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Review Process

Papers submitted to this conference have been double-blind peer reviewed before final acceptance to the conference. Only full papers were accepted for consideration. Many thanks to the reviewers who helped ensure the quality of all the submissions.

The proceedings include extended abstracts only of papers by authors who wished to include their work in the proceedings on a voluntary basis.

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1. Parallel Paper Session 1A (09:30 -10:50)

“Crowdlending”

Chair: *Dr. Friedemann Polzin*

1.1. Robo-advisors in crowdlending platforms: a systematic literature review

Mondher Feki, Université Paris-Saclay, France

Donia Trabelsi, Institut Mines-Télécom Business School, France

Purpose

The objective of this paper is to explore and analyze the determinants of the adoption and use of robo-advisors in loan-based crowdfunding (crowdlending) platforms, based on a systematic literature review. The study aims to provide an overview of the state of the art in this field and to suggest avenues for future research.

Research Design and Methods

The research methodology applied in this study is based on a systematic literature review, following the guidelines of Kitchenham (2007) and Okoli and Schabram (2010), structured in four phases. The first phase consists of identifying relevant keywords linked to the research issues, which will then be used to identify articles in the 'ScienceDirect' database. In the second phase, selection criteria are defined to determine which papers will be included or excluded from the study. The third phase involves reading each selected article in full, followed by an evaluation according to specific criteria. This process led to the qualification of 17 articles for in-depth analysis in the next stage, which consists of data extraction. Finally, in the last phase, the information extracted from the selected articles is synthesized to highlight the findings and guide future research.

Findings and Results

The results of the current study reveal the determinants of adoption and use of robo-advisors in loan-based crowdfunding platforms, according to the behavioral information systems (IS) approach and the behavioral finance approach. According to the IS behavioral approach, determinants of robo-advisor adoption include perceived usefulness, perceived ease of use, trust, transparency, financial knowledge and expected

performance. In contrast, determinants of robo-advisor use include past performance of robo-advisors, distrust of human financial advice, and users' lack of financial knowledge.

According to the behavioral approach to finance, it appears that the automation of decision-making by robo-advisors reduces behavioral biases, but may also reduce the community effect and the proximity between lenders and project owners.

Originality and Contribution

The originality of this article lies in its systematic approach to analyzing the factors driving the adoption and use of robo-advisors in the specific context of loan-based crowdfunding platforms. It contributes to the literature by combining perspectives from information systems and behavioral finance, and by proposing a theoretical framework for understanding these determinants.

Conclusion

This study presents a systematic literature review on robo-advisors in loan-based crowdfunding platforms. It provides an overview of the factors influencing the adoption and use of these automated tools within these digital platforms. These factors fall into two streams: the behavioral approach to information systems and the behavioral approach to finance.

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1.2. Dynamic analysis of lenders interests on social crowdfunding platforms

Marouane Battach, Université Paris Saclay, France

Tien-Dat Nguyen, Université Paris Saclay, France

Salah Elayoubi, Université Paris Saclay, France

Linda Salahaldin, ESCE business School, France

Purpose

This study investigates the motivations and interests of lenders on pro-social crowdfunding platforms like kiva. It seeks to understand if persistent lenders show consistent interests over time in relation to specific project characteristics (e.g., sector, country, tags).

This study investigates the motivations and interests of lenders on pro-social crowdfunding platforms like kiva. It seeks to understand if persistent lenders show consistent interests over time in relation to specific project characteristics (e.g., sector, country, tags).

Research Design and Methods

A quantitative approach was utilized, employing a large dataset from the Kiva platform (Hartley, 2010) . Bi-partite graphs were constructed to link lenders with various project criteria as used in Cheng et al. (2016). The Jaccard index was used to measure the consistency of lenders' interests over multiple years, similar to methodologies discussed in Rajaraman and Ullman (2011). The study also involved simulating random lender behavior to compare actual lenders' patterns to discern if observed consistencies were statistically significant.

Findings and Results

The analysis revealed that lender behavior tends to appear random, with no strong loyalty towards specific project types but rather towards the platform itself. The Jaccard index calculations indicated low consistent interests among lenders over time, aligning closely with those of simulated random behavior, These findings challenge the assumption that repeated funders are driven by consistent personal interests or a strategic selection of projects based on specific criteria, at least for pro-social platforms. Instead, lender activity appears to be guided more by the platform's design and intrinsic motivation rather than by the project characteristics themselves.

Originality and Contribution

The paper introduces a novel application of graph analysis and the Jaccard index in the context of of crowdfunding platforms. By integrating these methods within a dynamic model, the study provides a new perspective on understanding how and why individuals repeatedly fund certain types of projects over others

Implications

The findings give a new perspective about lender loyalty and interest consistency on crowdfunding platforms. This research also underscores the importance of intrinsic motivation in sustaining lender activity, which could inform the development of strategies aimed at enhancing user engagement and retention on crowdfunding platforms

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1.3. Predicting loan repayment status in 'buy now pay Later' model: psychological and behavioral contributors

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Rotem Shneor, Department of Management, School of Business and Law, University of Agder

Bryan Zhang, Cambridge Centre for Alternative Finance, Cambridge Judge Business School, University of Cambridge

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Purpose

The proliferation of 'Buy Now Pay Later' (BNPL) facility reflects consumers' tendency to more efficient and user-friendly payment methods, with most of the relevant studies placing spotlight on its macro-level influence or consumers' adoption behavior (Guttman-Kenney et al., 2023; Memiş, 2023; Powell et al., 2023). This study aims to highlight the post-adoption behavior of BNPL users, identifying certain behavioral and psychological traits of the users which show some potential to predict the credit risk of them. A conceptual framework is thus developed by extending the traditional credit scoring model with theories in behavioral finance: mental accounting, hyperbolic discounting and dual process system.

Research Design and Methods

This study collects data via a web-based survey of 2810 BNPL users in the Philippines. An online questionnaire was distributed by platforms through their APPs, websites, SMS or emails. Our survey consists of three blocks: profile of respondents, their borrowing experience and post-adoption repayment behavior. After conducting relevant tests, we used generalized structural equation modeling (GSEM) to analyze the data.

Findings and Results

Our findings generally support the integrated framework in the BNPL context, pointing out the role of psychological biases in disturbing cognitive processing and behavioral reflection. In particular, we find that mental isolation of BNPL spending from credit cards increases the likelihood of loan delinquencies both directly and indirectly. In addition, borrowers' low creditworthiness is associated with higher level of System 1 (impulsive) involvement and default probability. However, purchase efficiency enhancements by BNPL providers that fulfill immediate gratification seeking have no or even negative effect on delinquencies.

