International Research Journal of Social Sciences and Humanities, Vol.:05,Issue:03,July -Sep ,2026
PP:20-29

OPEN ACCESS
IRJSSH
ISSN (Online): 2959-1392
ISSN (Print): 2959-2887
www. irjssh.com

FINANCIAL ACCESSIBILITY IN SEASONAL MOUNTAIN TOURISM DESTINATIONS: EVIDENCE FROM KAGHAN VALLEY, PAKISTAN

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Abstract

Seasonal mountain tourism destinations experience exceptionally high financial transaction demand during peak visitor periods; however, banking infrastructure planning continues to rely primarily on permanent population size and year-round commercial activity. This study investigates financial accessibility as an essential component of tourism infrastructure in Kaghan Valley, Pakistan, and examines how the availability and operational performance of formal financial services influence tourism activities, visitor experiences, and local business operations. A mixed-methods approach was employed, integrating Geographic Information System (GIS) analysis, a tourist survey (n = 300), stakeholder interviews, and field observations to evaluate the spatial distribution, accessibility, and utilisation of financial services across the tourism corridor.The findings reveal a substantial spatial mismatch between tourism demand and the distribution of formal financial services. Banking facilities are concentrated mainly in Balakot, Kaghan, and Naran, whereas several major tourism destinations, including Shogran, Kewai, Siri Paye, Lake Saif-ul-Malook, Batakundi, Lulusar Lake, and Babusar Top, lack permanent banking infrastructure despite experiencing significant seasonal visitor flows. The study further demonstrates that tourists remain highly dependent on cash because of limited ATM availability, frequent cash shortages, unreliable internet connectivity, and restricted digital payment acceptance. Stakeholder interviews indicate that inadequate financial accessibility also disrupts business operations, reduces tourist expenditure, and increases operational challenges for hotels, restaurants, transport providers, and other tourism-related enterprises.This study argues that financial accessibility is a fundamental component of tourism infrastructure and proposes that tourism-generated transaction demand should complement conventional demographic and commercial indicators when planning banking infrastructure in seasonal tourism destinations. The findings contribute to both tourism and banking literature while providing practical guidance for commercial banks, the State Bank of Pakistan, tourism authorities, and policymakers seeking to strengthen financial infrastructure and promote sustainable tourism development.

Keywords: *Financial accessibility,Tourism infrastructure, Seasonal mountain tourism; Banking infrastructure, Geographic Information System (GIS), Mixed-methods research, Kaghan Valley, Pakistan.*

INTRODUCTION

Tourism has emerged as one of the world's largest and fastest-growing economic sectors, contributing substantially to economic growth, employment generation, foreign exchange earnings, and regional development. Beyond its direct economic contribution, tourism stimulates investment, supports entrepreneurship, promotes the growth of small and medium-sized enterprises (SMEs), and generates significant multiplier effects across numerous sectors, including transportation, accommodation, retail, food services, communication, and financial services (UN Tourism, 2024; World Travel & Tourism Council [WTTC], 2024). Particularly in rural and mountainous regions, where alternative economic opportunities are limited, tourism serves as a catalyst for local livelihoods and socio-economic development, making the provision of efficient supporting infrastructure essential for sustaining destination competitiveness.

The success of tourism destinations depends not only on their natural and cultural attractions but also on the quality and availability of supporting infrastructure that enables tourists to travel, spend, and participate in tourism activities safely and conveniently. Tourism infrastructure encompasses transportation systems, accommodation facilities, communication networks, healthcare services, utilities, and other supporting services that collectively enhance visitor experiences and facilitate tourism operations (Inskeep, 1991; Dwyer & Kim, 2003; Hall & Page, 2014). Well-developed infrastructure improves destination accessibility, encourages longer tourist stays, increases visitor expenditure, and strengthens the economic resilience of host communities. Consequently, infrastructure development has become a fundamental component of tourism planning and destination competitiveness worldwide.

While considerable attention has been devoted to conventional tourism infrastructure, financial accessibility has remained one of the least explored dimensions of tourism development. Financial accessibility refers to the availability, accessibility, and operational reliability of formal financial services that enable tourists and tourism-related businesses to conduct financial transactions efficiently throughout the travel experience. These services include bank branches, Automated Teller Machines (ATMs), Cash Deposit Machines (CDMs), Point-of-Sale (POS) terminals, and digital payment systems. In destinations where tourism businesses continue to depend primarily on cash transactions, reliable access to financial services becomes essential for purchasing accommodation, transportation, food, fuel, recreational activities, and emergency services. Limited financial accessibility may therefore

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disrupt tourism activities, reduce visitor expenditure, increase perceived travel risk, and constrain the economic performance of local tourism enterprises (Demirgüç-Kunt et al., 2022; Ozili, 2021).

The importance of financial accessibility becomes particularly evident in seasonal mountain tourism destinations, where temporary visitor populations increase dramatically during peak tourism periods. Unlike urban centres, where banking demand generally reflects permanent population size and year-round commercial activity, mountain tourism destinations experience exceptionally high but seasonal transaction volumes driven by tourist arrivals. However, banking infrastructure planning has traditionally prioritised resident population, commercial density, branch profitability, and long-term business potential when determining the expansion of financial services. Such approaches may underestimate the financial service requirements of tourism destinations, where temporary visitor populations frequently exceed resident populations many times over during peak seasons. Consequently, tourism destinations often experience shortages of formal financial services precisely when visitor demand reaches its highest level.

