A Study on Credit Support for the Development of Tourism Industry in Ya’an City

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Key Words: Tourism, Credit support, Funding gap.

Abstract: Banks’ credit support plays an important role in the development of tourism, which can promote the structural reform of supply side of tourism, and it has a great significance for the economic development. Ya’an is a typical tourist city in which there are a large number of funding gaps. Therefore, this paper carries out a study on the credit support of tourism development in Ya’an city by the analysis of survey data from the tourists of the area, providing theoretical information for local tourism development and banks’ credit support.

1. Introduction

Banking as an important pillar in the financial system, plays a vital role in the structural reform of supply side of tourism. Banking, by constantly increasing loans related to the tourism, provides steady funding support for the real economy. Tourism is a pillar industry in many cities, plays a significant role in the national economy and the people’s livelihood. Ya’an has 18 national 4A-class tourist attractions, and it is a typical tourist city in China, taking the tourism as the core to fully promote the overall economic development. But, the development of tourism in Ya’an is facing a large number of funding gaps currently, especially in the early stage of development, it is urgent to invest a large amount of money\cite{1}. However, according to the current situation, more financial support from the banks is still needed. Therefore, this paper, by the analysis of credit support conditions of tourism development in Ya’an, thoroughly studies the problems and proposes practical suggestions, providing the theoretical reference for local tourism development and banks’ credit support.

2. Current credit support condition of tourism development in Ya’an city

There are lots of funding gaps in the development of tourism in Ya’an, and there are few trustworthy customers applying for a tourism loan. Ya’an tourism industry is developing rapidly, the number of tourists continues to increase\textsuperscript{2} (referring to the table 1). Although the scenic spots continue to be improved, new scenic spots are not perfect. Credit ratings of enterprises are different, which leads to the further consideration of tourism loans of the bank. In addition, by the end of 2016, according to the statistics of 100 farmhouse resorts, there are 78 farmhouse resorts that are named as “star-farmhouse”, 60 one-star or two-start farmhouses, 18 three-star and higher level of farmhouse resorts.

Besides that, there are many financial problems in the development of tourism of Ya’an. Firstly, Enterprises Financing Guarantee Co., Ltd. of Ya’an didn’t play a big role in the development of tourism of Ya’an. Secondly, annual investment in the tourism mainly depends on the government’s attitude, and there is no relevant document ascertaining this affair. At last, due to low profits of enterprises involving in the tourism and long return term & high risk of tourism, most enterprises withdraw or transfer the investment and put money in the real estate industry. This phenomenon becomes more and more serious.

\textsuperscript{2}Foreign tourists were not included in the survey.
<table>
<thead>
<tr>
<th>Year</th>
<th>The Total Number of Tourists [0.01 million]</th>
<th>Growth Rate of Tourists [%]</th>
<th>Total Income [0.1 billion Yuan]</th>
<th>Growth Rate of Total Income [%]</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1106.00</td>
<td>10.05</td>
<td>63.50</td>
<td>25.49</td>
</tr>
<tr>
<td>2012</td>
<td>1194.50</td>
<td>8.00</td>
<td>79.65</td>
<td>25.43</td>
</tr>
<tr>
<td>2013</td>
<td>1132.10</td>
<td>-5.22</td>
<td>70.70</td>
<td>-11.24</td>
</tr>
<tr>
<td>2014</td>
<td>1658.90</td>
<td>46.53</td>
<td>108.60</td>
<td>53.61</td>
</tr>
<tr>
<td>2015</td>
<td>2162.72</td>
<td>30.3</td>
<td>152.33</td>
<td>40.3</td>
</tr>
</tbody>
</table>

### 3. Credit support issue of tourism development of Ya’an city

#### 3.1 Credit subjects

The qualification status of the loan subject constrains the credit issuance. In Ya’an city, Da Bifengxia tourism resort, Da Mengdingshan tourism resort and other well-known scenic spots are operated and managed by powerful enterprises, except for that, some are under the charge of medium and small-sized enterprises. However, most of them don’t establish a modern enterprise system; the financial management is not standardized, is arbitrary; the credit rating is not high. Due to above factors and others, it is difficult for them to get credit support. In terms of the pawn, infrastructure constructed before completion of the projects can’t be viewed as the effective collateral. Most enterprises just own the use right of the land, don’t have other more effective collateral. Because of the qualification condition of the loan subject, banks don’t provide more loans, resulting in the slow development of tourism.

#### 3.2 Credit term

There is friction between credit amounts and loan repayment term. From the development of tourism industry, construction and investment of tourism projects is a long and continuous process. Repayment will take a long time. Enterprises need long period of capital support. The development of tourism market is also a long and continuous process. It is not likely to achieve an obvious effect by propaganda for one time or momentary propaganda. It is necessary to adopt long-term, all-round and vertical marketing methods to promote tourism product and increase its influence and attraction. There must be a long time to achieve the prosperity of scenic spots. Therefore, under the pressure of economic downturn, some enterprises in the tourism industry are facing the competition from real estate corporations. As above contents, in the tourism industry, investment or the demand of loan is constant, and the repayment takes a long time. So, there is no doubt that the bank will consider these issues including risk prevention, revenue stability, and control the credit support for partial tourism companies.

