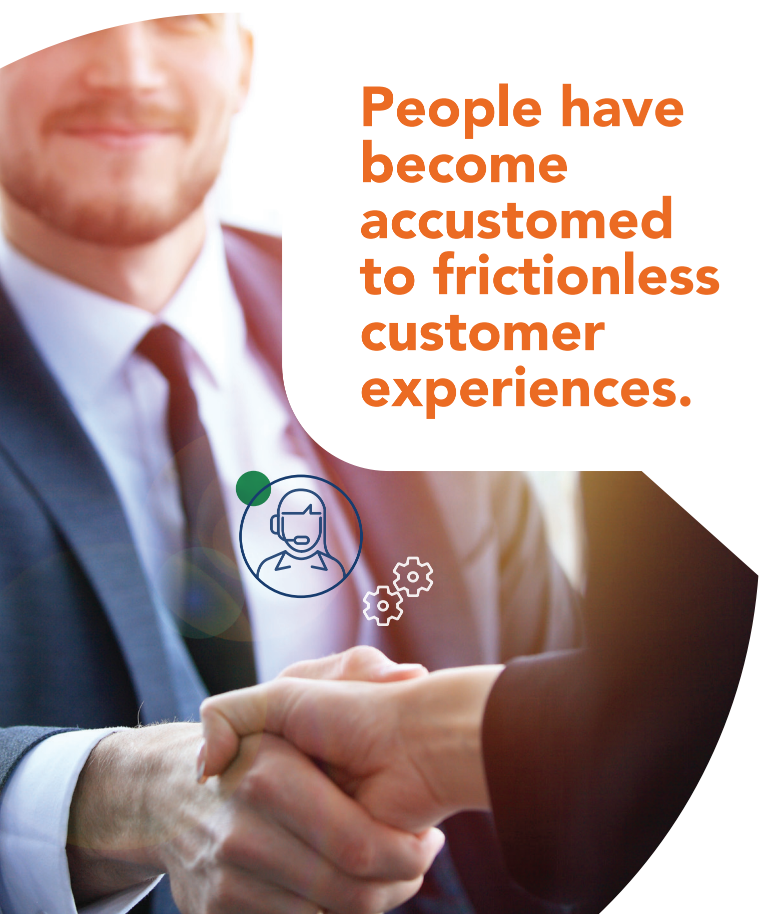
The bottom line? Your professional reputation is at stake. Clients don't expect you to be wrestling with stacks of paper and crunching numbers on a retro calculator. They expect you to use the latest tools, processes, and technology available to you to handle their legal issues adeptly and efficiently. Furthermore, if you're only offering traditional payment options like cash and check, your clients might wonder whether you've kept up with the latest legal developments and processes, as well. These days, running an old-fashioned office doesn't instill confidence.

You want to be seen as modern, technologically competent, and easy to work with. Modern online payment tools are one key aspect of that, allowing you to show clients and prospects that you're not afraid of the innovations brought by the Digital Revolution—you've embraced them.

What Makes a Modern Client Experience

In today's tech-focused world of instant gratification where we all have a computer in our pocket or purse, people have become accustomed to—and spoiled by—frictionless customer experiences. So what exactly does that mean?

People have become accustomed to frictionless customer experiences.



The term "frictionless" here refers to fewer steps, simpler interactions, and fewer barriers to completion for customers or clients. Let's return to those three businesses we mentioned earlier: Amazon, Netflix, and Uber. Amazon eliminated the need to go to a store, reduced the research burden on consumers by using data to present them with products they'd like, and pioneered the "one-click ordering" process to nudge customers toward faster, more seamless check-outs.

Netflix eliminated the need to go to the video rental store, provided instant gratification, 24-hour service, and completely streamlined and digitized the movie-ordering and payments process. Uber eliminated the traditional first step of ordering a ride—the phone call—along with the transactional, physical payment step where cash or card changes hands, resulting in optimizations for speed, efficiency, and service.

