Digital Transformation Strategies and Organizational Performance of Family Bank Limited, Kenya

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ABSTRACT
Digital transformation strategies and organizational performance are intricately linked in modern business environments, particularly in industries that are heavily reliant on technology, such as banking. Digital transformation strategies are designed to enhance efficiency, customer satisfaction, and overall competitiveness transformation has the potential to influence several key aspects of organizational performance, including operational efficiency and customer satisfaction. Family Bank Limited has made significant investments in digital banking solutions. However, there are growing concerns regarding the effectiveness of these digital strategies in enhancing organizational performance. Despite the widespread adoption of mobile banking, internet banking, and digital payment platforms, questions remain about the extent to which these innovations improve operational efficiency and customer satisfaction across the banking industry This study sought to examine the effect of digital transformation strategies on the organizational performance of Family Bank Limited, Kenya. The investigation was a case study and employed the qualitative research design. Qualitative data was gathered using interview guides from heads of different departments at Family Bank. Qualitative data was analyzed using content analysis. The study found that digital transformation strategies have significantly contributed to performance at Family bank. The findings revealed that the bank has adopted various digital transformation tools and platforms such as online banking, mobile banking, paperless banking and investment in software for security surveillance among other which has yielded significant cost reductions, faster transaction processing and enhanced service delivery. The findings further revealed that digital transformation has contributed to enhanced customer experience at family bank by enabling the bank to offer seamless and better services at lower fees and meeting various customer touch points. Digital platforms have also been used to showcase various product offering creating a pool of alternatives for customers. Additionally, digital transformation in the bank was driven by factors such as the necessity to conform to change happening in the industry, customer demands and availability of skilled personnel. Nonetheless, the digital transformation journey was confronted by challenges such as heavy investment required to transition to new systems and technologies, resistance to change and data security concerns. The recommendations include the allocation of adequate resources for digital transformation processes, undertaking of adequate market research before adopting new technologies and emulating best practices from well performing banks with respect to digital transformation across the globe.
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1.1 Background of the Study

In an era where technological advancements are transforming industries globally, digital transformation strategies have emerged as a vital component of organizational success (Adama & Okeke, 2024). These strategies directly influence organizational performance, which can be measured through metrics such as operational efficiency, market competitiveness, and customer satisfaction (Abdurrahman et al., 2024). The inter-relationship between these variables lies in the potential of digital strategies to drive efficiency, improve customer experiences, and ultimately boost an organization's competitive edge in the market (Agu et al., 2024).

This study was grounded in two primary theoretical foundations. The first is Rogers' Diffusion of Innovation Theory (1962), which explains how innovations, such as digital transformation strategies, are adopted and spread within organizations. The theory outlines the process by which new technologies are embraced, emphasizing factors such as relative advantage, compatibility, and complexity that influence the adoption rate. The second supporting theory is Barney's Resource-Based View (RBV) Theory (1991), which posits that an organization's resources, including technological capabilities, can provide sustainable competitive advantages. Digital transformation can be viewed as a strategic resource that enhances organizational performance by improving operational efficiency, innovation, and customer engagement.

Family Bank Limited, a key player in Kenya's banking industry, has also embarked on a digital transformation journey to enhance its competitiveness and meet the demands of an increasingly digital-savvy customer base (Ondiek, 2021). Despite the global momentum towards digital transformation, there is limited research on how these strategies impact the performance of individual banks in Kenya, particularly in terms of operational efficiency and customer satisfaction. This study seeks to fill this gap by examining the specific digital transformation strategies employed by Family Bank Limited and assessing their effect on its organizational performance. The motivation for the study lies in the growing importance of digital transformation in the banking sector and the need for empirical insights into its performance outcomes.

1.1.1 Digital Transformation Strategies

Digital transformation strategies have become a critical focus for organizations looking to remain competitive in today's rapidly changing business landscape. According to Adama and Okeke (2024), digital transformation strategies refer to the efforts of organizations to reconfigure their operations by integrating digital technology into all areas of the business, creating new business models, processes, and customer experiences. Kusuma et al. (2024) define digital transformation as the process of using digital technologies to enhance organizational performance, through improved efficiency, innovation, and engagement with customers. In this study, digital transformation strategies are defined as the deliberate adoption and implementation of digital tools, technologies, and processes aimed at optimizing operational efficiency, enhancing customer experiences, and improving overall organizational performance.

Digital transformation strategies have been operationalized in different ways by researchers. Shanti et al. (2023) measured digital transformation strategies using dimensions such as digital product innovations, changes in customer interaction channels, and the restructuring of internal processes. Salih et al. (2024) operationalized the concept by focusing on organizational change, specifically in terms of technology adoption, workforce realignment, and the creation of new digital business models. In another study, Baiyere et al. (2020) measured digital transformation strategies by assessing the integration of digital platforms, use of data analytics, and the implementation of automation tools across business processes. For the current study, digital transformation strategies will be measured using three key dimensions: the adoption of digital technologies, the transformation of customer interaction processes, and the restructuring of internal operations.

1.1.2 Organizational Performance

Organizational performance is a fundamental concept in business research, focusing on how well an organization achieves its goals and objectives. Olan et al. (2022) defines organizational performance as the ability of an organization to achieve its goals efficiently and effectively by utilizing resources in a way that maximizes value creation. According to Rehan et al. (2024), organizational performance encompasses both financial and non-financial outcomes, such as profitability, market share, and customer satisfaction. In this study, organizational performance is defined as the overall effectiveness of Family Bank Limited in achieving its strategic objectives, measured by key performance indicators such as operational efficiency, customer satisfaction, and market competitiveness.

