Generative Artificial Intelligence — When Opportunity Precedes Risk Assessment

A majority (95%) of in-house counsel across Asia have adopted the use of generative AI in some capacity to help perform certain legal tasks or functions within their organisations. Despite ongoing skepticism in the market, legal teams appear to be ready to experiment with cutting-edge technology for a wide range of use cases.

"We leverage ChatGPT across our business. For the legal team, we are automating tasks such as the drafting of NDAs, creating first draft documents, translating materials, and performing research," said one General Counsel.

The ability to help improve productivity and automate simple tasks using generative AI has become so appealing to legal teams in the region that many have moved from interest to practical use.

Data processing was the most common use case, with slightly more than half (54%) confirming they are currently using the technology for that purpose within the legal department. Additional functions reported included risk identification and assessment (52%), regulatory change management (48%), sanctions screening (43%), fraud detection and controls (39%) and compliance with anti-money laundering ("AML") and know-your-customer ("KYC") requirements (31%).

In addition to specific implementations of generative AI, many legal teams expressed overall confidence in technology as playing a key role in addressing and mitigating legal threats such as compliance and litigation in the year ahead. When asked about what investments they are making to protect their organisations against their top risks, 72% of respondents pointed to new technology as a solution. These findings suggest that lawyers across Asia believe generative AI is and will continue to affect how they deliver legal services spanning administrative tasks to high-value, labour-intensive work such as compliance monitoring. It's clear that in-house counsel in Asia have high expectations for advanced technologies to effectively free up time that can be reallocated to complex and strategic issues within their organisations.
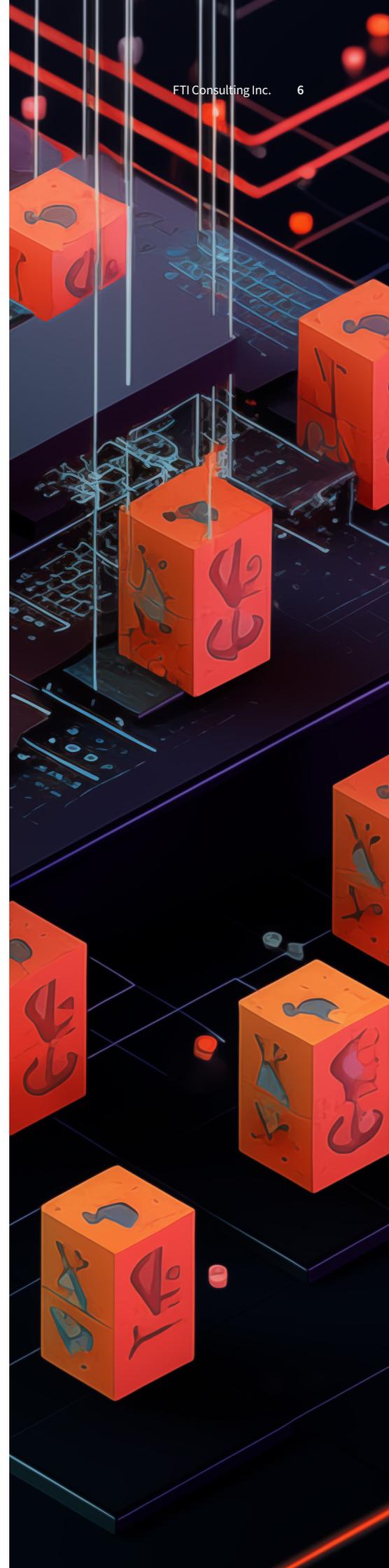
The rapid adoption rates for generative AI within legal departments are perhaps at odds with the very real concerns and risks that have been raised regarding the use of such tools and the fact that for many use cases, the generative AI products available today are not yet mature or reliable enough to provide the desired outcomes.

There are concerns that use of generative AI applications may expose organisations to data privacy, intellectual property, accuracy, ethical and other risks. These must be fully addressed and mitigated to enable long-term success and use. Indeed, 65% of in-house counsel surveyed said their organisation has not provided sufficient guidance for the use of generative AI. Additionally, 45% of the companies do not have a specific third-party risk assessment to capture risk concerns for new technology implementations.

When compared side by side, the responses relating to adoption and governance for generative AI reveal notable gaps in risk readiness for advanced and emerging technologies.

While technological innovation certainly offers the potential to transform how in-house legal teams practice and operate, human oversight remains critical. Lawyers who are willing to be early adopters of new technology must do so with a framework for strong governance. Inputs and outputs for unproven tools must be closely monitored through the lens of in-house counsel's professional training, expertise within their organisation and industry, as well as the regulatory requirements that apply to their business.

The complexity of legal issues, as well as ethical concerns and worries about accuracy that surround generative AI, should be a reminder to in-house counsel that the technology is still in early stages of development. Currently, it is likely only suitable for basic legal tasks and work that is closely supervised by domain experts.

