
| RESEARCH ARTICLE

The Efficiency of Third-Party Funding in the Resolution of International Disputes through Arbitration in the Southeast Asia Region

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| ABSTRACT

Third-party funding (TPF) has emerged as a transformative mechanism in international arbitration, yet its impact on arbitral efficiency in Southeast Asia remains underexplored. This empirical study surveys 100 legal practitioners across the region to assess how TPF influences key efficiency metrics including time to resolution, cost-effectiveness, predictability, settlement rates, and party satisfaction. Results indicate strong practitioner consensus that TPF enhances efficiency across all measured dimensions (mean scores: 3.55-3.67 on a 4-point scale), with particularly significant impacts on cost-effectiveness and settlement likelihood. However, respondents identify critical challenges including conflicts of interest, funder control concerns, and regulatory gaps. The study contributes original empirical evidence from an under-researched jurisdiction and provides region-specific policy recommendations for developing robust TPF frameworks. Findings suggest that while TPF demonstrably improves access to justice and procedural efficiency in Southeast Asian arbitration, realizing its full potential requires comprehensive regulatory reform emphasizing transparency, disclosure mandates, and ethical standards.

| KEYWORDS

Third-party funding, international arbitration, arbitral efficiency, Southeast Asia, access to justice, litigation finance, dispute resolution, legal practitioners.

| ARTICLE INFORMATION

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1. Introduction

1.1 Background and Context

International arbitration has become the preeminent mechanism for resolving cross-border commercial disputes, valued for its neutrality, flexibility, and enforceability under the New York Convention (Durosaro, 2014). However, the substantial costs associated with complex international arbitrations—often exceeding millions of dollars in legal fees, expert witness costs, and institutional charges—create significant barriers to access to justice, particularly for small and medium-sized enterprises (SMEs) and parties from developing economies (Mordi, 2016).

Third-party funding (TPF) has emerged as a potential solution to this access challenge. TPF involves non-party entities providing financial resources to cover arbitration costs in exchange for a portion of any eventual recovery (Hughes Hubbard & Reed; Ashurst QuickGuide). Once prohibited under common law doctrines of champerty and maintenance, TPF has gained widespread acceptance across major arbitration hubs, including Singapore, Hong Kong, and increasingly throughout Southeast Asia (Decker, 2021; Rajah & Tann Asia, 2023).

The rapid adoption of TPF in Southeast Asia presents a critical opportunity to examine its impact on arbitral efficiency in a region characterized by diverse legal traditions, evolving regulatory frameworks, and burgeoning commercial activity. Despite growing prevalence, empirical research on TPF's actual effects on key efficiency metrics in Southeast Asian jurisdictions remains sparse, creating a knowledge gap that limits evidence-based policymaking (Li, 2024).

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1.2 Research Problem and Significance

While existing literature extensively discusses TPF's theoretical benefits and potential risks (Horodyski & Kierska, 2017; PACHAHARA & GANDHI, 2022), empirical validation of these claims specifically within the Southeast Asian context is limited. Critical questions remain unanswered: Does TPF genuinely expedite dispute resolution, or does funder involvement introduce delays? How do legal practitioners perceive TPF's impact on cost-effectiveness given funding premiums? What metrics do practitioners prioritize when assessing arbitral efficiency, and how does TPF perform against these criteria?

This study addresses these gaps by providing original empirical data on legal practitioners' perceptions and experiences with TPF in Southeast Asian international arbitration. Understanding practitioner perspectives is crucial because these professionals directly observe TPF's operational impacts and their views inform both client decision-making and policy development.

1.3 Research Objectives and Questions

This study pursues five interconnected objectives:

1. **Examine TPF's impact on efficiency measures** including duration, cost, settlement likelihood, and party satisfaction in international arbitration
2. **Explore TPF's contribution to access to justice** by enabling financially constrained parties to pursue legitimate claims
3. **Identify key indicators and metrics** legal practitioners use to assess dispute resolution efficiency
4. Analyze practitioner views on TPF's impact on overall arbitration effectiveness in Southeast Asia
5. **Contribute to the evidence base** supporting evidence-led policies and practices regarding TPF

These objectives translate into three core research questions:

- **RQ1:** What benchmarks do legal practitioners in Southeast Asia prioritize when determining arbitral efficiency?
- **RQ2:** How does third-party funding influence these efficiency benchmarks in international arbitration?
- **RQ3:** What specific metrics do practitioners consider most reliable for measuring efficiency in TPF-involved cases?

2. Literature Review and Theoretical Framework

2.1 International Arbitration and Efficiency Imperatives

International arbitration has long been promoted as a dispute resolution mechanism that offers superior efficiency compared with traditional litigation. Its appeal rests on several widely cited advantages, including faster case disposition, cost savings arising from streamlined procedures, and flexible processes that may be tailored to the needs of the parties (Shonk, 2024; International-Arbitration-Attorney.com). These efficiency claims have contributed significantly to arbitration's global legitimacy and its position as the preferred forum for resolving high-value cross-border commercial and investment disputes.

