

Informal Startup Financing in MENA

Bibliometric Insights into Gaps in Scale, Innovation, and Formalisation

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🔍 Introduction: The Informal Economy Reality

Structural reality and conceptual blind spot of informal economy in MENA

🚫 Research Gap

- Lack of attention on informal mechanisms enabling entrepreneurial ventures
- Focus mainly on labor informality and tax evasion
Limited understanding of startup financing dynamics

💡 Strategic Choice

Informal financing as *strategic response* to barriers in formal finance, not just fallback option

📁 Informal Startup Financing Definition

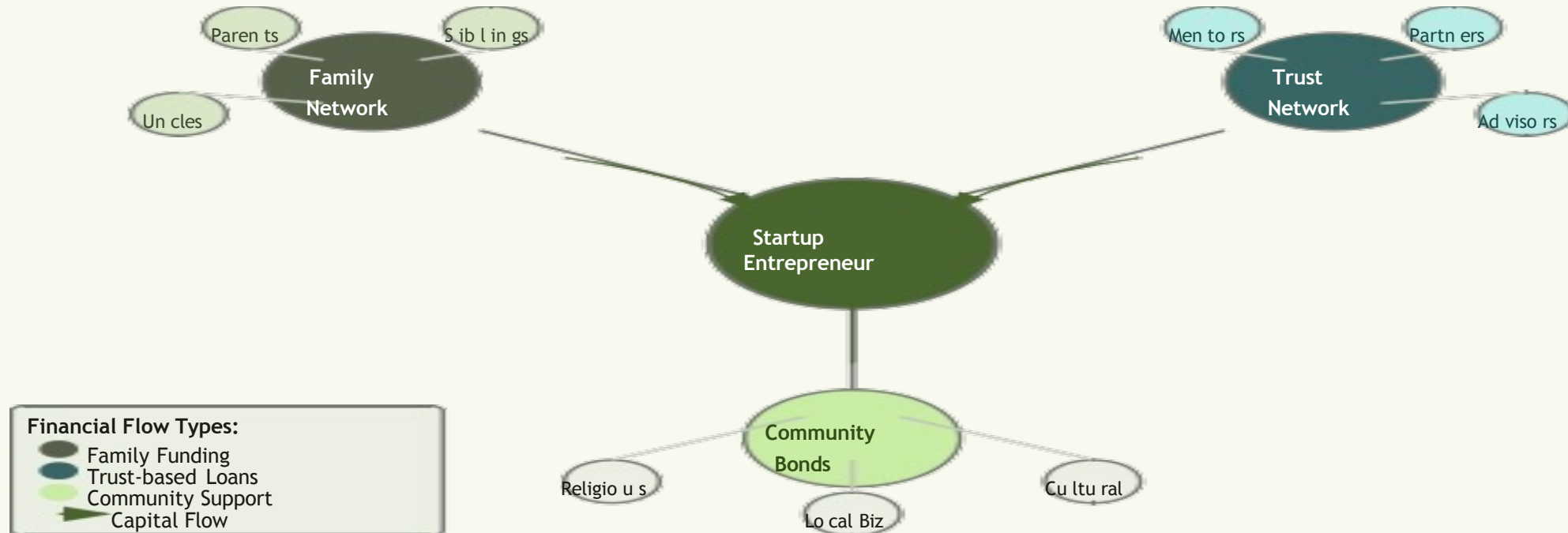
- **Bootstrapping** - Self-funded operations
- **Family/Friend loans** - Personal network funding
- **Community lending** - Local financial networks
- **Informal angel** - Unregulated individual investors
- **Unregulated crowdfunding** - Digital collective funding



The Role of Informal Finance in MENA

Understanding the contextual appropriateness for early-stage startups

Informal Finance Ecosystem in MENA





Underexplored Dimensions

Critical gaps in current research understanding



Startup Scalability

Key Question: Can informally financed startups expand and attract follow-on investment?

Limited insight into *scale-building capacity* and growth potential



Digital Financial Technologies

Blurring boundaries between informal and formal finance:

- Mobile money platforms
- P2P lending systems
- Fintech solutions



Formalization Process

Gradual & capability-dependent transition influenced by:

- Economic incentives
- Regulatory constraints
- Institutional capacity

Methodology: Bibliometric Analysis

Structured quantitative evaluation of scholarly literature

Analytical Capabilities

- Mapping research fields & intellectual trajectories
- Identifying influential contributors & collaboration patterns
- Uncovering thematic trends & evolution
- Highlighting knowledge gaps & future directions

Dataset Overview

Sources: Scopus & Web of Science Publications: *114 articles* Time Period: *2005-2024*

Geographic Focus: MENA countries



Search Strategy

Keywords Include:

