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Funding Justice: A Conceptual Model of Investor Behaviour in Litigation Crowdfunding

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Abstract
Litigation crowdfunding, a hybrid financing mechanism that sits at the intersection of third-party litigation funding (TPLF) and conventional crowdfunding, has grown into a distinct but under-theorised field of investor behaviour. Unlike commercial entrepreneurial crowdfunding, funders in litigation crowdfunding place capital, whether donative or return-seeking, against an outcome that is adjudicated by a court rather than delivered by a founder, which introduces unique informational, ethical, and legal uncertainties. This conceptual article synthesises the doctrinal, empirical, and behavioural literature on litigation crowdfunding, third-party litigation funding, and crowdfunding investor behaviour at large to build an integrated model of funder decision-making. Drawing on the Theory of Planned Behaviour, Signalling Theory, Justice-Motive and Prosocial Motivation Theory, Social Capital and Herding Theory, and Prospect Theory, the paper conceptualises the funder-litigant-platform relationship as a triadic structure governed by informational asymmetry and trust, and develops eight theoretical propositions linking financial and non-financial motives to funding intention and behaviour. The paper further proposes funding-model type, donation-based versus debt or return-based litigation crowdfunding, as a boundary condition that moderates the strength of these relationships. The resulting conceptual model is positioned for empirical validation within the Indian legal and financial ecosystem, where litigation funding remains judicially tolerated but legislatively unregulated. Implications for platform design, investor protection policy, and future survey-based research are discussed.

Keywords: Litigation Crowdfunding. Third-Party Litigation Funding (TPLF). Investor Behaviour. Theory of Planned Behaviour. Signalling Theory

1. Introduction

Crowdfunding has, over the past decade and a half, evolved from a niche mechanism for financing creative and entrepreneurial projects into a broad family of capital-formation models spanning donation-based, reward-based, debt or peer-to-peer, and equity-based platforms. Within this expanding family, litigation crowdfunding has emerged as a distinctive and comparatively young sub-field in which members of the public, rather than specialised commercial funders, contribute capital toward the prosecution or defence of a legal claim, either as an outright donation or in exchange for a contractual share of any eventual

recovery. Litigation crowdfunding is best understood as a retail-facing extension of third-party litigation funding (TPLF), the long-standing commercial practice in which non-party funders finance litigation costs in return for a portion of the proceeds of a successful claim. Where TPLF has traditionally been the preserve of specialised finance houses, hedge funds, and institutional investors financing large commercial and mass-tort claims, litigation crowdfunding platforms such as CrowdJustice, LexShares, GoFundMe, and GiveSendGo have opened a parallel retail channel in which ordinary individuals fund the legal claims of strangers, whether out of a sense of justice, political sympathy, or the prospect of financial return.

The growth of litigation crowdfunding raises a distinct behavioural puzzle. Conventional crowdfunding research has explained funder participation through variables such as project quality signals, reward attractiveness, and social proof, but litigation crowdfunding differs from entrepreneurial or product crowdfunding in several material respects. First, the underlying asset being funded is not a product or service but a legal claim whose value depends on the uncertain outcome of adjudication, a process that is opaque to lay funders and mediated by professional gatekeepers such as lawyers and litigation-funding platforms. Second, litigation crowdfunding campaigns are frequently embedded in narratives of injustice, moral outrage, or public interest, which implicates justice-related and prosocial motives that are largely absent from campaigns for consumer products or business ventures. Third, because litigation outcomes are binary, win or lose, rather than continuous, as is common in commercial ventures, funders face a distinctive risk architecture in which the probability of any return is discontinuous and heavily dependent on legal merit that funders are ill-equipped to evaluate. These features suggest that existing crowdfunding-behaviour frameworks, developed primarily for entrepreneurial and reward-based contexts, require adaptation, and in some respects reconceptualization, before they can adequately explain funder participation in litigation crowdfunding.

This conceptual article addresses that gap. It reviews and synthesises the existing literature on litigation crowdfunding and third-party litigation funding, situates that literature within the broader theoretical landscape of crowdfunding research, and develops an integrated conceptual model of investor or funder behaviour in litigation crowdfunding. The model conceptualises the funder, the litigant, and the platform as a triadic relationship structured by informational and trust dynamics, and proposes a set of theoretical propositions describing how financial and non-financial, that is behavioural, moral, and cause-driven, motivations jointly shape funding decisions. The paper further situates this model within the Indian legal and financial ecosystem, a jurisdiction in which litigation funding is judicially tolerated under a permissive common-law lineage but remains without dedicated statutory or regulatory architecture, thereby offering an especially instructive context in which to examine how funders form trust and risk judgements in the near-total absence of formal disclosure or investor-protection mandates.

