

Entrepreneurial Finance in the Digital Era

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Abstract: *Digitalization has significantly transformed the global economy, driving increased attention from both traditional and non-traditional investors. In the financial industry, digitization is disrupting traditional services sectors, including banking and insurance, driven by a new breed of entrepreneurial companies. Fintech and insurtech companies aim to offer better experiences to end customers or improve the efficiency of their delivery of financial services.*

The digital transformation has led to radical changes in all areas, with smaller, more agile players pioneered by PayPal bringing game-changing technologies to the payment market. Innovative start-ups have broken the seemingly unconquerable domain of currency exchange, and ingenious players have started using artificial intelligence (AI) and machine learning (ML) to provide tailored management services and advanced trading tools in areas previously simply non-existent such as bond trading. The essence of finance and banking—lending and capital provision—has been similarly and deeply affected by this phenomenon.

The digitalization of the financial services industry has led to the emergence of the fintech sector, which focuses on companies leveraging technological solutions to expand and improve the offering of financial services. Investments in fintech have grown from \$7.8 billion in 2017 to more than \$20 billion in 2020, with China home to some of the most highly valued fintech companies in the world.

The adoption of AI and ML in entrepreneurial finance has vastly enriched investors' decision-making practices, resulting in faster decisions and more accurate analysis based on a wider set of information. New forms of intermediation in entrepreneurial finance can provide new perspectives on central themes in corporate finance, such as crowdfunding and distributed ledger technology. However, our understanding of the relations between digital and traditional financing sources for entrepreneurial ventures is limited, with some studies showing a positive association between digital and traditional financing sources..

Keywords: finance, digital era, entrepreneur, digitization

