



**Research Publishing
Academy (RPA)**
London, United Kingdom (UK)

ITHJ

International Tourism and Hospitality Journal (ITHJ)
Journal Homepage: <https://rpajournals.com/ithj>

Empowering Entrepreneurs: How Banks Fuel the Growth of Tourism and Hospitality Ventures in Bangladesh

Abdullah Al Muneem¹
Md. Ashikur Rahman Avi²
Md. Tanjil Hossen Sojib³
Azizul Hassan⁴
Mohammed Mosaraf Hossain⁵
Rafatul Islam^{3*}

University of Dhaka, Dhaka, Bangladesh¹
Pabna University of Science and Technology, Bangladesh^{2,3}
Tourism Consultants Network, Tourism Society, UK⁴
Primeasia University, Bangladesh⁵

Abstract

This study aims at exploring how banking institutions facilitate or hinder the entrepreneurial development of tourism and hospitality ventures in the context of a developing nations like Bangladesh. Employing a qualitative research method, this study relies on in-depth, semi-structured interviews with 25 key stakeholders. Thematic analysis reveals that while banks increasingly recognize the potential of tourism entrepreneurship, financial offerings remain predominantly generic, lacking sector-specific customization. Entrepreneurs face structural challenges such as nominal risk lending practices, bureaucratic constraints, and a lack of financial learning support. In contrast, banks cite the absence of structured policy guidelines and tourism-specific credit appraisal tools as key institutional limitations. Despite growing institutional awareness, this study suggests growing opportunities for reformation. This study calls for the development of customized financial supports, enhanced bank capacity, multi-sectoral collaboration, and alignment of financial policy with tourism development goals. It offers significant theoretical implications by aligning institutional theory with relational finance, thereby providing practical examples for the policymakers, banks, and development agencies seeking to foster sustainable and inclusive tourism entrepreneurship development in Bangladesh.

Keywords: Entrepreneurship, Tourism, Financial inclusion, Banking sector, Bangladesh

DOI: <https://doi.org/10.37227/ITHJ-2026-01-1128>

Introduction

The tourism and hospitality sector has emerged as a significant driver of economic growth, job creation, and poverty alleviation in many developing countries, including Bangladesh (Rahman et al., 2018; Avi et al., 2021; Avi et al., 2022; Sojib et al., 2023). In varying contexts, the potentiality of this sector in promoting sustainable inclusive development (in

particular building local capacity, leveraging local resources etc.) is well-acknowledged throughout the literature (see, Fakir & Ahmed, 2017; Hosen et al., 2024; Kabir & Avi, 2023). Though the sector is promising, its entrepreneurs face considerable structural and institutional challenges (particularly in accessing appropriate financial support) (Wang et al., 2019; Fu et al., 2019). The financial institutions (banks) play a pivotal role in capital mobilization but their engagement with the tourism-linked ventures remains limited and/or often unsuited to the unique needs of the sector such as seasonality, intangible assets, cash flow fluctuation etc. (Siddiquee et al., 2013; Mahtab & Abdullah, 2016).

Financial inclusion is considered one of the crucial factors in empowering tourism entrepreneurs by encouraging them to invest and establish their businesses (Ozili, 2021). However, the unique features of tourism enterprises often pose significant challenges for the traditional banking models that offer generic small and medium enterprise (SME) loans (Arnaboldi & Rossignoli, 2015; Rahman, 2024). Existing literature in the context of Bangladesh suggests that the lack of sector-specific financial offerings and risk assessment mechanisms constraints the entrepreneurs in accessing formal credit which perpetuates to increase dependence on informal and costly financing sources particularly from non-government organizations (NGOs), local moneylenders, pawnshops etc. (Duro et al., 2020; Lee et al., 2021; Avi et al., 2022; Tripura et al., 2022; Aslanova, 2025). Moreover, these constraints are intensified by institutional rigidities, limited bank capacity, and fragmented policy setting (Ahmed & Sultana, 2014; Thianujaya & Purba, 2025).

The present studies on tourism finance primarily focus on demand-side issues or broader SME finance without adequately addressing the institutional dynamics and supply-side challenges within the banking system (see: Chowdhury, 2018; Mahmud & Chowdhury, 2019; Spulbar et al., 2019). Additionally, studies integrating perspectives from entrepreneurs, financial institutions, policymakers, and academia in developing economies also remain scarce (Ferdousi, 2015; Gangi, 2023; Olanrele, 2025). Therefore, this research aims to examine how and to what extent banks support tourism and hospitality ventures in Bangladesh, with specific attention to institutional practices, risk perceptions, and structural constraints within the banking system. To be specific, the study seeks to

- (i) explore how banks assess and finance tourism and hospitality enterprises,
- (ii) identify key institutional and regulatory factors that hinder or facilitate entrepreneurs' access to formal financial support, and
- (iii) suggest appropriate policy measures to enhance sector-sensitive financial support.

Thereby, these objectives directly respond to recent calls for more institution-focused and supply-side analyses in tourism finance research, particularly in SME dominant developing economies (Ozili, 2025; Olanrele, 2025). Consequently, these objectives lead to three research questions:

- (i) how do banks in Bangladesh currently approach the financing of tourism and hospitality ventures?
- (ii) what institutional and structural factors within the banking system influence access to finance for tourism entrepreneurs?
- (iii) what specific policy and institutional measures could strengthen the role of banks in supporting tourism entrepreneurship?

Using a qualitative approach based on semi-structured interviews with entrepreneurs, banking professionals, policymakers, and academics, this study contributes by offering context-specific empirical evidence on tourism finance in Bangladesh. Thereby, it advances theoretical discourse on institutional support mechanisms and relational finance, while offering practical insights to enhance sustainable inclusive development in Bangladesh's tourism sector.