Originality and Contribution

This study contributes to the ascending but limited research on affective and behavioral deficiencies in the BNPL context, as well as to the more advanced literature on risk management of consumer credit. By doing this, we enrich previous research findings of the relationship between impulsiveness and loan delinquencies from (Gathergood, 2012) by leveraging the dual process system to explain impulse-driven tendency and by identifying affective sources of this tendency, namely mental accounting and hyperbolic discounting.

Implications

In terms of theoretical implications, our research provides evidence for applying extended dual process system in explaining the post-adoption behavior of BNPL users, as well as creating potential for further validations and extensions. Generalizability could be strengthened by exploring the current relationships in different cultural and platform contexts, especially in the form of comparative studies. In terms of practical implications, the extant study pointed out that individual psychological biases could be traced back to the inappropriate marketing strategies of service providers. Due to the high proportion of respondents who are vulnerable to mental biases, platforms are suggested to implement responsible advertising and positioning.

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2. Parallel Paper Session 1B (09:30 -10:50)

“Non-Investment Crowdfunding”

Chair: *Dr. Joanna Adamska-Mieruszewska*

2.1. You'll never buy alone: Collective consumption and co-creation in a crowdfunding community

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Maria J. Quero, University of Málaga

Purpose

Collective consumption studies how the co-presence of multiple consumers affects the experience of each other (Bruce et al., 2019). This paper studies the role of peers in online communities, with the goal of understanding how resources are integrated to co-create value in a service ecosystem. We chose rewards-based crowdfunding as the context of the research due to its interactive, participative, and informal nature.

Research Design and Methods

We conducted a qualitative study to gauge the informal exchanges among the members of communities. The first step was a netnographic analysis of an important online forum built around the crowdfunding of collectibles, gathering messages referring to potential integration of resources. We then analyzed these messages as recommended by the Gioia Methodology (Corley and Gioia, 2011), by aggregating the data according to theory- and researcher-centered concepts and later developing a grounded theoretical model.

Findings and Results

We found that crowdfunding communities can be interpreted as collective actors since they share a collective identity. This result was achieved by applying the definition of actor in Service Dominant Logic, as a resource-integrator and value co-creator (Koskela-Huotari and Siltaloppi, 2020). We analyzed the resources that were shared by the community, as well as the value co-creation that would not happen without them. Besides the eight kinds of co-creation that were known to happen in crowdfunding (Quero and Ventura, 2019), we identified a ninth type that is unique to communities, co-inspiration: "the value co-created by a community that allows the formation of a shared set of opinions. These practices can instruct the ideal behavior for new and old actors of the ecosystem and inspire them to try different roles".

Originality and Contribution

This paper is part of the growing corpus of literature focused on collective consumption. This is the first time, to our knowledge, that the concept of collective actors was applied to crowdfunding and its communities, where they were traditionally considered as simple collectives of actors. The inclusion of communities among actors was made possible by researching the kinds of resources that it integrates, and the value that it co-creates, adding to both research fields. Furthermore, this paper offers the evaluation of a specific sample community that can be taken as a blueprint for further study.

Implications

From a managerial standpoint, the main implication is that communities are more than meeting halls: they have their own identity and culture. As such, targeting communities has a deeper impact -positive or negative- than the sum of the actors that meet there. Platforms, creators, and other actors of the crowdfunding ecosystem should invest energy to help grow these communities. Creators should also tap these communities carefully: they can be reservoirs of value and inspiration, but also quickly become adversarial and punish bad behaviors.

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2.2. The impact of competition and COVID-19 on crowdfunding performance: evidence from Kickstarter

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Işıl Sevilay Yılmaz, TED University, Turkey

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Abstract:

Crowdfunding has emerged as a critical alternative financing method, enabling entrepreneurs and startups to raise funds. This paper investigates reward-based crowdfunding performance using data from Kickstarter between 2010-2022. *First*, it examines the impact of competition on project success and the moderating role of crowdfunding awareness for the initial years. As competition intensifies, there is a potential decline in project success attributed to limited funds during the early years. However, the study finds that higher competition leads to higher funding performance in the following periods. *Second*, the paper analyzes the effects of the COVID-19 pandemic on crowdfunding, identifying structural breaks. While the pandemic accelerated digital finance adoption, it also introduced uncertainties that could deter backers and project creators. The study further analyse how government responses, particularly those restricting mobility and COVID-19-related anxiety among the public, have influenced crowdfunding performance. Government-imposed mobility restrictions positively affect micro to medium ventures, reflecting heightened prosocial behavior during crises, while public panic negatively affects success. The results show that competition dynamics in crowdfunding markets are nuanced and depend on awareness levels and macroeconomic conditions. Overall, findings shed light on the impact of competition and an external shock on funding performance, equipping entrepreneurs, funders, and policymakers with a deeper understanding of the crowdfunding landscape and facilitating more informed decision-making.

Keywords: COVID-19, Reward-based Crowdfunding, Kickstarter, Funding Success, Entrepreneurial Finance, Sustainable Development Goals.

2.3. Is near always dear? role of cultural proximity in investment decisions in crowdfunding

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Vijaya B. Marisetty, Indian Institute of Management Visakhapatnam, India

Purpose

In this paper, we explore the role of home bias in investor behaviour in crowdfunding markets. Unlike traditional financial markets that exhibit home bias, the crowdfunding market exhibits more affinity between investors and issuers, as issuers are more aligned with investors' interests. Investor investments are not strictly guided by rational choices; rather, several social, cultural, and emotional bonds influence investment decisions. The issue of whether home bias in investment decisions is primarily driven by economic factors or behavioural factors is a topic of ongoing debate (Ardalan, 2019). Home bias varies over time; more importantly, more home bias is displayed during economic crisis periods (COVID-19) than during normal periods. This phenomenon suggests that behavioural (irrational) reasons significantly contribute to home bias in crowdfunding markets. This evidence merits further investigation to gain insights into this emerging global marketplace that facilitates entrepreneurial and innovation growth.

Research Design and Methods

To examine home bias behaviour in the reward-based crowdfunding market, we used 296,285 campaign backers' state-level data from Kickstarter.com, which is the largest reward-based crowdfunding platform. Our dataset covers the timeframe from 2009 to 2020. In our study, we incorporated Hofstede's cultural dimensions at the country level to examine how these cultural factors relate to home bias behaviour. Hofstede's cultural dimensions provide a framework for understanding cultural differences across countries, allowing us to assess how cultural factors might contribute to the observed home bias behaviour. Additionally, we conduct a quasi-natural experiment by considering COVID-19 to empirically test whether home bias behaviour is strong during vulnerable times.

