

The investment decision process

And the role of asset specificity

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Abstract

In this paper, research has been done on the investment decision process of investors. This research has been conducted through qualitative research. Six different types of debt investors have been interviewed. From these interviews it became clear that concepts like trust, diversification and sustainability play an important role in the investment decision process. Furthermore, the role of asset specificity in the investment decision process has been investigated. It turns out that this concept is not as important as the other concepts, but that it does play a role in the background of the investment decision process. The presence of asset specificity will reflect itself in the rating of the investment opportunity and the expected return.

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With special thanks to the respondents of the interviews

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1. Introduction

Financial decisions and especially investment strategies development are important. An investment strategy is a set of investment decisions. By implementing this strategy an investor attempts to get the best profitability and reliability combination (Rutkauskas, Miecinskiene, & Stasytyte, 2008). Because of the growing importance of investment strategies, it is interesting to look at investment decisions, which are the building blocks of these strategies. Information about investment decisions can be used by firms. The capital structure of a firm (debt to equity ratio) influences the firms' cost of capital. It therefore also has an effect on the firm's competitive position (Myers, 2001).

There are different theories that describe the composition of the capital structure. The theory of Modigliani and Miller (1958) for example states that the composition of the capital structure does not have an effect on the cost of capital. When stating this they focus on the assumption that markets are perfect. They state that the market value of a firm only depends on the income stream which is generated by a firm's assets (Modigliani & Miller, 1958). This theory is no longer valid because it is generally accepted that markets can only be perfect if they meet three conditions. First, there must be a very large number of buyers and sellers. Second, the goods that they buy and sell must be homogeneous. Lastly, the buyers and sellers must have perfect knowledge of the market. However, sellers and buyers do not have perfect knowledge, it is always limited (Ozga, 1960). Therefore this imperfectness needs to be taken into account in future research.

There is not much consensus in the literature about which theory best describes the optimal capital structure. Maybe this is because of the omission of a variable like asset specificity. Focusing on this variable might provide different insights. Or maybe it is because most of the existing literature focuses on theories about how firms make decisions about the composition of their capital structure. But, it is not only the firm that influences the composition of the capital structure. It are also investors that play an important role. If a firm wants to issue equity, it needs willing equity investors to do so. Otherwise, the firm will not be able to fulfil its wish to issue equity. This research will focus on the investors and their decisions. Furthermore, it will focus on the role of asset specificity in the decision process of the investors. Asset specificity is an example of a concept in an imperfect market. Due to the focus on asset specificity, the assumption of perfect markets is no longer appropriate. Therefore the imperfectness of markets can be taken into account.

Williamson (1985, p.55) defines asset specificity as "durable investments that are undertaken in support of particular transactions, the opportunity cost of which investments is much lower in best alternative uses or by alternative users should the original transaction be prematurely terminated" (Williamson, 1985). In other words, asset specificity is the degree of

specific investments made by one or both parties of the contract. These specific investments can be investments in specific physical capital, specific human capital, site-specific capital or dedicated assets (Williamson, 1983). Asset specificity is the degree to which the value of a certain asset is higher in a certain contractual relationship than outside this contractual relationship. So, specific investments are not likely to be as valuable when put to another use or another user. Therefore, assets that are specific to a certain contract will have a low liquidation value.

According to the transaction cost economics theory of Williamson (1975), the degree of asset specificity of assets in a transaction is likely to be a determining factor in the choice between debt or equity investments. Normally debtholders will aim to recover their investment by liquidating assets and selling them to another firm, in the case of a bankruptcy (Kochhar, 1996). As mentioned before, assets that are specific to a certain contract have a low liquidation value. Because of this, debtholders prefer to invest in low-specificity investments and are reluctant to invest in high-specificity investments (Williamson, 1975). The relational exchange theory, on the other hand, suggests that asset specificity improves the trust between partners. This, in turn, leads to more cooperative behaviour and higher partnership performance. In this theory asset specificity is a strategic tool that bonds partners together. The fact that assets are immobile because of their specific characteristics for a certain transaction promotes the inclination towards cooperation and diminishes the attractiveness of defection at the same time. Therefore equity investors are no longer the only ones willing to invest in the case of asset specificity. This is due to the fact that the lower change of defection lowers the need to monitor the actions of the management (Hwang, 2005; Lui, Wong, & Liu, 2009). Other research about the influence of asset specificity on the investment decisions process, showed that higher asset specificity raises the proportion of debt in a firms' capital structure. This does not only hold for different measures of asset specificity but also for different definitions of debt cost (Harris, 1994).

So, research mostly focuses on how firms make decisions about the composition of the capital structure. But, it is also interesting to take a different perspective and to focus on the decision process of investors. An investor is a person or organisation that invests money with the expectation of achieving a return (Bodie, Kane, & Marcus, 2014). Furthermore, it is interesting to focus on the role of an imperfect market concept like asset specificity in this decision process. Therefore, the research question is: *'How does asset specificity play a role for investors in the process of investment decisions?'*. To answer this general research question some sub-questions are needed. First, what is the investment decision process and which concepts play a role in developing the decision? Second, what is asset specificity? The answer to this question creates a better understanding of the concept asset specificity. Third, what are the

existing theories about the role of asset specificity on investment decisions? The answer to this question creates an insight into existing literature and helps to develop an understanding of the research gaps and empirical questions that need to be answered.

In this paper, qualitative research will be used. In the case of quantitative research, proxies need to be developed to be able to quantify the concept asset specificity. Proxies will never fully be able to reflect the concept and each proxy provides different results. Qualitative research gives the possibility to better understand the role of asset specificity in investment decision processes. It gives better insight into processes than quantitative research can do because it gives the possibility to conduct a more in depth inquiry. Interviews will be held with different debt investors. These interviews will provide insight into the investment decisions of different investors in general and in the role of asset specificity in their decisions.

With this research, information is added to the existing literature and insights to firms about the decisions of investors for their capital structure are expanded. Firms might use these insights to attract the capital that they prefer for their capital structure. Furthermore, these insights might tell a firm on which type of capital they can best focus when issuing capital. As mentioned before if a firm wants to issue a type of capital, it needs willing investors to provide this capital. The outcomes of this research can also be helpful for investors. They can use the information to make a better evaluation of their investment opportunities. It gives them a better insight into the role of asset specificity in an investment.

The remainder of this paper is organized as follows. The next section discusses the concept asset specificity to create a better understanding of this concept. This is followed by previous literature on the role of asset specificity in investment decisions processes. The third section describes the research method, and the fourth section describes the results. The final section summarizes the overall findings, implications, limitations and directions for future research.

2. Literature overview

In the first section of this chapter the Modigliani-Miller theorem, the pecking order theory and the trade-off theory will be discussed shortly. This is done to show that there are different theories that describe the capital structure but that there is not much consensus in the literature about which theory describes it best. Maybe this is because of the omission of a variable. Focusing on a variable like asset specificity might provide new insights. Or, maybe it is because most of the existing literature focuses on the decisions of firms when it comes to the composition of their capital structure. That is why the rest of this paper will focus on the decisions of investors and the role of asset specificity in their decision process. The second section will discuss the investment decision process. This section will be followed by a section about the concept asset specificity, to create a better understanding of this concept. To understand the role of asset specificity in the investment decisions process it is important to understand what asset specificity is. This section is followed by a section in which previous literature on the role of asset specificity in investment decisions processes is discussed. Previous literature consists of theories like the transaction cost economics theory and the relational exchange theory and other previous literature.

2.1. Capital structure theories

2.1.1. Modigliani-Miller theorem

The Modigliani-Miller theorem states that the composition of the capital structure does not have an effect on the cost of capital. Furthermore, it states that the market value of a company is not affected by the capital structure of the company and that the cost of equity is a linear function of the company's debt/equity ratio. This is due to the seniority of debt. When a company uses more debt the cost of equity will increase because the risks for equity holders will increase. When taxes are introduced the value of the firm is enhanced by the tax shield provided by the interest deduction. On the other hand, the cost of financial distress increases as the relative use of debt financing increases. This expected cost reduces the value of the firm, offsetting, in part, the benefit from interest deductibility. Thus, the lower cost of debt financing is offset by the increased cost of equity financing. Therefore, the capital structure does not have an effect on the cost of capital (Lemmon & Zender, 2010; Modigliani & Miller, 1958).

Another proposition of the Modigliani-Miller theorem follows from Stiglitz (1969). This proposition states that equity holders are indifferent concerning a firm's financial policy. The Modigliani-Miller theorem is based on the assumption of a perfect market. While the theory provides a basis for examining the capital structure, the assumptions do not hold in practice. Therefore, other theories have been developed that seek to better explain the capital structure decisions.

2.1.2. Trade-off theory

The trade-off theory is one of the theories that seek to better explain the capital structure decisions. By relaxing the assumptions of the Modigliani-Miller theorem, this theory opens the possibility for an optimal capital structure. The theory focuses on the costs and benefits of debt financing (Frank & Goyal, 2007).

The benefits of an additional euro of debt include, for example, the tax deductibility of interest, as mentioned before in the Modigliani-Miller theorem, and the reduction of free cash flow problems. The costs of an additional euro of debt include, for example, potential bankruptcy costs and the agency conflict between bondholders and stockholders. At the leverage optimum, the benefit of the last euro of debt just offsets the cost (Fama & French, 2002).

The trade-off theory assumes that a company chooses how much debt financing and how much equity financing to use by balancing the costs and benefits of these types of financing. The marginal benefit of further increases in debt declines as debt increases, while the marginal cost increases so that a firm that is optimizing its overall value will focus on this trade-off when choosing how much debt and equity to use for financing (Lemmon & Zender, 2010).

2.1.3. Pecking-order theory

In response to the trade-off theory, the pecking order theory is developed by Myers (1984). The pecking order theory rejects the notion of the trade-off theory that there is an optimal capital structure. While the trade-off theory highlights the importance of the costs and benefits of debt, the pecking order theory is focused on signalling problems and asymmetric information associated with external financing. This theory assumes that the cost of financing increases with asymmetric information. The theory states that companies prioritize their sources of financing. Companies first prefer internal financing, then debt financing, and lastly equity financing. The idea behind this order comes from the fact that issuing debt provides a positive signal and that issuing equity provides a negative signal. Issuing debt signals the board's confidence that an investment is profitable and that it is able to meet the fixed payments that come along with it. The negative signal of issuing equity is due to the fact that a firm generally issues new stock when it perceives the stock to be overvalued (Shyam-Sunder & Myers, 1999). An overvalued stock "has a current price that is not justified by its earnings outlook or price/earnings ratio, so it is expected to drop in price" (Overvalued, 2018). This reflects that the company is not performing very well.

So there are different theories that describe capital structure decisions. There is not much consensus in the literature about which theory best describes the optimal capital structure. Maybe this is because of the omission of a variable and maybe it is because most of the existing literature focuses on the decisions of firms. It is not only the firm that influences the

capital structure but it are also investors that play an important role. If a firm wants to issue equity, it needs willing equity investors to do so. Therefore, this research will focus on the investors and their decisions in the case of asset specificity. Asset specificity is an example of a concept in an imperfect market. Due to the focus on asset specificity, the assumption of perfect markets is no longer appropriate. Therefore, the imperfectness of markets can be taken into account.

2.1. Investment decision process

There are different ways to invest. You can either invest in real assets or financial assets. Examples of real assets are land, buildings, machines, and knowledge that can be used to produce goods and services. Financial assets are commonly distinguished among three broad types of financial assets: fixed income, equity, and derivatives. Fixed income financial assets, or debt securities, promise either a fixed stream of income or a stream of income determined by a specified formula. Examples of fixed income financial assets are loans or bonds. Equity in a firm represents an ownership share in the corporation. Holders of these shares are not promised any particular payment. Instead, they receive any dividends that the firm may pay and they have prorated ownership in the real assets of the firm. The performance of these kinds of investments is tied directly to the success of the firm and its real assets. Due to this, equity investments tend to be riskier than investments in debt securities. Derivative securities such as options and futures contracts provide payoffs that are determined by the price of the underlying asset such as bond or stock prices. They are so named because their values derive from the prices of other assets (Bodie, Kane, & Marcus, 2014).

Most of the investors hold a portfolio. This is simply the collection of the investors investment assets. Once the investor established a portfolio, the portfolio is updated regularly to generate the highest profit. An investor can do so by selling existing securities and using the proceeds to buy new securities. Or they can increase the overall size of the portfolio by investing in additional funds. They can also decrease the overall size of the portfolio by selling securities. Investment assets can be categorized into asset classes, such as bonds, commodities, real estate, stocks, and so on. When it comes to the investing process, investors make two types of decisions when constructing their portfolio. These two types of decisions are the asset allocation and the security selection. The asset allocation is the choice among the asset classes. Furthermore, asset allocation includes the decision of how much of the portfolio an investor places in safe assets such as bank accounts or money market securities, versus what he or she places in risky assets. So an investor can either place its savings in risky assets, safe assets or a combination of both. The security selection decision is the choice of which particular securities to hold within the chosen asset classes. Security analysis also involves the valuation of particular securities that

might be included in the portfolio of the investor. This valuation is a hard process. The valuation of stocks is far more difficult than the valuation of bonds. This is due to the fact that a stock's performance usually is far more sensitive to the condition of the issuing firm (Bodie, Kane, & Marcus, 2014).

These two types of decisions can be followed in different orders. These different orders are called strategies. Investors can either follow the "top-down" strategy. This strategy starts with the asset allocation. A top-down investor first makes crucial asset allocation decisions before turning to the decisions which particular securities to hold within the chosen asset classes. Another strategy that investors can follow is the "bottom-up" strategy. In the process of a "bottom-up" strategy, the portfolio is constructed from securities that seem attractively priced without as much concern for the resultant asset allocation. The problem with this strategy is the fact that such a strategy can result in unintended bets on one or another sector of the economy. In this case, the diversification of risk is low, which leads to an overall higher risk. But on the other hand, this strategy does seem to focus the portfolio on the assets that seem to offer the most attractive investment opportunities (Bodie, Kane, & Marcus, 2014). There are different insights about whether diversification should be applied. Diversification is the process of reducing the risk by dividing a portfolio between many different assets (Hull, 2014). The famous phrase "Don't put all your eggs in one basket" favours diversification. This phrase generated some reactions. Miguel de Cervantes stated "It is the part of a wise man... not to venture all his eggs in one basket". On the other hand, Mark Twain stated: "Put all your eggs in one basket and watch that basket". One thing that is clear, is that risk can never fully disappear (Winton, 1999).

