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RELATIONAL FINANCE AND COMMUNITY-BASED LENDING: RESILIENCE AND LIMITATIONS IN GALLE'S MARINE TOURISM SECTOR

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ABSTRACT

Marine tourism in Galle, Sri Lanka, is rapidly emerging as a vital driver of local economic development and sustainable blue economy ambitions. However, marine tourism operators face significant challenges in accessing adequate and reliable funding, often relying on fragmented and unsustainable traditional financing channels. This study critically examines existing financial practices among tourism operators in Galle to identify the shortcomings that require policy interventions and strategic reforms. Employing a qualitative, interpretive approach, 30 key stakeholders directly engaged in Galle's marine tourism sector were interviewed to uncover their experiences and perceptions. A purposive sampling strategy was adopted to select participants who could provide rich, firsthand insights, ensuring a diverse range of perspectives. The analysis revealed four central themes that structure the findings. Operators face major barriers in accessing institutional credit due to collateral requirements and high interests; they rely heavily on community-based and informal lending practices that provide short-term relief but limit their long-term investment; external and donor support is available but fragmented and project-dependent; and financial management practices are largely informal, constraining credibility with formal lenders and hindering sustainable growth. The research findings collectively indicate a financing situation that is primarily characterized by informal sources of financing and irregular external support, thus limiting operators' possibilities to extend their operations, implement sustainable practices, and develop resilience. The paper points out the demand for customized credit funds for marine tourism operators, better financial literacy and accounting assistance, and more synchronized governmental and private sector activities to make the financial ecosystem more robust and in line with the blue economy objectives.

Keywords: Marine Tourism, Stakeholder Theory, Sustainable Development, Sustainable Financing

1. Introduction

Marine tourism is a vital component of Sri Lanka's economy and the socioeconomic development of coastal communities (Samarathunga, 2016). With the recent economic crises and pandemic-induced downturns, Sri Lanka has turned greater attention to the marine and coastal tourism sector as a promising avenue for sustainable growth and resilience (CBSL, 2024). Activities such as whale watching, diving, and yachting have raised Sri Lanka's profile as a global marine tourism destination, attracting both international and domestic visitors (SLTDA, 2025). Activities including whale watching and yachting have strengthened Sri Lanka's reputation as a prominent marine tourism destination, attracting both domestic and international visitors (SLTDA, 2025). Among Sri Lanka's coastal cities, Galle is important as a critical hub for marine tourism. Its natural harbour, rich cultural heritage with the UNESCO-listed Galle Fort, and expanding array of water-based attractions distinguish it from other coastal regions (SLTDA, 2025). Galle acts as a gateway to the southern coastline and hosts a vibrant mixture of local entrepreneurs and international operators, forming a dynamic ecosystem that significantly drives the region's blue economy aspirations (SLYCAN Trust, 2024).

The Galle marine tourism industry, which has a lot of potential, is still constrained by factors that make it hard for them to grow in an environmentally friendly way. Most of the small and medium-sized businesses that operate in this area report difficulties in obtaining institutional credit because of the high interest rates and collateral that are required, as well as the limited access to financial products that suit their needs (Daily FT, 2025). Consequently, most of the operators resort to personal savings, informal loans, and community-based lending practices, which, despite being flexible, limit the scope of their investment to short-term only and gradually adapting to emerging risks (Dissanayake & Weerasinghe, 2021). External shocks such as the COVID-19 pandemic have not only contributed to but also made more evident the financial instability of local businesses, while the high national debt has cut down the number of new credit lines available for the tourism sector recovery (PublicFinance.lk, 2023). Even though national-level research has looked at tourism finance in a broad sense, the study of the localized, real-world financial practices of marine tourism operators in Galle, particularly from the standpoint of stakeholder theory that recognizes the interactions, power relationships, and competing interests among operators, banks, donors, and local communities, is still quite limited.