Literature Review

Tourism Entrepreneurship and Financial Challenges

Tourism entrepreneurship plays a crucial role in driving innovation, fostering local economic growth, and sustainable development within the sector (Sharpley & Telfer, 2015; Rogerson, 2017). Community-led small and medium-sized tourism enterprises (SMTEs) often embrace informal business models that contribute substantially to employment generation, poverty reduction, and cultural preservation (Lafuente et al., 2019).

However, empirical studies from diverse developing economy contexts highlight the financing constraints faced by tourism entrepreneurs, in particular their limited access to formal credits which restricts business growth and innovation (Duro et al., 2020; Lee et al., 2021). Hence, tourism ventures rely mostly on personal savings or informal loans with high-interest rates, which ultimately hampers potentiality for sustainable development and expansion (Uddin & Khan, 2015). These gaps underscore the need for sector-specific financial offerings by considering the unique operational and financial realities.

Financial Inclusion and SME Lending in Tourism

Financial inclusion refers to the accessibility and usability of formal financial offerings by all segments of society, including marginalized entrepreneurs (Arnaboldi & Rossignoli, 2015; Demirgüç-Kunt et al., 2018). In tourism, inclusion denotes enabling entrepreneurs to access credit, insurance, and investment products (Ridderstaat & Croes, 2017). However, studies in South Asia and Bangladesh specifically reveal persistent exclusion of tourism SMEs from mainstream banking due to stringent collateral requirements, lack of credit history, and banks' limited understanding of tourism business models (Katircioglu et al., 2018).

Bangladesh Bank, the central monetary authority, has initiated several inclusive finance policies aimed at expanding credit to SMEs, but these have largely failed to target tourism explicitly (Aziz & Siddique, 2016). The existing generic SME loan offerings do not accommodate tourism's seasonal revenues or asset-light structures, leading to missed opportunities for financial inclusion and sectoral growth (Rahman & Tahsin, 2020).

Institutional Theory and Financial Systems in Tourism

Institutional theory offers a useful lens in understanding how formal rules, norms, and cognitive frameworks often shape organizational behaviors and interactions in financial systems (North, 1990; Scott, 2008). It also emphasizes the role of regulatory environments and institutional logics in facilitating or constraining access to finance for entrepreneurs (Mair & Marti, 2009). In emerging economies, institutional gaps in the regulatory and market-support infrastructure often hinder the development of effective financial services linked to sectors like tourism (Khanna & Palepu, 2010).

This study embraces institutional theory and extends it by highlighting the misalignment between formal banking structures and the informal, relational nature of tourism entrepreneurship in Bangladesh. Banks are operated under bureaucratic routines

and risk aversion model, formal policies and legacy logics, which often overlook the tacit knowledge, trust, and social capital embedded in tourism ventures (Granovetter, 1985; Burt, 2005). Such institutional misfits result in sector-specific financing gaps that cannot be addressed by market forces solely but require coordinated policy reforms and capacity-building initiatives (Thommandru et al., 2023).

Relational Finance and Embedded Entrepreneurship

The concept of relational finance underscores the importance of long-term, trust-based interactions between lenders and entrepreneurs, beyond transactional credit assessments (Petersen & Rajan, 1994; Uzzi, 1996). Particularly in sectors characterized by uncertainty and informal business practices, relational finance fosters information sharing, reduces asymmetric information, and enables customized financial solutions (Mayer & Nickerson, 2005). Tourism entrepreneurship (often rooted in local communities and informal networks) benefits significantly from such relational dynamics (Hall, 2011).

However, the banking sector's limited sectoral expertise and bureaucratic inertia often prevent the development of relational financial practices necessary to support innovative tourism ventures (Katircioglu et al., 2018; Siddiqui, 2020). This gap indicates an urgent need for banks to transform from passive lenders to active partners and; thus, co-create value with tourism entrepreneurs, resulting in enhanced financial inclusion and sustainability.

Linking Tourism Finance and Sustainable Development

The tourism finance and sustainable development goals (SDGs) have gained scholarly and policy attention, given tourism's environmental, social, and economic impacts (UNWTO, 2019). Financial institutions are increasingly called upon to integrate environmental, social, and governance (ESG) criteria into lending decisions, promoting green tourism initiatives, community empowerment, and inclusive growth (Bramwell & Lane, 2011).

In Bangladesh, the nascent stage of sustainable tourism financing reflects the broader challenges of institutional capacity and policy coherence (Chowdhury, 2018). Despite the sector's potential to contribute to SDGs such as decent work, gender equality, and economic growth, the absence of personalized financial instruments and incentives limits the realization of these goals (Liu, & Wu, 2019). Hence, financial inclusion in tourism must be conceived not only as access to capital but also as part of a holistic approach linking finance, sustainability, and socio-economic development (Dwyer, 2022).

While prior research has individually addressed tourism entrepreneurship, SME finance, institutional barriers, and sustainable development, few studies have integrated these dimensions in the context of Bangladesh's banking sector (Haque, 2007; Islam & Rahman, 2010; Drigă & Dura, 2014; Abramova et al., 2018). This study attempts to address this gap as well by adopting a multi-stakeholder qualitative approach to explore how banks currently support tourism entrepreneurship, the present institutional and relational dynamics, and guidelines for the required reformation. The integration of institutional theory and relational finance advances understanding of the systemic and interpersonal factors shaping tourism finance in emerging economies, offering both academic and practical insights.

Methodology

Research Design

This study employs a qualitative research approach in exploring the scenario existing between banks and tourism entrepreneurs in Bangladesh, as the qualitative approach is best suited for understanding participants' perspectives (Avi, 2023), institutional contexts, and relational processes that are difficult to quantify but crucial for nuanced interpretations (Creswell & Poth, 2018). A qualitative theme-based analysis approach was also adopted to systematically identify and interpret themes and issues within the data (Braun & Clarke, 2006).

