

International Legal Finance Association

A personal view

London partner Lianne Craig looks at the foundation of the International Legal Finance Association and assesses what it means for law firms and funders alike.

The foundation of the International Legal Finance Association, with twelve leading litigation finance businesses, is an indication of how far the commercial legal finance industry has grown and matured.

Such finance, including litigation funding market has unquestionably been growing in significance on the global stage over recent years, as I commented in a recent story for Global Legal Post.

In that piece, I noted that the founding members of ILFA were, in the main, funders with reputations already established across a number of key jurisdictions. Omni Bridgeway, for example, has both European and Australian roots, both funders having merged last year; others, like Therium, Woodsford, and Harbour, have strong UK histories, as well as presence in key Asian markets.

As noted, that ILFA's founder members have chosen to launch out of Washington DC is perhaps unsurprising however, as the US remains a market with a huge untapped potential when it comes to litigation funding. A number of ILFA's founder members have US antecedents, and, increasingly, offices; but what is interesting is that the majority of the additional members to join to date are US hedge funds.

A number of these funders have long been involved 'behind the scenes' with more traditional funders, increasingly we have seen these hedge funds fronting deals on their own account in Europe in recent years. An alignment of this nature with the more 'traditional' market participants is, I believe, a development to watch.

One other point of interest relates to membership criteria. Should these be published in due course, I would be interested to see if this will foster inclusivity, allowing entry to some of the smaller market players, a number of whom can certainly hold their own with the big players when it comes to client service, agility and efficiency, such as Augusta, Legis Finance, and others. It would be a shame if the impact of the Association were to exclude some of the competition at this level from membership.

To the extent that ILFA will promote standardised principles of best practice, efficiency and ethics amongst funders across jurisdictions, this will undoubtedly be well received amongst the legal community. In my experience, there can still be a significant gulf between what is promised by certain funders in terms of process and what can transpire in practice so, provided the principles to be set down are unambiguous, this should be a positive development for both lawyers and their clients, especially corporate clients and consumers in significant class actions, both target markets.

It may also help the industry to deal with the calls being made for increased scrutiny and regulation of litigation finance. Indeed, reading between the lines, I would be surprised if this were not one of several *raison d'être* of the Association.

While not a self-regulatory body, I would expect ILFA to ensure that its members reach the standards it feels they should observe, in the same way national associations, such as the Association of Litigation Funders in England & Wales have done.



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[Global Legal Post article.](#)

“ They are able to perform an invaluable role in terms of pulling teams of economists together and having discussions with funders: they certainly have the network to handle these cases. ”

- Chambers UK, 2020

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