Findings and Results

Our research demonstrates the presence of home bias in the reward-based crowdfunding market. We found that cultural factors primarily drive home bias behaviour. Behavioural factors such as individualism, masculinity, and power distance scores positively and significantly impact the pledged amount, backers, and abnormal pledges. Individualistic, masculine, and power distance cultures may be more inclined to support crowdfunding campaigns because of higher levels of overconfidence. Rational cultural factors, such as uncertainty avoidance and long-term orientation, also affect home bias. A higher level of uncertainty avoidance may lead to a preference for safer and more familiar investments, potentially reducing backer engagement and pledges. Moreover, we find that the degree of cultural similarity between two countries helps attract more backers and more funding. Our subsample analysis during the COVID-19 time period showed that home bias was more pronounced during the pandemic, supporting our hypothesis that behaviour and culture mainly drive home bias behaviour.

Originality and Contribution

Our research focuses on home bias in reward-based crowdfunding across 11 countries, distinguishing itself from prior studies in several ways. First, the home bias observed in reward-based crowdfunding differs from that found in other crowdfunding models. Unlike other types of crowdfunding involving financial investments for equity, interest, or similar returns, reward-based crowdfunding serves as a unique form of small business financing. In this model, investors typically contribute smaller amounts of money and act not only as investors but also as initial consumers of crowdfunded products or services. Second, previous literature on home bias in reward-based crowdfunding has predominantly concentrated on rational (economic) justifications for home bias, neglecting the irrational (behavioural) factors influencing investment behaviour (Jiang et al., 2022; Saka, 2020). Moreover, the existing body of literature concerning home bias in crowdfunding remains in its infancy, with only a limited number of studies having delved into this phenomenon. These studies have explored home bias in various crowdfunding models, encompassing debt-based crowdfunding (Lin & Viswanathan, 2016), equity crowdfunding (Guenther et al., 2018), and reward-based crowdfunding (Jiang et al., 2022). However, these studies have predominantly centred their focus on home bias behaviour within the boundaries of a single country, largely neglecting the potential influence of country-specific cultural factors on this phenomenon.

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2.4. The determinants of the reward-based crowdfunding success

Lenny Phulong Mamaro, University of South Africa, South Africa

Athenia Bongani Sibindi, University of South Africa, South Africa

Ntwanano Jethro Godi, University of South Africa, South Africa

Purpose

The study focused on the determinants of reward-based crowdfunding on the African continent. The current restriction of access to financial resources imposed by traditional finance is a growing concern for entrepreneurs globally. A crucial financial innovation, crowdfunding provides opportunities for projects and entrepreneur funding, particularly for creative start-ups, by doing away with traditional financial intermediaries (Shneor & Vik, 2020). The success rate of crowdfunding has increased the growth of SMEs in developed countries, yet it has not been utilised in developing nations (Edem, Zhao, Dedei, & Elijah, 2021). The goal-setting theory emphasises that reaching a goal might occasionally have unfavourable effects to explain the relationship between failure and success. The main aim of the study was to determine the drivers of reward-based crowdfunding.

Methodology

The study adopted a postpositivist research philosophy that is characterised by a quantitative research method. A convenience sampling was used drawing 215 crowdfunding projects in Africa from the leading reward-based crowdfunding Kickstarter, IndieGoGo and fundraised.

Findings

Econometrics logistic regression results revealed that images, longer duration and videos were positive but did not significantly drive the crowdfunding success. Whereas backers were positive and significantly associated with success. Drawing from goal-setting theory, the targeted amount was negative and significantly associated with success (Höchli, Brügger, Abegglen, & Messner, 2019). In contrast, spelling error is positive but not significantly associated with crowdfunding success. In accordance with trust and

attribution theories, the presence of spelling errors in the crowdfunding campaign discourages backers from campaigning (Ryoba, Qu, Ji, & Qu,2020).

Originality

The study contributes to the limited literature on crowdfunding, advancing information asymmetry and signal theory by testing derived research hypotheses on reward-based crowdfunding. The findings of the study can be utilised by crowdfunding platform owners to enhance their services for African entrepreneurs; this may involve factors that improve crowdfunding success. Lastly, Policymakers may implement the research findings to create a conducive environment for crowdfunding in Africa to succeed.

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3. Parallel Paper Session 2A (11:10 – 12:30)

“Microfinance”

Chair: *Prof. Rotem Shneor*

3.1. What drives prosocial lending intentions and behaviour?

Rotem Shneor, University of Agder, Norway

Prince Baah-Peprah, University of Agder, Norway

Joe Cox, University of Portsmouth, UK

Thang Nguyen, Coventry University, UK

Abstract

This study examines potential drivers of intentions and behaviours on a prosocial lending platform. We suggest a new model marrying the components of the theory of planned behaviour with platform trust and sense of moral obligation. The model is used to predict individual-level funding intentions and, uniquely, the way in which they relate actual long-term lending behaviours. Our analysis uses Structural Equational Modelling (SEM) applied to a novel longitudinal dataset, which combines information derived from a survey of 2,398 individual lenders combined with data obtained directly from the UK-based crowdfunding platform Lendwithcare. Our analysis yields two key results. First, we find that lender intentions are positively and significantly associated with both attitudes and platform trust, and weakly with perceived behavioural control and social norms. Second, we show that lender behaviour is positively and significantly associated with both intentions and a sense of moral obligation. We also find evidence of important mediating effects in each of these key relationships. Overall, we show that the theory of planned behaviour, complement by indicators of platform trust and moral obligation, effectively explains intentions to engage in prosocial lending, and that planned behaviour tends to associate with actual behaviours.

Keywords: Pro-social lending; Crowdfunding; Intentions; Trust; Moral Obligation

3.2. Which delivery model promotes sustainable financial performance in reaching poor communities? Evidence-based savings groups (SGs*)*

Roger Aganze, University of Agder, Norway

Roy Mersland, University of Agder, Norway

Bert D'Espallier, KU Leuven, Belgium

Purpose

Savings groups (SGs) are gaining traction as a development intervention for financial inclusion and economic well-being in low-income communities. While externally facilitated SG formation demonstrably improves financial outcomes, the impact of organic, community-driven promotion remains unclear. This study addresses this gap by comparing financial performance between savings groups formed with field officer support to organically replicated groups.

Design and method

We analysed data from the Strømme Foundation covering 5,881 SGs in Burkina Faso, Mali, and Niger. We use doubly robust inverse probability weighted regression adjustment (IPWRA) for estimations, to mitigate potential selection bias.

Findings

Results reveal that organically promoted SGs experience a significant decrease in weekly savings per member (9.52%) and returns on savings (2.44%). The impact on average outstanding loans, though negative, is statistically insignificant.

Implication

This suggests that initial expertise provided by field officers is crucial for establishing strong savings habits and strict financial discipline. These results emphasize the critical role of donors in fostering asset-building and promoting sustainable financial practices within SGs.