#### 3.3 Guarantee

There is no plan for the development of tourism industry. The loan guarantee is difficult to be carried out. According to current tourism situation of Ya’an city, there are fewer high-quality tourists; the scale is smaller; development of scenic spots by enterprises is not complete and perfect; economic benefits fluctuate greatly, leading to the difficulty in improving corporate credit rating. In addition, enterprises involving in the tourism don’t make clear plans or strategies, blindly expand and invest, develop a single project, lack overall layout. Therefore, when banks evaluate, supervise, and collect information, they can’t get definite information that they want, thus affecting the credit support. The country strengthens macro regulation, and governments strictly implement the examination and approval system for the use of land. However, many tourism projects don’t obtain state-owned land use right certificates and property ownership certificates. So the loan guarantee is difficult to be carried, thus influencing the development of tourism industry.
3.4 Risk management

Credit risk is difficult to control. Since the government supports the development of tourism industry, pays great effort to attract investment, and takes the lead in setting up tourism company. Some loan subjects and “management commission” of the scenic spots are two parts controlled by one staff. The functions of the government and enterprises are mixed. Property rights are not clear. Meanwhile, operation and management are not completely carried out in accordance with market rules, which is not favorable to the supervision of the loan capital. In addition, some scenic spots or farmhouse resorts take the land use right got by collective land shares or purchasing as the collateral for a loan. Therefore, it is difficult for the bank to control the credit risk[6].

4. Survey and analysis of tourism development in Ya’an city

4.1 A brief introduction to the survey

In recent years, the continuous expansion of the tourism industry of Ya’an and the unlimited extension of the industrial chain lead to more refined internal division and more types of subjects involving in tourism. For the full understanding of the current business situation of different subjects related to the tourism industry, plans and credit support for tourism, to find the problems in the development of tourism, and provide true information for credit support, researchers carry out the survey. The main body of this research is these scenic spots including the representative spot Bifeng Gorge, 45 questionnaires are issued, and the effective rate is 100%. Researchers hope to understand the most authentic Ya’an in the eyes of tourists by this survey, so as to provide reference for relevant development and the bank’s decisions related.

4.2 Statistics and analysis of tourists in scenic spots

Most tourists only stay here for one day, mainly because of high price of hotels in the scenic areas & low capacity and fewer night programs. At present, tourists pursue experienced tour, instead of having a quick glance. So, it is necessary to integrate tourism resources in the scenic areas and enrich the contents of scenic spots. In addition, the infrastructure and accommodation conditions still need to be improved. By this way, Ya’an can bring tourists better travel experiences, thus leaving a good impression to tourists. This is good for the publicity of Ya’an tourism brand. For the tourism experience, creating unique traffic tandem type tour lines is a great idea, which can bring different experience for tourists’ self-driving travelling.

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Figure 1. Scoring for the status of scenic areas.
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Figure 2. General impression for Ya’an tourism industry.
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5. Conclusion and suggestions

At present, the tourism industry in Ya’an City is in the process of transformation and upgrading, whether it is the traditional scenic spot or the hot rural tourism industry, although they all have disadvantages referring to not obvious brand effect, incomplete resource developing, imperfect
infrastructure, entertainment facilities and others, they are moving forward in general. Under this situation, banks should be positive to bear the social responsibility of supporting the development of Ya’an tourism industry, further improve the quality and efficiency of financial support, achieve strategic interaction with the enterprises and individuals related to the tourism industry, and achieve the win-win target.

5.1 New mortgage model

To be active to explore and know the mortgage business including tourist attractions’ ticket income right pledge, mortgage of scenic spots operation rights, mortgage of the land use right, forest mortgage, intellectual property mortgage, tourism brands mortgage, etc., to stimulate the financing vitality of farmhouse resorts and rural tourism enterprises.

5.2 Explore new financial service methods

According to the financial characteristics of tourism enterprises, in addition to providing fixed asset loan, flow cash loan and other form for these enterprises, banks also can offer a number of financial services including the proof of deposit, travel insurance, purchase of foreign exchange, financial, leasing, bill discounting, fund settlement and cash management and other items.

5.3 Strengthen cooperation

Aiming at the conditions that enterprises involving in the development of scenic spots, construction of hotels have a large investment scale and large demands for funds, it is suggested to implement the syndicated loan model to achieve interests sharing, risk sharing, to enhance the anti-risk of loan.

5.4 Support the development of tourism

In the low carbon economy era, banks must support the development of tourism industry toward green low-carbon. Banks are pursuing high-quality, low-risk investment projects, while the support to low-carbon development of tourism is just in line with this concept.

References