Organizational performance has been operationalized in various ways by previous researchers. Ali (2024) operationalized it using financial metrics such as return on investment (ROI), return on assets (ROA), and return on equity (ROE), alongside non-financial metrics like employee satisfaction and organizational growth. Dahal et al. (2024) used the Balanced Scorecard, which measures organizational performance across four dimensions: financial, customer, internal business processes, and learning and growth. In banking, Maaz and Ahmad (2022) measured organizational performance using indicators like customer satisfaction, market share, and operational efficiency. For the current study, organizational performance will be measured using three key dimensions: operational efficiency, customer satisfaction, and market competitiveness.

1.1.3 Family Bank Limited, Kenya

Family Bank Limited is a prominent mid-tier commercial bank in Kenya, offering a wide range of financial services including personal banking, business banking, and investment products. Established in 1984, Family Bank has grown over the years to become one of the most respected banks in the country, with a strong focus on serving both individual customers and small and medium-sized enterprises (SMEs) (Ndiritu, 2023). With over 90 branches spread across Kenya, Family Bank has positioned itself as a bank that caters to the needs of diverse segments of the population, including underserved communities, through its innovative and inclusive banking solutions. The bank is regulated by the Central Bank of Kenya (CBK), making it a key player in the Kenyan financial sector. Family Bank has continued to enhance its market presence by embracing digital channels and customer-centric products aimed at improving financial inclusion and accessibility (Hakizimana et al., 2023).In terms of digital transformation strategies, Family Bank Limited has made considerable investments in technology to improve its operational efficiency and service delivery. The bank has adopted mobile banking platforms, internet banking, and agency banking as part of its digital transformation efforts (Kiemo & Kamau, 2021). For instance, its PesaPap mobile app enables customers to perform various transactions, including bill payments, money transfers, and loan applications, all from their mobile devices. The bank has also incorporated data analytics and automation tools to streamline internal processes and enhance customer experience (Mugambi, 2022). However, like many other banks in Kenya, Family Bank faces challenges in fully optimizing its digital transformation strategies due to factors such as cybersecurity threats, the cost of maintaining advanced technology, and the need to continuously train staff and educate customers on using digital services. Despite these challenges, the bank's leadership remains committed to enhancing its digital capabilities to remain competitive in the fast-evolving banking sector (Limo, 2023).

Family Bank Limited's organizational performance is influenced by its ability to leverage digital transformation strategies to achieve its business goals. Traditionally, the bank has measured its performance using financial metrics such as profitability, return on assets (ROA), and capital adequacy (Charisma et al., 2022). However, with the integration of digital technologies, non-financial performance indicators such as customer satisfaction, operational efficiency, and market competitiveness have become crucial in assessing the bank's success (Mugo, 2021). The adoption of digital banking solutions has enabled Family Bank to increase its customer base, reduce operational costs, and improve transaction speeds, thereby enhancing overall operational efficiency. The impact of these digital strategies on customer satisfaction and market share remains a key area of interest for the bank (Mugambi, 2022). This study aims to assess how these digital transformation strategies influence the organizational performance of Family Bank, focusing on non-financial aspects such as customer satisfaction, operational efficiency, and market competitiveness, providing insights into how digital innovations can drive growth and success in the banking industry.

1.2 Research Problem

Digital transformation strategies and organizational performance are intricately linked in modern business environments, particularly in industries that are heavily reliant on technology, such as banking (Adama & Okeke, 2024). Digital transformation strategies are designed to enhance efficiency, customer satisfaction, and overall competitiveness (Abdurrahman et al., 2024). Digital transformation has the potential to influence several key aspects of organizational performance, including operational efficiency and customer satisfaction (Agu et al., 2024).

Family Bank Limited has made significant investments in digital banking solutions (Kiemo & Kamau, 2021). However, there are growing concerns regarding the effectiveness of these digital strategies in enhancing organizational performance (Hakizimana et al., 2023). Despite the widespread adoption of mobile banking, internet banking, and digital payment platforms, questions remain about the extent to which these innovations improve operational efficiency and customer satisfaction across the banking industry (Mugambi, 2022). Currently, many banks, including Family Bank Limited, face challenges related to customer complaints about service quality, transaction delays, and cybersecurity risks. The average Kenyan customer stands to benefit greatly from improvements in these areas, as a more efficient, secure, and user-friendly digital banking experience would save time, reduce costs, and provide more reliable access to financial services (Ndiritu, 2023).

Empirical studies have examined the relationship between digital transformation and organizational performance, but findings remain inconsistent. Salih et al. (2024) found that digital transformation strategies positively affect performance by enabling organizations to innovate and streamline operations in the financial sector. However, this study was conducted in a developed economy, leaving the applicability of these findings in emerging markets like Kenya underexplored. Gaya (2023) examined how digital banking influenced financial performance but focused mainly on profitability, without addressing non-financial outcomes like customer satisfaction or operational efficiency. Kimotho (2022) studied the effect of technological adoption on operational efficiency but did not assess broader performance indicators. This study addresses these gaps by exploring how Family Bank Limited's digital transformation strategies influence both financial and non-financial performance outcomes, providing insights into the impact on operational efficiency, customer satisfaction, and market competitiveness. The research seeks to answer the question: What is the effect of digital transformation strategies on the organizational performance of Family Bank Limited, Kenya?

1.3 Research Objective

The objective of the study was to establish the effect of digital transformation strategies on the organizational performance of Family Bank Limited, Kenya.

