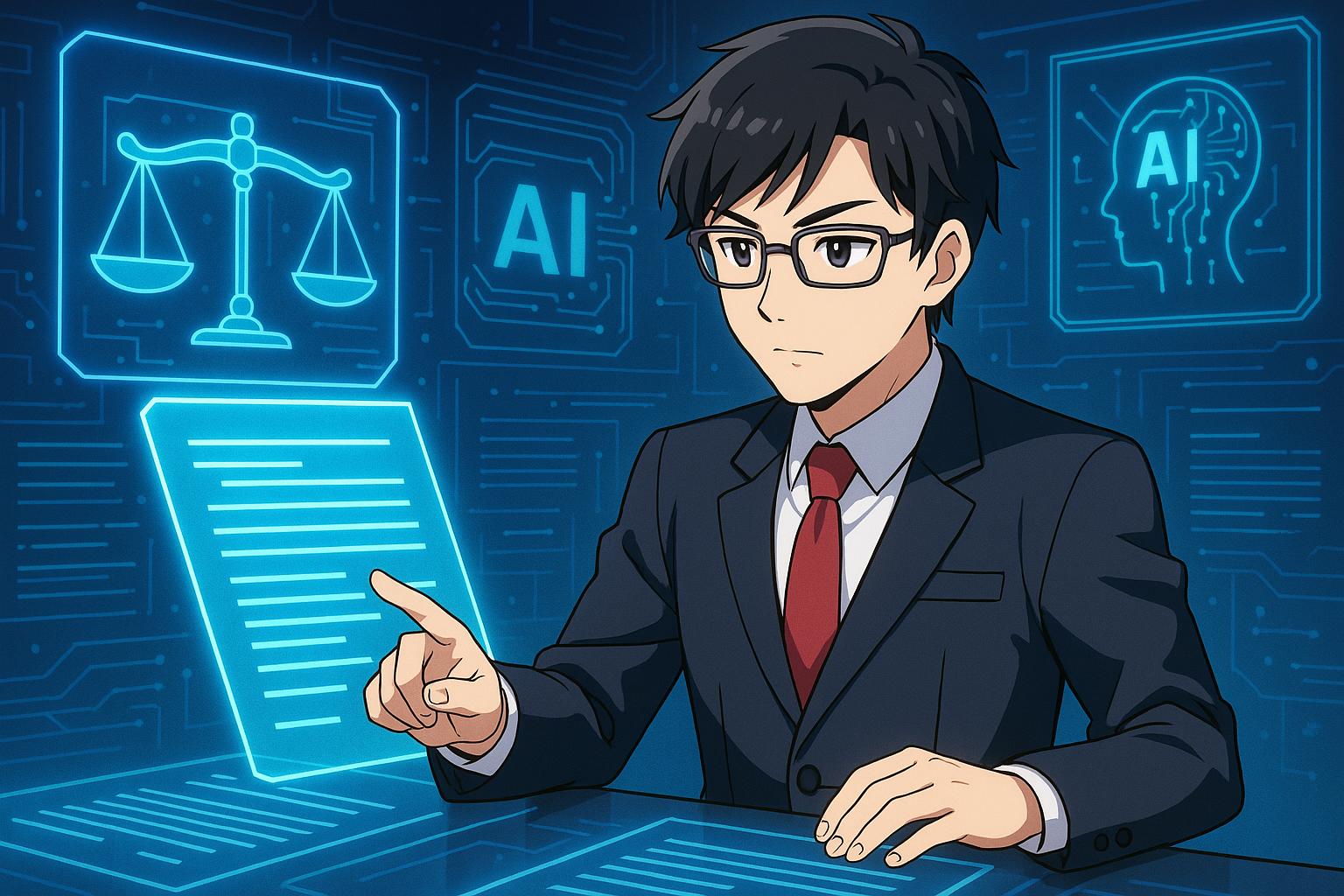
# AI transforms legal services but cost and ethics remain critical challenges



Artificial Intelligence (AI) is currently reshaping the landscape of the legal sector, paving the way for significant enhancements in efficiency and accessibility. Rory O’Keeffe, an AI expert and founder of RMOK Legal, articulates this shift by stating, “AI is no longer a futuristic concept. It’s here, it’s in use, and it’s reshaping how solicitors research, draft, and interact with clients.” As AI integrates into legal practices, its impact is felt across various functions, from case research to client communications.

The advent of AI-driven platforms has equipped solicitors with tools that streamline their workflows. These technologies provide features ranging from clause suggestions in legal documents to generating preliminary case summaries, akin to the tasks performed by junior lawyers. O’Keeffe notes the clear benefits, saying, “Time savings are the most obvious win. AI can help firms work faster and more cost-effectively, but we must remain vigilant.” This caution is warranted; instances of AI fabricating case law underscore the necessity for solicitors to approach these tools with a critical eye.