Pakistan's northern mountain regions have experienced remarkable growth in domestic tourism over the past decade because of their spectacular landscapes, alpine lakes, glaciers, forests, adventure tourism opportunities, and favourable summer climate. Among these destinations, Kaghan Valley represents one of Pakistan's most significant tourism corridors and serves as the principal gateway connecting Khyber Pakhtunkhwa with Gilgit-Baltistan through Babusar Pass. According to the Government of Khyber Pakhtunkhwa (2023), the Naran–Kaghan region recorded approximately 5.08 million tourist visits in 2023, making it one of the country's busiest mountain tourism destinations. Tourism constitutes the primary source of income for a large proportion of local households and supports hotels, restaurants, transport providers, jeep operators, retailers, tour operators, and numerous seasonal enterprises. Despite this rapid tourism growth, the expansion of formal financial services has not kept pace with increasing visitor demand. During peak tourism seasons, tourists frequently encounter long queues at ATM facilities, cash shortages, network failures, unreliable digital payment systems, and limited banking facilities. Furthermore, several major tourism destinations, including Shogran, Kewai, Siri Paye, Lake Saif-ul-Malook, Batakundi, Lulusar Lake, and Babusar Top, remain without permanent formal financial services despite attracting substantial seasonal visitor flows.

Existing tourism research has extensively examined transportation infrastructure, accommodation capacity, destination competitiveness, visitor satisfaction, environmental sustainability, and tourism management (Hall & Page, 2014; Weaver, 2006). Similarly, banking and financial inclusion studies have primarily focused on branch expansion, digital banking, financial inclusion, and service accessibility from the perspective of resident populations and conventional commercial markets (Demirgüç-Kunt et al., 2022; Ozili, 2021). However, the intersection between tourism infrastructure and financial accessibility has received remarkably limited empirical attention, particularly in seasonal mountain destinations where tourism-generated transaction demand differs substantially from conventional banking demand. Consequently, little evidence exists regarding how financial accessibility influences tourism operations or how tourism demand should inform banking infrastructure planning in high-volume tourism destinations.

To address this research gap, the present study examines financial accessibility in Kaghan Valley, Pakistan, using ATM facilities as the primary operational indicator of formal financial service availability. Employing a mixed-methods approach integrating Geographic Information System (GIS) analysis, tourist surveys, stakeholder interviews, and field observations, the study investigates the spatial distribution, operational accessibility, and utilisation of financial services within one of Pakistan's busiest mountain tourism destinations. Unlike previous studies that examine tourism infrastructure and financial services independently, this research positions financial accessibility as an essential component of tourism infrastructure and argues that tourism-generated transaction demand should complement conventional demographic and commercial indicators when planning banking infrastructure in seasonal tourism destinations. The study therefore contributes to both tourism and banking literature while providing practical evidence to support financial infrastructure planning, destination management, and sustainable tourism development in Pakistan and other mountain tourism regions experiencing similar seasonal demand patterns.

Literature Review

Tourism infrastructure is widely recognised as a fundamental determinant of destination competitiveness and sustainable tourism development. Beyond the attractiveness of natural and cultural resources, destinations require supporting infrastructure that enables tourists to travel safely and conveniently while allowing tourism businesses to operate efficiently. Previous studies have consistently identified transportation networks, accommodation facilities, communication systems, public utilities, and supporting services as key factors influencing destination accessibility, visitor satisfaction, and tourism performance (Inskeep, 1991; Crouch & Ritchie, 1999; Dwyer & Kim, 2003; Hall & Page, 2014). Well-developed infrastructure enhances tourist experiences, encourages longer stays, increases visitor expenditure, and contributes to local economic development, making infrastructure planning an essential component of tourism policy.

The rapid growth of tourism has further strengthened the need for integrated infrastructure development. Tourism generates employment, stimulates entrepreneurship, encourages private investment, and creates business opportunities across multiple sectors, including hospitality, transportation, retail, and financial services. According to the World Travel & Tourism Council (WTTC, 2024), the tourism sector contributed approximately 10% of global GDP and supported around 357 million jobs in 2024. Similarly, UN Tourism (2024) highlights tourism's continued contribution to global economic growth and sustainable development. These economic linkages demonstrate that tourism depends upon efficient supporting infrastructure capable of accommodating increasing visitor demand.

Despite extensive research on tourism infrastructure, comparatively little attention has been given to financial accessibility as a component of destination development. Financial accessibility refers to the availability and reliability of formal financial services, including bank branches, Automated Teller Machines (ATMs), Cash Deposit Machines (CDMs), Point-of-Sale (POS) facilities, and digital payment systems that facilitate financial transactions for tourists and tourism-related businesses. Reliable financial services enable tourists to purchase accommodation, transportation, food, fuel, recreational activities, and other travel-related services, thereby supporting both visitor satisfaction and local business operations.

The concept of financial accessibility has been examined primarily within the broader context of financial inclusion. Previous studies demonstrate that improved access to formal financial services promotes economic participation, business growth, household resilience, and regional development (Demirgüç-Kunt et al., 2022; Ozili, 2021). However, this literature has focused predominantly on resident populations and commercial markets, with limited attention given to temporary tourist populations. Consequently, financial accessibility has rarely been investigated as an operational requirement for tourism destinations despite its direct influence on tourist expenditure and destination functionality.

This gap is particularly evident in seasonal mountain tourism destinations, where visitor numbers fluctuate considerably throughout the year. Unlike urban centres, where financial service demand generally reflects permanent populations, mountain destinations experience exceptionally high transaction volumes during holiday periods and summer seasons. Previous tourism research acknowledges that seasonality places significant pressure on destination

infrastructure and service delivery (Butler, 2001; Baum & Hagen, 1999). Nevertheless, discussions of seasonal infrastructure have focused mainly on transportation, accommodation, and public services, while financial infrastructure has remained largely overlooked.

Although digital banking and electronic payment systems have expanded rapidly, cash continues to dominate financial transactions in many developing-country tourism destinations. The effectiveness of digital payment systems depends upon reliable internet connectivity, mobile network coverage, merchant acceptance, and supporting infrastructure (Demirgüç-Kunt et al., 2022). In remote mountain regions, unreliable electricity supply, weak telecommunications networks, and limited availability of POS terminals often restrict the practical use of digital payments, increasing tourists' dependence on ATM facilities and other formal banking services.