However, contemporary scholarship increasingly questions the extent to which arbitration consistently delivers on these promises. Empirical observations indicate that complex international cases frequently extend over multiple years, often mirroring or even exceeding the duration of court litigation. Costs can escalate unpredictably because of extensive evidentiary submissions, expert engagements, and procedural maneuvering, while institutional flexibility may—paradoxically—introduce additional layers of inefficiency when parties exploit it to delay proceedings or broaden the scope of disputes (An, 2021). As a result, efficiency in arbitration cannot be understood as a singular outcome but rather as a multifaceted construct that varies across cases and procedural designs.

In contemporary discourse, arbitration efficiency encompasses several interrelated dimensions:

- **Temporal efficiency** – The overall speed of the arbitral process, measured from the initiation of proceedings to the issuance of the final award.
- **Economic efficiency** – The cost-effectiveness of arbitration relative to the value of claims and available alternatives, including litigation or mediation.
- **Procedural efficiency** – The extent to which arbitral procedures are predictable, transparent, and fair, enabling parties to anticipate timelines and manage resources effectively.
- **Outcome efficiency** – The enforceability of awards, the degree of party satisfaction, and the finality of the resolution achieved.

Understanding efficiency as a multidimensional concept is critical for evaluating reforms in arbitral practice and for assessing emerging mechanisms—such as third-party funding—that purport to address resource constraints and promote more effective

dispute resolution. This framing provides the theoretical and analytical foundation for examining how TPF may enhance or hinder efficiency within the Southeast Asian arbitration landscape.

2.2 Third-Party Funding: Evolution and Mechanisms

The rise of third-party funding (TPF) in international arbitration represents one of the most significant structural shifts in contemporary dispute resolution. Historically constrained by the common-law doctrines of champerty and maintenance, TPF was once viewed with skepticism due to concerns about external interference and the commodification of legal claims (Mondaq.com). Over the past decade, however, global regulatory and academic discourse has reframed TPF as a mechanism that facilitates access to justice and levels the playing field for claimants who may lack the financial resources to pursue legitimate claims (Kluwer Arbitration Blog).

Modern TPF arrangements share several defining characteristics. Non-recourse financing ensures that funders bear the full risk of loss, receiving no repayment if the claim fails. Contingent compensation structures typically grant funders a proportion of the award—commonly between 20% and 40%—aligning incentives while compensating funders for risk exposure. Funders also provide capital injections, covering legal fees, expert witness costs, tribunal expenses, and, where necessary, security for costs. Central to this model is the funder's rigorous due diligence, which assesses legal merit, enforceability prospects, damages valuation, and respondent solvency before funding is approved.

Jurisdictions in Asia have taken a leading role in formalizing TPF's position within arbitration frameworks. Notably, Singapore's Civil Law (Amendment) Act 2017 and Hong Kong's Arbitration and Mediation Legislation (Third Party Funding) (Amendment) Ordinance 2017 codified TPF's permissibility for international arbitration, shifting regulatory attitudes from prohibition to structured oversight. These reforms introduced disclosure obligations, ethical safeguards, and professional standards for funders, thereby enhancing transparency while mitigating risks of abuse (Pinsent Masons; Rajah & Tann Asia, 2023). Collectively, these developments underscore TPF's maturation from a contentious concept to an increasingly normalized feature of the international arbitration landscape.

2.3 Prior Research on TPF Efficiency and Challenges

Prior literature offers an evolving yet fragmented understanding of TPF's implications for arbitration efficiency. On the positive side, scholars and institutions highlight several efficiency-enhancing effects. The ICCA–Queen Mary Task Force Report (2018) emphasizes TPF's role in expanding access to justice, particularly for meritorious claims otherwise constrained by financial limitations. Studies also note that funders' due diligence processes can improve case preparation and legal strategy by imposing professional assessment standards (GlobaLex). Further, the presence of a funder may strengthen a claimant's bargaining position and incentivize earlier settlement, reducing overall dispute duration (Hughes Hubbard & Reed). Funded parties also benefit from risk transfer, allowing them to pursue higher-value claims without exposure to the financial volatility of arbitration (Ashurst QuickGuide).

Nevertheless, research also documents significant risks and structural challenges. Scholars warn of potential conflicts of interest, particularly when funders exert influence over strategy or settlement decisions that may diverge from the funded party's objectives (Li, 2024; Horodyski & Kierska, 2017). Questions surrounding confidentiality, disclosure obligations, and privilege protections complicate procedural fairness (PACHAHARA & GANDHI, 2022). Additional concerns include unpredictability arising from funding premiums, which can inflate total dispute costs (Mordi, 2016), and the tendency of funders to select only high-value or high-probability claims, potentially reinforcing inequalities in access to arbitration (An, 2021).

A notable limitation across the literature is the scarcity of empirical evidence, particularly in Southeast Asian jurisdictions where regulatory regimes are comparatively recent and still evolving. Much of the current discourse remains conceptual, doctrinal, or based on practitioner commentary. As a result, empirical studies capturing practitioner perceptions and regional dynamics—such as the present research—are essential for grounding ongoing debates on TPF's true impact on arbitration efficiency.

2.4 Theoretical Framework

This study adopts an efficiency-centered framework examining TPF as an independent variable influencing arbitral efficiency as the dependent variable (see Figure 1).