But those are trendy, innovative technology brands. How does this apply to you? Well, professional services firms can also look at all of their client interactions and identify ways to remove friction at each step.

One way to remove friction from your billing and payments processes is with a modern online payment solution. It allows you to simplify billing and payments interactions and remove barriers to completion, so that your bills get paid faster and more reliably. Here are some of the ways online payment tools reduce friction in your client experience:

Eliminate paper bills

If you're still asking clients to wait for a paper invoice in the mail and then send in a paper check, you have a big opportunity to clean up and streamline those processes for the modern age. A digital solution is faster, simpler, and even creates a cleaner, more manageable "paper trail" for clients—because it's all online. Clients can search their email for past bills, rather than pawing through paper files.

Stop requiring payment by check

People have grown so accustomed to being able to pay with plastic or with the click of a button that they expect to be able to, which is why so many no longer carry cash or checks. For prospects who don't use checks, a demand for payment by check can be akin to a door slam that forces them to find another lawyer.

Assistant Director at the Zinda Law Group Christie Feyen loves the convenience an online payment solution provides to her clients. "We run our bills biweekly and so it's the most convenient way for our clients to pay their bills on time. It's quick, it's easy, and there's no hassle."

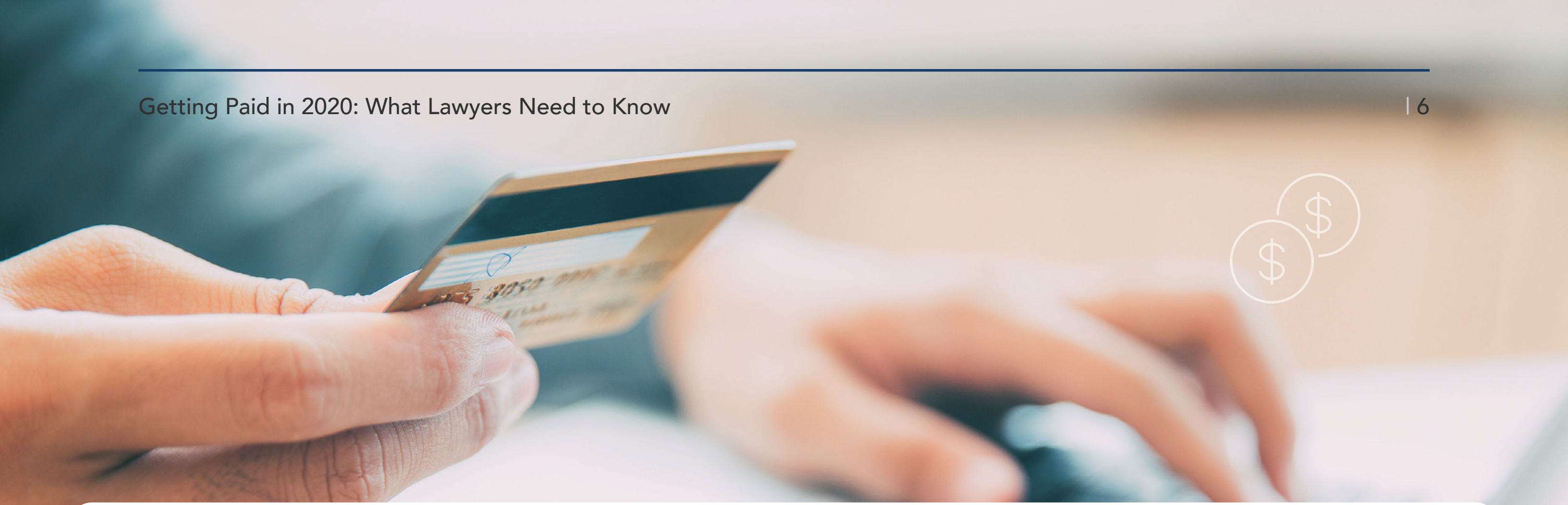
Provide instant payment confirmation

Immediate gratification has become a hallmark of the modern online buying experience, and an online payment solution lets you provide this perk to your clients. A great online payment platform will let you set up automatic payment receipts that are emailed to clients after they pay their bill, in the same way they're used to getting a near-instantaneous order confirmation from other businesses.

