

EVAN LEVINE & NAINESH SHAH: HOW AI IS CHANGING THE LANDSCAPE OF LAW, ACCOUNTING, AND FINANCE

Steve Leimberg's Financial Products Planning Email Newsletter - Archive Message #42	
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From:	Steve Leimberg's Financial Products Planning Newsletter
Subject:	Evan Levine & Nainesh Shah: How AI is Changing the Landscape of Law, Accounting, and Finance

“ AI is a powerful and disruptive technology that has the potential to transform the fields of law, accounting, and finance. AI can automate many tasks, provide new insights and capabilities, and enhance the quality and efficiency of services. AI is not a magic bullet that can solve many of the problems and challenges of the professional fields. AI is a fast-growing and evolving technology that will enhance and transform the fields of law, accounting, and finance, and professionals should adapt and leverage it as a partner and a tool rather than fear or resist it.”

Evan Levine and **Nainesh Shah** provide members with commentary that examines how ai is changing the landscape of law, accounting, and finance.

Evan Levine is a Chartered Financial Consultant with over 30 years of experience. He has given dozens of educational seminars on retirement and estate planning. His articles have appeared in the CPA Journal, The National Public Accountant, and Advisor Today.

Nainesh Shah is a Chartered Financial Analyst and Certified Valuation Analyst with over 25 years of experience. He is a member of the CFA Institute and has presented to over 100 audiences of financial advisors and non-profits on macroeconomic conditions, capital markets, portfolio construction and risk management.

Here is their commentary:

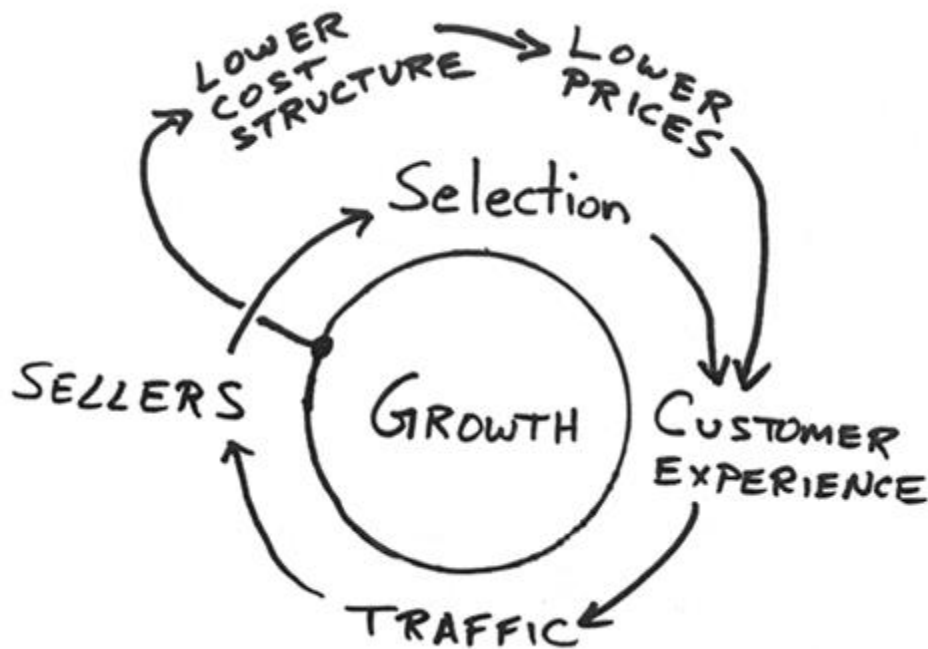
EXECUTIVE SUMMARY:

One of the questions that many people have is whether AI is one of those technologies that creates a lot of hype but does not pan out in the long run, like 3D printing, blockchain, or autonomous driving. These technologies have been praised as transformative for various industries and sectors, but

they have encountered technical constraints, regulatory hurdles, customer uptake, investments, and competition. AI, however, seems to have a different trajectory and potential, as it can address real problems and needs in many domains and enhance human capabilities and performance. AI is not a single technology but a collection of methods and tools that can be applied to different tasks and scenarios and that can be learned and improved over time. AI is not dependent on specific platforms but can leverage existing infrastructure and data. Therefore, AI will likely have a lasting and profound impact on the landscape of law, accounting, finance, and many other professions and create new opportunities and challenges for the future.