Goetzmann and Kumar (2008) performed a study on diversification. Most US equity risk has a large idiosyncratic component. Much of this component could be reduced through portfolio diversification. Their research shows that U.S. individual investors hold under-diversified portfolios. They used three related diversification measures to capture the extent of under-diversification in individual investors' portfolios. When they compare the investors' portfolios to a benchmark of randomly constructed matching portfolios, it turns out that the average risk exposure in investor portfolios are significantly higher than those of matching benchmark portfolios. They find that the level of under-diversification is greater among younger, low-income, less-educated and less-sophisticated investors. Furthermore, the level of under-diversification is correlated with investment choices that are consistent with over-confidence, trend-following behaviour, and local bias. It also turns out, that investors who over-weight stocks with higher volatility and higher skewness are less diversified. On the contrary, they found little evidence that the traditional variables such as portfolio size or transactions costs constrain diversification. Under-diversification is costly to most investors. The unexpectedly high idiosyncratic risk in their portfolios results in a welfare loss compared to better-diversified

investors. Under-diversification is not costly to all investors. This is due to the fact that some investors have superior private information or insider knowledge. Due to this information, they focus on particular investment opportunities in their portfolio and therefore consciously under-diversify their portfolio (Goetzmann & Kumar, 2008). The welfare loss which arises due to unexpectedly high idiosyncratic risk is an important factor to take into account in the investment decisions process. Therefore, most of the time, diversification is part of the investment decisions process.

Another concept which most of the time is part of the investment decisions process is trust. Trust is also important in an economy in general. Trust is the “subjective probability that individuals attribute to the possibility of being cheated” (Guiso, Sapienza, & Zingales, 2008, pp. 2557). There are two different types of trust. There is personalized trust and generalized trust. Personalized trust is the set of beliefs that a person has about another specific persons behaviour. This type of trust is based on a repeated interaction between the two individuals. Therefore, it can be seen as an informed belief. Generalized trust is the set of beliefs that a person has about the behaviour of a random member of an identifiable group of individuals (Bottazzi, Da Rin, & Hellmann, 2012). Trust plays an important role in making sure that the economy is able to function well. When people have little trust in a market, they will probably not invest that much. During the crisis, a small number of investments have been made compared to other times. For a market, investments are very important. A market has to grow to be able to function well. To be able to grow, a market needs investment (Blanchard, Amighini, & Giavazzi, 2013). Bottazzi, Da Rin and Hellmann (2012) examined the effect of trust on financial investment decisions in a micro-economic environment where trust is exogenous. By using hand-collected data on European venture capital, they show that the Eurobarometer measure of trust among nations significantly affects, both statistically and economically, investment decisions. The Eurobarometer is a series of public opinion surveys which is conducted regularly on behalf of the European Commission. Tracing the opinion trends of the public helps for the preparation of policy, decision-making, and the evaluation of the EU’s work (Eurobarometer, 2017). The significant effect even holds after controlling for investor and company fixed effect, geographic distance, transactions and information costs. A one percentage point increase in those who have high trust towards another country implies almost a seven percentage point increase in the probability that an investment is made. So the results of their research suggested that generalized trust may matter for investment outcomes, investment choices and even for financial contracts. An interesting outcome was that trust effects differ across different types of investors (Bottazzi, Da Rin, & Hellmann, 2012).

When it comes to the players in the investment decisions process, financial institutions stand between the security issuer and the ultimate owner of the security (the individual

investor). Therefore, financial institutions are also called financial intermediaries. Another player is the investment banker. They represent firms to the investing public. Financial intermediaries have evolved to bring the suppliers of capital together with the demanders of capital, due to the fact that individual investors would not be able to diversify across borrowers to reduce the risk. Moreover, an individual investor is not equipped to assess and monitor the credit risk of borrowers. By pooling the resources of many small investors, financial intermediaries are able to lend considerable sums to large borrowers. A bank, for example, raises funds by taking deposits and lending that money to other borrowers. In this way, lenders and borrowers do not need to contact each other directly. Instead, they each go to the bank independently. This solves the problem of matching lenders with borrowers. But how do financial intermediaries decide on which investment opportunities to invest in? Which concepts do they take into account when developing their decisions. In other words, how does the investment decisions process look like?

This paper will generate a better insight into the investment decisions process by performing interviews with different investors. Investment decisions processes do not have a blueprint for how they should be performed. Therefore, the literature does not have a clear description of the investment decisions process. In this paper, the investment decisions process, and the role of asset specificity in this process will be analysed. Before starting the analysis the literature overview will continue. The next section will treat the concept asset specificity.

2.2. Asset specificity

Asset specificity is an example of a concept in an imperfect market. It is part of the transaction cost economics. Transaction cost economics states that there are costs connected to using the market. These costs are determined by critical dimensions of transactions. These critical dimensions of transactions are asset specificity, the frequency of the transaction, the complexity of the product, and uncertainty with regard to the transaction. This paper will only focus on the critical dimension asset specificity.

Williamson (1985) defines asset specificity as “durable investments that are undertaken in support of particular transactions, the opportunity cost of which investments is much lower in best alternative uses or by alternative users should the original transaction be prematurely terminated” (Williamson, 1985, pp.55). In other words, asset specificity is the degree to which the value of a certain good is higher in a certain contractual relationship than outside this relationship. Each transaction/contract has its own level of asset specificity. If a firm makes firm-specific investments it faces the presence of asset specificity in a transaction (Groenewegen & Spithoven, 2010).

Asset specificity can be generated from different investments. First, it can be generated from an investment in specific physical capital. This refers to the investment in specialized machines or computer systems. Second, it can be generated from an investment in specific human capital. This investment is characterized by specialized human skills or knowledge. Third, it can be generated from the site-specific capital. This refers to natural resources that are for example only available at a certain location and are therefore immobile. Moving these resources would generate very high costs, which makes it not attractive to do so. Fourth, it can be generated from investments in dedicated assets. Dedicated assets are discrete investments in a plant that cannot be used for other purposes (Williamson, 1983). Lastly, it can be generated from time-specific investments. This refers to an asset which value is highly dependent on its ability to reach the user within a specified period of time. This period is often relatively limited (Malone, Yates, & Benjamin, 1987).

Asset specificity is often characterized by concepts like “sunk costs” and “quasi-rents”. Sunk costs are costs that are made during production and that cannot be used for other purposes. When a party faces sunk costs in a transaction the dependency on the other party will be high. This is because of the fact that the investments cannot be used in the same way with another party. The presence of sunk costs in a transaction leads to a transaction facing a high level of asset specificity. The concept quasi-rent refers to the income that is earned on sunk costs. To be able to consider something a quasi-rent, the income must exceed the opportunity cost of the investment made. A quasi-rent occurs when an investment is made and paid for, and when income is earned from it without having to make any further investments (Groenewegen & Spithoven, 2010).

A problem that is often faced in the case of asset specificity is the hold-up problem. The presence of asset specificity in a transaction increases the risk for opportunistic behaviour. Firm-specific investments lead to the presence of asset specificity in a transaction. In this case, exchange partners have an opportunistic incentive to expropriate returns from these specialized investments by using ex-post bargaining power or threats of termination (Klein, Crawford, & Alchian, 1978). This change of opportunistic behaviour leads to the fact that the investment party has insufficient incentives to invest. Due to this the investment party may not want to enter into the transaction. When the investment party has all the bargaining power, it is possible that the party who needs the investment does not want to enter into the transaction. This is due to the fact that the investing party will possibly extract the total surplus that is generated in the relationship and nothing will be left for the party that needed the transaction. In both cases, when the investment party or the party that needs the investment does not want to enter into the transaction, a hold-up problem will arise. So in the case of a hold-up problem, the transaction will not take place. It is possible to partly overcome this problem by setting up contracts. In the

case of asset specificity situations are often very complicated and therefore it is hard to develop a complete contract. Therefore, it is not possible to completely overcome the hold-up problem. It is clear that in the case of asset specificity not only contracts but also trust is important (Lui, Wong, & Liu, 2009).

2.3. Transaction cost economics theory

There are different ways for a company to finance an investment. They can finance the investment by using internal capital or by using external capital. When using external capital a firm can choose between debt financing and equity financing. These instruments have their own advantages and disadvantages for firms but also for investors. This paper takes a look at the investment decisions process of investors, so the focus will be on the advantages and disadvantages of debt and equity for investors.

When it comes to the debt instrument, it possesses fixed benefits in the form of the principal and interest repayments which are usually stipulated in schedules in the contract. Debt holders are only able to step in when a firm is defaulting on this schedule or when a firm does not meet the contractual obligations. If one of these situations happens they can exercise their pre-emptive claim, and if necessary push the firm into bankruptcy. Debtholders then aim to recover their investment by liquidating assets and selling them to another firm that is able to use it. So overall debtholders do not have that much control over managerial actions. They are only able to step in once things already are going in the wrong direction. This is due to the fact that they are unable to interfere as long as the contractual agreements are satisfied. Due to this, it is hard for debtholders to ensure that their resources are used efficiently and that the firm is operating in a stable and profitable way (Kochhar, 1996).

When it comes to the equity instrument, it does not possess fixed benefits. In contrast to debtholders, equity holders do not have a pre-emptive claimant status over the cash flows from asset earnings and liquidation. Instead, equity holders have a residual claimant status. This means that earnings are first used to pay the debtholders and when something is left are used to pay the equity holders. In bankruptcy, debtholders are paid before shareholders as the firm's assets are liquidated (DePamphilis, 2015). On the other hand equity holders are better able to ensure that their resources are used efficiently and that the firm is operating in a stable and profitable way. The instrument which allows them to do so is the appointment of the board of directors. The board of directors is for example allowed to monitor internal performance, replace managers if this seems necessary and, decide on managerial compensation (de Haan, Oosterloo, & Schoenmaker, 2015). So, compared to the debt instrument the equity instrument possesses stronger abilities to monitor and evaluate managerial actions, but it does not have fixed benefits (Kochhar, 1996).

According to Williamson (1975), the degree of asset specificity in a transaction is likely to influence the decisions of debt- and equity holders. As mentioned before, in the case of bankruptcy debtholders will try to aim to recover their investment by liquidating assets and selling them to another firm. However, in the case of the presence of asset specificity the process to recover their investment will not be that simple. It even may be impossible. This is due to the fact that asset specificity indicates that assets are not likely to be as valuable when put to another use or another user. So, for assets with a certain level of asset specificity, the liquidation value will be very low or even zero. This means that in the case of asset specificity lenders are only able to recover a small part of their investment or even no part at all. The part that they are able to recover will be smaller, the larger the degree of asset specificity. Due to this, debtholders prefer to invest in low-specificity investments and are reluctant to invest in high-specificity investments. This is also due to the fact that it is hard for debtholders to ensure that their resources are used efficiently and that the firm is operating in a stable and profitable way. Because of this debtholders do not have a significant possibility of preventing a bankruptcy and therefore face too much risk when investing in an investment with a high level of asset specificity. Equity investors, on the other hand, are willing to invest in high-specificity investments, because they are better able to monitor the managerial actions of a firm. They, therefore, have a significant possibility of preventing a bankruptcy and face lower risk when investing in an investment with a high level of asset specificity than debtholders do (Kochhar, 1996). So, according to Williamson (1975), only equity holders are willing to invest in an investment where asset specificity is present.

According to the research of Lui, Wong and Liu (2009), the transaction cost economics theory suggests that the degree of asset specificity in a partnership increases the hazards of opportunism. Equity investors are better able to deal with these hazards of opportunistic behaviour because equity investments allow for better monitoring of the managerial actions. Effective monitoring is a way to decrease the hazards of opportunistic behaviour (Lui, Wong, & Liu, 2009). So, this again shows that according to the transaction cost economics theory equity investors are more willing to invest in an investment where asset specificity is present.

2.4. Relational exchange theory

Another theory that describes the role of asset specificity in the investment decisions process is the relational exchange theory. This theory suggests another mechanism for how asset specificity influences the partnership performance. The relational exchange theory suggests that asset specificity enhances the trust and cooperative behaviour between partners. These two concepts play an important role in this theory. According to this theory, asset specificity is seen as a strategic tool that bonds partners together. When partners are bonded they are expected to

behave in a trustworthy way. The incentives to behave opportunistically in such a relationship are less present. This is due to the fact that both partners depend on each other, usually for a longer time frame. If one party behaves opportunistically this will threaten the future relationship. This usually leads to less attractive trade agreements or no trade at all. Both partners, therefore, have the incentive to behave in a trustworthy way to keep the attractive trade agreements, in the case of a bonded partnership (Lui, Wong, & Liu, 2009).

The trust in the trustworthy relationship of bonded partners facilitates cooperative behaviour and this enhances satisfaction in a partnership. So, according to the relational exchange theory asset specificity is able to enhance trust and cooperative behaviour between partners. In this case, it is not necessary to have a strong ability to monitor and evaluate the managerial actions of a firm. The trust and cooperative behaviour replace the need to monitor and evaluate the managerial actions. On behalf of this information debt, investors are equally willing to invest in an investment where asset specificity is present (Lui, Wong, & Liu, 2009).

Lui, Wong and Liu (2009) tested both the transaction cost economics theory and the relational exchange theory simultaneously. Their results supported the predictions of the relational exchange theory more than the predictions of the transaction cost economics theory. This does not mean that the researchers refute the transaction cost economics theory. So, according to the research of Lui, Wong and Liu (2009) asset specificity enhances the trust and cooperative behaviour between partners and therefore equity and debt investors are equally willing to invest in investments where asset specificity is present.

2.5. Other research

The research of Hwang (2005) focuses on the following research question: "if asset specificity renders the investing party dependent and hence vulnerable to exploitation ex-post, why would one's willingness to commit vary ex-ante?" (Hwang, 2005). By focusing on this research question the research suggests that asset specificity at the same time generates two distinct incentives that create dependence by inducing the investing party to cooperate ex-post. These two distinct incentives are a positive incentive and a counter-negative incentive. The positive incentive promotes cooperation. It exists because cooperation is a pre-requisite to derive the potential quasi-rent, which comes along with a specific investment, and to retain the resources. The counter-negative incentive deters defection. It exists because of the fact that a person would have to forego the quasi-rent and lose the committed resources when he or she is defecting. So, asset specificity has the effect of avoiding opportunism. This is due to the fact that opportunistic behaviour risks the disintegration of a relationship, which runs against someone's self-interest.

Relationship-specific investments are embedded in the context of a relationship which is characterized by inter-temporal and interpersonal dimensions. The inter-temporal dimension

refers to the expected time horizon of future encounters. The inter-personal dimension refers to the strength of certain social ties that generate trust. These dimensions have an influence on the positive and counter-negative incentives.

The research of Hwang (2005) suggests that for a lower level of relation-specific investments the fear of opportunistic behaviour is larger. When there is complete trust the defection-detering effect disappears. In this case, there is no reason for one party to defect the relationship. In a situation of complete trust, one is namely essentially committed to oneself. Therefore the fear of exploitation would cease to exist. So, in this case, relations-specific investments would only provide additional benefits of cooperation.

The research suggests that the fear of exploitation starts to grow when specific investments are made in a context that deviates from complete trust. This escalates at an increasing rate if the relationship deteriorates either inter-personally or inter-temporally. So, in the extreme case when there is no trust at all, no one is willing to make relation-specific investments due to the enormous fear of exploitation.