Existing banking literature also provides limited guidance for tourism destinations. Decisions regarding branch expansion and ATM deployment generally rely on permanent population size, commercial activity, and long-term profitability. While these indicators are appropriate for conventional urban markets, they may underestimate financial service demand in seasonal tourism economies where transaction volumes are generated primarily by temporary visitor populations. Consequently, destinations receiving millions of seasonal visitors may continue to experience inadequate banking infrastructure despite substantial tourism-related financial activity.

Overall, existing literature confirms that tourism infrastructure is essential for destination competitiveness, while financial inclusion research highlights the importance of accessible financial services for economic development. However, these two areas have evolved largely independently. Tourism studies rarely consider banking infrastructure, whereas financial accessibility research seldom addresses tourism-generated demand. This study addresses this gap by examining financial accessibility as a component of tourism infrastructure in Kaghan Valley, Pakistan, and argues that tourism-generated transaction demand should complement conventional demographic and commercial indicators when planning banking infrastructure in seasonal tourism destinations.

Materials and Methods

This study employed a mixed-methods research design integrating quantitative and qualitative approaches to comprehensively examine the accessibility and operational challenges of ATM services in Kaghan Valley, Pakistan. A mixed-method approach was considered appropriate because it facilitated the collection of numerical evidence regarding tourists' experiences while simultaneously incorporating stakeholders' perspectives and spatial analysis to understand the distribution and accessibility of banking facilities. The integration of survey data, field observations, stakeholder interviews, and Geographic Information System (GIS) mapping enabled a comprehensive assessment of financial accessibility within one of Pakistan's busiest mountain tourism destinations.

The study was conducted in Kaghan Valley, located in the Mansehra District of Khyber Pakhtunkhwa, Pakistan. The valley extends from Balakot to Babusar Top and includes several prominent tourism destinations, including Kaghan, Naran, Lake Saif-ul-Malook, Batakundi, Lulusar Lake, Babusar Top, Shogran, Siri Paye, and Kewai. Kaghan Valley was selected because it is among Pakistan's most visited mountain tourism destinations and serves as the primary gateway connecting Khyber Pakhtunkhwa with Gilgit-Baltistan through Babusar Pass. According to the Government of Khyber Pakhtunkhwa, more than 5.08 million tourist visits were recorded in the Naran–Kaghan region during 2023, reflecting exceptionally high seasonal tourism demand and making the valley an appropriate case for examining financial accessibility in mountain tourism destinations (Government of Khyber Pakhtunkhwa, 2023).

Primary data were collected during the peak tourism season through a structured questionnaire administered to domestic tourists visiting different locations within Kaghan Valley. A total of 300 valid questionnaires were collected using convenience sampling, as tourists were approached at hotels, tourist attractions, restaurants, transport terminals, markets, and other public locations where visitor movement was concentrated. Convenience sampling was adopted because of the dynamic movement of tourists across multiple destinations and the practical limitations associated with developing a complete sampling frame in an open tourism environment. Similar sampling approaches have frequently been employed in tourism studies investigating visitor perceptions and destination experiences (Jennings, 2010).

The questionnaire consisted of two sections. The first section collected respondents' demographic information, including gender, age, education, occupation, monthly income, province of residence, travel purpose, travel mode, and frequency of visits. The second section examined tourists' experiences regarding ATM accessibility, preferred payment methods, frequency of ATM usage, operational problems encountered during cash withdrawals, waiting time, travel distance to banking facilities, and the perceived impact of ATM availability on tourism activities and expenditure. The questionnaire primarily consisted of closed-ended questions measured through categorical responses to facilitate descriptive statistical analysis.

To complement the survey findings, semi-structured interviews were conducted with key tourism stakeholders, including hotel owners, restaurant operators, tour operators, shopkeepers, transport providers, and local residents. These interviews provided qualitative insights into operational challenges associated with banking services, including cash shortages, ATM downtime, network failures, cash transportation issues, and the broader implications of limited financial accessibility for local businesses. Field observations were also undertaken throughout the study area to document ATM locations, operational conditions, tourist queues, banking facilities, and areas lacking formal financial services.

Spatial analysis constituted an important component of the research methodology. The geographic coordinates of existing bank branches and ATM locations were collected during field surveys using Global Positioning System (GPS) devices and subsequently mapped using Geographic Information System (GIS) techniques. ArcGIS software was used to visualize the spatial distribution of banking facilities, identify underserved tourism destinations, and examine the relationship between tourist attractions and financial service availability. GIS mapping enabled the identification of spatial disparities in ATM accessibility and supported the interpretation of survey and interview findings through geographical visualization.

Quantitative data obtained from the questionnaire were coded and analysed using descriptive statistical techniques, including frequencies and percentages, to summarise respondents' demographic characteristics, payment behaviour, ATM usage patterns, and operational challenges. The findings were presented through tables, charts, and graphs to facilitate interpretation. Qualitative information collected through stakeholder interviews and field observations was analysed using thematic analysis, allowing recurring issues and stakeholder perspectives to be integrated into the discussion. Finally, GIS outputs were combined with quantitative and qualitative findings to provide a comprehensive assessment of financial accessibility in Kaghan Valley.

