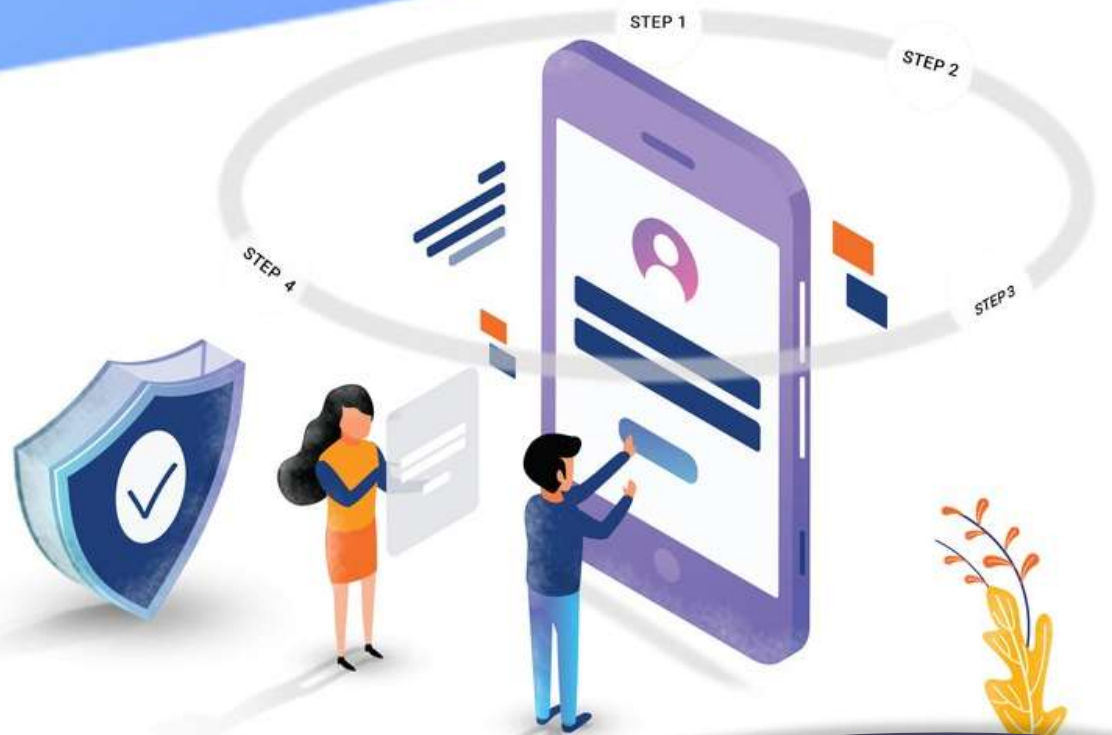


# *Compliant, client friendly onboarding: a how-to guide*



## In this guide you'll learn....

- Why broken client onboarding is holding you back
- The problems with client onboarding in the legal industry today
- What law can learn from banking about digital client onboarding
- What a best-in-class digital client onboarding workflow looks like
- How to optimise your client onboarding workflow
- How digital client onboarding helped a traditional firm evolve to a modern approach

# 1. *Why broken client onboarding is holding you back*

How long does it take you to get a new file opened – with your prospective client background-checked and ready to service? A few days? A few weeks? More?

For law firms in the UK, the average time to onboard a new client is between 7 and 14 days. That's about 7 to 14 times longer than it takes banks. There's no good reason for that discrepancy. Banks are hardly known for being fast-movers when it comes to innovation – they face more red red tape and regulation than most other industries combined. But they've managed to leverage tech to speed up and streamline the onboarding process, with some digital banks getting clients to go live in as little as ten minutes.



What's worse is that the vast majority of firms don't know how long it takes to onboard new clients. Not only does that make it near-impossible to improve, it also speaks to a general lack of process, information and oversight. That's holding law firms back.

