

## Assessing Banks' Credits and Tourism Sector Development in Ifedore Local Government, Ondo State, Nigeria

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### Abstract

*The development in the tourism sector has been hindered by foreign exchange volatility, virus-outbreak (Covid-19), uncontrollable inflationary trends and inability of tourism operators to access banks' credits. To this extent, this paper assesses banks' credits and tourism sector development in Ifedore Local Government, Ondo State, Nigeria. The study adopts primary data that is collected via structured questionnaire. The purposive sampling technique was used to select 50 respondents which include; credit officers, head, credit department, operation managers (employees) of banks operating within the area and tourists that have visited any of these attraction centres in the local government. The collected data is analyzed through the use of descriptive statistics like tables, charts and percentages while inferential statistical method; Analysis of Variance (ANOVA) and one-sample t-test were used to test the formulated hypotheses. The result reveals that credits are accessed by the sector at a very low trend. The paper recommends that banks should charge moderate interest rates on credits provided to investors towards the development and sustainability of tourism sector.*

**Keywords:** Tourism sector development, Bank Credits, Banking industry, Ifedore Local Government.

### 1. Introduction

The tourism sector is characterised as socio-cultural and economic means to publicise people's beliefs and to assist in generating income for the development of the area. The tourism market remains incomplete without the presence of leisure activities, movement of person(s) in and out of destinations away from their homes (Abiodun, 2002; WTTC, 2013). Through the tourism, several employment opportunities are created to develop economic potentials worldwide (UNWTO, 2007; Liu, 2014). The present insecurity situation (kidnapping and banditry), high cost of funds, high unemployment rate and volatility in exchange rate market, the nation's high foreign debt and weak purchasing power of the naira have continuously threatened the tourism market. Tourists are scared of visiting tourism venues for fear of either being kidnapped, tortured or killed. The issue of general insecurity in the country has led the tourism market to record low patronage and turnover.

Credit is an amount that is given to either person or an institution on the condition that it would be repaid in future with or without interest. Credit / loan can be secured or unsecured. The secured credit is the type the borrower pledges an asset (movable and non-movable property), as collateral (guarantee) for the credits, while unsecured credit involves the borrower not pledging any assets as collateral (guarantee) for the credits (CBN, 2014). The unsecured credit is riskier to any borrower. Therefore, the provision of credits by bank is referred to as bank credits. It must be noted that the values of the assets are more than the

number of credits and can be claimed by the lender if the borrower defaults according to terms and conditions.

The banking sector / system efficiently improves the economy through the removal of distortion, (credit ceilings). The practice of banking everywhere in the world differs in terms of socio-political, economic and existing financial structures of nations. The banking system has continuous intermediation responsibilities by resource mobilization, allocation and utilization (Barlin, 2009; CBN, 2014; Multhoni, 2016).

Tourism relies so much on communication, either by way of communicating the attraction, or to communicate between group of persons, individuals, organizations and governments. In media, tourism communication occurs differently such as print media, television, radio and Internet. By varying the media and the technological devices, the localities / attractions can be communicated to the different visitors/tourists. Also, communication channels are fulcrums that sustain both tourism sector and banking industry together. Tourists communicate with banks on the amount of money to be borrowed on the condition of making repayment in the later date. Therefore, if the issue of communication is not thoroughly understood and examined, it could create problem between the lender and borrower of credits.

By extending credit, a bank essentially trusts borrowers to repay the principal balance as well as interest at a later date. Whether someone is approved for credit and how much they receive is based on the assessment of their creditworthiness (Barlin, 2009). The questions are; can banks' credits improve tourism development and to what extent does banks' credits influence tourism development in Ifedore Local Government, Ondo State? These questions demand hypotheses formulation. In lieu of this, two null hypotheses ( $H_{01}$ ) are formulated and state thus: banks' credits do not improve tourism sector development; and ( $H_{02}$ ): there is no impact of banks credits on tourism sector development in Ifedore Local Government. To determine the extent of influence of banks credits on tourism sector development has remained a gap that requires further literature and empirical evidences. Furthermore, this study is the maiden research work on assessing banks credits on tourism sector development in Ifedore Local Ondo State. This work emphasizes that the tourism industry is a fulcrum for economic development, which also provides job opportunities; and arguably, banks have mobilised and channelled sufficient funds to the tourism sector.

The other sections of this paper subsequently could be categorised into literature review, while the third section focuses on methodology, section four concentrates on results and the last section explains findings, conclusion and recommendations.