The results of this research suggest that while the fear of exploitation increases proportionally to the intensity of specific investments and the quasi-rents that come along with it, it grows exponentially with the deterioration of trust and the time horizon. Furthermore, the immobility of assets plays an important role. Assets are immobile because of their specific characteristics for a certain transaction. This immobility promotes the inclination towards cooperation and diminishes the attractiveness of defection at the same time. Especially in this case the influence of trust and the time horizon are important (Hwang, 2005).

So, this paper also suggests that asset specificity is a strategic tool for bonding partners together and that monitoring of managerial actions, therefore, is less important. Due to this, this paper also states that debt investors are equally willing to invest in an investment in which asset specificity is present.

Another research which investigates the influence of asset specificity on the investment decisions comes from Harris (1994). He concluded that higher asset specificity raises the proportion of debt in a firms' capital structure. This does not only hold for different measures of asset specificity but also for different definitions of debt cost (Harris, 1994). This might be due to the fact that issuing debt signals the board's confidence that an investment is profitable and that it is able to meet the fixed payments. In this case, debt investors have more trust in the company and find it less important that they are not able to monitor and evaluate the managerial actions. If a firm issues equity, this generally is a negative signal. Generally, a company issues new stock when it perceives the stock to be overvalued (Lemmon & Zender, 2010). So, in the case of asset specificity, a firm wants to show that it is a good investment opportunity so that it can attract the necessary capital. By issuing debt a firm is able to do this because it is giving a positive signal to

capital investors. In this case, the number of debt investors willing to invest will be higher than the number of equity investors willing to invest.

The literature overview shows that there are mixed conclusions in the literature about the role of asset specificity in the investment decisions process. The transaction cost economics theory states that only equity investors are willing to invest in investment in which asset specificity is present. On the other hand, the research of Harris (1994) states that debt investors are more willing to invest than equity investors in investment in which asset specificity is present. Another conclusion is drawn by the relational exchange theory, which states that equity investors and debt investors are equally willing to invest in investments in which asset specificity is present. This is supported by the research of Hwang (2005). This research suggests that asset specificity is a strategic tool for bonding partners together and that therefore monitoring of managerial actions is less important.

These mixed conclusions make it interesting to start a research on the role of asset specificity in the investment decisions process. Most of the previous literature was conducted by using quantitative research. This research will take a different approach and will conduct a qualitative research. Qualitative research will provide better insights into processes. It is better able to explain the motives of investors when it comes to investment decisions. Qualitative research gives the possibility to answer open questions. By performing this research new insights will arise, because of the use of a different research method. How this research exactly will be performed will be explained in the next chapter.

3. Research method

Previous research shows different insights about the role of asset specificity in investment decision processes. Therefore it is interesting to investigate this topic and by doing this to add information to the existing literature. The credit crisis of 2007-2008 triggered investors to be more aware of their actions. The aim of this research is to create a better understanding of the role of asset specificity in the investment decisions processes. The general research question for this paper is as follows: *How does asset specificity play a role for investors in the process of investment decisions?*

This research will be performed by using qualitative research. The choice for a qualitative research method is due to the fact that it is very hard to operationalize a concept like asset specificity. If the operationalization is hard, a quantitative research becomes difficult and not very valid or generalizable. In the case of quantitative research, proxies need to be developed to quantify the concept asset specificity. These proxies will never fully reflect asset specificity. With different proxies, the results will probably be different. Qualitative research gives the possibility to better understand the role of asset specificity in investment decisions processes. Quantitative research gives answers to closed questions whereas qualitative research gives "answers" to open questions. Therefore it gives better insights into processes than quantitative research can do. Interviews will be held with different investors. These interviews will provide insight into the investment decisions processes of different investors in general and in their decisions processes in the case of asset specificity.

Doing research is a cyclical process, which consists of multiple phases. These phases are followed in order but are sometimes undertaken at the same time. A research consists of the following phases. First, formulating a research question and a goal. Second, obtaining access to an organization or respondents of different organizations. Third, make the concepts that you want to investigate measurable. Fourth, gathering the data. Fifth, analyzing the data and answer the research question by means of a conclusion and discussion. The fact that research is a cyclical process means that the researcher regularly goes back to a previous phase of the research. This is done to be able to properly adjust the research design and to better be able to formulate and determine what was found and what the specific contribution of the research is (Bleijenbergh, 2016).

The first phase, formulating a research question and a goal, is already treated in the introduction. The second phase consists of obtaining access to an organization or respondents of different organizations. In this research respondents of different organizations are approached. A research in which respondents of different organizations are investigated is called a field study. A field study involves collecting data outside a lab or another experimental setting. It is most often done in natural environments or natural settings and it can be done in a variety of

ways for various disciplines. Via a field study, original or unconventional data is collected through a face-to-face interview, surveys or direct observation (Alston, 2018). In this research, face-to-face interviews are used. Field studies are known to be timely. Due to a short amount of time, a limited amount of interviews can be undertaken. The field in this study consists of different investors.

Gaining access to the right respondents in different organizations is a difficult task. Making the first contact with respondents is an important step in the process. First impressions matter. It is important to make sure that it is clear to the respondent, who you are, from which organization or institution you are and, what your research is about. There are different ways to make the first contact. The first contact can be made through a face-to-face approach, by phone, by means of a letter, by sending an e-mail, or by using a contact of your personal network (Bleijenbergh, 2016). Most of these ways are used except for the face-to-face approach and the approach by means of a letter. The interviews are arranged by calling and emailing Dutch banks, investment companies, investment clubs and, by using contacts from my own network to gain contact with people that are active in the investment field. The scripts for the phone calls and e-mails can be found in the appendix A and B respectively.

The next step is to make sense of the concepts that you want to investigate. This step has already been performed in the literature overview. Concepts like asset specificity and the investment decisions process are explained. To understand the role of asset specificity in the investment decisions process it is important to understand what asset specificity is and, what the investment decisions process is. The purpose of doing research is to contribute to the expansion of the knowledge in a certain domain. Therefore, it is important to be clear about which phenomenon the research is talking and to which domain the knowledge that is generated relates to. Due to this, other researcher will be better able to understand the contribution of the research and to value the research.

The fourth phase consists of gathering the data. Before starting a research, an important choice has to be made between an inductive or a deductive research approach. Induction means going from the extraordinary to the more general. In this case, there is generalization of findings. The inductive research approach is focused on formulating as little as possible theoretical expectations prior to the observation. Deduction means going from the more general to the extraordinary. A deductive research approach approaches the research object from a clearly defined theoretical framework (Bleijenbergh, 2016; Vennix, 2011). In this research, an inductive research approach is chosen. This approach seems the most appropriate for the research question and the research design, because the research will give an insight in the investment decision process. So, it will go from extraordinary information to more general statements about the investment decisions process.

To gather the appropriate data it is important to select the appropriate sources and methods for data collection. Possible sources for data collection are people, documents, social situations and media (Verschuren & Doorewaard , 2005). In this research the appropriate source for data collection are people. The methods for data collection give insights into how you want to treat the sources. In this research, the data will be gathered through a face-to-face interview with different respondents. These respondents are different investors. The script for the interviews can be found in appendix C. This script changed continuously through the process. Doing qualitative research is an iterative process. This means that the data collection and the data analyses not only follow each other but that they can also take place at the same time. Due to this, it is possible to continuously refine data collection and the analysis of the data (Bleijenbergh, 2016).

The script for the interviews only consists of a few open questions which are used to get the conversation going and to lead it in a global direction. By stating too many questions the interview will be led too much in a certain direction. To gain insights into a process it is best to ask a few open questions. This interview is called a half-structured interview. In this case, the formulation of the questions is determined beforehand. Also, the order of the questions is determined but is allowed to change during the interview (Bleijenbergh, 2016). When it comes to investigating the role of asset specificity this question will be delayed until the respondent is finished with his or her story about the investment decisions process. Due to this, it becomes more clear how important the role of asset specificity is in the investment decisions process. The interviews all took place in a face-to-face interview. This allowed the interviews to be recorded and this allowed transcribing the interviews. Due to this, it is easier to analyze the interviews. By only taking notes, not all information of the interview would be preserved. The names of the respondents will not be mentioned in the paper. This is done to guarantee the anonymity of the interviewees. The list of respondents for this research consists of a mortgage advisor, a treasury consultant who mainly invests in bonds, an account manager MKB class A, an account manager MKB specialized in food and agriculture, a finance specialist/account manager in the corporate market and, an asset manager. This means that six interviews with investors took place. The experience of the investors in their current job ranged from nine months, till nineteen years. The interviews took on average 45 minutes. Information about the respondents and the interviews can be found on the next page in table 1.

The literature does not diversify between types of investors, other than equity or debt investors. This research will focus on debt investors and will use different types of debt investors. By doing this, the research will add another insight to the existing literature. This research does not only give insight into the investment decision process of the investor in general, but also provides insight into the investment decision process of different types of

investors. The use of different types of investors will provide a better insight into the investment decision process.

Table 1: Information about the respondents and the interviews

Function	Years of experience	Length of the interview	Invests in ..
Mortgage advisor	2 years	00:21:15	Mortgages
Treasury consultant	10 years	00:30:47	Bonds
Asset manager	1.5 years	00:37:40	Funds
Account manager MKB	9 months	00:30:12	Small or middle companies
Account manager MKB Food & Agriculture	19 years	00:47:01	Small or middle companies in the food- and agricultural sector
Finance specialist / Account manager	4 years	01:21:45	Large companies

The interviews will be analyzed and the results of these analyses will be discussed in chapter four. The interviews will be used to test if the investors are aware of the concept of asset specificity, trust and, diversification before these concepts are introduced in the interview. Do these concepts play a role in their investment decisions, or do they not mention these concepts when explaining their investment process. The analysis will be performed by means of quotation. The quote table can be found in appendix D. Quotes are taken from the interviews and are coded/linked to a certain concept. The quote table will be used to describe the investment decision process and the influence of the different concepts in the investment decision process. This is done in chapter four.

4. Results

In this chapter, the six interviews that are performed will be analyzed. Analyzing these interviews will provide insight into the investment decision process in general and the role that asset specificity might play in this process. The names of the respondents will not be mentioned in the analysis due to privacy concerns. Therefore, this paper will not refer to the respondent itself, but to the function of the respondent. In the next section, the investment decision process will be discussed. In this section, the process, in general, is discussed. After this section, the role of the concept asset specificity in the investment decision process is discussed. Were the respondents familiar with the concept? And did the concept play a role in their decisions? These kinds of questions will be answered in the paragraph: Awareness of asset specificity.

4.1. Investment decision process

When it comes to the investment decision process of a private mortgage advisor, most of it is recorded in law and regulations. Banks have to deal with rules of the NIBUD¹ which are composed by the AFM². They constructed some rules which state how much a client, dependent on its income, is allowed to spend on its mortgage costs and most of all on the interest. Therefore, a private mortgage advisor will look at the income of the client. He will look at its job. Is this job temporary or permanent? What kind of contract does the client have? This is all taken into account when deciding to give someone a mortgage or not. Most of the time the investment decision process of a private mortgage advisor starts with an orienting conversation. This conversation takes on average an hour till an hour and a half. This is due to the fact that the advisor wants to get an extensive view of how a client stands in life and what his or her plans are. Not only the plans for now but also the plans for the upcoming ten years. If the client decides to buy a mortgage, then an advisory interview is planned. In this conversation, the private mortgage advisor will start with an advice. After this, he will show the quotation and he will have different conversations with the notary. Mortgages are becoming more and more a commodity. It is becoming something that people can just arrange online. So the decision process of private mortgages is becoming more and more automatized.

Another investment decision process that is treated in the interviews is the process of a treasury consultant who mainly invests in bonds. A bank has a treasury department. For this department they have certain liquidity books. A book is a collective name for something where all investments are recorded. The investments have a binary purpose. First the bank has to keep

¹ Nationaal Instituut voor Budgetvoorlichting. It is an independent consultancy institute that informs and advices about the finances of households (Wat doet het Nibud voor u?, 2018)

² Autoriteit Financiële Markten. It is the behavioral supervisor of the Dutch financial markets (De Autoriteit Financiële Markten, 2018)

a minimal amount of bonds. This is a decision from the ECB³. The bank stalls this bond at the ECB and in exchange for that receives money from the ECB. A bank needs money to be able to run. The other purpose has to deal with the savings of clients. Part of these savings is invested with as little risk as possible and with the highest yield as possible. This investment behavior brings the bank to investing in bonds. But how does the bank decide in which bonds to invest in? Most of the bonds they invest in are from so-called agencies. With agency's, they mean governments or semi-state-owned companies. When it comes to the choice in which bonds to invest in, the consultant starts with a framework. This framework is called a mandate. Inside this mandate are a certain amount of requirements which have to be followed. These requirements are constructed through regulations from for example the DNB and de ECB. Inside these regulations are a certain amount of aspects which have to be thought about. For example the liquidity of bonds, the ease of selling the investment, is it easy to sell the investment during times of stress? Furthermore, the size. Investments need to have a minimum size of 500 million, otherwise the bank is not allowed to invest in them. Another aspect is the maximum duration. Investment are not allowed to have a duration which is higher than ten or for some investments fifteen years. Lastly, investments need to have a minimal rating. This bank is only allowed to invest in bonds with a minimal rating of single A. This are all rules to decline the risk. Within these rules the consultant has the freedom to choose which obligation to invest in. The consultant is constantly making a consideration which obligation has the highest yield and the lowest risk or which obligation has the highest yield when considering the highest possible risk that the consultant is allowed to face. So, first there are steps that you have to stay within. After this there is the freedom to choose for the Netherlands, Germany, Finland, Belgium, Italy etc. This decision is not based on a model but it is based on the news, the market, and trends in the market.

“Actually, all day you are busy with reading, making considerations, and making connections between fundamental, economic and political aspects.”

Take for example the elections in Italy. If the elections are coming, this means uncertainty. If there is uncertainty in the market, people do not want to buy the bonds and stocks from that market. So the supply of bonds will increase. If there is a higher supply than there is demand, the price of bonds will go down. But, on the other hand, the yield will go up. Will you then choose to invest in it? That is a consideration that you have to make. Is the risk acceptable or not? This decision is very subjective because there is no model for these decisions. The Bonds that the treasury consultant is investing in are usually for a company or a government in general and not for a specific purpose. For the treasury consultant, this does not play an important role.

³ Europese Centrale Bank. It is the central bank of the nineteen member states of the European Union which have decided to take on the euro (ecb, 2018).

"In the end, the risk is the whole company."

The interview with the asset manager gave an insight into the investment decision process of an investment company. This investment company has certain investment specialists who construct the investment policy of the company. The company is investing in different funds. This investment portfolio is changed once in a while because it is important to react on certain developments in the market. Take for example Trump, who at the beginning of this year started to threaten with a trade war with China and everything that came across with it. Or take for example the Brexit, in that period the investment company chose to keep as many stocks and other kinds of securities from the United Kingdom out of their portfolio as possible. This was done in order to prevent fluctuations in the yield which could arise from this event.

"As an investment company you have to anticipate on these kinds of events, otherwise you will see your yield going down."