“ **Every expert hour wasted on admin is an hour not spent on billable work; every day spent waiting for documents to arrive increases file opening times, and every manual process points potential customers in the direction of competitors.** ”

Today, there's massive pressure on firms to act and operate like the businesses they are. Increasing market consolidation and moves by regulators mean all eyes are on the bottom line. And it's not good: 55% of firms don't have enough cash to cover 1 month's operating expenses. While onboarding is in disarray, there's no way to improve those numbers. Every expert hour wasted on admin is an hour not spent on billable work; every day spent waiting for documents to arrive increases file opening times, and every manual process points potential customers in the direction of competitors.

This operational inefficiency, combined with the ever-present risk of regulatory non-compliance, adds up to an existential threat.

## Client onboarding is broken.

You're probably well aware of how painful client onboarding can be. Ultimately, clients come to law firms for important, specialised work – and that's what fee-earners want to spend their time on, too. In fact, "ensuring client service did not deteriorate" was one of the main priorities for firms during the Pandemic, second only to protecting jobs. So it's frustrating for everyone when cumbersome client onboarding processes get in the way. And they do; in most firms, there'll be different onboarding processes for each practice area and client type. That's a far cry from the light-touch, easy-to-navigate workflow that both clients and fee-earners want.

# 55%

Of firms don't have enough cash to cover 1 month operating expenses

It's more than just an irritation. Because processes are piecemeal and decentralised, there's a lot of opportunity for important things to fall through the cracks. That's a big compliance risk. Non-compliance can cost UK law firms tens of thousands of pounds in fines – and that's before you count losses from reputational damage. In a turbulent marketplace where margins are tighter and competition tougher than ever, it's not a risk law firms can afford to take.

## Tech can transform client onboarding

It doesn't have to be this way. The good news is that the tide is turning: UK law firms recognise that they need to adapt to survive, and many are already looking to new solutions to help them do so. Tech can help firms transform their client onboarding from business blocker and compliance risk to competitive advantage. But with only around 15% of UK firms currently using digital onboarding and payments solutions, there's still a lot of catching up to do.

Solutions that streamline existing workflows are easy to implement, and kill several birds with one stone. They cut the time it takes to get clients live, getting fee-earners to billable hours faster and improving cashflow. They deliver a more modern onboarding experience, aligned with what customers have come to expect from other industries. And they help mitigate risk, giving compliance teams better oversight, auditability and control.

Straightening out client onboarding is an easy way for law firms to start getting their house in order. It's a great first step towards adding the structure – and the data – firms need to meet regulatory requirements and drive business improvements.

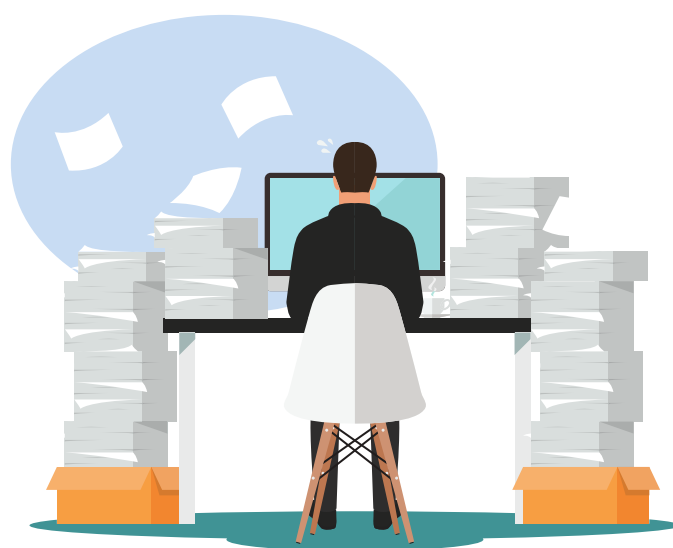
**Ready to bring your law firm into the 21st Century? Better client onboarding starts here.**



## 2. *The problems with client onboarding in the legal industry today*

It's hard to say exactly what's wrong with current client onboarding, because it's done in so many different ways by so many different people. That's a large part of the problem: there's no single source of truth. In today's regulatory environment, that's not good enough. Without a single source of truth for client data, there's no way to produce the thorough audit trails that regulators expect to see.