Despite the presence of some financial instruments and external

support, a distinct gap remains in understanding how Galle's marine tourism operators currently secure and manage their finances, as well as the barriers and practices that shape their experience. Existing literature often examines the sector at a national level or aggregate, but there is limited empirical insight into the localized, real-world financing practices specifically in Galle's marine tourism community. This gap highlights the importance of the present study, as addressing it is critical for evidence-based policymaking and targeted interventions tailored to the unique socio-economic and environmental context of Galle. Based on the above context and the identified research gap, this study aims to examine the financing realities of marine tourism operators in Galle. Accordingly, this study aims to investigate the current financing sources and practices adopted by marine tourism operators in Galle, Sri Lanka.

2. Literature review

2.1. Blue Economy & Marine Tourism in Galle

The term Blue Economy refers to the ongoing utilization of marine resources from which economic growth is derived, along with sustained improvements in livelihoods and employment and the safeguarding of the oceanic ecosystem. The blue economy is predicted to be worth about \$1.5 trillion, and it is predicted that by 2030, it will reach \$3 trillion (Blasiak & Claudet, 2024). This includes initiatives to reduce pollution, protect marine habitats, and support climate change (NLA International, 2024). Marine tourism is an ever-expanding sector of the global tourism industry, deeply intertwined with the world's coastal and ocean environments (Copernicus Marine Service, 2024). It encompasses a wide spectrum of activities, both sea-based and land-based, including boating, yachting, cruising, diving, snorkeling, wildlife watching, recreational fishing, and leisure pursuits in coastal areas such as beach tourism, surfing, and sunbathing (Copernicus Marine Service, 2024). Notably, coastal and marine tourism now represents at least 50% of global tourism, making it the largest economic sector for many small island developing states and coastal nations (Sustainable Ocean Economy, 2024).

Galle, with its historic port, coral reefs, and large marine biodiversity, is a strategic hub for marine tourism in Sri Lanka. Marine tourist activities stretch from boat trips to diving, whale watching, and eco-tourism activities that attract local and international tourists (Bandara et al., 2019). Marine tourism in Galle is not just vital for economic development generating income and employment, but also for sustainable coastal planning since it encourages the maintenance of marine ecosystems. The success of these activities depends on concerted

stakeholder participation and financing modalities that are in conformity with environmental and social goals.

Despite the positive aspects of literature, it also points out that small marine tourism operators in Sri Lanka are still experiencing difficulties in obtaining finance. These difficulties are mostly caused by high interest rates, collateral requirements, and the fact that banks perceive marine tourism as a risk-prone sector (SLTDA, 2020). A lot of operators depend on informal financing or their own personal savings, which in turn restricts their ability to grow their operations, invest in safety equipment, or go green. This situation brings up the issue of lack of personalized financial products for marine tourism enterprises such an issue is the very focus of this research.

2.2. Conservation Finance

Conservational finance involves financial instruments and mechanisms designed to support biodiversity conservation and the sustainable management of natural resources by aligning economic incentives with environmental goals (CSF, 2024). Conservation finance instruments include Conservation Trust Funds, Blue Bonds, Blue Carbon Credits, and Debt-for-Nature Swaps. These tools are created to generate, manage, and deploy funds by supporting biodiversity conservation and the sustainable management of natural resources, including Marine Protected Areas. They align financial incentives with environmental goals to ensure sustainable and long-term funding for conservation efforts. These tools work in different ways. These methods not only help marine life and fishing but also bring benefits like new jobs and cleaner environments. Examples include Seychelles' \$15 million blue bond, Pakistan's \$695 million carbon project in the Indus Delta, and Belize's \$550 million deal to protect nature (CSF,2024). As shown in Table 01, various innovative financial instruments for marine conservation in Sri Lanka differ in their likelihood of success, potential financial impact, and biodiversity benefits, highlighting their effectiveness and feasibility for sustainable marine conservation financing (NCF & CSF, 2023).