The integration of multiple data sources strengthened the validity of the study through methodological triangulation, enabling the comparison of evidence obtained from tourists, stakeholders, field observations, and spatial analysis. This comprehensive approach improved the reliability of the findings and provided a broader understanding of how financial accessibility influences tourism activities and local economic interactions within seasonal

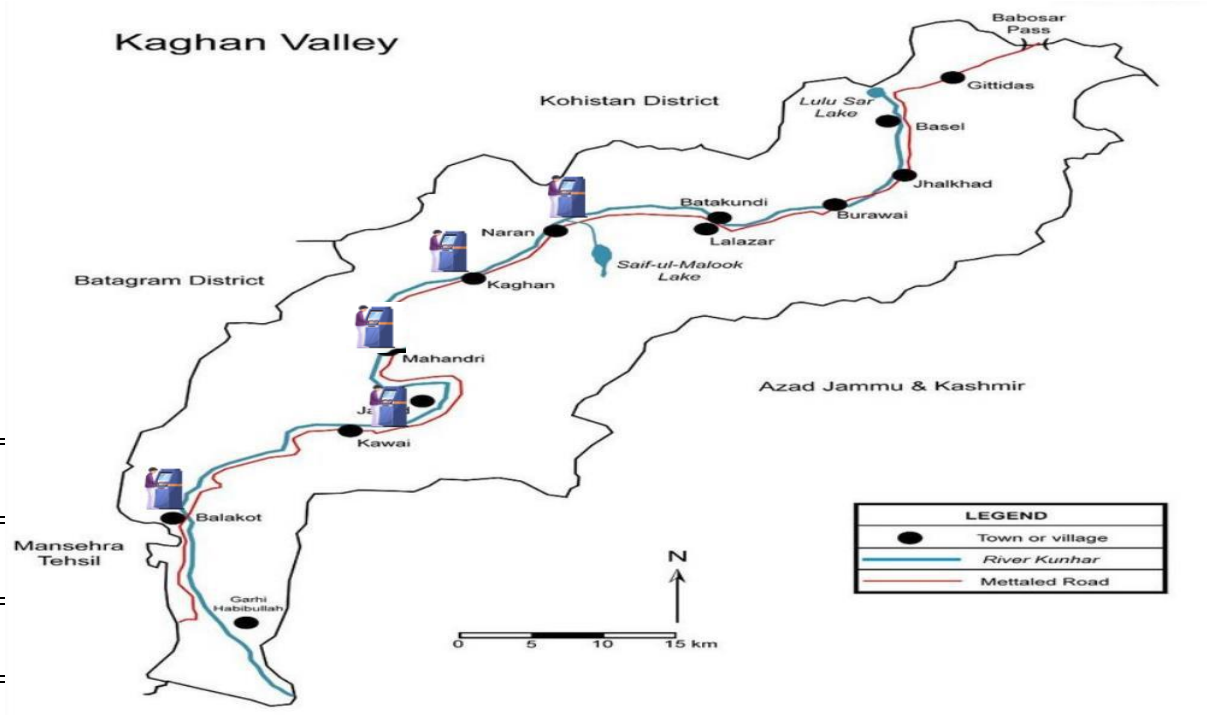
mountain destinations.

Results

This section presents the empirical findings of the study derived from the GIS analysis, tourist survey, stakeholder interviews, and field observations conducted in Kaghan Valley. The results provide a comprehensive assessment of the spatial distribution, accessibility, and utilisation of formal financial services within the tourism corridor. The findings are organised into three interrelated themes: (i) the spatial distribution of financial infrastructure, (ii) tourists' payment behaviour and financial accessibility, and (iii) stakeholder perspectives on the role of financial services in supporting tourism activities and local business operations. Together, these findings provide evidence of the relationship between financial accessibility and tourism infrastructure in one of Pakistan's most important seasonal mountain tourism destinations.

Spatial Distribution of Financial Infrastructure in Kaghan Valley

The GIS analysis revealed a highly uneven spatial distribution of formal banking infrastructure across Kaghan Valley. Existing ATM facilities are concentrated primarily in the lower and central sections of the valley, while several high-demand tourism destinations remain without any formal banking services. Table 1 and Figure 1 illustrate that Balakot accommodates the largest concentration of banking facilities, hosting approximately 10–12 ATM machines operated by multiple commercial banks including Habib Bank Limited (HBL), United Bank Limited (UBL), Muslim Commercial Bank (MCB), and other financial institutions. Moving northwards, the availability of ATM services declines considerably, with only one ATM located at Paras and one ATM at Kaghan. Naran represents the only upper-valley settlement with relatively better banking coverage, where Allied Bank, Bank Islami, and the National Bank of Pakistan collectively operate four ATM machines.



le Table 1

Bank)	*34.903222*	*73.648313*	*2*	*Allied Bank*
Naran (Bank Islami)	*34.906609*	*73.650297*	*1*	*Bank Islami*
Mahandri	*34.699907*	*73.578115*	*1*	*National Bank*

Table 1. Spatial distribution and operational coverage of financial services in Kaghan Valley

Despite Naran functioning as the principal tourism hub of the valley, the GIS findings indicate that banking infrastructure remains concentrated within a very limited geographical area and fails to adequately serve the growing seasonal tourist population. More importantly, several internationally recognised tourist destinations, including Shogran, Kewai, Siri Paye, Lake Saif-ul-Malook, Batakundi, Lulusar Lake, and Babusar Top, were found to have no permanent ATM or banking facilities despite receiving substantial visitor flows during the tourism season. Consequently, tourists travelling beyond Naran remain dependent on the limited ATM facilities available in downstream settlements, increasing travel time, operational inconvenience, and financial uncertainty.

The spatial concentration of ATM services highlights a significant imbalance between tourism demand and banking infrastructure. Rather than following tourist movement patterns, existing banking facilities appear to be concentrated around permanent settlements, suggesting that conventional branch expansion decisions are primarily influenced by resident populations rather than seasonal tourism demand. While this approach may satisfy routine banking requirements during the off-season, it creates considerable pressure on the limited banking infrastructure available during periods of peak tourist arrivals. As a result, ATM congestion, cash shortages, and service interruptions become concentrated within a small number of machines

serving both local residents and millions of seasonal visitors.

Field observations further reinforced the GIS findings. During peak tourism periods, long queues were observed outside ATM facilities in Naran, particularly during weekends, public holidays, and summer vacation months. Tourists frequently travelled between different ATM locations after discovering that machines were either out of cash or temporarily non-functional because of network interruptions. These operational challenges were particularly evident in upper-valley destinations where tourists had no alternative access to formal banking services and were therefore required to return to Naran or even Kaghan to withdraw cash. Such travel not only increased transaction costs but also reduced the time available for tourism activities, thereby negatively influencing visitor experience.