That's not to say that onboarding should be one-size-fits-all. Onboarding for low-risk clients will (and should) look different to onboarding for higher-risk clients. But without some degree of standardisation and centralisation, you're making life a lot harder – both for yourself and for your clients. It means you'll struggle to achieve a consistent client experience, and to confidently and concretely adhere to regulatory requirements.



# 57%

Of firms are are not currently using  
legal technology in their firm

## Piecemeal processes are a problem

Only a handful of UK law firms have departmental onboarding specialists. For everyone else, the work is usually done by PAs, or by fee-earners themselves. Either way, it's not being managed centrally, and that leaves a lot of room for significant error – especially when it comes to compliance. Compliance teams are usually overstretched and under-resourced, making it impossible to maintain full and thorough oversight over the onboarding of every client. And stopgap measures like spot-checking a small sample of clients periodically don't provide sufficient coverage, meaning you're still exposed to risk.

In fact, manual, decentralised processes expose you to more risk. Often, information is provided by different parties (including clients, credit bureaux, and colleagues), in different formats and through different channels. That means it all has to be consolidated and aligned several times over. Not only is that slow and arduous, it also means there's more data entry – and thus more risk of human error.



“ **Compliance teams are usually overstretched and under-resourced, making it impossible to maintain full and thorough oversight over the onboarding of every client** ”

## Offline onboarding isn't fit for purpose

The fact that current processes aren't set up for remote settings adds another risk factor. Take identity verification. Digital solutions are both faster and more effective at catching fraud than manual ones. If your IDV checks are being performed by post office staff or even fee-earners in house, there's an inevitable risk of human error. That only increases the possibility that fraudsters, PEPs or other high-risk individuals might slip through the net.

During the Pandemic, the lack of remote capability has become an even bigger problem for law firms. Some have turned to short-term solutions to get around the 'face-to-face' element of KYC requirements – like asking new clients to send selfies holding their passports. But these workarounds only make matters worse. At the start of the Pandemic, almost 20% of law firm staff were using a personal device for work. Without good controls, sensitive PII can end up lost or inadvertently stored on personal devices, potentially leading to a huge breach of privacy. Complications like these are a headache for compliance and security teams, and finding solutions is a waste of resource. Ultimately, they're only papering over a steadily-growing gap.



# 1 in 5

Law firm staff are using a personal device for work

“

Without good controls, sensitive PII can end up lost or inadvertently stored on personal devices, potentially leading to a huge breach of privacy.

## Regulatory pressure is increasing

That compliance headache is set to get worse. Over the last decade or so, regulatory requirements for law firms have become increasingly stringent – a trend which, if it follows the trajectory of financial services, won't slow anytime soon. As more measures are added, more tools, time and team members will be needed to meet them. 81% of law firms already acknowledge that compliance obligations are being pushed onto fee-earners, increasing their workload. Add any more, and what's already a tight cash runway will become a non-existent one. The more unwieldy Client Due Diligence (CDD) and onboarding becomes, the more it eats into revenue and negatively impacts client relationships.

But it's not all bad news. Not only does the tech exist to improve these processes, precedents for how to apply it successfully do, too.

# 81%

Of firms acknowledge that  
compliance obligations are being  
pushed onto fee-earners



### 3. *What law can learn from banking about digital client onboarding*

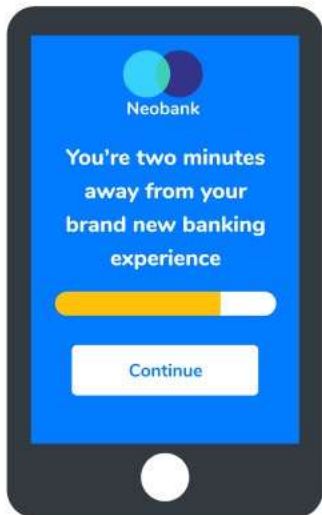
Remember the thrill of opening your first bank account? The glee of rummaging around to find all the relevant paperwork; the anticipation as you waited in line, the nervous excitement as the cashier studied first your face, then your passport, then your face again? Us neither. It's an arduous, irritating and inconvenient experience – and that's why most banks do it differently these days.