2. Literature Review

Litigation crowdfunding sits at the confluence of two literatures that have, until recently, developed largely in isolation: the doctrinal and policy-oriented literature on third-party litigation funding, and the behavioural and empirical literature on crowdfunding investor decision-making. This section reviews both strands before considering the still-emerging body of work that studies litigation crowdfunding platforms directly.

2.1 Empirical Studies of Litigation Crowdfunding Platforms

Direct empirical evidence on litigation crowdfunding platforms remains sparse but is growing. Raghupathi (2021), publishing in PLOS ONE, undertook one of the first large-scale empirical analyses of litigation crowdfunding by applying visual analytics to 565 successfully funded donation-based campaigns drawn from the Crowd Justice platform across the United Kingdom and United States. Rather than testing a single named theory, the study examined how campaign characteristics, including the number of pledges, category, description length, update frequency, and the emotional tone of campaign narratives measured through valence, arousal, and dominance, predicted whether a campaign reached its funding goal. Human-rights, environmental, and judicial-review cases attracted the largest number of campaigns, while health, political, and public-service cases attracted the largest sums, and campaigns backed by established lawyers or firms and featuring longer, updated descriptions performed better, although the emotional-language variables explained only a modest share of the variance in outcomes. Guy (2022), writing in The Modern Law Review, mapped 413 crowdfunded judicial-review campaigns and developed a typology of legal mobilisation structured around the geographic scope and litigation experience of campaign organisers, finding that funding success varied systematically across actor profiles and arguing that crowdfunding enables inexperienced, locally oriented actors to pursue judicial review as a vehicle for broader social change that extends beyond the immediate lawsuit.

Snyder (2025), in Politics & Policy, analysed 500 legal-category campaigns on the donation-based platform GiveSendGo and found a pronounced funding shortfall overall, with the sampled campaigns requesting far more than they collectively raised and a large share receiving no donations at all. Political controversy emerged as the decisive predictor of fundraising success: campaigns coded as politically controversial, spanning COVID-19, January 6, and free-speech or protest-related disputes, raised substantially more than non-controversial family-law, criminal, or property disputes, and dominated the ranks of top-earning campaigns. Coombs and Lee (2026) took a complementary, market-level approach, assembling a dataset of more than two million GoFundMe campaigns and exploiting variation in local personal-injury law-firm advertising markets to show that such advertising has a significant positive effect on donation-based crowdfunding activity related to accident injuries, suggesting that litigation and crowdfunding operate as liquidity complements rather than substitutes, with claimants turning to crowdfunding to manage short-term financial pressure while litigation is pending rather than as an alternative to formal legal recovery. Taken together, these platform-level studies indicate that litigation crowdfunding success is shaped jointly by narrative and emotional framing, the political or moral salience of the underlying cause, the credibility of legal representation, and structural features of the campaign, but that funder-level psychological mechanisms, why an individual funder decides to contribute, remain comparatively under-examined relative to campaign-level outcome studies

2.2 Third-Party Litigation Funding and Investor Decision-Making

The broader third-party litigation funding literature provides essential doctrinal and market context even though it rarely engages directly with individual investor psychology. Nauful (2016) offers a doctrinal account of the evolution of consumer and commercial litigation finance, tracing its development from personal-injury cash advances into larger commercial claims funded through non-recourse arrangements in which funders receive a share of recovery only if the litigation succeeds, and concludes that the mechanism, while well established in commercial litigation, remains comparatively underused in bankruptcy practice. Elliott (2018), publishing in the University of Cincinnati Law Review, examines the

doctrinal tensions between litigation crowdfunding and the historic common-law doctrines of maintenance, champerty, and barratry, arguing that crowdfunding dilutes individual investor risk across many small contributors while simultaneously lowering the selectivity that would otherwise screen out weaker claims, and that public campaigns can intensify reputational pressure on defendants by merging litigation strategy with social-media-driven public opinion. Elliott's analysis of the lending model exemplified by LexShares and the patronage model exemplified by Funded Justice remains one of the clearest doctrinal statements of how crowdfunding changes the risk calculus of litigation finance relative to traditional single-funder arrangements.