## **2. Literature Review**

For banks to successfully involve in the development of tourism industry, it requires timely availability of credits to financially assist people to continue to develop and preserve their traditions and norms that have been existing for several centuries ago. According to Wang, Xiaox and Lang, (2017), tourism is a recreation platform, which possess a very significant benefit to countries to generate more income and to minimize rate of poverty among people within a settlement.

Tourism industry in Nigeria focuses on natural attractions and several activity centres; waterfalls and rainforests. The development of tourism market could be difficult without credit provisions from banks to stimulate the tourism sector. Banks are set up to make

available funds to real sector. Credits are made available to banks whenever there is shortfall in cash, which is presently at 11.5% (CBN, 2021), despite several reviews. This has compelled banks to advance credits to tourists at a high rate. The market shows the proportion at which the naira weakens daily (USD\$1 = ₦547) which is traced to inability to export more produced products and volatility in exchange rate. Uncontrollable interest charges prevent and discourage non-Nigerian tourists to invest available funds.

The collaboration of tourism sector and banking sector is very crucial by providing necessary credits to develop the tourism market and to ensure job availability. The belief of banks is that lack of creativity and new innovations on the part of tourism operators and increase in number of credits defaults have narrowed funds available to the sector. Similarly, the regulator's revenue also falls drastically due to dwindling crude oil price amid virus outbreak, which affects the revenue of government. For instance, ₦249.114 million (USD\$136,265,358,000) is spent on travel out of ₦1.3billion (USD\$711,100,000,000) that is (19.2%) budgeted for the sector in 2021 (Vanguard Newspaper, 2020). The hostile business environment is due to insecurity and banditry which have discouraged millions of tourists to visit Idanre Hills, Igbara Oke Petroglyphs, Smokin Hills Golf Resort and Cave of Ashes Isarun.

## 2.1 Banks' Credit and Tourism

Bank credit refers to the amount of credit available to a business or individual from a banking institution in the form of loans. (Morduch, 1999; Barlin, 2009). For emphasis, credit involves a transaction between two parties in which the creditor or lender supplies money, goods and services or securities in return for promised future payments by the debtor or borrower. There are three major types of credit; commercial credit, consumer credit and investment credit., (i) Commercial credit consists of bank credit such as overdraft, loans and advances; trade credit from suppliers; commercial papers (or note); invoice discounting; bill finance; hire purchase; factoring, etc., (ii) Consumer credit is a kind of permission granted an individual or a household to purchase goods like refrigerator, television, car, electronic sets, which cannot be paid for immediately but for which instalment payments are made over a period of time. (iii) Investment credit allows a business concern such as corporate body, sole proprietorship or partnership to obtain credit for capital goods for expansion of factory or procurement of machinery (Nordin *et al*, 2020).

Credit culture is very germane in credit behaviour process. According to Multhoni (2016), bank's approach to all issues is correlated to the administration of credit risk. To attain a healthy credit risk portfolio, it must be synchronised with the strategic direction and organisational culture of the financial institution. The culture must have the capacity to deliver the service required by the institution to meet the needs of its clients in a timely manner. This is because the credit culture ought to maintain a balance between assuming new risks and imposing limits on the amount of risk at the same time, because it is bound to run into all of kinds of resistance.

The process of administering credit begins with accurately assessing the credit-worthiness of the customer base and the business viability. This is particularly important if the company chooses to extend some type of credit line or revolving credit to certain customers. Hence, proper credit management is to set specific criteria that a customer might meet before receiving the proposed credit arrangement (Liu, 2017). As part of the evaluation process, credit administration also called for determining the total credit line that can be extended to a given customer.

Several factors are used as part of the credit management process to evaluate and qualify a customer for the receipt of some form of commercial credit. This includes gathering data on the potential customer's current financial condition, including the current credit track record that disclosed, the character of a customer in meeting obligations as well as collateral value. Effective credit administration system sought, not only to protect the bank or any financial institution involved from possible losses, but also protect the customer from creating more debt obligations that cannot be settled in a timely manner. When the process of credit administration functioned efficiently, everyone benefits from the effort. The financial institution such as banks have a reasonable amount of assurance that loans granted to a client is paid back within terms, or the regular minimum payment is received on credit account balances. The tenor of a loan varies from short to medium to long-term depending on the institutions, nature and functions (Liu, Yang & Bao, 2017). Tourism is known for travelling, supplying of foods, drinks and accommodations, and the market has helped to provide series of jobs (Abiodun, 2002; WTTC 2013). According to Tunde (2012) and Liu (2017), tourism market is far beyond food and drinks because the market also assists tourists to learn about new traditions and culture of the people hosting them.

