The Law Society of Hong Kong

AI Transformation in Legal Practice Survey 2024

Whitepaper

Introduction
The Legal Industry's Long Road towards AI Transformation

Rapid advances in artificial intelligence (AI) are transforming work practices across many industries. As the Position Paper on the Impact of AI on the Legal Profession set out earlier this year, the legal field is not exempt from the disruption this technology is bringing to operational processes and skills development.

The Law Society of Hong Kong set out to understand how the profession is responding to the profound implications of AI by surveying more than 1,000 members about their awareness of AI, and to describe how prepared they are to adopt AI tools and AI-enabled processes.

Additional feedback was gathered from a diverse group of eight lawyers, representing a cross-section of the legal profession. This group included in-house counsel and attorneys from law firms of varying sizes, ranging from large practices with more than 20 lawyers to small firms with fewer than 5 attorneys. These participants were carefully selected from 48 respondents who had previously indicated their willingness to provide further information, ensuring a comprehensive perspective that reflected the breadth of the legal community

The survey also aimed to gauge lawyers' ongoing and upcoming strategies to incorporate AI into their work, and identify the opportunities and challenges they anticipate will impact the legal industry. The data and insights gleaned from the survey's findings will help the Law Society design strategies and educational resources to guide lawyers safely and productively through the ongoing digital transformation.
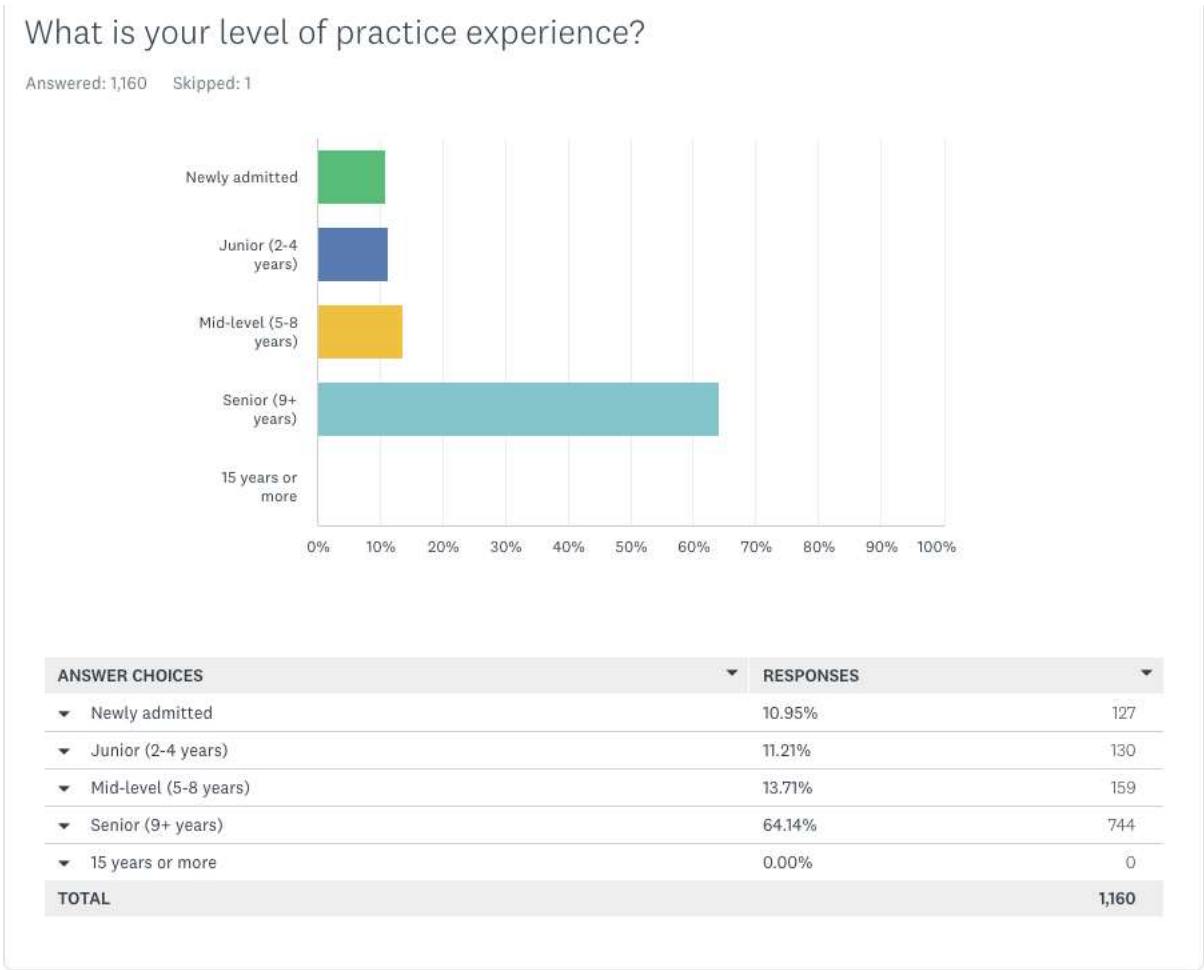
As AI tools and AI-enabled capabilities continue to progress exponentially, Hong Kong's legal community must carefully consider how they will develop the knowledge, skills and operational practices to capitalise on AI's transformative potential.

The survey findings will help ensure this happens, providing benchmarks and direction to help members uphold the profession's duty to serve clients responsibly through new technology adoption, and to ensure AI furthers, rather than undermines, access to justice and equitable legal services for all.

Section 1
The state of AI Adoption in Hong Kong's Legal Sector

The Law Society's AI Transformation Survey reveals a respondent base dominated by seasoned practitioners, with 64.11% having nine or more years of experience, while newer entrants to the profession (under 4 years) constitute 22.18%. **(see Figure 1)**

Figure 1: (based on Q1)

What is your level of practice experience?

Answered: 1,160   Skipped: 1

ANSWER CHOICES	RESPONSES	
Newly admitted	10.95%	127
Junior (2-4 years)	11.21%	130
Mid-level (5-8 years)	13.71%	159
Senior (9+ years)	64.14%	744
15 years or more	0.00%	0
TOTAL		1,160

The organisational landscape of respondents shows a strong representation from domestic law firms at 59.24%, followed by in-house legal departments at 27.81%, and international law firms at 12.95%. **(See Figure 2)** The range of practice areas is similarly broad. **(See Figure 3)** When examining firm sizes, there's a clear bifurcation: 38.43% work in practices with 1 to 5 lawyers, while 31.69% are from establishments with over 20 lawyers. Firms of between 6 and 20 lawyers account for 29.88% of respondents. **(See Figure 4)**

Figure 2: (based on Q3)

What kind of organisation are you with?