To understand quite how transformative digitising client onboarding can be, law firms need look no further than banking. Like law, banking (and financial services more broadly) has always been subject to a huge amount of regulatory pressure. After the financial crash of 2008, it got worse. Compliance requirements spiralled to such an extent that one large bank was forced to expand the ranks of its manual compliance team to a huge 30,000 staff – and was still hit with a \$400million fine last year. Clearly, just adding more people doesn't work. Adding tech into the process does.

It was a few years after the financial crash that digital banks started to take off. Digital banks recognised that the whole process of banking – and especially of opening a new account – was broken. Bricks and mortar banks had limited hours, dated online banking interfaces and little remote support. It meant customers couldn't access their own money in a way that worked for them. Digital banks took a different approach. By prioritising the customer experience from the point of onboarding and using tech to power the whole process, they captured the iPhone generation and made a huge splash in the market. Now, digital banks in the UK serve almost 20 million customers.

It's easy to understand why. As anyone who banks with the likes of Monzo and Revolut will attest, the whole process of onboarding – including usually-cumbersome compliance checks – is much smoother. In fact, the majority of digital bank users cite 'convenience' and "a smooth and seamless onboarding process, free from the red tape of incumbents" as the biggest benefits. Crucially, those customer experience gains don't come at the cost of rigorous compliance. Instead, digital banks are able to plug into sophisticated CDD solutions, rather than relying on manual checks of varying quality and consistency. It means the end-to-end onboarding process is both safer and slicker.

By contrast, the legal sector is lagging behind – by a lot. Onboarding for banking and legal services contain a lot of the same elements, but look strikingly different.



Leading digital banks seamless onboarding



Legal sector manual, slow onboarding

**62%**

Of firms currently don't use e-verification or esignature tools to streamline client onboarding

**74%**

Of firms are intending to roll out technology to improve service quality in the coming year

Source: SRA - technology and innovation in legal services

There's no reason the legal sector couldn't follow the lead of banking and digitise its onboarding processes. Some forward-thinking firms have already started the transition to more modern – and more competitive – approaches. The number of Alternative Business Solutions (ABS) firms has tripled over the last 8 years, now accounting for 13% of the market. They're working with professional management teams to drive growth, and technology and customer experience are two critical levers to achieving it. That's putting pressure on traditional law firms to catch up, finding ways to offer better services faster, and without the baggage of legacy processes.

For law firms who are serious about their survival it's no longer a could, but a must. Thanks to digital banks and their influence, customers now have higher expectations about what onboarding should look like. Currently, the majority of the legal sector isn't measuring up and as we emerge from the pandemic, that gap is set to widen. The ability to deliver secure, remote services will be paramount; law firms need to act now to ensure they're set up to offer them.

Happily, this isn't as daunting a task as it might sound. Digital banks are now extremely sophisticated, supported by a thriving industry of FinTech enablers. The legal world is poised to follow suit. 'LawTech' has exploded in the last few years; there's been a huge amount of investment in the startups providing the systems, tools and processes to support the legal industry, the positive effects of which are already being felt. They can help take the burden of digitising off law firms' shoulders. By partnering with LawTech providers, firms can up-level onboarding processes without having to become tech experts.

