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Microcredit, asymmetric information and start-ups: An Italian case study

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The paper aims to investigate the topic of microcredit with regard to the creation of start-ups, with a view to revisiting the principles, contrasting the informative asymmetries of the bank-company relationship. In this way, the objective is to propose integration of the existing literature, mainly resorting to the academic community and the actors of microcredit, through the offer of reviewing some principles contained within it, as well as the loan process of start-ups. The research approach is based on the multi-method approach for data collection (open interviews, direct observation and open sources), with the inclusion of a single case study.

Key words: Start-ups, microcredit, informative asymmetries, microfinance, gatekeepers.

INTRODUCTION

This paper investigates the function of microcredit with regard to the creation of start-ups, with a view to revisiting the principles, contrasting the informative asymmetries of the bank-company relationship.

Starting with the experience of the Grameen Bank, founded by Muhammed Yunus, microcredit has been diffused with the objective of providing liquidity to the entrepreneurial and social initiatives set up in poorer countries (Yunus, 2007), and also in the form of loans for the development of innovative projects (Teece, 2010) in the rest of the world.

The microcredit programme developed by Yunus and his model of social company, confirm on an international level, the principles on which the business initiatives, activated in poor countries, lead to the economic and

social progress of community (Yunus, 2004). This model activates investment in trust and reputation faced with the granting of an individual or group loan, requesting moral guarantees rather than personal financial guarantees.

So, the analysis of literature is based on the theory of microcredit (Armendàriz de Aghion and Morduch, 2005), including his principles and problems related to funding of start-ups (Gartner et al., 2012), focusing attention on the bank-company relationship (Firth, 1977), influenced by informative asymmetries (Akerlof, 1970).

The objective is to propose integration of the existing literature, mainly resorting to the academic community and the actors of microcredit, through the offer of reviewing some principles contained within it, as well as the loan process of start-ups: the latter are catalysts of

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informative asymmetries due to the unclear informative nature that characterizes future cash flows generated by company activities.

The research approach is based on the deductive-inductive method, with the inclusion of a single case study, related to the project "Prima Idea" activated in 2011 by an Italian credit institution.

Similar to developing countries, where microfinance activities help people in activating economic and social progress, like the start of businesses, in developed countries (such as Italy), loans within the microfinance context assist young people or aspiring entrepreneurs in creating new business. These are people without financial resources who are able to provide moral guarantees.

In this direction, the case study introduces principles coming from microfinance field through an Italian bank initiative, in order to verify their existence applied to the beginning phase of a new business activated by young entrepreneurs. So, people coming from developing and developed countries are similar when they decide to start a business.

Moreover, informative asymmetries are the same in microfinance process of developing and developed countries and the case study aims at reducing the lack of collateral in obtaining funds.

Furthermore, the case study aims at proving that the loan of innovative start-ups, according to the principles of microcredit, generates wealth for the territory in question and for the community.

The use of the multi-method approach for data collection (open interviews, direct observation and open sources) and confirmation of data through the triangulation method lead to the identification of new elements proposed by the case study. In particular, among the different procedure related steps of the initiative in question, evaluation and selection provide an important contribution for greater conceptualisation of the supply process of microcredit and its principles. The creation of an assessment commission, consisting of gatekeepers, recognized in the academic and banking figures and in the world of entrepreneurs, guarantees the assessment and approval of start-up initiatives, as well as the bank-company relationship of informative asymmetries. From here, the characteristics of the Prima Idea project refer to the phenomenon of microcredit, promoting the idea of reviewing some of the main doctrinaire principles.

The article has the following structure. After the introduction, section two provides a brief literary analysis of the microcredit theory, the forms of informative asymmetries in the bank-company relationship for the funding of modern start-ups. Section three describes the research approach. Section four proposes the case study related to the "Prima Idea" project. Section five presents discussions related to the case study and implications on research. Section six illustrates the conclusions, the limitations of the study and suggests future research.

THEORETICAL BACKGROUND

The theory of microcredit

According to the theory of microcredit, granting of small loans to poor people or to people without any form of sufficient financial back-up, to launch entrepreneurial activities, includes paying back of this amount in several instalments, without having to provide any financial guarantees.