Tourism industry is often regarded as a pillar in many countries because it plays a magnificent role in the development of national economy, job creation and help to sustain livelihood of people (Liu, Yang & Bao, 2017). Ifedore Local Government could be assumed to have 5A-class tourist attractions. But for government not harnessing the immense opportunities in tourism as the core to completely promote the overall business and economic development has continuously been a challenge. It is not a gain saying, that the development of tourism in Ifedore Local Government is encountering funding problems, therefore it has become crucial to hurriedly invest a huge amount of money into the sector. Going forward, more financial assistance most especially from banks is urgently needed. Furthermore, banks and other formal lenders, give priority to capacity, character, condition and capital (5Cs) in the credit appraisal process.

The importance of communication concept in tourism and banking industries can never be over emphasized. This is because the concept depends on three methods of communication: (i) interpersonal that is, face-to-face interactions between tourists and inhabitants within both physical and social destination venue / place; (ii) classical mediated communication which is undertaken by tourists via tourism institutions (i.e. tourism offices, tourism agencies) via mass media, for example, newspapers, radio, television; (iii) digital media which entails tourism sites and digital mobile media. In the case of digital mobile media, mobile devices are believed to be correct tool for contributing to the emergence of electronic and internet-based e-tourism and the more mobile oriented m-tourism (Nordin *et al*, 2020).

In same vein, an effective and efficient banking communication strengthens the relationship between customer, borrower suppliers, client and board of directors. Banking communication enhances a healthy competition in the banking system. Banking communication improves organisational effectiveness through training, knowledge management, risk management, internal control system and data security management. In the modern banking era, communication channel has since been transformed into electronic channel helping to promote and to sustain e-banking (i.e. internet banking, mobile banking and e-payment system) because it reduces costs and provides customers' satisfactions.

It is believed that some tourism managers / owners and investors have refused to pay back the loan but have now decided to spend differently from its primary objective. This is one of

the reasons why accessing credits have been very difficult. The hostile and unfriendly business environment that is known for insecurity and banditry in the country have discouraged millions of tourists to visit national attraction places like Obudu cattle ranch in Calabar, Cross-River, State, Yankari Game Reserve in Bauchi state and Mambilla Plateau in Taraba State. This insecurity trend has affected these and many more attractive destinations such that dwindling turnover is realised over time.

### **2.1.1 Credits and Tourism Development in Ifedore Local Government**

The collateral, condition and capital constitute a serious constrains to administering credits if not satisfactory to the lender (Liu et al, 2017). The Elizade Smokin Hill Golf Resort is funded by private sector and owned by a social entrepreneur, Chief Michael Ade-Ojo, who has successfully managed the resort. The Elizade golf course consists of enterprise and technological system with modern financial management, which attracts high credit rating; and remains one of the best in Nigeria and Africa. While other centres (Idanre Hills, Igbara Oke Petroglyphs and Cave of Ashes Isarun) are under the charge of Ondo State government. But the state government is facing serious funding challenges and dwindling internally generated revenues over the years. Some other challenges facing these other attraction places include poor road networks and lack of infrastructural facilities. Idanre Hills attraction spot is still fair by local standard. Therefore, it may be difficult for other spots to enjoy credit accessibility. Also, the question to ask is, is there any collateral to pledge with in order to enjoy credits by management (if any) of Idanre Hills, Igbara Oke Petroglyphs and Cave of Ashes Isarun? Considering this question, banks may not provide the credits, and this would indirectly slow down the chances of accessing credits to fund tourism development in the area.

Also, the friction between short-term sources of funding and financing long-term investments in the balance sheet of banks is a serious problem. This is because the bank may be exposed to credit risk (Multhoni, 2016). This is not different from mismatch between credit amounts and loan repayment. Construction and investment of tourism market is a long-term capital projects which demands continuous financing for development. Repayment of credits by the borrower would also be in long-term. During the short-run, the borrower may be expecting returns on investment, which may not work out on the part of the lender. This type of situation may discourage banks to provide credits since repaid amount (capital and interest) may take longer period except the borrower (affluence investor or government). The inability of the borrower to service the credit for longer period with an uncertain source of repayment, may thwart availability of credits and chances of developing tourism may not be achieved.

