



Alternative financing policies during financial crisis

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Abstract

In this paper, based upon a dataset of 2,780 non-financial firms in France, we explore the impact of the subprime crisis (2008-09) and its aftermath (2010-19) on the financing policies of public-listed and private-unlisted in order to capture which alternative financing channel they relied on during the crisis and post-crisis period to alleviate the adverse effect of the credit contractions and to compensate the lack of bank loans. Our results highlight that public-listed firms rely on equity issuance as an external source of financing and on their cash reserves as an internal alternative source of financing to provide funds to finance their investments during the crisis and post-crisis periods. While our findings reveal that private-unlisted firms increase their equity and debt issuance especially during the crisis period to compensate the reduction and the lack of credits and bank loans, with a clear preference to debt issuance over equity issuance. Moreover, concerning the internal sources of finance, unlisted firms tend to increase their dependence on their cash reserves and reduce their reliance on their dividends during the subprime crisis and its aftermath.

Keywords: credit crunch, panel data, private-unlisted firms, public-listed firms, source of funding