Microcredit was born in poor countries with the objective of alleviating economic unbalances and to promote social progress towards the supply of small loans (Bashir et al., 2013). Birth of the Grameen Bank, taking care of failure of financial services and the institutional policies of poor countries, has defined the following principles:

1. customers from micro-finance institutions are mainly women and they handle loans with a view to re-invest the amounts of money received;
2. the creation of groups of customers, with no joint responsibilities, for access to credit is obligatory;
3. the payment periods are characterised by short periods of time;
4. no collateral guarantees exist in granting of loans;
5. relationships of trust with customers are favoured, as well as the infliction of implicit fines in the case of non repayment of the loan. In this case, an example is non-admission to the subsequent tranches of the loan.

In developing and developed countries, the emission of small loans for the activation of modern entrepreneurial projects has become a strategic factor of success, especially during the set-up stage of the initiative itself (Myers and Majluf, 1984).

The models of microcredit recognised in the doctrine are the following:

1. informal traditional. It is granted by local money lenders, pledges, friends and family and for consumer credit;
2. group loans of the informal credit market;
3. small loans provided by traditional banks or credit institutions such as cooperative credit institutions, popular banks and savings institutions diffused throughout the world;
4. Grameen bank model;
5. non-governmental bank-organisation partnerships.

Supply of microcredit is carried out according to peer lending and individual lending methods.

The first funding method was created with the joint liabilities model proposed by the Grameen Bank. It corresponds to the method of loan emission in favour of an entrepreneurial group. Its characteristics include the emission of small amounts of money, for a short period of time, the absence of kinship between the beneficiaries of the microcredit, belonging of the beneficiaries to the

same community, the execution of different economic activities funded by the microcredit.

The loan is granted on a rotation basis or at the same time as the loan received by other members of the group: each participant receives a loan when a loan granted to another member of the group expires (continuous sequence method) or at the same time as the others receive the loan.

With confirmation of the Grameen Bank paradigm, all of the participants act as guarantor of the loan received by the group, with the aim of guaranteeing individual non-fulfilment; with this method of emission of the loan, interest rates for the loan are high. Furthermore, it is possible that the credit institution activates recovery programmes.

Individual learning is among the most ancient forms of microcredit, used in developed countries and in developing countries of Latin America. The emission of small loans is associated with the supply of adequate guarantees. Morduch and Armendariz (2004) sustain that micro-finance is extended to this method of loan emission to companies, even if Yunus's idea of social activity has been replaced by that of a profitable activity.

Hermes and Lensink (2007) investigate into the methods of granting of loans by micro-finance institutions, highlighting acceptance of the layout of individual liabilities compared with those of a group.

Furthermore, the Indian microcredit model exists. It provides for granting of micro-credit in favour of groups mainly consisting of women (Self-Help Groups), who administer the loan within the group itself. The beneficiary groups of the loan are connected with rural banks.

Further studies investigate the theory of microcredit and its principles, analysing the economic conditions of those who resort to this form of loan in under-developed countries. Pitt and Khandker (1998), as well as Johnson and Rogaly (1997) have highlighted an improvement in living conditions in poor countries, as well as a growing accumulation of activities and capital due to the supply of microcredit.

Morduch (1999) investigates the function of microcredit with regards to poverty, highlighting improvements in economic conditions due to the emission of small loans. Further literature analyzes business opportunities that customers are willing to develop through the concession of a small loan.

Banerjee et al. (2013) identify in entrepreneurs who have already launched a business, the possibility of using credit to increase the size of their activities; in other cases, the entrepreneurs that need to start a business, tend to use consumer credit of another kind.

Basher (2010) investigates the effects of relations between entrepreneurial initiatives and the granting of loans according to the rules of microcredit. Funding of start-ups depends on their real possibility of development in the market (Gartner et al., 2012; Singh and Janor, 2013). In this scenario, the innovative nature is interpreted

as a combination of ideas and routine activities (Schumpeter, 1934), or the discovery, in another form, of the opportunities available on the market (Kirzner, 1997) for the offer of products and services.