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4. Parallel Paper Session 2B (11:10 – 12:30)

"Non-Investment Crowdfunding"

Chair: *Dr. Anna Fornalska*

4.1. The role of entrepreneur's face disclosure on the crowdfunding success

Lenny Phulong Mamaro, University of South Africa, South Africa

Athenia Bongani Sibindi, University of South Africa, South Africa

Purpose

How a crowdfunding campaign is assessed varies from person to person. Although some investors are more interested in the creativity of the project or idea, others are more concerned with the profiles of entrepreneurs. Most investors use content created by the founder when evaluating an enterprise (Wang, Chen, Zhu, & Wang, 2020). After that, entrepreneurs must decide whether to emphasise their profiles or the innovative nature of the initiative. The way an entrepreneur represents themselves and how potential investors evaluate them is essential to the success of a crowdfunding campaign in a rapidly growing economy wherein entrepreneurs seek funding from a broad range of potential investors (Sendra-Pons, Mas-Tur & Garzon, 2023). The factors that influence crowdfunding outcomes and the effect of an entrepreneur's face disclosure on potential backers' trust and readiness to participate deserve further study (Duan, Hsieh, Wang, & Wang, 2020). In this study, we investigated how entrepreneurs’ face disclosure influenced the success of crowdfunding.

Research Methods

Secondary data was collected from multiple crowdfunding platforms for projects in Africa, that is, cross-country data from 54 African countries, to overcome data limitations from a single country. Econometrics analysis, such as ordinary least squares (OLS) and a robust OLS regression model, was used to test the effect of the disclosure of the entrepreneurs' faces on crowdfunding outcomes. Furthermore, a robustness check was performed to assess the validation of the results.

Findings

It was found that the facial disclosure of entrepreneurs increases the probability of crowdfunding success; it overcomes the problem of information asymmetry between crowdfunding stakeholders (Mamaro &

Sibindi, 2023). Images, videos, and backers had a positive influence on the success of crowdfunding, which signals credibility and trustworthiness. On the contrary, the duration of the crowdfunding campaign was negatively associated with its success. To reduce the knowledge asymmetry between creators and backers, those prepared to start a crowdfunding project need to provide as much information as possible to show their abilities.

Originality

This study contributes to understanding the role of disclosing an entrepreneur's profile on economic exchanges in the success of online crowdfunding. The signalling, trust and agency theories support the finding. A few of the distinctive characteristics of the African enterprises scene include the prevalence of mobile money, the use of social media, and cultural norms. This study may be able to identify context-dependent success attributes which differ from those found in developed economies. The findings were limited to crowdfunding projects on the African continent and are not necessarily applicable to some developed countries.

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4.2. The power of images in donation crowdfunding across regions

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Anna Fornalska, IMC Krems University of Applied Sciences, Austria

Hasnan Baber, American University of Sharjah, UAE

Mina Fanea-Ivanovici, Bucharest University of Economic Studies, Romania

Abstract

This study contributes to the discussion on philanthropic giving. The purpose of this article is to examine the pattern of donation behaviour, specifically focusing on the emotional impact of showcasing images of impoverished children. By experimenting, we aim to explore the potential influence of various demographic characteristics (income, gender) and personal traits (altruism) on the propensity to donate. We also investigate if there are any differences between local and international donations. The current study aims to shed light on the potentially impactful role that images can play in eliciting support. We adopt an experimental approach employing the S-O-R framework. We explore donors' behaviours towards charitable projects by examining the roles of donors' demographics and donors' psychological perception of selflessness. We tested our research model anchored on prior literature using data from 543 potential donors from two continents i.e., Asia and Africa -accounting for 280 and 263 observations respectively. The data was gathered via an online survey. In the context of Asia, we find that in comparison to lower income groups higher income groups exhibit higher propensity to donate to charitable campaigns, yet, in the context of Asia, we found no significant impact of income level on charitable donation behaviours. We also find that locals exhibit lower propensity to donate to charity campaigns compared to international donors. Surprisingly enough, we found no significant influence of donor's selflessness on donation behaviour in neither of the regions.

5. Parallel Paper Session 3A (16:05 – 16:450)

“Blockchain Finance”

Chair: *Dr. Ziaul Haque Munim*

5.1. Corporate cryptocurrency disclosures and storytelling: an exploratory study

Ramy Elitzur, University of Toronto, Canada

Wendy Rotenberg, University of Toronto, Canada

Abstract

In this study we examine disclosures of select U.S. public firms with diverse types of crypto involvement in the period prior to the recent clarification of disclosure requirements. To capture both financial statement disclosures and other information released by representative firms, we analysed their full SEC filings from 2018 to 2022 using data visualization and machine learning text analysis techniques. This approach allows us to examine how disclosures vary across firms and over time, and to observe how corporate disclosures change with changing conditions in this volatile market. We find evidence of impression management, with firms placing more emphasis on their crypto activities when market conditions are good.

5.2. The theory and empirics of prospect risk in equity vs. token portfolio selection

Xiang Gao, Shanghai Business School, China

Zhang Wang, Shanghai Business School, China

Purpose

Behavioral finance indicates that investors exhibit risk-seeking behavior when faced with losses, which they seek to avoid. Furthermore, the return distributions are asymmetric for emerging financial markets of digital assets, including cryptocurrency. According to the prospect theory, investors in these markets tend to be more sensitive to significant gains and losses, and their behavioral biases highly influence their decision-making process. Therefore, this paper aims to develop a decision-making procedure based on prospect theory to detect the diversification capability of cryptocurrencies.

Research Design and Methods

This paper's research process consists of three steps. First, investors dislike losses and anticipate high returns, inducing them to minimize the probability of expected losses across the entire return distribution. Second, when facing losses, investors become risk-seeking and prefer highly uncertain securities to recoup losses, i.e., investors who engage in prospect theory maximize the volatility in the loss region. Third, we introduce loss variance to measure the loss dispersion below the reference point in the return distribution. Therefore, one should consider the following conditions to maximize the value of the expected utility of prospect-theory investors: (1) minimize the cumulative probability of return below the target level, and (2) maximize the return variation below the target level.

Findings and Results

Our empirical results document a positive relationship between the probability of loss and subsequent returns, implying that investors dislike potential loss and require higher returns for assets with a large likelihood of loss. Furthermore, we show the co-impacts of the probability of loss and loss dispersion on subsequent returns. Investors are risk-seeking when they face a mediate level of loss probability. Under this condition, prospect-theory investors require a higher return for stocks and cryptocurrencies with low volatility. Based on this return predictability, we can form portfolio strategies by ranking individual stocks and cryptocurrencies by their probability and dispersion of loss. Such portfolios outperform the Fama-French market portfolio and S&P 500 index during the sample period of 2014 to 2022.

Originality and Contribution

The novelty of this paper lies in a decision-making procedure following the prospect theory, in which investors minimize their exposure to prospect risk by reducing the probability of loss while maximizing loss dispersion if they face losses. This procedure considers investors' loss aversion while ensuring their expected utility maximization. Investors exhibit more behavioral bias in cryptocurrency markets because they expect significant positive returns but grapple with extreme tail risk. Our empirical analysis demonstrates the joint impacts of the probability of loss and loss dispersion on subsequent returns. It suggests that cryptocurrency investors behaving like the prospect theory turn risk seekers given a moderate loss probability. Accordingly, these investors require higher returns for low-volatility stocks.