While AI enhances operational efficiency, it is also improving access to justice. Automated systems, including chatbots, assist individuals confronting complex legal issues related to tenancy disputes, employment rights, and immigration matters. O’Keeffe describes this dynamic as a “win-win,” where the public gains valuable information and solicitors can manage their caseloads more effectively, directing their expertise where it is most needed. Nevertheless, he stresses the importance of understanding the nuances of AI technology. As legal professionals adopt these tools, awareness of data privacy, algorithmic biases, and ethical considerations is essential to ensure the integrity of legal services.

Smaller legal practices are increasingly gaining access to AI technologies that were once prohibitively expensive, thereby narrowing the previously wide gap between large and small firms. O’Keeffe explains that “smaller practices, once priced out of legal tech, are catching up thanks to more accessible and scalable tools.” This accessibility is promising for the future of the profession, demonstrating that innovation is not solely the domain of larger firms.

However, the integration of AI into legal practices is not without its challenges. The continued rise in legal fees, as highlighted by recent reports indicating a 10% increase among top U.S. law firms, reveals that corporate clients are not seeing the anticipated financial benefits from AI adoption. High implementation costs, coupled with the partial use of AI, pose a significant barrier. Veta Richardson from the Association of Corporate Counsel emphasises the need for transparency in how firms demonstrate AI’s impact on efficiency and overall costs. Without clear evidence of cost savings, the traditional billable hours model remains largely intact.

Moreover, concerns surrounding the ethical implications of AI within the legal decision-making framework persist. AI systems trained on existing legal data might inadvertently perpetuate biases, which raises critical questions about fairness and accountability in the legal system. Judges, such as U.S. Circuit Judge John Nalbandian, have voiced scepticism towards bans on AI usage, citing its potential to provide cheaper legal services for those with limited resources. Yet, this optimism must be tempered with careful consideration of how laws governing AI’s application evolve.

The legal industry is approaching a pivotal moment where technological innovation must align with economic realities and ethical standards. As generative AI capabilities continue to expand—evident in firms using AI for document summarisation and routine legal tasks—there is a growing need for proper training and secure deployment of these tools to address client concerns regarding data privacy.

As Rory O’Keeffe succinctly summarises, “As the technology evolves, so must we. AI will never replace lawyers, but it will change what we do, how we do it, and how we deliver value.” The hallmark of success in this evolving landscape will be the ability of legal professionals to remain informed, engaged, and ultimately human.

## Reference Map:

* Paragraph 1 – [[1]](https://www.solicitorsjournal.com/sjarticle/ai-integration-in-the-legal-sector?category=none), [[2]](https://www.ft.com/content/cba88ff9-41ea-4137-a16e-8e46ec652d30)
* Paragraph 2 – [[1]](https://www.solicitorsjournal.com/sjarticle/ai-integration-in-the-legal-sector?category=none), [[3]](https://www.ft.com/content/afb750bf-ab26-42fd-a802-b788145b8449), [[4]](https://www.reuters.com/legal/transactional/us-appellate-judge-calls-bans-ai-use-by-lawyers-misplaced-2024-04-05/)
* Paragraph 3 – [[1]](https://www.solicitorsjournal.com/sjarticle/ai-integration-in-the-legal-sector?category=none), [[5]](https://www.ft.com/content/9304f61a-72a2-4c86-9d09-2b8014aea0fc), [[6]](https://www.ft.com/content/dca849c0-09c5-4f73-9950-2c8bbd9d5759)
* Paragraph 4 – [[2]](https://www.ft.com/content/cba88ff9-41ea-4137-a16e-8e46ec652d30), [[7]](https://worldlitigationforum.org/news/exploring-the-pros-and-cons-of-artificial-intelligence-in-the-legal-industry/)
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* Paragraph 6 – [[4]](https://www.reuters.com/legal/transactional/us-appellate-judge-calls-bans-ai-use-by-lawyers-misplaced-2024-04-05/), [[5]](https://www.ft.com/content/9304f61a-72a2-4c86-9d09-2b8014aea0fc), [[6]](https://www.ft.com/content/dca849c0-09c5-4f73-9950-2c8bbd9d5759)
* Paragraph 7 – [[1]](https://www.solicitorsjournal.com/sjarticle/ai-integration-in-the-legal-sector?category=none)

