

Banking and Entrepreneurship

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ABSTRACT

In recent decades, entrepreneurship has attracted the attention of many countries as the driving engine of economic growth and sustainable development. As one of the main pillars of the economy, the banking system plays an important role in supporting and developing entrepreneurship. The purpose of this study is to examine the relationship between banking and entrepreneurship in Iran using library research methods. This study examines the relationship between banking and entrepreneurship in Iran by using library resources including books, scientific articles, research reports and documents related to the subject. The findings of this study show that the banking system can play an important role in the development of entrepreneurship through the provision of various financial and non-financial services. These services include financial facilities, consulting services, entrepreneurship training and support for start-up businesses. However, there are also challenges in this field, including limited banking resources, high interest rates, lack of proper mechanisms to evaluate and support entrepreneurial projects, and structural problems of the banking system. For the development of entrepreneurship in Iran, it is necessary for the banking system to play a more active role in this field by providing diverse services tailored to the needs of entrepreneurs. Also, it is necessary to solve existing challenges and create appropriate mechanisms to support entrepreneurship.

Keywords: Banking, Entrepreneurship, Banking System, Economic Development, Iran.

I. INTRODUCTION

Economic development is largely dependent on the existence of a modern banking system. This shows that traditional banking is no longer able to meet the changing needs of customers. Numerous problems in the banking industry, including the inability to satisfy customers, inefficiency in the implementation of economic policies, increase in outstanding claims, low level of productivity, lack of competitive advantage and similarity of services, have caused the banking system to move towards fundamental transformation. In recent years, the increase in the number of banks and the privatization of some state-owned banks has created a fierce competitive environment in Iran's banking industry. Many state banks are seeking to implement Article 44 of the Constitution and join private banks, and to maintain and improve their share of resources and customers, they have put entrepreneurship on their agenda. Entrepreneurship by developing economic activities can increase the demand for banking services and help the development of this sector. In fact, banks that have a high level of entrepreneurial orientation are consistently more inclined to monitor their operating environments to discover new opportunities and strengthen their competitive advantage. On the other hand, complex and dynamic environmental conditions make the importance of using new technologies in banks inevitable. Banks should use their internal and external resources to apply effective and timely commercialization of new technologies and achieve better competitive advantages. One of the types of entrepreneurship is technological entrepreneurship. Technological entrepreneurship studies the characteristics of entrepreneurial

behaviors in technology-focused environments. Technological entrepreneurship can be considered as a strategy to maintain and improve sustainable factors of competitive advantage in banks (1-4).

According to Farzpourmachiani M. and Farzpourmachiani A. (2024), the "Attrition Entrepreneurship Theory" explains how government policies and societal factors can inadvertently promote entrepreneurial activities that detract from, rather than contribute to, societal wealth. These ventures, such as those driven by war, may generate income but lead to economic stagnation. This contrasts sharply with genuine entrepreneurship, which is vital for innovation and economic dynamism. The theory underscores how external influences can shape detrimental forms of entrepreneurship (5).

State the subject

In today's dynamic world, the banking system, as the beating heart of the economy, plays a vital role in the development and progress of societies. By providing a variety of financial services, including deposits, credit facilities, and capital management, banks help the circulation of liquidity in society and pave the way for the growth and prosperity of businesses. However, with the passage of time and the changing needs of customers, traditional banking is no longer able to meet these needs. The emergence of new technologies and increased competition in the international arena have made banks face new challenges that require transformation and innovation to overcome them.

One of the most important success factors of banks in this era is attention to the category of entrepreneurship. Entrepreneurship means identifying new opportunities, creating added value, and accepting associated risks. Banks that have a high entrepreneurial spirit are always looking for new services and products and improving their processes. By using new technologies and taking advantage of the knowledge and expertise of their employees, they try to satisfy their customers and increase their market share.

Entrepreneurship in the banking industry can take many forms. These include developing new products and services, creating new distribution channels, improving operational processes, and creating new business units. For example, banks can facilitate the access of customers to their services by providing online and mobile banking services. Also, they can help the growth and development of these companies by

providing special credit facilities to start-up companies and entrepreneurs.

Technological entrepreneurship is one of the most important types of entrepreneurship in banking industry. Technological entrepreneurship means the use of new technologies to create new products and services and to improve existing processes. Banks that are active in the field of technological entrepreneurship always seek to use the latest technological achievements to provide better services to their customers. For example, they can use artificial intelligence to provide financial advisory services to their clients.

As a result, banking and entrepreneurship are two related concepts. Banks that pay special attention to the category of entrepreneurship enjoy many advantages. They can satisfy their customers and increase their market share by providing innovative services and products. Also, they can reduce their costs and increase their profitability by improving their operational processes. Therefore, in order to succeed in this era, banks must pay serious attention to the category of entrepreneurship and use it as a tool for their growth and development. Technological entrepreneurship, which includes new product development activities, process development, and market development, results in technological innovation. In the banking industry, which is one of the most important sectors of service industries, understanding, recognition and evaluation of innovation is of great importance. Globalization and increased market competition have pushed banking institutions to innovate in their operations to gain sustainable competitive advantage over their competitors. In this competitive industry, banks are trying to prove their advantage over other competitors by providing diverse benefits and competitive services and restructuring their services towards the use of fast technology and in order to meet the changing needs of customers. Therefore, it is very important for banks to pay attention to the category of technological entrepreneurship. According to the statistics of the central bank, the establishment of new banks and financial institutions has increased significantly in recent years. The meaning of this fact is that the market of banking services is becoming more competitive and it is harder for banks to attract and retain customers. It is obvious that banks will be more successful in this space that pay more serious attention to the concept of technological entrepreneurship in order to realize technological innovation. On the other hand, the review of past research shows that the methods used in those

researches do not have the ability to answer the existing problem and so far, no comprehensive research has been done in this field (6-8).