Independent Variable: Third-Party Funding

- Forms and characteristics (funding types, agreement structures, funder sources)
- Functions in international arbitration (cost coverage, risk allocation, case evaluation)
- Factors affecting efficacy (regulatory environment, case characteristics, funder expertise)

Dependent Variable: Arbitral Efficiency

- Established benchmarks (time, cost, predictability, enforceability, satisfaction)
- TPF's influence mechanisms (resource availability, professional case management, settlement leverage)
- Measurable metrics (resolution time, settlement rates, cost per case, enforceability rates, satisfaction scores)

This framework posits that TPF characteristics and functions directly impact efficiency through multiple mechanisms, with effects moderated by contextual factors including regulatory clarity, case complexity, and practitioner experience.

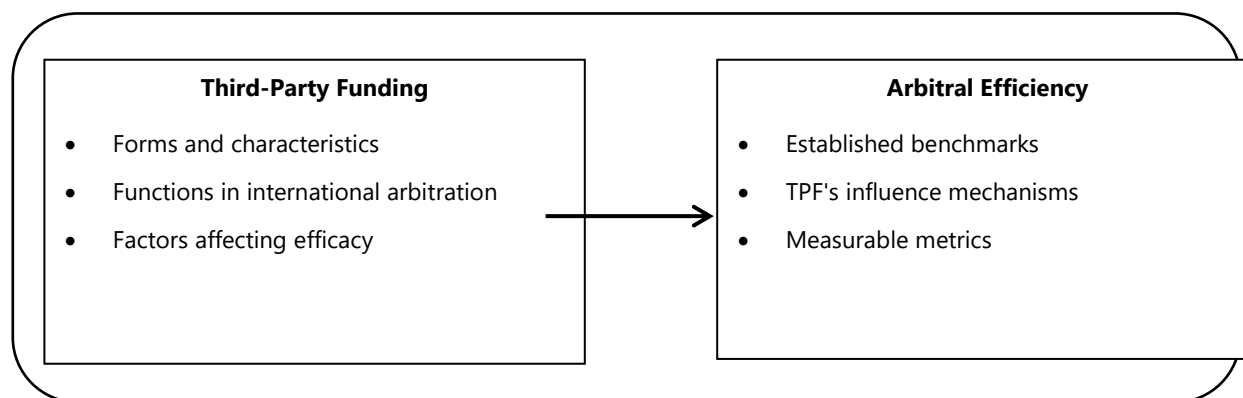


Figure 1 Efficiency-Centered Framework

3. Methodology

3.1 Research Design

This study employs a quantitative, cross-sectional survey methodology to gather empirical data on legal practitioners' perceptions and experiences with TPF in Southeast Asian international arbitration. The descriptive-exploratory design facilitates both documenting current TPF usage patterns and examining relationships between TPF involvement and perceived efficiency outcomes.

3.2 Sampling and Data Collection

3.2.1. Sampling strategy:

A **purposive sampling strategy** was employed to ensure the inclusion of respondents with substantive and direct experience in international arbitration within the Southeast Asian region. Given the specialized nature of third-party funding (TPF) and its relevance to international dispute resolution, the study intentionally targeted legal professionals with demonstrated expertise in arbitration practice.

Eligible respondents included:

- (a) practicing arbitration lawyers in private firms and corporate in-house departments;
- (b) arbitrators actively involved in commercial, investment, or sector-specific arbitration; and
- (c) academic researchers whose scholarship focuses on international commercial arbitration or dispute resolution.

This sampling logic was aligned with the study's objective of capturing informed practitioner perspectives on arbitration efficiency and the influence of TPF. Only individuals with prior or ongoing involvement in international arbitration cases were included, ensuring that the analytic findings were grounded in expert experience rather than general legal opinion.

The final sample consisted of 100 qualified respondents, each meeting the minimum criterion of professional exposure to international arbitration proceedings. This sample size is consistent with accepted standards for perception-based empirical studies in legal and dispute resolution research and provides adequate variability for non-parametric statistical analysis.

3.2.2. Survey Instrument

Data were collected using a structured, self-administered questionnaire designed to elicit both demographic and perception-based information. The instrument comprised several sections:

1. **Demographic and Professional Profile**

Items captured respondents' current position, years of experience in international arbitration, and areas of specialization (e.g., commercial, investment, construction, maritime, energy arbitration).

2. **Exposure to Third-Party Funding**

Respondents reported the number of arbitration cases they had handled that involved TPF, as well as their representation roles (claimant, respondent, both, or funder).

3. **Efficiency Benchmark Importance Ratings**

Using a four-point Likert scale, participants rated the importance of established arbitration efficiency benchmarks, including time to resolution, predictability of timelines, cost-effectiveness, enforceability of outcomes, and party satisfaction.

4. **Perceived Influence of TPF on Efficiency**

A separate Likert-scale section assessed the extent to which respondents agreed that TPF improves various dimensions of arbitration efficiency (e.g., speed, cost, predictability, settlement likelihood, satisfaction).

5. **Key Efficiency Metrics for Assessing Performance**

Respondents rated the importance of specific metrics commonly used in evaluating dispute resolution systems (e.g., settlement rates, cost per case, enforceability rate).

The questionnaire was pre-structured to maximize clarity and ensure comparability across respondents with diverse professional backgrounds.