“ **Thanks to digital banks and their influence, customers now have higher expectations about what onboarding should look like. Currently, the majority of the legal sector isn't measuring up, and as we emerge from the Pandemic, that gap is set to widen.**

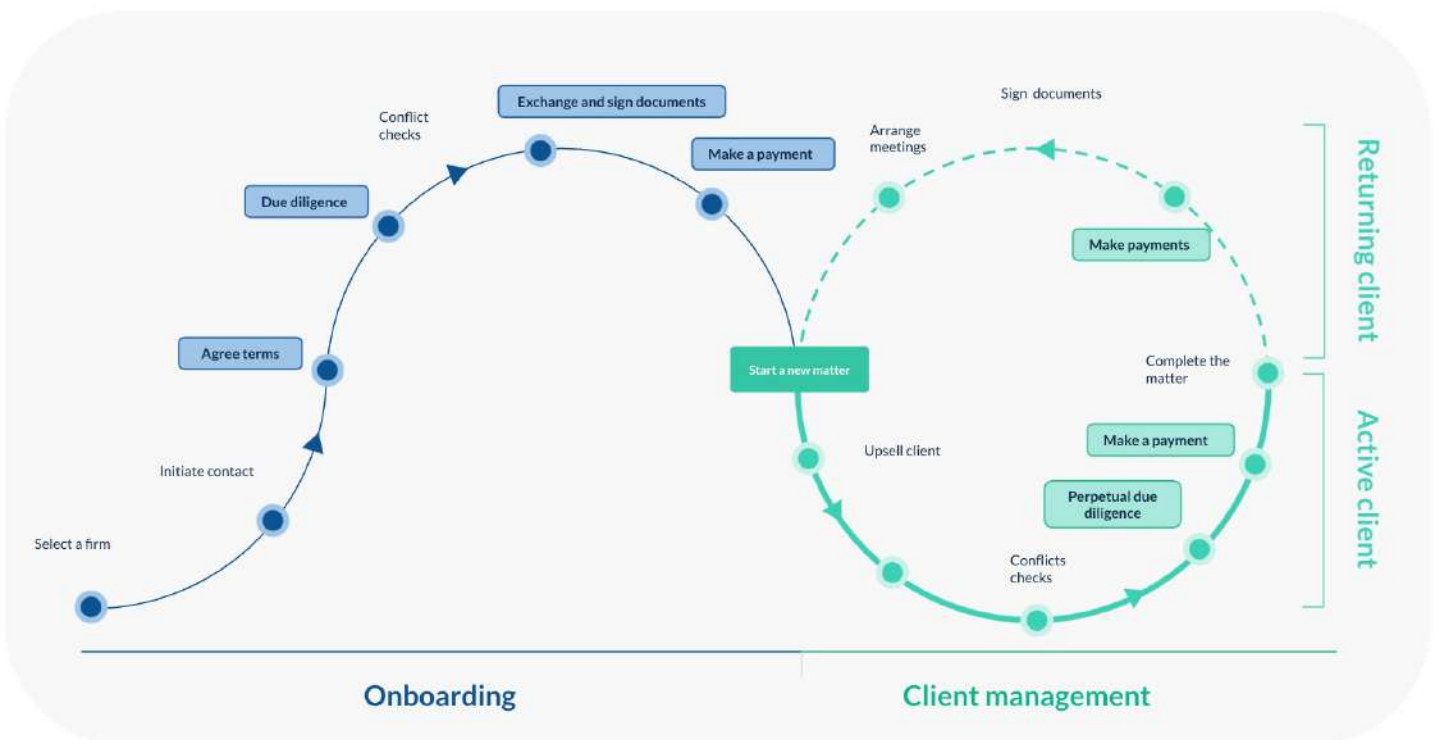


# 4. *What a best-in-class digital client onboarding workflow looks like*

For firms who've always done client onboarding manually, it can be difficult to picture exactly what a digital workflow would look like – let alone how to start building one. Processes differ across departments, need varying levels of compliance input and involve a range of stakeholders both inside and outside your firm. It can be overwhelming - but it doesn't have to be.

There are two constants: it's always a multi-step process, and it always has to be done right. Below are some of the most common components of client onboarding, what's wrong with them currently, and how they could be improved.

**Firms have the opportunity to digitise every key element of client onboarding and lifecycle management**



## Digital workflow steps provide firms with huge opportunities to create efficiencies and offer a great client experience...