Theoretical foundations

One of the topics of interest in entrepreneurship research is how entrepreneurial ventures address grand challenges. Today's developments have fundamentally changed the banking business model, the way banks interact with customers, the way they manage the performance of the middle layer and the support layer of banks, and challenged the traditionally value-based processes of banks. Despite this development, following scientific research on business models, the findings have shown that electronic banking has had significant positive effects on customers' access to banking services. Digital entrepreneurship refers to the application of the entrepreneurial process in the digital environment and using information technology, which plays a significant role in the development of banks. Organizations for Facing the issues and problems and threats caused by the dynamism and complexity of the environment and taking advantage of new opportunities require new ways of working and methods. Designing a business model with an entrepreneurial approach can, in addition to innovation, be the foundation for a tremendous transformation in banking. International research in the field of banking shows that the digitization and globalization of the economy, the processes of international regulatory cooperation and the harmonization of laws directs the use of new approaches in the development and adoption of regulations in the financial market. What is obvious is that entrepreneurship and presence in global markets are necessary and necessary for each other, and only dealing with entrepreneurship in the field of banking and not paying attention to the approach of international entrepreneurship, due to the lack of international banking competition, lacks any credibility. And it is a value for banks. The banking sector in developing countries is the main and only provider of credit for government and private investment and entrepreneurship projects, so there is a need to examine the performance of the banking industry. International and national companies are constantly trying to grow, and the use of entrepreneurship is not only a challenge, but also necessary for all types of companies. Studies have also shown that information technology capabilities affect the efficiency such as entrepreneurship. Financing is important for starting a business and there is no

doubt that banks and other financial institutions have important positions in the economic system for entrepreneurship. Appropriate facilities and interest rates for starting entrepreneurship are like a propeller that moves the engine of the state economy towards growth and development.

Methodology

This study examines the relationship between banking and entrepreneurship in Iran by using library resources including books, scientific articles, research reports and related documents.

II. FINDINGS

During the last two decades, entrepreneurship as a technical-economic phenomenon has revolutionized the world of economy and industry with its tremendous consequences. The significant presence of entrepreneurship as a scientific field in the last 4 decades has been made possible by the ability of entrepreneurship to absorb theories, paradigms and methods from other fields such as economics, psychology, sociology, geography and even biology. The validity of entrepreneurship as an academic discipline is now demonstrated by many other fields that have begun to borrow from the entrepreneurship perspective

Entering the age that is common to the information society and includes the entry of new technologies into different areas of life, entrepreneurship in the digital space as a new approach in starting a business based on a new thinking and idea has found a prominent position among the activists in the service and production fields. Digital entrepreneurship can be seen as a type of job creation based on the components of information and communication technology directly. Perhaps, entrepreneurship in cyber space can be considered as one of the most important fields of job creation in the third millennium, which provides an opportunity to use creative forces with the lowest cost and maximum effectiveness in business.

Continuous advances in digital technology and digitalization of business models have changed the entrepreneurial landscape and redefine the goals and requirements of entrepreneurship education to match the new digital reality in entrepreneurship. Traditional banking services, which are based on lending and depositing operations, are only a part of banking activities. Due to the emergence of a knowledge-based economy and society with the advancement of information and communication technology, banking services have undergone

profound changes in the past decades. Therefore, following the development in the coming decades, especially how recent global events affect changes in the use of banking globally, is an important issue that should be investigated and researched.

On the other hand, it can be acknowledged that the services of the country's banking system do not have the required variety, quality and speed, and it is facing inefficiency in the process of equipping resources and allocating them, as well as providing services to customers. In order to solve the problems and challenges of the banking system, creating suitable platforms and fields to increase the trend towards entrepreneurship can be considered as an effective model for achieving the goals of innovation, initiative and providing new products and work processes, and finally improving the quality-of-service delivery. Meanwhile, studies show that organizational, economic, cultural, and political factors play an important role in increasing the tendency toward entrepreneurship in the banking system of countries, and creating an appropriate environment in the economic, cultural, and political spheres is essential to improve the conditions for entrepreneurship in banks.

III. CONCLUSION

In conclusion, it can be concluded that banking and entrepreneurship are two inseparable concepts in today's economic world. Banks, as the driving force of the economy, play an important role in financing various businesses and projects. However, to succeed in today's competitive world, entrepreneurship in the banking industry means identifying new opportunities, providing innovative services and products, and continuously improving processes. Banks that have a high entrepreneurial spirit are able to adapt more quickly to market changes and customer needs and maintain their competitive advantage.

One of the important aspects of entrepreneurship in banking is technological entrepreneurship. The use of new technologies, such as artificial intelligence, blockchain, and the Internet of Things, can help banks provide better and more efficient services to their customers. Also, technological entrepreneurship can lead to the creation of completely new products and services in the banking industry.

Given the increasing competition in the banking services market, banks should seriously pay attention to the category of entrepreneurship. Banks that can satisfy their customers by providing innovative services and continuously improving

their processes will be more successful in this competitive market.

In addition, entrepreneurship in banking can also contribute to the economic development of the country. Banks that have a high entrepreneurial spirit can help the growth and development of these companies by providing financial facilities to start-up and entrepreneurial companies, and as a result, contribute to the creation of employment and economic prosperity of the country.

Finally, it can be said that banking and entrepreneurship are two sides of the same coin. Banks need an entrepreneurial approach to succeed in today's world, and entrepreneurship also needs the support and facilities of banks to develop and flourish. Constructive interaction between these two sectors can contribute significantly to the economic growth and development of the country. Banks need an innovative and entrepreneurial approach.

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