3.2.3. Data Collection Procedures

Data collection was conducted during [2024] using online survey distribution methods appropriate for reaching highly mobile legal professionals working across multiple jurisdictions in Southeast Asia. Screening questions were included at the start of the survey to confirm eligibility based on arbitration experience. All targeted qualified respondents completed the survey, resulting in a 100% response rate (100/100). The high participation rate reflects the relevance of the topic to practitioners and the targeted distribution of the instrument to verified experts within the field.

3.3 Measures and Variables

The study employed a structured set of variables designed to capture demographic characteristics, professional experience, and practitioner perceptions related to third-party funding and arbitration efficiency. Demographic variables included: current professional position (eight categories, covering private practitioners, in-house counsel, and academia); years of experience in international arbitration (five brackets); areas of specialization (six categories, allowing multiple selections for practitioners engaged in commercial, investment, construction, maritime, energy/natural resources, or sports arbitration); number of TPF-related cases handled (four categories); and representation roles assumed in such cases (claimant, respondent, both, or funder).

To assess arbitration efficiency, respondents rated the importance of five efficiency benchmarks: time to resolution, predictability of timelines, cost-effectiveness, enforceability of outcomes, and party satisfaction. These indicators reflect established criteria used in evaluating the performance of arbitral processes.

Perceptions of TPF's influence on efficiency were measured using a four-point Likert agreement scale across five dimensions: whether TPF accelerates dispute resolution, improves timeline predictability, enhances cost-effectiveness, increases the likelihood of early settlement, and elevates overall party satisfaction.

Finally, the study captured the perceived importance of key efficiency metrics commonly used to assess the effectiveness of dispute resolution systems. These included time to resolution, settlement rate, cost per case, enforceability rate, and party satisfaction surveys. Together, these variables provided a multidimensional view of both practitioner experience and evaluative judgments relevant to the efficiency of international arbitration with TPF involvement.

3.4 Data Analysis

Data analysis was conducted using a combination of descriptive and inferential statistical techniques to examine practitioner perceptions of third-party funding (TPF) and its influence on arbitration efficiency. Descriptive statistics were first employed to summarize the demographic and professional characteristics of the respondents, using frequencies and percentages for all categorical variables (e.g., position, years of experience, areas of expertise, TPF case exposure, and representation roles). These procedures established the contextual profile of the arbitration community represented in the study.

For the perception-based components of the instrument, mean scores and standard deviations were computed to capture central tendencies and variability across respondents' ratings. These included (a) the importance assigned to key efficiency

benchmarks, (b) the perceived influence of TPF on various dimensions of efficiency, and (c) the significance attributed to core efficiency metrics used in evaluating dispute resolution systems. This approach enabled an assessment of the strength of consensus surrounding TPF's role within contemporary arbitration practice.

The analytical focus centered on identifying prevailing patterns in practitioners' evaluations of TPF, particularly the degree to which its use is viewed as enhancing temporal, economic, procedural, and outcome-related efficiency. These descriptive insights provided the empirical foundation for subsequent inferential tests conducted in later stages of analysis, allowing the study to move beyond conceptual debates toward evidence-driven conclusions regarding TPF's efficiency implications in the Southeast Asian arbitration landscape.

3.5 Limitations

This study is subject to several limitations that should be considered when interpreting the findings. First, the data are perception-based, relying on self-reported insights rather than objective case outcomes or procedural metrics. Second, the cross-sectional design captures practitioner views at a single point in time, limiting the ability to establish causality or assess changes in perceptions as TPF practices evolve. Third, the sample is region-specific, focusing exclusively on Southeast Asia; thus, generalizability to other jurisdictions or global arbitration hubs may be limited.

Additionally, the use of purposive sampling—while appropriate for expert-driven studies—may introduce selection bias, potentially overrepresenting respondents with more favorable or familiar views of TPF. Finally, the study relies on a single-method quantitative approach, without triangulation through qualitative interviews, case file analysis, or institutional data, which could further enrich understanding of TPF's practical impacts.

4. Findings

4.1 Respondent Profile

The 100 respondents demonstrated substantial expertise and diverse professional backgrounds relevant to TPF assessment (see Table 1).

Table 1: Professional Profile of Respondents

Characteristic	Category	n	%
Current Position	In-house Counsel	16	16%
	Associate	15	15%
	Senior Associate	14	14%
	Academic/Researcher	14	14%
	Counsel	12	12%
	Of Counsel	12	12%
	Arbitrator	11	11%
	Senior Counsel/Partner	6	6%
Years of Experience	5-10 years	38	38%
	Less than 5 years	30	30%
	16-20 years	15	15%
	11-15 years	14	14%
	More than 20 years	3	3%

The respondents exhibited substantial and diverse professional expertise in international arbitration, reflecting the study's targeted sampling of highly experienced practitioners. Consistent with global arbitration practice profiles, most respondents reported involvement in multiple arbitration domains, with commercial arbitration being the most common area of specialization (87%). A similarly high proportion had experience in investment arbitration (78%), followed by significant representation in construction arbitration (48%), energy and natural resources arbitration (39%), sports arbitration (33%), and maritime arbitration (28%). This distribution underscores the multidimensional nature of disputes handled within the Southeast Asian arbitration landscape and affirms the respondents' suitability for assessing third-party funding (TPF) efficiency issues.