A parallel strand of scholarship models third-party funding through the lens of signalling and information economics. Because litigation outcomes are inherently uncertain and legal merit is costly for lay investors to evaluate, funders face an acute information asymmetry problem analogous to, but arguably more severe than, that faced by crowdfunding backers evaluating a commercial venture. Government and industry reviews of the United States market, including reports from the U.S. Government Accountability Office, document that litigation funders typically raise capital from institutional investors such as endowments, pensions, and hedge funds, that returns can be substantial when cases succeed, and that disclosure of funding arrangements to courts and opposing parties remains inconsistent and unevenly regulated across jurisdictions. These structural features, high information asymmetry, absent standardised disclosure, and binary, merit-dependent payoffs, closely parallel the conditions that signalling theory was originally developed to address, and they motivate the application of signalling constructs to litigation crowdfunding investor decision-making later in this article.

2.3 Investor and Backer Behaviour in Crowdfunding at Large

The wider crowdfunding literature offers a rich set of behavioural constructs that, while developed mainly for reward-based, donation-based, and equity crowdfunding, transfer productively to the litigation context. A substantial body of work applies the Theory of Planned Behaviour (TPB) to explain funding intention. Vijaya, Yadav, and Mathur (2023) found that attitude, subjective norms, perceived behavioural control, and trust all significantly predicted funders' intention to donate in donation-based crowdfunding campaigns, and that herding bias positively moderated the relationship between trust and donation intention, an interaction of particular relevance to litigation campaigns in which early contributions are visible to later funders. Extensions of TPB to reward-based and property crowdfunding contexts have similarly shown that attitude and perceived behavioural control robustly predict contribution intention, though the influence of subjective norms is less consistent across studies and settings.

A second major stream draws on signalling theory to explain how funders resolve information asymmetry in the absence of the due-diligence resources available to institutional investors. Because entrepreneurs, and by extension litigants, possess more information about the true quality of their claim than prospective funders, they must transmit credible signals, such as prior financing, professional endorsement, or campaign preparedness, to reduce the perceived risk of contribution (Connelly, Certo, Ireland, & Reutzel, 2011; Ahlers, Cumming, Günther, & Schweizer, 2015). Courtney, Dutta, and Li (2017) demonstrate that signals originating from the campaign itself interact with third-party endorsements to jointly reduce information asymmetry and increase the likelihood of funding success, a mechanism directly transferable to litigation crowdfunding, where endorsement by a credible law firm or public figure may substitute for the legal due diligence that individual funders cannot themselves perform. A closely related stream documents herding and social-capital effects, showing that early contributions function as a quality signal

that shapes the behaviour of later, less informed funders, and that this observational learning can generate rational herding or information cascades that are especially pronounced when campaigns are opaque and third-party certification is unavailable (Herzenstein, Dholakia, & Andrews, 2011; Zhang & Liu, 2012; Skirnevskiy, Bendig, & Brettel, 2017).

Beyond cognitive and informational mechanisms, a substantial body of research documents that crowdfunding participation, particularly in donation-based and reward-based settings, is driven by prosocial and altruistic motives that coexist with, rather than substitute for, self-interested financial calculation. Studies of charitable and cause-based crowdfunding find that a sense of belonging, the joy of giving, and intrinsic moral commitment to a cause meaningfully predict contribution intention independent of any expected reward, while research on risk perception shows that financial, performance, social, and psychological risk dimensions consistently deter participation unless offset by trust in the platform, the campaign creator, or the wider funding community. Finally, an emerging line of behavioural-finance research applies Kahneman and Tversky's prospect theory and the related elimination-by-aspects framework to funding and rejection decisions, showing that loss aversion and non-compensatory screening rules, rather than expected-value maximisation, often govern how prospective funders process risk-laden, uncertain opportunities such as early-stage equity crowdfunding campaigns, a decision architecture that maps closely onto the binary, win-or-lose payoff structure of litigation.

3. Research Gap

Three gaps emerge from the literature reviewed above. First, the empirical literature on litigation crowdfunding has concentrated almost entirely on campaign-level and platform-level outcomes, such as funds raised, campaign duration, and narrative characteristics, rather than on the psychological antecedents of individual funder decisions. Studies by Raghupathi (2021), Guy (2022), and Snyder (2025) offer valuable descriptive pictures of what predicts funding success at the aggregate level, but none tests a structured behavioural model of why an individual funder chooses to contribute, and none formally incorporates constructs such as attitude, perceived behavioural control, trust, or perceived risk into a testable framework specific to litigation crowdfunding. Second, the third-party litigation funding literature, being predominantly doctrinal and policy-oriented, as in Nauful (2016) and Elliott (2018), rarely engages with behavioural or psychological theory at all, leaving a conceptual gap between the legal-economic understanding of how litigation funding markets operate and the psychological understanding of how individual retail funders actually decide to participate. Third, and most directly relevant to the present study, no existing model integrates the financial motivations addressed by signalling and prospect-theoretic research with the non-financial, moral, and cause-driven motivations addressed by justice-motive and prosocial-motivation research within a single triadic funder-litigant-platform structure, nor has any such model been developed with explicit reference to the Indian legal and financial ecosystem, in which the absence of dedicated statutory regulation of third-party funding creates an information and trust environment materially different from the more heavily disclosed markets of the United States and United Kingdom that dominate the existing empirical literature.