### The process for many firms today

- X Manual** - documents shared via post and email, wasting billable hours on manual, repetitive tasks.
- X Poor visibility** - with a fragmented process, it's challenging to keep track of who has received what, with minimal audit trails.
- X Frictional** - a fragmented process slows everything down, forcing firms to waste time chasing, and clients to have a poor experience.



#### Sharing documents with your client

- X Inconvenient** - requiring clients to attend the office, or visit the post office to get certified copies of ID is time consuming and inconvenient
- X Inexpert** - in-person ID checks are imperfect, and fraud is getting more sophisticated. SRA guidance now favours electronic ID verification.
- X High risk** - manual ID checks don't fully harness the best in class databases and sources which build up a full picture of your client.



#### Completing identity verification checks

- X Disjointed** - with multiple systems and databases to try to assess a client's risk, there is no single view of the results, and an unclear process for escalation.
- X High risk** - ongoing and one-off monitoring of a client is manual and relies on the diligence of staff, and the strength of firm processes.
- X Confusing** - the results from an AML check are often unclear - making interpretation and decision making difficult.



#### Running anti money-laundering

- X Limited** - despite clients preferring multiple payment options, firms often limit themselves to bank transfer and phone payments, creating friction.
- X Difficult to reconcile** - processes for tracking payment on account ahead of starting work are often limited, slowing down starting work for the client.
- X Time consuming** - finance teams and fee earners spend valuable hours chasing, reconciling and administering payments which could be better spent.



#### Taking payment on account

### The best in class digital workflow

- ✓ **Automated** - actions can be triggered automatically, speeding up the process and enabling fee earners to focus on billable work.
- ✓ **Auditable** - all digital records are time/date stamped and logged in transparent audit trails which can be accessed by all senior management.
- ✓ **Convenient** - clients can complete onboarding in their own home at their convenience, & documents are received in one accessible place.

- ✓ **Remote** - digital workflows give you the tools to perform every step of the client onboarding journey seamlessly and remotely.
- ✓ **Modern** - client expectations have changed, and a modern, streamlined process gets your relationship off to the best start.
- ✓ **Secure** - solutions which use biometrics and international databases can detect fraud with greater accuracy - allowing you to onboard clients confidently.

- ✓ **Quick** - AML results are produced instantaneously and can be completed at the same time as overall CDD - enabling a faster process overall.
- ✓ **Contextual** - running all checks from one system means all results are returned to the same place. This enables a more holistic view of a client's risk profile.
- ✓ **Clear** - with everything flowing from and into one system, the next steps in due diligence can be triggered automatically and risk is minimised.

- ✓ **24/7/365** - digital payment options are always available, giving clients the freedom and flexibility to pay at their convenience.
- ✓ **Fast** - clients pay quicker, and firms reduce the time taken to open a new file and start work for a new client.
- ✓ **Automated** - automated notifications alert fee earners when a file opening is completed and reconciliation is effortless.

## 5. *How to optimise your client onboarding workflow*

Digitising your client onboarding adds a whole host of benefits across your business, improving compliance, customer experience, cashflow and more. Even better, digital onboarding processes can continue to add value as you start to operationalise and scale. That's because they give you access to something no business can do without: data.

Think of it as laying your foundations. Put robust, modern frameworks in place now and you'll be well-placed to pivot quickly when customer and regulatory needs change. You'll also be able to track how impactful those pivots are, and where you can continue to iterate in the future. If the last year has taught us anything, it's that things do change – and dramatically. As the old saying goes, failing to prepare is preparing to fail.

Digitising your onboarding processes is step one. It gives you the means to fix issues, standardise practice and benchmark performance. Step two is optimisation. Once you're up and running, what else can you do to ensure your onboarding processes don't only meet, but exceed expectations?

“ Think of it as laying your foundations. Put robust, modern frameworks in place now and you'll be well-placed to pivot quickly when customer and regulatory needs change.