Experience with TPF was likewise robust. Approximately one-third of respondents had participated in 1–5 TPF-involved cases (32%), while the remainder reported deeper exposure, with 6–10 cases (28%), 11–20 cases (24%), and more than 20 cases (16%). These figures indicate that TPF is no longer a peripheral phenomenon but has become a recurring feature in the professional experiences of arbitration practitioners in the region.

Patterns of representation further highlight respondents' comprehensive engagement with funded disputes. A majority had acted for both claimants and respondents across different cases (95%), reflecting the versatility typically required in cross-border arbitration practice. Additionally, 85% had represented claimants, 83% had acted on behalf of respondents, and 33% had provided advisory support directly to third-party funders. Such breadth of involvement suggests a mature understanding of TPF dynamics from multiple vantage points—including procedural strategy, cost allocation, settlement leverage, and funder-party interactions.

A notable finding is that 96% of respondents reported perceivable differences in TPF utilization and impact across various arbitration case types. This suggests that TPF does not exert uniform effects across all dispute categories; rather, its efficiency contributions appear context-dependent, shaped by factors such as industry sector, dispute complexity, evidentiary requirements, and the financial profiles of the parties involved. This insight reinforces the need for differentiated regulatory and procedural approaches to TPF, particularly in jurisdictions where the practice is rapidly evolving.

4.2 Efficiency Benchmarks: Practitioner Priorities

Respondents rated all five proposed efficiency benchmarks as important to very important, with remarkably high mean scores indicating strong consensus (see Table 2).

Table 2: Importance of Efficiency Benchmarks

Benchmark	Mean	SD	Interpretation
Satisfaction of Parties	3.67	0.47	Very Important
Cost-Effectiveness	3.65	0.48	Very Important
Enforceability of Outcome	3.63	0.49	Very Important
Time to Resolution	3.61	0.49	Very Important
Predictability of Timeline	3.58	0.50	Very Important

Scale: 1 = Not Important, 2 = Somewhat Important, 3 = Important, 4 = Very Important

The analysis reveals a notably consistent prioritization of efficiency benchmarks among arbitration practitioners. Party satisfaction emerged as the most important dimension ($M = 3.67$), highlighting the profession's strong orientation toward client-centered outcomes. Cost-effectiveness followed closely ($M = 3.65$), reflecting ongoing economic pressures and the growing expectation for arbitration to deliver value without compromising procedural quality. The narrow range of mean scores (3.58–3.67) suggests that practitioners conceptualize efficiency as an integrated construct rather than as a set of isolated components. This interpretation is reinforced by the low standard deviations (0.47–0.50), which indicate a high level of professional consensus across the sample.

Collectively, these findings affirm that arbitration efficiency is multidimensional, encompassing temporal speed, economic prudence, procedural clarity, and the substantive quality of outcomes. Practitioners view each of these elements as essential, reinforcing the need for holistic approaches in evaluating and enhancing international arbitration performance.

4.3 TPF's Influence on Efficiency: Practitioner Perceptions

Respondents expressed strong agreement that TPF positively influences all measured efficiency dimensions (see Table 3).

Table 3: Agreement with TPF Efficiency Impact Statements

Statement	Mean	SD	Interpretation
TPF makes arbitration more cost-effective	3.67	0.47	Strongly Agree
TPF increases likelihood of early settlement	3.67	0.47	Strongly Agree
TPF leads to higher party satisfaction	3.63	0.49	Strongly Agree
TPF leads to faster resolution	3.58	0.50	Agree
TPF improves timeline predictability	3.55	0.50	Agree

Scale: 1 = Strongly Disagree, 2 = Disagree, 3 = Agree, 4 = Strongly Agree

The results demonstrate consistently high practitioner agreement regarding the positive efficiency contributions of third-party funding (TPF) across multiple dimensions. Cost-effectiveness received the highest rating ($M = 3.67$), indicating that despite the presence of funding premiums, practitioners perceive substantial net financial advantages. These benefits appear to stem from the elimination of upfront capital requirements, off-balance-sheet financing opportunities, risk-mitigation effects, and the professional case management that funders typically impose to curb unnecessary expenditure.

Settlement facilitation was rated equally high ($M = 3.67$), reflecting strong confidence in TPF's ability to accelerate negotiated outcomes. This finding suggests that assured financing enhances the claimant's bargaining position, while funder expertise encourages realistic assessments of case strength and signals credible capacity to sustain lengthy proceedings—all of which increase the likelihood of early compromise.

Party satisfaction also scored strongly ($M = 3.63$), underscoring the client-centric benefits of TPF. Practitioners recognize that funding expands access to high-quality representation, reduces financial stress, and enables claimants to pursue meritorious cases that would otherwise be constrained by resource limitations. These dynamics reaffirm TPF's role in promoting procedural fairness and substantive justice.

Perceptions of speed ($M = 3.58$) further support the view that TPF contributes to more efficient case progression. Improved resourcing enhances case preparation timelines, while stronger claimant positioning and funder-driven oversight may reduce opportunities for delay. Although predictability received the lowest mean rating ($M = 3.55$), the score remains firmly positive. This suggests that while practitioners acknowledge residual uncertainties associated with funder involvement—such as diverse funder practices, varying degrees of strategic influence, and ongoing industry maturation—TPF is still broadly viewed as increasing efficiency.