Sampling and Participants

A purposive sampling strategy was utilized to ensure the inclusion of diverse stakeholders crucial for the tourism and hospitality finance system (Patton, 2002; Suri, 2011). The sample comprised 25 participants (stakeholders) including bank officials, tourism and hospitality businesspersons, entrepreneurs, academicians, and policymakers. They were included in the study based on their direct affiliation with tourism and hospitality projects in Bangladesh, specifically as bank officials having experiences in providing bank financing for business development, entrepreneurs, businesspersons, academics, and industry policymakers. The following **Table 1** presents a categorized profile of the research participants, including their professional backgrounds and assigned interview codes for reference during data analysis. This multi-stakeholder sample enabled triangulation of perspectives and enriched the depth of analysis.

Table 1: Categorical profile of research participants

Interview Code	Category	No. of Participants	Designation/Affiliation
Interview no. 01-08	Banking sector professionals	8	Credit officers, credit risk management officers, central banker.
Interview no. 09-14	Tourism & hospitality businesspersons	6	Owners, managers of tourism and hospitality enterprises.
Interview no. 15-18	Tourism entrepreneurs	4	Founders, operators of tourism start-ups or innovative tourism ventures.
Interview no. 19-23	Academicians	5	Academicians from tourism and hospitality management, and finance department.
Interview no. 24-25	Policymakers	2	Officials from Bangladesh tourism board, and Bangladesh Parjatan Corporation.
Total		25	

Data Collection

Data were collected utilizing a semi-structured interviews technique conducted over a three-month period (January 2025 to March 2025). An interview guideline was initially developed based on the literature review and theoretical framework. Interviews were conducted both in Bengali (firstly) and English (later), lasting between 45 to 75 minutes. All the sessions were audio-recorded with participants' prior consent. Field notes were also taken to capture contextual information and non-verbal cues observed. The interviewing was stopped when data saturation was observed.

Data Analysis

Interviews were analysed thematically. Braun and Clarke (2006) suggested following six-phase framework for thematic analysis that includes familiarization with data, generating initial codes, searching for themes, reviewing themes, defining and naming themes, and producing the final report. Reliability and validity have been ensured by iterative coding, with themes polished through constant comparison and discussion (Braun & Clarke, 2012).

Findings

Drawing from in-depth interviews with the research participants, five themes emerged that illustrate the evolving but constrained role of banks in supporting tourism and hospitality entrepreneurship in Bangladesh. The following **Table 2** presents the summary of the findings, highlighting the core issues identified through participants' interviews and outlining their corresponding policy and strategic implications for the banking sector and tourism entrepreneurship in Bangladesh.

Table 2: Summarization of the research findings

Theme	Interview key insights	Implications
Structural incompatibility between financial products and sectoral needs	<ul style="list-style-type: none"> - Generic SME loans - Sectoral misfit - Tourism seasonality - Innovation rejection - Inflexible financial models 	<ul style="list-style-type: none"> - Develop tourism-specific financial instruments - Integrate seasonality - Promote adaptive loan frameworks
Rising institutional awareness with implementation gaps	<ul style="list-style-type: none"> - Policy-level awareness - Field-level disconnect - Lack of tourism-specific training - No standardized risk metrics 	<ul style="list-style-type: none"> - Establish tourism finance training - Create tailored risk assessment tools - Align policy with field-level practices
Beyond policy promises	<ul style="list-style-type: none"> - Policy fragmentation - Absence of roadmap - Credit guarantee demand - Government-NGO collaboration - Systemic inertia 	<ul style="list-style-type: none"> - Foster multi-stakeholder financial ecosystems - Introduce partial risk-sharing mechanisms - Coordinate roadmap for sector financing
Unequal access, financial literacy and inclusion gaps	<ul style="list-style-type: none"> - Low financial literacy - Documentation challenges - Bureaucratic barriers - Institutional language gap - Marginalized entrepreneurs 	<ul style="list-style-type: none"> - Implement targeted financial literacy programs - Simplify documentation and processes - Ensure inclusive financial communication
Reimagining finance	<ul style="list-style-type: none"> - Relational banking need - Role of banks as mentors - Demand for blended finance - Fintech integration - Sustainable investment vision 	<ul style="list-style-type: none"> - Promote inclusive finance models - Facilitate bank-MFI-fintech collaboration - Design financing for developmental outcomes

Structural incompatibility between financial products and sectoral needs

Most banking-affiliated participants confirmed that tourism ventures are typically considered under generalized SME or personal loan categories, with no personalized financial products dedicated to the sector. While this may simplify loan administration, both tourism entrepreneurs and academicians sharply criticized this uniform approach for failing to accommodate the unique characteristics of tourism enterprises particularly their seasonal demand, fluctuating cash flow, and branding dependencies. A senior credit risk analyst from a reputed private commercial bank (**Interview no. 2**) observed:

“We treat a boutique eco-resort and a fishery the same way; just boxes to tick under SME. But tourism has seasonality, demand fluctuation, branding issues. A factory can run year-round, but a resort can’t. We don’t account for that.”

From the entrepreneurs' perspective, this rigid categorization often leads to rejection or disinterest—not on financial grounds but due to a lack of conceptual fit. One frustrated tourism entrepreneur (**Interview no. 17**) shared:

“I approached three banks with a detailed plan for a floating river cruise lodge. All they could say was: ‘Sir is this even feasible?’ It was demoralizing. They didn’t reject it because of the numbers—they just couldn’t fit it into any standard box.”

Academicians further argued that this absence of sector-sensitive financial instruments restricts innovation and inadvertently channels tourism entrepreneurs toward informal or predatory lenders. This finding concerns raised by Fakir & Ahmed (2017) and Rahman (2024) who highlight the structural rigidity of financial systems in responding to emerging service sectors like tourism.