The investment company manages the portfolio of different clients. Apart from reacting on certain events in the economy, the investment company blocks the portfolios of their clients four times a year and then they start selling and buying funds in order to keep the highest yield as possible. This is only done four times a year because the investment company has a long-term vision. So the company will react if it is necessary, but they will not react on every little event. How does the investment company decide in which funds to invest in? The investment company has five different risk profiles. The profile in the middle is neutral. Beneath the neutral profile, there are two defensive profiles and above the neutral profile are two offensive profiles. Defensive profiles demand as little risk as possible and offensive profiles are far more risk-taking. A client of the investment company takes a test of twenty-one questions. From this test it becomes clear which risk profile the client has. The investment company chooses certain funds where there clients can invest in according to their clients risk profile. The investment company chooses the funds that they are offering by looking at certain aspects. The most important is the yield of the fund. Furthermore, the company looks at the track record of the fund. For how long has a certain fund been active and what are its results in the past? They also look at the expectations when it comes to the results of a fund. You can never fully predict how a fund will behave, but you can develop certain expectations about the fund. Lastly, they have some factors that they take into account. The investment company will not invest in funds that are characterized by child labor, arms trade, and fossil fuels. Off course they invest in companies like Shell and BP, but this is just because they are performing very well. Also, both companies are busy with finding alternatives and also with changing their business model, because they also know that in a couple of years there are not enough fossil fuels anymore. So, the investment company does take a look at the companies that are present in a certain fund. If for example,

Apple is on the news because they use child labor. As an investment bank you do not want to be associated with these kind of companies. So, you will stop investing in Apple. Because of the transparency of the investment company to their clients it is important for them to keep track of the companies that they are investing in. Furthermore, they keep track of the companies to predict the development of the yield/profitability of the company and therefore also the fund.

When entrepreneurs have a financing issue they will come to the account manager. The account manager will then visit the entrepreneur, and together they will have a look if it wise to invest the entrepreneurs financing issue. This conversation will usually take place at the home or company of the entrepreneur. This gives the account manager the chance to get some insight into the living conditions of the entrepreneur. The living conditions of a person usually tell a lot about a person's character and its situation. The account manager will focus its decision on three pillars. These pillars can be seen in some kind of a triangle. It does not matter in which end of the triangle you put the different pillars, but it is important that these pillars are in balance with each other. The three pillars are profitability, entrepreneurship and certainties. Profitability is the most important pillar. When presenting its financing issue, the entrepreneur will show a prognosis of the profitability of the investment. The account manager will check if this profitability prognosis is realistic. If the entrepreneur, for example, is stating that its profitability will rise from 45.000 euros to 90.000 euros due to its investment, the account manager needs to check if this is possible.

“Suppose it is an investment for the replacement of a roof which contained asbestos. The average cow will not produce more milk due to this investment.”

In this case, it is not realistic that the profitability will increase from 45.000 euros to 90.000 euros. The bank will probably not invest in this financing issue, because the reasoning behind the profitability prognosis is not realistic. The entrepreneur needs to come up with a strong reasoning to substantiate its prognosis. The profitability is not only based on the entrepreneur itself but also on developments in the market. So, also the market in which the entrepreneur is active will be investigated. The bank contains a lot of branch info, numbers and trends which the account manager can use to verify the profitability prognosis.

The account manager needs to have trust in the abilities of the entrepreneur. In the end, this is the person who is responsible for paying back the investment. The first meeting, which usually takes place at the home or the company of the entrepreneur, is forming the base for the opinion of the account manager about the entrepreneurship. As mentioned before, the living conditions of a person usually tell a lot about a person's character and its situation. Furthermore, the account manager will take into account what kind of entrepreneur he is dealing with. Is it someone who has just finished its education? Or is it someone who has already been an

entrepreneur for a very long time and has shown that he or she has the ability to create profitability, or not? These are all aspects which the entrepreneur takes into account when painting a picture of the abilities of the entrepreneur. Also, the equity of the entrepreneur will be taken into account. The level of equity tells something about the abilities, personality, and situation of the entrepreneur. A high level of equity creates more trust from the account manager in the entrepreneur.

The last pillar that the account manager is focusing its decision on, is the pillar certainties. If the entrepreneur itself does not have certainties, it might still be possible that the account manager is willing to invest in the financing issue of the entrepreneur. If the entrepreneur itself cannot provide certainties, there might be other ways to accomplish them. For example state guarantee, a guarantee fund, or another person that might provide bail. So there are instruments to create certainties.

So, in the end, profitability is the most important pillar. An entrepreneur can develop its abilities and certainties can be created by using instruments. If the profitability is not high enough the investment will not take place.

Another way to formulate the three pillars is by means of the analysis that is performed in order to obtain information about these pillars. The account manager is performing a business and market analysis, a financial analysis, and a structural analysis. These three analyses are used to gain insight into the financing issue. An overarching topic which also needs to be taken into account is the Basel regulation. This regulation stated rules that a bank should follow. The account manager uses a certain system in which the account manager plugs in different numbers. This system will take the Basel variables into account and will provide a certain rapport. The account manager then needs to write a credit rapport which contains explanations about certain numbers. The account manager starts its analyses by determining its legal counterparty.

“The most important is the boss and the business.”

The legal counterparty is the one who is responsible for the interest and the repayments to the bank. This payments need to be possible, but there also needs to be some money left for the entrepreneur to pay for its costs. The legal counterparty is the party in which the account manager might invest. So, the account manager wants to obtain financial numbers from this party, so that it can test these numbers in order to be able to analyze the right party. When checking the legal counterparty it is also important to take its environment into account. There can be certain parties in its environment, that the bank does not have an legal relationship with, but which might be of influence for the future performance of the client or the repayments to the bank. Suppose a supplier might have a certain interest in the client, or the other way around,

then the supplier could possibly determine the price. By being able to determine the price, the supplier can indirectly influence the profitability of the clients company. Furthermore, it is important to determine the clients strategy. What is its business model and does this fit with the financing issue that the client is demanding? The bank does not longer finance hundred percent of a financing issue, so it is also demanding an own contribution of the entrepreneur. Where does this own contribution come from? The account manager will listen to the story and the idea of the entrepreneur. He will then determine if it is rational and if it fits within the current market developments. Has the entrepreneur already settled it sales? And also for the long term? When the sales go down the entrepreneur still needs to pay its fixed costs. Did the entrepreneur sorted out its replaceability? Another thing that the account manager is focusing on, are the key performance drivers. These are the real factors that determine the future profitability of a company. Take for example a hotel. The key performance driver of a hotel is the occupancy.

“Suppose something goes wrong with my KPD’s and my fixed costs will remain. Do I then have a problem?”

So, in the business and market analysis, the account manager will focus on the legal counterparty, the SWOT analysis, the assessment of the management, the KPD's and the credit requirement of the entrepreneur. The account manager needs to explain how all these factors fit in the rapport that the system provided and needs to determine if these factors contain risks. If these factors contain risk, the account manager needs to determine if there are mitigations to decline or overcome these risks.

The financial analysis can be divided into profitability, liquidity, and solvability. In the end, the most important factor is the net operating cash flow.

“Cash is king.”

This cash flow needs to be high enough to pay the interest, loan repayments, dividend obligations, and private withdrawals. If this amount is high enough to pay for all these things the account manager will invest in the financing issue. When it comes to solvability, the ratio between equity and debt needs to be in balance. So, the account manager also needs to have a look at the quality of the assets. Another thing that the account manager needs to take into account are the off-balance obligations. Not all obligations can be found on the balance sheet, but they are important for the net operating cash flow, so they need to be taken into account. The entrepreneur provides a prognosis for the profitability. The account manager usually adjusts this in a more negative way. Then the question again remains. Is the net operating cash flow high enough?

The last analysis that the account manager needs to perform is the structural analysis. This analysis determines the risk that the bank might face when collecting repayments. The bank might be obstructed by factors which are present within the company or financing structure when collecting its repayments. If a bank is financing a company, it is important that they make sure that it is not possible that money is leaking away to for example the DGA or a sister company. The bank has no legal relationship with these parties, and is therefore not able to extract money from them. So, the money that is leaking away forms a risk for the bank when collecting its repayments. Therefore, the bank will create mitigations in order to overcome this problem. Another issue that forms a risk for the bank when collecting its repayments, is transfer pricing. The transfer price is the price that is charged for a transaction between divisions of a company. The company can play around with these prices and it might possibly decrease the revenue that the legal counterparty of the bank is earning. In order to create a good image about what the structural risks in a relationship might be, the account manager starts by looking at the organogram of a company. This paints a clear picture about how the company is structured. An example of a mitigant that the bank uses, is collateral. By using this mitigant the bank maintains grip over the legal counterparty in which they have trust that they will create a sufficient amount of profitability so that they can repay the loan. The collateral provides a security position for the worst case scenario. If things go wrong the bank can sell this collateral and completely or partially retrieve its investment.

Aspects that really stood out in most of the interviews are diversification, trust, and sustainability. These aspects will be treated on its own in the next subparagraphs.

4.1.1. Diversification

The treasury consultant is not allowed to hold more than ten percent of a certain obligation. Furthermore, he is not allowed to hold more than twenty percent of its portfolio in one country.

"When we, for example, invest all of the money in Dutch bonds, and things start to go bad with the Netherlands, we will have a problem."

When it comes to the investment company of the asset manager, diversification is there number one goal. Due to the fact that this company is investing in funds, you are already talking about diversification. Apart from the fact that the fund is geographically diversified. It is also diversified between many different companies. Of course, this has advantages and disadvantages. For the investment company, the advantages weigh more heavily than the disadvantages. In the eyes of the investment company advantages are the fact that as a company you are not dependent on one continent or one company.

“Maybe, in a little while, China is going to perform pretty badly due to a civil war. This then does not have a big influence on your portfolio, because only a very small part of your money is actually invested in China.”

Due to the fact that the portfolios are diversified between different companies and different continents, you do not have to deal with every wisp that is happening in a certain continent or company, because this does not really influence your yield.

Banks have to conform to the Basel Frameworks which are developed by directors of different central banks. Basel III is the latest international regulatory accord from this framework. This accord introduced a set of reforms which are designed to improve the regulation, supervision and risk management within the banking sector (Basel III, 2018). According to the Basel Framework banks are inclined to look for dispersion/diversification. Banks can no longer finance everything. After the crisis they need to be more aware of how they are performing and what they are doing. Therefore, banks have to be aware of having a well-diversified portfolio. From the interview with the account manager in the corporate market it became clear that the bank does not really have to diversify on a local scale, but that it does take diversification into account on a more central scale. The office from the Bank in Utrecht monitors how much money the banks have deployed in for example the pig sector, dairy sector, poultry sector and so on. The office in Utrecht monitors if there is not too much money invested in one sector. This has been an issue in the commercial real estate sector. There has been a lock on investing in this sector, because the amount of investments was already too high. For the time being the account manager in the corporate market has to deal with a sector-specific credit policy. The account manager has to verify an investment plan to this sector-specific credit policy. If this investment plan complies with the sector-specific credit policy, the account manager is allowed to finance the investment opportunity. This sector-specific credit policy is already a limitation on the number of investments that can be made in a sector. But still, it can be possible that in the future a concentration risk arises. The bank is monitoring this continuously to overcome this risk. When you take for example the region Groningen. In this region a lot of dairy farms are up for sale. This paints a picture about the total amount of their portfolio that the bank has invested in the dairy sector.

From the interviews with the two account managers which are active in the small and middle companies, it becomes clear that diversification does not play an important role. They are only dealing with one small company. They would expect it to play a role in the corporate market and in the investment companies. Which as it turns out, is indeed the case.

So, diversification does not play a role in every investment. But, when the bigger picture is taken into account diversification becomes more important. Look at the account manager. The account manager itself does not have to take diversification into account when deciding to invest

in a particular small company. But, the overall bank of this account manager needs to take diversification into account to overcome a concentration risk in one particular sector.

4.1.2. Trust

From the interviews, it turns out that trust is an important concept in the investment decisions process. Five out of the six respondents mentioned trust when explaining their investment decisions process. Either way, they came up with the concept themselves or they explained the role of the concept after this was asked. An interesting explanation came from the treasury analyst. When he was asked about the role of trust he answered that it did not play a role.

"Trust does not pay you back."

He mentioned the role of rating agencies. They investigate a certain company and from this investigation, they give the company a certain rating. So as a treasury analyst, you could investigate the company, or even the country, yourself, but there are specialists for that. According to the treasury analyst, trust sounds like you like somebody and you look fine to me so I will invest in you. They do not look at this in their function. He does think that when you invest one on one that this will be different. What does happen in the treasury department, is that issuing institutes are holding road shows. During these roadshows, they will talk with investors and give an update on how the company is performing and which investments it might want to perform. So, during these road shows the issuing company and the investors speak directly with each other. But, this conversation shows that trust does indeed play a role in the investment decisions process. It turns out that it is not only the rating that counts but it is also the vision of the issuing company. The question of how trustworthy this vision is will always remain. So, trust does play a role in the investment decision process of a treasury analyst but more in the background.

"Suppose that I buy a bond and the company goes bankrupt and I say yeah but I spoke with him and I really trusted him. Then they will ask me, but what about the rating and so on.

You need a certain amount of hold."

For the asset manager trust plays an important role. If they have trust in the performance of a company or a fund, then they are willing to invest in that company or fund. According to the asset manager the decision to invest in a fund or not has to deal with mutual trust. If a bank shows that it want to invest in a certain company or fund, then this usually goes about large amounts of money. These large amount of money raise a certain expectation for compensations. Then you expect mutual trust. The large amount of money places the bank in the position to demand certain actions. So, trust is important. When the trust in a relationship is damaged, the bank usually stops with investing in the company or fund. It does no longer trust

the company or fund and therefore does not want to put their investment at risk. They then prefer to search for another fund or company to invest in. When it comes to the trust of the consumers, the asset manager noticed that it has been lost during the crisis. But, he also noticed that the trust is growing again, maybe even from the year 2012 onwards. The fact that the interest is really low at the moment also leads to an increase in customers for the investment company. People worked their whole lives to save and to put some money aside for later. With these interest rates, rules and regulations, you just see your money disappear. Therefore, people look for other ways to get something out of the money that they worked for.

For the account managers in the mkb sector, trust is also very important. For both respondents, the importance of trust in the investment decisions process expressed itself in the home visits. Both account managers prefer to pay a visit to the owners' company when having a conversation about the investment question. This home visit paints a picture of the owners' situation and can provide certain signals. For example, when the house or the company is a mess, this might be a signal for arrears in other places of the company. It might be the case, so it does not have to be that way. But, experience shows that most of the time this signal is right.

“How does the yard look? Is the grass mowed? Is the garden cleaned? These are all signals for me.”