This article addresses these gaps by proposing an integrated conceptual model that (a) treats the funder, litigant, and platform as a triadic relationship rather than a simple dyadic funder-project relationship, (b) combines cognitive-behavioural, signalling, justice-motive, social, and risk-perception theories into a single explanatory framework, and (c) is explicitly calibrated to the Indian context, in which litigation funding is judicially permitted under a long common-law lineage descending from Ram Coomar Coondoo

v Chunder Canto Mookerjee (1876) and Re: Mr 'G', a Senior Advocate (1955), and has recently received further judicial recognition in Jindal Steel & Power Ltd v DCM Ltd (Delhi High Court, 2022), yet continues to operate without any dedicated statute, regulator, or mandatory disclosure regime.

4. Theoretical Foundations

The conceptual model developed in this article draws on five complementary theoretical traditions, each of which explains a different facet of the funding decision. The Theory of Planned Behaviour supplies the cognitive-behavioural backbone linking attitude, social pressure, and perceived control to funding intention. Signalling theory explains how funders resolve the information asymmetry inherent in evaluating an uncertain legal claim. Justice-motive and prosocial motivation theory account for the moral and cause-driven dimension of funding that is largely absent from commercial crowdfunding. Social capital and herding theory explain how funders use the visible behaviour of other funders as a heuristic substitute for costly independent evaluation. Prospect theory and risk perception explain how funders process the binary, loss-laden payoff structure characteristic of litigation outcomes. Each is discussed in turn below, together with its specific application to litigation crowdfunding.

4.1 Theory of Planned Behaviour (TPB)

Ajzen's (1991) Theory of Planned Behaviour holds that behavioural intention, the most proximate predictor of actual behaviour, is jointly determined by attitude toward the behaviour, subjective norms, and perceived behavioural control. Attitude reflects the funder's overall favourable or unfavourable evaluation of contributing to a litigation crowdfunding campaign; subjective norms capture the perceived social pressure from family, peers, or online community to support, or refrain from supporting, a given cause; and perceived behavioural control captures the funder's perceived ease or difficulty of contributing, shaped by factors such as platform usability, minimum contribution thresholds, and confidence in one's own ability to evaluate the claim. TPB has been repeatedly and successfully applied across crowdfunding contexts, from securities and property crowdfunding to donation-based platforms, with Vijaya, Yadav, and Mathur (2023) showing that attitude, subjective norms, perceived behavioural control, and trust jointly predict donation intention, and with reward-based crowdfunding studies extending the model to incorporate information-sharing intentions alongside financial-contribution intentions. Applied to litigation crowdfunding, TPB predicts that a funder's intention to support a legal claim will be shaped by their attitude toward the specific cause or claimant, by the visible support or disapproval of their social network, and by their confidence in navigating the platform and interpreting the limited legal information provided, making TPB the natural cognitive core around which the remaining, more context-specific theories can be layered.

4.2 Signalling Theory

Signalling theory, originating in Spence's (1973) analysis of labour-market signalling and subsequently formalised for organisational and entrepreneurial-finance contexts by Connelly, Certo, Ireland, and Reutzel (2011), addresses situations of information asymmetry in which a better-informed party, here the litigant or the platform, must credibly convey otherwise unobservable quality to a less-informed party, here the funder. In conventional crowdfunding, signals such as founder experience, prior successful campaigns, media coverage, and third-party endorsement have been shown to reduce perceived risk and increase funding likelihood by substituting for costly direct verification (Ahlers, Cumming, Günther, &

Schweizer, 2015; Courtney, Dutta, & Li, 2017). Litigation crowdfunding presents an unusually acute signalling problem because the true quality of the underlying signal, the legal merit of the claim, is not merely difficult but often professionally impossible for a lay funder to assess, and because outcomes are resolved only after a lengthy and uncertain judicial process rather than through observable product delivery. In this setting, signals such as representation by a recognised law firm, procedural milestones such as case admission or an interim order, platform-level vetting or curation, and prior funding from identifiable early backers substitute for the legal due diligence funders cannot themselves perform, and are hypothesised to operate as the principal mechanism through which platform and litigant credibility are transmitted to the funder in the triadic relationship developed below.