Rising institutional awareness with implementation gaps

Despite a largely conservative financing framework, several participants acknowledged a growing institutional recognition of tourism’s strategic potential within the national economy. Central and commercial bank representatives noted that tourism is increasingly positioned in national policy and inter-agency meetings. However, a persistent gap between high-level awareness and on ground implementation was repeatedly emphasized. A senior policymaker from the Bangladesh Parjatan Corporation (**Interview no. 24**) reflected:

“Tourism is a buzzword now in policy papers. It is listed in priority sectors and often mentioned in stakeholder meetings. But when you reach the local level for implementing any project, most of the staff has no clue how to treat these projects.”

Several bankers echoed this sentiment, pointing to a lack of sector-specific guidelines, performance metrics, and training. A credit officer (**Interview no. 7**) admitted:

“We know tourism has potential, but there’s no guideline, no risk model, no training. We’re navigating blind. Until the top management integrates tourism-specific metrics, field officers will always hesitate.”

Most of the entrepreneurs (**Interview no. 16**) described this institutional disconnect as “tokenism,” noting that interest in tourism is rarely matched by structural readiness. The consensus across stakeholders is that awareness alone is insufficient; it must be translated into actionable frameworks supported by training, incentives, and monitoring mechanisms.

Beyond policy promises

The study participants continually called for systemic reforms and shared governance to expose tourism’s financing potential. Academicians and bank officials alike emphasized that tourism-dedicated financial packages necessitate policy level innovation and cross-sectoral collaboration. An academic participant (**Interview no. 22**) summarized this need briefly:

“The banks alone can’t fix this. We need a unified roadmap where the Ministry, Bangladesh Bank, and development agencies come together and say: ‘This is how we want to support tourism entrepreneurs over the next decade.’”

Bankers pointed to specific policy tools such as credit guarantees, concessional lending windows, and tax incentives as levers to minimize risk for tourism finance and encourage participation of the bank. One commercial bank manager (**Interview no. 7**) noted:

“If the government or NGOs come in as partial guarantors, we can relax collateral norms. The current model puts all the risk on the bank, which is why most branches stay away.”

There was a strong consensus that such reforms must be rooted in sustainability both financial and environmental. This aligns with the propositions of Aghion et al. (2005) and Hosen et al. (2024), who advocate for integrated financing models to promote sustainable sectoral transformation.

Unequal access, financial literacy and inclusion gaps

Persistent financial literacy gap among the entrepreneurs was another crucial issue particularly those operating in semi-urban and rural areas. Bankers and policymakers articulated concern over promising ideas that often collapse during loan application because of weak documentation, lack of basic financial insight, and unfamiliarity with banking formalities. A senior banker (**Interview no. 1**) remarked:

“They come with enthusiasm and stories, but no projections, no income estimates, not even a business registration sometimes. We want to help, but we’re unable to do anything due to compliance rules.”

On the other hand, entrepreneurs described banks as intimidating spaces dominated by industry jargon and inaccessible processes. An eco-lodge operator (entrepreneur) (**Interview no. 15**) explained:

“The banks speak a different language. When I first applied, they laughed at me because I didn’t know what ‘working capital cycle’ meant. I run a successful eco-lodge, but that didn’t matter without the ‘right’ words.”

Even though some banks have initiated community-level training workshops, most participants agreed on these efforts having lack of continuity, institutional support, and systematic follow-up. To address this gap, sustainable public-private collaboration focusing on capacity building, mentorship, and inclusivity is key requirement.

Reimagining finance

The final theme highlights a shared vision among stakeholders to ensure a progressive and inclusive tourism financing ecosystem especially one that integrates developmental finance principles and positions financial institutions as partners for growth, not just being gatekeepers of capital. Several participants showed urgency to reimagine tourism finance through a lens of impact, mentorship, and long-term value creation. As one tourism sector investor (**Interview no. 10**) passionately stated:

“Why can’t we think of banks as mentors, not just lenders? A resort or travel startup isn’t just seeking capital; it’s seeking guidance, patience, and partnership.”

Policymakers and academics called for the creation of integrated platforms where commercial banks, microfinance institutions, and fintech collaborate to deliver tiered financial support ranging from seed capital to scale-up funds. One academic (**Interview no. 20**) envisioned:

“...the future lies in blended finance. Use tech, use social capital, use data. But let’s stop treating tourism as a side endeavour; it’s a vital economic sector that merits to have weighty financial innovation.”

This vision resonates with global trends in sustainable finance and highlights an actionable guideline for Bangladesh to harness the untapped economic and cultural potential of the tourism sector.

Discussion

This study offers a nuanced, multi-stakeholder perspective of the financial landscape that encompasses tourism and hospitality entrepreneurship in Bangladesh. Drawing on triangulated insights from the participants in this research, the findings reveal a dual reality, while institutional awareness of the tourism and hospitality sector's strategic potential is increasing, financial support remains fundamentally misaligned with its distinctive needs. Empirically, although tourism is now widely acknowledged as a priority sector in national development policy settings, this symbolic elevation has not translated into operational readiness within financial institutions. Bankers admitted to the lack of tourism-specific credit models, and policymakers acknowledged bureaucratic inertia in local implementation. These findings reflect the disjunction identified by Scott (2008), where institutional legitimacy does not guarantee effective operationalization, resulting in what may be described as cognitive recognition without procedural alignment.

Despite tourism's inclusion under general SME or personal loan categories, this form of inclusion remains largely superficial. Participants from both banking and entrepreneurial backgrounds revealed that existing financial instruments fail to account for the sector's seasonality, intangibility, and branding complexities. As a result, formal access exists but lacks functional relevance, aligning with Beck et al.'s (2008) concept of nominal financial inclusion. This observation is further echoed in UNWTO (2019), which notes that tourism finance in developing countries frequently fails to reflect the realities of rural and experience-based economies, leading to exclusion under the facades of access.