ANSWER CHOICES	RESPONSES	
Private practice: Domestic law firm	55.33%	697
Private practice: International law firm	12.04%	152
In-house legal department	27.58%	122
Other (please specify)	0.00%	0
TOTAL		1,306

Comments (44)

Figure 3: (based on Q2) (Note: Only top five practice areas captured)

What is your area of practice? (e.g., litigation, corporate law, intellectual property, etc.)

Figure 4: (based on Q4)

What is the size of your law firm or organisation?

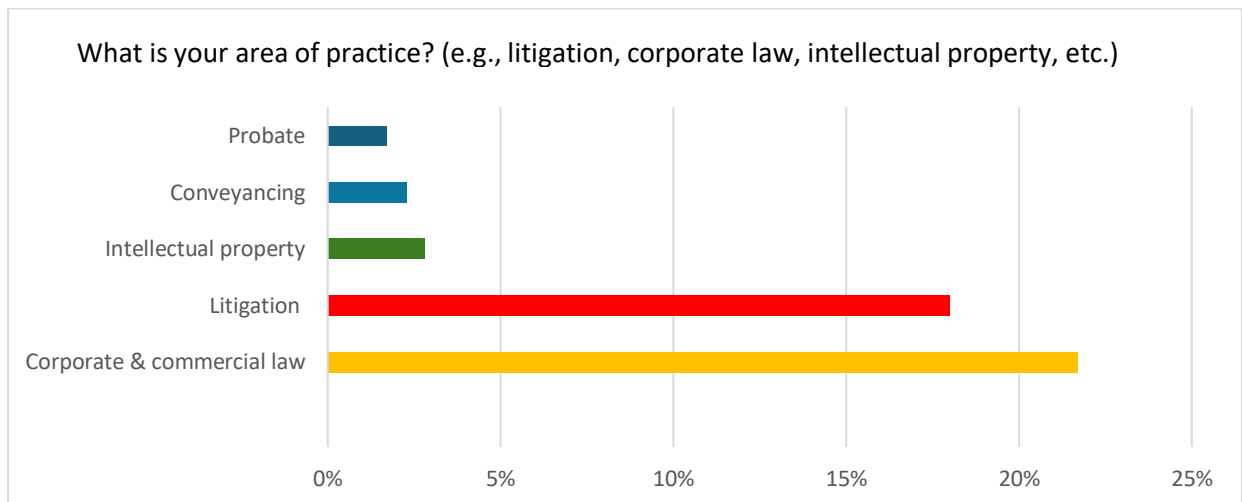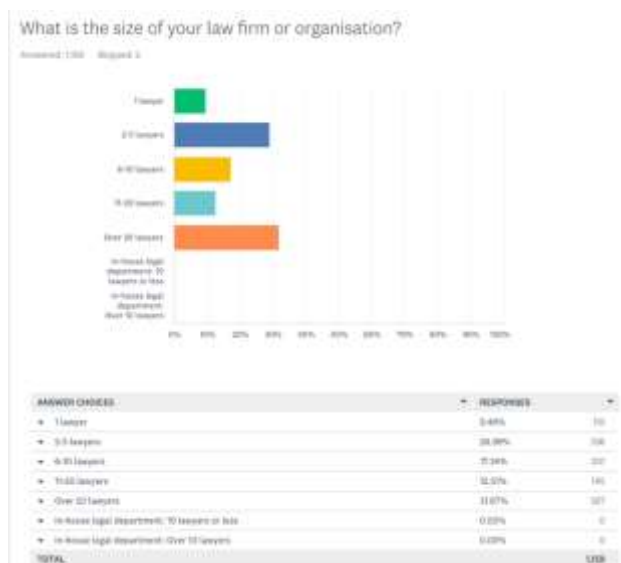| ANSWER CHOICES	RESPONSES	
1 lawyer	3.48%	53
2-5 lawyers	38.00%	506
6-10 lawyers	17.34%	212
11-50 lawyers	12.57%	146
Over 50 lawyers	11.07%	127
In-house legal department: 10 lawyers or less	0.00%	0
In-house legal department: Over 10 lawyers	0.00%	0
TOTAL		1,198

This demographic spread captures views across the spectrum of Hong Kong's legal sector. Senior practitioners made up the majority of respondents, particularly from domestic firms. The survey findings thus reflect mature, practice-tested perspectives on AI adoption where technological changes could most impact operations.

Overall, Hong Kong lawyers have mixed feelings about their AI-enabled future with 42.26% of legal professionals surveyed saying the use of AI tools and large language models (LLMs) will have a high impact on the profession, and very few (6.32%) say it will have little to no impact. **(See Figure 5)** Over half of respondents from firms with more than 20 lawyers indicated that AI's impact will be high.

At the same time, while most respondents believe AI represents a sea change for their businesses, many are also concerned that these changes might not all be positive. Over half (52.43%) of respondents expect AI will bring new pressures and challenges **(see Figure 6)**, rising to 61.6% of respondents in private law firms with teams of 20 or more. Over a third (35.26%) of respondents overall remain unsure.

"It is clear to us that integrating AI into our work progress disturbs procedures with which everyone is familiar and comfortable," says the managing partner of a boutique local firm in Hong Kong. "The change, therefore, has to be embraced both top-down and bottom-up."

Figure 5: (based on Q7)

How do you expect the prolific use of AI and large language models to impact your profession in the next five years?
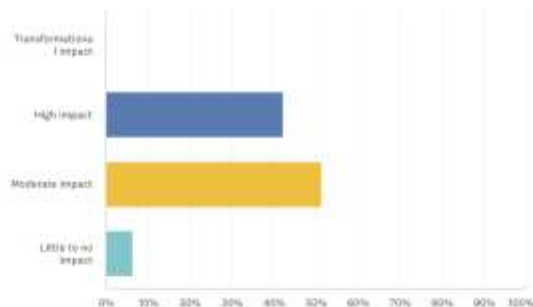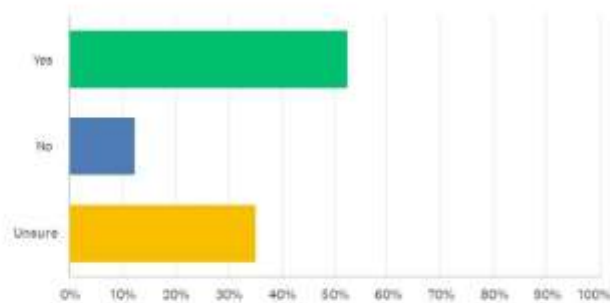
ANSWER CHOICES	RESPONSES	
Transformational impact	0.09%	1
High impact	42.31%	470
Moderate impact	51.29%	572
Little to no impact	6.31%	71
TOTAL		1,123

Figure 6: (based on Q13)

Will the emergence of AI bring any new pressures or challenges for your firm/department, or for your profession more widely?