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## Bibliography

1. <https://www.solicitorsjournal.com/sjarticle/ai-integration-in-the-legal-sector?category=none> - Please view link - unable to able to access data
2. <https://www.ft.com/content/cba88ff9-41ea-4137-a16e-8e46ec652d30> - Despite the increased adoption of generative AI by major law firms globally, corporate clients have yet to see the anticipated cost savings, with legal fees continuing to rise. In the U.S., rates among top law firms rose by 10% in 2024, according to Brightflag. Many clients, like telecoms giant BT, are pressing firms to demonstrate how they use AI and the resulting efficiency gains, particularly in tasks such as due diligence. However, firms have struggled to provide clear evidence of cost reductions. Experts believe client pressure could drive meaningful change, potentially challenging the entrenched billable hours model. They suggest that firms may begin offering alternative fee arrangements or subscription-based services using proprietary AI tools. Veta Richardson of the Association of Corporate Counsel stresses the importance of transparency between firms and clients about AI's impact on efficiency, cost, and ethical concerns. Nevertheless, law firms face challenges quantifying savings due to the partial application of AI and high investment costs, which may offset potential benefits. The legal industry is at a pivotal moment, with firms and clients grappling with how to balance technological innovation and its economic implications.
3. <https://www.ft.com/content/afb750bf-ab26-42fd-a802-b788145b8449> - US law firms are increasingly adopting generative AI tools to enhance efficiency, train lawyers, and automate tasks while focusing on job preservation and safety. The legal sector is further exploring the potential of AI two years after OpenAI's ChatGPT launch. Firms like Crowell & Moring and White & Case utilize AI for non-confidential tasks, document summarization, and core legal work with client consent. This technology significantly reduces time spent on routine tasks, allowing firms to offer cost-effective services. Challenges such as technological literacy and client reservations about data privacy persist. Firms address these concerns through training programs and secure AI tool deployment. While AI capabilities continue to evolve, the legal industry anticipates further efficiency and workflow improvements in the near future.
4. <https://www.reuters.com/legal/transactional/us-appellate-judge-calls-bans-ai-use-by-lawyers-misplaced-2024-04-05/> - U.S. Circuit Judge John Nalbandian expressed skepticism about court-imposed bans on the use of generative AI by lawyers. In a speech at the University of Nevada, Las Vegas, Nalbandian argued that such bans are 'misplaced' and prevent beneficial uses of AI, particularly for litigants with limited resources. Instead, some judges require lawyers to disclose AI usage and verify the accuracy of their filings, which Nalbandian finds problematic as it may deter AI adoption. Nalbandian emphasized AI's potential to provide cheaper legal services and noted that corporate clients expect lawyers to use AI. Citing cultural and cinematic fears of AI, he still views it as a valuable technological tool. Despite some courts exploring regulation due to incidents of AI 'hallucination,' Nalbandian believes that existing rules suffice to prevent the misuse of AI-generated content.
5. <https://www.ft.com/content/9304f61a-72a2-4c86-9d09-2b8014aea0fc> - Generative artificial intelligence (AI) has shown potential for legal tasks like drafting contracts and providing initial legal opinions. However, its effectiveness is constrained by the quality and standardization of data used to train AI models. The legal industry lacks a universal taxonomy for legal terms, leading to inconsistent data categorization across different firms and jurisdictions. The non-profit Standards Advancement for the Legal Industry (Sali) aims to address this by developing a common data language and standard, facilitating better data communication and reducing ambiguities in legal tech solutions. Prominent legal tech suppliers are beginning to incorporate the Sali standard, although adoption remains challenging due to the significant effort required from firms to align their existing taxonomies. Despite its potential, Sali's usage is not widespread, competing against existing systems like the Uniform Task-Based Management System by the American Bar Association. The pace of adoption could be accelerated if legal industry leaders demonstrate tangible benefits and new technologies, such as AI systems for automatic data tagging, become more prevalent.
6. <https://www.ft.com/content/dca849c0-09c5-4f73-9950-2c8bbd9d5759> - Generative AI is transforming the legal industry's economics by enabling companies' in-house legal teams to handle more tasks traditionally outsourced to alternative legal service providers (ALSPs). Companies like Unilever have successfully implemented AI tools to streamline their legal processes, resulting in significant cost savings and improved efficiency. As generative AI continues to evolve rapidly, ALSPs are reevaluating their offerings to remain competitive. Leading ALSPs like Elevate and Factor Law are adopting measured approaches to integrating AI, focusing on understanding the technology and collaborating with corporate legal teams to explore its applications. These shifts are reshaping the market, with in-house legal teams gaining greater efficiency and ALSPs needing to adapt to stay relevant.
7. <https://worldlitigationforum.org/news/exploring-the-pros-and-cons-of-artificial-intelligence-in-the-legal-industry/> - The rapid adoption of AI in the legal industry raises concerns and challenges that cannot be overlooked. One major concern revolves around the ethical implications of using AI in legal decision-making. As AI algorithms are trained on existing legal data, biases and prejudices embedded within that data can be inadvertently perpetuated. This can result in unfair outcomes and reinforce systemic biases, raising questions about fairness, transparency, and accountability within the legal system. Additionally, the reliance on AI in legal processes raises questions about the potential displacement of human jobs. While AI can automate repetitive tasks, there are fears that it may replace certain roles traditionally performed by legal professionals. Striking the right balance between human expertise and AI automation becomes crucial to ensure that AI is leveraged as a tool to augment legal work rather than replace it. Moreover, the security and confidentiality of sensitive legal information present another significant concern.