Table 1: Summary of Innovative Financial Instruments for Marine Conservation in Sri Lanka

Source: (NCF & CSF: Asia 2023)

No.	Financial Instrument	Likelihood of Success	Financial Impact	Biodiversity Impact
1	Blue Carbon Credits	1.50	1.50	0.80
2	Ecological Fiscal Transfers	4.70	2.20	2.80

3	Environmental Taxes, Fees or Charges	1.70	1.90	0.90
4	Thematic Issuances	0.90	3.80	4.50
5	Privately Issued Blue Bonds	2.50	2.80	2.40
6	Debt-for-Nature Swaps	0.50	4.20	4.80
7	Multilateral & Regional Development Loans	1.80	3.60	3.80
8	Blended Finance	2.90	2.50	3.20
9	Peer-to-Peer Investing	4.20	0.80	0.80
10	Crowdfunding	4.40	0.50	0.40
11	Private Equity Funds	2.80	1.60	1.80
12	Conservation Trust Funds	3.80	4.50	3.70

Though these global and regional examples are present, the use of conservation finance in Sri Lanka has not gone beyond small-scale practice. According to studies, the main challenges are institutional fragmentation, lack of technical skill, and insufficient awareness among tourism operators (NCF & CSF, 2023). Also, there is no research that comprehensively touches upon the possibilities of integrating these instruments into the financing of small-scale marine tourism in places like Galle. Hence, this work not only adds to the existing literature but also investigates the very practical significance and accessibility of conservation finance from the operators' perspective.

2.3. Stakeholder Theory

Stakeholder theory emphasizes the reality that business organizations have to consider the interests of all those whose interests can be affected by their operations, not just shareholders (Freeman, 1984). For marine tourism, stakeholders would include tourism operators, investors, government agencies, communities, and environmental groups. The financing avenue for marine tourism schemes depends on the dynamics among these stakeholders, since their acceptance or rejection can instantaneously influence the success of funding initiatives (Mitchell, Agle, & Wood, 1997). It is therefore important to understand stakeholder agendas in a position to decide sustainable funding avenues in Galle's marine tourism sector. Marine tourism operators are among

the principal stakeholders in the finance system. They require access to funds to invest in infrastructure, maintain vessels, and upgrade services. Literature shows that operators' ability to access finance depends on their credibility in business, perception of risk, and coordination of stakeholder expectations (Clarkson, 1995). Moreover, operators that interact with local societies and regulatory organizations actively will most likely obtain funding from banks, private capital, and government schemes, highlighting the importance of stakeholder engagement strategies.

Private investors and financial institutions are significant financial stakeholders whose interest is risk management, return on investment, and regulatory compliance. Research demonstrates that stakeholder theory can guide financing mechanisms through fostering open communication among investors and operators with a view to curtailing perceived investment risks (Donaldson & Preston, 1995). In coastal tourism, tailored financial instruments such as low-interest loans, green finance, and public-private partnerships were effective when coupled with stakeholder needs and environmentally friendly ecological goals (Berman et al., 1999). Recent studies further argue that weak coordination among government agencies, inconsistent regulatory enforcement, and the absence of unified financing guidelines contribute to perceived investment risk in the marine tourism sector (SLTDA, 2020). These stakeholder misalignments create uncertainty for operators and lenders, reinforcing the need for a stakeholder-centered financing framework a gap this research seeks to fill by analyzing stakeholder interactions in Galle's marine tourism financing environment.

3. Methodology

3.1. Study Area

This study is situated in the Galle District of Sri Lanka, with a particular focus on the Galle Port and surrounding coastal areas that serve as the hub of the country's emerging marine and superyacht tourism sector. Galle has been strategically identified by the Sri Lankan government as the focal point for maritime and luxury yachting tourism development, making it an ideal location for examining financing practices within this industry (Sri Lanka Tourism Development Authority [SLTDA], 2023). Maritime tourism operations within the region include boat cruises, diving and snorkeling trips, marina activities, yacht maneuvering, fishing tours, and ancillary hospitality services, which all play a substantial role in the local economy (Fernando, 2017). These operators, however, often rely on diversified financing arrangements ranging from