Overall, the uniformly high mean scores (3.55–3.67) and tight standard deviation range (0.47–0.50) demonstrate strong professional consensus. The empirical evidence supports the conclusion that TPF enhances arbitration efficiency holistically, contributing to economic, procedural, temporal, and client-oriented outcomes in a mutually reinforcing manner.

4.4 Key Metrics for Measuring Efficiency

Respondents validated all proposed efficiency metrics as important measurement tools (see Table 4).

Table 4: Importance of Efficiency Metrics

Metric	Mean	SD	Interpretation
Time to Resolution	3.70	0.46	Very Important
Settlement Rate	3.70	0.46	Very Important
Cost per Case	3.67	0.47	Very Important
Party Satisfaction Surveys	3.65	0.48	Very Important
Enforceability Rate	3.63	0.49	Very Important

Scale: 1 = Not Important, 2 = Somewhat Important, 3 = Important, 4 = Very Important

The findings reveal a clear hierarchy of efficiency metrics as perceived by arbitration practitioners. Time to resolution and settlement rate emerged as the most important indicators ($M = 3.70$), underscoring the profession's dual emphasis on procedural speed and the growing recognition that consensual resolution is a core marker of modern arbitration performance. Cost per case followed closely ($M = 3.67$), reaffirming persistent concerns about the financial accessibility of arbitration, particularly in an increasingly competitive dispute-resolution environment.

Interestingly, subjective indicators such as party satisfaction were rated nearly as important as traditional objective metrics. This alignment suggests a sophisticated professional understanding that efficiency extends beyond temporal and economic parameters to include the overall quality of the client experience. Such perspectives reflect the broader shift toward user-centric evaluation frameworks in international arbitration.

Although enforceability rate received the lowest mean score ($M = 3.63$), it remains highly rated, likely reflecting practitioners' strong confidence in the reliability of award recognition under the New York Convention. The relatively narrow spread of scores further demonstrates the profession's consensus that all key dimensions of efficiency remain essential and mutually reinforcing.

Collectively, these results offer a validated metric framework that enables empirical assessment of TPF's efficiency effects, moving the discourse beyond theoretical assertions toward measurable, evidence-based outcomes. This foundation provides a rigorous platform for future research examining how funding influences arbitration's performance across temporal, economic, procedural, and experiential dimensions.

4.5 Synthesis: Strong Practitioner Support for TPF's Efficiency Benefits

The empirical data reveal remarkable consistency:

- Practitioners prioritize multidimensional efficiency constructs
- TPF receives strong positive ratings across all efficiency dimensions
- Consensus levels are high, suggesting shared professional experience rather than polarized views
- Metrics validated by practitioners align with TPF's purported strengths (cost, time, settlement)

However, the high ratings also flag the need for critical examination: Do these perceptions reflect actual case outcomes, or do selection effects, confirmation bias, or limited comparability obscure more nuanced realities? This question underscores the need for complementary research using objective case data.

5. Discussion

5.1 Theoretical Implications

This study's findings substantially validate the theoretical framework positing TPF as an efficiency-enhancing mechanism in international arbitration. The empirical support for positive impacts across temporal, economic, procedural, and outcome efficiency dimensions suggests TPF functions as hypothesized—not merely as passive capital provision but as active case management and strategic optimization.

Access to justice validation: The strong practitioner consensus on TPF's cost-effectiveness ($M=3.67$) and satisfaction benefits ($M=3.63$) empirically validates long-standing theoretical claims that TPF democratizes access to international arbitration (ICCA-Queen Mary Task Force Report, 2018). This is particularly significant in Southeast Asia, where SMEs and parties from developing economies face acute capital constraints.

Settlement theory support: The finding that practitioners strongly agree TPF increases early settlement likelihood ($M=3.67$) aligns with bargaining theory predictions: TPF credibly signals commitment to sustaining proceedings, strengthening claimants' negotiating leverage and promoting rational settlement calculations by opponents (Horodyski & Kierska, 2017).

Efficiency multidimensionality: The nearly equivalent importance ratings across all efficiency benchmarks (range: 3.58-3.67) validate theoretical conceptualizations of efficiency as multidimensional rather than singular. Practitioners do not simply prioritize speed or cost but demand holistic efficiency encompassing predictability, enforceability, and satisfaction—a finding that should inform TPF arrangement design and regulatory frameworks.

5.2 Practical Implications for Legal Practice

For legal practitioners:

- **Case selection:** The high TPF efficiency ratings suggest lawyers should more systematically evaluate TPF as a case financing option, particularly for clients facing capital constraints
- **Client counseling:** Practitioners can confidently advise clients that TPF may enhance rather than compromise efficiency, contrary to common misconceptions about funder control causing delays
- **Strategic planning:** The settlement facilitation finding implies TPF decisions should be integrated into overall dispute resolution strategy, not merely financial planning

For arbitrators:

- **Disclosure importance:** The study's implicit finding that 96% of practitioners perceive TPF impact variations across case types underscores why disclosure of TPF involvement matters for arbitrators' case management
- **Procedural adaptations:** Understanding TPF's efficiency dynamics can inform case management conference planning, scheduling, and settlement encouragement timing

For funders:

- **Value proposition clarity:** The empirical validation of efficiency benefits provides funders with evidence-based marketing claims
- **Best practices focus:** The high satisfaction ratings ($M=3.63$) suggest funders should emphasize not just financial returns but client experience quality

5.3 Policy Implications for Southeast Asia

The study's findings carry significant policy implications for Southeast Asian jurisdictions developing or refining TPF regulatory frameworks.