Our survey results reveal a significant knowledge gap in AI awareness among Hong Kong's legal practitioners, with 57.19% of respondents indicating they are either "not very familiar" or "not at all familiar" with AI's potential impact on the legal profession. Only 8.46% report being "very familiar" with AI concepts. **(See Figure 7)**

Despite this low familiarity level, nearly half (47.47%) of respondents have attended AI-related professional development events. **(See Figure 8)** Many still aren't fully comfortable with AI technology and are actively seeking training, potentially indicating a transitional phase in the profession's technological awareness.

In-house lawyers are more likely to have spent time in training or seminars than their private firm counterparts. Some 60% of lawyers in firms with fewer than five practitioners and 66% of respondents in in-house teams with 20 or more lawyers indicate that they have had AI-specific training. By contrast, only 38% of respondents in firms with fewer than five lawyers have done so.

It is likely that in-house lawyers for private firms, which are wrestling with AI adoption across the entire organisations, would have more exposure to AI-themed technology events and more opportunities to attend cross-functional training.
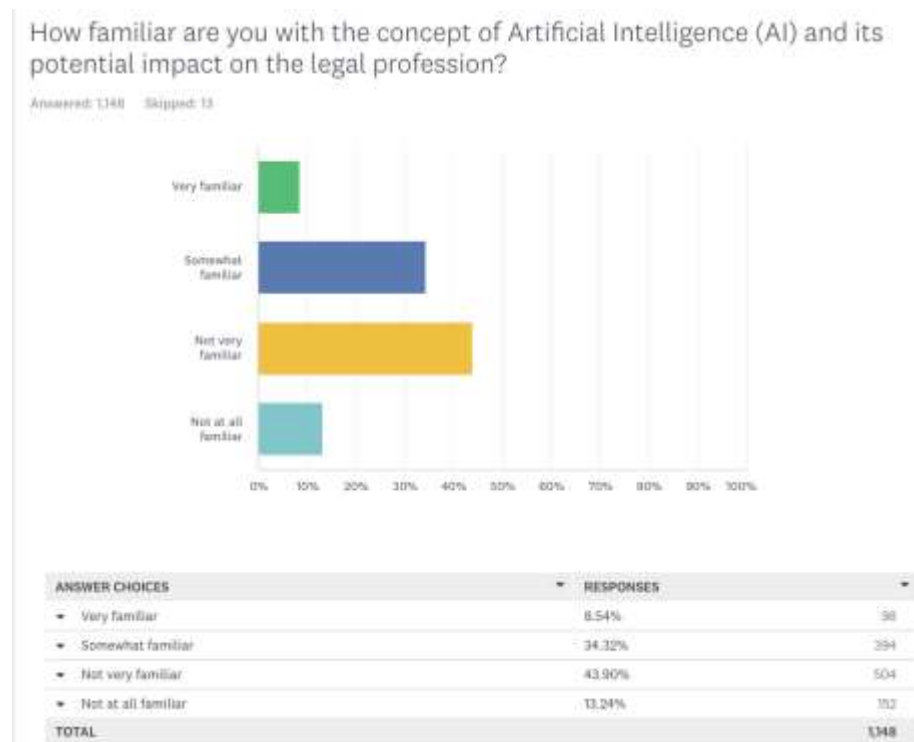
Figure 7: (based on Q5)

How familiar are you with the concept of Artificial Intelligence (AI) and its potential impact on the legal profession?

Answered: 1,148   Skipped: 13

ANSWER CHOICES	RESPONSES	
▾ Very familiar	8.54%	98
▾ Somewhat familiar	34.32%	394
▾ Not very familiar	43.90%	504
▾ Not at all familiar	13.24%	152
TOTAL		1,148

Figure 8: (based on Q6)

Have you attended any seminars, workshops, or training sessions related to AI and its applications in the legal field?

Answered: 1,147   Skipped: 14

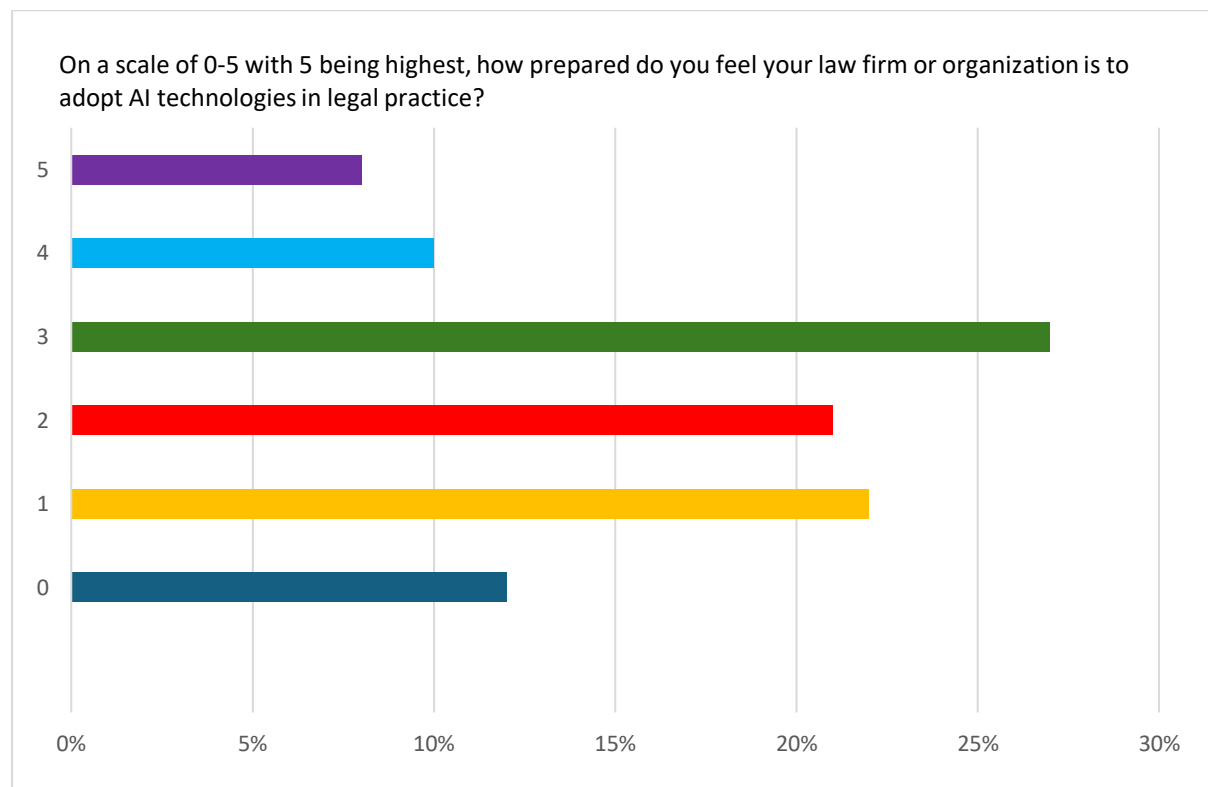| ANSWER CHOICES	RESPONSES	
▾ Yes	47.52%	545
▾ No	52.48%	602
TOTAL		1,147