personal savings, individual loans, community-based networks to commercial bank credit as well as constrained public private partnerships to operate and develop their businesses (Perera & Weerasinghe, 2021). Given the constraints in the available funding, the choice of the location at Galle is justified because it is the leading destination in Sri Lanka's marine and yacht tourism policy. Additionally, the concentration of marine tourism players in the region and the ecosystem gaps and obstacles, which are typical of the other parts of the marine tourism sector in the country, also contribute to the justification of this location (SLTDA, 2023; UNDP, 2022). Focusing on Galle, the study is well placed to look at how operators are currently financing their business and to identify the biggest challenges they face in accessing funds.

3.2. Research Design and Sampling

A qualitative research design was employed to explore how marine tourism operators in Galle finance their operations and the challenges they face in accessing funding. Purposive sampling was used to select participants with direct knowledge of financing practices. The study population included private-sector actors (tour operators, service providers, investors), public-sector representatives (government agencies, financial institutions), NGOs, development agencies, and local coastal community members. This approach ensured diverse perspectives on both existing financing mechanisms and barriers to funding. A total of 30 participants were selected, representing multiple stakeholder groups within Galle's marine tourism ecosystem. Although the broader marine tourism community in Galle comprises several hundred operators, this sample was considered adequate to achieve thematic saturation while capturing variation in business types, operational scales, and institutional roles.

To improve representativeness and interpretive accuracy, basic demographic information was recorded for each participant, including firm size, years of operation, type of marine tourism activity and stakeholder category. These details help situate the findings within the wider sector and clarify how the sample reflects the diversity of Galle's marine tourism industry. To enhance the representation and to get an accurate interpretation of the data, the basic demographic characteristics were recorded for each participant. These characteristics consisted of the firm size, the number of years the firm has been operating, the type of marine tourism activity and the stakeholder category. Only those individuals who had been involved in the marine tourism industry or related institutional roles for at least one year were considered to participate. This was done to guarantee the relevance and

the reliability of the responses. The information provided assists in locating the findings within the broader sector and in demonstrating how the sample mirrors the variety of Galle's marine tourism industry. Further credibility was ensured using triangulation across the different stakeholder groups and member checking, where the participants were given the opportunity to review the summarized interviews to confirm the accuracy of the interpretation.

3.3. Data Collection

Data was collected primarily through interviews conducted between February 2025 and August 2025. Interviews were carried out either in person or electronically, depending on participant convenience, and focused on two main areas, that is how marine tourism operators finance their operations and the challenges they face in accessing sustainable funding. Open ended questions were used to capture stakeholder perceptions, experiences, and practices related to financing. All interviews were transcribed, anonymized, and translated where necessary. Ethical clearance was obtained, and informed consent was secured from all participants.

3.4. Data Analysis

This research used thematic analysis as the method of research to analyze the qualitative data from the interviews. Thematic analysis is a well-established method of finding, looking at, and interpreting patterns in qualitative data, and was used with qualitative data, to gain deep knowledge of important concepts and issues surrounding psychotherapy and its uses (Braun & Clarke, 2006). By using this method, qualitative data can be analyzed in a systematic and transparent manner which adds validity and reliability to the results (Nowell et al., 2017).

4. Results/Analysis and Discussion

A total of 30 participants were interviewed, until data saturation was reached. The participants represented diverse stakeholder groups. As shown in Figure 01 marine tour operators (33.3%), boat owners and service providers (20%), financial institutions (13.3%), government authorities (13.3%), NGOs and development agencies (13.3%), and local communities/cooperatives (6.8%).

