



Beyond Card Payments & Bank Transfers

Benefits of open banking for
requesting and capturing
payments for law firms

www.safecapital.co.uk

Law Firms use a variety of methods to request and capture payments from their clients, including taking card payments over the phone, offering ‘pay online’ functionality through their website and sharing bank details with their client to make payments directly.

Open banking provides an opportunity for law firms to streamline, better secure and simplify the payment process for their clients - making life easier for the accounts team and helping with compliance.

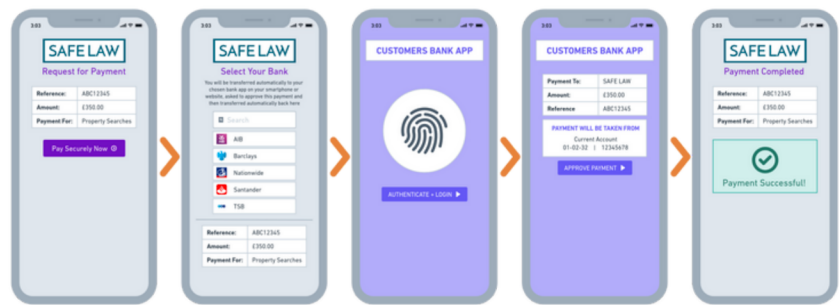
WHAT IS OPEN BANKING?

Open banking is a secure payment service, backed by the UK’s biggest banks. Open banking facilitates direct transfers of funds from one bank account to another, without the need for the person initiating the payment to manually enter the recipient’s bank details, or enter their credit/debit card information.



CONSUMER TRUST

The open banking user journey that customers go through takes place within the comfort and secure environment of their own bank's mobile or online banking app. Because of this familiarity, customers trust the payment process taking place.



PAYMENT COMPLETION

Open banking payments are more secure than bank transfer or card payments, deliver a higher degree of confidence to clients when making payments, and don't suffer with the same transaction failure rates that card payments can. Industry figures show conversion rates of around 98% for open banking payments, compared with around 85% for card payments[1].

OPEN BANKING ADOPTION

Open banking has in many cases been adopted by banks[2] and credit card[3] companies themselves, in order to make it easier for their customers to send funds to them. Government agencies such as HMRC[4] have also been rolling out open banking payment services, contributing to year on year growth of over 100%[5] for open banking.

[1] <https://www.moneyhub.com/press-blog/2022/8/22/nationwide-open-banking-payments-savings-account>

[2] <https://www.moneyhub.com/press-blog/2022/8/22/nationwide-open-banking-payments-savings-account>

[3] <https://www.halifax.co.uk/creditcards/ways-to-pay-your-credit-card/pay-from-another-bank.html>

[4] <https://www.globalgovernmentfintech.com/hmrc-completes-open-banking-rollout-and-sets-out-new-priorities/>

[5] <https://www.openbanking.org.uk/news/open-banking-reaches-11m-payments-milestone/>

OPEN BANKING PAYMENTS - KEY BENEFITS FOR LAW FIRMS

01

FUNDS ARRIVE INSTANTLY

When taking payments by card, it can take several days for funds to clear through a merchant account before arriving in the law firm's client account. This can lead to delays in starting work on legal matters - either because the firm wants to ensure the funds are secured before attributing any billable hours to the file, or because they need the money in their account to order third party services - e.g. property searches.

With open banking payments, funds are moved instantly from one bank account to another, giving law firms confidence that the funds are available and enabling them to confirm receipt of funds to their clients straight away if needed.

02

0% TRANSACTION FEES

In "worst case" scenarios some card payment solutions may collect their fee from the funds themselves, so a firm requests £500, a 2% fee is levied and so the firm only receives £490 into their client account. This can make things really complicated for the accounts team. Even if card transaction fees are billed to the office account, and 100% of client money reaches the client account, firms may still be paying out large transaction fees if they need to collect large amounts of money.