One reason for this ambivalence is that legal practitioners simply may not feel ready to embrace the change that AI represents. When asked to rate how well their organisation is prepared to adopt AI, nearly 57% of respondents rank themselves among the bottom half of a six-point scale; less than 8% score themselves in the top quintile, suggesting that fewer than one in ten respondents consider themselves very well prepared. **(see Figure 9)**

Respondents from firms with more than 20 lawyers, and those who work as in-house counsel for commercial firms, feel only slightly more prepared on average. This suggests that across the board, while many law firms and businesses have done some initial research into how best to approach the use of AI, most believe they have much more to do.

The biggest challenge for widespread AI adoption, says a sole practitioner in Hong Kong, is shifting the "mindset of the people involved, including the regulator, the lawyers and the clients. In terms of changing the way legal practice is conducted, we are very conservative compared with some foreign jurisdictions."

Figure 9: (based on Q8)

On a scale of 0-5 with 5 being highest, how prepared do you feel your law firm or organization is to adopt AI technologies in legal practice?

The relatively poor self-assessment indicates that more support is needed to upgrade AI capabilities and familiarity. Law firms will need to invest more in skills training and process realignment to get staff and operations ready to efficiently harness AI in areas such as research and documentation.

Section 2
Opportunities and Challenges of AI in the Legal Sector

Our survey findings suggest legal professionals are confident that machine learning capabilities and business processes enabled by generative AI (Gen-AI) will create tremendous efficiencies and value.

This is particularly true where AI can take on rote, low-value and automatable tasks in research and the preparation of legal briefs and related documentation. Eight in 10 respondents believe AI will have great value in activities such as legal analysis and the drafting and editing of documents. **(see Figure 10)**

Respondents show clear preferences for AI applications in specific operational areas, with translation/transcription (80.13%), administrative work reduction (70.97%), and work product creation (69.05%) as top priorities. This suggests a focus on operational efficiency through AI rather than client-facing applications, such as account management (29.95%) or client relationship management, which ranks lowest at 17.77% **(see Figure 11).**

An in-house lawyer in the wealth management field says Gen-AI could "dramatically streamline legal document analysis and research" by summarising large documents and identifying relevant provisions. They also see Gen-AI assisting with simplifying complex legal concepts for layman audiences and quality control.

A senior in-house counsel at a management consulting firm cites the use of AI to "scan through the repository to highlight relevant clauses which might be useful in a particular case, even if we are unable to recall the exact matter name or date on which the agreement was signed."

Interestingly, however, respondents working in firms with 10 lawyers or less show a much higher willingness to use AI in revenue-generating activities (40% for account management and 23% client relationship management). This is likely due to the need for firms with fewer than five lawyers to augment the limited sales capacity of their partners.
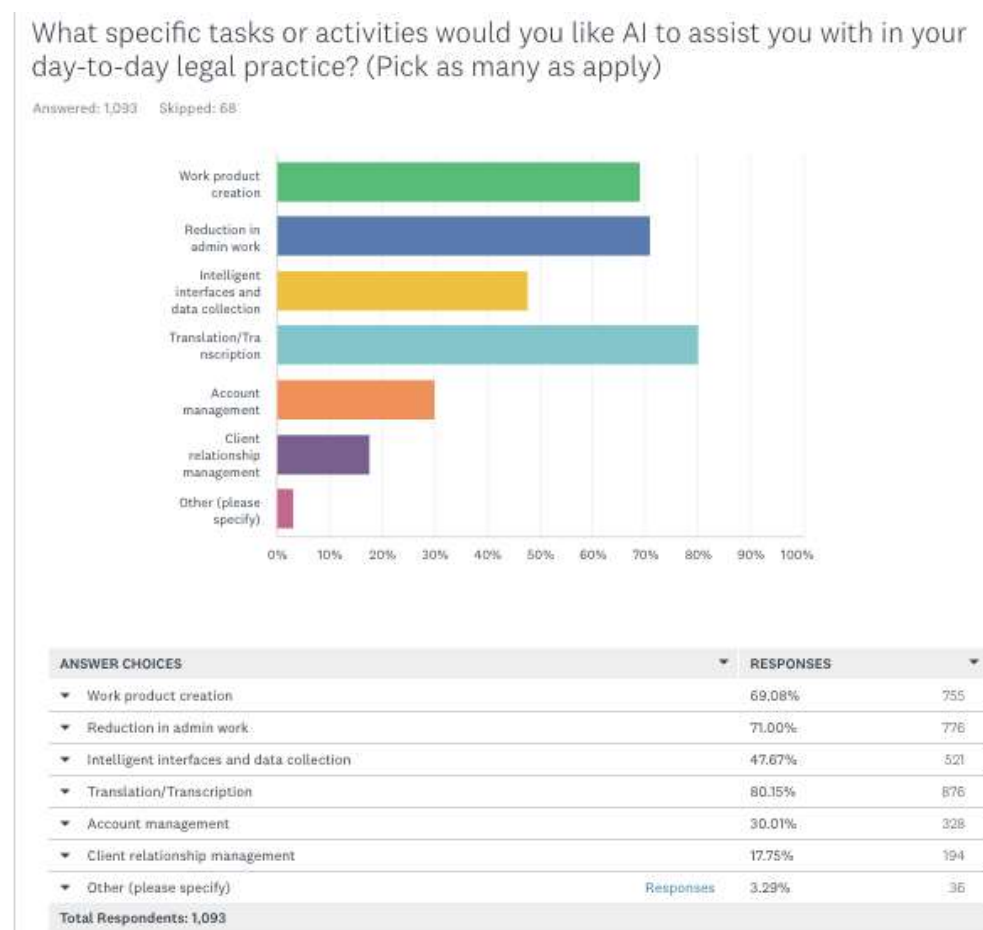
Figure 10: (based on Q10)

In which areas of legal practice do you think AI could be most beneficial or have the greatest impact? (Pick up to 5)