According to Barlin (2009), banks' lending standards sometimes are assumed to very stringent and at other times too lax. This trend shows that banks tend to lend more easily in good times but ensure that credits are tightened during lean times. But such a lending pattern may also be attributable to changes in borrowers' default risk over the business cycle and changes in the demand for credits. There is need to understand that quick reaction of banks can be tailored towards a country's Gross Domestic Product (GDP) behaviour; in addition, banks sudden reaction in terms of too lax or too stringent in terms of credits can also be traced to bank capital base, herding behaviour and competition.

## **2.2 Theoretical Review**

### **2.2.1 Theory of Credit Access**

This theory is postulated by Stiglitz and Weiss in 1981. The theory imparts an enabling structure for investigating monetary institutions and market incapability and incompetence. This substructure ascertains that hidden information is believed to be the major reason for monetary crunch in less developed economies. Banks that make available credits to firms are more concerned with risk exposures that are associated with such credits. Managing money and deposit accounts, banks own highly strategic information on firms' receipts and expenditures as well as the way and manner the firms develop. Financial institutions (FIs) screen and monitor borrowers, who are sometimes owners of firms more efficiently than some other investors. Banks specialise in gathering private information and treating it. According to (Stiglitz & Weiss, 1981) adverse selection and thus credit rationing occurs if banks require collateral. Banks opt that low-risk borrowers expect a low rate of returns on average. Low-risk borrowers are therefore unable to provide more collateral.

## **2.3 Empirical Review**

Tourism has continued to contribute and support economic development and to achieve foreign investment globally (UNWTO, 2007). The continuous increase in tourism centres has not alleviated poverty in Nigeria. Abiodun, (2002) in his study, Nigerian tourism sector: economic contribution, constraints and opportunities. The study affirms that policies on tourism industry needs an instant review. Similarly, Tunde (2012), carries out a study on harnessing tourism potentials for sustainable development: a case study of Owu water falls in Nigeria. The study believes that tourism is a foreign exchange earner to countries of the world and Nigeria inclusive. Nordin, Ismail & Jamal (2020) examine perceptions of the local community toward tourism development impacts on Perhentian Island adopting a quantitative approach by obtaining responses from 272 local community respondents on Perhentian Island. The study reveals that the positive impacts of tourism development outweighed the negative impact and observe an inverse relationship between social-cultural cost and environment cost on the quality of life.

Wang, Xiao and Lang (2017) carryout a study on credit support for the development of tourism industry in Ya'an City, China. The study concludes that banks' credit support plays an important role in the development of tourism, by promoting the structural reform supply side of tourism, because Ya'an is a typical tourist city which unfortunately lacks commercial credits from financial institutions.

United Nation (2020) carries out a survey on Covid-19 and tourism and how to evaluate its economic consequences. The study emphasises that the virus outbreak has disrupted every economy in the world. The study shows that in first quarter of year 2020, the virus brings foreign travels to stop and inflicting serious hardship on the tourism sector. Unarguably, for many emerging markets, developing and developed economies, the tourism industry has remained one of the major sources of government revenues. Unfortunately, the absence of this vital lifeline has forced many countries to experience a dramatic contraction in GDP and a rise in unemployment. The study adopts General Equilibrium Model (GTAP) to assess the implications of the pandemic crisis on the tourism sector which depends on the duration of the global lockdown. The study further estimates the direct and indirect costs of the shutdown for sixty-five countries and regions as well as sixty-five sectors; this covers businesses, local and foreign investments, corporate institutions finances and economies

globally. The study adds that in some nations of the world, unemployment rises by more than twenty percent and some sectors are almost wiped out, but tourism system is not spared either. The production of vaccines reduces the pandemic negative effects.

Sherman and Shin (2018), study on towards repositioning of tourism market through bank loans in Bangladesh. The study claims that Bangladesh has some attraction centres such as Chittagong- Hill tracts, Srimangal, Paharpur). The study finds out that lack of funds has been the major problem hindering the development of these and many more attraction centres in Bangladesh. The study reveals that government partners the banks and some private institutions to help provide funds for the development of the tourism industry. The study further reveals that government subsidised the cost of borrowing due to high cost of loanable funds. The study concludes that the tourism market has generated at least 5% of the country's Gross Domestic Product.