COMMENT:

The diagram below illustrates the virtuous cycle of technology, which describes how a new technology can create positive feedback loops that drive its adoption, innovation, and impact. The cycle starts with a technological breakthrough that offers a new capability or solution for a problem or need. This attracts users, customers, and investors, who provide data, feedback, and capital for the technology. The data and feedback help improve the technology and make it more reliable, efficient, and user-friendly, while the capital enables scaling and expansion. The improved and scaled technology attracts more users, customers, and investors, creating a self-reinforcing cycle. Some examples of technologies that have followed this cycle successfully are the Internet, e-commerce, social media, and cloud computing.



However, not all technologies can achieve this cycle or sustain it for a long time. Some technologies may face challenges, such as regulatory barriers, customer adoption, and competition, that hinder their growth and impact. For example, 3D printing has been around for decades, but it has not been widely adopted for mass production or consumer use due to issues such as cost and quality. Blockchain, another technology, has also struggled to find mainstream applications. Autonomous driving, which promises to revolutionize transportation, faces technical, ethical, and regulatory hurdles that limit its deployment and acceptance.

Therefore, the virtuous cycle of technology is not a guarantee but a goal that requires constant innovation, adaptation, and collaboration from various stakeholders. AI, as a powerful and versatile technology, has the potential to follow this virtuous cycle and transform many industries and professions.

Large Language Models

Despite their impressive performance and potential, AI tools are still in their infancy and have much room for improvement and innovation. AI tools are constantly evolving and improving, offering new features and functionalities for various tasks and domains. However, rather than getting distracted by the hype and novelty of these AI tools, the professional should focus on the

underlying models that power them, such as large language models (LLMs).

LLMs are AI algorithms that learn from huge data sets and can create and understand texts for various purposes and domains. LLMs can generate natural language texts based on a given input or prompt. They are trained in massive amounts of text data from various sources and can learn general linguistic patterns and knowledge. LLMs, such as GPT-4, can perform a wide range of natural language tasks, such as summarization, translation, question answering, and text generation, with minimal or no fine-tuning.

However, LLMs also have limitations and challenges that the professional should be aware of and address. For example, LLMs may produce inaccurate, inconsistent, or irrelevant texts that do not match the input or the desired goal. LLMs may also exhibit biases, stereotypes, or prejudices that reflect the data they are trained on and harm certain groups or individuals. LLMs may also pose ethical, legal, and social issues, such as plagiarism, privacy, security, and accountability, that must be considered and regulated. Therefore, the professional should not blindly trust or rely on LLMs but rather evaluate their outputs critically and verify their quality and validity. The professional should also use LLMs responsibly and transparently and disclose their use and source to the relevant stakeholders. By focusing on the capabilities and limitations of LLMs, the professional can make better and more informed decisions on how to use them effectively and appropriately in their workflows.

In the following sections, we will explore how AI impacts the fields of law, accounting, and finance.

AI's Impact on Law

In The End of Lawyers Richard Suskind writes:

I am often asked what technologies, techniques, and applications of information technology (IT) are most significant for lawyers of today. Underlying this question, often, is a grim sense of foreboding rather than a refreshing enthusiasm. Many more lawyers are inclined to set up fortifications to protect themselves from new developments than rush forward and embrace them.

AI can automate many aspects of legal work, such as reviewing and analyzing large volumes of legal documents and contracts and extracting

relevant information and clauses. AI can also assist lawyers in conducting legal research, finding case law, precedents, and litigation outcomes, and generating insights and predictions. Moreover, AI can help draft customized legal documents and contracts, using natural language generation techniques to produce coherent and accurate texts.