Answered: 1,093   Skipped: 68
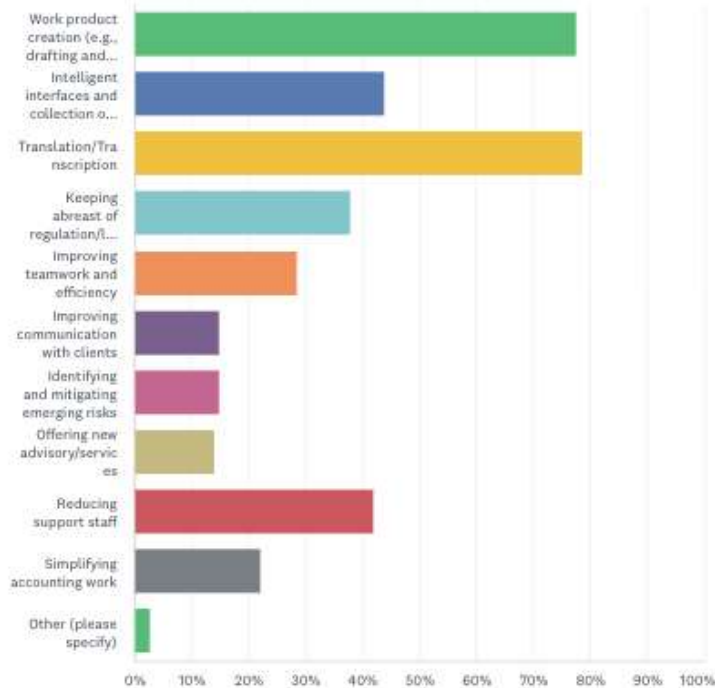
ANSWER CHOICES	RESPONSES	
Work product creation (e.g., drafting and refining/editing documents and analyses)	77.68%	849
Intelligent interfaces and collection of data	44.01%	481
Translation/Transcription	78.59%	859
Keeping abreast of regulation/legislation	37.97%	415
Improving teamwork and efficiency	28.64%	313
Improving communication with clients	15.00%	164
Identifying and mitigating emerging risks	15.00%	164
Offering new advisory/services	14.00%	153
Reducing support staff	41.99%	459
Simplifying accounting work	22.14%	242
Other (please specify) Responses	2.74%	30
Total Respondents: 1,093		

Figure 11: (based on Q11)

What specific tasks or activities would you like AI to assist you with in your day-to-day legal practice? (Pick as many as apply)

Answered: 1,093   Skipped: 68

ANSWER CHOICES	RESPONSES	
Work product creation	69.08%	755
Reduction in admin work	71.00%	776
Intelligent interfaces and data collection	47.67%	521
Translation/Transcription	80.15%	876
Account management	30.01%	328
Client relationship management	17.75%	194
Other (please specify) Responses	3.29%	36
Total Respondents: 1,093		

Legal professionals surveyed are less optimistic that AI would benefit them in their higher value-added activities. Only 15% of respondents say AI would help them communicate better with clients, identify and mitigate risks or create new advisory services. This, however, may have much to do with the respondents' lack of familiarity with AI capabilities, and the fact that many AI tools built for the legal profession are still relatively immature.

The managing partner of a four-lawyer Hong Kong law firm points to the challenges firms with fewer than five lawyers face in integrating AI. "With only external IT support, the main difficulty is understanding the potential scope and operation of AI, and the risks arising if it is used wrongly," they say. "As a small firm, we do not have sufficient critical mass nor volume of suitable work which would make any significant investment in AI useful."

The firm currently uses LexisNexis and its new AI product Lexis+ to enhance search and research results. "Using AI as an add-on to third-party services is the most likely first step into AI for small firms like ourselves. That said, we are looking at what can be achieved with chatbots currently available free or on moderate subscription," the managing partner says.

Survey respondents perceive several key challenges to their emerging AI aspirations, although these appear to be the standard adoption hurdles any firm faces when considering new technologies.

Concerns about AI adoption centre on professional quality and integrity, with accuracy concerns (50.97%), over-reliance on AI (45.34%), and ethical usage (44.78%) ranking as top fears. Cybersecurity (41.74%) also ranks high among concerns, while traditional fears about job displacement (33.89%) rank lower than might be expected. **(See Figure 12)** All of these concerns are slightly more heightened for respondents working as in-house lawyers for commercial firms.

While over half see cyber security as a hurdle **(see Figure 13)** and nearly as many see data privacy as a concern, both have long been issues that digitally minded firms have had to address. AI may simply amplify existing technology adoption challenges rather than create new difficulties.

Figure 12: (based on Q14)

What are your biggest fears when it comes to AI in the legal profession? (Pick up to 5)

