Artificial Intelligence in South Africa's Legal Sector: Opportunities, Challenges, and the Path Forward

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The integration of Artificial Intelligence (AI) across various sectors is no longer a distant future but a living reality, and the legal community in South Africa is no exception. This rapidly evolving digital world presents both unprecedented opportunities and complex legal challenges that require expert navigation. **PBC Group** stands as a pioneer, leading the client in providing tailored AI legal services and actively engaging with the tech community to shape policies and regulations for a safe and innovative AI ecosystem in South Africa.

The Economic Contribution of the Legal Sector in South Africa

The legal sector's direct contribution to **South Africa's Gross Domestic Product (GDP)** is not reported as a standalone figure. Instead, it is grouped under the broader economic category of **"Finance, real estate and business services"**, as defined by **Stats SA (Statistics South Africa)**. This category includes a wide range of professional and financial activities, with legal services being a key component.

The legal sector is an indispensable part of the professional services industry, playing a crucial role in fostering economic competitiveness and good governance.

For the first quarter of 2025, the "Finance, real estate and business services" sector had a value-added of **R 748,449 million** (at constant 2015 prices, seasonally adjusted, and annualized).

- **Contribution to GDP:** When compared to the total Gross Domestic Product (GDP) of **R 4,668,608 million** for the same period, this sector, which includes legal services, accounted for approximately **16.03%** of South Africa's total GDP.

- **Growth Rate:** The sector saw a **0.2%** increase in its real value added quarter-on-quarter, which contributed **0.1 percentage points** to the overall GDP growth for Q1 2025. On a year-on-year basis, this sector grew by a notable **3.9%**.

AI and the Future of the Legal Sector

With the introduction of the [**National Artificial Intelligence Policy Framework for South Africa**](#), the legal sector's ability to responsibly integrate AI is considered critical for:

- Driving economic transformation and social equity.

- Positioning South Africa as a leader in AI innovation.

The legal sector's adaptation to these technologies is vital for the nation's development.

Applications and Benefits of AI in South African Legal Practice

AI-powered software is increasingly assisting legal professionals in South Africa with various tasks, promising to revolutionise legal services by making them more efficient, accessible, and affordable.

- **Enhanced Efficiency and Productivity**: AI tools can automate time-intensive processes such as document review, legal research, and even basic contract drafting. This allows legal practitioners to dedicate more time to complex, strategic client needs and client interaction. AI systems can perform analyses beyond human reach, freeing lawyers from "mechanical" tasks.

- **Improved Access to Justice**: AI offers the potential to bridge the access-to-justice gap by reducing the cost and complexity of obtaining legal assistance, particularly for South Africans hindered by financial constraints. AI-powered tools, especially those trained on South African case law, statutes, and legal principles, can assist with document preparation, provide guidance on procedural requirements, and enhance public understanding of legal rights. The [*Makunga v Barlequins Beleggings case*](#), where a self-represented litigant used

AI tools for legal argumentation, demonstrated AI's potential to enhance access to justice.

- **Legal Research and Publishing**: AI is well-suited to analyse large volumes of text-based data, making it effective for legal research tasks like analysing case law, statutes, and other documents. Commercial legal publishers are incorporating AI, and free legal resource libraries like **Laws.Africa** are developing software to make consolidated legislation publicly accessible.

- **Digital Justice Systems**: Digital justice platforms, sometimes utilising Natural Language Processing (NLP), are emerging. For instance, **CaseLines** was piloted in South African High Courts, and similar case-management systems have been introduced in Rwanda, Kenya, Uganda, and Egypt. AI can also aid in dispute resolution, potentially reducing court backlogs.

- **Other Applications**: AI is also finding use in areas like predictive coding, litigation analysis, and commercial contracting.

Challenges and Ethical Concerns

Despite the clear benefits, the adoption of AI in the South African legal sector is fraught with significant challenges and ethical implications, demanding careful consideration and robust regulatory frameworks.

- **"Phantom Citations" and AI Hallucinations**: A critical concern is AI's propensity to "hallucinate" or invent fictitious case law and fabricated legal principles. **The Mavundla v MEC Department of Co-Operative Government and Traditional Affairs and Others case (7940 2024P) ZAKZPHC 2 (8 January 2025)** sent shockwaves through the South African legal community when AI-generated non-existent precedents were cited in court. **The Northbound Processing (Pty) Ltd v The South African Diamond and Precious Metals Regulator (Case Number: 2025-072038)** case further reinforced the courts' zero-tolerance approach to fictitious citations.

- **Ethical Duties and Professional Responsibility**: These cases underscore that legal practitioners have an **absolute professional duty to verify the accuracy of AI-generated outputs against authoritative sources**. Relying uncritically on AI without independent reading and questioning is a fundamental breach of legal practitioners' ethical duties, regardless of good intentions, time pressure, or genuine apologies. Misuse of AI can lead to mandatory referral to the **Legal Practice Council (LPC)** for investigation.