4.3 Justice-Motive and Prosocial Motivation Theory

Lerner's (1980) justice-motive theory, and its central belief-in-a-just-world construct, holds that individuals possess a deep-seated need to believe that people generally get what they deserve, and that this need motivates behaviour intended to restore justice when they encounter evidence of undeserved suffering or unfairness. Confronted with a visible victim of injustice, individuals who hold a strong belief in a just world are more likely to engage in corrective, helping behaviour, including material assistance, as one of several possible responses to the threat that injustice poses to their worldview (Lerner & Miller, 1978; Hafer & Bègue, 2005; Dalbert, 2001). This mechanism is distinct from, but complementary to, the broader literature on prosocial and altruistic motivation in crowdfunding, which shows that intrinsic moral commitment to a cause, a sense of belonging to a supportive community, and the anticipated positive emotion of having helped, independently predict contribution even in the complete absence of material reward. Litigation crowdfunding campaigns are frequently narrated explicitly in the language of injustice, wrongful treatment, or denial of access to justice, which plausibly activates the justice motive far more directly than commercial or product-based campaigns, and this theory therefore supplies the moral and cause-driven dimension of funder motivation that purely economic, signalling-based accounts cannot capture on their own.

4.4 Social Capital and Herding Theory

Social capital theory holds that relational resources embedded in an individual's or organisation's network, including reputation, endorsement, and prior ties, can be mobilised to reduce transaction costs and build trust in conditions of uncertainty. In crowdfunding, social capital manifests both as the litigant's or campaign organiser's own network ties and as the visible, cumulative pattern of contributions already made by other funders, which functions as a public signal of collective endorsement. Herding theory, closely related, describes the tendency of individuals facing uncertain, high-information-cost decisions to imitate the observed behaviour of others rather than independently evaluate the underlying opportunity. Empirical work on reward-based and lending-based crowdfunding shows that prior contribution levels act as a quality signal that shapes later funders' willingness to contribute, that this dynamic can constitute rational herding, in which later backers combine private information with the informational content of others' choices, rather than a pure information cascade, and that herding intensifies precisely when independent verification is costly or unavailable (Petit & Wirtz, 2021; Skirnevskiy, Bendig, & Brettel, 2017). Because independent verification of legal merit is prohibitively costly for the typical retail funder, litigation crowdfunding is plausibly one of the crowdfunding sub-types in which herding cues, the number of prior donors, the pace of fundraising, and the visibility of high-profile early supporters, exert an

especially strong influence on subsequent funding behaviour, complementing and partially substituting for the platform- and litigant-level signals described above.

4.5 Prospect Theory and Risk Perception

Kahneman and Tversky's (1979) prospect theory departs from expected-utility theory by proposing that individuals evaluate risky prospects relative to a reference point, weight losses more heavily than equivalent gains, that is, exhibit loss aversion, and apply non-linear probability weighting that overweights small probabilities and underweights large ones. Litigation outcomes are archetypally prospect-theoretic: a funder's contribution is placed against a discontinuous, binary payoff in which the claim either succeeds, potentially yielding a contractual share of recovery or the moral payoff of having helped achieve a just outcome, or fails, resulting in total loss of the contribution with no partial recovery. Recent applications of prospect theory and the closely related elimination-by-aspects framework to equity crowdfunding show that investors frequently engage in non-compensatory screening, rejecting opportunities outright once they encounter salient deal-breaking risk cues rather than weighing costs and benefits in a fully compensatory manner (Tversky, 1972; Kahneman & Tversky, 1979). Complementing this decision-theoretic account, the broader crowdfunding risk-perception literature identifies financial, performance, social, and psychological risk as distinct dimensions that deter participation unless offset by trust, and shows that perceived risk mediates the relationship between platform or campaign characteristics and funding intention across multiple crowdfunding contexts. In litigation crowdfunding, perceived risk is compounded by the funder's inability to assess legal merit directly, making trust in signals and herding cues, rather than independent probability assessment, the primary mechanism through which loss aversion is managed.