The account manager does not only visit the clients for a talk about the investment, but also for relationship maintenance. These visits make the contact between the client and the investor personal. In a personal relationship, trust is important. If the client takes the investor for a ride, he does not longer trust the client and will not invest in him. As an account manager, you need to have trust in the abilities of the entrepreneur. If the yield of a company is not strong, nor weak, and the investor has a lot of trust in the abilities of the entrepreneur, then it is possible that the investment will take place. If the yield of a company is not strong, nor weak and the investor does not have enough trust in the abilities of the entrepreneur than the investment will not take place. So, trust is very important for the account manager.

The account manager in the corporate market faces more or less the same when it comes to trust. He adds another insight which shows the importance of trust. Nowadays, the bank does not lend hundred percent anymore. So, they expect some contribution from the client itself. This contribution can come from money that is earned in the existing company, or from an inheritance. The origin of the contribution already tells something about the owner. If the money comes from the existing company, then this leads to a higher trust in the abilities of the owner. An account manager needs to have trust in the owner but also needs to have trust in the fact that the money that they invested will come back. So, in their decision process, they focus on the entrepreneur. The entrepreneur is the one who is responsible for being able to pay the

investment back. The account manager gives its commitment to this person because they trust him or her. Therefore, in the case of the corporate market, they usually create a mitigant for the change of ownership. The account manager has trust in the current owner. If the ownership changes hands, the account manager needs to get time to develop an opinion about the new owner, because this new owner will become responsible for paying back the investment.

So, it turns out that trust is an important concept in the investment decisions process. For some investors, it is a criterion that lies in the background but does have an influence. For other parties, it is the number one criteria when it comes to making an investment decision.

4.1.3. Sustainability

Another concept which came to light when performing the interviews is the concept sustainability. According to half of the respondents, this concept is becoming more and more important. Nowadays the treasury consultant is focusing more on so-called "green" bonds. These are bonds which are issued for a particular project like water stations, railways, or windmill construction projects. The bank where the treasury consultant is working is a sustainable bank, so they will focus on that characteristic. According to the treasury consultant he sees that nowadays more investors and banks want to contribute to a better world. Therefore, they would prefer to choose a "green" bond over a "grey"/ normal bond. Inside the bank of the treasury consultant they have a separate sustainability commission which deals with these "green" bonds. These bonds are checked comprehensively on the basis of the so-called green bond framework. This framework consists of all kinds of requirements, which the bonds have to fulfill in order to be called "green bonds". The sustainability commission will judge if these bonds which are called "green" bonds are really green. Bonds are called "green" very soon whereas they are actually "grey" according to the criteria of the green bond framework. To be able to judge the bond, the sustainability commission will check the bond comprehensively. So the sustainability commission will also focus on what lies behind that particular bond. Which project does the bond finance? Which parties are involved in this project? And so on. At the moment, a lot of "green" bonds have been issued. This is due to the fact that sustainability has become a trending topic.

"At the moment lots of "green" bonds have been issued because it is kind of a trend."

According to the asset manager, nowadays, the concept sustainability is becoming popular. Therefore, sustainability is taken into account as a factor in the selection of funds. Another thing that shows that sustainability is a trending concept, is the *eerlijke bankwijzer*. This *eerlijke bankwijzer* gives a particular score to the investment policy of different banks. This *eerlijke bankwijzer* takes concepts like bonuses, climate change, transparency, nature, human rights, oil and gas, mining and many more into account (Bankwijzer, 2018). As a bank, you do

not want to get on the news or on this *bankwijzer* in a negative way. So a bank will try to perform as best as possible on these criteria. So, for an investment company, these criteria are more or less taken into account when selecting the funds that they want to invest in. When you take for example companies like Shell and BP. These companies are known for their use of fossil fuels and are therefore not seen as sustainable companies. But, what you see is that for example, Shell is overturning its business model in order to become better for the world and to become more durable. They also know that in a few years there are not enough fossil fuels anymore. Furthermore, Shell is one of biggest listed companies in the Netherlands. These are reasons to invest in Shell, despite the fact that they are not really qualified as sustainable. So, as an investment company, you play a little with these criteria and do not use them in a black and white way.

When it comes to sustainability you have two different directions. You have "do no harm" and "do good". Do no harm means that you keep the world the way it is. Do good means that you, for example, develop projects to create a better world for later. At the moment most banks choose the direction of do no harm and find it hard to make the change to the direction do good. The bank of the asset manager also has its own branch which deals with the sustainability issue. This branch is becoming bigger and is getting more and more attention. This is due to the fact that the demand of customers on this topic is increasing. Furthermore, currently, you have certain subsidies that you can get when you are investing in durable investments. So, sustainability is made important for an investment company from different sides of the economy. For some parties, the return of an investment is no longer the most important.

"The shift from not having the highest yield, to being good for the world is seen more and more."

In the food and agricultural sector, an account manager sometimes faces the investment question for an innovative machine. An innovative machine might be a greater risk. There is no history of the performance of the machine, so it is hard to predict its future performance. The bank wants to stimulate innovation. Innovation is needed to keep the economy running. So, for these situations, the bank is sometimes willing to put their neck on the line. This willingness increases if the innovative investment is characterized by sustainability. Nowadays, innovative machines are often designed to perform more sustainable than the previous machine that it is probably replacing.

So, the concept sustainability plays a role in the investment decision process. This is due to the fact that the concept is becoming more popular under consumers and in the whole world in general. Sometimes sustainability might be the last push that is needed to finance the investment.

4.2. Awareness of asset specificity

What stood out from the interviews, was the fact that none of the respondents was familiar with the concept asset specificity when they were asked if they knew the concept. They all gave a negative answer and asked for an explanation. After the explanation, most of the respondents did understand the concept and were able to explain what role the concept might play in their investment decision process. During the interviews, it is asked how the respondents can describe their investment decision process. When they were finished with describing this process, and the concept asset specificity did not come forward in any possible way, they were asked about the role of this concept. During the interviews, it turned out that three out of the six respondents financed particular projects or products. The other half of the respondents mainly invested in a company in general. Investing in a company in general decreases the role of asset specificity in the investment decision process tremendously.

The treasury consultant is one of the parties who is investing in a company in general. Most of the time it is the case in this sector that a company redeemed its bond and that it needs to issue a new bond to replace the redeemed one. These bonds are usually for the company in general, but sometimes it might be the case that they are for a specific project. Before asking the question about the familiarity with the concept asset specificity it already became clear that the focus of the treasury consultant is on the company in general. So, also the risk is measured by taking the whole company into consideration. The investment itself will also so be taken into account, but in the end, the risk will be based on the company in general. If the company fails the investment will also fail.

“For determining the risk, we take the whole company into account. If Unilever goes bankrupt the “green” bond will be worthless just like the “grey” bond will.”

When the question about the familiarity is asked the treasury consultant understands the concept but does not think that it is that important for bonds. If a company goes bankrupt, you will lose all your money. Or a big part of it. As a bondholder, you will retrieve a small part of your investment out of the company. This is called the default rate. Most of the time this rate is relatively low. Due to the fact that the focus is on the company in general, the treasury consultant expects that, if asset specificity plays a role, it will be shown in the rating of the company. Asset specificity will create a higher risk so therefore the rating of the company might be lower. This may lead to a higher default rate and a higher yield. Due to the fact that the treasury consultant needs safe investments for the bank, he is mainly focusing on government bonds. Furthermore, he is focusing on large bonds. He expects asset specificity to play a role in smaller bonds, which might be more related to a specific project or product. So, the treasury consultant does not really have to deal with asset specificity in his investment decision process.

The investment company of the asset manager does invest in funds and does not buy stocks or bonds from particular companies directly. Of course, the funds are investigated. So, the companies that are present in this fund will also be checked and investigated. This investigation of the companies takes place on a general level. The asset manager thinks that the concept asset specificity is not that important for the investment decision process of the asset manager and the investment company. Suppose Ahold wants to finance a new machine which is concerned with durable packaging and this new machine is only of use for Ahold. This idea is interesting, but the asset manager does not have to know what Ahold is doing with the money that the investment company invested in Ahold. The investment company expects a certain yield, and how Ahold is planning to realize this yield is up to Ahold.

“We expect a certain yield. This might sound rough, but we do not care how this yield is realized.”

The asset manager thinks that due to the fact that the investment company is investing on a bigger scale, asset specificity does not play an important role in their investment decision process. He expects this to play a role in smaller investments. These sorts of investments are just too small for the goals of the investment company. If asset specificity plays a role in an investment decision process, he expects this to be expressed in the yield. Asset specificity might increase the risk, and an increase in risk leads to a higher yield.

The mortgage advisor can imagine that the investment decision process becomes a bit more difficult if asset specificity is involved. In his function, he does not really have to deal with it. Sometimes there is a certain destination subscribed to a particular property. Take for example a property which has the destination that a store should be put there or a property which has an agricultural destination. In such a situation the mortgage advisor has to deal with some other conditions in deciding whether to finance this or not. The mortgage advisor does also think that if asset specificity plays a role in the process it will express itself in a higher interest rate. The risk that the bank is facing in such a situation is higher than in a regular situation. The bank needs to be compromised for this risk if it decides to finance the investment.

An interesting outcome was the fact that three out of the six respondents, came up with the solution of leasing the product that the entrepreneur wanted an investment for. These three respondents are all account managers in their own field. First, the respondents will check if it is possible that their bank will finance the product or project itself. If they get the idea that the product or project is too risky, they try to find other ways to make it possible. One of these ways is by referring the client to the lease branch of their bank. The lease company will judge this particular product extensively. A reason for referring the entrepreneur to the lease company is the fact that the lease company has a broader range. They have more access to other companies

that could possibly use the investment or parts of the investment. The bank is just operating on a local scale so they do not have the same knowledge as the lease company has on this particular subject.

According to the account manager who is specialized in the food and agricultural sector, you need to have even more trust in the entrepreneur and the profitability of the investment when asset specificity is present. If it goes wrong it will be hard to sell the object to someone else or to use it for another purpose. Usually objects that need finance are categorized. Category A contains the least specific investments. Take for example a car. If the car is no longer paid for by the owner, the investor will take the car away and can sell it easily to another person. The higher the category the more specific the investment is. For a specialized machine there are just a few or even no buyers. This means that the bank is facing a higher risk when the owner goes bankrupt. Therefore, it will demand a higher return when financing this investment. In the food and agricultural sector-specific investments are often based on certainties like a piece of land. Take for example a specific machine which has a value of 100.000 euro and a residual value of 10.000 euro. If the owner goes bankrupt the bank will lose 90.000 euro. When an entrepreneur is able to create certainties like a piece of land. This will count as collateral for the investment. The more certainties the higher the change that the investment will take place. The investor does not only focus on the certainties but also on the qualities of the entrepreneur and the profitability of the investment. During his career the account manager in the food and agricultural sector did not have to deal that much with asset specificity.

When asset specificity is present in the corporate market, most of the time you will see that the own contribution that is demanded for an investment is higher.

“There will be much higher demands for the own contribution.”

So, according to these interviews, asset specificity is not necessarily a factor that keeps the investors from investing in a particular investment opportunity. It plays a role in the amount of return that is demanded and in the own contribution that is demanded. These two will be higher, the higher the level of asset specificity in the investment is. If the investors perceive the investment to be too risky they mostly will refer the entrepreneur to a leasing company to create a chance for the entrepreneur to receive its investment. These lease companies are usually a branch within the bank/company of the investor.

5. Conclusion and discussion

In this paper, research has been done on the investment decision process of debt investors. There are different theories that describe the capital structure of a firm. There is not much consensus in the literature about which of these theories best describes the optimal capital structure. Most of the literature focused on the decisions of the firms themselves. It is not only the firm, but it are also the investors that play an important role. If a firm, for example, wants to issue equity, it needs willing equity investors to do so. Therefore this research focused on the investors and their investment decisions process.

Previous research did not make a distinction between different sorts of investors, otherwise then debt or equity investors. This research focused on debt investors and did make a distinction. Different debt investors have been interviewed. This allows different/more insights into the investment decision process of investors. Another way through which the research distinguishes itself from other research is by using the concept asset specificity. This research investigates the role of asset specificity in the investment decision process of investors. The focus on asset specificity in this research reflects the assumption of imperfect markets.

This paper used a qualitative research method. The research is performed by conducting interviews with different debt investors. This is the most appropriate method to gain insight into the investment decision process of investors. Six interviews have been conducted. From these interviews, it became clear that concepts like trust, diversification and sustainability play an important role in most of the investment decision processes of the respondents. On the other hand, the role of asset specificity was less important. Asset specificity plays a role in the background of the investment decision process of the respondents. Most of the time the concept will show itself through the rating of an investment opportunity and the expected return on the investment. The rating will be lower and the expected return will be higher. Most of the respondents told that when it comes to risk, in the end, the whole company is the most important. If a company fails then the project or the specific investment of the company will also fail.

Each research has its own limitations. Therefore, also this research has some limitations. First, only six interviews were performed. If this amount is higher the results will probably be stronger and or more information about the investment decision process will come to light. Second, it could be the case that the respondents of this research are not the most appropriate respondents for this research which next to the investment decision process, in general, is also focused on the role of asset specificity in this process. The respondents mainly invested in large companies, or companies in general and not that often in a project. Smaller investments or project investments are probably more characterized by asset specificity than large investments

or companies in general. But, for the insight into the general investment decision process of investors, these respondents were very useful.

Still the results of this research can be used to expand the insights of firms about the decisions of investors for their capital structure. Firms might use these insights to attract the type of capital that they prefer for their capital structure. These insights might tell a firm on which type of capital they can best focus when issuing capital. The outcomes of this research can also be helpful for investors. Investors can use the information, generated by this research, to make a better evaluation of their investment opportunities.

One of the characteristics of qualitative research is the fact that it provides new insights for future research. From this research, it became clear that asset specificity plays a role in the background of the investment decision process. Future research can investigate if this role will be different for different types of investors. It also became clear that sustainability is becoming more important in the investment decision process. Some investors even told that for some parties sustainability is becoming more important than the return on their investment. This is also an interesting insight for future research.

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7. Appendixes

A. Script for phone calls

1. Jezelf kort voorstellen

Zeg dat je Daphne Lenkens bent en dat je een master student bent aan de Radboud Universiteit in Nijmegen. Vertel dat je momenteel bezig bent met afstuderen en dat je hiervoor een afstudeeronderzoek moet uitvoeren. Leg uit dat je onderzoek doet naar het investeringsproces hierbij wil je kijken naar hoe dit proces in zijn werk gaat en wat voor concepten hier eventueel een invloed op hebben. Vertel dat je hiervoor graag interviews zou willen afnemen met kredietverstrekkers en aandeelhouders. Vraag of er binnen het bedrijf misschien één of zelfs twee personen zijn die je hiervoor zou kunnen interviewen en besteed verder zo min mogelijk tijd aan de receptioniste.

2. Wordt je doorverbonden

Vraag door totdat je bij de juiste persoon terecht komt. Leg nu je verhaal nogmaals uit maar dit keer iets uitvoeriger. Kaart duidelijk de reden van je telefoontje aan.

2.1. Ze zijn niet bereid je bij je onderzoek te helpen

Bedank de persoon aan de andere kant van de lijn vriendelijk voor zijn moeite en wens hem of haar nog een fijne dag.

