

Arbitration in Albania in the Digital Age: Between Legal Tradition and Artificial Intelligence

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Abstract

Arbitration is now an important tool that can resolve disputes since it expedites, flexibilizes, and cheapens alternatives to conventional courts. Yet, the world is currently experiencing the digital revolution, especially since Artificial Intelligence (AI) is implemented in the legal system. This revolution threatens what is the conservative comprehension of the very concept of justice. This paper examines Albania's arbitral process. How Albania can reconcile between its legal tradition with technological advancement is examined also. It looks at the Albanian legal system, utilizes digital technologies with AI in arbitration, and pinpoints challenges that are practical as well as ethical and institutional. It goes through international precedents set by the European Union as well as the United States and Singapore. It suggests how Albania's arbitration system can meet current global standards.

Keywords: Arbitration, Albania, Artificial Intelligence, Digital Transformation, Online Dispute Resolution, Legal Framework, International Standards.

1. INTRODUCTION

Alternative dispute resolution mechanisms arbitrate and therefore have gained importance within Albania lately. Arbitration is flexible, quick, along with confidential for local and foreign parties given sluggish legal procedures also heavy workloads in a judicial system. Legal systems globally are changing because technology and artificial intelligence (AI) are redefining how justice is administered (Susskind, 2019).

The crossroad of archaic legal processes and technological advancement raises fundamental questions: how can Albania update arbitration and still maintain human judgment and fairness? The increasing popularity of AI-based platforms in international arbitration centers including the ICC, LCIA, and SIAC is a trend toward increased efficiency, but it also raises the question of transparency, with ethical responsibility (ICC, 2021).

This article discusses the path to digital arbitration in Albania, focusing on the legal basis of this process, the role of AI, and the experience of other jurisdictions. It aims at answering the question of whether Albania would be able to reconcile its legal culture with international standards and take advantage of the digital era.

2. THE LEGAL FRAMEWORK OF ARBITRATION IN ALBANIA

The evolution of arbitration in Albania illustrates the wider process of transition of the country to the market-orientated democracy in place of the centralized socialist regime. In socialism, the resolution of disputes was almost exclusively done by the state

authorities. Arbitration has been re-established as an important tool to settle commercial and contractual disputes in a liberalized economy following the reforms of the 1990s.

The principal legal framework regulating of arbitration in Albania is the Code of Civil Procedure. It grants parties the autonomy to delegate dispute resolution to an arbitral tribunal or sole arbitrator, whose decision carries the same binding force as a judicial decision (Article 400 et seq., Code of Civil Procedure). Furthermore, Albania's ratification of the New York Convention (1958) ensures the recognition and enforcement of foreign arbitral awards, providing legal certainty to investors and strengthening international cooperation (New York Convention, 1958).

Despite the progress, Albania is still facing challenges as regards the development of alternative dispute resolution mechanisms. The country has not yet adopted a comprehensive arbitration law based on the UNCITRAL Model Law (1985), which harmonizes arbitration procedures across jurisdictions (UNCITRAL, 1985). Modern arbitration laws in line with this model have already been adopted by neighbour countries like North Macedonia and Greece, where Albania is at a comparative disadvantage in capturing cross-border disputes.

Institutionally, arbitration in Albania is fragmented. There is no permanent national arbitration center with recognized procedures or technological infrastructure, and many practitioners remain unfamiliar with digital case management. The tendency to solve conflicts in the state courts is often observed by businesses as a sign of lack of awareness and limited trust in domestic arbitration tools (Born, 2021).

Therefore, whereas Albania has a strong legal basis, there is a lack of modernization and institutional capacity to fully develop arbitration.

3. ARBITRATION IN THE DIGITAL ERA

Digital arbitration is not merely a technological upgrade; it represents a paradigm shift in legal culture. For Albania, adopting such systems would enhance efficiency, transparency, and its international reputation as an arbitration-friendly jurisdiction.

The revolution of justice in the digital world has changed the way arbitration is conducted across the world. Leading arbitral institutions, such as the International Chamber of Commerce (ICC), the London Court of International Arbitration (LCIA), and the Singapore International Arbitration Centre (SIAC), have adopted advanced digital infrastructures, enabling virtual hearings, e-filing, and cloud-based case management (ICC, 2021; LCIA, 2022).

These digital tools became indispensable during the COVID-19 pandemic. Online hearings demonstrated that conflicts could be effectively managed without a physical presence and save costs and time losses. An example is the ICC Digital Arbitration Platform, where parties can submit documents, share evidence, and participate in hearings in a safe environment online. Likewise, the EU Online Dispute Resolution (ODR) Platform allows consumers and traders to settle cross-border disputes online, according to EU Regulation No. 524/2013.

ODR systems like Modria and eBay Resolution Center, used in the non-government sector, show how AI and automation can effectively resolve millions of disputes a year, including consumer complaints and service contracts (Rule, 2017). Such instances underscore the potential to scale accessibility and efficiency with digital arbitration under the right legislation and safe environments.

In Albania, digital transformation in arbitration remains limited. Although the pandemic stimulated remote hearings and electronic communication, no common digital infrastructure has been established to support arbitration. The use of physical files and face-to-face procedures is prevalent in courts and arbitral institutions. It would be a significant step towards establishing a safe national online arbitration system, with digital signatures and electronic document storage (European Commission, 2020).

Digital arbitration is not an upgrade in technology, but a paradigm shift in legal culture. In the case of Albania, the implementation of such systems would promote efficiency, transparency and its reputation as an arbitration-friendly jurisdiction internationally. Integrating digital arbitration would place Albania within the European trend of reforming judicial processes through innovative, technology-oriented solutions for dispute resolution.