5. Proposed Conceptual Model

Building on the five theoretical foundations above, this article proposes an integrated conceptual model of funder behaviour in litigation crowdfunding. The model departs from conventional crowdfunding frameworks, which typically model a dyadic relationship between a backer and a project or entrepreneur, by explicitly conceptualising the funding relationship as triadic: the funder, the litigant whose claim is being funded, and the platform that mediates information flow and, in many cases, curates or vets' campaigns before they are listed. This triadic structure reflects the distinctive institutional architecture of litigation crowdfunding, in which the platform performs an intermediary and partially certifying role that has no direct analogue in donation-based platforms funding personal hardship, and only a partial analogue in equity or reward-based platforms, where the entrepreneur, rather than a professionally represented litigant, is the primary counterparty.

5.1 Core Constructs

The model comprises four families of constructs. The first family, cognitive-behavioural antecedents, follows the TPB core of attitude toward the specific cause, subjective norms reflecting peer and community influence, and perceived behavioural control over the act of contributing. The second family, informational and trust constructs, comprises platform trust, arising from perceived platform credibility, transparency, and vetting rigour; litigant signal quality, arising from professional legal representation, procedural milestones, and case documentation; and social proof or herding cues, arising from the visible pattern and pace of prior contributions. The third family, motivational constructs, comprises financial

motivation, the funder's expectation of a proportionate monetary return where the funding model permits one, and non-financial motivation, disaggregated into justice-motive activation, the funder's need to correct a perceived injustice, and prosocial or cause-driven motivation, the funder's intrinsic moral or communal commitment to the underlying cause. The fourth family, risk constructs, comprises perceived legal-outcome risk, arising from the funder's inability to independently verify legal merit, and perceived financial loss, framed through prospect-theoretic loss aversion relative to the funder's contribution as a reference point. These four families jointly determine funding intention, which, consistent with TPB, is theorised as the most proximate predictor of actual funding behaviour, that is, the funder's realised financial or resource commitment to the campaign.

5.2 Model Structure (Descriptive Path Diagram)

Figure 1 below presents a descriptive path diagram summarising the triadic funder-litigant-platform relationship that structures information and trust flow in the model, followed by Figure 2, which summarises the antecedent-to-behaviour path of the funder-level model itself.

Figure 1. The Triadic Funder-Litigant-Platform Relationship

FUNDER (Investor / Backer)	→	**PLATFORM (Information Intermediary)**	→	**LITIGANT (Case Owner)**	↺

Figure 2. Antecedents, Funding Intention, and Funding Behaviour

ANTECEDENTS Attitude • Subjective Norm • PBC Signal Quality • Platform Trust Justice Motive • Prosocial Motive Herding Cues • Perceived Risk	→	**FUNDING INTENTION**
	⇩ moderated by Funding-Model Type	→
		ACTUAL FUNDING BEHAVIOUR / RESOURCE COMMITMENT

The diagram depicts a two-stage structure typical of TPB-derived models: a bundle of cognitive-behavioural, informational, motivational, and risk antecedents converges on funding intention, which in turn predicts actual funding behaviour, with the entire antecedent-to-intention path theorised to be moderated by the type of funding model on offer, donation-based versus debt or return-based, as elaborated in Section 7. Within the antecedent bundle, signal quality and platform trust are theorised to operate partly through perceived risk, consistent with signalling theory's core claim that credible signals reduce the information asymmetry that gives rise to perceived risk in the first place, while justice-motive and prosocial-motivation constructs are theorised to operate largely independently of the risk pathway, reflecting the non-instrumental, cause-driven character of moral motivation identified in the justice-motive literature.

6. Research Propositions

Drawing on the theoretical foundations and conceptual model developed above, the following eight propositions are advanced as a basis for future empirical validation.

1. Proposition 1: Funder attitude, subjective norms, and perceived behavioural control are each positively associated with funding intention in litigation crowdfunding, consistent with the Theory of Planned Behaviour.
2. Proposition 2: Litigant signal quality, including professional legal representation, documented procedural milestones, and campaign preparedness, is positively associated with platform and litigant trust, and thereby indirectly increases funding intention.
3. Proposition 3: Platform trust, arising from perceived transparency, vetting rigour, and disclosure practices, is negatively associated with perceived legal-outcome risk and positively associated with funding intention.
4. Proposition 4: Social proof and herding cues, operationalised as the visible number, pace, and prominence of prior contributions, are positively associated with funding intention, and this association strengthens as the funder's own capacity to independently verify legal merit decreases.
5. Proposition 5: Justice-motive activation, triggered by campaign narratives that frame the litigant as an undeserving victim of injustice, is positively associated with funding intention independent of expected financial return.
6. Proposition 6: Prosocial and cause-driven motivation is positively associated with funding intention, and this relationship is stronger for funders with pre-existing identification with, or membership in, the affected group or community represented by the litigant.
7. Proposition 7: Perceived legal-outcome risk and perceived financial loss are negatively associated with funding intention, and this negative association is attenuated by higher platform trust and stronger herding cues, consistent with a loss-aversion mechanism as theorised by prospect theory.
8. Proposition 8: Funding intention is positively associated with actual funding behaviour, and the strength of the intention-behaviour relationship is moderated by the ease of the platform's contribution mechanism, consistent with the perceived-behavioural-control component of the Theory of Planned Behaviour.