### 3. Data and Methods

This section focuses on the research methods and source of data that is adopted in the study. The primary data is collected through the structured questionnaire considering the responses of respondents in the study. Newman (2009) opines that questionnaire is the mostly used technique for collecting data. This study's population consists of forty-six (46) attraction centres in eighteen (18) local governments in Ondo State. But the high level of insecurity in all parts of the country (Ondo State inclusive) has discouraged tourists to visit these attraction destinations. To this end, this study could only focus on four (4) attraction destinations: Idanre Hills, Idanre; Igbara Oke Petroglyphs, (Igbara Oke); Smokin Hills Golf Resort, (Ilara-Mokin) and Cave of Ashes Isarun (Isarun Town). The reason for selecting these attraction destinations is tranquilising, a life time experience and socio-economic and cultural activities enjoyed by neighbouring communities such as Ijare, Ipogun, Ibule and Igboko-Oke. Questionnaire that is distributed is fifty (50), while forty-eight (48) is brought back. This indicates that 96.0% are without errors, only 4.0% of the questionnaire not returned. The purposive (non-probability) sampling method is adopted because our target respondents are people who have been visiting any of these tourist destinations in Ifedore Local Government Area. Large number of the questionnaire is completed immediately, while the remaining few ones take two (2) days to distribute. Collected data is interpreted via descriptive and inferential techniques. Descriptive statistics adopts percentages, charts and frequencies. The inferential statistics adopt both ANOVA and t-test to interpret the hypotheses. The Cronbach alpha is adopted to evaluate the reliability of data. Cronbach alpha measures or determines the internal consistency of the research instrument (Cronbach, 1951). According to Pattern (2004), Cronbach alpha's benchmark is 0.5, which considerably measures the internal consistency of a research instrument.

**Table 1: Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on N of Items
.608	.653

*Source: Authors' Computation, 2021*

#### 4. Data Analysis and Discussion of findings

##### 4.1 Background Information of respondents

This section portrays how results are translated in the study. Table 1 depicts respondents according to sex. 30 (62.5%) of the respondents are male and 18 (37.5%) are female. It shows that there are more male than female who are tourists and bank employees in the study. Table 2 shows that 13(27.1%) of the respondents that are between 18-27years old, 20 (41.7%) are between 28-37 years old, while 8 (16.7%) falls between the ages of 38- 47 years and 7 (14.6%) are 48 years and above. This analysis indicates that most of the respondents are averagely at 34 years. All the respondents are matured to express an understandable opinion on the subject matter.

The fig. 1 shows tourism spots that the tourists have visited in Ifedore Local Government. The most patronised is Elizade Smokin Hills Golf Resort at 27(56.3%), followed by Idanre Hills at 18 (37.5%), 2(4.2%) is attributed to Igaroke Petroglyphs and 1 (2.0%) characterizes Cave of Ashes, Isarun

**Table2: Respondent's Sex**

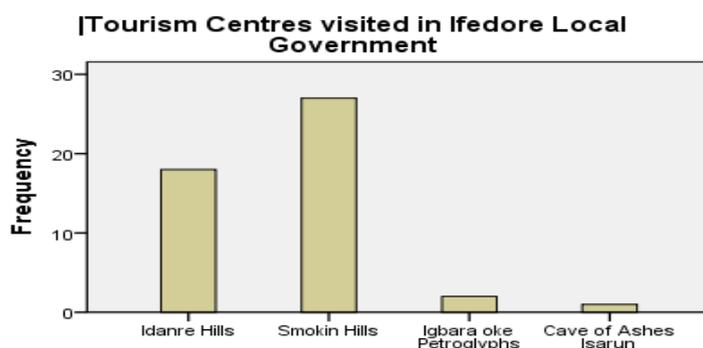
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	30	62.5	62.5	62.5
Valid Female	18	37.5	37.5	100.0
Total	48	100.0	100.0	

Source: Authors' Computation, 2021

**Table 3: Respondents' Age**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18 – 27	13	27.1	27.1	27.1
Valid 28 – 37	20	41.7	41.7	68.8
Valid 38 – 47	8	16.7	16.7	85.4
Valid 48years and above	7	14.6	14.6	100.0
Total	48	100.0	100.0	