A key empirical barrier identified in this study is the absence of personalized underwriting mechanisms and tourism-specific credit risk models, particularly for ventures operating in community-based contexts. Entrepreneurs repeatedly mentioned rigid collateral norms and institutional suspicion toward unconventional business models. Such structural misfit drives tourism actors toward informal lenders, reinforcing dual-track financing arrangements and stifling innovation. From a theoretical standpoint, these findings add empirical weight to global critiques that standardized financial structures systematically disadvantage creative and service-oriented industries (Mair & Marti, 2009; Hall & Williams, 2019).

Although tourism is increasingly featured in national strategic documents and policy briefs, its translation into banking practice remains weak. The policymaker insight that "tourism is a buzzword in meetings, but a mystery in field offices" clearly illustrates this symbolic–functional gap. This pattern is consistent with earlier research in South Asia showing how top-down policy prioritization often fails to cascade into actionable mandates or tools for front-line implementation (Ahmed & Sultana, 2014; Banna, 2020). Bank officials further acknowledged the lack of sector-specific training and evaluation guidelines, leading to institutional uncertainty and what one participant described as "navigating blind," underscoring the need for sectoral financial literacy not only among entrepreneurs but also within financial institutions themselves.

An important theoretical implication of these results suggests that banking needs to shift its emphasis from transactional to developmental banking institutions. Currently, banks are generally inclined to view the tourism industry primarily as a source of risk and therefore focus on risk containment. As a result, they neglect the tourism industry's wider socio-economic contributions. On the other hand, as Chandrasekhar (2021) and Dwyer

(2022) point out, tourism in less developed countries is not only a source of livelihood through the creation of jobs, but also a means of rural development and cultural preservation. Thus, a developmental perspective will necessarily entail concessional lending, blended financing, long, term mentoring, as well as impact measurement mechanisms that will bring banking practices in line with inclusive, innovation-driven development of the tourism and hospitality industry.

Additionally, interviewees put the spotlight on the necessity of a relational form of finance where banks would take on the role of mentors rather than the gatekeepers. Such a viewpoint is consistent with the ecosystem that is based on the interpretations of entrepreneurship support. Besides, this context also views support systems of banks as multidimensional that include not only finance but also knowledge, trust, and favourable policy environment (Stam, 2015). At the same time, the results demonstrate the lack of effectiveness of collaborative finance. Besides, respondents were always in favour of setting up integrated platforms where all stakeholders, i.e., government agencies, banks, NGOs, and development partners, could join forces to come up with the most appropriate financial tools. The suggested cooperation among the tourism authorities, banks, and development agencies perfectly embodies the collaborative governance model, as explained by Ansell and Gash (2008).

Conclusion

This study aims at exploring the role of banking institutions in supporting the development of tourism and hospitality entrepreneurs in the context of Bangladesh from the point of view of multi-stakeholder perspectives. Through a qualitative lens and thematic analysis of 25 in-depth interviews, it revealed a paradoxical landscape, increasing institutional acknowledgment of the sector's developmental potential compared against a structurally rigid and generic financial system that remains largely poorly-suited to the sector's absolute unique needs.

The findings present that while tourism entrepreneurs are nominally included in formal credit frameworks, typically under generalized SME loan categories, this form of financial access is often superficial and mismatched considering the prospect of the mentioned industry. Banks frequently overlook critical sectoral features such as seasonality, the asset-light nature of service-based ventures, and the social enterprise dimensions that characterize many tourism businesses in Bangladesh. Entrepreneurs face systemic constraints, including low financial literacy, a lack of tailored products, and risk-averse banking practices, while financial institutions confront internal capacity gaps, absence of sector-specific risk appraisal tools, and policy-practice mismatches.

Nonetheless, emerging institutional awareness and openness to innovation among both public and private actors is revealed by the study. This shifting mindset offers an opportunity to rethink the tourism finance ecosystem as more inclusive, development-focused, and responsive to the needs of entrepreneurs. This research contributes to the evolving exploration on tourism entrepreneurship in developing nations by advocating for a paradigm shift from transactional, risk-minimizing finance toward relational, developmental, and co-creative financial engagement. Without this shift, the transformative potential of tourism and hospitality to drive inclusive, sustainable and locally embedded economic development in Bangladesh is unlikely to be fully realized.

Policy Recommendations

To practically apply the study's findings and address the issues identified, the following policy recommendations are proposed:

Tourism-Specific Financial Product Design: Traditional SME loans are inadequate for capturing the intricacy of tourism ventures. Financial institutions, in collaboration with tourism experts and fintech innovators, should develop dedicated tourism loan products that accommodate sector-specific risks such as seasonality, non-tangible assets, and local-based ownership structures. Flexible repayment terms, grace periods, and non-traditional collateral such as mobile transaction histories or digital revenue flows should be incorporated to widen access and legitimacy.

Institutional Capacity Building in Tourism Finance: Credit officers, branch managers, and loan assessors require structured training in tourism business models, revenue cycles, and sustainability criteria. Banks should institutionalize tourism finance units or designate sector specialists who can serve as liaisons between entrepreneurs and the financial system. Partnerships with academic institutions and development agencies in the ground of capacity-building can enhance institutional confidence and reduce misalignment between client expectations and lender assessments.

Risk Mitigation and Incentive-Based Financing Mechanisms: To reduce risk aversion, Bangladesh Bank, in collaboration with the Ministry of Civil Aviation and Tourism and international development parties, should introduce partial credit guarantee schemes tailored to tourism enterprises. These could be augmented by reduction of interest rate or tax incentives for projects meeting Sustainable Development Goals (SDG) benchmarks such as eco-tourism, youth and women-operated ventures, or green infrastructure.

Governance, Coordination, and Multi-Stakeholder Engagement: To overcome institutional disintegration, a multi-stakeholder task force should be established, which will bring together banks, tourism authorities, actors of private sector, NGOs, and donor agencies. This body would be responsible for developing financial policies suited for different sectors, tracking implementation, facilitating cross-sectoral learning, and adapting strategies to have real-time feedback.