2.2. Ze zijn wel bereid om je bij je onderzoek te helpen

Bedank de persoon aan de andere kant van de lijn vriendelijk voor zijn moeite en dat hij of zij zich bereid geeft je te helpen met je onderzoek. Laat duidelijk merken hoe erg je dit waardeert. Waarschijnlijk vraag hij of zij of je iets meer informatie wilt sturen via de mail. Vraag of dat deze persoon nu al een afspraak wil plannen of dat hij of zij dit over een tijdje wil doen. Wil hij of zij de afspraak nu plannen dan doe dit ook meteen. Wil hij of zij de afspraak later plannen vraag dan wanneer je weer met hem of haar contact zult opnemen. Wil de persoon liever geen afspraak maken maar dit telefonisch doen, zeg dan dat dit ook mogelijk is. Maak hier de benodigde afspraken voor. Bedank de persoon nogmaals en beëindig het gesprek.

Belangrijk:

- Noteer de naam en functie van de persoon
- Noteer de contactgegevens van de persoon (e-mail adres, telefoonnummer)
- Wanneer de persoon meer informatie via de mail wil ontvangen, regel je dit zo snel mogelijk. Hierdoor kom je assertiever over.
- Noteer bij een afwijzing ook de gegevens van de persoon en de eventuele reden waarom hij of zij niet wil deelnemen.

B. Script for emails

Onderwerp: Afstudeeronderzoek naar het investering proces

Beste Meneer, Mevrouw

Ik ben Daphne Lenkens en ben een student aan de Radboud Universiteit in Nijmegen. Ik volg hier de masteropleiding corporate finance and control. Op het moment ben ik aan het afstuderen en hiervoor moet ik een scriptie (onderzoek) schrijven. In mijn scriptie doe ik onderzoek naar het investeringsgedrag van investeerders zoals aandeelhouders en kredietverstrekkers. Ik ben hierbij geïnteresseerd in het proces tot het maken van een besluit over het wel of niet investeren in een investeringsmogelijkheid. Welke zaken spelen zoal een rol in dit besluitvormingsproces en welke concepten kunnen dit proces eventueel beïnvloeden.

Ik zou hiervoor graag een of twee personen spreken die zich bezig houden met dergelijke besluitvormingsprocessen. Het is voor mij belangrijk om een duidelijk beeld te krijgen van dit proces en om te ontdekken hoe bepaalde zaken dit proces eventueel beïnvloeden. Het interview hoeft niet lang te duren. Ik verwacht dat dit ongeveer 30-45 min in beslag zal nemen. Het is een eenmalig interview. Op deze manier probeer ik om zo min mogelijk kostbare werktijd in beslag te nemen. Ik zou dit interview graag in de periode 16/4-31/5 af willen nemen. Ik sta verder helemaal open voor een dag of tijd. Ik begrijp dat u dit soort verzoeken regelmatig krijgt, maar ik zou het erg op prijs stellen als u mij erbij kunt helpen om mijn onderzoek te kunnen verwezenlijken.

Ik hoop op deze manier een duidelijker beeld gecreëerd te hebben van waar ik op het moment mee bezig ben en waar ik naar op zoek ben. Ik hoop van harte dat u me kunt helpen. Mochten er verder vragen of onduidelijkheden zijn dan hoor ik dit graag. U kunt contact opnemen via het volgende e-mailadres: daphnelenkens@hotmail.com. Verder ben ik telefonisch te bereiken via het nummer 06-34602736.

Met vriendelijke groet,

Daphne Lenkens

Masterstudent aan de Radboud Universiteit in Nijmegen

C. Script for interviews

Hallo, ik ben Daphne Lenkens en ik ben een master student aan de Radboud Universiteit in Nijmegen. Dit onderzoek voer ik uit in het kader van mijn afstudeeronderzoek. De bedoeling van dit interview is om een beter beeld te krijgen van het besluitvormingsproces van investeringen.

1. Opnemen

Vraag of de respondent er problemen mee heeft wanneer je het interview opneemt. Verzeker hem ervan dat je deze opname alleen voor het verslag gebruikt en dat deze niet voor andere doeleinden gebruikt zal worden.

2. Algemene vragen

- Hoe zou u uw rol/functie binnen het bedrijf omschrijven?
- Hoelang bent u al werkzaam in deze functie?
- Welke functies heeft u hiervoor binnen dit bedrijf en of andere bedrijven gehad?

3. Investeringsproces

- Hoe bepaald u of u wel of niet in een bepaalde mogelijkheid investeert?
 - In hoeverre zijn u inzichten hierover veranderd tijdens uw loopbaan?
- Wanneer de respondent zelf nog niet het concept asset specificity benoemd heeft, of een uitleg hiervan, en hij of zij wel uitgesproken is over het proces, stel dan de volgende vraag.
- Bent u bekend met het concept asset specificity?

***Asset specificity:** Asset specificity is de mate waarin de waarde van een bepaald actief groter is binnen een bepaalde contractuele relatie dan buiten deze relatie. Denk hierbij aan een bedrijf die de aankoop van een heel specifieke machine wil financieren. Deze specifieke machine maakt een product dat alleen door dit bedrijf verkocht wordt. Wanneer dit bedrijf failliet gaat heeft deze machine nog enkel een kleine waarde of zelfs helemaal geen waarde meer. Dit komt door het feit dat andere bedrijven deze machine niet kunnen gebruiken en deze machine dus nauwelijks meer te verkopen is. De machine heeft dus een erg hoge waarde voor het bedrijf dat de machine aanschaft maar een erg lage waarde voor andere bedrijven.*

- Zo ja: In hoeverre speelt dit concept een rol binnen uw besluitvormingsproces?
- Zo nee: Nu u weet wat dit concept inhoudt, in hoeverre zou u uw besluitvormingsproces hierdoor laten beïnvloeden? Of beter gezegd, wat voor rol zou dit concept spelen in uw besluitvormingsproces?

- Heeft u voorbeelden van investeringsprojecten om de theorie wat tastbaarder te maken?
 - Wat waren de afwegingen?
 - Waarom wilde u hier wel of niet in investeren?

Heeft de respondent het over de volgende thema's gehad?:

- Asset specificity
- Risico's
- Vertrouwen
- Investeren in specifieke investeringen of investeren in het bedrijf in het algemeen

4. Afsluiting

Mag ik u ten eerste hartelijk bedanken voor uw tijd. Heeft u nog aanvullingen op wat er zojuist besproken is of heeft u nog vragen? Zijn er bijvoorbeeld dingen niet aan de orde gekomen waarvan u wel verwacht had dat ze besproken zouden worden? Heeft u interesse in het ontvangen van het verslag van het algehele onderzoek of is dit voor u niet van toepassing?

D. Quote table

Investment decision process	
Respondent	Quote
MA	Vaak hebben wij eerst een oriënterend gesprek met een klant van een uur anderhalf meestal omdat we vaak wel heel uitgebreid willen inventariseren van goh hoe staat iemand in het leven, wat zijn de plannen van deze persoon. Niet alleen voor nu, maar ook voor de komende tien jaar. Dan plan je hierna, als iemand besluit iets te gaan kopen een adviesgesprek. Dan ga je in eerste instantie een advies geven, de offerte uitbrengen en met de notaris schakelen.
MA	Het is veelal vastgelegd tegenwoordig in wet en regelgeving. Banken hebben eigenlijk gewoon te maken met regels van het NIBUD door de AFM opgesteld.
MA	Dus we kijken in eerste instantie heel simpel gezegd wat is het inkomen van een persoon, wat is het werk, is het vast werk, is het tijdelijk werk, wat voor contract heeft zo iemand?
MA	Maar ze zijn er wel steeds meer naar toe aan het gaan dat hypotheek steeds meer een commodity zijn.
MA	Als dat allemaal klopt dan stuur je die gegevens in. Dan gaan wij toetsen of dat allemaal juist is en of je er niet mee aan het frauderen bent. Dan checken we bij bureau kredietregistratie of er nog schulden openstaan en eigenlijk weet je dan op basis daarvan of iemand in aanmerking zou kunnen komen voor een lening.
MA	dat je tegenwoordig niet zomaar met alleen een goed bedrijfsplan een lening kunt krijgen.
TC	Nou uiteindelijk komt het neer op de keuze welke koop je wel en welke koop je niet. Nou daar hebben we eerst een framework, dat heet een mandaat. Daarbinnen zijn een x aantal eisen waar we aan moeten voldoen, zowel van de regelgeving zoals de Nederlandse Bank en de ECB, en daar vallen weer wetten onder zoals BASEL III. En binnen die regelgeving zijn er een x aantal aspecten waar we aan moeten denken.
TC	Dus de liquiditeit van obligaties, de verhandelbaarheid, kan je het makkelijk verkopen ten tijde van stress. Dus ook de size de grootte. Ze moeten bijvoorbeeld minimaal 500 miljoen zijn. Anders mogen we er voor deze redenen niet in beleggen. Maximale looptijd, ze mogen maximaal 10 voor sommige 15 jaar looptijd hebben. En minimale rating. Wij mogen alleen beleggen in obligaties die minimaal single A zijn.
TC	we mogen bijvoorbeeld niet meer dan 10 procent van een obligatie hebben. Of, meer dan 20 procent in een land. Dat is allemaal om het risico te verkleinen.
TC	Dus dat zijn allemaal regels om het risico te verkleinen. En daarbinnen maken we eigenlijk op continue basis de afweging, welke obligatie heeft nu eigenlijk het meeste rendement en het minste risico of tegen het maximale risico wat we mogen lopen binnen de richtlijnen.
TC	Eerst heb je stappen waarbinnen je moet zijn en dan heb je de vrijheid of je Nederland, Duitsland, Finland of België of Ierland, Italië, Spanje, dat soort landen koopt. Nou dan maakt je op basis en dat is niet modelmatig, dat is eigenlijk het nieuws volgen, de markt volgen, trends volgen in de markt, daar gebruiken we systemen voor.
TC	Eigenlijk ben je de hele dag aan het lezen en afwegingen aan het maken en verbanden aan het leggen tussen fundamentele economische aspecten en politieke aspecten.
TC	Vinden wij het risico aanvaardbaar of niet. En dat is eigenlijk heel subjectief want daar is eigenlijk geen model voor. De ene keer doe je het wel de andere keer doe je het niet.
TC	Dat is die liquiditeit die belangrijk is voor ons. Die liquiditeit die wij nodig

	hebben is dat je eigenlijk altijd binnen korte tijd van je obligaties af kan komen. Dat moet gewoon van de regelgeving.
TC	Nogmaals je hebt bepaalde regels waar je je aan moet houden en daar binnen zoeken we de beste oplossing.
TC	Het is belangrijk om te benadrukken dat het een continu proces is.
AsM	Dus je hebt bij de bank zelf een heel team uhm van beleggingsspecialisten en die bepalen zeg maar het beleggingsbeleid.
AsM	Dus dan is het wel belangrijk dat we daar wijzigingen in doorvoeren in dat beleggingsbeleid. Vier keer per jaar blokkeren wij de portefeuille die wij dan beheren namens onze klanten en dan gaan we dus aan en verkopen doen om ervoor te zorgen dat het rendement zo hoog mogelijk blijft.
AsM	Dus er wordt gekeken naar track record, als in hoelang is dat bepaalde fonds al actief en wat zijn de resultaten in het verleden geweest. Wat zijn de verwachtingen van de resultaten in de toekomst. Je kunt nooit precies voorspellen wat een fonds gaat doen maar de verwachtingen over wat een fonds gaat doen kun je natuurlijk wel hebben.
AsM	Maar de factoren waarop geselecteerd wordt is dus eigenlijk in principe geen kinderarbeid, wapenhandel, fossiele brandstoffen.
AsM	Ja kijk, dat fonds dat beleggingsfonds is een mix van tien verschillende aandelen van bedrijven. Wij kiezen dus het fonds, maar het fonds bepaald zelf in welke bedrijven het uiteindelijk aandelen gaat kopen.
AsM	Er wordt naar die bedrijven gekeken inderdaad.
AsM	dan is het als bank zijnde niet handig om in een dergelijk bedrijf te beleggen. Dus dan halen we de fondsen die daarin beleggen die halen we er dan gewoon uit. Om schade te voorkomen.
AsM	De beleggingsspecialisten die zeg maar bepalen in welke fondsen er wordt belegd die houden die bedrijven zeker wel in de gaten ja. Dat moet ook wel. Omdat wij dus wel transparant willen zijn in welke bedrijven wij beleggen, hou je je daar ook mee bezig. En als dat een van die bedrijven slecht in het nieuws komt dan is het vaak wel wijs om met dat bedrijf te stoppen.
AM MKB – F&A	Uhm dat betekend dus eigenlijk als ondernemers een financieringsvraagstuk hebben, die willen investeren in grond, in uitbieding van de stal of liquiditeitsproblemen dan uhm bezoek ik die ondernemers en dan gaan we kijken naar aanleiding van rentabiliteit de mix van zekerheden en ondernemerschap of het verantwoord is om die investering of dat financieringsvraagstuk in te vullen.
AM MKB – F&A	Daarom uh geef ik ook altijd de voorkeur om de gesprekken bij de klant thuis uh plaats te laten vinden. Ook al zit je alleen maar aan de keukentafel hé, je rijdt toch het erf op hé, je ziet toch allemaal signalen.
AM MKB – F&A	Uhm wij kijken eigenlijk naar drie onderdelen. Rentabiliteit, drie hoofdonderdelen hé, ondernemerskwaliteiten en ook naar de zekerheden. Als de rentabiliteit onvoldoende is heeft het geen zin.
AM MKB – F&A	Is de rentabiliteit wel goed, maar de zekerheden zijn onvoldoende ja dan kan het best zijn dat we het toch doen. Als je die zelf niet hebt kun je ook staatsgarantie krijgen of borgstellingsfonds voor de landbouw, je kunt misschien iemand hebben die borg wil staan hé, daar zijn instrumenten voor om, om dat te creëren eigenlijk.
AM MKB – F&A	En natuurlijk de ondernemer daar moet je het vertrouwen in hebben dat die het kan.
AM MKB – F&A	Maar de rentabiliteit dat is het belangrijkste.
AM MKB – F&A	Die baseren we ook op de ontwikkelingen in de markt, want we hebben ook allemaal branche info hé, cijfers en trends. Als je sectoren ziet waar de resultaten