Implications

Our results have three implications: First: the proposed framework is consistent with the utility theory of prospect investors; thus, it constitutes an extension of the modern portfolio theory. Financial advisors should identify prospect-theory investors with high intensities on loss aversion and then develop their portfolios based on the probabilities of expected losses and volatility within the loss region. Second: One could also improve the market factor in asset pricing models using the probabilities of expected losses and volatility in the loss region so that the updated model can better detect and capture the effects of investors' loss aversion on prospect utility maximization. Third: Our approach of highlighting probabilities of expected losses and volatility within the loss region could also improve risk management efficiency, especially for investors with low tolerance for potential loss.

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6. Parallel Paper Session 3B (16:05 – 16:45)

“Crowdfunding and Sustainability”

Chair: *Dr. Urszula Mrzyglod*

6.1. Great expectations -a systematic literature review on sustainable crowdfunding

Urszula Mrzygłód, University of Gdansk, Poland

Joanna Adamska-Mieruszewska, University of Gdansk, Poland

Anna Fornalska, IMC Krems University of Applied Sciences, Austria

Abstract

One area where crowdfunding is highly desired is the support actions aimed at sustainable development, such as combating adverse climate change, biodiversity loss, and pollution. These issues have escalated into urgent problems that humanity is grappling with. In the literature, sustainable projects are often perceived as risky due to cash flow and profit uncertainties, high information asymmetry, and longer repayment periods. These factors make these projects even less attractive for traditional financial intermediaries. Consequently, crowdfunding emerges as a viable means to bypass not only banks but also business angels or venture funds (i.a. Bento et al., 2019a,b; Buttice et al., 2019; Caputo et al., 2022; Siebeneicher et al., 2022; Vasquez-Ordonez et al., 2022).

Following these expectations, academic interest has grown into increased publication activity on the subject, encouraging systematic literature analysis. Our paper reviews 53 articles published between 2018 and 2023 on sustainable crowdfunding and its relationship to the Sustainable Development Goals (SDGs). We aim to address one of Böckel et al.'s recommendations for future crowdfunding research (2020) – the necessity to analyze crowdfunding projects within the scope of established benchmarks such as the United Nations Sustainable Development Goals.

In this paper, we address issues related to theory, methods and data sources used. The conceptualization of sustainable development and SDGs is broken down into research on backers, campaign initiators, platforms and the campaigns themselves. The results show that in the research on sustainable crowdfunding, there is a prevailing emphasis on environmental over social dimensions in sustainability-related crowdfunding

studies. The application of SDGs in crowdfunding research is apparent, with "Climate Action" and "Affordable and Clean Energy" receiving the most attention. However, the sustainability field has yet to be thoroughly explored. Research must enhance theoretical foundations and focus more on the post-funding phase, allowing for the comprehensive, long-term perspective necessary for sustainability. Furthermore, while research on backers prevails, the research on fundraisers, particularly in lending and equity crowdfunding, calls for increased attention.

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7. Parallel Paper Session 4A 09:00 -10:40

“Equity Crowdlending”

Chair: *Daniel Derliner*

7.1. *You pay for what you say: an investigation on exaggerated information in equity crowdfunding campaigns*

Purpose

Equity crowdfunding allows entrepreneurs to launch a fundraising campaign where they provide detailed information about their business to persuade potential investors to acquire shares in their ventures (Mollick, 2014; Cumming et al, 2019; Nguyen et al., 2019). In general, the information provided encompasses both quantitative (hard) information such as financial statements or number of employees and qualitative (soft) business information such as entrepreneurs' subjective assessments of product and technology potential (Estrin et al., 2022). While the quantitative or hard information can be directly verifiable (Johan and Zhang, 2020; Estrin et al., 2022), evaluating the trueness of qualitative information poses more of a challenge for investors. Extant studies (Momtaz, 2021; Johan and Zhang, 2020) find evidence that entrepreneurs do provide exaggerated qualitative information to increase the success likelihood of fundraising campaigns. We extend the current literature by asking whether and how exaggerated information in fundraising period will have impacts on their post-campaign performance and whether and how entrepreneurs can moderate these impacts.

Research Design and Methods

We conduct our empirical analysis in a sample of 640 ventures that have successfully raised funds on prominent UK equity crowdfunding platforms (Crowdcube, Seedrs, SyndicateRoom, Venture Founder) during the period spanning from 2011 to 2018. Following method in study of Momtaz (2021), we adopt advanced textual analysis, AI-based linguistic algorithm, and machine learning to measure exaggerated information in campaign descriptions. We also track ventures' post-campaign performance using Bureau van Dijk (BvD) Fame database in which we follow Signori and Vismara (2018) and Butticè et al. (2020) to mark ventures as "dead" when they have liquidation, dissolved or inactive status. We implement survival analysis to examine the impacts of exaggerated information on failure of ventures.

Findings and Results

We find empirical evidence that higher level of exaggeration in campaign description associates with greater likelihood of venture failure. The results thus support the proposition that exaggerated information may lead to investors' disappointment and negatively impact post-campaign performance. The results also indicate that the existence of granted patents and additional fundings help moderating the negative impacts of exaggerated information on venture post-campaign performance.

Originality and Contribution

Our paper contributes to different lines of literature. Firstly, we extend the line of studies (Momtaz, 2021; Johan and Zhang, 2020; Estrin et al., 2022) focusing on the qualitative information provided by entrepreneurs. We complement the current literature by showing the evidence of the impacts of exaggerated qualitative information in fundraising campaigns on ventures' post-campaign performance. More importantly, we propose solutions for entrepreneurs to mitigate the adverse impacts. Our study also makes notable contributions to a limited line of literature in equity crowdfunding (Signori and Vismara, 2018; Hornuf et al., 2018; Butticè et al., 2020) that examines venture performance in post-offering phase. Our study makes several important theoretical contributions, including sociology of expectations (Borup et al., 2006, Brown and Michael, 2003; Logue and Grimes, 2022) and paradox of legitimacy (Garud et al., 2014), by showing the adverse impacts of exaggerated information on ventures' viability and roles of social proofs on moderating negative effects of exaggerated information.

Implications

Our study also generates several practical implications. Firstly, it implies that entrepreneurs must be cautious with information provided in fundraising campaigns as inflated expectation in this stage may have detrimental impacts with long-term viability. Secondly and more importantly, it sheds lights on how entrepreneurs can use social proofs to manage stakeholders' expectations. Finally, it suggests the greater role of equity crowdfunding platforms in validating the information presented in campaign descriptions.

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7.2. Greenhorns or old stagers – is equity crowdfunding in Poland inclusive?