Financial Inclusion, Digital Finance, and Policy Integration: Many entrepreneurs, particularly in rural settings, lack the knowledge to engage them fluently with formal financial systems. National and local programs (training on financial planning, credit application, business management, and digital finance etc.) can be delivered through public-private partnerships. These initiatives must be inclusive, prioritize women, focus youth, indigenous communities, and other marginal groups historically. Financial inclusion strategies should be aligned with tourism development policies. The National Tourism Master Plan must embed financial access indicators and coordinate with Bangladesh Bank's financial inclusion roadmap. Data-driven monitoring systems should track credit flows, enterprise outcomes, and sustainability impacts to ensure evidence-based refinements to financial interventions.

Theoretical Implications

This study progresses the theoretical review on tourism entrepreneurship, institutional support, and financial inclusion in developing economies. Drawing on institutional theory and entrepreneurial ecosystem frameworks, it underscores the role of formal financial systems not just as economic intermediaries, but as institutional actors that shape and constrain entrepreneurial possibility (North, 1990; Scott, 2008).

The empirical findings extend the literature on institutional vacuums by highlighting the cognitive and regulatory mismatch between banking structures and the existing realities of tourism entrepreneurs. Unlike conventional SMEs, tourism ventures are often embedded in seasonal, socially oriented, and geographically peripheral contexts. This study underscores that financial exclusion is not just a matter of accessibility but stems from deeper structural misalignments in the context of institutional definition of risk, value and creditworthiness.

Furthermore, this research highlights the need for collaborative innovation and trust-driven engagement between entrepreneurs and financial institutions contributing to the relational finance literature by (Ferdousi, 2015; Stam, 2015). It reframes banking not as a transactional service, but as a developmental partnership that must be contextually embedded and socially set. The failure of banks to build such relationships, especially in tailored sectors like tourism and hospitality, underscores the importance of having dedicated financial institutions that aim to support the sector.

Finally, the study enhanced the common point between the finance and sustainable development stewardship. The study shows how strict financial policy makers make it difficult to innovate in eco-tourism and community projects that diminish the potentiality of the entrepreneurs to contribute in the sector. A bridge between sustainable development literature and financial policy, pointing to new integrated pathways for research and practice is offered by the theoretical contribution offers.

Limitations and Directions for Future Research

This study offers critical insights into tourism finance in context of Bangladesh but it is not without limitations. First, the qualitative design and purposive sampling of 25 stakeholders, while appropriate for exploratory analysis, it limits generalizability. The perspectives presented may not fully represent the experiences of all tourism actors, particularly those operating in highly informal or local (rural-host) contexts. Future research should incorporate broader, diverse samples, including overlooked groups such as indigenous entrepreneurs, informal workers, and tourism ventures that are cooperative based.

Second, the current study offers a robust institutional perspective but it does not empirically explore the role of digital financial services, fin-tech innovations, mobile banking areas etc. Future research should investigate how digital finance tools are transforming access, especially among youth, women, and rural tourism entrepreneurs.

Finally, while the study provides policy insights based on empirical data, it doesn't include full institutional analysis of the regulatory frameworks that shape tourism finance in Bangladesh. Comparative studies can be done across South and Southeast Asia, to examine how similar economies have addressed tourism finance through policy innovation, public-private partnerships, or technology-driven models. This could generate valuable lessons to adapt locally.

Although this study focuses on Bangladesh, the institutional and financial challenges identified in this study may be transferable to other developing economies with similar tourism structures and banking environments. Future research could extend this

work through comparative or cross-national studies through mixed methods approaches to examine how contextual variations shape tourism finance and entrepreneurial support mechanisms.

Compliance with Ethical Standards

This research was conducted in full compliance with ethical standards set by the relevant institutional ethics committees, in accordance with the 1964 Helsinki Declaration and its subsequent amendments or equivalent ethical guidelines. Approval for the study was granted by the appropriate ethics committee [details omitted for blinded review]. All procedures involving human subjects adhered to applicable ethical regulations and guidelines. All participants were informed about the purpose of the study, confidentiality measures, and their right to withdraw at any time. Informed consent was obtained from all participants prior to their involvement. Data were anonymized before analysis to uphold confidentiality and stored securely. To enhance the credibility and validity of the research, multiple stakeholder groups were interviewed (methodological triangulation), and member checking was conducted by sharing preliminary findings with selected participants for feedback and validation.

Acknowledgement

This research work is conducted under the financial grants (Year 2024-2025) provided by the Pabna University of Science and Technology, Pabna.

References

- Abramova, M. A., Dubova, S. E., & Maslennikov, V. V. (2018). The role of the monetary policy in tourism industry development. In *Financial and Economic Tools Used in the World Hospitality Industry* (pp. 63-66). CRC Press.
- Aghion, P., Howitt, P., & Mayer-Foulkes, D. (2005). The effect of financial development on convergence: Theory and evidence. *The quarterly journal of economics*, 120(1), 173-222.
- Ahmed, S., & Sultana, R. (2014). Infrastructure financing and its impact on the tourism industry: Evidence from Bangladesh. *Journal of Tourism Studies*, 12(1), 45-61.
- Ansell, C., & Gash, A. (2008). Collaborative governance in theory and practice. *Journal of public administration research and theory*, 18(4), 543-571.
- Arnaboldi, F., & Rossignoli, B. (2015). Financial innovation in banking. In *Bank risk, governance and regulation* (pp. 127-162). London: Palgrave Macmillan UK.
- Aslanova, D. (2025). Application of Investment Programs in Tourism Development. *International Journal of Artificial Intelligence*, 1(1), 874-878.
- Avi, M. A. R. (2023). Issues Affecting Tourists' Satisfaction at Saint Martin Island, Bangladesh: Empirical Evidence and Suggestions. *Tourism in Marine Environments*, 18(1-2), 1-17.
- Avi, M. A. R., Hossain, M. M., & Islam, M. A. (2022). Tourism and Hospitality industry during the COVID-19 Pandemic: Impact analysis and some recovery strategies for Bangladesh. *International Journal of Science and Business*, 14(1), 40-49.
- Avi, M. A. R., Nasrin, M., Pierre, F., & Hassan, A. (2021). Exploring marine tourism potentials in Bangladesh. *Bangladesh Maritime Journal*, (Special Issue, June 2021), 209-224.