- **Data Privacy and Security**: AI platforms process vast amounts of data, raising significant concerns about data privacy and security. Compliance with data protection regulations, such as South Africa's **Protection of Personal**

Information Act (POPIA), is crucial. AI systems can be vulnerable to data leakage if not properly secured, especially when dealing with confidential client information.

- **Bias in AI Models**: AI models are often trained on datasets that reflect foreign legal traditions and values, potentially sidelining local contexts and South African legal principles. This can lead to biased outputs, necessitating critical assessment by legal practitioners to ensure alignment with South African legal rules and values.

- **Digital Divide and Infrastructure Gaps**: African countries, including South Africa, face endemic infrastructural problems such as a lack of reliable internet and uninterrupted electricity supply, hindering widespread AI adoption, particularly in rural and marginalised communities. This exacerbates equity gaps, potentially limiting the benefits of legal tech to a socio-economically privileged minority.

- **Skills Gaps and Human Oversight**: In the evolving South African legal landscape, a notable **skills gap and the imperative for robust human oversight** present significant challenges. Legal professionals across Africa have exhibited a degree of **hesitation and apprehension concerning technological advancements**, particularly with the integration of AI tools. This underscores a critical need for **enhanced awareness and comprehensive training** for practitioners regarding AI functionalities and ethical usage.

While AI systems undeniably offer the capability to automate various legal tasks, it is paramount to recognise that **human judgment, empathy, and ethical decision-making remain uniquely human attributes and are ultimately irreplaceable** within the legal profession. Consequently, lawyers are burdened with an **absolute professional duty to diligently supervise AI systems**, and support personnel, ensuring the **completeness and accuracy of their outputs**. This supervisory role is often likened to the meticulous process of **a senior associate reviewing the work of a junior**, reinforcing the principle that the final responsibility for all legal content produced with AI assistance rests squarely with the practitioner.

- **Cultural and Legal System Differences**: Most AI legal technologies are developed for American or European legal systems, which may not accurately reflect the diversities and nuances of African legal systems. This incompatibility can disadvantage African lawyers and necessitates the development of AI tools tailored to local contexts.

- **Charging for AI-Related Work**: Ethical guidelines propose that efficiency gains from AI should benefit clients through reduced fees, rather than merely

increasing profit margins for legal practitioners. Billing models need to align with prescribed cost recovery models to avoid prejudicing clients.

Regulatory and Policy Landscape in South Africa

South Africa is actively working towards establishing a comprehensive framework for AI governance to harness its potential while mitigating risks.

- **Current Legislative Landscape**: Currently, South Africa lacks comprehensive AI-specific legislation. However, existing laws such as **POPIA** (**Protection of Personal Information Act**), the **Electronic Communications and Transactions Act**, and the **Medicines and Related Substances Act** are relevant and apply to certain aspects of AI use. **POPIA**, in particular, is crucial for safeguarding personal information processed by AI systems, especially regarding automated decision-making.

- **National AI Policy and Strategic Pillars**: **The National AI Policy Framework** aims to guide responsible and ethical AI development and deployment, focusing on economic growth, societal improvement, and positioning South Africa as an innovation leader. Key strategic pillars include: *Talent Development/Capacity Building:* Integrating AI into educational curricula from basic to tertiary levels to build a robust AI talent pool. *Fairness and Mitigating Bias:* Ensuring AI systems are transparent, accountable, and designed to promote fairness while mitigating biases, especially those reflecting foreign values or historical inequalities. *Robust Data Governance:* Establishing frameworks to protect privacy and enhance data security, alongside standards for AI transparency and explainability. *Investment in Research and Innovation:* Encouraging targeted AI projects that create social and economic impact and catalyse investment.

- **Legal Practice Council (LPC) Guidelines**: Following cases of fabricated AI-generated case law, the LPC is developing a policy to regulate AI use by legal professionals. **Draft Ethics Guidelines for Legal Practitioners in South Africa on the Use of Generative AI** have been proposed to provide clear standards for responsible AI use, emphasising independent critical thinking, integrity, data privacy, and risk management. These guidelines stress that legal practitioners remain fully responsible for the content they produce with AI assistance, treating AI as a tool rather than an authoritative source.

- **African Union Initiatives**: At a continental level, the AU has adopted the **Digital Transformation Strategy for Africa (DTSA) and the Protocol on Intellectual Property Rights to the AfCFTA**, both recognising the role of emerging technologies like AI. The **AUDA-NEPAD** has also conducted studies and convened meetings for a continental AI strategy, identifying key sectors like healthcare, mining, energy, agriculture, and financial services where AI can

contribute to socio-economic development. **The African Commission on Human and Peoples' Rights (ACHPR)** has called for studies on AI's impact on human rights and for a regional regulatory framework.