- Informal financing
- Entrepreneurship
- MENA countries
- Angel investment
- Crowdfunding
- Bootstrapping

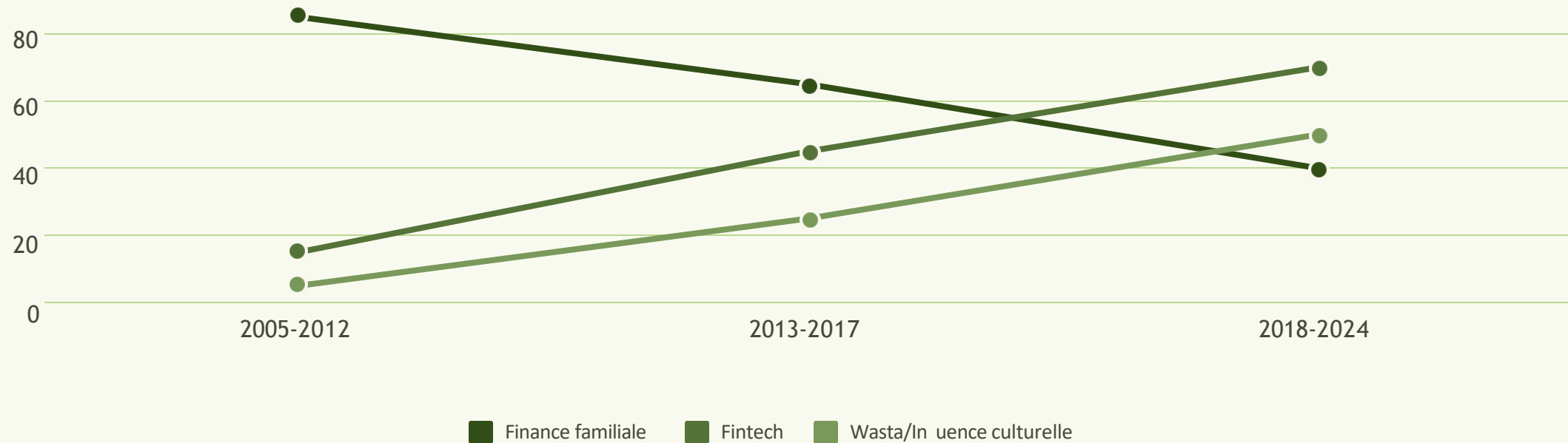
Rigorous criteria for inclusion and quality assessment

Distribution géographique des contributions

| Country | Publications | Average Citations |  Leading universities |
|--------------|--------------|-------------------|--|
| Egypt | 28 | 11.3 | Egypt : Cairo University, American University in Cairo |
| UAE | 23 | 12.1 | UAE : UAE University, American University of Sharjah Saudi Arabia : King Saud University, KAUST |
| Saudi Arabia | 19 | 10.9 | Jordan : University of Jordan, Yarmouk University Morocco : Hassan II University, Al Akhawayn University |
| Jordan | 13 | 9.4 |  International Collaboration |
| Morocco | 9 | 8.1 | A significant share involves collaborations with European and North American researchers, enhancing international visibility |



Thematic Evolution and Key Concepts



💰 Social Capital (2005- 2012)

Dominant Themes : Family finance;
Household finance; Trust; Kinship ties;
Community Microfinance

🔄 Finance digitale (2013-2017)

Emergence : Crowdfunding, Business angel
networks, Structured Islamic finance
Transition towards institutionalization

🚀 Complexification (2018-2024)

New concepts : Fintech platforms, Gender,
Wasta, Women's entrepreneurship
Convergence digital-informel

Influencing Authors and Key publications

| Article | Author | Citations |
|--------------------------------------|-----------------------------|-----------|
| Crowdfunding for Arab youth startups | El-Haddad & El-Masry (2017) | 67 |
| Family financing in Saudi startups | Al-Jabri et al. (2016) | 61 |
| Financial bootstrapping in Tunisia | Ben Salem et al. (2018) | 54 |

Chercheurs leaders

Dr. Leila El-Haddad (American University in Cairo) : 7 publications, 121 citations

Dr. Samer Al-Jabri (King Saud University) : 6 publications, 97 citations Leurs travaux portent sur le crowdfunding et les [barrières culturelles](#).

Case Studies and Empirical Evidence

Sectoral Dependencies

Microeconomic data reveal strong reliance on family financing in specific sectors like AgriTech and EdTech.