The findings collectively demonstrate that the current distribution of banking infrastructure does not correspond with the spatial distribution of tourism demand across Kaghan Valley. Although millions of tourists visit the valley annually, financial services remain concentrated within a few settlements, leaving several major tourist attractions without access to formal banking facilities. This spatial mismatch indicates the need for banking infrastructure planning that considers tourism intensity, visitor movement patterns, and seasonal transaction demand in addition to conventional demographic indicators.

4.2 Tourist Payment Behaviour and Financial Accessibility

The survey findings reveal that financial transactions in Kaghan Valley remain predominantly cash-based despite the increasing availability of digital banking services in Pakistan. As presented in Table 2, approximately 78% of respondents preferred cash as their primary mode of payment during their visit, whereas only 12% reported regularly using debit or credit cards. Mobile wallet services, including Easypaisa and JazzCash, were used by only 10% of respondents. These findings indicate that although digital financial services have expanded nationally, cash continues to dominate financial transactions in seasonal mountain tourism destinations where internet connectivity, merchant acceptance, and banking infrastructure remain limited.

The dependence on cash significantly increases tourists' reliance on formal financial services, particularly ATM facilities, during their journey. Survey results demonstrate that 64% of respondents experienced at least one instance where an ATM was out of cash, while 41% encountered non-functional ATM facilities because of network failures or technical issues. Furthermore, 58% of tourists reported visiting destinations where no ATM facility was available, particularly in upper-valley tourism locations beyond Naran. As a result, only 36% of respondents successfully accessed ATM services without encountering operational difficulties during their trip.

Variable	*Percentage (%)*
Preferred cash payment	*78*
Preferred card payment	*12*
Mobile wallet users	*10*
Faced ATM out-of-cash situation	*64*
Found ATM non-functional	*41*
Found no ATM at destination	*58*
Used ATM successfully	*36*

Table 2. Tourist payment behaviour and financial accessibility in Kaghan Valley.

The high dependence on cash observed in this study reflects the operational characteristics of tourism businesses across the valley. During field surveys and stakeholder interviews, most hotels, restaurants, jeep operators, roadside vendors, and small retail businesses preferred cash payments, while relatively few maintained Point-of-Sale (POS) terminals or accepted card payments. Although some businesses accepted mobile banking transfers, these transactions frequently depended upon stable internet connectivity, which was often unavailable because of electricity outages and weak mobile network coverage. Consequently, tourists frequently withdrew large amounts of cash before travelling towards upper-valley destinations to avoid payment-related disruptions.

These findings suggest that improving financial accessibility in Kaghan Valley requires more than simply encouraging digital payment adoption. Digital financial services remain constrained by infrastructural limitations, particularly in remote mountain environments where internet connectivity and electricity supply are inconsistent. Under these conditions, reliable ATM facilities continue to represent the principal source of formal financial access for tourists. Therefore, expanding financial infrastructure through additional ATM facilities, Cash Deposit Machines (CDMs), and improved banking

services remains essential for supporting tourism activities and reducing transaction-related barriers.

To further understand tourists' experiences with financial services, respondents were also asked about ATM usage outcomes and operational challenges encountered during their visits. The results, presented in Figure 2 and Table 3, indicate that financial accessibility varied considerably across different age groups and tourism destinations. Younger tourists reported a higher frequency of ATM-related problems, whereas respondents between 31 and 50 years demonstrated comparatively higher rates of successful ATM usage.

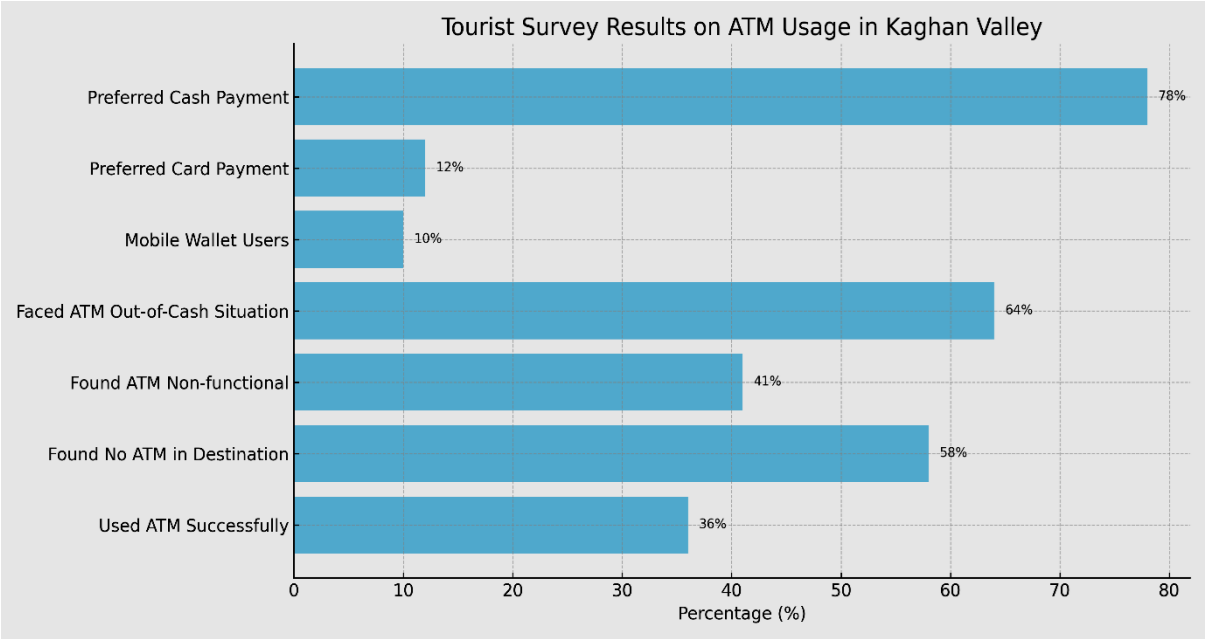


Figure 2. Tourist payment behaviour and financial accessibility in Kaghan Valley.