	jaarlijks afnemen, dat nemen we zeker mee in onze overweging.
AM MKB – F&A	We zetten die ook altijd een beetje in uh de ster driehoek. Maakt niet uit waar je ze zet maar dat moet een beetje in balans zijn. Als je alleen maar zekerheden hebt en geen rentabiliteit ja dan gaat het niet. Uh heb je alleen maar ondernemerschap maar geen rentabiliteit. Dus het moet echt een mix zijn eigenlijk. En dat zijn de pijlers waar het omdraait.
AM MKB – F&A	Ja rentabiliteit dat is de belangrijkste. Als dat niet goed is houdt het op. Als de zekerheden niet goed zijn ja dan kan het zijn dat het toch doorgaat want daar zijn andere middelen voor. En ja als ondernemerschap matig is. Ja een ondernemer kan eigenlijk ook nog groeien in zijn proces hé.
AM CM	We hebben onze drie pijlers hé rentabiliteit, bancaire positie en zeg maar de ondernemer.
AM CM	wat zijn eigenlijk de drie bouwstenen? De bedrijfsanalyse en de marktanalyse, nou hier zit dus een stukje ondernemer ondernemerschap in hé en zijn omgevingsfactoren. Nou dit zijn de financiële cijfers, rentabiliteit solvabiliteit liquiditeit. En dit is meer de structuuranalyse uhm uh. Ja hoe is het bedrijf gefinancierd waar heeft een bank grip op wat zijn de risico's noem maar op.
AM CM	Nou die drie samen daar vorm je je een beeld van en ik heb natuurlijk van doen met de Bis variabelen. Van Basel. Uh ja dat zit er natuurlijk omheen als schil hé.
AM CM	Wij maken een ja een BBS heet dat systeem bij ons het financieringsprogramma. Daar gooien wij alle cijfers in. Daar zit achter de schermen ja eigenlijk de blackbox die gelinkt is aan al die bis variabelen aan Basel en uh dan ja dan komen er bepaalde kengetallen uit een rating.
AM CM	Dan rolt daar zo'n rapport uit daar horen wij een stukje toelichting bij te geven een kredietrapport. En dat kredietrapport is eigenlijk opgebouwd uit deze drie pijlers. Op al die drie pijlers hoor ik op diverse deelgebieden nog een toelichting te geven. Een onderbouwing van die cijfers die daar liggen.
AM CM	Nou kijk het belangrijkste is eigenlijk de vent en de tent zeg ik altijd hé.
AM CM	Maar het belangrijkste is eigenlijk dat wij kunnen aangeven. De toekomstige cashflow van die ondernemer wie bepaald dat en wat voor omgevingsfactoren zijn er van belang in dit verhaal die uh die van invloed zijn op dat toekomstige rendement waar de rente en aflossingen van teruggebracht moeten worden naar de bank. Maar waar dus ook een stukje van over moet blijven zodat de ondernemer zijn kosten en inwoning heeft zeg maar.
AM CM	Het belangrijkste waar wij altijd naar kijken is onze juridische tegenpartij oftewel met welke partij doen wij zaken.
AM CM	Want van onze juridische tegenpartij waar wij zaken aan verstrekt hebben daar wil ik dus ook de cijfers van krijgen.
AM CM	Dus de invloed van dat stukje uit de credit base is in deze. Ja zitten daar risico's aan. Dat toetsen we eigenlijk. Zitten daar grote schommelingen omheen.
AM CM	Nou dan hebben we dus rondom dat bedrijf partijen zitten waar we geen juridische relatie mee hebben, maar die wel essentieel kunnen zijn voor de toekomstige performance van een klant of voor de terugbetaling van de financiering.
AM CM	Maar het belangrijkste is wat is de strategie van die klant? Wat wil hij op lange termijn? Wat is z'n businessmodel en past dat bij de investeringsbehoefte die die neerlegt? En waarom doet ie dat dan?
AM CM	Nou we hebben toch ook altijd graag dat er een stukje eigen inbreng geregeld wordt. Dat kan op meerdere manier, maar het is natuurlijk ook altijd mooi als er eigen inbreng is die ook al verdiend is in het huidige bedrijf.
AM CM	Dus je kijkt is het rationeel wat de ondernemer wil. Hoe en wat zit zijn strategie in elkaar en is dat realistisch en past het ook in de marktontwikkelingen hé.
AM CM	Ja uh en heeft ie ook z'n afzet geregeld en heeft ie ook langdurig z'n afzet

	geregeld. Op het moment dat die wegvalt die afzet dan heeft ie een stal staan die zwaar gefinancierd is gekapitaliseerd is. Rentelasten moet ie dragen en zijn omzet valt terug.
AM CM	hebben ze bijvoorbeeld ook de onderlinge vervangbaarheid geregeld.
AM CM	Hier dat management dat is natuurlijk het bepalende succes achter dat bedrijf hé. Dus ik moet een beoordeling van dat management doen. Die vent achter die tent.
AM CM	En dat noemen we eigenlijk de key performance drivers. Wat zijn nou werkelijk de kern factoren die de toekomstige winstgevendheid in die kasstroom beïnvloeden.
AM CM	Stel nou dat er met die KPD als we weten dit zijn de belangrijkste factoren die de winstgevendheid bepalen. Stel nou dat daardoor door een of ander gek iets, iets helemaal mis gaat. Heb ik hieronder aan de streep, want mijn vaste kosten die blijven dan, heb ik dan hieronder aan de streep een gigantisch probleem?
AM CM	De marktanalyse. Swot analyse, wij gebruiken veelal die.
AM CM	Even kijken nou SWOT laten we die maar is even voorbij gaan. Beoordeling management hadden we ookal iets van gezegd. Nou dan komen we bij de KPD's. En dat alles bij mekaar dus samenvattend. Mijn juridische tegenpartij, de schil er omheen de credit base, mijn kredietbehoefte, markt en omgevingsontwikkelingen, het management de mis en mijn KPD's. Dat alles daar moet ik mij een beeld van vormen en eigenlijk per kapstokje iets van vinden in die toelichting wat dan aansluit bij die technische cijfers die financieringscijfers die dan uit mijn uh financieringsrapportage komen. En uh wij schrijven vanuit de hoedanigheid zie ik daar risico's en zo ja zijn er risico's zijn die gemitigeerd of kan een bedrijf die dragen?
AM CM	Ja wij kijken door een risicobril naar deze factoren en zijn die er risico's dan gaan wij kijken kan een bedrijf die opvangen kan een bedrijf die niet opvangen zijn er mitiganten uh die dat uh ja nivelleren zeg maar.
AM CM	Dan komen we bij de financiële analyse. Een wezenlijke belangrijke natuurlijk. Onder te verdelen in stukje rentabiliteit, liquiditeit en natuurlijk solvabiliteit.
AM CM	Op het moment dat we zien dat de netto operationele kasstroom afgelopen jaar voldoende was en we hebben een verzoek liggen van een klant die wij vertalen naar een bank case. En het bedrijf is stabiel. En ik kan zeggen voor de komende twee/drie jaar is de netto operationele kasstroom voldoende voor rente, aflossingen en z'n dividend verplichtingen of z'n privé onttrekkingen. Als die voldoende is dan zeggen we er is voldoende netto cash inkomen gas erop.
AM CM	Er moet wel een juiste balans zijn als je kijkt naar solvabiliteit. Eigen vermogen vreemd vermogen.
AM CM	Uhm wat is de kwaliteit van mijn activa bijvoorbeeld.
AM CM	Op een balans staat natuurlijk niet alles hé. Bepaalde lease vormen staan er niet in en heeft iemand bijvoorbeeld huur verplichtingen of garantie verplichtingen of investeringsverplichtingen aangegaan. Die staan nog niet in de balans verwerkt, maar die kunnen wel een der mate effect hebben dat je ze wel moet wegen. Zitten daar risico's in?
AM CM	Structuur risico's. Het risico dat de toegang van de Rabobank tot voor haar relevante kasstromen en activa met betrekking tot de financiering wordt belemmerd door factoren die zich voordoen binnen de groep of financieringsstructuur.
AM CM	Hier zit de DGA. Als ik alleen deze financier dan behoud ik nog steeds het risico dat er kasstroom waar ik op leun om mijn financiering eindelijk een keer terug te krijgen weg lekt naar boven.
AM CM	Dat noemen ze een stukje transferpricing. Dus dat er of at arms lenghts. Dus dat er naar redelijkheid ook over en weer uh ja uh verkoopprijzen worden

	bedongen. Vaak mitigeren wij dat door dit aan mekaar te knopen.
AM CM	Uhm ja en om die structuurrisico's goed in beeld te brengen beginnen wij altijd bij het organogram.
AM CM	Natuurlijk maken wij ook gebruik van onderpand. Dat zit in de structuuranalyse. Zo houden wij grip dat onze financiering waar we vertrouwen in hebben de ja of de nee dat het rendement voldoende is om die terug te brengen. Maar zo hebben we ook altijd voor de worst case scenario hebben wij een zekerheidspositie. Mocht het helemaal misgaan qua rendement dat wij onze financiering deels gedeeltelijk terug kunnen halen door de zaak te kunnen verkopen.
AM MKB - A	Vier pijlers wanneer het aankomt op het beoordelen of je wel of niet investeert in een investeringsmogelijkheid. Ondernemer en onderneming, betaalbaarheid, het eigen vermogen van de klant en tenslotte de zekerheden.
AM MKB - A	Hij belt vaak 2 maanden nadat de financiering is verstrekt even om te kijken hoe het gaat. Vooral bij starters. Verder houden ze de ondernemer niet heel erg meer in de gaten. Ook hier maken ze gebruik van signaal gedreven krediet beheer.
AM MKB - A	Hij ziet zekerheden toch wel als de belangrijkste pijler. Zijn er 0 zekerheden ja dan loop je als bank teveel risico en dan kan je het gewoon niet permitteren om die investering te financieren.

Diversification	
Respondent	Quote
TC	we mogen bijvoorbeeld niet meer dan 10 procent van een obligatie hebben. Of, meer dan 20 procent in een land. Dat is allemaal om het risico te verkleinen. Als we bijvoorbeeld alles in Nederlandse obligaties doen en Nederland gaat slecht dan hebben we een heel groot probleem. Dus dat zijn allemaal regels om het risico te verkleinen.
AM MKB - F&A	Nee dat is uh misschien bij heel groot zakelijk dat dat wel is gebeurd maar in mijn rol uh nee. Wij zijn met een bedrijf bezig.
AM MKB - A	Diversificatie is op deze afdeling van minder belang. Dat speelt meer een rol bij beleggen en bij fondsen.
AM CM	Banken moeten ook vanuit Basel gezien steeds meer spreiding zoeken. We kunnen niet meer alles financieren.
AM CM	Nee lokaal niet, maar vanuit Utrecht wordt daar wel naar gekeken. Vanuit Utrecht wordt gekeken hoeveel geld heeft de Rabobank bijvoorbeeld uitgezet in de varkenshouderij, melkveehouderij en pluimvee noem maar op. In commercieel vastgoed dat is op een gegeven moment ook zo'n issue geweest. Daar is ook een slot op gekomen. Dat wordt wel gemonitord en uhm vooralsnog hebben wij gewoon ons sector specifiek krediet beleid. Hier moet ik een plan langs leggen en toetsen en voldoe ik daaraan dan kan ik daar gewoon ja zeg maar onbepert op financieren. Ik zou me kunnen voorstellen vanuit risico spreiding vanuit de totale bank bezien ja dat op termijn daar mogelijk wel uh ja dat daar een concentratierisico in kan zitten en dat daar misschien ja wel is een keer een ja een begrenzing op gaat komen. Dat weet ik niet. Kan ik mee voorstellen hé. Want als je kijkt, ja hier in de regio gelukkig nog niet, maar ga je in Groningen en Friesland kijken. Als je daar naar de melkveehouderij sector kijkt en hoeveel bedrijven dat daar toch in de verkoop staan. Uh ja dat zegt wel iets over de totale portefeuille die Rabobank aan euro's heeft uitstaan aan de melkveehouderij. Maar uhm zolang wij nog steeds aan het sector specifiek kredietbeleid kunnen voldoen, dat is feitelijk al een stukje verenging van hé, ligt daar geen slot op nee.
AsM	Diversificatie is eigenlijk het nummer een punt bij Evi. Omdat wij dus beleggen in fondsen heb je het eigenlijk al over diversificatie. Naast dat het geografisch spreid over heel de wereld. Want we beleggen eigenlijk in ieder werelddeel wel. Is het ook verspreid over veel bedrijven. Dat heeft voordelen en nadelen. Maar de voordelen wegen in onze ogen iets zwaarder dan de nadelen. En die voordelen zijn dan in onze ogen je bent niet afhankelijk van een werelddeel of van een bedrijf. Ik noem maar iets, mocht China zo meteen het superslecht doen, burgeroorlog, dan heeft dat niet een hele grote invloed op jou portefeuille. Er is maar een klein deel van jou geld daadwerkelijk belegd in China. Dus naast dat het geografisch is gespreid is het ook gespreid in verschillende bedrijven waardoor je dus ja niet zozeer te maken hebt met elk wisse wasje wat plaatsvindt in een bepaald werelddeel of een bepaald bedrijf. Daar merk jij niet zozeer iets van.

Trust	
Respondent	Quote
TC	Dat dat niet meetelt. Omdat vertrouwen je niet terugbetaald in dit geval. Je hebt de rating agencies. Die lichten zo'n heel bedrijf door. Je kan ook zelf nog een keer het hele bedrijf door gaan lichten of het hele land, maar daar zijn specialisten voor. En vertrouwen klinkt een beetje als ik vind je aardig en je komt goed over en ik investeer met of bij jou. Daar kijken wij niet naar.
TC	Ik denk als je een op een met iemand wilt investeren dat dat anders is. Voor ons is daar geen beginnen aan. Wat er wel gebeurd is dat al die uitgevende instellingen die houden road shows.
TC	Ja dat klopt wel een beetje wat je zegt, het is niet alleen maar dat getalletje (single A dubbel A) het is ook een beetje de visie van de investeerder. Alleen blijf het natuurlijk altijd de vraag hoe betrouwbaar is het. Er is wel een klein stukje gevoel/ vertrouwen maar die speelt bij ons vooral een rol op de achtergrond. Stel ik koop een obligatie en het bedrijf gaat failliet en ik zeg ja ik heb m gezien en hij hield zo'n goed praatje. Dan zeggen ze ja hoezo wat was de rating enz. Je hebt toch een soort houvast nodig.
AsM	Dus in dat opzicht hebben we er wel vertrouwen in dat het goed gaat en dat is ook een van de redenen dat we in hun beleggen.
AsM	Nee nouja kijk, vertrouwen dat is in dat opzicht belangrijk die beleggingsspecialisten van van Lanschot die bepalen in welke fondsen wij beleggen. Voor hen is vertrouwen natuurlijk wel belangrijk. Zij bepalen ook op basis van een al dan niet goed beeld van een bepaalde company van daar gaan we wel of niet in beleggen. Dat heeft natuurlijk ook te maken met wederzijds vertrouwen.
AsM	Dus ja het is wel belangrijk. En als op de een of andere manier dat vertrouwen geschaad wordt is het voor ons vaak ja dan stoppen we gewoon met beleggen in jullie. Dan gaan wij liever naar een andere partij.
AsM	Ja je merkt wel dat het verloren is gegaan en dat het weer begint aan te trekken. Maar niet zozeer vanaf nu maar ik denk dat dat al vanaf 2012 alweer een beetje aan het aantrekken is.
AM MKB – F&A	Daarom uh geef ik ook altijd de voorkeur om de gesprekken bij de klant thuis uh plaats te laten vinden. Ookal zit je alleen maar aan de keukentafel hé, je rijdt toch het erf op hé, je ziet toch allemaal signalen. Hoe ligt het erf erbij, is het gras gemaaid, is de tuin bijgewerkt uh. Want vaak als het een rotzooi is hé kan dat ook een signaal zijn op achterstalligheid op andere plekken op het bedrijf. Hoeft niet altijd het dus je mag er niet vanuit gaan, maar in de regel is der dan ook wel wat meer aan de hand. Of de ondernemer loopt op zijn tenen dat ie het allemaal niet bij kan houden of er zijn andere zaken.
AM MKB – F&A	Vertrouwen dat is uh het belangrijkste eigenlijk wat er is.
AM MKB – F&A	Als een ondernemer uh mij belazert zeg maar dan heb ik het vertrouwen niet meer en dan zal ik de financiering niet meer verstrekken.
AM MKB – F&A	Het contact is persoonlijk hé.
AM MKB – F&A	Maar ik kom ook bij klanten voor relatieonderhoud.
AM MKB – F&A	Als wij vertrouwen hebben in de rentabiliteit en er zijn ook zekerheden