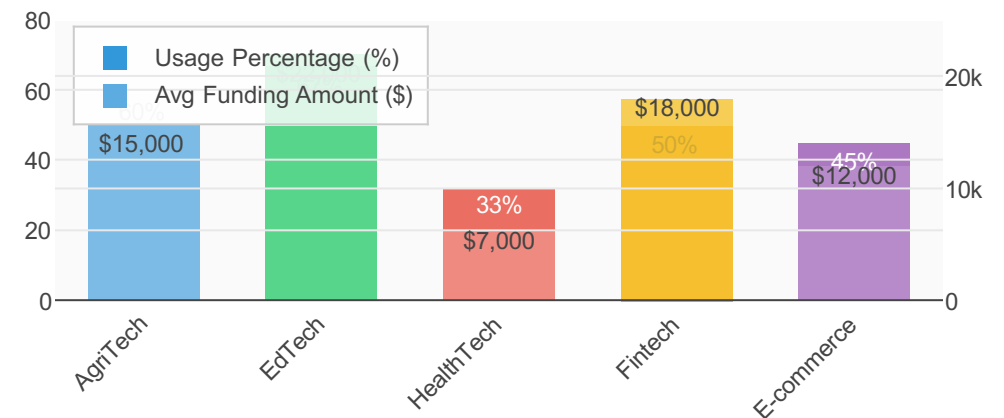
- AgriTech startups: 60% family-based funding
- EdTech ventures: Community and angel support
- Regulatory barriers drive informal choices

Funding Patterns

Analysis of *15 MENA startups* shows diverse informal financing strategies:

- **Family networks** (40-70% of total funding)
- Community savings groups
- Informal angel investors
- Friend-based financing

Informal Financing Usage by Sector in MENA Startups



Key Motivations

Startups cite multiple reasons for choosing informal sources:

- Speed and flexibility of access
- Lack of bank collateral requirements
- *Trust-based relationships*
- Unbanked founder status

Policy Implications and Recommendations

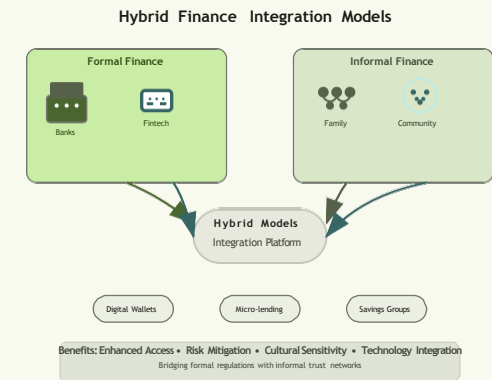
Hybrid Model Integration

Policy frameworks should integrate informal mechanisms rather than replace them completely.

- Credit guarantee schemes for community lending
- Recognition of informal credit histories
- Support for inclusive fintech ecosystems
- *Institutionalize trust networks* without bureaucratization

Strategic Recommendations

- . Develop hybrid financing models that respect cultural norms
- . Create policy tools bridging formal-informal divide
- . Support contextually appropriate financial inclusion
- . Preserve entrepreneurial flexibility while ensuring system integrity



Policy Innovation

Countries like Egypt and Morocco demonstrate successful *trust-speed integration* approaches.

Digital Finance and Fintech Role

Bridging Informal-Formal Divide

Fintech platforms facilitate smooth transitions between informal and formal financing mechanisms.

- Enhanced transparency without losing trust
- Improved capital access
- Preservation of social confidence
- *Structured informal transactions*

Development Priorities

Support systems must be established to enhance transparency while maintaining culturally embedded trust mechanisms.

Policy focus: Balanced approach between innovation and tradition.