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Mariusz Kicia, Maria Curie-Skłodowska University in Lublin, Poland

Purpose

Crowdfunding is an initiative started by the grassroots movement, not by banks or other major financial institutions. Thus, the development of crowdfunding can therefore be perceived as increasing the availability of funds, as pro-inclusive activity. Vismara [2019] states that crowdfunding has an important contribution to the inclusivity and democratization of financial markets. We seek to explore the relationship between equity crowdfunding and the financial inclusion of entrepreneurs. In line with the work of Butticè and Vismara [2022], we focus on entrepreneurs' inclusivity understood as the inclusion of silver entrepreneurs, the inclusion of entrepreneurs in rural or peripheral areas, and additionally the inclusivity of women entrepreneurs. The main aim of the study is to indicate whether equity crowdfunding in Poland is inclusive and whether the attributes of inclusivity influence the campaign's success.

Research Design and Methods

The subject of the study is the campaigns of companies that raised capital on equity crowdfunding platforms in Poland in the period 2012-2022. We studied the following traits i.e.: the goal of the campaign, the amount of capital raised, the degree of achievement of the goal, the age and gender of board members, the gender of the president of the board, the share of women in the supervisory board, the presence of foreigners in the company's bodies, the location of companies. We aimed to identify the characteristics of enterprises using equity crowdfunding, and thus further diagnose whether equity crowdfunding in Poland supports financial inclusion. We divided data into two groups. The first group of variables included measures of the effectiveness of equity-based crowdfunding offers. The second group included measures that could determine this effectiveness as indicated in the literature review, including specifically those related to the inclusiveness of crowdfunding. To verify the hypotheses, an ANOVA analysis was conducted using selected variables describing success factors as grouping variables. Linear and logistic regression models were also used to identify key drivers of equity crowdfunding success.

Findings and Result

Our research shows that women are on the boards of 18% of companies engaged in equity crowdfunding. The vast majority of companies included in the sample (90%) are managed by people aged 31 to 59. Just 27% of entities active on equity crowdfunding platforms are located outside the voivodeship capital, furthermore, 64% of companies are located in Warsaw. The presence of women either on the management board, or serving as CEO, or participating in the issuer's supervisory bodies was associated with setting a lower financial goal for the offer. The goal difference disappears if the supervisory board only is taken into account. An analysis of the parameters of equity crowdfunding offerings grouped by CEO age shows no deviation for younger (under 30) or older (over 60) executives. Issuers whose headquarters were located outside regional capitals rather than in capitals set the highest financial goals, while issuers based in Warsaw set the lowest. The results show that issuers with family-owned company characteristics may have worse success rates in equity crowdfunding offerings.

Originality and Contribution

To our knowledge, the presented research is the first to empirically assess the potential of equity crowdfunding in the financial inclusion of underrepresented categories of entrepreneurs in Poland. Generally, the topic of crowdfunding and financial inclusion has not been explored enough yet, so the paper contributes to the literature and to some extent fills the knowledge gap.

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7.3. Equity crowdfunding: investors' rejection criteria and decision-making process in new venture evaluation

Daniel Berliner, University of Agder, Norway

Eli Gimmon, Tel Hai College, Israel

Purpose

Equity crowdfunding (ECF) is a fast-growing source of equity finance for new ventures emerging as an alternative equity fundraising mechanism for early-stage entrepreneurial ventures, potentially filling the funding gap along the financing cycle for early-stage startup ventures (Hornuf & Schmitt, 2016; Mason et al., 2016). The decision-making criteria utilization by ECF investors has gained worldwide interest in recent years (Goethner et al., 2021; Kleinert & Volkmann, 2019; Vismara, 2018), and to date, research efforts have predominantly focused on factors that drive ECF success within the campaign event (He et al., 2024). However, little is known about ECF investors' decisions to reject a proposal and their decision-making process.

In this study, we investigate the following questions: (1) why ECF investors reject investment opportunities and what constitutes a 'deal killer.' (2) whether and how the rejection criteria differ throughout the ECFs' decision-making process. To the best of our knowledge, this is the first empirical attempt focusing on ECF investors' rejection criteria in their decision-making process.

Methodology

The study follows the verbal protocol analysis methodology (VPA) (Ericsson, 1998), which allows researchers to study complex activities in the context in which they occur (Chi, 1997). We presented experienced ECF investors with a demo online ECF platform comprised of nine simulated campaigns in various industries and different campaigns' attributes. Investors were instructed to evaluate three campaigns out of the nine presented on the platform homepage. While assessing the campaigns and following the VPA technique, investors were asked to 'think out loud', thus verbalizing their "in-use" thoughts as they did so.

Findings

First, we found that the ECF investors' decision-making process is comprised of five stages: pre-campaign, screening, evaluation, funding or continuing to the due diligence stage, and ECF investors' rejection criteria vary by stage in the decision-making process.

Second, our findings show that the reasons for rejection refer to investors' lack of experience in a market and low evaluation of its potential size. Investors reject opportunities that seem unclear or not transparent, as well as those that are based on unattractive financial factors such as too high minimum ticket, too high share price, too low funding target or lack of growth goals. We also found that investors seem to pay little attention to the ventures' management teams except for investors with industry experience who tend to critically evaluate companies' human capital.

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8. Parallel Paper Session 5A1 (15:00 – 16:20)

“Cultural Crowdlending”

Chair: *Prof. Natalia Maehle*

8.1. Cultural-creative crowdfunding: a meta-conceptualization through the analysis of platforms in Europe & Latin America

Alice Demattos Guimarães, Western Norway University of Applied Sciences, Norway

Natalia Maehle, Western Norway University of Applied Sciences, Norway

Lluís Bonet, University of Barcelona, Spain

Abstract

Cultural-creative crowdfunding (CCCF) intersects the culture sector production chain and alternative finance technology as a global web-enabled phenomenon for funding cultural-creative activities. Yet, busking or aspects of patronage are not new to artists and cultural-creative agents; the novelty is doing so through a virtual intermediator space, a crowdfunding platform (CFP). While CFPs have proliferated worldwide, the literature is embryonic and lacks elaboration on how platform dynamics can impact the funding/financing patterns of specific sectors. In the case of the culture sector, given its unique intangible attributes, non-horizontal-networked market specificities, and relational structuring, the impact of crowdfunding requires even further conceptual development, systematization, and potential policy instrumentalization. To address this need, the current study explores how CCCF has evolved and what different models (and channels) within multiple platforms were developed under the CCCF umbrella. The aim is to stretch the concept itself and, to some extent, re-design it, offering a broader typology of CFPs and practices that can better serve the culture-creative circuit. This work is among the first to pursue a typology of CCCF relational forms in a meta-effort of bridging scholarly understanding and real-world practices. Being of an inductive nature, this work uses a combination of methods to map the CFPs focusing on culture-creative projects throughout Europe and Latin America.