4. THE ROLE OF ARTIFICIAL INTELLIGENCE IN ARBITRATION

Artificial Intelligence (AI) is revolutionizing the practice the law, including arbitration. It has the potential to simplify case management and decision-making and assist arbitrators to access significant amounts of data (WIPO, 2022).

Applications of AI in Arbitration are as follows:

- Clausoles recognition and contract analysis.

Procedural preparedness can be achieved by having AI software scan contracts, find arbitration clauses, and spot irregularities or risks (Lex Machina, 2023).

- Predictive analytics.

Algorithms can assess past arbitral decisions and forecast probable ones based on similar cases to assist parties in making a strategic decision (Born, 2021).

- Assisting arbitrators.

AI software is capable of summarizing evidence, suggesting pertinent precedents, and creating draft portions of arbitral awards. This will not substitute human judgment but will increase uniformity and speed (Susskind, 2019).

- Document management and case clustering.

AI-driven e-discovery systems are capable of sorting thousands of documents, emails, and records, enabling arbitrators to concentrate on the contentious aspects of cases and not the complexity of the procedures (WIPO, 2022).

Benefits

AI enhances productivity, saves money, and decreases human error. It may also contribute to increased access to justice by reducing barriers to entry of small and medium-sized businesses (Moses, 2017).

Risks

Nevertheless, there are some threats: AI models are susceptible to procedural fairness due to algorithmic bias and data privacy breaches (GDPR, 2016/679). Moreover, the lack of regulation on decisions made through AI may cast uncertainty on due process and enforceability.

Therefore, the use of AI in any Albanian arbitration should be supported by high ethical norms, data security, and specialized training of the practitioners.

5. CHALLENGES FOR ALBANIA

The implementation of AI and digital technology in Albanian arbitration is associated with overlapping technological, legal, institutional, and cultural problems. It continues to experience a number of structural and institutional impediments towards the growth of digital arbitration. Technologically, the nation does not have a uniform electronic filing network, a strong data security solution, and the network to carry out virtual hearings. Regarding the legislative framework, it can be seen that at present, no direct references to digital or AI-related procedures are present in the Albanian Code of Civil Procedure (UNCITRAL, 1985). There is also the lack of institutional trust because a number of companies still perceive arbitration as less valid than conventional court proceedings (Born, 2021).

Moreover, another obstacle to AI implementation in the country is its human capacity, as arbitrators and other professionals in the legal field are rarely trained in artificial intelligence or digital governance. Lastly, without extensive cybersecurity regulations, the sensitive data used in the arbitration processes are exposed to the risk of being breached (GDPR, 2016/679). Albania can address these obstacles by a National Digital Justice Strategy that includes modernizing arbitration and creating collaboration with international arbitration centers, as well as creating AI and dispute resolution academic programs.

6. COMPARATIVE PERSPECTIVE

International experience offers valuable lessons for Albania. European Union

The EU's Online Dispute Resolution (ODR) Regulation has been effective in consumer and commercial disputes. Thousands of cases are handled by the European ODR Platform, managed by the European Commission, which fosters transparency and reliability (European Commission, 2020). Germany and France, among other member states, have proposed hybrid arbitration-ODR systems, an alternative that involves human participation in addition to automated procedures.

United States

The American Arbitration Association (AAA) has become the first organization to introduce digital arbitration, offering tools of case management and arbitrator selection based on AI (AAA, 2023). There are also examples of how algorithmic dispute resolution can be used by private companies like Modria and eBay to resolve millions of cases efficiently (Rule, 2017).

Singapore

Singapore is a pioneer in the blending of technology and arbitration. The Singapore International Arbitration Centre (SIAC) and the Singapore International Mediation Centre (SIMC) use AI-powered case tracking and virtual hearings. The arbitration law of the country is model law-based and is supported by the government in introducing innovations, making it one of the leading arbitration locations in the world (SIAC, 2023).

UNCITRAL and Global Standards

The UNCITRAL Model Law (1985) is the international standard of harmonizing arbitration procedures. It provides the ability to flexibly incorporate new technologies without sacrificing due process and party autonomy (UNCITRAL, 1985). Those

countries that have embraced this model, including Austria, Canada, and Japan, have managed to establish effective, open systems of arbitration.

These experiences can help Albania to guide its legal reforms towards global standards, invest in digital platforms, and build partnerships with international arbitration institutions.

7. CONCLUSIONS AND RECOMMENDATIONS

Arbitration in Albania stands at a crossroads between tradition and innovation. The legal basis, based on the Code of Civil Procedure and the New York Convention, is legitimate, but not adaptable to the new digital era. Modernization of arbitration can be achieved through the use of Artificial Intelligence and digital platforms, but it requires regulation and capacity-building.

In order to achieve sustainable development, the following steps are recommended:

- Implement a specific law on arbitration in line with the UNCITRAL Model Law (1985).
- Establish a National Online Arbitration Platform (ODR-Albania) to facilitate the secure, transparent and efficient management of cases online.
- Bring professional arbitrator, judicial, and legal training on AI and digital ethics.
- Improve the level of data protection and cybersecurity to maintain confidentiality during AI-mediated arbitration.
- Create a global collaboration with major bodies (ICC, LCIA, SIAC) to exchange best practice and technical know-how.

Ultimately, Albania's challenge is not whether to embrace AI in arbitration, but how to integrate it responsibly, keeping human judgment at the heart of justice and using technology to be efficient and accessible.

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