The revolution of microcredit announced by Robinson (2001), the statement made by the United Nations in 2005 and the Nobel Peace Prize to Yunus in 2006, introduce the importance of construction of a relationship of trust between a credit institution and a company, also guaranteed by the reputation of the entrepreneurs. In Italy, a public law authority exists (National Authority for Microcredit) that deals with the promotion of development of these relationships. In this regard, with legislative reforms made (Leg. Decree 169/2012), they have defined criteria and limits (a maximum of 25,000 euro for a micro-company and 10,000 euro for social requirements) that qualify microcredit as such, allowing for forms of assistance for the beneficiaries of the loan and a list of funders with the Bank of Italy.

Finally, studies exist such as the ones carried out by Besley and Coate (1995) and Wydick (2001) that investigate into the role of social relations between members of the entrepreneurial group benefitting from the microcredit.

The role of informative asymmetries

The relationship between a credit institution and a company is influenced by the presence of informative asymmetries (Almeida de Faria and Gomes da Silva, 2013; Akerlof, 1970). They derive from an informative unevenness compared with the success of the investment in the start-up project. The entrepreneur has an informative advantage with regards to the value of the project and the commitment to achieve the initiative and the desired result.

Problems deriving from informative asymmetry are fixed to the phase that the bank-company relationship is going through. Three steps can be recognized (Guttman, 2008):

- a). the start-up project must be created (the early stage);
- b). the start-up project has been launched;
- c). the start-up project has been completed.

During the early stage (a), the mechanism of adverse selection intervenes (Robinson, 2001). The credit institutions find it difficult to understand the risks deriving from funding of the start-up. The latter is characterized by a high level of precariousness with regards to future cash flows generated by the innovative entrepreneurial project. The informative asymmetries act as a barrier, complicating the assessment with to how much and how to fund the start-up of the activity. Application of interest rates by credit institutions intervenes according to the default risk of the project funded (Stiglitz and Weiss, 1981). The credit institution increases its interest rates, together with an increase in the level of risk of the investment, the

number of transactions and costs borne to issue the loan.

The interest rates affect the entrepreneurial risk in two ways: as the rate increases, adverse selection also increases; higher market prices discourage even the most convinced of investors; due to the effect of informative asymmetry, the individuals receiving the credit are isolated from the risk and, therefore much riskier initiatives are normally undertaken with greater payoffs when success is achieved.

Further implication of informative asymmetry descends from moral hazards according to the principles of the theory of agencies and separation between property and control (Jensen and Meckling, 1976). Once the loan has been granted (b), the moral hazard intervenes in the relations between the bank-company through release by the entrepreneur in completing the investment activated due to the loan received. In this case, the entrepreneurs are isolated from the risk because, as they are not providing financial guarantees, they can violate any contractual regulations, focusing their attention on much riskier initiatives.

The enforcement of financial guarantees stimulates entrepreneurs to pay back the loan.

The simulated failure of a start-up (c) is materialized in non repayment of the loan received from the credit institution. The proceeds achieved by the investment are concealed.

The credit institutions face informative asymmetry through a request for financial guarantees to face funding of the start-ups. This system is presented as an entrance barrier for entrepreneurs without any form of financial back-up.

In the context of microcredit, according to the Grameen Bank model, moral guarantees are considered very important (Sonne, 2010).

Part of the literature suggests reshaping of the problems related to informative asymmetries through funding with action of the entrepreneurial initiatives: the companies that innovate, in reality, appear to resort to share capital (Aghion et al., 2004). Credit institutions face the problem of moral hazard by helping debtors undertake risks that do not compromise bank profit. According to Morduch (1999) informative asymmetries are reshaped due to the repetitive nature of interaction between the parties, including repetition of payments to pay back the loan. Once again, with the introduction of notional collateral, the entrepreneur provides financial guarantees in order to guarantee the bank against failure risk simulated by the start-up. Under the impulse of this orientation, strengthening of shared screening and monitoring activities contrasts the adverse selection and moral hazard mechanism (Ghatak, 2000; Armendáriz de Aghion and Gollier, 2000; Stiglitz, 1990). Literature suggests termination of the conflict of interests between bank and company through the introduction of entrepreneurs into the deposit banking system, therefore their introduction to the banking system as shareholders.

With regard to the principles of microcredit, the informative asymmetries are reshaped by the granting of group loans (Guttman, 2007) and by the development of relational investments based on intangible dimensions.