7. The Moderating Role of Funding Model Type: Donation-Based versus Debt/Return-Based Litigation Crowdfunding

A central conceptual contribution of this article is the proposition that the funding-model type on offer, donation-based versus debt or return-based, moderates the strength and, in some cases, the very presence of the relationships specified in Section 6. Donation-based litigation crowdfunding, exemplified by campaigns on Crowd Justice and GoFundMe in which supporters expect no monetary return, is structurally closer to charitable giving, and the empirical evidence reviewed in Section 2 is consistent with justice-motive and prosocial-motivation constructs being the dominant drivers of funding intention in this model, with political controversy, moral salience, and cause identification, rather than financial calculation, explaining the bulk of the variance in funding success (Raghupathi, 2021; Snyder, 2025). Debt or return-based litigation crowdfunding, exemplified by platforms such as Lex Shares that structure contributions as a claim on a share of eventual recovery, is structurally closer to a risky financial investment, and the theoretical expectation is that signal quality, platform trust, and perceived legal-outcome risk assume a

correspondingly larger role in shaping funding intention, with justice-motive and prosocial constructs continuing to operate but with attenuated weight relative to expected financial return.

This moderation proposition has direct implications for the Indian context, where debt-based crowdfunding is already operationalised through RBI-registered non-banking financial company peer-to-peer platforms and reward-based platforms operate under a lighter-touch model, but no dedicated litigation crowdfunding platform of either type yet exists at scale. Formally, it is proposed that the positive path from justice-motive and prosocial-motivation constructs to funding intention will be significantly stronger under donation-based than under debt or return-based litigation crowdfunding, while the positive paths from signal quality, platform trust, and perceived-risk mitigation to funding intention will be significantly stronger under debt or return-based than under donation-based litigation crowdfunding. Testing this moderation would require a multi-group structural equation modelling design that compares funder samples exposed to hypothetical or actual campaigns of each type, a design consistent with the multi-group and moderated-mediation approaches already applied successfully in adjacent crowdfunding research, for instance in Salem, Elkhwesky, Baber, and Radwan's (2022) study of reward-based hospitality crowdfunding, which combined the Theory of Planned Behaviour with risk and trust theory in a moderated-mediation framework tested through multi-group structural equation modelling.

8. Theoretical and Practical Implications

8.1 Theoretical Implications

The proposed model makes three principal theoretical contributions. First, it extends the Theory of Planned Behaviour beyond its established applications in reward-based, donation-based, and equity crowdfunding into the distinctive context of litigation crowdfunding, in which the object of funding is an inherently uncertain, professionally mediated legal claim rather than a product, service, or venture, thereby testing the boundary conditions of TPB's generalisability. Second, the model integrates justice-motive theory, hitherto confined largely to social psychology, into the crowdfunding-behaviour literature as a distinct, non-instrumental motivational pathway that operates alongside, rather than as a subtype of, generic prosocial or altruistic motivation, offering a theoretically sharper account of why litigation campaigns framed around injustice may generate disproportionate funder engagement relative to campaigns framed in purely charitable or need-based terms. Third, by conceptualising the funder-litigant-platform relationship as triadic rather than dyadic, and by explicitly modelling funding-model type as a moderator, the framework offers a template that can be extended to other professionally intermediated crowdfunding contexts, such as medical crowdfunding involving treating clinicians, in which a comparable three-party information architecture is present.