1.4 Value of the Study

This study contributes to the theoretical understanding of digital transformation by providing empirical insights into the application of the Diffusion of Innovation Theory and the Resource-Based View Theory within the context of the banking sector in Kenya. By examining how digital transformation strategies influence organizational performance, the study extends these theories by exploring the specific mechanisms through which technology adoption impacts non-financial performance metrics such as operational efficiency and customer satisfaction. This will enrich the theoretical frameworks by offering context-specific findings from an emerging market.

From a policy perspective, the study provides valuable insights that can inform the development of guidelines and regulations for the banking sector, particularly in relation to the adoption of digital technologies. Policymakers, such as the Central Bank of Kenya, can use the findings to enhance digital banking frameworks, ensuring that banks adopt effective digital strategies that improve service delivery and protect consumer interests. The study also has implications for national digitalization policies, supporting the broader goals of financial inclusion and technological innovation.

In practice, the study offers actionable recommendations for banks, particularly Family Bank Limited, on how to optimize their digital transformation strategies to enhance organizational performance. The insights gained from this research can help banks refine their digital offerings, improve operational efficiency, and boost customer satisfaction. Additionally, it provides a framework for managers to assess the effectiveness of their digital initiatives and align them more closely with business goals, ensuring that technology investments translate into tangible performance improvements.

2.0 LITERATURE REVIEW

. 2.1 Theoretical Foundation

This section explores the key theories that underpin the study, providing a conceptual framework for understanding the relationship between digital transformation strategies and organizational performance. The Diffusion of Innovation Theory by Rogers (1962) explains the process through which new technologies are adopted and integrated within organizations, while the Resource-Based View Theory by Barney (1991) emphasizes the role of unique organizational resources, such as technological capabilities, in achieving a competitive advantage. These theories provide a robust foundation for analyzing how digital transformation influences organizational performance in the banking sector.

2.2.1 Diffusion of Innovations Theory

The Diffusion of Innovation Theory, proposed by Rogers (1962), postulates that innovations are adopted by individuals and organizations in stages: knowledge, persuasion, decision, implementation, and confirmation. It explains how new ideas, practices, or technologies spread through a social system over time, influenced by factors such as relative advantage, compatibility, and complexity (Iqbal & Zahidie, 2022). The theory emphasizes the importance of early adopters and opinion leaders in facilitating widespread adoption. In the context of this study, the theory helps to explain how digital transformation strategies are adopted and integrated into Family Bank Limited's operations (Mbatha, 2024).

One of the main criticisms of the Diffusion of Innovation Theory is that it assumes a linear and uniform adoption process, often overlooking the complexities of organizational and cultural factors that may hinder or delay the adoption of innovations (Das, 2022). Critics also argue that the theory tends to focus on successful diffusion without adequately addressing instances where innovation adoption fails (Xu et al., 2024). Additionally, the theory may not fully account for the dynamic and rapidly evolving nature of digital technologies, which require continuous adaptation rather than a one-time adoption (Chauhan et al., 2023). These limitations highlight the need for contextual studies, such as this one, to explore how digital transformation unfolds in specific settings like the banking sector in Kenya.

Despite its criticisms, the Diffusion of Innovation Theory is relevant to this study as it provides a framework for understanding how Family Bank Limited adopts and integrates digital transformation strategies. The theory helps explain the factors that influence the bank’s adoption of digital technologies, such as perceived advantages and the influence of market trends. It also offers insights into the role of leadership, organizational readiness, and customer demand in facilitating the successful diffusion of digital innovations.

2.2.2 Resource-Based View Theory

The Resource-Based View (RBV) Theory, introduced by Barney (1991), postulates that an organization's resources and capabilities are key determinants of its competitive advantage and performance. According to the theory, resources that are valuable, rare, inimitable, and non-substitutable (VRIN) enable organizations to achieve sustained competitive advantage (Helfat et al., 2023). These resources can be tangible, such as physical assets and technology, or intangible, like knowledge, skills, and organizational culture. In this study, the RBV theory helps to explain how Family Bank Limited's digital transformation strategies, viewed as critical resources, can drive its performance (Chatterjee et al., 2023).

While RBV theory has been influential, it faces several criticisms. One major critique is that the theory lacks a clear framework for identifying and measuring valuable resources, especially in dynamic industries like banking, where technological changes happen rapidly (Khanra et al., 2022). Additionally, critics argue that RBV focuses too much on internal resources and may overlook the impact of external factors such as market conditions, competition, and regulatory changes (Lubis, 2022). Furthermore, some contend that the theory assumes resources are static, while in reality, firms must continuously evolve their resource base to maintain competitiveness, especially in the digital age (Bhandari et al., 2022).

The RBV theory is relevant to this study as it provides a foundation for understanding how Family Bank Limited's digital transformation strategies can be leveraged as strategic resources to improve organizational performance. By adopting digital technologies and building digital capabilities, the bank can gain a competitive edge in terms of operational efficiency and customer satisfaction. The theory also underscores the importance of resource management, as effective use of digital assets, such as data analytics and automation tools, can create sustainable advantages in a competitive banking environment.

2.3 Digital Transformation Strategies and Organizational Performance

Digital transformation strategies have a significant influence on organizational performance by improving operational efficiency. Through the adoption of technologies such as automation, cloud computing, and artificial intelligence, organizations can streamline their internal processes, reduce manual tasks, and optimize resource utilization (Adama & Okeke, 2024). In the banking sector, for instance, Agu et al. (2024) claim digital platforms enable faster transaction processing, enhanced data management, and better workflow coordination. This leads to reduced operational costs, minimized human errors, and quicker service delivery, which ultimately boosts the organization's efficiency and performance (Kusuma et al., 2024).