Offer a 24-hour virtual service

We're all used to being able to shop online or pay bills on the weekend or in the evening. An online solution also lets you effortlessly expand your hours of service. When clients can go to your website and pay online on their own schedule, they see that as another small, but cumulative way in which you're making an effort to meet their needs.

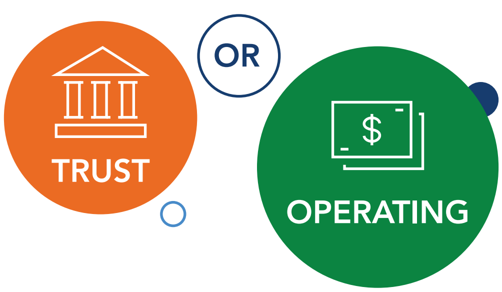
Lawyers who want to remain competitive in the fast-changing service industry landscape recognize the value in setting themselves apart by optimizing with a stellar client experience. The vast majority of people say having multiple ways to pay their bill increases their satisfaction, so you have nothing to lose and a lot of client satisfaction to gain by reducing friction in your billing and payments processes.



Traditional Concerns with Accepting Credit Card Payments

Many lawyers traditionally saw credit card payments as unprofessional and avoided accepting them as a result. In their eyes, cards were used for retail and point-of-sale transactions, not for the professional services of a lawyer. However, these notions have largely dissipated as credit cards have become an increasingly common, and even preferred, method of payment.

Even so, some lawyers have had ethical concerns over receiving credit card payments. In the ABA Model Rules of Professional Conduct, Rule 1.15 states that a lawyer's funds and the funds of their clients or associated third-parties must be separated. Thankfully, online payment processors designed specifically for law firms have alleviated this issue, ensuring credit card payments are correctly separated into their proper accounts and protecting IOLTA accounts from any third-party debiting.



Another common roadblock for some lawyers is the processing fees that come with credit and debit card payments. These lawyers see processing fees as a hassle, making them all the more hesitant to begin accepting online payments. Like it or not, the fundamental reason for these fees is that there's a cost to move money within our financial systems.

But rather than viewing this as a hurdle to accepting credit cards, many lawyers have accepted that these fees are now simply one of the costs of doing business today. Writing for LawyersUSA, Director of the OBA's Management Assistance Program Jim Calloway noted, "There seems to be no good reason not to accept credit cards. It is a positive development from a client service perspective and also good for firm cash flow. The transaction fees pale in comparison to the value of receipt of immediate payment."

The truth is, the question of cost may eventually become a moot point. If you don't accept credit card payments, one of your competitors will. Keep this in mind as you work to win new business and attract a younger clientele.

How Lawyers are Optimizing Cash Flow and Workflow

We all want to provide exceptional client service, but what's in it for you? How does an online payment tool make your workday easier, save you time, or deliver valuable business insights? Let's look at some process and operational benefits to see how online billing and payments are being used in firms around the country to boost cash flow and save time.

Stop waiting for checks to arrive in the mail

Imagine eliminating what can be weeks worth of lag time as you wait for clients to receive your bill, write a check, send it through traditional paper mail channels, and then wait for the check to post to your account.

With online payments, you get paid faster, you get a near-immediate confirmation email when payment is submitted, and the transaction shows as pending on your bank account within seconds. One survey of legal industry professionals found that those who accept online credit card payments get paid 39 percent faster on average.

While reviewing online payment services for lawyers, retired attorney Glenn Garnes wrote, "I can't tell you how many times I've been on the road, at the courthouse, or out of the office when someone wanted to make a payment; and I delayed my ability to accept it by having to ask them to send a check. I also can't tell you how many times that check was late or never came in the first place."