Answered: 1,084   Skipped: 77

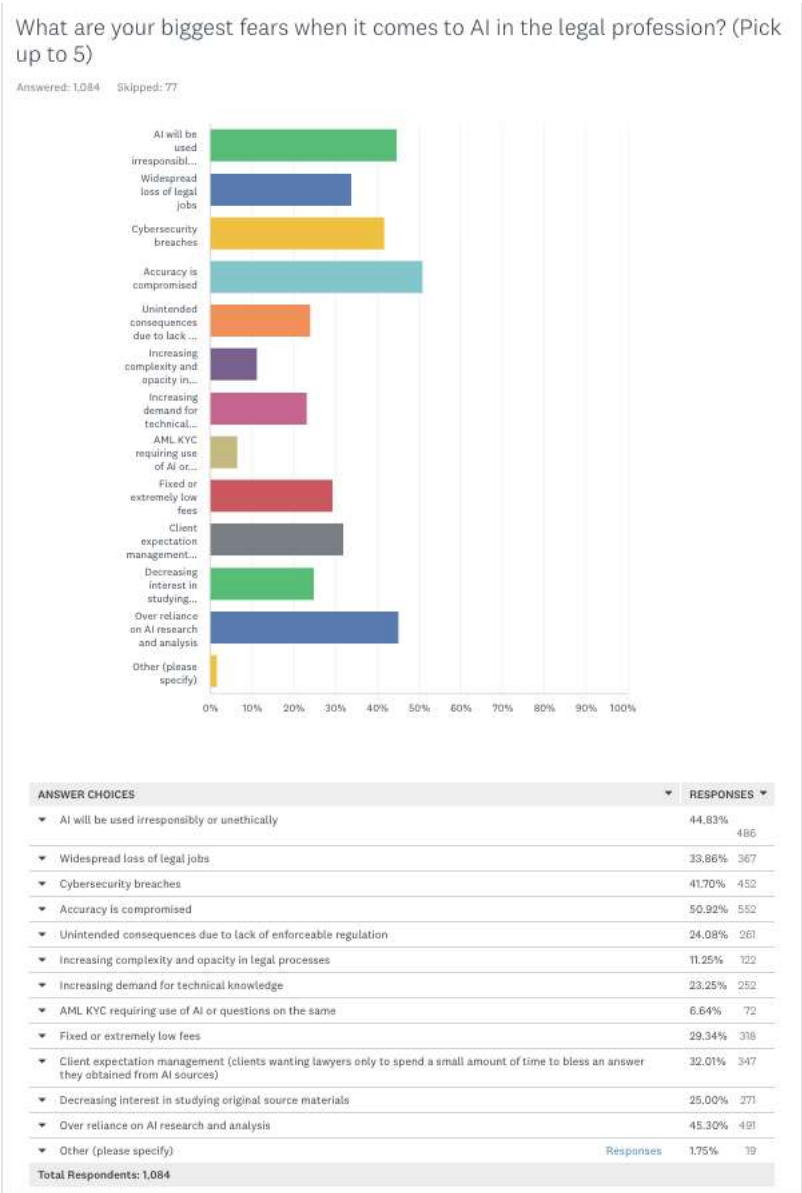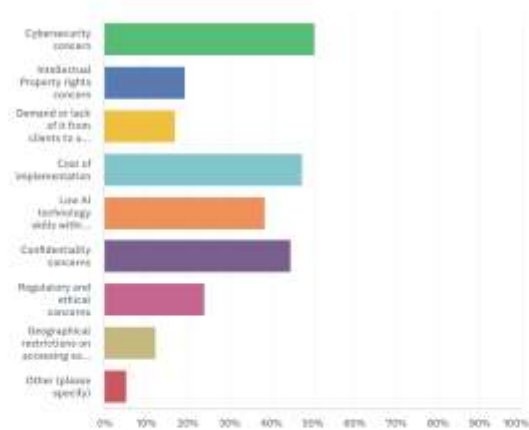| ANSWER CHOICES	RESPONSES	
AI will be used irresponsibly or unethically	44.83%	486
Widespread loss of legal jobs	33.86%	367
Cybersecurity breaches	41.70%	452
Accuracy is compromised	50.92%	552
Unintended consequences due to lack of enforceable regulation	24.08%	261
Increasing complexity and opacity in legal processes	11.25%	122
Increasing demand for technical knowledge	23.25%	252
AML KYC requiring use of AI or questions on the same	6.64%	72
Fixed or extremely low fees	29.34%	318
Client expectation management (clients wanting lawyers only to spend a small amount of time to bless an answer they obtained from AI sources)	32.01%	347
Decreasing interest in studying original source materials	25.00%	271
Over reliance on AI research and analysis	45.30%	491
Other (please specify)	1.75%	19
Total Respondents: 1,084		

Figure 13: (based on Q9)

What do you perceive as the main barriers or challenges in adopting AI technologies in your legal practice? (Pick up to 3)

Answered: 1,120   Skipped: 41

ANSWER CHOICES		RESPONSES	
▪ Cybersecurity concern		30.62%	587
▪ Intellectual Property rights concern		19.46%	219
▪ Demand or lack of it from clients to use AI		17.14%	192
▪ Cost of implementation		47.59%	533
▪ Low AI technology skills within your practice		36.37%	422
▪ Confidentiality concerns		44.73%	901
▪ Regulatory and ethical concerns		24.02%	269
▪ Geographical restrictions on accessing some AIs		12.41%	139
▪ Other (please specify) Responses		5.36%	60
Total Respondents: 1,120			

Section 3
AI's Impact on Legal Work

As with most other industries, AI could soon reshape the working processes of legal jobs. "AI is similar to the transition from calculators or typewriters to computers where individuals will now be able to work more flexibly and efficiently and increase the overall output," says the in-house lawyer at the managing consulting firm.

Just as respondents identify several areas of lower-value work ripe for automating through AI tools, they directly correlate these gains with higher productivity and higher-value work. Over 83% feel AI will increase productivity, and 71% feel AI-enabled work will free up staff time for higher-value work **(See Figure 14)**.

The sole practitioner quoted above believes "AI will evolve from handling routine, administrative tasks—such as document review, contract drafting or case management—to providing more sophisticated support in legal research, predictive analytics and case strategy."

Figure 14: (based on Q15)

As AI's capabilities improve, the in-house lawyer in the wealth management industry foresees a future where "part of my role as legal counsel will likely evolve into something akin to a spokesperson for this AI colleague." But human expertise and judgement will remain paramount. As described by the sole practitioner: "AI, while powerful, works best when combined with human expertise."

Clients' attitudes towards AI also tend to vary. "Whilst some of our clients are keen on AI and have asked whether our firm has an AI strategy to improve our services, some are cautious and have restrictions to use AI due to confidentiality concerns," says a counsel at one of Hong Kong's largest law firms.

Unsurprisingly, many respondents anticipate that AI's potential productivity gains will likely result in fewer hours worked, and eventually, fewer overall workers. "In five years, AI will likely be far more advanced than what we see today, and the challenge will be for people and regulations to catch up with [its] capabilities," says the in-house lawyer in the wealth management industry. They predict AI could "enable productivity gains for the average lawyer that could increase threefold or more."

However, these beliefs are not uniformly held. While over a third of respondents (36.32%) expect their own working hours to decrease, nearly as many (34.47%) anticipate no change to their workloads, and another quarter (23.48%) are simply unsure. **(See Figure 15)**

Figure 15: (based on Q17)

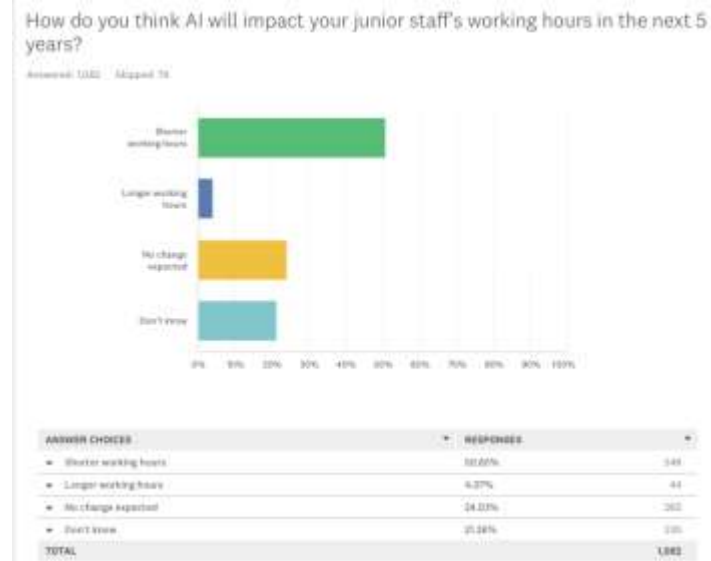How do you think AI will impact your working hours in the next 5 years?

