



DEFI FITTER



5 LESSONS **FOR THE NIGERIAN** **LEGAL INDUSTRY –** **THE KPMG LAW US** **STORY**

Pre 2019 – Mid 2020

Model Rule of Professional Conduct 5.4, on the Professional Independence of a Lawyer by the American Bar Association's (ABA) is still in force. Its provisions include- "A lawyer or law firm shall not share legal fees with a nonlawyer; "a "lawyer shall not form a partnership with a nonlawyer;" and a lawyer shall not practice law for profit if "a nonlawyer owns any interest therein."

2020, Arizona

The state of Arizona, through the Arizona Committee on Alternative Business Structures (ABS), (which is part of the Arizona Court System) commenced a review of Model Rule 5.4 and its implication on access to justice in the state. By August 2020, the Arizona Supreme Court approved the elimination of Model Rule 5.4 with effect from 1, January 2021.¹

1 January 2021 Arizona

Subject to the Supreme Court's approval, non-lawyers in Arizona can take a commercial interest/stake in a law firms as well as have co-ownership. Nonlawyers are also permitted to provide "limited legal services" to clients.

1991 – 2024, United States

Other states in the USA have made similar provisions. District of Columbia, 1991²; Utah, 2020; Washington State 2024. In announcing the Utah Supreme Court's unanimous vote to authorize the pilot program, the state's court system stated it will "allow individuals and entities to explore creative ways to safely allow lawyers and non-lawyers to practice law and to reduce constraints on how lawyers market and promote their services." The project stalled in Florida and California.

2024– 2025

KPMG US applied to the Committee on Alternative Business Structure to be granted a license for the practice of law as an ALP. This was granted by the Supreme court in the recommendation of the Committee

February 2025

KPMG Law US can practice law in the state of Arizona, on the condition that it refrains from performing legal services for any of KPMG's audit clients. The US securities law prohibits accounting firms from providing legal services for clients within the USA.

¹ today.westlaw.com

² www.forbes.com

Why Does this Matter?

Change usually comes on the heels of great challenges. Each industrial revolution has been preceded by wars, famine and recessions. The progressive acceptance to the Model Rule 5.4 commenced during the final phase of COVID-19, a global pandemic. It had however been in the public discussions long before then. The pandemic was the catalyst.

While ALP's have been popular in the United States since 1991 and in the United Kingdom since 2007³, it is the first time that any brand with multijurisdictional reach like KPMG has applied and been approved to operate as a law firm. The Big Four have their first entrant into the world of legal practice.

KPMG Legal, has previously operated as a stand-alone service offering with over 3,750 professionals across more than 80 jurisdictions. "KPMG Law professionals provide General Counsel and Heads of Legal with holistic approach that integrates legal advice with other business and financial services".

So where, the brand had previously operated as legal advisers alone, this license permits them to operate as a law firm and legal service providers, at least in the Arizona. However, they can operate legally as a law firm across jurisdictions where their services are required by co-operating with law firms who are licensed to practice there.

The only African KPMG office with a KPMG legal department is South Africa. So, Nigeria keep your hats... at least for now.

Bringing it home....

Nigeria is on the heels of one of the steepest cost of living crisis in history, rising to as a high as 34.6% in November 2024. While there may have been a sharp deceleration in January 2025 to 24.48%, the cost of goods and services remains at an all-time high. This is because there is only a slowdown in the rate at which general price level is rising, rather than an actual decline in prices⁵. This is the market that clients, providers of legal services corporate bodies and the ecosystem that supports the industry do business in. "Households and firms are still concerned about high energy costs, the strength of the naira, high interest rates, the cost of imports, transportation costs, and insecurity."⁶

While we do not foresee any drastic changes in the definition of who a lawyer is or who can practice law due to any of these, the unprecedented market has caused a shift in clients' expectations from their lawyers. As clients consolidate their businesses and review their markets, they will begin to look for more than legal service offerings. This will be the nature of the change- that offering legal services alone will no longer be sustainable for lawyers, it will be a suite of services that equally enable the practice of law without any conflict of interest. These changes will define how clients⁷ industry as a market. The primary drivers of change in the Nigerian legal industry and the review of the Rules of Professional Conduct (RPC) will be the demands of clients and an evolved business terrain. Nigerian lawyers will be compelled to apply design thinking and innovation to their practice and departments to stay relevant- there will be an emphasis on the business of law separate from its practice and expertise.