Digital transformation strategies also directly impact customer satisfaction, a critical component of organizational performance (Abdurrahman et al., 2024). Porfírio et al. (2024) concluded by offering digital solutions such as mobile banking apps, online customer service, and real-time financial transactions, organizations can meet the growing demand for convenient and personalized services. These technologies provide customers with seamless access to banking services from anywhere and at any time, enhancing their overall experience. Satisfied customers are more likely to remain loyal and refer others, contributing to an increase in customer retention and growth (Kusuma et al., 2024).

Digital transformation enables organizations to innovate and adapt more quickly to changing market conditions, which is crucial for maintaining a competitive advantage. Digital technologies provide access to real-time data analytics, enabling organizations to make data-driven decisions, predict market trends, and customize their products and services to meet customer needs (Shanti et al., 2023). As per Salih et al. (2024), this innovation fosters a more agile and responsive organizational structure, allowing firms to stay ahead of the competition. In the case of Family Bank Limited, adopting digital transformation strategies can help the bank differentiate itself in the market by offering innovative financial solutions and digital services that appeal to a tech-savvy customer base. This not only improves performance but also positions the bank as a leader in digital banking within Kenya.

2.4 Empirical Studies and Knowledge Gaps

Alrawashedh and Shubita (2024) examined the effect of digital transformation strategies on the performance of banks in Jordan. Their study explored how digital banking platforms, customer engagement technologies, and automation tools influenced bank profitability and customer retention. They found that digital platforms had the strongest impact on customer retention, but did not extensively address operational efficiency. This presents a contextual gap, which differs in regulatory and market dynamics from Kenya. Furthermore, the study mainly emphasized customer retention, creating a conceptual gap by not exploring other performance indicators like operational efficiency.

Similarly, Ionașcu et al. (2023) conducted a study in Switzerland to investigate the effect of digital transformation on organizational performance in the banking sector. They highlighted that the integration of digital tools improved customer satisfaction and operational processes. However, the study did not provide a comprehensive analysis of how digital strategies influenced non-financial performance metrics such as market competitiveness. This presents a conceptual gap, as the study focused predominantly on financial outcomes. Additionally, being conducted in a developed country, the study introduces a geographical gap, as the findings may not be fully applicable to developing markets like Kenya's banking sector.

In China, Xie and Wang (2023) studied the impact of digital banking solutions on operational efficiency and market share in large Chinese banks. Their study found that automation and digital services significantly reduced operational costs and increased market share. However, the study was limited to large banks and did not examine mid-tier banks, which presents a sectoral gap. Moreover, the study focused heavily on financial outcomes, leaving a conceptual gap in terms of how digital transformation strategies affect other dimensions of organizational performance, such as customer satisfaction and innovation, which are critical in a developing market like Kenya.

Gaya (2023) explored the impact of digital banking strategies on the financial performance of Kenyan banks. While the study confirmed that digital strategies such as mobile banking improved profitability, it did not examine non-financial performance indicators such as customer satisfaction or operational efficiency. Additionally, the study focused on profitability, leaving out important areas such as market competitiveness, creating a broader gap in understanding how digital transformation strategies impact overall performance.

Kimoni (2023) investigated the role of digital technologies in enhancing customer satisfaction among Kenyan banks. They found that digital platforms improved customer service but did not explore how these platforms influenced other aspects of organizational performance such as market share or operational efficiency. This presents a conceptual gap. Furthermore, the study was limited to customer satisfaction, creating a methodological gap as it did not include other key performance indicators like operational efficiency or competitiveness.

Lastly, Kimotho (2022) examined the effect of digital transformation on operational efficiency in mid-tier banks in Kenya. The study concluded that automation and digital services improved workflow efficiency, but it did not address how these digital strategies impacted customer satisfaction or market competitiveness, presenting a conceptual gap. Additionally, the study focused on mid-tier banks, leaving out a broader industry-wide perspective, which creates a contextual gap in understanding the effects across the entire banking sector.

From the reviewed studies, it is clear that digital transformation strategies positively influence organizational performance, particularly in terms of financial outcomes and operational efficiency. However, several research gaps remain. Internationally, studies have largely concentrated on financial metrics and specific regions, without fully addressing how digital strategies affect non-financial aspects such as customer satisfaction and market competitiveness. Locally, research has focused primarily on profitability and operational efficiency, leaving a gap in understanding how digital transformation impacts a broader range of performance indicators. This study aims to fill these gaps by examining how digital transformation strategies influence the organizational performance of Family Bank Limited, Kenya, focusing on both financial and non-financial performance metrics such as operational efficiency, customer satisfaction, and market competitiveness.

3. RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research methodology used to investigate the effect of digital transformation strategies on the organizational performance of Family Bank Limited, Kenya. It details the research design, and data collection methods. The chapter also explains the tools and procedures for data analysis. The methodology aims to ensure that the study's findings are accurate, reliable, and relevant to the research objectives.

3.2 Research Design

Cooper and Schindler (2014) describe research design as a structured approach that enables researchers to gather information accurately, efficiently, objectively, and cost-effectively. According to Khan (2008), a well-planned research design enhances the researcher's ability to create an operational framework, utilizing various techniques and processes needed to complete the study. It ensures that the methods employed are appropriate to produce valid, objective, and precise answers to the research questions.

In this study, a case study research design was employed. Cooper and Schindler (2014) describe a case study as an in-depth investigation of a person, institution, or phenomenon. This approach is suitable for this research as it involves a detailed evaluation of a single institution, focusing on depth rather than breadth. A case study is ideal for providing a comprehensive examination of a specific research unit. Yin (2018) emphasized that case studies offer a rigorous and detailed analysis of social units, providing valuable insights into areas that are not well understood or recognized.