With reference to the first aspect, belonging of several entrepreneurs to the same territory and their mutual familiarity represents an incentive for the creation of groups with reliable partners. In the Yunus model (Yunus, 2004), the creation of groups consisting of relations is prohibited owing to the joint liability condition within the participants. In fact, the presence of relations in the same group, in obtaining funds does not guarantee the bank. The credit institution is guaranteed against the risk of failure of the initiative through joint liability of the loan by the members of the entrepreneurial group. The Yunus model has undergone developments, including introduction of the group solidarity mechanism for joint entrepreneurial action. Granting of microcredit to fund innovative start-ups (Cassar, 2004) is based on relationships of trust and not only on economic action. Moral obligation by the entrepreneur to pay back and honour his commitments undertaken prevails. Furthermore, a profile exists that is connected with the reputation of the company that activates, on a territorial level: non repayment of the loan damages the reputation of entrepreneurs on the relative territory.

RESEARCH APPROACH

The research approach is based on an analysis of each single case study related to funding of innovative entrepreneurial activities, according to the principles of microcredit.

Through a deductive-inductive approach, the “Prima Idea” case study is introduced. It refers to a project activated in 2011 by an Italian credit institution (Banca Popolare del Cassinate or BPC), due to the ideative contribution of the university world (University of Cassino and Southern Lazio). The case study contributes towards improving existing literature, with a view to greater conceptualization of the principles of microcredit and contrasting the existing informative gap in relations between the bank and company. Therefore, special attention is given to the following aspects of the case study: the characteristics of the Prima Idea project for funding of innovative start-ups; comparison of the characteristics of the Prima Idea project with the principles of microcredit; the evaluation and selection model adopted by BPC for an assessment of the start-up projects (Delanoe, 2013), through the gatekeepers (academic and bank figures and the entrepreneurial world) to guarantee the success of the procedures.

Collection of the information has been performed through a research protocol that is extremely important for the elaboration and transfer of data, as recommended by Yin (1994). Precisely, the research protocol includes

the following steps:

1. the objective of the case study has been defined through a summary document of the project idea;
2. subsequently, the procedures for data collection have been defined, through definition of informative sources and research questions related to the case study. In particular, the work group consisting of four people has dealt with the definition of how to gain access to information, including the times and methods for definition of interviews; documents and some reports have been drawn up for data collection and comparison activities; a data saving procedure has been created with the objective of facing any possible unexpected events;
3. the guidelines for preparation of the case study have been defined, indicating the essential points of the narrative format of the project.

Acquisition of data has been performed through a multi-method approach that has allowed for sourcing of information through the following sources:

1. six open interviews were carried out in the head office of the bank during the period ranging from the start of the initiative in 2011 and April 2013. The interviews were registered using electronic equipment. The first interview involved the President of the bank, with the objective of understanding the reasons for the initiative: subsequently four interviews were carried out with the Marketing Managers of the credit institution in order to understand, apart from the reasons, the steps of the adhesion procedure to the initiative and the operative nature of the funding system; the interview carried out with the Trust Office Manager of the bank (also a member of the assessment commission of the start-up initiatives) was carried out with the objective of understanding the project selection procedure, the reasons related to the selection of initiatives and activation of the preliminary trust phase with regards to the start-ups selected;
2. an open interview was carried out with one of the two scholars of the assessment commission. The interview, registered using electronic equipment, involved the rector of the University of Cassino and Southern Lazio, with the objective of understanding how the gatekeepers work in selecting the start-up initiatives, identifying their differential contribution in academic figures;
3. direct observation of the data related to the case study has been carried out through participation in two public events of presentation and awards ceremony of the start-up projects approved by the bank and authorized for the funding. The events were held, respectively, in November 2011 (Think tank. Credit to youngsters for the growth of value) and in April 2013 (Ora et Labora et Lege);
4. in the administration offices of the bank all documents necessary for compilation of internal reports, including regulations of the initiative, minutes of the meetings of the commission and trust cases, prepared for the collection

of data related to the Prima Idea initiative were collected;

5. public sources were used such as the website of the bank and newspaper articles to interpret the objective of the initiative and to understand the thought of public opinion. Further investigations related to research into similar initiatives, created by other credit institutions on an Italian level.

The validity of the results illustrated in the case study is based on the triangulation approach, therefore on the comparison of different types of information collected compared with the sources used.