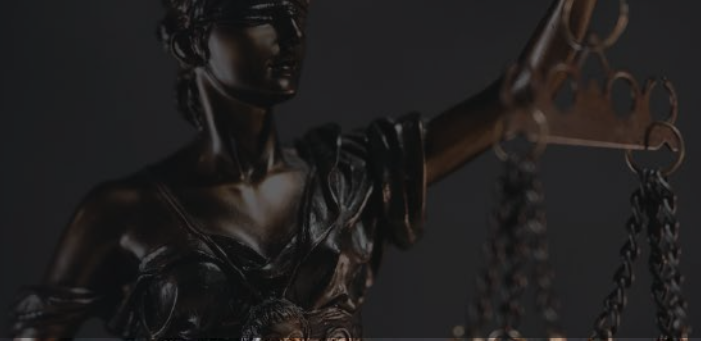
3 kpmg.com

4 www.lawsociety.org.uk- Legal Services Act 2007

5 Centre for the Promotion of Private Enterprise,

6 Dailypost.com Muda Yusuf- Chief Executive, Centre for the Promotion of Private Enterprise, CPPE

7 Including foreign law firms that contract local firms to hold briefs for them.



5 Lessons for the Nigerian Legal Industry

1. It's a Long Game

In 2020, KPMG published a report titled “**10 Predictions: Legal Departments of the Future**”. We can see how ALPs are a tool that will proliferate this globally. It is likely that the profession will devolve into an added service. The first prediction was that lawyers will become minorities in legal teams. While we have made predictions about the changes in industries that our client's function in and even hold forums where these are discussed with the best minds present, we are yet to take a critical look at the legal profession in Nigeria as a service and how it would look like in the next few years. Some law firms do this and are actively preparing both their business and practice for these changes. But it is time we held this at a national scale, nimbly coordinated across states by the **Nigerian Bar Association (NBA)** or any of its **Sections** to obtain and implement the best inputs.

While there may not be a formal acknowledgement of this just yet, there is an incursion of ALPs in the Nigerian legal market. It is ripe for the profession to define early the guardrails and ensure they are closely maintained and ensure the longevity of the profession. If anything has become clear, is that the practice of law in Nigeria is not sustainable as it is.

2. Commercialization of Law Firm Ownership

The syndication of legal services along other added services is inevitable. The question is, how will it play out in Nigeria?

Olaniwun Ajayi is ahead of this by establishing an eponymous consulting firm. . It is described as “a business advisory company set up to support our clients in managing and optimizing their business operations. OALP Consulting Limited (OALP Consulting) is a division of Olaniwun Ajayi LP (OALP) which was set up to provide enhanced value-add to clients in the areas of non-core legal services and support, whilst also helping clients to manage and optimize their business operations”.⁸

There can be early wins, however. The administrative staff of firms who are under a professional body called **Administration of Law Firm Administrators of Nigeria (ALAN)** possess skills that can serve clients of firm. Can these staff have a separate arrangement with the firm where they are recommended as consultants in their professional capabilities and earn from providing non legal but required services that the client could have taken elsewhere. How turn your administrative staff to revenue makers and develop your business as one-stop-shop while the venture capitalist will acquire firms and absorb whole firms as part of their service.

Long term, we predict the ownership of law firms by venture capitalists. We also predict the absorption of whole law firms as departments by investment firms. In Nigeria.

3. Productization of Legal Services/ Skills

While KPMG may just be licensed to practice as a law firm, their legal services include services such as contract review, e-discovery, risk and compliance have which have been made into digital solutions offered to their clients. They have a head start, as the firm has had time to see test these tools across jurisdictions and finesse them over the years.

At the **Dear Young lawyer (DYL)** Conference organized by **DEFI FITTER** earlier this year, one thing that was reiterated was the need to review the definition of skills and that means considering the changes to come.

The skills we sell as Nigerian human purveyors of legal enterprise can and have been productized by machines.

4. The Integration of Multidisciplinary Roles

This is massive edge KPMG has over other market players as it can rely on other departments for technical expertise in other fields. There will be an agglomeration between industries, especially between legal and technological skills. Unfortunately, few Nigerian Universities allow students to graduate with a dual first degrees at the same time. This needs to be reviewed, as well as the curriculum at the Nigerian Law School.

5. The Rise and Rise of Non-Traditional Roles to Partnership

There will be an admittance of nonlegal staff into the partnership of a firm, especially those with multidisciplinary background in data management, cybersecurity, product development business development and management consulting. These roles will be dictated by market forces and would eventually attract more businesses to firms than, pure legal services.

DEFI FITTER is a legal management consulting firm in Nigeria. We provide a range of advisory services to legal practices and departments on operations, business sustainability models and trainings.



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