Automate your cash flow

For work that you take on retainer or any repeat transactions you need to process, the best online payment tools let you set up recurring payments to manage these charges. This is in effect like putting your cash flow on autopilot and just watching revenue flow in, and you can use the time saved on administrative busy work to focus on adding new services.

Let your tech tools work together in tandem

Another big benefit of an online payment platform is that many integrate with the software you already use and love. Being able to process payments from your existing software isn't just easier than having to jump from one program to another, it also brings the potential for streamlining your workflow and delivering richer business insights when your software tools can share data and talk to each other.

If you prefer working in a spreadsheet, most tools will let you export all of your payment transactions right to Excel and crunch data to your heart's content.

Mine your payment data for insights

A digital solution also makes it much easier to view and access your payment data to better manage revenue trends in your business. A payment-focused software tool can offer tagging functionality to help you get a better sense of where income is coming from and shift some of your activities to create a more well-rounded portfolio of work.

Along with seeing which types of work you're doing are driving the most revenue for your firm, you can also dig into who your top-paying clients are, and maybe look for ways to offer them additional services or reach out to them requesting a referral. Conversely, you can also use this data to see which clients may be slower to pay, prompting you to reach out with a friendly payment reminder (and a link to your payment page).

Alleviate your security burden

Today, security is a top concern for lawyers and their clients alike. High-profile events like the 2017 Equifax breach and more targeted ransomware attacks against legal firms have set professionals and their clients on edge. But data security concerns don't seem to be dissuading people from wanting to pay for goods and services electronically. In fact, in a recent survey by TSYS, more than half of respondents said they believe credit or debit is the safest payment type.

Too many lawyers around the country are still jotting down clients' credit card numbers over the phone. Even if you still leave sticky notes with sensitive credit card information on them scattered around your desk or office, you probably realize what a security risk this is.

An online payment solution lets you email a direct payment link to clients so they can enter their card information into a secure portal *themselves*, which means you never take possession of that sensitive data. This lets you effectively shift much of the related security burden off of your firm. The responsibility for safeguarding that data largely rests with your payment processor, which should be an established company with top-notch security. When comparing vendors, be sure to choose one with PCI Level 1 security, which is the best you can get.

You can also get guidance from experts on how to handle PCI compliance. Every business that accepts credit cards has to be PCI compliant, which involves meeting security requirements that may be beyond your expertise. A quality online payments company will not only be PCI compliant itself, but also offer comprehensive support and guidance to help your firm get and stay PCI compliant.

Conclusion

If the experts are right, and we are steadily marching toward becoming a cashless society, it's only a matter of time before online billing and payments processes come to dominate every industry—even the legal industry. This means adopting online payments is no longer a question of if, but when, as more of your clients will choose competitors who do offer these options.

The good news is you have much more to gain from this technology shift than you stand to lose. Greater operational efficiency and significant time savings more than offset the cost of an online payment solution.

Finally, for professional service firms like yours, providing exceptional service is one of the best ways to delight clients, increase repeat business, and win more referrals. In today's world of instant gratification and lightning-fast technology, letting clients pay with just a click is an easy win.

Sources

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Can I Put That on Your Card?

2017 Clio Legal Trends Report

What Attorneys Should Know About Accepting Credit Cards

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About LawPay

At LawPay, we're the experts in legal payments, helping lawyers get paid without having to sacrifice valuable time. We built our easy-to-use technology around lawyers' specific needs, providing you with a simple payment management solution that correctly separates earned and unearned fees and protects your IOLTA account.

From the minute you sign up, our knowledgeable support team works to ensure your success. Our technology exceeds PCI Data Security Standards, which means your sensitive data is completely protected. We're vetted and approved by 50 state bars and the ABA, and trusted by more than 35,000 law firms.

To learn more about how LawPay can increase your cash flow and improve your collection rate, schedule a demo today.

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