The case study introduces and verifies principles of developing countries' microfinance field through an Italian programme on loans for young entrepreneurs, by reducing informative asymmetries coming from the lack of collateral in obtaining funds and the absence of information about the new business. Moreover, the case study aims at proving that the loan of innovative start-ups generates wealth for the territory and for the community.

Case analysis

The study case refers to the Italian project "Prima Idea", launched by Banca Popolare del Cassinate, in collaboration with the University of Cassino and Southern Lazio, for the funding of modern projects by young entrepreneurs.

The initiative was born in 2011. According to details that emerged from the first phases of data collection, the emission of small loans, in analogy with microcredit, means promoting the scientific and technological progress of a territory, of entrepreneurial activities and of innovation, with a view to developing local economy and social wellness.

The technical characteristics of the project "Prima Idea", referred to in the first two interviews to the Marketing Manager and summarized in the web page of the initiative, available on the website of BPC (www.bancapopolaredelcassinate.it), are the following: the announcement for access to credit by the innovative start-ups has prepared a rotating plafond of euro 1,000,000, to be issued in twenty chirographic loans of 50,000 euro each for each initiative approved; the credit is granted to individuals of under 40 years of age for the development of entrepreneurial initiatives aimed at protecting the territory, development of the economy of knowledge and innovation, as well as social inclusion; the initiative does not consider interest rates or fee costs and the loan can be paid back in 10 years and can be integrated if the entrepreneurial project generates positive effects on employment; the individual plafond is doubled when the entrepreneurial project includes the employment of at least 5 individuals, employed by a fixed or temporary employment contract of no less than 18 months.

Table 1. Innovative start-up initiatives approved and funded according to each field of activity and year of approval.

Field	2011	2012
Sanitary	X	
Artistic creations		X
Musical (recording industry)	X	
Industrial production of additives and colorants for plastic material	X	
Export of products/web platform		X
Energy efficiency		X
Web Agency and communication office		X
Import/Export of clothing/technological clothing		X

Source: our elaboration based on data research.

According to details that emerged from subsequent interviews to the Marketing Manager of the bank, the Prima Idea initiative provides constant support to the birth and growth of new business opportunities that generate value, especially in the territory in which the bank, the university and the initiative funded. The funding mechanism, of a rechargeable nature, guarantees recreation of the plafond available for new start-up activities when each instalment of the loan granted is paid. The sourcing of data from different locations, including the regulations of the initiative, have allows for reconstruction of the stops provided for emission of the microcredit. The steps are the following:

1. submission of innovative start-up projects;
2. evaluation and selection of the projects by an assessment commission consisting of six members of the academic, banking and entrepreneurial world;
3. social meetings for presentation of the projects approved and awarded by the procedure;
4. trust procedures and emission of the loan. The selection of the projects approved according to step 2 implies the loan request, by the proponents, through activation of the preliminary trust case. This phase is followed by emission of the loan:

1. tutorials. The credit institution provides all of the entrepreneurial initiatives approved and funded with a tutorial system for the set-up of company activities.
2. Special emphasis should be given to the assessment and selection phase of the start-up projects, including the involvement of an assessment commission, created by the bank, in an analysis of different projects. Each start-up project undergoes a strict assessment project that guarantees both parties involved in the relationship.

The procedure for admission to the loan includes assessment of the entrepreneurial initiatives by six different professionals, recognized as gatekeepers: two academic figures, two entrepreneurs and two bank members.

The commission deals with the creation of assess-

ments of technical and economic feasibility of the business initiatives, guaranteeing their project validity, through assessment independence and the highly specialized competence of the commissioners, with a view to reducing the informative asymmetries between bank and company. Approval by the commission of each single initiative allows for young entrepreneurs without sufficient financial back-up to gain access to credit in order to launch innovative activities. The assessment commission was summoned officially six times during the period in question. As of 2013, twenty six projects were presented and assessed. Eleven initiatives have been approved: eight initiatives have been funded. From Table 1, it is possible to interpret the figures related to the projects approved and subsequently funded in 2011 and 2012. The classification provided below includes the field of belonging of the start-ups.

The assessment commission has drawn up punctual assessments of each project involved in the initiative, adding critical observations, according to each case.

The approval rate of start-up projects presented is 42%: approximately 73% of them have gained access to funding of the entrepreneurial idea. The kind of proponents is equivalent to 64% of males and 36% of females.