First, we followed the Delphi method, by holding expert panels with both crowdfunding scholars and cultural economists to legitimize and validate our CCCF conceptualization. The purpose was to understand the mechanism of crowdfunding per se and the structures of CCCF integrating different models and possible channels. Second, through tracking and trawling, we carried out a mapping of CFPs that were somehow

associated with CCIs in Europe and Latin America. This resulted in the database encompassing around 100 platforms. In search of a broader and more nuanced typology within the CCCF umbrella, the CFPs were then categorized based on the following dimensions: the native country, geographical scope (local, regional, national, or global); models (how many available, if subscription and/or match funding was one of them, or if there was something new/investment logic); focus (single-category-specialized, culture-specialized, CCI generalist, socio-generalist, generalist); what-we-called – governance (non-profit structure, some sort of partnership, commercial business); and foundation year, (pre-2009; 2010 to 2015; post-2015). After that, the clustering effort was conducted to systematize the CFPs in groups of different communities of practice based on the aforementioned categoric dimensions. Based on the categorization and clustering, a diagram with a typology for CCCF, in a multi-context way, was developed. The typology demonstrates that CCCF is a setting of diverse relational practices that fit under a larger umbrella manifesting in various types of platforms and beyond. This research therefore offers implications for practitioners and policymakers by enabling the nuanced understanding of CCCF, and expanding the boundaries of CCCF, amid a broader umbrella of possible web-enabled genre (sub-)models to be adopted, legitimized, and systematized in (and by) the culture sector. By addressing the CCCF dilemmas and pursuing a mindset/discursive shift concerning its social structures of network systems, this research sheds light on how to promote crowdfunding for the artistic-cultural community, soothing the tension between art, entrepreneurship, and digital transformations.

References (available upon request)

8.2. Funding galleries, libraries, archives, and museums (GLAMs) – On complementary finances in the GLAM sector

Janet Merkel, Technical University Berlin, Germany

Lech Suwala, Technical University Berlin, Germany

Purpose

This study aims to enhance understanding of the funding ecology and financial practices of galleries, libraries, archives, and museums (GLAM) as their mixed funding economy from public funding, revenue generation, fundraising efforts, and community-based resourcing has received little attention (Loots et al., 2022; Manda et al., 2017). Moreover, there is only limited information available on the relative importance of the different revenue streams in their operations, across these sectors and different types of GLAMS (public, private, non-profits), and within different spatial contexts. However, sustaining cultural organizations, both large and small, remains a persistent challenge exacerbated by the COVID-19 pandemic and subsequent austerity policies.

Research Design and Methods

Based on a literature and database review, a policy mapping across the EU-27 member states and the results of an exploratory survey this paper discusses specific changes within the funding of GLAMs and shifts in their financial structure.

Findings and Results

Our study reveals the evolving funding landscape of GLAMs across the EU, emphasizing the reliance on public funding as the primary income source despite the growing importance of complementary fundings such as donations, sponsorships, and grants from private foundations. Ticket sales emerge as the leading contributor to earned income, surpassing revenue generated from cafés, licensing, or rentals. Nonetheless, the research underscores the necessity for both small and large GLAMs to diversify beyond private contributions, namely sponsorships and donations, to ensure sustainable funding and to reduce dependency

on public sector funding, with potential solutions likely to emerge from civil society rather than the private sector.

Originality and Contribution

In discussions on new funding approaches within the GLAM sector, market-based solutions often receive preference, as evidenced by policymakers' emphasis on increased philanthropic engagement following the 2007/2008 financial crisis (Bonet & Donato, 2011). Community-based financing has not yet gained significant traction in cultural policy debates. Furthermore, this study advocates for a commons framework as an alternative paradigm for guiding thought, action, and practices, specifically examining how financial practices can facilitate commoning within the GLAM sector (Avdikos et al., 2023).

Implications

This review sets the groundwork for future theoretical and empirical investigations into financial instruments relevant to commons-based approaches. Our next research phase will involve conducting data collection using detailed case studies to analyze existing financial models in the GLAM sector. We aim to understand how funding can support commoning spaces and identify suitable financial structures and instruments to foster and sustain commoning practices within GLAMs.

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8.3. The non-birth of an institutional cultural crowdfunding campaign: barriers to innovation, change of priorities, low cost-benefit perception, or lack of internal leadership

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Purpose

Crowdfunding research typically seeks to identify success factors, backer and promoter motivations, and the impact of contextual variables. As a result, we have limited knowledge about the factors that motivate entrepreneurs to adopt crowdfunding, regardless of national context. In addition, few studies use crowdfunding initiatives promoted by European cultural institutions, referring to the adoption of crowdfunding by government-owned museums, theatres, or libraries (Cavalcanti-Junqueira, 2021; van Teunenbroek & Smits, 2023) as an empirical context.

The article's objective is to determine the factors that motivate cultural institutions to adopt crowdfunding and those that may lead to the failure or abortion of intended plans to launch a campaign.

Research Design and Methods

The study was designed as an exploratory single-case study with a mixed-methods research design (Creswell & Plano Clark, 2017). We selected a regional Norwegian museum consortium, consisting of four museum units (an art, ethnological, industrial, and maritime museum), which was in the process of implementing and launching a reward- and donation-based crowdfunding campaign to finance the acquisition of technical equipment (such as a 3D printer and light boards) for their workshops. During the empirical investigation phase, the museum decided to postpone (i.e. abort) the launch of the campaign. The data collection and analysis phase employed various instruments such as semi-structured interviews, questionnaires, and document analysis.

Findings and Results

The qualitative analysis found that abortion of the campaign could be explained by a lack of overall dialogue, collaboration, and knowledge about crowdfunding, leadership, and management among individuals and consortium units. These factors were moderated by a quantitative analysis showing that staff working with exhibitions or in audience facing roles were more positive about crowdfunding than the technical, and support staff. When integrating these results, the explanation as to why the museum consortium struggled to manage the CF campaign was the difference between museum units and a lack of tradition and experience in working collaboratively.

Originality and Contribution

The theoretical contribution of the study comprises a set of propositions centered around four classes of factors that explain drivers and barriers to adopting institutional crowdfunding: access to funding, legitimacy, perceived benefits, and leadership and management issues. From a managerial perspective, the case study highlights the challenges cultural organizations face in adopting crowdfunding, as the fundraising mechanism represents a process innovation within the museum's operational context.

Implications

The research expands on our understanding of the factors that encourage and hinder artistic organizations' adoption of crowdfunding, setting a future agenda for a nascent research area into institutional crowdfunding.

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9. Parallel Paper Session 5B (15:00 – 16:20)

“Institutional Perspective”

Chair: *Dr. Prince Baah-Peprah*

9.1. Electronic taxation, trust in government, and the adoption of fintech

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Samuel Anokye Nyarko, Montpellier Business School, France.