Answered: 1,083   Skipped: 78
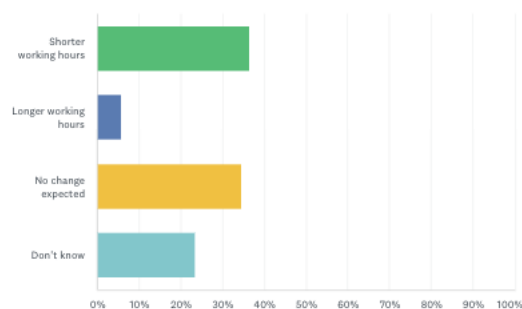
ANSWER CHOICES	RESPONSES	
Shorter working hours	36.38%	394
Longer working hours	5.72%	62
No change expected	34.44%	373
Don't know	23.45%	254
TOTAL		1,083

The outlook shifts when considering AI's impact on junior colleagues and those in support positions. Over half of respondents (50.60%) predict reduced hours for junior staff. **(see Figure 16)** Nearly a third (25.53%) believe their lower-end workforce will shrink by at least 20%, and over 40% say up to 20% reduction. **(see Figure 17)**
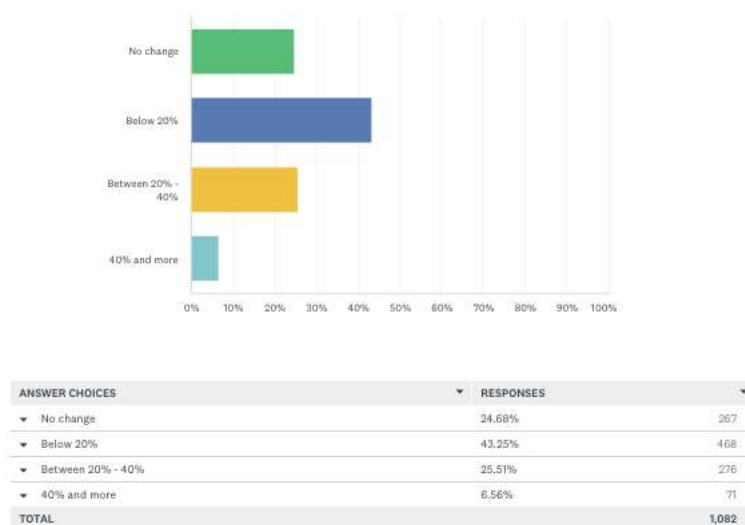
Figure 16: (based on Q18)

How do you think AI will impact your junior staff's working hours in the next 5 years?

Answered: 1,082   Skipped: 79

ANSWER CHOICES	RESPONSES	
Shorter working hours	50.60%	548
Longer working hours	4.07%	44
No change expected	24.03%	260
Don't know	21.16%	230
TOTAL		1,082

Figure 17: (based on Q19)

How much do you think AI will reduce your need for junior lawyers and support staff in the next 5 years?

Answered: 1,082   Skipped: 79

ANSWER CHOICES	RESPONSES	
No change	24.68%	267
Below 20%	43.25%	468
Between 20% - 40%	25.51%	276
40% and more	6.56%	71
TOTAL		1,082

Survey respondents thus identify a conundrum in AI adoption plans that will need to be resolved. Fewer workers working fewer hours—at least at the lower end of the legal services value chain—could threaten the loss of billable hours. At the same time, AI has the potential to radically reduce a legal firm's operating costs by decreasing their hiring needs.

This could create a "death spiral" for some firms as they perpetually chase improved margins through increased automation. AI's long-term impacts could just as likely allow law firms to engage in more significant business transformation: harnessing the analytical power of machine learning tools could allow firms to create new billing and fee structures that embrace this new way of legal work.
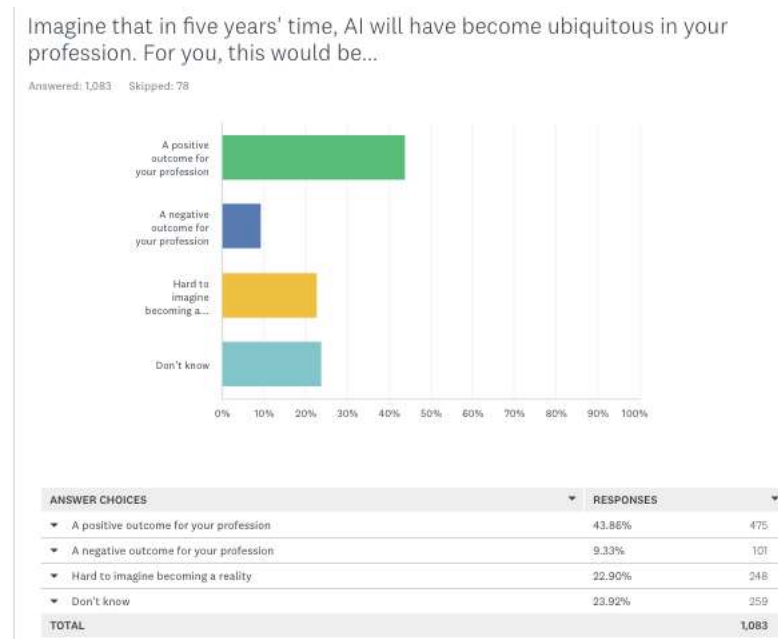
Section 4
Bridging the AI Know-How Divide

The survey asks legal professionals in Hong Kong to imagine the ubiquity of AI in their field in five years and gauge its impact. While 44% views this as positively impacting their profession, the rest are either unable to envision this scenario or doesn't know how they feel. **(see Figure 18)**

Figure 18: (based on Q16)

Imagine that in five years' time, AI will have become ubiquitous in your profession. For you, this would be...

Answered: 1,083   Skipped: 78

ANSWER CHOICES	RESPONSES	
A positive outcome for your profession	43.86%	475
A negative outcome for your profession	9.33%	101
Hard to imagine becoming a reality	22.90%	248
Don't know	23.92%	259
TOTAL		1,083

The lack of a clear vision for how AI could change legal work in five years suggests many may not be prepared to integrate emerging technologies. For AI to gain widespread adoption, more must be done to help the legal community understand practical applications and address potential obstacles.

The Law Society plays a key role in supporting this transition. Some survey respondents suggest subsidies could level the playing field for firms with fewer than five lawyers, allowing them to experiment with or implement AI tools. For example, Ho advocates for financial subsidies to consult AI experts and acquire customised programmes.