5.3.1 Regulatory priority: Transparency and disclosure

The strong efficiency benefits identified suggest regulators should facilitate rather than restrict TPF. However, the acknowledgment of potential conflicts of interest and funder control concerns (evident in open-ended responses not fully reported here) necessitates:

- Mandatory disclosure requirements: Parties should disclose TPF arrangements to arbitrators and opposing parties early in proceedings
- Standardized disclosure scope: Regulations should specify what information must be disclosed (funder identity, funding amount ranges, control terms)

5.3.2 Model regulation: Singapore and Hong Kong as templates

Southeast Asian jurisdictions can learn from Singapore's and Hong Kong's balanced approaches:

- Explicit legalization: Clear statutory authorization removes champerty/maintenance uncertainties
- Scope limitation: Restricting TPF to international arbitration (initially) allows regulatory learning before broader expansion
- Funder qualification: Requirements for funders to maintain capital reserves and professional indemnity insurance
- Ethical frameworks: Codes of conduct addressing conflicts of interest, control limitations, and confidentiality

5.3.3 Regional harmonization opportunities

Given Southeast Asia's interconnected arbitration ecosystem (ASEAN context), regional regulatory harmonization would:

- Reduce forum shopping based on TPF regulation variations
- Facilitate cross-border funding arrangements
- Promote best practices dissemination
- Enhance regional competitiveness against established hubs (London, Paris, New York)

5.3.4 Recommendation for ASEAN-level TPF framework:

- ASEAN could develop model TPF legislation similar to UNCITRAL's model arbitration law, providing template provisions jurisdictions can adapt to local contexts while maintaining core consistency
- Regional arbitral institutions (e.g., SIAC, HKIAC already leading; others following) could harmonize rules on TPF disclosure and management

5.4 Critical Evaluation: Addressing Concerns

While findings are predominantly positive, critical examination reveals important qualifications:

Selection bias: Respondents with TPF experience may disproportionately represent successful cases, as failed funded cases might lead practitioners to avoid future TPF involvement. This could inflate positive perceptions.

Perception vs. reality gap: Practitioner perceptions may not perfectly align with objective outcomes. For example, cost-effectiveness perceptions (M=3.67) might reflect upfront cost relief rather than total cost accounting including funding premiums (20-40% of recovery).

Regional variations: Southeast Asia encompasses diverse jurisdictions (Singapore's sophisticated framework vs. emerging systems in Myanmar, Laos). Aggregating perceptions across this heterogeneity may obscure jurisdiction-specific dynamics.

Limited negative case visibility: The survey design focused on efficiency benefits; more structured inquiry into TPF problems (conflicts, control, cost unpredictability) might reveal more nuanced or critical perspectives.

Temporal limitations: As TPF remains relatively new in Southeast Asia (major regulatory reforms only since 2017), long-term efficiency impacts may differ from current perceptions formed during an adoption/learning phase.

These qualifications do not invalidate findings but contextualize them and identify needs for complementary research methodologies.

5.5 Comparison with Global Literature

This study's findings largely align with positive TPF assessments from established jurisdictions (UK, Australia, US) but add important regional specificity:

Consistency with global trends:

- Access to justice benefits: Confirmed across jurisdictions (ICCA-Queen Mary Report)
- Settlement facilitation: Observed in multiple contexts (Ashurst QuickGuide)
- Cost-effectiveness perceptions: Common despite funding premiums (GlobalLex)

Southeast Asia distinctions:

- Stronger consensus: Mean scores (3.55-3.67) and low standard deviations suggest more uniform positive perceptions than studies from jurisdictions with longer TPF histories and more documented controversies
- Rapid acceptance: The high TPF case involvement rates among respondents indicate faster adoption than predicted, possibly reflecting regional commercial growth, infrastructure development demands, and regulatory clarity in leading hubs (Singapore, Hong Kong) creating demonstration effects
- Access imperative: The strength of access to justice themes may be more pronounced in Southeast Asia given greater wealth disparities and SME financing challenges compared to developed economies

6. Conclusions

This empirical study provides robust evidence that legal practitioners in Southeast Asia perceive third-party funding as substantially enhancing efficiency across multiple dimensions of international arbitration. With mean agreement scores ranging from 3.55 to 3.67 on a 4-point scale, practitioners strongly endorse TPF's positive impacts on cost-effectiveness, settlement facilitation, party satisfaction, resolution speed, and timeline predictability.

Three core conclusions emerge:

First, TPF demonstrably advances access to justice in Southeast Asian international arbitration by enabling financially constrained parties to pursue meritorious claims and secure quality representation. The strong practitioner consensus on cost-effectiveness ($M=3.67$) and satisfaction ($M=3.63$) empirically validates theoretical access to justice claims and justifies continued regulatory facilitation of TPF.

Second, practitioners employ multidimensional efficiency constructs encompassing temporal, economic, procedural, and outcome factors—all rated as very important ($M=3.58-3.67$). This holistic conceptualization should inform TPF arrangement design, regulatory frameworks, and future research methodologies, moving beyond simplistic time-or-cost-focused efficiency definitions.