One of the applications of AI in legal work is contract analysis and drafting, which can be tedious and time-consuming for human lawyers.

Several startups, such as [Luminance](https://www.luminance.com) (<https://www.luminance.com>), [Kira](https://kirasystems.com) (<https://kirasystems.com>) and [Evisort](https://www.evisort.com) (<https://www.evisort.com>) have developed AI-powered platforms to assist lawyers with contract review and analysis. These platforms utilize natural language processing and machine learning to extract key information, highlight clauses and risks, compare documents, generate summaries, and monitor compliance. By automating these tasks, these platforms help lawyers save time and resources, improve efficiency and accuracy, and enhance service quality, ultimately optimizing contract management and reducing errors and risks.

Legal research is a tedious task, but AI can help. ROSS Intelligence is a legal research assistant that uses natural language processing and machine learning to find relevant answers and insights from a huge collection of case law and statutes. It can also generate citations, summaries, and analyses of the most important cases and legal issues. [https://blog.rossintelligence.com/can help lawyers save time and money and improve their legal arguments and precedents.](https://blog.rossintelligence.com/can-help-lawyers-save-time-and-money-and-improve-their-legal-arguments-and-precedents)

Legal AI still needs human oversight, validation, and interpretation, and it can handle complex and novel situations that require creativity, judgment, and empathy when a human is guiding it.

AI's Impact on Accounting

AI can automate many routine and repetitive tasks in accounting, such as data processing, reporting, and compliance. AI can also offer sophisticated financial models, predictions, and guidance, using data analysis and machine learning to create insights and suggestions. Furthermore, AI can enhance auditing and fraud detection by scanning large amounts of data and identifying anomalies and patterns. By automating these tasks, AI can relieve accountants of the burden of manual work and allow them to focus on more strategic and value-added analysis. AI can also improve the

quality and accuracy of accounting services and reduce errors and costs.

AI can enhance business intelligence, which is collecting, analyzing, and presenting data to support decision-making. AI can automate and optimize data collection, preparation, and integration and provide advanced data analysis and visualization. AI can also enable interactive and conversational business intelligence by communicating data insights in natural language. Booke is an example of startups that use AI to provide innovative business intelligence solutions for financial planning analysis and bookkeeping.

AI's Impact on Finance

AI can automate many data-intensive tasks in finance, such as trading, investment research, and portfolio management. AI can analyze large and diverse data sources, such as market trends, news, social media, and customer behavior, and generate trading signals and investment strategies. AI can also improve risk and compliance management by using simulations and scenarios to model and test different outcomes and contingencies. Additionally, AI can provide personalized banking and financial advice to customers by using natural language processing and chatbots to understand their needs and preferences and offer tailored products and services.

AI can transform the field of finance by enhancing the speed and efficiency of financial transactions, such as payments, transfers, and trading. AI can also leverage big data and advanced analytics to provide personalized and customized financial services, such as robo-advisors, chatbots, and wealth management platforms. Moreover, AI can improve risk management and compliance by monitoring and assessing financial markets, regulations, and customer behavior and detecting and preventing fraud and cyberattacks. By applying these capabilities, AI can create new opportunities and challenges for financial institutions and professionals, changing how they operate and interact with customers and regulators.

The Future Role of the Professional

AI is not a threat to the legal, accounting and finance professionals but rather an opportunity to enhance and augment their skills and capabilities. AI can free the professionals from mundane and tedious tasks and enable

them to focus on more complex and creative work. AI can also provide professionals with new tools and insights and help them improve their performance and efficiency. However, the professional still needs to maintain and develop human skills, such as critical thinking, problem-solving, communication, and relationship building, that AI cannot replicate or replace. The professional must also learn to collaborate with AI systems and leverage their strengths and weaknesses. Moreover, the professional needs to exercise oversight, judgment, and accountability and deal with the exceptions and limitations of AI.