3.3 Data Collection

This research relied on primary data. The main data collection tool was as outlined in Appendix I. The interview guide was chosen for this case study as it allowed the researcher to gather detailed information from respondents, offering deeper insights into the study findings. Additionally, it provided current and relevant information that wouldn't have been captured through other data collection methods.

The study targeted four senior managers at Family bank limited, Kenya, specifically the head of strategy, head of marketing, head of information technology, and head of operations. The interview guide as structured in two parts: the first part gathers demographic information about the respondents, while the second part focused on the study's objectives. Open-ended questions was used to ensure that participants provided comprehensive responses. Where necessary, follow-up questions were posed to clarify or expand on responses. The researcher conducted individual interviews with each respondent and document all questions and answers. This approach ensured that the data collection tool was used as intended and that the researcher captured all necessary information for analysis.

3.4 Data Analysis

The data collected from the interview guide was analysed qualitatively to explore how different categories of data are related. A qualitative approach was suitable for this study since it allowed the researcher to describe, interpret, and critically examine the research topic, which would be challenging to achieve quantitatively. Content analysis was used as the primary method for the qualitative analysis.

Content analysis was employed to evaluate the responses, draw conclusions, and make recommendations. The process involved familiarizing the researcher with the collected data, assigning preliminary codes to describe the content, identifying patterns or themes from the responses, examining and defining these themes, and finally drawing conclusions based on the findings. This method ensured a structured approach to analyzing the information gathered through the interviews.

4.1 DATA ANALYSIS, RESULTS AND DISCUSSION

This chapter highlights the analysis and findings of the study on digital transformation strategies and organizational performance at Family Bank Limited, Kenya. The analysis was performed as per the objectives of the study. The qualitative data gathered via interview guides was analyzed using content analysis. The presentation was organized based on the themes to draw inferences. A discussion of findings is also provided in the section

4.2 General Profile of Respondents

The study's interviewees constituted four senior managers at Family bank limited, Kenya, specifically the head of strategy, head of marketing, head of information technology, and head of operations. These respondents were chosen due to their ability to provide comprehensive responses with regards to digital transformation at Family Bank. When asked about the duration they have headed their respective departments, the interviewees indicated that they had been in charge of their units for a period ranging between three to ten years. This demonstrates that the respondents have been involved in digital transformation processes for a reasonable duration and could provide accurate and reliable information for purposes of the study. The interviewees further indicated that they had been involved in digital transformation projects further affirming their articulation of the subject under investigation.

4.3 Digital Transformation Strategies.

The study sought to examine the extent digital transformation at Family bank and the efforts made towards realizing digital transformation. To achieve this, the interviewees were presented with several questions such as the current digital transformation strategies at the bank, factors that have prompted the bank to adopt digital transformation, effectiveness of digital transformation strategies, challenges faced in the implementation of digital transformation, technologies required for digital transformation and the nexus between digital transformation and service delivery. The findings were as outlined below.

4.3.1 Current Digital Transformation Strategies

The study sought to examine the digital transformation strategies employed by family bank. The interviewees indicated that family bank has employed various innovations geared towards driving digital transformation. The participants highlighted that the bank was the first bank to introduce services such as paperless banking in Kenya which allows customers to transact using smart cards. This milestone according to the interviewees has significantly enhanced service delivery and reduced the costs for the customers and the bank.

The interviewees highlighted the introduction of online banking services as one of the bank's digital transformation strategies. The study found that through its mobile banking slogan "*with you for life*", the bank has improved the accessibility to banking services and fostered banking experience. The interviewees boasted the banks' PesaPap mobile app as a pioneer and a game changer in the mobile banking space. They emphasized that the bank's customers were able to access affordable instant loans through this platform.

Further, the interviewees indicated that the bank has highly leveraged on digital transformation to enhance customer experience. The remarks of the marketing manager were "*we have leveraged on technology to a large extent to meet the evolving demands of our clients a journey which has seen the bank receive great recognition such as being voted the overall bank and best Tier Two bank for customer responsiveness and satisfactory digital experience in 2023*". The respondents appreciated that the customers were becoming more technological survey hence the need to position the products on digital apps. The participants reiterated that digital transformation enabled the bank to offer more efficient and secure banking services to its customers.

The results also suggested that the bank was using digital tools to support the diversification of its products and services. As such, family bank was deploying digital channels to offer additional services including insurance services through its subsidiary the Family Banks's Insurance Agency Limited "FBIA" demonstrating the role of digital transformation in expanding a company's product and service lines. The marketing manager added that the bank was using digital transformation as the roadmap for reaching out to devolved units across the country.

The interviewees added that the bank was leveraging on online banking to deliver services hence clients can access banking services from anywhere at any time. They stated that the bank had introduced online banking services where customers could deposit money to their bank accounts and credit cards and make payments through the family bank's bill pay. The use of mobile banking also aided the receipt of alerts by customers regarding certain activities happening in the account.The bank has also implemented digital business strategies for crucial banking operations such as account opening, transfers and confirmation of account balances.

Additionally, the officials indicated that the bank was using digital transformation as a marketing strategy to showcase their products and services. The interviewees highlighted that the bank was visible in digital platforms such as websites, facebook and twitter which was crucial for reaching a wider audience. These platforms were used to create awareness about new product offerings and make corporate communications. "*the use of digital platforms for marketing has made more sense compared to traditional advertising since most customers are found online, instant feedback is also possible which is necessary for product reviews and building trust and closure with the customers which is important in building the brand"* noted the head of strategy.