## Customise your Risk-Based Approach

Some level of CDD will be required for all your clients, irrespective of size or type. For higher-risk clients, like PEPs or those buying super-prime property, enhanced CDD measures will be required, too. And inevitably, the more security measures you add in, the slower and more arduous the onboarding process becomes – both for you and your clients.

Those difficulties are compounded if you don't have a digital workflow. Offline, it's near-impossible to maintain oversight over which clients need additional attention – let alone to perform follow-up actions in a slick and timely way. The risk is that red flags are missed, or that onboarding processes get even more unwieldy, both of which are bad for your business. But what's the alternative? Forcing every client through more stringent CDD just to be on the safe side wastes time and money your team doesn't have.

With a digital onboarding workflow, you can set up and run CDD processes that align with your firm's Risk-Based Approach. A digital onboarding system can help you define and identify red flags, and send automatic notifications when they arise. From there, you can move ahead with next actions in a more streamlined way, and attach all information to a single, regulator-ready report. It will reduce friction without running the risk of missing something important, keeping both clients and regulators happy.

## Optimise the order of onboarding processes

Another way that law firms can learn from other industries is to look at their user journeys. Though CDD needs to be completed before a client can enjoy full access to services, that doesn't mean it all needs to be done now. A lot of e-commerce sites put identity verification after customers proceed to checkout, but before their payment is taken. If IDV happened earlier in the process, customers might be put off and abandon their baskets. Waiting until they've already committed to buy means customers are much more likely to stick around.

Being smart about the way you order things can help reduce the sense of friction and actually increase engagement with clients. A digital onboarding system lets you do that. Instead of taking a one-size-fits-all approach, use your system to create and automate tailored onboarding workflows for each different department and client type. Make sure you think carefully about where you place the most frictional activities. Ask for all documents at the same time, so clients don't have to go looking twice. Set up emails to be sent every few days so clients are never left wondering where you're up to.



“ Being smart about the way you order things can help reduce the sense of friction and actually increase engagement with clients. A digital onboarding system lets you do that. Instead of taking a one-size-fits-all approach, use your system to create and automate tailored onboarding workflows for each different department and client type.

## Use insights to iterate

The majority of law firms don't really have any idea of how long it takes to onboard new clients – or even how many clients they're onboarding week to week. That's because information is decentralised, stuck in spreadsheets and siloed in different teams. Getting processes centralised and online gives you oversight. But if you're going to run like a business, just having data isn't enough. You need to use it.

Use your digital onboarding system as your single source of truth. Create a dashboard so you can easily see all the information that's most useful to you. Benchmark it, and then use that information to iterate and improve. Compliance teams can add value to the business by understanding how long CDD is taking to complete, which processes are causing bottlenecks, and where there are blockers that could be removed. They can also get a better picture of the risk profile across the whole firm – not just for each department – and more accurately calculate exposure. That helps when it comes to evaluating your Risk-Based Approach. How can you calibrate it accurately if you don't know how much risk you have? With access to the right data, you can make your digital onboarding pay dividends not just now, but well into the future.

“ Compliance teams can add value to the business by understanding how long CDD is taking to complete, which processes are causing bottlenecks, and where there are blockers that could be removed. They can also get a better picture of the risk profile across the whole firm – not just for each department – and more accurately calculate exposure.



## 6. *Case study: How implementing Legl's technology enabled Glover Priest Solicitors to optimise operational processes*



**GloverPriest**  
SOLICITORS

**Ian Bury**

Sales & Marketing Manager  
at Glover Priest

One of the UK's top 20 conveyancing firms Glover Priest, focuses relentlessly on customer experience. We speak with Ian Bury, Sales & Marketing Manager at Glover Priest on how Legl has enabled the firm to improve cashflow, increase compliant payments and improve the client experience.