The Role of Standard Operating Procedures (SOPs) and an AI Legal Ethics SOP Library™: To address these challenges, **PBC Group** offers an AI Legal Ethics SOP Library™ blueprint. This structured library is designed for onboarding and governance needs, aligning with legal literacy and ethical leadership. Etienne Pretorius, a specialist in legal governance and responsible AI at **PBC Group**, can assist firms in developing ethical AI policies, ensuring regulatory compliance, and mitigating risks. The SOP library provides concrete, actionable protocols to ensure responsible AI integration and mitigate identified risks. It can be adapted into onboarding modules, dashboards, or clause libraries. The AI Legal Ethics SOP Library™ blueprint is divided into several key sections, with specific SOPs designed to guide ethical and responsible AI usage:

I. AI Usage & Governance

- ***SOP-01: AI Integration Policy:*** This defines approved AI tools and legal applications while setting boundaries for prohibited use cases, such as generating case law without verification.

- ***SOP-02: Roles & Responsibility Matrix:*** This outlines duties for various staff members (partners, junior staff, compliance officers, clerks) and includes escalation protocols and check-ins for AI usage, which can be embedded into employment contracts.

- ***SOP-03: Prompt Engineering Guidelines:*** Provides guidance on structuring prompts by legal domain, clarity level, and output format, with examples for tasks like contract generation and legislative summaries.

II. Verification & Review Protocols

- ***SOP-04: Legal Citation Cross-Check:*** Establishes a step-by-step verification process using authoritative sources like **LexisNexis**, **SAFLII**, or **official gazettes**. It also includes protocols to flag hallucinated citations and embed correction templates. This directly addresses the "phantom citations" issue.

- ***SOP-05: Clause Vetting Workflow:*** Defines a clear process: AI-generated clause → Expert review → Legal database cross-match → Approval log. It also allows for customizable approval stamps and checklists.

- ***SOP-06: Source Logging & Attribution:*** Requires a citation trail for every AI-generated insight or contract element and recommends a secure storage system with an audit trail.

III. Risk Management & Incident Response

- **SOP-07: Hallucination Red Flags:** Identifies specific phrase indicators (e.g., "seminal case...", "leading precedent...") that signal fabrications and includes staff training with annotated examples from recent **LPC cases**. This further reinforces the mitigation of AI hallucinations.

- **SOP-08: AI Misuse Reporting Protocol:** Establishes confidential channels to report suspected hallucination or risky usage and defines an escalation pathway from internal reporting to the governance committee and, if necessary, the **Legal Practice Council**. This aligns with the LPC's role in addressing misuse.

- **SOP-09: Correction & Retraction Templates:** Provides editable notices for courts, clients, or partners in cases where AI-generated errors were published, including sample emails, filing statements, and social media clarification formats.

IV. Training & Continuous Learning

- **SOP-10: AI Ethics Onboarding Module:** Offers CPD-friendly content with quizzes, flashcards, and South African legal case examples, using a peer review format to encourage discussion. This addresses skills gaps and emphasizes local context.

- **SOP-11: Annual Ethics Audit Framework:** Includes audit tools for AI usage logs, citation verification, and SOP compliance, with a dashboard scoring system for internal governance assessments.

V. Strategic Expansion

- **SOP-12: Open Access Legal Literacy Resource Creation:** An SOP to co-develop explainers for contracts, compliance, and governance using AI, including prompts, voice tone guidelines, and exportable formats for public use. This supports improved access to justice.

- **SOP-13: Collaboration Protocol for Tech-Ethics Alliances:** Provides guidelines for engaging with academics, developers, and compliance researchers, including templates for memorandums of understanding.

Conclusion and Future Outlook

The adoption of AI in South Africa's legal sector presents a dual reality: immense potential for efficiency, accessibility, and economic growth, juxtaposed with significant ethical pitfalls and infrastructure challenges. The increasing instances of AI "hallucinations" in legal contexts, such as the Mavundla case, serve as stark reminders of the imperative for rigorous human oversight and verification.

While comprehensive AI-specific legislation is still in its infancy, South Africa is proactively developing policy frameworks and ethical guidelines through initiatives by

the **Presidential Commission on the 4IR** and the **Legal Practice Council**. The emphasis is on developing home-grown, people-centred regulatory approaches that are responsive to Africa's unique socio-economic and historical contexts, rather than merely adopting foreign models. By fostering responsible AI use, investing in digital infrastructure and skills, addressing biases, and ensuring transparency and accountability, South Africa aims to leverage AI to enhance its legal profession and contribute to broader national development goals. The journey towards full and ethical AI integration in South African law requires continuous learning, adaptation, and a collaborative effort from all stakeholders to shape a future where technology enhances justice for all.

Etienne Pretorius is a specialist in legal governance, compliance, and responsible AI. With a deep understanding of the legal landscape and a track record of driving strategic transformation, Etienne can help your firm develop ethical AI policies, ensure regulatory compliance, and mitigate risks, as highlighted in this article.

Take the first step towards a future of responsible AI. Contact Etienne at **PBC Group** to schedule a consultation and learn how to leverage AI safely and effectively for your business.

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