Figure 2 illustrates that cash remained the dominant payment method among tourists visiting Kaghan Valley, with 78% of respondents preferring cash transactions during their trip. In contrast, only 12% reported regular use of debit or credit cards, while mobile wallet services accounted for merely 10% of transactions. The figure further demonstrates that a considerable proportion of tourists encountered operational challenges, including cash shortages (64%), non-functional ATM facilities (41%), and destinations without any formal financial services (58%). These findings collectively indicate that tourists remain highly dependent on cash because digital payment infrastructure has not yet developed sufficiently to support tourism activities across the valley.

Age Group	*Faced ATM Issues (%)*	*Used ATM Successfully (%)*
18–30	*75*	*20*
31–50	*58*	*45*
50+	*40*	*35*

Table 3. Financial service utilisation across tourist age groups.

Table 3 further demonstrates that ATM-related difficulties varied across different age groups. Respondents aged 18–30 years experienced the highest proportion of financial accessibility problems, with 75% reporting ATM-related issues, whereas tourists aged 31–50 years recorded the highest rate of successful ATM utilisation (45%). Respondents above 50 years also experienced comparatively fewer operational difficulties than younger visitors. These differences may reflect variations in travel patterns, destination choices, and financial planning among different age groups, with younger tourists more frequently visiting remote destinations where formal financial services remain unavailable. These variations may reflect differences in travel behaviour, destination choices, payment preferences, and financial planning among different age groups. Younger tourists, who frequently participate in adventure tourism and travel further into the upper valley, are more likely to encounter destinations lacking formal financial services than tourists whose itineraries remain concentrated around established settlements.

Overall, the survey findings demonstrate that limited financial accessibility extends beyond isolated ATM malfunctions and represents a broader operational challenge affecting tourist mobility, expenditure, and destination experience. The continued dependence on cash, combined with insufficient banking infrastructure and unreliable digital payment systems, reinforces the need for financial service planning that aligns with seasonal tourism demand rather than permanent resident populations alone.

Stakeholder Perspectives on Financial Accessibility and Tourism Operations

The qualitative findings obtained through stakeholder interviews complement the survey and GIS analyses by providing practical insights into how limited financial services influence tourism activities and local business operations in Kaghan Valley. Respondents included hotel owners, restaurant operators, shopkeepers, transport providers, tour operators, and local residents who interact with tourists on a daily basis. Despite representing different

sectors of the tourism industry, stakeholders consistently identified inadequate financial services as one of the major operational challenges affecting both visitors and tourism-related businesses.

A recurring concern among stakeholders was the frequent shortage of cash in ATM facilities during peak tourism periods. Hotel owners and tour operators reported that ATM facilities in Naran often became overcrowded during weekends, Eid holidays, summer vacations, and other long public holidays when tourist arrivals increased substantially. Even after waiting in long queues, many tourists were unable to withdraw cash because ATM facilities had either exhausted their cash reserves or were temporarily unavailable due to technical or network-related failures. According to several respondents, these situations frequently created frustration among visitors and negatively affected their overall travel experience.



Figure 4. Long queues outside an ATM facility during the peak tourism season in Kaghan Valley, illustrating high transaction demand and pressure on existing financial services.

Stakeholders further explained that the consequences of limited financial accessibility extend beyond the banking sector and directly influence tourism businesses throughout the valley. Hotels, restaurants, fuel stations, jeep operators, and retail shops primarily operate on cash transactions because many businesses either do not possess Point-of-Sale (POS) terminals or experience difficulties using digital payment systems due to weak internet connectivity and electricity interruptions. Consequently, tourists who are unable to withdraw cash often postpone purchases, reduce discretionary spending, or cancel planned tourism activities. Hotel operators acknowledged that while tour operators are occasionally allowed delayed payments because of established business relationships, individual tourists are generally required to settle payments immediately, increasing their dependence on accessible banking facilities.

Transport operators and jeep drivers expressed similar concerns regarding cash availability. Jeep services constitute an essential component of tourism in destinations such as Lake Saif-ul-Malook, Siri Paye, and other off-road attractions where public transport is unavailable. Stakeholders reported that many drivers refuse to commence trips unless tourists possess sufficient cash because digital payment facilities are unreliable in remote mountainous areas. As a result, some tourists either return to Naran or Kaghan to withdraw cash or cancel planned excursions altogether. These circumstances not only reduce tourism expenditure but also affect the daily income of local transport providers and associated businesses.

Another important finding emerging from stakeholder interviews relates to the spatial imbalance in financial infrastructure across the tourism corridor. Respondents consistently highlighted that Shogran, one of the valley's most popular tourist destinations and the principal gateway to Siri Paye, currently lacks permanent banking facilities despite experiencing substantial seasonal tourist arrivals. Similar concerns were raised regarding Kewai, Lake Saif-ul-Malook, Batakundi, Lulusar Lake, and Babusar Top, where thousands of visitors travel daily during the tourism season without access to formal financial services. Stakeholders considered these locations high-priority areas for future banking expansion because tourists frequently require cash after travelling beyond Naran.









Figure 5. Existing formal banking facilities concentrated in Kaghan and Naran, illustrating the spatial concentration of financial infrastructure

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Figure 6. The only formal banking facility at Paras, highlighting limited financial service availability within an important transit settlement of Kaghan Valley.

Stakeholders argued that such facilities would reduce the dependence on transporting cash from larger cities and improve the efficiency of banking operations during periods of high tourist demand.

Overall, the stakeholder interviews reinforce the quantitative findings by demonstrating that financial accessibility is not merely a banking issue but a critical component of tourism infrastructure influencing visitor satisfaction, business continuity, and local economic activity. The consistency between survey responses, GIS analysis, field observations, and stakeholder perspectives strengthens the argument that existing financial services have not expanded in proportion to the rapid growth of tourism in Kaghan Valley. These findings further suggest that banking infrastructure planning should incorporate tourism-generated transaction demand alongside conventional demographic and commercial indicators when evaluating future investments in seasonal tourism destinations.