“

**500**

conveyancing transactions  
in the past 30 days... clients  
onboarded quickly and  
compliantly with Legl's platform

It's been nearly three years since Ian joined Glover Priest, during which he has been responsible for a number of initial touch points with clients. Ian realised that collecting money on account was a key blocker not only to cashflow, but also to client experience: **“With our old processes, we were facing the challenge of time delay. We were reliant on clients coming into our office with their ID or to make a payment which could take up to days - if not weeks. We needed to make the process much smoother to maintain an excellent client experience.”**

Although originally he was looking for a smoother payment solution, Ian soon realised that Legl could help solve another gap in their onboarding processes: the firm needed to minimise the risk involved with clients having to come into the office to undertake CDD checks in person.



“We had never really thought about the fact that clients having to come into the office could turn out to be a bottleneck for our business as a whole. Yet with today’s reality of the COVID-19 pandemic and being in lockdown, having to perform in-person ID checks [as part of our onboarding KYC] would have been impossible.” Ian noted that “We started onboarding clients with Legl, enabling us to go through the process much more effectively. And even though it wasn’t something we had thought we needed at that point, once we gave it a try, we never looked back.”

When asked for the reason why Glover Priest opted for Legl, Ian brings up the intuitiveness and ease of the platform as differentiators that set Legl apart from others.

“We started our partnership on a trial basis, and we immediately found that the product delivered exactly what it promised. It’s so intuitive and straightforward that we can use it with any client and at all times - even older clients.

We’ve just helped a 90-year old client to complete all required information online and there were no hiccups whatsoever. This has allowed us to open matter files drastically quicker and spend less time on meeting clients and going through manual verification processes. In the past 30 days alone, we have successfully processed close to 500 conveyancing transactions where the clients onboarded quickly and compliantly with Legl’s platform.”

After working with Legl for 2 months, Glover Priest decided to remove all standard point of sale payment terminals from their offices. **“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 too.”**

“**Today, 75% to 85% of our clients complete the identity verification and onboarding steps within 1 day - a turnover that we have never seen before.”**

The fact that Legl is able to deliver a more personalised relationship is also something that Ian feels has strengthened the partnership. “Rather than having an account manager that changes every other month, **I appreciate the one-on-one relationship I have with Legl.**”

Though it’s hard for Ian to pick just one element of Legl’s solution that he considers to be the biggest added value to the firm, the biometric identity has been a true game changer. “Today, 75% to 85% of our clients complete the identity verification and onboarding steps within 1 day - a turnover that we have never seen before. We always had to wait for clients to come by our office, setting our benchmark on 4 to 5 days at best.”

And it’s not just efficiency that’s gone up. “We also recognize that CDD and identity verification has become more secure: unless you really know what to look for, it’s still tricky to manually spot a fake passport and mistakes are easily made.

This would mean that we would have to continuously train our staff to ensure the quality of the process is upheld. All in all, Legl's biometric identity solution has therefore not only resulted in a massive reduction in our time spent, but also improved the quality of our security."

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On a final note, Ian wants to point out the invaluable collaboration that he's had with Legl. "What's been key for us is a real partnership as we think about how best to streamline our processes. As Legl continues to grow and develop the things that we need, we will adopt it and continue to develop and grow our firm that way as well."

### 3 Reasons to work with Legl, according to Ian Bury

- ✓ Increased efficiency
- ✓ Ease of use - for the firm and all clients *(no matter their age or technical skills)*
- ✓ Streamlining processes

## About Legl

Legl gives law firms the tools to grow and succeed in a digital-first world. From digital client onboarding to better payment options, Legl's easy-to-use workflow tools help law firms give their clients a great experience while making operational processes more efficient.

Top-100 UK law firms use Legl to engage with thousands of clients and process millions of pounds in payments. Legl has won the LexisNexis Award for Legal Supplier Innovation (2020), the Modern Law Award for Business Growth (2019) and was chosen by the leading law firm network, LawNet as a Preferred Supplier.

## Want more insights?

- Visit our blog - [www.legl.com/blog](http://www.legl.com/blog)
- Check out our report - [How tech is changing compliance for law firms](#)
- Get in touch anytime - [info@legl.com](mailto:info@legl.com)