The start-ups created have undertaken the following legal form:

1. cooperative company (25%);
2. general partnership (13%);
3. limited liability company (25%);
4. sole trader (38%).

The amount of funds generally issued amounts to € 330,000. The recharging mechanism of the general plafond, provided by the bank, exists.

The interview with the Trust Office Manager, as well as the interview with the University Rector, was useful to understand that the assessment process of initiatives, based on an analysis of documentation requested by the Prima Idea project, have been supported by direct

meetings with young entrepreneurs. The young entrepreneurs have been asked to present documentation integrations to investigate the assessments made by the gatekeepers.

This aspect has also been assessed through an analysis of the minutes of the meetings held by the assessment commission.

As of 2013 there are no administrative irregularities registered and each start-up project approved and funded by BPC is duly being repaid. However, reconstruction of these flows covers a short term period of time.

According to indications provided by the rector of the University, as a member of the assessment commission, the university professors are used to investigating into the professional skills of the people that they normally interact with. Their ability to provide judgments is confirmed by feedback created in time. Even their skills of a sociological and anthropological nature are missing in other technical figures of the assessment commission. Teachers have knowledge related to the value of a project idea: this is regardless of the assessment of a purely financial nature. Therefore, meetings with young entrepreneurs allow for greater appreciation of the project idea and the skills of the applicants. In this regard, the rector has commented as follows (in Italian language): *"...the success or failure of an entrepreneurial product depends on technical skills as well as the project idea, managerial skills and the enthusiasm of the company"*.

From a comparison of the Prima Idea project of BPC with another two Italian banks (Start-Up Initiative by Intesa San Paolo and the Start-Up by Unicredit) the characteristics of these initiatives can be highlighted, identifying the distinctive elements (Table 2). The sources of information used for the collection of this data mainly originate from websites of the credit institutions involved (www.intesasanpaolo.com and www.unicredit.it). As far as BPC is concerned, open sources have been used as well as the data collected from the administration departments of the bank.

Table 2 shows that the Prima Idea differs from the other two initiatives. The mechanism that guarantees a rotating plafond is definitely the distinctive element par excellence, typical of the phenomenon of microcredit, together with the absence of financial guarantees, replaced by an investment in trust and by the interest rate.

DISCUSSION

This section highlights the distinctive contribution provided by this study and the methods with which it proposes a review of the existing literature.

The theory of microcredit focuses attention on the principles and effects that it generates with regards to the company, including funding of entrepreneurial activities. The principles of microcredit, in light of the analysis carried out, may be summarized as follows:

1. granting of loans, with reduced amounts;
2. granting of loans to poor individuals or without financial means;
3. granting of loans according to the state of progress of work and repayment in small fixed amounts;
4. high reimbursement rates (in modern conception);
5. absence of financial guarantees and presence of moral guarantees.

The informative asymmetries of the bank-company relationship confirm the level of uncertainty of future performance of the initiative funded by the bank, as well as the need to adequately assess the project related characteristics of the project to be funded. In reality, the start-ups represent the catalyst par excellence of the informative asymmetries due to the unclear informative nature of the financial data: it is difficult to predict future cash flows generated by initiatives with a high innovative and technological content.

The credit institutions defend themselves through an increase in the loan and the request for financial guarantees.

In light of this, an analysis of the study case allows us to propose a review to the main principles of microcredit, by virtue of the characteristics and the procedure related steps of the Prima Idea project of BPC.

In this hypothesis, the supply process of microcredit undergoes several forms of development, with a view to contrasting the problems related to informative asymmetries.

The case study refers to the principles of microcredit, emphasizing the assessment and selection phase that is vital to guarantee the success of the initiative promoted by the bank and the launch of new modern activities generating long term value.

In this regard, the judgment of technical and economic feasibility of the gatekeepers, recognised in the combination of the academic, entrepreneurial and bank figures, guarantees the success of the procedures, certifying the assessment of the start-up initiative, in respect of the parties involved in the relationship.

The gatekeepers play a very important role in the granting of loans due to their scientific, technical and professional skills, as well as directly knowledge of the territory in which they operate respectively.

The proposal of recognising the figure of the gatekeepers as actors of the microcredit system allows us to identify their function according to the guarantee of the bank-company relationship.