The respondents further stated that the application of digital tools have largely helped family bank to enhance security in areas such as for fraud detection, encryption and secure data storage. The responses alluded to the utilization of technology to safeguard customer information transaction records among other critical data through applications such as firewalls and other access controls. The interviewees noted the integration of technology in all security considerations since most security protocols were bypassed by new technological advancements hence the need to frequently update the systems. The interviewees cited advanced analytics, artificial intelligence and cloud services as the most deployed technologies to improve security.

Finally, the interviewees stressed that the bank uses digital transformation strategies to compete with other banks, manage risk and respond to market changes. The remarks of the head of operations were "*we have to study the actions of our competitors closely especially in terms of technology changes and respond accordingly in cognizance that the technological advancements bear better gains*" That notwithstanding, the ICT officer noted that uncalculated technology moves may bear losses to the bank due to high costs involved at the initial stages of software purchase especially for short-phased technologies.

4.3.2 Key Factors Driving Digital Transformation.

The findings on the factors driving digital transformation identified the need for convenience and customer centricity as among the key factors driving digital transformation at family bank. The interviewees argued that digital technologies played a crucial role in analyzing market trends and evolving customer needs. The bank applied tools such as artificial intelligence and internet of things which was crucial for the design and delivery of services and products in the market as per the demand.

The interviewees further stated that the technology capabilities of the bank which had been acquired through the recruitment of experienced talent and training of staff resulted to digital transformation which was used to support various processes and innovate a variety of products and services in the bank. The interviewees added that the bank's effort in research and development have yielded new technologies which have been crucial in transforming the bank.

The participants also stated that digital transformation at the bank was driven by the desire to manage change**.** According to the participants, the evolving competitive arena and transitions in the banking industry such emergence of many digital providers and Fintech technology organically compelled the bank to introduce platforms such as mobile banking and internet banking in a bid to conform and remain in the business.

The findings indicated that the bank has embraced digital transformation to realize operational efficiency and foster agile practices. The operations manager's remarks were "*the bank considers digital transformation as a major strategy towards cost savings in addition to other benefits such as time savings and limited interruptions*". The interviewees stated that digital transformation played a crucial role in streamlining the bank's processes and eradicating repetitive tasks. Other interviewees felt that the transformation has been necessary to eradicate errors and a crucial communication tool that had helped the bank in speedy decision making.

4.3.3 Effectiveness of Digital Transformation Strategies

The findings on effectiveness of digital transformation strategies established that digital transformation has been effective for family bank in several ways. First and foremost, the bank has successfully used digital technologies to automate repetitive tasks hence realizing cost savings. The interviewees stated that human error has been significantly reduced via use of digital technologies hence consistency and standardization of services.

The interviewees reported that digital transformation has contributed to enhanced customer experience through seamless services and helping the bank to provide better services at lower fees. The ICT managers stated "*the greatest beneficiary of our digital transformation journey has been our clients since the digital revolution has met various customer touch points which were previously unmet affirming that technology is a progressive step towards the sustainability of the financial ecosystem*".

The study further found that digital transformation has increased the bank's competitiveness. The respondents acknowledged that the evolving needs of the customers demanded the bank to consider digital transformation to enable personalized experience, swiftly respond to customer feedback and facilitate online interactions. This ensures consistency and enhanced customer satisfaction. The participants elaborated that the bank used digital technologies and data to identify trends and patterns in competitor behavior and react accordingly to survive in the highly competitive space.

Further, the interviewees argued that digital transformation has increased the bank's revenue by helping the bank in generation of additional revenue streams. They indicated that the bank has leveraged on various opportunities arising from digital transformation. The sentiments of the head of strategy were "*our focus has been to grow our revenue base while capitalizing the exponential growth in mobile banking*" affirming the bank's intention to utilize digital technologies to grow its revenues. The interviewees also emphasized on the bank's intention to invest heavily on the digital space as a way of reconfiguring its business model to new realities,

4.3.4 Challenges Faced in the Implementation of Digital Transformation.

An assessment of the factors influencing digital transformation revealed that several factors hampered the digital transformation process at the bank. The interviewees cited the heavy investment required to transition to new technologies, especially in the purchase of both hardware and software. The interviewees pointed that technological transitions required the acquisition of manpower skins and knowledge to maneuver which requires substantial amount of resources for activities such as training of personnel, purchase and maintenance of software and other associated costs. The participants outlined that frequent changes in technology were occasioned by external factors and shifts in the financial landscape which was unsustainable for the banks as this comes with a huge cost implication.

Security and Privacy emerged as a concerning matter for both the bank. The interviewees argued that both the customers and banks was vulnerable to cyber-attacks security breaches arising from criminal activity in an attempt to gain unauthorized access to bank databases and customer accounts for malicious reasons such as to steal data and disrupt services. Such actions were in contravention to data safety and privacy requirements and resulted to financial losses as well as reputational damage. Consequently, the banks bank has invested an enormous amount of resources to ensure that the systems are robust and less prone to cyber-attacks.

Just like any other change agent, the interviewees highlighted resistance to change as a common reaction to most technology shifts in the organization. Those interviewed agreed that the employees were often reluctant to embrace new technologies due to the fear of redundancy and the challenge to conform to new ways of doing this. On the other hand, some customers were uncomfortable with new technologies as they saw it as a threat to the safety of the money in the accounts hence were stuck to the traditional banking services such as physically visiting the banks to perform any transactions.

Finally, the interviewees cited service interruptions as a setback in the digital transformation journey. The participants felt that occasional system failures and transaction delays in internet banking services and mobile banking apps such as the PesaPap triggered a feeling of inconvenience and unreliability. Lack of access to mobile devices and internet connectivity was also cited as a disadvantage to some customers in utilizing digital services.