As debates heat up around AI ethics and security, in-house lawyer in the wealth management industry highlights the importance of promoting awareness around "both the capabilities and limitations of LLMs and other AI tools." They say options like keeping LLMs and training data on secured local servers can address some of the data privacy and security concerns.

The need for regulatory frameworks is apparent, with an overwhelming majority of respondents (78.99%) supporting the introduction of dedicated regulations governing AI use in legal services. **(see Figure 19)** "Lawyers need assurance that using AI tools complies with existing laws and professional conduct standards," says the sole practitioner.

Figure 19: (based on Q20)

Should dedicated regulations be formulated for the use of AI by law firms in the course of providing legal services?

Answered: 1,029   Skipped: 132
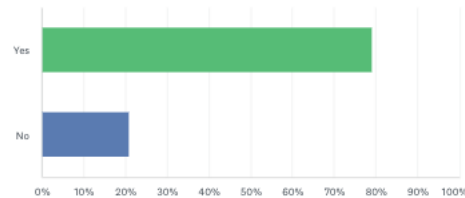
ANSWER CHOICES	RESPONSES	
Yes	79.01%	813
No	20.99%	216
TOTAL		1,029

When asked how they would ready themselves for the changes brought by AI, nearly all agree that training and education are paramount. Our survey indicates a clear demand for industry-specific AI guidance, with practitioners strongly preferring training from legal technology experts (30.60%) over major tech companies (9.56%). This is followed by free trials offered by legal tech firms (22.04%) and links to free online resources (20.49%). **(see Figure 20)**

Figure 20: (based on Q12)

What kind of training, resources, or support would you find most helpful in understanding, adapting practices to not or not fully adopting AI technologies and/or adopting AI technologies?

Answered: 1,099   Skipped: 62
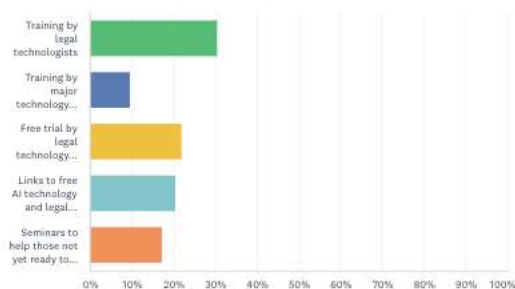
ANSWER CHOICES	RESPONSES	
Training by legal technologists	30.57%	336
Training by major technology companies	9.65%	106
Free trial by legal technology firms	22.02%	242
Links to free AI technology and legal technology websites and Apps	20.47%	225
Seminars to help those not yet ready to adopt AI to protect themselves against demand or pressure on AI adoption (e.g. provisions in engagement contracts, extra charges for using AI, etc)	17.29%	190
TOTAL		1,099

The survey suggests that while a decent percentage want direct exposure to AI systems through hands-on training or trials, there is a significant lack of real experience. This is problematic as without proper knowledge, lawyers may struggle to fully comprehend AI's applications and limitations, and could potentially make misguided decisions around its use or non-use.

The results point to a need for more comprehensive and accessible education delivered by experts in both law and technology to help boost attorneys' abilities to prepare for and implement AI where suitable in their work.

A partner at one of Hong Kong's largest law firms suggests hosting workshops on recent AI advances and use cases. He proposes "establishing pilot groups and recruiting volunteers to test the reliability of various AI solutions," providing members with more clarity on the service level before they invest in AI solutions.

Most importantly, the Law Society should encourage innovation, says the in-house counsel at the management consulting firm, by shifting perspectives from viewing tech as a threat to a "helpful tool" that enhances legal practice.

Conclusion
What's next?

Hong Kong's legal industry, like knowledge-intensive sectors the world over, stands to benefit tremendously from the productivity gains that AI-accelerated research and analytic processes promise them. Most survey respondents recognise this potential and are hopeful that these powerful new tools will help them tackle labour-intensive rote chores and automate bureaucratic processes.

At the moment, however, work replacement is what most look at AI tools for, largely because most Hong Kong law professionals admittedly lack familiarity with the technology. This could present significant adoption challenges in the years ahead. While it is certainly a solid digitalisation strategy to pick off low-hanging productivity fruit, simply automating brief-building and compliance work will not be sufficient to leverage AI and drive transformative change within a firm.

This will become glaringly apparent as law firms realise that as AI cuts down on work undertaken by fewer senior team members, it could also start to bite into their billable hours. AI needs to be adopted with a more expansive business strategy and a willingness to explore new modes of creating value for a law firm's clients.

Hong Kong's legal professionals must also focus on upskilling and training to meet the demands of an increasingly AI-driven world. By investing in education and familiarisation with AI technologies, legal practitioners can move beyond mere task automation and towards innovative applications of AI in their practice. This includes using AI to provide more insightful legal analyses, enhancing decision-making processes and improving client experiences through personalised services.

Such a proactive approach to AI adoption could help law firms remain competitive by enhancing their ability to deliver higher value to clients. Ultimately, embracing AI with a forward-thinking mindset can help transform how legal services are delivered, making them more efficient, precise and responsive to client needs.

Executive Summary

- The Law Society of Hong Kong conducts a survey of over 1,000 legal professionals from 26 June 2024 to 30 September 2024 to understand their awareness and preparedness for AI adoption.

- Most respondents (64.11%) are experienced lawyers with 9+ years of experience, with 22.18% being newer practitioners. They primarily work in domestic law firms (59.24%), followed by in-house legal departments (27.81%) and international firms (12.95%), across various practice areas.

- While most recognise AI's significant impact, many are concerned about its accuracy (50.97%), over-reliance on AI (45.34%) and ethical usage (44.78%). Over a third report that they are not prepared at all for AI integration, and less than one in ten feel they are very well prepared.

- The survey shows strong preferences for AI's applications in operational tasks (80.13% for translation/transcription and 70.97% for administrative work reduction), but less so for higher-order work (29.95% for account management and 17.77% for client relationship management).

- Over 83% expect AI to boost productivity and 71% anticipate it will enable higher-value work, though 50.60% predict reduced junior staff hours—potentially impacting billable hours if not properly addressed through workforce planning.

- Legal professionals call for more guidance and resources from the Law Society. They strongly prefer training from legal technology experts (30.60%) over major tech companies (9.56%), along with subsidies and pilot testing of AI tools to enhance understanding of its capabilities and limitations.

- A representative sample of eight respondents who had consented to follow-up contact was selected for interviews to explore the key themes that emerged from the initial survey.

- If Hong Kong's legal sector embraces AI strategically and focuses on upskilling, AI stands to offer transformative gains through more insightful analyses, decision-making support and customised client services.

The Law Society of Hong Kong