- Aziz, T., & Siddique, M. N. E. A. (2016). The role of bangladesh bank in promoting smes' access to finance in Bangladesh. *International Journal of SME Development*, 3(2), 103-118.
- Banna, H. (2020). The role of digital financial inclusion on promoting sustainable economic growth through banking stability: Evidence from Bangladesh. *Development Review*, 29(2020), 19-36.
- Beck, T., Demirgüç-Kunt, A., & Maksimovic, V. (2008). Financing patterns around the world: Are small firms different? *Journal of financial economics*, 89(3), 467-487.
- Bramwell, B., & Lane, B. (2011). Critical research on the governance of tourism and sustainability. *Journal of Sustainable Tourism*, 19(4-5), 411-421.
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77-101.
- Braun, V., & Clarke, V. (2012). Thematic analysis. In H. Cooper (Ed.), *APA Handbook of Research Methods in Psychology: Vol. 2. Research Designs* (pp. 57-71). American Psychological Association.
- Burt, R. S. (2005). *Brokerage and closure: An introduction to social capital*. Oxford University Press.
- Chandrasekhar, C. P., & Ghosh, J. (2021). *Crisis as conquest: Learning from East Asia*. Orient Longman.
- Chowdhury, M. (2018). *The role of financial products in the expansion of the hospitality sector in Bangladesh*. *Bangladesh Journal of Economics*, 18(2), 100-120.
- Creswell, J. W., & Poth, C. N. (2018). *Qualitative inquiry and research design: Choosing among five approaches* (4th ed.). SAGE Publications.
- Demirgüç-Kunt, A., Klapper, L., Singer, D., Ansar, S., & Hess, J. (2018). *The Global Findex Database 2017: Measuring financial inclusion and the fintech revolution*. World Bank. <https://doi.org/10.1596/978-1-4648-1259-0>
- Drigă, I., & Dura, C. (2014). The financial sector and the role of banks in economic development. In *6th international multidisciplinary symposium "Universitaria Simpro"* (pp. 10-11).
- Dwyer, L. (2022). Tourism contribution to the SDGs: Applying a well-being lens. *European Journal of Tourism Research*, 32, 3212-3212.
- Fakir, J., & Ahmed, R. (2017). The opportunities of career development in tourism industry in Bangladesh. *Journal of Business Studies Quarterly*, 8(4).
- Ferdousi, F. (2015). Impact of microfinance on sustainable entrepreneurship development. *Development Studies Research*, 2(1), 51-63.
- Fu, H., Okumus, F., Wu, K., & Köseoglu, M. A. (2019). The entrepreneurship research in hospitality and tourism. *International Journal of Hospitality Management*, 78, 1-12.
- Gangi, Y., (2023). The Role of Central Bank on Entrepreneurship Development: The Case of Sudan. *International Journal of Entrepreneurship*, 27(6), 1-10
- Granovetter, M. (1985). Economic action and social structure: The problem of embeddedness. *American journal of sociology*, 91(3), 481-510.
- Hall, B. H. (2011). *Innovation and productivity* (NBER Working Paper No. 17178). National Bureau of Economic Research. <https://doi.org/10.3386/w17178>
- Hall, C. M., & Williams, A. M. (2019). *Tourism and innovation*. Routledge.
- Haque, M. (2007). Financial sector reforms and their impact on economic growth in Bangladesh. *Asian Economic Review*, 15(3), 75-92.