Source: Authors' Computation, 2021



**Figure 1: Tourist Centers visited in Ifedore Local government**

Source: Authors' compilations, 2021

## 4.2 Descriptive Analysis of Responses

Table 3 shows the first phase of the research statement, 'banks credits and tourism development in Ifedore Local Government, Ondo State'. Tourism managers, owners, investors and other stakeholders in the tourism industry enjoy an easy access to credits provided by banks. 10 (20.8%) of the respondents strongly agree with the statement, 16 (33.3%) simply agree, 8(16.7%) are undecided, 9(18.8%) disagree with the opinion, 4(8.3%) of the tourists strongly disagree with the opinion; mean (3.4) and standard deviation - SD (1.2). Banks' interest rate charges are high on loans granted to tourism operators. Respondents that strongly agree with the judgment, 22 (45.8%), 13(27.1%) of the respondents agree, 9(18.8%) of the tourists are undecided, 3(6.3%) disagree while the remaining 1(2.1%) strongly disagree with the view, with mean value (4.0) and standard deviation (1.0). Tourism operators meet the required terms and conditions of lending stipulated by banks; 9 (18.8%) of the respondents strongly agree with the view, 15(31.3%) simply agree 19(39.6%) of the respondents are unable to decide on the issue; 5(10.4%) disagree, while no tourist strongly disagree with the viewpoint; with mean and standard deviation values of 3.58 and 0.9 respectively.

The number of credits apportioned by banks to tourism managers are reasonable; this statement is strongly agreed by respondents, 9(18.8%), 15(31.3%) of the respondents gently agree, 13(27.1%) are undecided, 9(18.8%) disagree with the opinion, 2(4.2%) of the respondents strongly disagree with mean value (3.4) and standard deviation (1.1). Collateral is the only security required to obtain credits from banks; 13(27.1%) of the respondents strongly agree with the opinion, 10 (20.8%) agree with the statement, 15(31.3%) of the respondents are undecided, 4(8.3%) disagree with the view, 6(12.5%) strongly disagree; with mean (3.4) and standard deviation (1.3). Tourists always approach banks for credit assistance; 7(14.6%) of the respondents strongly agree with the judgment, 16(33.3%) agree, 15(31.3%) of the respondents remain undecided, 6(12.5%) are disagree and 4(8.3%) strongly disagree with mean (3.4) and standard deviation (1.2).

The second phase of the research statement, on challenges facing the tourism industry in Ifedore, Local Government Ondo state'. Capital inadequacy is one the challenges confronting the development of tourism industry in Ifedore Local Government area, 23(47.9%) of the respondents strongly agree with the statement, 12(25%) of the respondents simply agree, 10(20.8%) are undecided, 1(2.1%) of the tourists disagree and 2(4.2%) strongly disagree with mean value (4.10) and standard deviation (1.1). Insecurity (Kidnapping and robbery attack) are common constraints to tourism development in the area, 23(47.9%) of the respondents strongly agree with the opinion, 12(25%) only agree, 6(12.5%) of the respondents remain undecided, 6(12.5%) disagree, while 1(2.1%) of the respondents strongly disagree with mean (4.0) and standard deviation (1.2). Another problem confronting the tourism market is the virus outbreak (Covid -19); 16(33.3%) of the respondents agree with the statement, 15(31.3%) of the respondents agree, 8(16.7%) are undecided on the issue, 6(12.5%) of the respondents disagree and 3(6.3%) strongly disagree with the belief; with mean and standard values of 3.7 and 1.2 respectively. Lackluster attitude on the part of tourism industry operators leads to underdevelopment of the tourism system; 16(33.3%) of the respondents strongly agree with the opinion, 17(35.4%) only agree, 10(20.8%) of the tourists are undecided, 2(4.2%) disagree with the view, 3(6.3%) strongly disagree with the idea with mean (4.5) and standard deviation (1.4).

Default in loan repayment process by tourism managers and owners is also termed as a constraint to tourism development in the local area, 10(20.8%) of the respondents strongly agree with the view, 14(29.2%) agree, 18(37.5%) are undecided, 4(8.3%) disagree and 2(4.2%) strongly disagree, while the mean value (4.17) and standard deviation value (1.3). Lack of creativity and innovativeness by operators' thwart tourism development; 13(27.1%) of the tourists strongly agree with the opinion, 19(39.6%) of the tourists simply agree only, 6(12.5%) of the tourists are undecided on the statement, 8(16.7%) disagree and 2(4.2%) of the tourists strongly disagree with the judgment; with mean (3.7) and standard deviation (1.2). There is a low awareness about tourist centers in Ifedore Local Government area; the opinion is strongly agreed by 15(31.3%) of the respondents, 15(31.3%) of the respondents simply agree, 7(14.6%) cannot decide, 8(6.7%) disagree and 3(6.3%) strongly disagree with the statement with mean (3.7) and standard deviation (1.3).