Digital Innovation Trends

Mobile money solutions

Peer-to-peer lending platforms

Islamic fintech compatibility

Crowdfunding integration

The role of youth and womens in informal financing

Profil des bénéficiaires

Youth entrepreneurs : first users

Women entrepreneurs : limited access to formal credit

Main Motivations : flexibilité et accessibilité

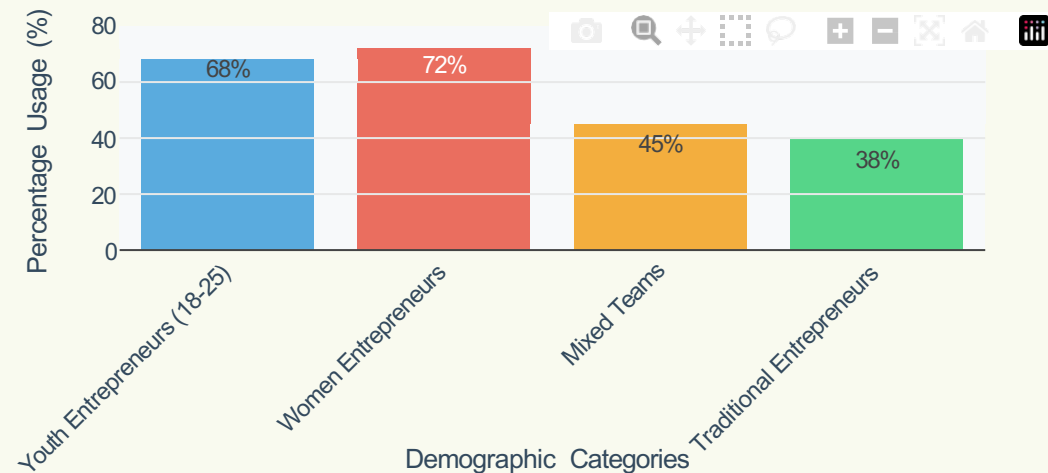
Structural Barriers

- Inaccessible collateral requirements
- Lack of credit history
- Complex bureaucratic procedures
- Cultural distrust of banks

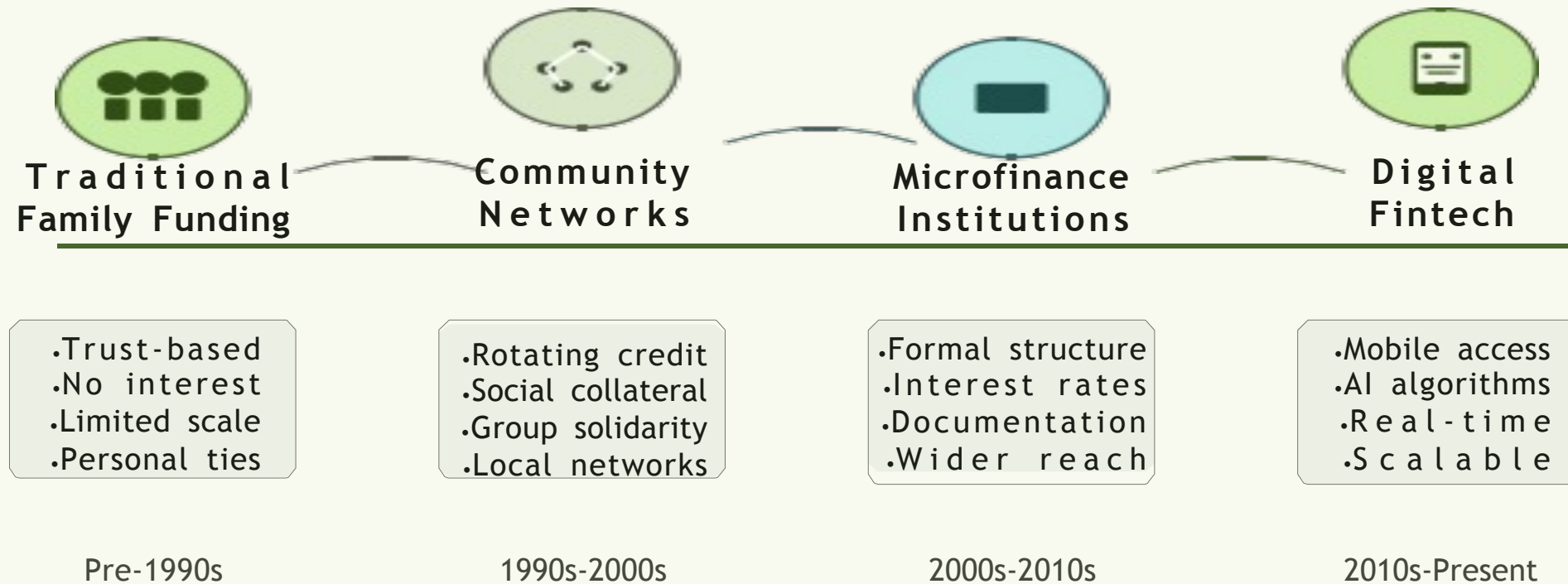
What the data is showing ?

Startups led by young people aged 1–2 years represent 70% of informal financing users in the region.

Informal Financing Usage by Demographic Groups in MENA Countries



Conclusion



Evolution Flow: ——— Technological & Regulatory Development

Key References

- . Filippelli, S., Troise, C., Bigliardi, B., & Corvello, V. (2025). Examining the influence of entrepreneurial ecosystem pressure on the economic, social, and environmental orientation of startups. *Technological Forecasting and Social Change*, 210.
- . Keddari, N., Kherbachi, S., & Benkhider, N. (2021). Supporting sustainable manufacturing practices implementation using design structure matrix in the Algerian economy. *Proceedings of the 23rd International DSM Conference*, Montreal, Canada.
- . Webb, J. W., & Barzuna-Hidalgo, O. (2025). Implementing firm strategy in the informal economy. *Organizational Dynamics*.