- Hosen, S., Hamzah, S. R. A., Ismail, I. A., Alias, S. N., Abd Aziz, M. F., & Rahman, M. M. (2024). Training & development, career development, and organizational commitment as the predictor of work performance. *Heliyon*, 10(1).
- Islam, T., & Rahman, F. (2010). Banking sector liberalization and economic expansion in Bangladesh: A critical review. *South Asian Journal of Finance*, 8(2), 23-40.
- Kabir, K., & Avi, A. R. (2023). Rural Event Tourism and Community Development. In *Event Tourism and Sustainable Community Development* (pp. 51-63). Apple Academic Press.
- Katircioglu, S., Katircioğlu, S., & Altinay, M. (2018). Interactions between tourism and financial sector development: evidence from Turkey. *The Service Industries Journal*, 38(9-10), 519-542.
- Khanna, T., & Palepu, K. G. (2010). *Winning in emerging markets: A road map for strategy and execution*. Harvard Business Press.
- Lafuente, E., Vaillant, Y., & Rialp, J. (2019). Regional entrepreneurship and innovation: The role of human capital. *Regional Studies*, 53(5), 684–696.
- Lee, Jean N., Morduch, J., Ravindran, S., Shonchoy, A., & Zaman, H. (2021). Poverty and migration in the digital age: Experimental evidence on mobile banking in Bangladesh. *American Economic Journal: Applied Economics*, 13(1), 38–71.
- Liu, A., & Wu, D. C. (2019). Tourism productivity and economic growth. *Annals of Tourism Research*, 76, 253-265.
- Mahmud, A., & Chowdhury, S. (2019). Risk management practices in tourism financing: A banking perspective. *Journal of Financial Studies*, 14(3), 56-74.
- Mahtab N, Abdullah M (2016) Marketing of Financial and Banking Products: An Example from Bangladeshi Bank. *J Account Mark*, 5, 159.
- Mair, J., & Marti, I. (2009). Entrepreneurship in and around institutional voids: A case study from Bangladesh. *Journal of business venturing*, 24(5), 419-435.
- Mayer, K. J., & Nickerson, J. A. (2005). *Antecedents of opportunism in joint ventures: A longitudinal analysis*. *Academy of Management Journal*, 48(2), 213–229.
- North, D. C. (1990). *Institutions, institutional change and economic performance*. Cambridge University Press.
- Olanrele, I. (2025). Fintech Services and Entrepreneurship in Africa. *Finance & Economics Review* 7(1), 1-12.
- Ozili, P. K. (2021). Financial inclusion research around the world: A review. In *Forum for social economics* (Vol. 50, No. 4, pp. 457-479). Routledge.
- Ozili, P. K. (2025). *Financial inclusion in banking: A literature review and future research directions*. *Modern Finance*, 3(1), 91–109.
- Patton, M. Q. (2002). Two decades of developments in qualitative inquiry: A personal, experiential perspective. *Qualitative social work*, 1(3), 261-283.
- Petersen, M. A., & Rajan, R. G. (1994). The benefits of lending relationships: Evidence from small business data. *The Journal of Finance*, 49(1), 3–37.
- Rahman, M. (2024). Youth Entrepreneurship in Tourism and Hospitality. In *International Handbook of Skill, Education, Learning, and Research Development in Tourism and Hospitality* (pp. 963-976). Singapore: Springer Nature Singapore.
- Rahman, M. M., Salamzadeh, A., & Tabash, M. I. (2022). Antecedents of entrepreneurial intentions of female undergraduate students in Bangladesh: A covariance-based structural equation modeling approach. *Journal of Women's Entrepreneurship and Education*, 12, 137–153.

- Rahman, M. S. U., Muneem, A. A., Avi, M. A. R., & Sobhan, S. (2018). Can rural tourism promote sustainable development goals? Scoping rural tourism prospects in rustic Bangladesh. *Rajshahi University Journal of Business Studies*, 11(1), 131-144.
- Rahman, M.M. and Tahsin, S., 2020. Banking-finance in the Tourism Sector of Bangladesh: Prospects and Challenges. *CenRaPS Journal of Social Sciences*, 2(2), pp.345-359.
- Ridderstaat, J., & Croes, R. (2017). The link between money supply and tourism demand cycles: A case study of two Caribbean destinations. *Journal of Travel Research*, 56(2), 187-205.
- Rogerson, C. M. (2017). Tourism geography in South Africa: Recent changes and new challenges. *African Geographical Review*, 36(1), 119–132.
- Scott, W. R. (2008). Approaching adulthood: the maturing of institutional theory. *Theory and society*, 37, 427-442.
- Sharpley, R., & Telfer, D. J. (2015). *Tourism and development: Concepts and issues* (2nd ed.). Channel View Publications.
- Siddiquee, M. J. A., Parvin, S., & Hossain, M. S. (2013). Banking scenarios in Bangladesh. *Bangladesh Research Publication Journal*, 8(1), 89-95.
- Siddiqui, N. (2020). Economic contributions of banking support for tourism: A case study of Bangladesh. *Journal of Development Finance*, 16(1), 77-95.
- Sojib, M.T.H., Avi, M.A.R., Shompa, H.Y.B., & Chitra, S.S. (2023). Factors affecting travel decision: A study on urban Generation Z in Bangladesh. *Rajshahi University Journal of Business Studies*, 13(2), 83-92.
- Spulbar, C., Ramona, B., & Trivedi, J. (2019). Understanding the importance of the banking system in the Romanian tourism and hospitality industry. In *Global trends, practices, and challenges in contemporary tourism and hospitality management* (pp. 135-150). IGI Global.
- Stam, E. (2015). Entrepreneurial ecosystems and regional policy: a sympathetic critique. *European planning studies*, 23(9), 1759-1769.
- Sun, Z., Liu, L., Pan, R., Wang, Y., & Zhang, B. (2025). *Tourism and economic growth: The role of institutional quality*. *International Review of Economics & Finance*, 98, Article 103913.
- Suri, H. (2011). Purposeful sampling in qualitative research synthesis. *Qualitative research journal*, 11(2), 63-75.
- Thianujaya, D., & Purba, L. O. (2025, February). Tourism: Harnessing the Power of Green Finance and Green Technology Innovation. In *Talenta Conference Series: Local Wisdom, Social, and Arts (LWSA)* (Vol. 8, No. 1, pp. 55-60).
- Thommandru, A., Espinoza-Maguiña, M., Ramirez-Asis, E., Ray, S., Naved, M., & Guzman-Avalos, M. (2023). Role of tourism and hospitality business in economic development. *Materials Today: Proceedings*, 80, 2901-2904.
- Tripura, K., Avi, M. A. R., & Hossain, M. M. (2022). The Socio-Economic Impacts of COVID-19 on the Tourism Industry of the Chittagong Hill Tracts, Bangladesh. *International Tourism and Hospitality Journal*, 5(4), 1-15.
- Uddin, M. S., & Khan, M. A. (2015). Tourism financing in Bangladesh: Issues and challenges. *Journal of Business Studies*, 36(2), 145-160.
- UNWTO (United Nations World Tourism Organization) (2019). *International tourism highlights: 2019 edition*. <https://www.unwto.org/publication/international-tourism-highlights-2019-edition>

- Uzzi, B. (1996). The sources and consequences of embeddedness for the economic performance of organizations: The network effect. *American Sociological Review*, 61(4), 674–698.
- Wang, S., Hung, K., & Huang, W. J. (2019). Motivations for entrepreneurship in the tourism and hospitality sector: A social cognitive theory perspective. *International Journal of Hospitality Management*, 78, 78-88.