

Legal services 2050: the role of AI in a world-leading legal sector

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Reform was delighted to host a policy roundtable with sector leaders, as part of a series of activities and work with the Solicitors Regulation Authority, which explored the transformational opportunities and risks of artificial intelligence in the legal sector. The discussion was introduced by James Clough, Chief Technology Officer, Robin AI; Dr Giulia Gentile, Lecturer, Essex Law School; and Paul Philip, Chief Executive, Solicitors Regulation Authority.

The capabilities of artificial intelligence (AI) are progressing at an exceptional rate, with profound implications for many sectors of the economy. Britain's world-leading services sector stands on the cusp of a profound change in their industry. In that context, what role should regulation play in the legal services sector? Participants engaged in a lively discussion of the most significant challenges and opportunities for regulating AI in legal services.

Changing technology

AI is already transforming parts of the legal sector, with use cases in: e-discovery, due diligence, drafting contracts and drafting arguments. Existing large language models have successfully taken – and passed – the Uniform Bar Exam, scoring impressively in the 90th percentile.

Tens of billions have already been invested in the next generation of AI models. And the scaling hypothesis – which predicts that using more training data and computational power in AI development will improve performance – still seems to hold true.

Whilst there may be a time-lag between new capabilities of AI being developed and their ubiquitous use, there was a consensus among participants that it is important to consider the implications for the sector operating in a world where almost all text-based work can be

completed by AI – albeit potentially with varying performance.

At the same time, participants reflected that while the benefits of AI are not yet fully understood, the full set of risks are not yet clear either. One participant emphasised the fact that lots of the risks are unknown, and may not emerge until AI is more widely applied in commercial settings or in specific contexts. Legal services will be subject to large-scale disruption, which participants agreed would likely be larger than the impact of the internet revolution on English law.

Regulation

The risks of AI are often outside the scope of existing regulatory practices, and the Government will need to consider whether all regulators have the right scope to assess the impact of AI applications within their sector.

For instance, whilst the SRA is responsible for regulating over 200,000 solicitors in England and Wales, it does not regulate the products that firms and individuals use, such as AI tools. Nor does it regulate most of the wealth of non-professional legal advice available online, described by one participant as “lawyer Google”. The current model of regulation is based on oversight of individual legal professionals and firms. Yet, many people seek advice from the internet as a first port of call. With the development of AI tools and apps, the kinds of

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legal information available online are likely to increase, and be used by many as trusted advice.

Even in advice provided by law firms, the current model of regulation provides oversight of the individuals providing that legal advice, rather than of any software being used. Participants agreed that the current scope for regulation might not cover the full range of ways in which AI could be used in the legal sector.

Accountability and Ethics

Participants also raised the challenge of determining who is accountable for applications of AI. Should, for example, responsibility for the performance of any AI systems sit with the firm which is providing them, or the company that developed the software (if it was procured externally)? What about the lawyers who utilise AI systems in their work, does responsibility ultimately fall onto the individual using the AI to assure content before using it in legal advice?

And do software companies providing Generative AI products directly to consumers have sufficient processes in place to make sure that legal advice provided by their products is appropriate? There isn't yet a consensus on how these challenges will be reconciled.

Impact on legal services

The discussion also focused on how AI might challenge some of our more fundamental assumptions about what the law is, and what does that mean for how it will be deployed in the sector? For instance, one participant categorised the value of legal advice into three areas:

- *Lawyers as a human face to talk to*
- *Lawyers as a processor of large amounts of text, analysing and drafting documents like contracts*
- *Lawyers as trusted advisor, who can advise the consumer on how to achieve their interests*

The participants suggested that the transformative potential of AI depends on how you view the role of the lawyer and what law is.

For instance, if AI processes text from draft contracts and offers advice, does that mean AI is then a lawyer? Or, is the point of legal services is that an accredited professional can engage in lengthy discussions with their clients, and act as a confidant as well as advisor? In which case, what impact will Generative AI models, powering text-to-speech and creating synthetic images of an interactive legal adviser, have?

Our expectations of legal advice bundle all these use cases together, but AI may play a very different role in each, and across all of them it is important to understand the role that the regulator plays in ensuring law, lawyers, and legal services are treated fairly and properly regulated.

Impact on legal professionals

Participants discussed what role the regulator might play in helping lawyers be competent in the use of AI, comply with changing AI legislation, and use it ethically and responsibly. For instance, one participant noted that many smaller legal firms seek advice on compliance with new laws from other jurisdictions, such as the EU AI act.

It was agreed that regulators can and should help smaller firms and individual solicitors become competent and compliant with their responsibilities when using new technology.

Similarly, participants discussed whether lawyers themselves have a responsibility to understand how AI works if it becomes a day-to-day part of their work. One participant drew attention to the fact that at the moment, there are no requirements for lawyers to understand how complex software such as AI operates, and this isn't covered in legal training. Regulation could redefine our expectations of legal professionals' training and ongoing development as their work

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becomes more and more intertwined with a rapidly-developing new technology.

Implications for the legal market

Participants highlighted how AI will have different impacts depending on the size of the law firm.

For large law firms – ‘big law’ – the discussion focused on whether they will have the incentive to be radical innovators in their use of AI. For example, one participant argued that innovation in legal AI will likely come from smaller startups, requiring engagement and partnership with larger law firms to scale. Nonetheless, it was emphasised that ‘big law’ must be open to adopting AI in their work, or risk being displaced as the industry undergoes rapid change.

Other challenges and opportunities were raised when participants explored the impact of AI on smaller legal firms. For instance, participants considered the importance of economies of scale. Whilst AI might have the potential to transform productivity, the potential for smaller, high street law firms to capitalise on this may be limited due to a lack of economies of scales, for example due to in-house capacity, resource and capabilities.

Smaller firms will find it harder to train AI systems in-house, check they are working and run continuous evaluations, or have the in-house staff with appropriate experience to operate AI systems. They are likely to be more reliant on off-the-shelf products, and more dependent on those providers to assume liability for the performance of their systems.

Implications for consumers

Participants agreed that the most important consideration was how transformations in AI and legal services will impact consumers. Importantly, participants suggested that AI may help with access to legal advice, and could provide people who currently live in “advice

deserts” the opportunity to seek trusted legal advice.

Indeed, the opportunities that legal AI might bring to individuals are significant. For instance, one participant suggested that in legal areas such as purchasing a house or writing a will, where the work is often straightforward and transactional, AI has the potential to significantly streamline the process for consumers and provide lower-cost legal advice. Another participant drew attention to the bottleneck of individuals stuck in probate legal cases, and again suggested that advancements in legal AI might help to reduce the backlogs and benefit consumers by allowing for greater efficiency and speed to resolve their cases.

However, participants also noted that this must be viewed with a cautious lens too, and consumers need to be protected from the potential risks of legal AI, even where they are not yet known. For instance, one participant emphasised the need to balance the efficiency benefits of legal AI with fundamental risks such as hallucination (a response generated by AI which contains false or misleading information presented as fact) and bias.

Experts discussed what their shared vision of the legal sector in future years would be as AI rapidly develops. It was agreed that the legal sector will be significantly transformed, and at a faster pace than is commonly expected. It is yet to be seen how the sector can address future challenges and embrace opportunities; but what is clear is that constant engagement and collaboration can help drive forward the best, most adaptive approach to ensure that all involved can reap benefits.

Regulators, legal firms and technologists will need to work closely together to maintain the public’s trust and confidence in this essential service, which acts as a foundation of our world-leading services sector, and a cornerstone of public life.



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