They carry out professional control and certification services of the information and/or of the project initiatives to be funded.

In general the gatekeepers recognise rating agencies, banking institutions and companies that provide insurance on the goodness of the project related initiative of an innovative nature in professors, solicitors, accountants, auditors, professionals and analysts.

Table 2. Start-up Initiatives launched by BPC, Intesa SanPaolo and Unicredit.

Project name/ characteristics of the initiative	Prima idea by BPC	Start-Up initiatives by Intesa San Paolo	Start-Up by Unicredit
Type of activity that can be funded	Innovative Activities promoted by entrepreneurs aged between 18 and 40	young For technology (social ventures, ICT, biotech, mobile/mobility, clean technology, nano technology)	Aspiring entrepreneurs (absence of indications related to the activity). Company activities already registered with the Chamber of Commerce for no more than 21 months and certificates of activity initiation
Amount that can be funded for start-ups	50,000 euro	No limit is indicated	100, 000 euro
Interest rate	Rate 0	Not indicated	Fixed or variable rate
Maximum duration of the loan	10 years	Not indicated	7 years with pre-amortisation of 24 months
Plafond that can be funded	1,000,000 euro with research mechanism	Not indicated	Not indicated
Guarantees	Moral	Not indicated	- Trusts for at least 60% of the amount – personal means for 30% of the amount
Project Assessment	The assessment and selection phase is guided by highly specialised gatekeepers (academic, entrepreneurial and banking world)	An assessment and selection phase is indicated by the industry experts and technology specialists	Not indicated
Other	Tutorial activities for launch of the start-ups		

Source: our elaboration based on data research.

If, on the one hand, their activities are based on the achievement of information related to entrepreneurial proposals, on the other hand their activities tend to highlight potential irregularities related to the start-up projects being assessed.

The gatekeepers differ from stakeholders as they are not personally interested in the project action. Their duty is to monitor and/or observe the imperfections of the projects presented to the microcredit system, with a view to certifying

credibility (Kraakman, 1984) of the innovative initiatives with regards to microfinance and, in general, of the credit institutions and of the funders.

Goergen et al. (2010) argue: “*The gatekeeper must therefore certify the credibility of a corporation vis-à-vis outsiders by pledging its reputational capital.*”.

We believe that recognition of the function of gatekeepers, for the microcredit system, contri-

butes to contrasting the informative asymmetries of the bank-company relationship. The combination of their specialised skills, originating from the academic, entrepreneurial and banking world guarantees the assessment and selection phase of the projects to be funded and also qualifies the start-up project.

In particular, university professors have the ability to judge the real value of the project idea, recognizing the entrepreneurial reputation through

Table 3. Traditional and reviewed conception of the microcredit theory.

Principles	Traditional conception	Conception reviewed (Prima Idea)
1. Loan of a reduced amount	X	X
2. Identification of the beneficiary individuals of loans according to the economic/group loan criteria	X	X
3. Loans according to state of progress of the initiative/repayment in small instalments	X	X
4. Reimbursement rate of the loan	X	
5. Moral guarantees	X	X
6. Financial guarantees	X	
7. Principle of guarantee (gatekeepers)		X
8. Tutorial and support (gatekeepers)		X

Source: our elaboration based on data research.

the professional and human component. In other words, professors recognize the skills of young entrepreneurs, with knowledge of the territory in which they operate.

In this perspective, the business plans presented for the launch of start-up initiatives reveal the skills of the applicants, who are assessed by the academics twice: documentation related to the projects created and face to face meetings.

Furthermore, the professional skills of gatekeepers are provided to start-ups even in the launching phase of company activities. This contrasts the phenomenon of moral hazards and simulated failure.

The performance of moral guarantees favours investments in trust and in reputation to the detriment of the definition of an interest rate. The Prima Idea case stimulates the activation of moral guarantees, funding company activities at zero interest rate.

An assessment of the project that precedes the funding phase of the assets of the applicant has been replaced by an assessment of young entrepreneurs, recognised as individuals.

Therefore, reputation replaces real guarantees, favouring the confirmation of reliability of each individual established, in the case in question, through the gatekeepers and meetings with young entrepreneurs.