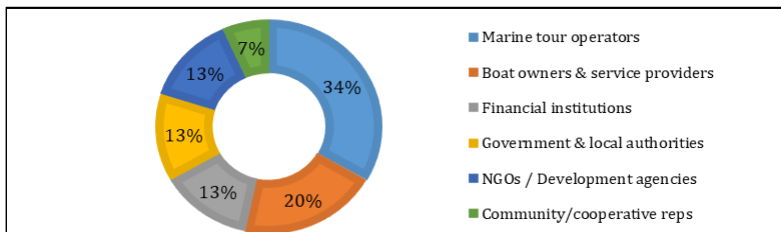


Figure 1: Distribution of Study Participants Across Stakeholder Categories
(Source: Compilation based on interview data, 2025)

To provide context for the qualitative discussion, respondents were asked to indicate the financing sources they currently use and the main challenges they face. Figure 2 and Figure 3 summarize these findings.

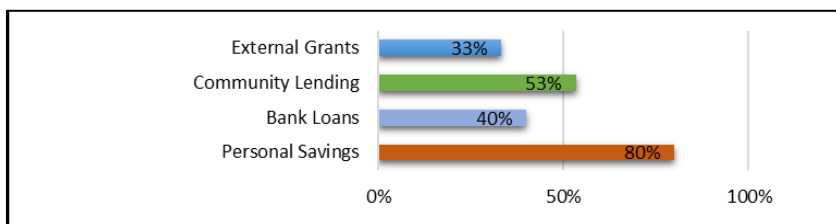


Figure 2: Sources of Finance for Marine Tourism Operators in Galle
(Source: Interview data, 2025)

Personal savings are the main source (80%) and hence it is concluded that majority of the operators depend on self-financing. Community lending ranks the second most utilized source (53%), which signifies the significance of informal and trust-based financial networks in the industry. Bank loans are reported to be used by 40% of the participants, which indicates a moderate interaction with formal financial institutions. On the other hand, external grants are the least accessed source at 33% and thus, limited integration with international or development-based funding mechanisms is pointed out. The overall scenario reflects a great reliance on internal and community financing while the institutional or grant-based support remains in the background.

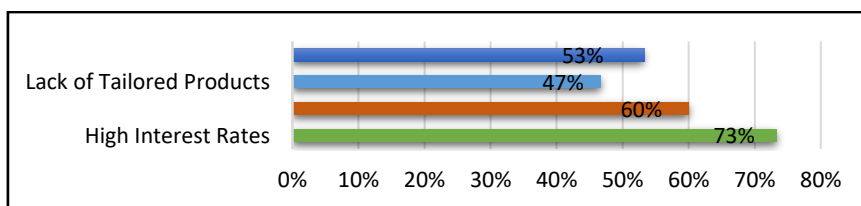


Figure 3: Key Financing Challenges Faced by Marine Tourism Operators in Galle
(Source: Interview data, 2025)

Regarding challenges, high interest rates (73%) and collateral requirements (60%) emerged as the most significant obstacles, with short-term funding limitations (53%) and the lack of tailored financial products (47%) further constraining operators' access to credit. These patterns provide a quantitative snapshot of the sector's financial landscape and frame up the subsequent qualitative discussion. To provide a comprehensive overview of the study's findings, Figure 4 presents a visual summary of the financing practices, and challenges faced by marine tourism operators in Galle, structured around the four main themes identified in the qualitative analysis. The figure highlights how operators rely on traditional, informal, and external financing sources, and how these practices interact with challenges.