As the capabilities and proven use cases grow, maintaining transparency and accountability will be key. Leveraging data governance best practices and existing standards frameworks will be essential. Governance controls and policies that assess risk of potential harm from new solutions, and provide clear guidelines and education for what is considered appropriate use, will help position General Counsel for success when ushering in the age of AI to their organisation.
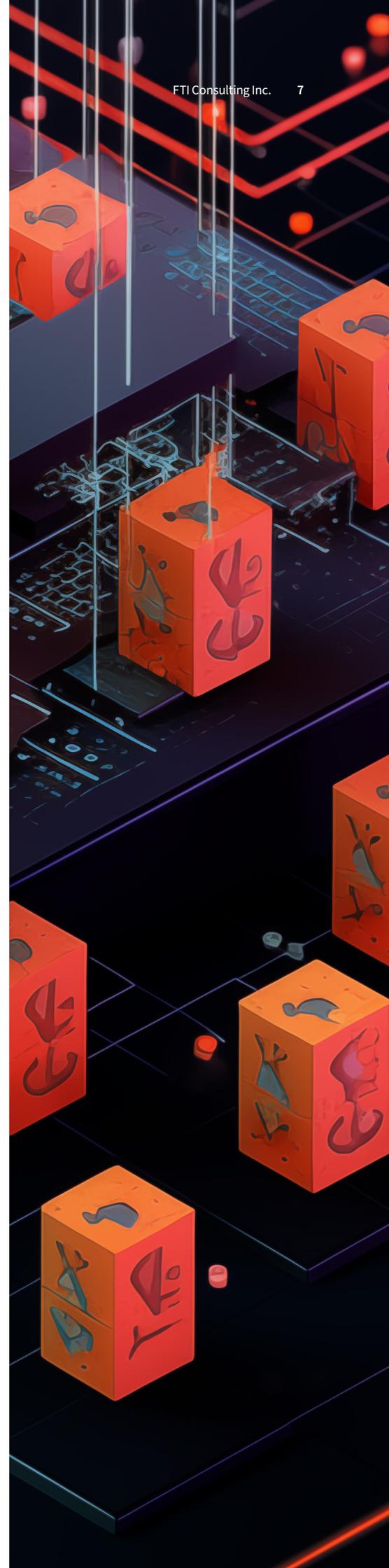
For more information please contact:
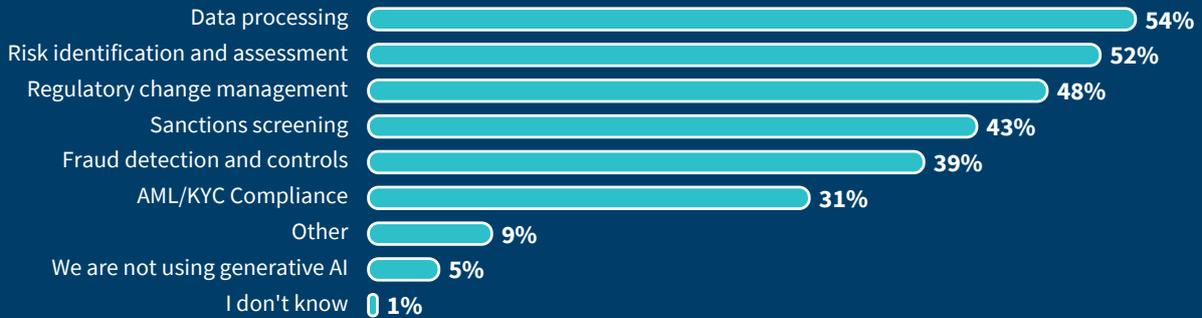
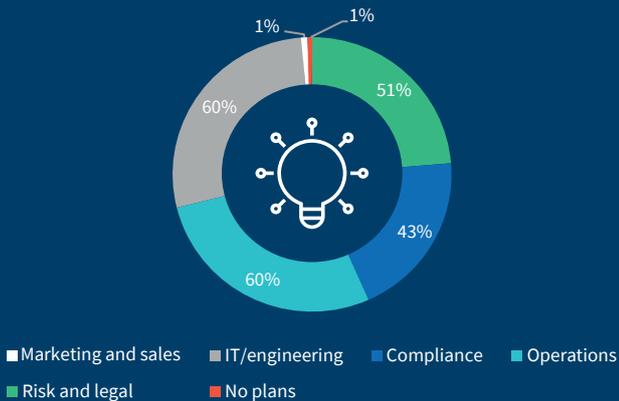**SANDEEP JADAV**
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Generative AI: Survey Findings

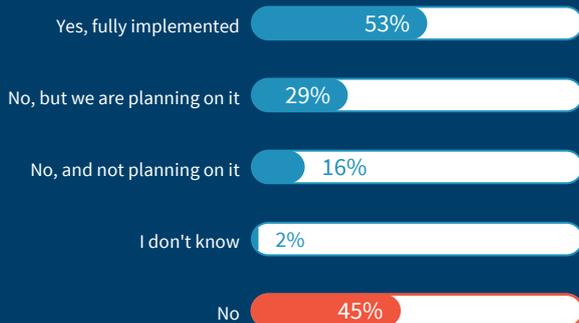## Is your company currently using generative AI for any legal tasks/functions?

- Data processing — **54%**
- Risk identification and assessment — **52%**
- Regulatory change management — **48%**
- Sanctions screening — **43%**
- Fraud detection and controls — **39%**
- AML/KYC Compliance — **31%**
- Other — **9%**
- We are not using generative AI — **5%**
- I don't know — **1%**

In which of the following functions is your company currently or planning to adopt/integrate generative AI?

- 51%
- 43%
- 60%
- 60%
- 1%
- 1%

- ■ Marketing and sales
- ■ IT/engineering
- ■ Compliance
- ■ Operations
- ■ Risk and legal
- ■ No plans

What guidelines does your company provide for the use of generative AI?

- **71%** Data privacy and confidential information
- **62%** Compliance notice
- **50%** Handbook or guide
- **7%** I don't know / Other
- **3%** None

Does your company have a specific third-party risk assessment to capture security and operational risk concerns for new technologies?

- Yes, fully implemented — **53%**
- No, but we are planning on it — **29%**
- No, and not planning on it — **16%**
- I don't know — **2%**
- No — **45%**

When you onboard a new technology such as generative AI, how often do you onboard external support to implement the solution?

- Always — **40%**
- Sometimes — **53%**
- Never — **5%**
- I don't know — **2%**