Unlike card payment solutions, leading open banking payment providers do not charge a % transaction fee on the payment amount. This makes it easier for firms to understand and budget for the costs associated with the open banking payment solution.

03

REQUEST LARGER PAYMENTS

0% transaction fees leave firms free to request larger payments by open banking than they may have been comfortable taking through card payments.

The only limitation to open banking payment amounts are the limits placed on the customer by their bank - which usually consist of a single payment limit and total daily payment limit.

For most major high street banks individual payments of up to £20,000-£25,000 are supported, and customers can make multiple open banking payments in a single day.



USE OUR FREE CARD FEES CALCULATOR TO ESTIMATE HOW MUCH YOUR FIRM COULD SAVE ON CARD TRANSACTION FEES EACH MONTH

www.safecapital.co.uk/costs-calculator

04

CORRECT CASE REFERENCE

Law firms do not like receiving money into their client account that is from an unknown source. When payments are sent by bank transfer by clients, sometimes the reference can be missing, vague, incomplete or incorrect.

When open banking payments are initiated, the case reference can be automatically populated as part of the process - ensuring that when the payment arrives in the client account, the correct reference is shown.

05

CORRECT PAYMENT AMOUNT

If clients send law firms more money than has been requested, it creates more admin for the accounts team if they then need to return the surplus to the client.

When open banking payments are initiated, the payment amount can be automatically populated as part of the process - ensuring that the payment that the law firm receives is for the correct amount.

06

LIMIT ACCESS TO CLIENT ACCOUNT DETAILS

Many law firms choose to share their bank details in engagement letters or client care packs, though the SRA now advises against this practice due to money laundering risks*.

Open banking payments are initiated without the client needing to manually enter the law firm's bank details. This removes the need for client account details to be shared before a payment is required.

* SRA Sectoral Risk Assessment 2023 - AML and Terrorist Financing
<https://www.sra.org.uk/sra/research-publications/aml-risk-assessment/>

07

REDUCED ACCOUNTS ADMIN

Correct case reference numbers mean that accounts teams spend less time reconciling payments - no more time wasted allocating payments with ambiguous, incomplete or missing reference numbers.

Payment requests are sent to clients directly and they can make the payment themselves, removing unnecessary admin for the accounts team if they currently take card payments or share bank details manually over the phone.

08

SPLIT PAYMENTS

Using open banking payments, law firms could choose to request multiple individual payments for their clients that then simplify payment allocation for the accounts team.

For example a firm could request at completion of a property transaction that Stamp Duty is sent in one payment, client funds in another payment and outstanding legal fees in a third payment, with unique references allocated to each payment if required.

09

AVOID UNEXPECTED PAYMENTS

As soon as prospective clients have client account information available, they have everything they need to send a payment.

Payments can then be made before a law firm has confirmed they are happy to act for the potential client. Clients have also been known to pass bank details onto family members, who then send money to the law firm directly.

Aside from bank transfers, it may be also possible to access card payment services or client bank account details through a law firm website without being a client of the firm.

Leading open banking payment providers will work with a law firm's finance and client onboarding teams to ensure that payments can only be made by clients of the firm.

10

PAYMENTS THROUGH WEBSITE OR APPS

Many open banking payment services can be linked directly to a law firm's website, with clients authenticated before being able to make payments. Services can also be embedded within client portals or mobile apps, with payment requests triggered directly from case management systems.



THE OPEN BANKING PAYMENT SERVICE BUILT FOR LAW FIRMS

- **Funds arrive instantly**
- **0% transaction fees**
- **Request larger payments**
- **Correct case reference and payment amount**
- **Reduce accounts administration**
- **Only receive funds you are expecting**

"Consider using a tool such as 'Safe Capital' to verify bank details before any funds are exchanged."
The Law Society Cyber Security Toolkit

To find out how we help law firms move beyond taking payments by card and bank transfer - get in touch today!



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