The third phase of the research statement, is on issues in banking and tourism industries in Ifedore Local Government. One of the objectives of developing the attraction destinations is to sustain the growth of the tourism market; 11(22.9%) of the respondents strongly agree with the statement, 22(45.8%) of the respondents simply agree with the viewpoint, 10 (20.8%) of the respondents are undecided, 3(6.3%) disagree and 2(4.2%) of the respondents completely and strongly disagree with such opinion with mean value (3.8) and standard deviation value (1.0). All the tourism spots identified in this study are struggling, but still manage to survive, except Smokin Hills Golf Resort, whose operation is stimulating economic development in the area; 14(29.2%) of the respondents strongly agree with the statement, 21(43.8%) of the respondents agree, 10(20.8%) are undecided, no respondent disagrees with the opinion and 3(6.3%) of the respondents strongly disagree with the statement, with mean value (3.9) and standard deviation (1.0).

Research Statement	SA	A	U	D	SD	Mean	SD
<b>Banks credits' and tourism development in Ifedore Local Government, Ondo State.</b>							
Tourism managers, owners and other stakeholders in the tourism industry enjoy an easy access to credits provided by banks	10 20.8%	16 33.3%	8 16.7%	9 18.8%	4 8.3%	3.4	1.2
Banks' interest rate charges are high on loans granted to tourism operators	22 45.8%	13 27.1%	9 18.8%	3 6.3%	1 2.1%	4.0	1.0
Tourism operators meet the required terms and conditions of lending stipulated by banks	9 18.8%	15 31.3%	19 39.6%	5 10.4%	-	3.58	0.9
The amount of credits apportioned by banks to tourism managers are reasonable	9 18.8%	15 31.3%	13 27.1%	9 18.8%	2 4.2%	3.4	1.1
Collateral is the only security required to obtain credits from banks	13 27.1%	10 20.8%	15 31.3%	4 8.3%	6 12.5%	3.4	1.3
Tourists always approach banks for credit assistance	7 14.6%	16 33.3%	15 31.3%	6 12.5%	4 8.3%	3.4	1.2
<b>Challenges facing the tourism industry in Ifedore, Local Government Ondo state</b>							
Capital inadequacy	23 47.9%	12 25%	10 20.8%	1 2.1%	2 4.2%	4.10	1.1
Insecurity (Kidnapping and robbery attack)	23 47.9%	12 25%	6 12.5%	6 12.5%	1 2.1%	4.0	1.2
Virus outbreak (Covid -19)	16 33.3%	15 31.3%	8 16.7%	6 12.5%	3 6.3%	3.7	1.2
Lacklustre attitude on the of Tourism industry operators	16 33.3%	17 35.4%	10 20.8%	2 4.2%	3 6.3%	4.5	1.4
Default in loan repayment process by tourism managers and owners	10 20.8%	14 29.2%	18 37.5%	4 8.3%	2 4.2%	4.17	1.3
Lack of creativity and innovativeness by operators	13 27.1%	19 39.6%	6 12.5%	8 16.7%	2 4.2%	3.7	1.2
There is a low awareness about tourist centres in Ifedore Local Government area.	15 31.3%	15 31.3%	7 14.6%	8 16.7%	3 6.3%	3.7	1.3
<b>Issues in banking and tourism industries in Ifedore Local Government</b>							
Growth trends	11 22.9%	22 45.8%	10 20.8%	3 6.3%	2 4.2%	3.8	1.0
Survival	14 29.2%	21 43.8%	10 20.8%	-	3 6.3%	3.9	1.0

**Table 4: Descriptive Analysis of Responses**  
**Source: Authors' Computation, 2021**

### 4.3 Test of Hypotheses

#### 4.3.1 Ho<sub>1</sub>: Banks' credits do not improve tourism sector development

The table 5 portrays the mean value of all respondents' judgements to be (3.7) and individual respondent opinion that deviates is 0.96. It depicts that personal opinion on the objective is less to average with the standard error value (0.138) is evidence that the sample mean has correctly explained an expected population mean. Table 6 shows the 't'-statistics estimate (319.71), this value is considerably higher than the p-value (0.000). The meaning is that the result is statistically significant  $p < 0.05$ ; that is,  $(0.000 < 0.05)$ . The alternative hypothesis is accepted. Therefore, banks' credits improve tourism sector development in Ifedore Local Government. Table 7 reflects  $F = 8.521$  ( $p < 0.05$ ). The result shows that the alternative hypothesis is accepted. Therefore, banks' credits have a significant impact on tourism sector

development.