Bjørn-Tore Flåten, School of Business and Law, University of Agder, Norway.

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Abstract

Mobile money (MoMo) service, as a financial technology, is growing to become an integral part of the banking system in developing countries. Accordingly, research is needed to both understand the implications of taxing the sector and to inform public policy on the matter. Current literature is limited in its isolated focus on personal factors while glossing over institutional factors. This study suggests an integrated model to examine individuals' MoMo usage and tax payments attitudes and intentions. To achieve this, we use survey data collected from 892 participants across 16 regions in Ghana while employing structural equation modeling as analytical tool. Our findings indicate that; individuals' perceived trust in government and perceived current tax burden are significant determinants of their attitudes toward MoMo usage and tax payment while individual's perceived current tax burden is significantly influenced by their perceived trust in government. Furthermore, individuals' MoMo service perceived usefulness is determined by subjective norms and perceived ease-of-use while their MoMo service usage and tax payment intentions are significantly determined by their perceived trust in government, attitude, subjective norms, perceive behavioral control and self-efficacy regarding MoMo services. Finally, individuals' perceived usefulness of MoMo services mediates the effects of perceived ease-of use on intentions to use MoMo and tax payment. Similarly, individuals' perceived tax burden mediates the effect of perceived trust in government on their intentions to use MoMo and tax payment. We discuss explanations for these findings while providing practical and research implications.

9.2. Evaluation of financial inclusion and financial well-being in expanded BRICS economies

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Abstract

This study evaluates financial well-being in expanded BRICS economies, focusing on the role of financial inclusion. Utilizing data from the Global Findex Household Survey 2021, we analyze microeconomic factors influencing financial inclusion. In the first phase, dimensions of the FINDEX survey were reduced through Principal Component Analysis (PCA) to measure latent variables: Access to Finance, Uses of Finance, and Financial Well-being. In the second phase, these three latent variables, together with household demographic features, were used to model Financial Inclusion. Initially, an Ordinary Least Squares (OLS) model was applied to the expanded BRICS and Austria as benchmark datasets. These results were further evaluated using a machine learning tool, Random Forest Tree, an Artificial Intelligence tool. Both methods yielded similar results regarding the sign of explanatory factors, but the fit was higher, and the Root Mean Square Error (RMSE) was lower in the Random Forest Model compared to the OLS model. The findings show that Access to Finance and Uses of Finance, rather than Financial Well-Being, have a positive and significant impact on financial inclusion in Austria and the enlarged BRICS bloc. The results corroborate the notion that the availability of digital technologies in the formal and informal financial sectors has brought about numerous benefits, including simplified access and use of financial services and products, lowering barriers, and increasing financial inclusion.

These results will prompt policymakers to evaluate the important variables that will increase financial inclusion in the respective enlarged economies of the BRICS and Austria to attain Sustainable Development Goal 8 (SDG-8).

Introduction

Financial inclusion, which ensures that every individual has access to financial services, is gaining significant attention and is a prominent socioeconomic challenge addressed by international institutions, policymakers, central banks, financial institutions, and governments. The United Nations aims to achieve universal financial inclusion by 2030, recognizing its importance for economic growth and poverty reduction. However, half of the world's adult and rural population lacks access to formal banking, highlighting the need for improved financial services. Access to financial services, including payments, savings accounts, and credit, is essential for development and security. Those without accounts must rely on informal, often less secure methods such as cash (Demirgüç-Kunt et al., 2021).

Financial inclusion is vital for economic development, and advancements in Information and Communication Technology (ICT) have made financial services more accessible, affordable, and convenient. The emergence of financial technologies, like mobile banking and digital wallets, has expanded access to financial services, particularly benefiting individuals in remote areas. These innovations have rapidly enhanced financial inclusion (Pradhan et al., 2021).

Numerous studies have highlighted the positive relationship between financial inclusion and economic growth. For instance, Ozili (2018) emphasized the role of banking services and technological infrastructure in enhancing financial inclusion. Mitchell and Scott (2019) found a link between financial inclusion and increased public revenue in Argentina.

While existing research has explored the impact of financial inclusion on development, there is a need to further investigate the microeconomic effects of financial inclusion, particularly in expanded BRICS nations using household data. This study addresses two critical gaps in the literature.

Research Questions:

First: What are the key microeconomic factors that contribute to financial inclusion in the expanded BRICS countries? Second: Is there a positive correlation between financial inclusion, access to finance, utilization of financial services, and financial well-being in these nations?

Methodology

The study uses data from the Global Findex 2021 survey, focusing on access to finance, uses of finance, and financial well-being in expanded BRICS economies and Austria. Principal Component Analysis (PCA) was employed to reduce dimensions and measure latent variables. These were then modeled using OLS and Random Forest Tree techniques to compare their effectiveness.

Findings and Conclusions

Both OLS and Random Forest Tree models show that Access to Finance and Uses of Finance significantly impact financial inclusion, while Financial Well-being has a lesser impact. Random Forest Tree model exhibited higher accuracy with lower RMSE compared to OLS, indicating its superiority. The study underscores the importance of digital technologies in enhancing financial inclusion. Policymakers should focus on key variables that promote financial inclusion to achieve SDG-8 in expanded BRICS economies and Austria.

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9.3. Entrepreneurship and alternative finance models: The potential to increase access to capital for entrepreneurs and small business enterprises in West African Francophone

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Abstract

Entrepreneurship, technology adoption, and financial inclusion play pivotal roles in driving economic development, particularly in African francophone Western countries. This study addresses a critical gap in understanding the dynamics of these factors within this context through a comprehensive empirical analysis. Leveraging data spanning from 2010 to 2022 from reputable sources such as UNCTAD, BCEAO, and the World Bank database, the study examined eight West African countries (Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo). The findings shed light on key insights for policymakers, development practitioners, and stakeholders, thereby contributing to evidence-based policy formulation for sustainable growth. The study unveils a positive correlation between alternative financial models and entrepreneurship outcomes, underscoring their significance in fostering entrepreneurial development. Additionally, it highlights a direct association between technological innovation and entrepreneurial success. Financial inclusion emerges as a crucial determinant, significantly influencing alternative financing models, access to capital, and entrepreneurship outcomes. The study emphasizes the imperative of enhancing financial inclusion to facilitate better financing options and broader access to capital, ultimately fostering favorable entrepreneurial outcomes in Francophone African countries. The contributions of this research are twofold: firstly, it provides valuable insights for policymakers and development practitioners by elucidating the factors shaping entrepreneurship and economic development in African francophone Western countries. Secondly, it enriches the academic discourse on

entrepreneurship and economic development, particularly within the sub-Saharan African context. Ultimately, this research aims to inform evidence-based policies and strategies aimed at fostering sustainable economic growth and development in the region.

Key words: Entrepreneurship, Alternative financial, financial inclusion, West Africa, Sem.

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