AM MKB – F&A	En natuurlijk de ondernemer daar moet je het vertrouwen in hebben dat die het kan. Als de rentabiliteit goed is ja dan heeft ie het vaak laten zien dat ie het kan. Is de rentabiliteit net wel net niet en we hebben er heel veel vertrouwen in dat de ondernemer er wat van kan maken kan het zijn dat we het toch gaan doen. Is het net niet net wel en we hebben er geen vertrouwen in dan doen we het niet.
AM MKB – F&A	En dan moeten wij meer vertrouwen, misschien nog wel nadrukkelijker vertrouwen hebben in de rentabiliteit en het ondernemerschap. Dat moet hier ook goed zijn. Maar dat vertaald zich wel in een hoger rentepercentage want ons risico ligt wat hoger. En als het risico te groot wordt ja dan dan doen wij het ook niet.
AM CM	Nou we hebben toch ook altijd graag dat er een stukje eigen inbreng geregeld wordt. Dat kan op meerdere manier, maar het is natuurlijk ook altijd mooi als er eigen inbreng is die ook al verdiend is in het huidige bedrijf. Kijk op het moment dat ik een erfenis inbreng die uh kijk als ik zeg er komt 2.5 ton binnen dan heb ik die 25 procent te pakken wat een beetje een stel regel is en die 250.000 euro die staat gewoon op de rekening courant omdat de ondernemer toevallig een erfenis heeft gehad van een oudtante die gestorven is. Ja dat is prima dat is mooi dat dat dan daarvan af kan, maar dat is niet met eigen hé. Als dat geld is dat eigen handig verdiend is dat zegt wel iets over de kracht van hé.
AM CM	En hebben wij vertrouwen erin als wij nu dat geld verstrekken dat ons geld strakjes terug gaat komen.
AM CM	Hier dat management dat is natuurlijk het bepalende succes achter dat bedrijf hé. Dus ik moet een beoordeling van dat management doen. Die vent achter die tent. Nou hoe doen we dat? Dat doen we in een gesprek. Daarom schuiven wij ook aan bij die gesprekken. Stukje ervaring komt daar bij kijken. Zo'n ondernemer vertelt die heeft een visie. Uh ja waar baseer je dat op. En dan komt daar een verhaal achter en dan voel je en dan proef je waar hij zijn bron heeft zitten en welke dingen hij raadpleegt en in welke netwerken dat ie zit.
AM CM	Wij hebben ons commitment gegeven voor hem want hij is de vent achter deze tent. Daar hebben wij vertrouwen in of niet. Dat moet nog maar blijken als een ondernemer nu bijvoorbeeld als hij morgen mij het bedrijf verkoop is het maar de vraag of ik dat ook kan hé.
AM CM	Zo houden wij grip dat onze financiering waar we vertrouwen in hebben de ja of de nee dat het rendement voldoende is om die terug te brengen.
AM CM	Maar uh maar ja dat zijn de mensen die uiteindelijk aan de touwtjes trekken en bepalend zijn voor welk rendement er komt.
AM MKB - A	Vertrouwen speelt een erg belangrijke rol. Dit komt naar voren in de pijler ondernemer & onderneming.

Sustainability	
Respondent	Quote
TC	Waar wij ons nu ook op focussen zijn groene obligaties. Dat zijn obligaties die tegenwoordig speciaal voor bepaalde projecten, watercentrales of spoorwegen, worden uitgegeven. Wij zijn een duurzame bank en we focussen daarop. Een groot deel van onze portefeuille zit ook in dat soort obligaties en dat zijn inderdaad obligaties die uitgegeven zijn voor een specifiek doel of project.
TC	maar beleggers willen bijdragen aan een betere wereld en de banken. Dus dan kiezen ze liever die groene obligatie dan de "grijze", laten we ze zo maar even noemen.
TC	Nou binnen de ASN kijken ze dan helemaal naar de details het wordt helemaal nagekeken aan het hand van het green bond framework. Moeten ze aan allerlei eisen voldoen om zo'n bond uit te geven en dus ook bijhouden waar het voor gebruikt is. Dat wordt allemaal door ASN bekeken. Iets wordt heel snel groen genoemd en soms is dat dan eigenlijk nog te grijs om binnen onze criteria te vallen.
TC	Ja we hebben echt een duurzaamheidscommissie, dat zit dan binnen ASN eigenlijk. Dat is een duurzame groene bank. En die beoordelen echt of zo'n obligatie en wat daar precies achter zit in aanmerking komt voor de criteria van deze bank. Er worden heel veel groene obligaties uitgegeven op dit moment want het is een beetje trend/mode.
AM MKB – F&A	In de akkerbouw sfeer krijg je wel eens een investering in een innovatieve machine. Kijk wij stimuleren ook innovatie dus uhm daar kijken we dan ook met een bril mee en we willen ook wel is onze nek uitsteken hé.
AM MKB – F&A	Als het een beetje een duurzaam karakter heeft hé
AsM	Uhm, wat er bijvoorbeeld vandaag de dag heel erg veel gebeurd toch wel, wat best wel populair is. Is in hoeverre je duurzaam belegd. En Uhm, dat noemen ze zeg maar een sustainability factor bij de selectie van de fondsen. En dan heb je van die onafhankelijk partijen die dan verschillende banken beoordelen op in hoeverre zijn ze goed bezig als het gaat om de natuur, wapenhandel bijvoorbeeld, fossiele brandstoffen etc. etc. Dus daar wordt dan altijd wel een selectie van gemaakt want je wilt natuurlijk niet negatief in het nieuws komen. In dat opzicht is het altijd wel belangrijk dat je kijkt als je een nieuw fonds selecteert.
AsM	Die doen het goed, maar daarnaast zijn ze ook steeds meer bezig met de wereld, met duurzaamheid. Heel het bedrijfsmodel van Shell zijn ze aan het omgooien, omdat zij ook inzien ja fossiele brandstoffen zijn er dadelijk niet meer.
AsM	Wat betreft de duurzaamheid heb je twee verschillende richtingen. Je hebt "do no harm" dat betekend zeg maar hou de wereld zoals het is of "do good" dan zet je projecten op voor een betere wereld voor later. Het is voor heel veel banken best wel moeilijk om ineens naar do good te gaan. Het do no harm dat is op dit moment het meeste waar banken zich mee bezig houden. We hebben binnen van Lanschot zelf ook een tak "verantwoord ondernemen". Deze tak houdt zich bezig met waarin wordt belegd het duurzaamheidsverhaal als het waren. Deze tak wordt steeds groter en krijgt ook steeds meer aandacht want ja de klantvraag is daar gewoon op dit moment naar. Je hebt tegenwoordig ook dat je bepaalde subsidies kunt krijgen op het moment dat je belegd in groene beleggingen.
AsM	Voor dergelijke partijen is het rendement niet meer het belangrijkste. Die shifting van niet meer het beste rendement maar goed zijn van de wereld zie je tegenwoordig steeds meer.

Asset specificity	
Respondent	Quote
AM MKB - A	Het concept asset specificity kent hij niet. Na de uitleg vertelt hij dat het wel af en toe voorkomt maar dat ze dan proberen te kijken of ze het zelf kunnen financieren of dat ze de klant beter kunnen doorverwijzen naar ... Lease
AM MKB - A	Ze financieren vaak een bepaald project en minder vaak een bedrijf in het algemeen. Je hebt soms bedrijven die extra krediet willen zodat ze een wat grotere buffer hebben. Dit doet de bank liever niet omdat ze liever financieren met een doel.
TC	Meestal is gewoon zo dat een bedrijf een aflossing heeft van een obligatie en een nieuwe moet doen, maar ze hebben ook projecten.
TC	Uiteindelijk blijft het risico. Nou laat ik Unilever maar als voorbeeld nemen. Als die een groene obligatie uitgeven of een normale obligatie. Uiteindelijk is het risico Unilever. Het risico is hetzelfde bedrijf dus dat maakt eigenlijk niet uit,
TC	Er wordt dus ook wel naar de investering zelf gekeken, maar voor het risico kijken we natuurlijk naar het gehele bedrijf. Want als Unilever failliet gaat is die groene obligatie ook niks waard net als die grijze.
TC	Nee zou je dat kunnen uitleggen?
TC	Ik denk dat het bij obligaties een minder grote rol speelt. Kijk als een bedrijf failliet gaat ben je toch je geld kwijt. Of een deel grotendeels. Er komt nog wel iets terug uit het bedrijf en dan krijg je als obligatiehouder nog een beetje uitbetaald. De default rate, maar die is vrij laag meestal. Ik denk dat het risico zich laat meten in de rating die het bedrijf zou krijgen. Ik denk niet dat het naar voren komt in de specifieke investering, maar ik denk dat er in ons geval meer gekeken wordt naar het algemene bedrijf.
TC	Uiteindelijk staat er gewoon een percentage tegenover. Het vormt een hoger risico dus vraagt het een hoger rendement. Hoe hoger het risico hoe hoger de rente.
TC	In de obligatiesector hebben wij met zoiets niet echt te maken dat is allemaal te klein voor ons als bank. En we moeten heel safe te werk gaan.
AsM	Er is overigens wel een ding dat handig is om te weten, bij ... wordt er enkel belegd in fondsen. Dus het is niet zo dat wij direct aandelen kopen van een bedrijf.
AsM	Er wordt naar die bedrijven gekeken inderdaad.
AsM	Nee, vertel help me verder
AsM	dan denk ik dat dat begrip waar je het over hebt voor ons niet zozeer van toepassing is. Waarom? Kijk omdat stel jij werkt bij Ahold en jij zegt wij hebben een nieuwe machine die zich bezig houdt met duurzame verpakkingen bla bla. Dan denken wij ja hartstikke leuk, maar wij hoeven niet te weten wat jij met dat geld doet wat we in jou beleggen. Wij beleggen in Ahold NV en wat jij ermee doet. Wij verwachten van jou een bepaald rendement. En of je dat nou doet door een bepaalde machine te ontwikkelen of door goede bedrijfsresultaten. Het is misschien heel hard om te zeggen maar dat maakt ons niet uit. Als jij maar gewoon op een goede manier je geld verdient. Als jij dat doet door een bepaald project ofzo, ja dat mag maar daar hebben wij concreet niet heel veel mee te maken.
AsM	Dus ik denk dat wij concreet niet zoveel met asset specificity te maken hebben. En dat komt eigenlijk voornamelijk omdat wij grootser beleggen dan dat je eigenlijk in zulke gevallen zou doen.
AsM	Als het meespeelt zal het zich waarschijnlijk gewoon uiten in het rendement. Het is een hoger risico en dan wil je daar gewoon meer rendement voor terug.
AM MKB - F&A	Nee

AM MKB – F&A	Dat speelt een rol. Je ziet wel machines worden vaak geleased en dan vind er door de ... lease de lease maatschappij wel echt een object beoordeling plaats.
AM MKB – F&A	Dus je moet wel wat meer vertrouwen hebben in de ondernemer en de rentabiliteit, maar daarbij uh kijken we daar echt wel naar van als het mis gaat dan is het een object wat ook minder snel weer bij iemand anders ingezet kan worden en dan zie je eigenlijk ook wel dat objecten een categorie krijgen.
AM MKB – F&A	maar dan zie je ook dat dat object een hogere object classificering heeft. Met andere woorden een hoger risico dus een hoger tarief.
AM MKB – F&A	Dus specifieke machines daar zit een hoger risico aan. Dus je kunt vragen wat is die machine waard als hij hem niet meer kan betalen. Misschien heeft niemand m meer nodig. Misschien is die dan nog maar 10.000 euro waard aan oud ijzer. Dan heb ik een tekort van 90.000 euro. Nou die kan ik ook hieronder laten vallen onder die 100 hectare grond. Dan is dat akkoord mits de rentabiliteit en ondernemerschap goed is hé want de zekerheid is dan ook goed. Heeft ie die grond niet ja dan is dat wel een risico.
AM MKB – F&A	En dan moeten wij meer vertrouwen, misschien nog wel nadrukkelijker vertrouwen hebben in de rentabiliteit en het ondernemerschap. Dat moet hier ook goed zijn. Maar dat vertaald zich wel in een hoger rentepercentage want ons risico ligt wat hoger. En als het risico te groot wordt ja dan dan doen wij het ook niet.
AM MKB – F&A	<i>Komt het vaak voor dan? Kom je het vaak tegen?</i> Nee nee nee niet zo nee.
AM MKB – F&A	In de akkerbouw sfeer krijg je wel eens een investering in een innovatieve machine. Kijk wij stimuleren ook innovatie dus uhm daar kijken we dan ook met een bril mee en we willen ook wel is onze nek uitsteken hé.
AM CM	Nee dat zegt me niks.
AM CM	Wat je dan veelal zult zien. Als je het hier over de krediet behoefte hebt, daar staat dan een miljoen. Die eigen inbreng daar zullen dan vele hogere eisen aan gesteld worden.
AM CM	Uh of wat ook wel is gebeurd is het gebruik van ... Lease. Ja die hebben wat meer toegang als het vandaag mis gaat om zo'n dingen weer door te verkopen of in deel gebieden of niet of of ja daar hebben wij de lokale kennis niet voor.
MA	Poeh. Het begrip zegt met niks, maar misschien als je het toelicht
MA	Ik kan me voorstellen dat daar moeilijker mee omgegaan wordt. Met hypotheke een beetje het zelfde verhaal. Als iemand een woning koopt met een agrarische bestemming dan moeten wij daar ook iets van vinden.
MA	Ik kan me voorstellen dat ze het zakelijk wel doen, maar dat dan de rente wat hoger ligt omdat dan het risico dat wij lopen als bank wat hoger ligt. En eigenlijk is dat hetzelfde als met hypotheke dat hoe hoger het risico dat je loopt hoe hoger de rente is die je er tegenover stelt.