4.4 Effect of Digital Transformation on Organizational Performance

The study sought to explore the nexus between digital transformation and organizational performance at Family Bank. The interviewees were asked to indicate the ways in which digital transformation strategies has impacted the bank's overall performance. The responses revealed that digital transformation has significantly contributed to performance. The interviewees viewed digital banking platforms an efficient engine for customer transactions which has been used by the bank to drive value and meet the needs of the customers. The strategy has also been used by the bank to offer customized services hence customer satisfaction. The remarks of the head of operations were *"approximately 87% of our customer transactions are conducted on our digital platforms and we strive to ensure digital disruption by developing new products, services and new and innovative partnerships beyond banking*". The interviewees argued that the automation of manual processes and streamlining of operations has driven savings and led to productivity gains.

As to how digital transformation strategies has helped the bank to improve operational efficiency, the findings revealed that the bank that the bank has cut on operational costs significantly as a result of digital technology. The interviewees emphasized that operational efficiencies had been realized in areas such as information processing since digital technologies employed by the bank such as artificial intelligence and cloud computing have helped banks to process large amounts of data more efficiently. Consequently, reduction in costs of processing information will be realized which will help banks to make better lending decisions. The bank has also realized operational efficiencies through delivering precise interactions at scale and optimize processes.

The findings revealed that digital transformation has been instrumental in enhancing customer experience through faster and more personalized customer services. The respondents stated that the bank has utilized information retrieved via digital tools to better understand the needs of the clients and use the data and technology to create highly personalized experiences that meet customer need. Such actions have helped the bank to increase customer loyalty, generate more revenues and reduce customer acquisition rate by up to 50%. The interviewees reported that the bank was ranked top 3 among others such as NCBA and Cooperative Bank in the customer experience survey of 2024 conducted by the Kenya Bankers Association.

When asked to comment about the future digital transformation strategies at the bank, there was a general consensus in the responses that the bank was revolutionizing its workplace through digital transformation and perceived this as major antecedent towards growth and sustainability. The interviewees indicated that the organization was open to embracing amazing opportunities offered by new technologies. The findings affirmed that the digital transformation roadmap was well captured in the banks strategic plan. To achieve its digital transformation agenda, the bank was making several efforts which include programs such as the Ksh. 10 million co-investments between Family Group Foundation and Adanian Labs which helps young men in software development training and acquisition of digital skills. The results further showed that the bank was empowering its employees through frequent retooling on technological skills to enhance problem solving skills and foster a culture of continuous learning since technology is always evolving.

4.5 Discussion of the Findings

The findings revealed that family bank has been involved in various digital transformation initiatives such as the introduction of online banking, mobile banking, paperless banking and investment in software for system surveillance among other which has yielded significant cost reductions, faster transaction processing and enhanced service delivery. These findings conform with Agu et al. (2024) who claimed that digital transformation enable faster transaction processing, enhanced data management, and better workflow coordination which enhances service delivery, and ultimately boosts the organization's efficiency and performance.

The findings revealed that family bank has embraced digital transformation to realize operational efficiencies and realize cost savings. Digital transformation played a crucial role in streamlining the bank's processes and eradicating repetitive tasks. According to the findings, digital transformation has helped the bank to eradicate errors and streamline communications which have helped the bank in speedy decision making. This aligns with the previous assertions by Adama & Okeke (2024) that the adoption of technologies such as automation, cloud computing, and artificial intelligence enhances a firm's operational efficiencies by streamlining internal processes, reducing manual tasks and optimizing resource utilization.

The findings further suggested that digital transformation has contributed to enhanced customer experience and satisfaction in several ways. This include enabling the bank to offer seamless and better services at lower fees and meeting various customer touch points. Digital platforms have also been used to showcase various product offering creating a pool of alternatives for customers. The ease in accessibility of banking services has enhanced customer experience and contributed to customer loyalty and performance. These findings agree with Porfírio et al. (2024) who concluded that by offering digital solutions such as mobile banking apps, online customer service, and real-time financial transactions, organizations can meet the growing demand for convenient and personalized services. The findings also concur with Kusuma et al., (2024) who argued that technologies provide customers with seamless access to banking services from anywhere and at any time, enhancing their overall experience contributing to an increase in customer retention and growth

Further, the findings revealed that digital transformation has increased the bank's competitiveness by enabling the bank to meet evolving needs of the customers, swiftly respond to customer grievances and identify trends and patterns in competitor behavior and react accordingly to survive in the highly competitive space. This is in tandem with Shanti et al., (2023) who established that digital transformation enables organizations to innovate and adapt more quickly to changing market conditions and adapt an agile and responsive culture which is crucial for maintaining a competitive advantage.

5. Conclusion

5.1 Summary of Findings

The findings on the bank's digital transformation strategies revealed that the current the bank has been involved in various digital transformation initiatives such as the introduction of online banking, mobile banking, paperless banking and investment in software for system surveillance among other which has yielded significant cost reductions, faster transaction processing and enhanced service delivery. Digital banking platforms was viewed as an efficient engine for customer transactions which has been used by the bank to drive value and meet the needs of the customers. The strategy has also been used by the bank to offer customized services hence customer satisfaction

The results revealed that the bank was leveraging on online banking to deliver services hence clients can access banking services from anywhere at any time. As such, introduced online banking services where customers can deposit money to their bank accounts and credit cards and make payments through the family bank bill pay. The introduction of online banking, mobile banking, paperless banking and investment in software for system surveillance among other which has yielded significant cost reductions, faster transaction processing and enhanced service delivery.