To prepare for the future, those working in these fields must embrace AI and adopt a proactive and agile mindset. They must acquire new skills and knowledge and train to use AI tools and applications in their workflows. Large organizations must also hire and retain tech talent, such as data scientists, engineers, and AI experts, who can help design, develop, and implement AI solutions. Furthermore, organizations need to implement AI ethics principles and best practices and mitigate the risks and challenges of AI, such as bias, privacy, security, and accountability.

One of the skills that those working in these fields need to acquire in the age of AI is prompt engineering. Prompt engineering is the art and science of designing and optimizing prompts, which are inputs or queries that elicit outputs or responses from AI systems. Prompt engineering can help them leverage the power and potential of AI models, such as GPT, and achieve their desired goals and outcomes. Prompt engineering involves understanding the capabilities and limitations of AI models, crafting clear and effective prompts, testing, and evaluating different prompts, and iterating and improving the prompts based on feedback and results.

Another skill that the professional needs help with is how to connect different applications with AI tools and create seamless and integrated workflows. For example, a lawyer may want to use an AI tool that can draft contracts or analyze legal documents, but they also need to access and share the data and files from other applications, such as email, cloud storage, or CRM. To connect different applications with AI tools, the professional needs to use APIs, which are interfaces that allow communication and data exchange between different software components. APIs can help professionals automate tasks, streamline processes, and enhance productivity and efficiency.

However, using APIs also requires some technical knowledge and skills, such as programming, debugging, and security. Therefore, the professional

should learn the basics of APIs and how to use them effectively and safely. Alternatively, the professional can also use platforms or tools that provide pre-built integrations and connectors for different applications and AI tools, such as Zapier, or IFTTT. These platforms or tools can simplify and speed up the process of connecting different applications with AI tools and require less coding and technical expertise.

To prepare for the future, the professional needs to embrace AI and adopt a proactive and agile mindset. The professional needs to acquire new skills and knowledge and train to use AI tools and applications in their workflows. Large organizations also need to hire and retain tech talent, such as data scientists, engineers, and AI experts, who can help them design, develop, and implement AI solutions. Furthermore, Organizations need to implement AI ethics principles and best practices and mitigate the risks and challenges of AI, such as bias, privacy, security, and accountability.

Ethical considerations and limitations

AI offers many benefits to the professional fields. Still, it also raises ethical concerns and challenges, such as bias, transparency, accountability, and privacy, that need to be addressed with principles, frameworks, best practices, and stakeholder involvement. AI also has limitations and uncertainties that prevent it from fully replicating or replacing human intelligence and expertise. Professionals need to be cautious and critical when using AI tools and applications. They must also maintain and enhance their core skills and competencies, such as critical thinking, problem-solving, communication, and ethics, to work effectively and collaboratively with AI and deliver value-added services to their clients and stakeholders.

Conclusion: Embracing the Transformative Power of AI

AI presents a pivotal moment for the legal, accounting, and finance professions. While not a silver bullet, it offers a powerful toolkit to augment human capabilities and reshape how these fields operate.

Yes, there's hype surrounding AI, and limitations exist. However, focusing solely on these aspects hinders the potential for true progress. AI is rapidly evolving, attracting significant investment and research. As it matures, its ability to handle complex tasks will grow, fundamentally impacting these professions.

The future belongs to those who embrace AI, not resist it. Professionals who develop proficiency in using AI tools and collaborating alongside them will unlock a new level of efficiency and effectiveness. Imagine lawyers leveraging AI to analyze vast legal precedents in minutes, accountants utilizing AI to uncover hidden patterns in financial data, or financial advisors employing AI to personalize investment strategies for clients.

The human element remains irreplaceable. Critical thinking, problem-solving, and ethical decision-making will always be paramount. But by partnering with AI, professionals can become more than just experts – they can become architects, crafting innovative solutions, and delivering exceptional value in this transformed landscape. The choice is clear: adapt and thrive, or risk being left behind. The future of law, accounting, and finance is undeniably intertwined with AI. Let's embrace this opportunity to redefine what's possible.

**HOPE THIS HELPS YOU HELP OTHERS MAKE
A POSITIVE DIFFERENCE!**

Evan Levine
Nainesh Shah

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