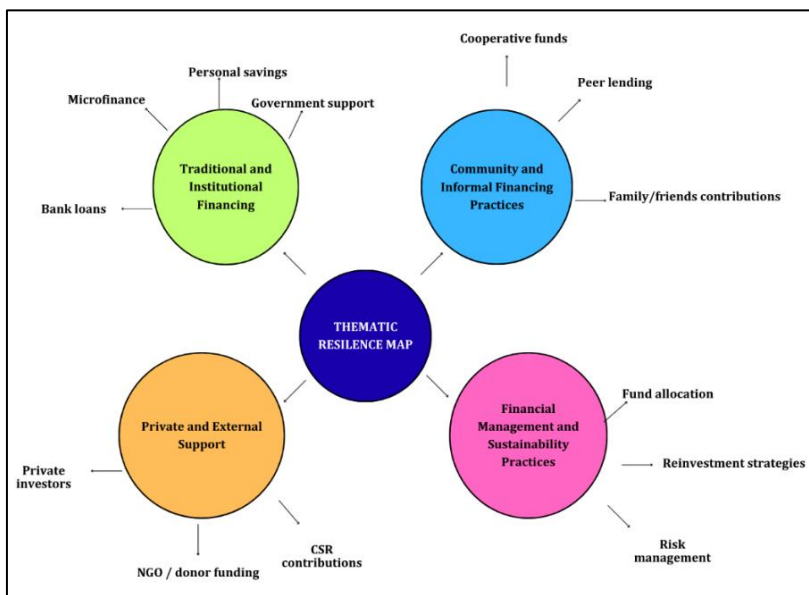


Figure 4: Visual Representation of Key Themes Related to Financing Practices and Challenges

Thematic resilience map based on the interview data is shown in Figure 4. It identifies four key themes depicting the marine tourism operators' financial navigation and resilience in the sector. Traditional and Institutional Financing, the first of the four themes, consists of personal savings, bank loans, microfinance, and limited government support, which are all established mechanisms. The second theme, Community and Informal Financing Practices, emphasizes the importance of social networks as the main source of finance, which are cooperative funds, peer lending, and financial support from family and friends. The third theme, Private and External Support, describes the operators' interaction with private investors, NGO or donor-funded programs, and corporate social responsibility (CSR) contributions. Lastly, Financial Management and Sustainability Practices

Management and Sustainability Practices refer to the internal business strategies such as fund allocation, reinvestment practices, and risk management approaches. Thus, the interplay of the four themes together demonstrates how operators resort to various financial sources in an already limited financing situation to get through and remain resilient.

4.1. Traditional and Institutional Financing

Access to institutional finance emerged as one of the most promising and recurring concerns across participants. Of the 30 respondents, 15 reported that commercial banks were either inaccessible or unsuitable for their needs due to stringent collateral requirements, high interest rates, and complex bureaucratic procedures.

One tour operator explained that “Most banks expect land deeds. But we don’t own property, only boats. That means we are automatically rejected. “Similarly, a guesthouse manager highlighted the difficulty of navigating bank requirements as “I applied three times and each time they asked for more documents. At the end, they said my business is too risky.” These experiences resonate with broader evidence from Sri Lanka and other small island economies, where tourism SMEs are perceived as “high risk” by financial institutions and rarely offered tailored credit products (Samarathunga, 2016; March et al., 2023). A further issue identified was the lack of sectoral awareness among bank officers. A boat owner noted that “Bank officers don’t know what whale watching is. They ask for farm records instead of guest records.”

This disconnect reflects what Baggio and Sainaghi (2011) describe as a “misalignment between evaluation criteria and industry realities,” which can lead to systemic exclusion. The implications are profound, without concessional loans or sector-specific financial instruments, operators cannot invest in essential areas such as safety equipment, infrastructure upgrades, or sustainable practices. Institutional finance, rather than being an enabler of growth, currently functions as a barrier to advancement in Galle’s marine tourism sector.

4.2. Community and Informal Financing Practices

For many operators, the absence of accessible institutional credit forces us to rely on informal community-based financing systems. These arrangements, often rooted in kinship ties and social trust, provided immediate relief but remained limited in scope. A startup owner recalled that, “When I needed to repair my boat, my uncle gave me Rs. 100,000. Without that, I would have stopped operations.” Next pooling