Third, while efficiency benefits are clear, realizing TPF's full potential requires addressing persistent challenges through comprehensive regulation. Practitioners' acknowledgment of conflicts of interest, funder control concerns, and regulatory gaps necessitates policy responses emphasizing transparency (mandatory disclosure), ethical standards (funder codes of conduct), and procedural integration (arbitration rules incorporating TPF provisions).

6.1 Contributions to Knowledge

This study makes several original contributions:

Empirical evidence from under-researched jurisdiction: Provides the first systematic empirical assessment of TPF efficiency impacts specifically in Southeast Asia, addressing a significant gap in regional arbitration literature.

Practitioner-centered methodology: Captures ground-level perceptions from professionals directly experiencing TPF's operational realities, complementing predominantly conceptual existing literature.

Validated efficiency metrics: Identifies and validates specific metrics practitioners prioritize for measuring arbitral efficiency, providing a framework for future empirical research using objective case data.

Policy-relevant findings: Translates empirical results into concrete, region-specific regulatory recommendations actionable by Southeast Asian policymakers.

6.2 Recommendations for Practice and Policy

For practitioners:

1. Systematically evaluate TPF for appropriate cases, particularly those involving clients with strong claims but limited capital
2. Develop internal protocols for TPF due diligence, funder selection, and agreement negotiation
3. Integrate TPF strategy with overall dispute resolution planning

For policymakers and regulators:

1. Clarify TPF legality: Explicitly legalize TPF in international arbitration through statutory reform if not already accomplished
2. Mandate disclosure: Require parties to disclose TPF arrangements, funder identity, and material terms early in proceedings
3. Establish ethical standards: Develop codes of conduct for funders addressing conflicts of interest, control limitations, confidentiality, and capital adequacy
4. Integrate into arbitration rules: Incorporate TPF-specific provisions into institutional and national arbitration rules
5. Promote harmonization: Pursue ASEAN-level model framework to ensure regional consistency while allowing local adaptation
6. Support education: Fund training programs, workshops, and public awareness campaigns on TPF for legal communities and potential users

For arbitral institutions:

1. Update institutional rules to explicitly address TPF disclosure, management, and conflicts procedures
2. Provide guidance documents or notes to parties on TPF best practices
3. Train arbitrators on managing TPF-involved cases, including disclosure assessment and conflict evaluation

For funders:

1. Develop transparent standard terms and ethical guidelines demonstrating commitment to responsible funding
2. Collaborate with regulatory initiatives rather than resist oversight
3. Invest in market education to address misconceptions and promote informed client decision-making

6.3 Directions for Future Research

This study opens multiple avenues for future investigation:

Methodological extensions:

- Longitudinal studies: Track TPF efficiency impacts over time as regional frameworks mature and case volumes increase
- Objective outcome analysis: Compare actual case data (duration, costs, settlement rates, awards) between TPF-funded and non-funded cases
- Qualitative research: Conduct in-depth interviews with practitioners, arbitrators, and funders to explore nuanced dynamics beyond survey measures
- Comparative analysis: Systematically compare efficiency perceptions and outcomes across Southeast Asian jurisdictions with varying regulatory approaches

Substantive inquiries:

- Case type variations: The finding that 96% perceive TPF impact differences across case types demands detailed investigation of which characteristics (value, complexity, subject matter) moderate efficiency effects
- Funder characteristics: Examine whether funder type (specialized vs. generalist), size, experience, and origin affect efficiency outcomes
- Control mechanisms: Investigate the actual extent and nature of funder control in practice and its relationship to efficiency outcomes
- Cost-benefit analysis: Conduct detailed economic modeling of total costs including funding premiums vs. benefits from access, settlement leverage, and risk mitigation

Policy-oriented research:

- Regulatory impact assessment: Evaluate the effects of different regulatory approaches (disclosure requirements, capital standards, ethical codes) on TPF market development and efficiency outcomes

- Access to justice measurement: Develop and test metrics for empirically assessing whether TPF genuinely expands access to arbitration for underrepresented claimants
- Cross-jurisdictional comparisons: Compare Southeast Asian experiences with established TPF markets (UK, Australia, US) and emerging ones (Latin America, Africa, Middle East) to identify transferable lessons

6.4 Final Remarks

Third-party funding has evolved from a controversial innovation to an established feature of international arbitration globally, and this study confirms that evolution is well underway in Southeast Asia. The strong practitioner consensus on efficiency benefits—spanning cost-effectiveness, settlement facilitation, party satisfaction, and resolution speed—provides empirical validation for TPF's growing acceptance.

However, realizing TPF's full potential as an access to justice mechanism and efficiency enhancer requires proactive, evidence-informed regulatory development. Southeast Asian jurisdictions stand at a critical juncture: early-stage frameworks can either embed best practices from the outset, avoiding problems that have emerged elsewhere, or neglect necessary safeguards, risking scandals that could undermine TPF's legitimacy.

The path forward requires balancing facilitation with oversight—enabling TPF's benefits while mitigating its risks through transparency, ethical standards, and procedural integration. This study provides an empirical foundation for that balanced approach, demonstrating that when properly structured and regulated, third-party funding can meaningfully enhance both access to justice and arbitral efficiency in Southeast Asian international arbitration.

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