Discussion

The findings of this study demonstrate that financial accessibility constitutes a critical yet frequently overlooked component of tourism infrastructure in seasonal mountain destinations. While previous tourism research has consistently emphasized the importance of transportation, accommodation, communication networks, and destination management for tourism development (Dwyer & Kim, 2003; Hall & Page, 2014), comparatively limited attention has been devoted to the role of formal financial services in facilitating tourism activities. The present study extends this body of knowledge by demonstrating that inadequate access to financial services influences not only tourists' ability to obtain cash but also their mobility, expenditure patterns, participation in tourism activities, and overall destination experience. These findings suggest that financial accessibility should be considered an integral component of tourism infrastructure rather than solely a banking or financial inclusion issue.

The GIS analysis, tourist survey, stakeholder interviews, and field observations consistently revealed a spatial mismatch between tourism demand and the distribution of formal financial services within Kaghan Valley. Existing banking facilities are concentrated primarily in Balakot, Kaghan, and Naran, whereas several major tourism destinations, including Shogran, Siri Paye, Lake Saif-ul-Malook, Batakundi, Lulusar Lake, and Babusar Top, continue to operate without permanent banking infrastructure. This imbalance indicates that the current distribution of financial services appears to reflect permanent settlement patterns rather than seasonal tourist flows. Similar observations have been reported in mountain tourism studies where infrastructure development often lags behind the rapid growth of visitor arrivals, reducing destination efficiency and limiting the economic benefits generated by tourism (Baum & Hagen, 1999; Butler, 2001). However, unlike previous studies that primarily focused on transport and accommodation infrastructure, the present research demonstrates that financial accessibility represents another important dimension of destination functionality.

One of the most significant findings emerging from this study is the continued dependence on cash transactions despite the rapid expansion of digital banking services in Pakistan. Although mobile banking applications, digital wallets, and electronic payment systems have become increasingly common, tourists visiting Kaghan Valley remain heavily reliant on cash because of unstable internet connectivity, electricity interruptions, limited merchant acceptance of digital payments, and the absence of Point-of-Sale (POS) facilities across many tourism businesses. These findings are broadly consistent with financial inclusion literature, which argues that the effectiveness of digital financial services depends not only on technological availability but also on supporting infrastructure and institutional readiness (Demirgüç-Kunt et al., 2022; Ozili, 2021). The present study further demonstrates that digital financial inclusion alone cannot substitute for physical financial infrastructure in remote mountain destinations where network reliability remains inconsistent.

The stakeholder interviews further highlight that inadequate financial accessibility extends beyond tourists and directly influences the operational efficiency of tourism-related businesses. Hotels, restaurants, transport providers, jeep operators, and retail businesses reported reduced sales, delayed transactions, operational uncertainty, and additional security risks associated with transporting cash. The absence of Cash Deposit Machines (CDMs) further increases operational costs by requiring businesses to transport daily earnings to distant banking facilities for deposit. These findings indicate that improving financial infrastructure would benefit not only tourists but also local enterprises by improving cash circulation, reducing transaction costs, and strengthening the resilience of tourism-dependent economies. Consequently, investment in financial infrastructure should be viewed as an investment in tourism development rather than merely an expansion of banking services.

From a banking perspective, the findings challenge conventional approaches to financial infrastructure planning. Commercial banks traditionally evaluate branch and ATM expansion using indicators such as resident population, commercial density, deposit mobilisation, and long-term profitability. However, the evidence presented in this study suggests that such criteria may underestimate financial service demand in seasonal tourism destinations where transaction volumes are generated primarily by temporary visitor populations. Kaghan Valley receives millions of tourist visits annually, creating

substantial seasonal demand for banking services that is not reflected in permanent population statistics. This indicates that tourism intensity, seasonal visitor arrivals, hotel capacity, and tourism-related commercial activity should complement traditional banking indicators when evaluating future investments in branches, ATM facilities, and CDMs.

The findings also have important policy implications for tourism planning and regional development. Existing tourism policies generally emphasise transportation infrastructure, destination marketing, environmental conservation, and visitor management, while financial services receive comparatively little attention. The evidence from Kaghan Valley demonstrates that financial accessibility directly influences tourist satisfaction, business continuity, and local economic activity, suggesting that banking institutions should be recognised as important stakeholders within tourism development strategies. Strengthening collaboration between the State Bank of Pakistan, commercial banks, tourism authorities, and local governments could facilitate more effective financial infrastructure planning for seasonal tourism destinations and improve the overall competitiveness of Pakistan's mountain tourism sector.

Overall, this study contributes to the growing literature at the intersection of tourism and financial services by positioning financial accessibility as an essential dimension of tourism infrastructure. Rather than viewing banking facilities solely as commercial services, the findings demonstrate that formal financial infrastructure plays a strategic role in supporting tourism operations, facilitating visitor expenditure, and enhancing regional economic development. The study therefore provides both theoretical and practical evidence that tourism-generated financial demand should be incorporated into banking infrastructure planning in seasonal tourism destinations.

Conclusion

This study examined financial accessibility in Kaghan Valley, Pakistan, to assess its role in supporting tourism activities and regional economic development. Using a mixed-methods approach that integrated Geographic Information System (GIS) analysis, tourist surveys, stakeholder interviews, and field observations, the research identified significant spatial and operational limitations in the existing financial service infrastructure. Although Kaghan Valley receives millions of tourists annually and serves as one of Pakistan's most important mountain tourism destinations, formal financial services remain concentrated within a limited number of settlements, leaving several major tourist attractions without adequate banking facilities. As a result, tourists frequently encounter difficulties related to cash withdrawals, ATM congestion, limited banking accessibility, and unreliable digital payment systems, particularly during peak tourism seasons.