mechanisms were also observed, where small sums were collectively raised within villages, “Sometimes we collect money in the village. It is based on trust, but the amounts are small.” Such practices illustrate the dynamism of social networks in serving as shock absorbers to operators from liquidity shocks. These are what scholars refer to as “relational finance,” where trust substitutes for collateral (Granovetter, 1985; Berman et al., 1999). Such informal arrangements serve operational needs on a day-to-day basis but are inappropriate for capital-expanding investments such as boats, diving gear, or eco-certifications necessary to become competitive in marine tourism. This outcome mirrors the same patterns in Sri Lanka’s microfinance sector, where informal borrowing serves as a survival mechanism and not a growth strategy (Dissanayake & Weerasinghe, 2021). Comparative evidence from African and Southeast Asian experiences also shows that over-reliance on community credit solidifies risk since it maintains heavy reliance on low-value, short-term capital (Berman et al., 1999; Meyer, 2002).

Conceptually, such dynamics highlight a tension between vulnerability and resilience. On the one hand, informal systems adapt and, on the other, reinforce exclusion by redirecting operators away from formal financial systems capable of facilitating sustainable growth. Such dualism implies that while informal lending fulfills the essential coping function, it must not be an alternative to institutionalized financial arrangements underpinning long-term development and sustainability goals.

4.3. Private and External Support

Beyond community financing, some operators reported receiving support from NGOs, donor agencies, or international projects. Nonetheless, institutional support was often perceived as inconsistent, with each form of aid appearing unrelated to the other and temporary in nature. One operator who conducted whale watching expeditions recalled that, “An NGO project once provided us with lifejackets. It was certainly useful, but they didn’t come back the following year.”

Similarly, a guesthouse manager expressed disappointment in the short-lived nature of training initiatives as “A foreign project gave us training, but it lasted only for couple of weeks. After that, nothing changed.”

These accounts suggest that while external support has value, it often operates within project cycles, leaving beneficiaries with little long-term benefit. Nguyen et al. (2022) note that donor-driven projects in South Asia typically focus on capacity-building but fail to embed institutional mechanisms for sustainability. Participants also underscored a critical

mismatch between donor priorities and operators' pressing needs. For instance, several respondents highlighted the lack of funding for environmentally aligned investments. As stated by a diving school manager, "We want to buy better waste systems, but no loan covers that." "Eco-certifications are too costly. Banks don't fund environmental improvements."

These remarks illustrate the issue of sustainability finance: funds that could have been used for the purpose were misdirected. Bosmans and de Mariz (2023) stress that if financing instruments do not incorporate environmental performance indicators, the tourism sector will continue unsustainable practices. From the stakeholder theory viewpoint, this gap highlights the inability to balance the expectations of external funders and the local stakeholders. Local stakeholders look for impact finance that is both easy to access and supports sustainability, while on the other hand, donors and NGOs provide uncoordinated funding that fails to solve the deeper financing issues. Consequently, the funding landscape becomes disorganized, addressing immediate needs instead of fostering sustained growth.

4.4. Financial Management and Sustainability Practices

Beyond accessing financing, the way marine tourism operators in Galle manage their limited financial resources reflects adaptive strategies crucial for business continuity. 16 Respondents emphasized the importance of careful cash flow management, particularly given the seasonal nature of demand for those activities in Galle. One boat operator explained that "We earn well during the December to April season, but we must stretch that income for the off-season. If not, we will have to borrow just to survive."

A boat owner openly and directly admitted that "I keep notes on scraps of paper. When the book is lost, all the accounts are gone." Moreover, a female entrepreneur similarly acknowledged that, "We don't separate family and business money. It is all mixed together."

The statements above indicate that operators tend to depend on informal record keeping and personal judgment as opposed to formal accounting. This makes it challenging to prove creditworthiness to formal lending institutions. This is similar to what Wijesundara (2021) found where he established that most SMEs in Sri Lanka's tourism sector did not have an effective financial management system and depended on informal discretion to keep functioning. A further recurring theme was the dependence on revolving credit and community-based schemes to address short-term liquidity. One of the respondents said, "If business is

slow, I borrow a little from family or friends and pay back after the next trip. The banks don't understand our situation." The practice highlights the informal credit networks in the community that continued to offer advanced credit even though formal credit options were minimal. This observation is consistent with Fernando (2018), who highlighted the role of informal credit networks in supporting rural and coastal entrepreneurs. Operators also revealed that in the absence of accessible long-term financing, they often delay investments in safety and equipment upgrades. This was reflected in the statement as "We want to buy better safety jackets and engines, but it's not possible without a loan. So, we just repair the old ones repeatedly."