The role played by reputation in these processes guides the analysis towards research into objective assessment methods of intangible capital owned by young entrepreneurs. In this regard, among the various reputational forms, the true, the good and the beautiful can be recognised. This classification is confirmed in part of the literature (Klewes and Wreschniok, 2009), that distinguishes success and individual competence, from the integrity and social responsibility of young entrepreneurs, including their level of attraction and uniqueness.

In other words, the cognitive, ethical and aesthetic references of entrepreneurs are assessed on a general level by the academics of the assessment commission, together with the business plans of each innovative idea.

Table 3 illustrates the traditional principles of microcredit together with the ones that the case study proposes.

The implications deriving from the case study allow us to propose the idea of conceptualization of the microcredit principles, with special attention to the following:

1. the presence of gatekeepers from the academic, entrepreneurial and banking work guarantees the bank-company relationship against informative asymmetries in all phases of the relationship (principles 8 and 9, Table 3). The specialized skills of these gatekeepers support the start-ups in every phase of company activities;
2. with reference to the previous point, the function of the university professors appears to be different compared with the assessments destined to identify the professional skills of young entrepreneurs on the territory that they belong to. This aspect fills the gaps of informative asymmetries, promoting an increase in the reputation capital. The latter is currently assessed through the human and professional component. However, it is suitable to investigate this aspect by analytically analyzing the dimensions that qualify the entrepreneurial reputation;
3. the absence of interest rates and the request for financial guarantees stimulates the activation of moral guarantees, contrasting at the same time the informative asymmetries (principles 4 and 7, Table 3);
4. the characteristics of the Prima Idea project promote economic, social and territorial progress in which the bank-company relationships are developed, for the launch of start-up initiatives.

In light of this, the launch of a call for academic communities aims at verifying the principles defined by the Prima Idea project, with special reference to the guarantee function carried out by the gatekeepers, together with the performance of moral guarantees, activating long term trust relations. The assessment of young entrepreneurs, carried out through the skills of the university professors and the replacement of the reputation with the

supply of real guarantees, stimulates the growth of intangible capital on the territory.

These aspects represent useful contrasting action of the informative asymmetries in the bank-company relationship, as well as generators of long term value.

CONCLUSIONS, LIMITATIONS AND PROPOSAL FOR FUTURE RESEARCH

This research proposes a review of the principles of microcredit, combined with the birth of innovative start-ups. The latter are the main catalysts of informative asymmetries in the bank-company relationship as their nature makes future cash flows generated by the entrepreneurial initiative aleatory.

With the objective of contrasting the informative asymmetries of the bank-company relationship and reviewing the principles of microcredit, the case study "Prima Idea" suggests certification of the assessment process of entrepreneurial projects, through the skills of specific gatekeepers, as well as stimulating moral guarantees to the detriment of application of interest rate, and tutorials in the launch of company activities.

The launch of a call to the academic community, therefore, aims at checking the validity of the model proposed by Prima Idea in other national and international contexts.

With reference to the limits of the article, the need to collect empirical proof that proves the function of guaranteeing the gatekeepers is highlighted, with special attention to the function of the university professors, comparing the performance of the activities funded. We believe that the validity of this research may provide important results where the time period in question is at least three years.

The main conclusion of the paper is that through conceptualization of the principles of the microcredit, the case study proposes useful contrasting action of the informative asymmetries, which include the following aspects:

1. the activities carried out by the gatekeepers, especially in the professional figures of the academic world, the bank-company relationship is guaranteed;
2. the moral guarantees characterise the microcredit system and stimulate the activation of investments in trust and reputation. Long term bank-company relationships are activated, without the weight of interest rates and financial guarantees. Wealth is generated in the relative territory.

The main limitations in terms of research include the impossibility of control, over an adequate period of time, cash flows generated by the start-ups funded by the Prima Idea project. This analysis is useful to confirm assessment of the projects selected by the gatekeepers and activated due to the granting of moral guarantees.

Furthermore, as indicated in the analysis of literature,

the legislative decree 169/2012 has introduced the various limits for recognition of Italian microcredit. The analysis carried out up until now has been completed by virtue of the traditional principles of microcredit, mainly inspired by the Grameen Bank model.

Future research, therefore, should aim at confirming the relationship between cash flows generated by the start-up initiatives funded and the variables that conceptualise the supply process of microcredit according to the BPC model.

Conflict of Interests

The authors have not declared any conflict of interests.

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