**Table 5: One-Sample Statistics on Banks' Credits and Tourism Sector Development**

	One-Sample Statistics			
	N	Mean	Std. Deviation	Std. Error Mean
Banks' Credits and Tourism Sector Development in Ifedore-Local Government, Ondo State, Nigeria.	48	3.7	0.96	.138

Source: Authors' Computation, 2021

**Table 6: One-Sample Test on Banks' Credits and Tourism Sector Development.**

	One-Sample Test					
	Test Value = 0		Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
	T	Df			Lower	Upper
Banks' Credits and Tourism Sector Development in Ifedore-Local Government, Ondo State, Nigeria.	319.71	47	.000	44.3	3.4300	3.9705

Source: Authors' Computation, 2021

#### 4.3.2 Ho<sub>2</sub>: Banks credits does not impact tourism sector development in Ifedore Local Government

**Table 6: Analysis of Variance Impact of Banks' Credits on Tourism Sector Development**

	ANOVA				
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	2704.822	11	245.893	8.521	.000
Within Groups	1038.845	36	28.857		
Total	3743.667	47			

Source: Authors' Computation, 2021

#### 4.4 Discussion of Findings

Findings show that majority of the tourists that have visited the attraction destinations in Ifedore Local Government area are male. This implies that more female tourists need to be encouraged to be visiting these attraction destinations to have memorable experience and adventure travel. Findings also reveal that the most visited tourist spot in the area is Smokin Hills Golf Course. The Smokin Hills Golf Course in Ilara-Mokin is more funded and managed by private investor and a social entrepreneur. This implies that government should allow the private sector to manage other tourist destinations in the state. By implication, the government is expected to provide conducive environment to ease tourism business in the area.

Most of the tourists who have visited the four (4) attracted destinations in Ifedore Local Government are averagely 34 years old. Therefore, tourists, who are younger and older can also visit these attraction spots to spend a very good time with nature. Findings also show that banks' credits improve tourism sector development (319.71) and statistically significant

at ( $0.000 < p < 0.05$ ). This implies that for each credit disbursed by the banks, approximately 320 improvement is associated with the tourism market in the local government. This means that more loanable funds would attract quick development. This result is in tandem with Wang, Xiao and Lang (2017). If the private sector is allowed to manage the three other tourist attraction spots (Idanre Hills, Cave of Ashes in Isarun and Petroglyphs in Igbara Oke) in the local government, like the Smokin Hills Golf resort in Ilara-Mokin, it is believed that more credits would be available to develop the sector in the local government area.

The findings of this have revealed that the extent of impact of banks' credits on tourism sector development in Ifedore Local Government is slightly 8.521. This result is statistically significant  $p < 0.05$ . This result has truly shown that the sector urgently needs financial assistance to resuscitate the tourism market. This implies that banks' credits of 8.521 have slowly brought development to the tourism sector in the Ifedore Local Government. This means that operators, managers and owners in the tourism industry need to further examine the opportunities to borrow funds from banks to finance these attraction destinations. Like in Bangladesh, where government subsidised the cost of borrowing and encourage government partnership with private sector to fund the development and sustainability of the tourism sector. This would be a good step in right direction if this is replicated in the local government.

## 5. Conclusion and Recommendations

This study assesses banks' credits and tourism sector development in Ifedore-Local Government, Ondo State, Nigeria. The paper concludes that tourism sector remains a pillar in Ifedore Local Government Area and Nigeria at large due to its magnificent role in the development of the economy and job creation. If the tourism industry is well harnessed, it would create employment for indigenes and non-indigenes and trigger economic evolution in the area. The study has shown that the three out of four tourist attraction spots in the Local government are underfunded and underdeveloped and this has led to low patronage. Therefore, credits remain key to unlock the potentials and investment opportunities in the sector and financial assistance from banks – provision of credits would be the 'magic' the local government needs for economic progression. However, many tourists within and outside the local government area have never heard of these tourist destinations due to poor communication framework that is adopted by tourism managers / owners. This is because communication tools (e.g. radio, printing, television and internet) play a significant role in tourism development that needs urgent attention.

The study recommends that banks should relax the stringent conditions that are attached to credit accessibility and should charge moderate (single digit) interest rates on credits to encourage investors towards financing the tourism sector in Ifedore Local Government. Also, management of tourist spots should adopt modern communication strategy to create more awareness about the tourist destinations through old, most recent and modern-day communication platforms (radio, television, bill boards, print media, online streaming and social media).

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