The findings revealed that family bank has embraced digital transformation to realize operational efficiencies and realize cost savings. Digital transformation played a crucial role in streamlining the bank's processes and eradicating repetitive tasks. According to the findings, digital transformation has helped the bank to eradicate errors and streamline communications which have helped the bank in speedy decision making.

Further, the findings revealed that the bank has highly leveraged on digital transformation to enhance customer experience The findings further suggested that digital transformation has contributed to enhanced customer experience and satisfaction in several ways. This include enabling the bank to offer seamless and better services at lower fees and meeting various customer touch points. Digital platforms have also been used to showcase various product offering creating a pool of alternatives for customers. The ease in accessibility of banking services has enhanced customer experience and contributed to customer loyalty and performance.

Further, the findings revealed that digital transformation has increased the bank's competitiveness by enabling the bank to meet evolving needs of the customers, swiftly respond to customer grievances and identify trends and patterns in competitor behavior and react accordingly to survive in the highly competitive space. The findings on the factors driving digital transformation identified the need for convenience and customer centricity as among the key factors driving digital transformation at family bank. The study found that digital technologies played a crucial role in analyzing market trends and evolving customer needs via tools such as artificial intelligence and internet of things which was crucial for the design and delivery of services and products in the market as per the demand. Additionally, the bank's effort in research and development have yielded new technologies which have been crucial in transforming the bank.

The results established that digital transformation has been effective for family bank in several ways. First, the bank has successfully utilized digital technologies to automate repetitive tasks hence realizing cost saving. Digital technologies have aided the bank to achieve consistency and standardization of services. The study further found that digital transformation has increased the bank's competitiveness. The evolving needs of the customers have compelled the bank bank to consider digital transformation to enable personalized experience, swiftly respond to customer feedback and facilitate online interactions. Additionally, digital transformation has increased the bank's revenue by helping the bank in generation of additional revenue streams.

The implementation of digital transformation was confronted with various challenges which include cited heavy investment required to transition to new technologies, both software and hardware. Technological transitions required the acquisition of manpower skins and knowledge to maneuver which requires substantial amount of resources for activities such as training of personnel, purchase and maintenance of software and other associated costs. Security and Privacy occasioned by data breaches and cyber-attacks often resulted in loss of data and money which was a threat to the bank. The participants further cited change agent, resistance to change as a common reaction to most technology shifts in the organization. Finally, the interviewees cited service interruptions as a setback in the digital transformation journey

5.2. Conclusions

The study concludes that digital transformation has significantly contributed to performance at Family bank. As such, the bank has effectively utilized digital banking platforms an engine to deliver better banking services and drive value creation at the bank. The study affirms that the adoption of different digital transformation tools and platforms such as online banking, mobile banking, paperless banking and investment in software for system surveillance among other which has yielded significant cost reductions, faster transaction processing and enhanced service delivery at the bank.

The study concludes that to achieve its digital transformation agenda, the bank was making several efforts which include programs to equipping employees with digital skills through partnerships and collaborations to ensure frequent retooling on technological skills to enhance problem solving skills and foster a culture of continuous learning since technology is always evolving.

The study concludes that digital transformation at the bank is driven by factors such as the need for convenience and customer centricity. Digital technologies have helped the bank to analyze market trends and evolving customer needs via tools such as artificial intelligence and internet of things which was crucial for the design and delivery of services and products in the market as per the demand. Additionally, the research and development efforts of the bank yielded new technologies which were implemented to push the bank towards prosperity.

The study concludes that that the implementation of digital transformation at family bank was confronted with various challenges which include heavy investment needed to transition to new systems and technologies related to purchase of software and training of staff. Resistance to change and data security concerns derailed the digital transformation journey at the bank.

5.3 Recommendations

Family bank should continuously embrace digital transformation to meet evolving customer needs. The bank should therefore allocate adequate resources for purchase of new technologies and training of staff to ensure that the correct systems are used and that the staff are properly trained to utilize the technologies in the highly competitive space.

The study also recommends that firms should exercise caution while undertaking digital transformation by ensuring that the new technologies deployed are indeed of benefit to the organization. A proper cost-benefit analysis should be undertaken when deciding whether or not to transition to new technologies. Factors such as the sustainability and viability of the new technology should be considered.

Benchmarking with successful and Top-Tier banks across the world on the most successful digital transformation practices is highly recommended. This will save the banks the costs of research and development and offer some guarantee that the digital strategies employed will not fail since the models have already been tried. The Kenyan government may also provide the digital infrastructure required by the firms to drive digital transformation, as challenges such as unavailability of network in some regions in the country influenced utilization of services such as internet and mobile banking.

5.4 Limitations of the Study

The execution of the study was confronted by various limitations. First, the time-frame between the approval to proceed to the field and submission date for the final report was limited. The researcher, however, worked tirelessly to ensure that the work was delivered on time. Resource constraints was also a challenge since cost such as transport, lunch, printing of material and preparation of the final report for submission had to be incurred given the current challenging economic times we live in. Getting a grasp of the managers to respond to the study was difficult but the researcher tirelessly visited the retail outlets and sites to have the interviews conducted. Patience, persistence and the convincing attitude of the researcher made the data collection process a success.

5.5 Suggestions for Further Studies

There are several promising directions for future studies in the area of digital transformation and performance. A cross-sectional study on digital transformation on the effect of digital transformation strategies should be conducted by looking at the behavior of the constructs in a broader population. Similarly, comparative studies on how digital transformation strategies affect performance in other sectors such as i.e. public sector, communication, textile and hospitality. Other analysis approaches such as factor analysis or quantitative data may be considered to test the relationship among the variables.

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