These findings directly link to the second research objective, as they highlight how financing challenges translate into constrained business practices. The literature confirms this gap, Samarathunga (2020) stresses that lack of affordable finance leads to underinvestment in quality and safety in Sri Lanka's tourism sector, potentially undermining competitiveness. Financial management among Galle's marine tourism operators is marked by informal record-keeping, reliance on personal and community coping strategies, and postponed investments, all adaptive responses that, however, limit opportunities for growth and stability.

Table 2: Summary of Financing Sources and Practices among Galle Marine Tourism Operators (*Source: Interview data, 2025*)

Theme	Main Findings
Traditional and Institutional	High barriers due to collateral, interest rates, and lack of tailored products.
Community and Informal	Accessible, flexible, but small scale and insufficient for major investment.
Private and External Support	Valuable but project-dependent and not sustainable for long-term growth.
Financial Management & Sustainability	Mostly informal bookkeeping: limited financial literacy hinders formal credit and expansion.

Information gathered from 30 interviews highlighted the challenges stakeholders face with borrowing funds to fully fund marine activities. These included a high cost of borrowing, an inability to access formal loans and a lack of sufficient institutional support. These challenges demonstrated the reliance of stakeholders on tools that enable ease of borrowing on more favorable terms and tailored financing to the sector.

5. Conclusion and Implications

The study reveals that the marine tourism operators in Galle struggle with continual funding constraints that affect their ability to secure sustainable financing and invest in the long-term development of the marine tourism sector. Structured credit remains inaccessible due to the requirement of collateral and inefficient bureaucratic procedures. Thus, operators opt for informal funding, which is a relief short term but cannot support long-term investment. External support, though sometimes helpful, is fragmented and generally does not support sustainability objectives. Lastly, poor money management and financial illiteracy limit operators' legitimacy with formal institutions, further entrenching exclusion.

Theoretical implications of the research support stakeholder theory, and they show that the financial results are not determined only by the operators but by the whole interaction of various stakeholders like banks, government agencies, NGOs, private investors, and coastal communities. Financial resilience is regarded as a process involving many actors rather than just one actor facing a challenge. The implication of the results for the operators in marine tourism is crying out for them to raise their financial literacy, install better financial reporting systems, and thus become part of the cooperative platforms that can improve their bargaining power and share the risks with exercising. The results for the policymakers and financial institutions indicate a very urgent need for sector-specific credit facilities with flexible collateral requirements, concessional interest rates, and fast-tracked procedures. The use of innovative means like blended finance, conservation trust funds, and blue bonds will also be possible if they are backed by strong governance and monitoring systems.

Future research is to assess within the Sri Lankan context the feasibility and operational design of such innovative financing instruments. Comparing studies with countries such as Seychelles, Mauritius and the Maldives could lead to a better understanding of how successful global models can be adapted to a local setting. Besides, longitudinal studies would also be a good way of assessing how the different financing pathways affect environmental outcomes, business sustainability and community livelihoods over time.

Future research should explore the feasibility of innovative sustainable financing models within the Sri Lankan context, while comparative studies with countries such as Seychelles, Mauritius, and the Maldives may offer valuable insights into adapting global best practices in the local context. Longitudinal research could also assess how alternative financing models impact biodiversity conservation and community livelihoods over time. In conclusion, overcoming the financing barriers

identified in this study requires a multi-stakeholder approach that combines operator capacity-building with institutional innovation. With supportive policies and innovative financial mechanisms, marine tourism in Galle can evolve into a resilient and sustainable pillar of Sri Lanka's blue economy.

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