8.2 Practical and Policy Implications

For platform operators, the model suggests that funding conversion can be improved by simultaneously investing in two distinct levers rather than treating them as substitutes: campaign-level signal infrastructure, such as verified lawyer credentials, case-stage disclosure, and third-party endorsement, which primarily addresses the informational and risk pathway, and narrative and community-engagement infrastructure, such as cause framing, updates, and visible community milestones, which primarily addresses the justice-motive and prosocial pathway. Because the model predicts that these two levers carry different weight depending on funding-model type, platforms offering debt or return-based products

should prioritise disclosure and legal-merit signalling, while platforms offering donation-based products should prioritise cause narrative and community-building. For litigants and their legal counsel, the model implies that campaign design should be tailored to the funding-model type on offer rather than following a single generic template, and that early-stage momentum, the first wave of contributions that generates herding cues for subsequent funders, is disproportionately important given the sensitivity of later funders to visible social proof documented in the herding literature.

For policymakers and regulators, the model carries particular significance in the Indian context, where litigation funding is judicially tolerated but lacks a dedicated statutory framework, standardised disclosure requirements, or a clearly designated regulator, notwithstanding recommendations from bodies such as the Insolvency and Bankruptcy Board of India for a more structured framework and the persuasive judicial recognition extended in cases such as Jindal Steel & Power Ltd v DCM Ltd. Because the proposed model identifies platform trust and signal credibility as central mechanisms through which funder risk is managed in the absence of independent verification capacity, the near-total absence of mandated disclosure in the Indian market plausibly leaves retail funders more dependent on unverified signals and herding cues than funders in jurisdictions with more developed disclosure regimes, strengthening the case for calibrated, proportionate disclosure and registration requirements specific to retail-facing litigation crowdfunding platforms, of the kind already recommended for the broader institutional third-party funding market, without imposing the heavier prudential regulation appropriate to systemically significant financial intermediaries.

9. Limitations and Directions for Future Research

As a conceptual article, this paper's principal limitation is that the proposed model and its eight propositions have not yet been empirically tested; the model is offered as a theoretically grounded basis for future survey-based or experimental validation rather than as an empirically confirmed account of funder behaviour. Second, the model draws heavily on empirical evidence from litigation crowdfunding platforms operating in the United States and United Kingdom, where the regulatory, legal-cost, and litigation-culture environment differs materially from India, and constructs such as platform trust and perceived legal-outcome risk may operate differently, or with different relative weight, in a market that currently lacks a dedicated large-scale litigation crowdfunding platform of either the donation-based or debt-based type. Third, the model's disaggregation of non-financial motivation into justice-motive and prosocial-motivation constructs, while theoretically grounded, has not yet been empirically validated as psychometrically distinct in the specific context of litigation crowdfunding, and future scale-development work should test whether these constructs are in fact separable, or whether they collapse into a single higher-order moral-motivation factor, when measured among actual or prospective funders.

Future research should proceed along three lines. First, the eight propositions developed in Section 6 should be operationalised into a multi-item survey instrument and tested using structural equation modelling on a sample of actual or prospective Indian litigation-crowdfunding funders, with particular attention to measurement invariance across donation-based and debt or return-based funding-model conditions, following the multi-group analytical approach demonstrated in adjacent crowdfunding research. Second, experimental vignette designs could usefully manipulate signal quality, herding cues, and justice-motive framing independently to establish the causal ordering implied by the model, complementing the correlational designs that dominate the existing crowdfunding-behaviour literature. Third, given the near-total absence of large-scale litigation crowdfunding platforms in India at present,

future work should combine primary survey data with content analysis of comparable campaigns on general-purpose donation platforms already used informally for legal-expense fundraising, pending the emergence of dedicated litigation crowdfunding infrastructure, to build an evidence base that can inform both platform design and the regulatory recommendations discussed above.

10. Conclusion

Litigation crowdfunding occupies a distinctive position within the broader crowdfunding landscape, combining the informational and legal complexity of third-party litigation funding with the retail, community-driven dynamics of conventional crowdfunding. This article has reviewed the doctrinal, empirical, and behavioural literature bearing on litigation crowdfunding and third-party litigation funding, identified a clear gap between campaign-level outcome studies and individual-level behavioural theory, and developed an integrated conceptual model that treats the funder-litigant-platform relationship as triadic and explains funding intention through the joint operation of cognitive-behavioural, signalling, justice-motive, social-capital, and prospect-theoretic mechanisms. The resulting eight propositions, together with the proposed moderating role of funding-model type, offer a theoretically grounded and empirically testable foundation for future research into investor behaviour in litigation crowdfunding, particularly within the Indian legal and financial ecosystem, where the continued judicial tolerance of third-party funding alongside the absence of dedicated statutory regulation makes an understanding of how retail funders form trust and manage risk especially consequential for the future design of platforms, campaigns, and policy in this emerging field.

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