The findings demonstrate that financial accessibility extends beyond the provision of banking services and represents a critical component of tourism infrastructure that directly influences tourist experiences, business operations, and destination competitiveness. Unlike conventional tourism infrastructure studies that primarily focus on transportation, accommodation, and communication facilities, this research highlights that the availability and reliability of formal financial services significantly affect tourists' mobility, expenditure behaviour, and participation in tourism activities. Furthermore, the study reveals that inadequate financial infrastructure imposes operational challenges on hotels, restaurants, transport providers, retailers, and other tourism-related businesses, thereby limiting the broader economic benefits generated by tourism.

A major contribution of this research is its integration of tourism and financial accessibility perspectives within a single analytical framework. The study argues that banking infrastructure planning in seasonal tourism destinations should not rely solely on permanent population size or conventional commercial indicators. Instead, tourism-generated transaction demand, seasonal visitor flows, tourism business concentration, and destination characteristics should also be considered when planning the expansion of formal financial services. This perspective broadens the understanding of tourism infrastructure by positioning financial accessibility as an essential enabling service that supports both tourism development and regional economic resilience.

The study also contributes to the limited body of literature examining the relationship between financial infrastructure and tourism in developing mountain destinations. By combining spatial analysis with empirical evidence collected from tourists and local stakeholders, the research provides a comprehensive assessment of financial accessibility that extends beyond traditional financial inclusion studies. The findings therefore establish a foundation for future research exploring the role of financial services in enhancing tourism competitiveness, destination management, and sustainable regional development.

In conclusion, the evidence presented in this study demonstrates that financial accessibility should be recognised as a strategic component of tourism infrastructure rather than merely a banking service. As tourism continues to expand across Pakistan's northern mountain regions, strengthening financial infrastructure will be equally important as improving transportation, accommodation, and other supporting facilities. Integrating financial accessibility into tourism planning and destination development strategies has the potential to enhance visitor satisfaction, strengthen local economies, and promote more competitive and sustainable tourism destinations.

Recommendations

The findings of this study indicate that improving financial accessibility in seasonal mountain tourism destinations requires coordinated efforts from financial institutions, policymakers, tourism authorities, and other relevant stakeholders. The recommendations presented below are directly derived from the empirical evidence obtained through the GIS analysis, tourist survey, stakeholder interviews, and field observations conducted in Kaghan Valley. Rather than proposing generic improvements, these recommendations focus on practical and evidence-based interventions aimed at strengthening financial infrastructure, improving tourist experiences, supporting local businesses, and enhancing the overall competitiveness and sustainability of tourism destinations. Collectively, these recommendations provide a strategic framework for integrating financial accessibility into tourism planning and banking infrastructure development in Pakistan's mountain tourism regions.

Recommendations for Commercial Banks

Commercial banks should reconsider conventional branch expansion criteria in seasonal tourism destinations by incorporating tourism-generated transaction demand into investment decisions. Banking institutions should evaluate annual tourist arrivals, hotel occupancy, tourism business density, and seasonal transaction volumes alongside permanent population statistics when planning future banking infrastructure. Based on the findings of this study, Shogran should be prioritised for establishing a permanent banking branch because of its year-round population and its strategic importance as the gateway to Siri Paye. Additional ATM facilities should also be installed at Kewai, Lake Saif-ul-Malook, Batakundi, Lulusar Lake, and Babusar Top during the peak tourism season to improve financial accessibility for visitors.

Commercial banks operating in Kaghan Valley should further install Cash Deposit Machines (CDMs) at existing branches in Naran and other major tourism centres. The availability of CDMs would enable tourism businesses to deposit daily earnings locally, improve cash circulation within the valley,

reduce cash transportation costs, minimise security risks, and facilitate more efficient ATM cash replenishment during periods of high tourist demand.

Recommendations for the State Bank of Pakistan

The State Bank of Pakistan should recognise high-volume tourism destinations as specialised financial service zones requiring dedicated banking policies. SBP may consider issuing operational guidelines encouraging commercial banks to expand financial infrastructure in major tourism destinations through additional ATM facilities, CDMs, and improved seasonal cash management strategies. The development of tourism-oriented banking guidelines would improve financial inclusion while supporting the sustainable growth of Pakistan's tourism sector.

SBP should also encourage banks to utilise tourism statistics, seasonal visitor forecasts, and transaction demand analyses when determining ATM cash allocation and replenishment schedules, particularly during Eid holidays, summer vacations, Independence Day, and other long public holidays.

Recommendations for Tourism Authorities

The Khyber Pakhtunkhwa Tourism Department and relevant destination management organisations should formally integrate financial accessibility into tourism infrastructure planning. Future tourism master plans should include the provision of banking facilities, ATM locations, digital payment infrastructure, and financial information services as part of destination development strategies. Collaboration between tourism authorities and commercial banks would improve visitor convenience while enhancing destination competitiveness.

Tourism information centres, official tourism websites, and mobile applications should also provide updated information regarding nearby banking facilities, ATM locations, and available financial services to assist tourists in planning their travel more effectively.

Recommendations for Digital Financial Infrastructure

Although digital payment systems continue to expand across Pakistan, their effectiveness within mountain tourism destinations depends upon reliable electricity supply, internet connectivity, and merchant acceptance. Telecommunications companies, commercial banks, and government agencies should therefore collaborate to improve digital infrastructure across major tourism destinations. Increased installation of POS terminals, expansion of mobile network coverage, and improved internet reliability would complement physical banking infrastructure and gradually reduce dependence on cash transactions.

Recommendations for Future Research

Future studies should examine financial accessibility across multiple tourism destinations in Pakistan to develop a national understanding of banking infrastructure requirements within tourism economies. Researchers may further investigate seasonal transaction patterns using banking transaction data, assess the economic feasibility of ATM and CDM deployment through cost-benefit analysis, and evaluate tourists' willingness to adopt digital payment systems under varying infrastructure conditions. Comparative studies involving domestic and international tourists would also strengthen understanding of financial behaviour within different tourism contexts.

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