

**IMPLEMENTING DIGITAL STRATEGY FOR ATTAINING COMPETITIVE
ADVANTAGE DURING COVID-19 PANDEMIC BY INTERNATIONAL TIER 1
BANKS IN KENYA**

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DECLARATION

This research project is my original work and has not been submitted for assessment or academic award to any other university or institution of higher learning.

Signature



Date 10th December 2021

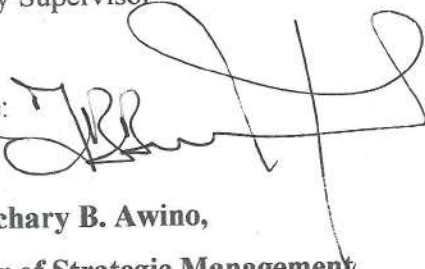
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Supervisor Approval

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DEDICATION

I dedicate this project to my parents James Maina and Patricia Maina, who instilled the spirit of hard work, resilience and excellence in me at a very tender age, and which have driven me to the level I have reached today.

To my lovely daughter Triciah, thank you for your patience and understanding during the entire period of the research project.

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ABBREVIATIONS AND ACRONYMS

BoD	Board of Directors
B2C	Business to Customer
C2B	Customer to Business
CA	Communications Authority of Kenya
CBK	Central Bank of Kenya
COVID-19	Corona Virus Disease 2019
DTB	Diamond Trust Bank
ISPs	Internet Service Providers
IT	Information Technology
KCB	Kenya Commercial Bank
SAR-Cov-2	Severe Acute Respiratory Syndrome Coronavirus 2
USSD	Unstructured Supplementary Service Data
WHO	World Health Organization

ABSTRACT

With the rapid changes in automation and technologies and advent of COVID-19, commercial banks have been forced to speed up the implementation of digital strategies as a way of attaining competitive advantage. The objective of this study was to establish the challenges of implementation of digitization strategies and competitive advantage by international Tier 1 commercial banks in Kenya. This research was based on two theories; the national competitive advantage theory and the chaos theory of management. This study applied a case study design and used an interview guide to collect qualitative data from the nine Tier 1 international commercial banks in Kenya. The target respondents in the 9 Tier 1 commercial banks were the Chief Information System Directors. This study applied the content analysis method to analyze the collected qualitative data. The study findings determined that in most of the international tier 1 commercial banks, formulation and implementation of digital strategies was an interdepartmental process that incorporated two or more departments. The study also determined that all the banks had digital strategies in place prior to COVID-19 pandemic's outbreak in the nation, but had to enhance the scope and accelerate implementation due to COVID-19. Findings indicated that the international tier 1 commercial banks implemented various digital strategies during the COVID-19 pandemic which included digitization of more banking processes and services, partnerships with FinTechs and Telecoms, introduction of digital signatures and workflow automation. Besides, findings indicated that other digital strategies executed included allowing employees to work remotely, upgrading their systems, expanding online banking services, improving aesthetics of digital platforms and upgrading security over systems and increasing allocation of resources. The study findings determined that the commercial banks faced a variety of challenges that included cyber security risks, wastage of resources and time in remote working, regulatory challenges, internet access, increase in emergency investments and resistance to change. The study determined that the digital strategies that were executed by the commercial banks were critical to their ability to achieve and maintain competitive advantage. Based on the findings and conclusions, the study leads to the following recommendations. To begin with, the study recommends that digital strategy formulation and implementation should be an interdepartmental effort and process. Incorporating various departments in the formulation and implementation of digital strategy, it is recommended that commercial banks should have the agility in their culture, strategies and processes so that they can cope with chaos such as those that were brought by the COVID-19 pandemic. Besides, top leadership and policy makers should work together in dealing with the challenges of executing digital strategies. The top management should ensure that there are adequate policies and resources to cope with the challenges such as cyber-security, internal efficiency, remote working and connectivity. Besides, it is recommended that CBK should expedite the review and approval of new digital products and services by the commercial banks during the COVID-19 pandemic and in the future.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

With the rapid changes in automation and technologies, commercial banks have been forced to speed up the implementation of digital strategies as a way of attaining competitive advantage. According to LaBerge et al. (2021), commercial banks have speeded up by three to four years the execution of their digital strategies in internal processes, supply-chain interactions and customer relationships. According to Chivunga and Tempest (2021), the strategies included investment in technology to facilitate remote working by staff, enhance customer experience in access and use of digital channels, and to improve security of digital platforms in the face of remote working to safeguard not just customers' funds but also personal information during the Covid-19 periods. These investments are expected to enable the commercial banks to be competitive in this new business environment.

This study was based on national competitive advantage theory and chaos theory of management. The national competitive advantage theory by Porter (1990) holds that countries' ability to compete in specific industries is dependent on the capacity to continuously innovate and upgrade. The theory applies to this study since effective implementation of digital strategies during the COVID-19 pandemic is vital for competitiveness of commercial banks. On the other hand, the chaos theory of management by Peters (1987) requires managers to be adequately prepared for disruptive changes, both environmental and technological. This theory places emphasis on unpredictability in processes, behaviors and occurrences. The theory applies to this study due to the disruptive nature of COVID-19 and how commercial banks could implement digital strategies to respond to the pandemic.

This research is driven by the desire to assess the challenges of implementation of digital strategies as a reaction or a response to the disruptions of the COVID-19, and how this relates to competitive advantage for international Tier one banks in Kenya. This is because the pandemic occurred at a time when the economy of Kenya was already showing indications of stress, as shown by constricted liquidity and a sharp rise in non-performing loans in 2019 (Ngunjiri, 2020). The commercial banking sector in Kenya comprises of 41 commercial banks grouped into three tiers (CBK report on banking supervision, 2020). Nine commercial banks are categorized as large (Tier 1), nine categorized as medium (Tier 2) while 21 are categorized as small banks (tier 3). The large banks have the biggest market combined, which amount to 74.55% while the medium banks own a combined market share of 17.21% with the small banks having an 8.24% combined market share. This study will focus on international Tier 1 commercial banks.

1.1.1 Concept of Strategy

Over the years, the term strategy has been used differently by different people in different industries such as marketing, military, administration among others. Different scholars have defined strategy in different but solely related terms. Quinn (1980), refers to strategy as a pattern of plans that link's a firm's objectives, guidelines and actions into a joint whole. Chandler (1962), on the other hand refers to strategy as a process through which an enterprise determines its goals and objectives in the long horizon, adopts appropriate courses of action and allocates necessary resources for successful implementation of the determined goals.

Strategic management allows an organization to match its resources and capabilities, both physical, natural and human resources to the demands or needs of the external environment in an effort to attain competitive advantage (Godfrey, 2016). Strategic management entails analyzing the environment an organization operates in and on this basis, developing a strategy with clearly defined means of implementation. Failure to undertake the analysis reduces the chances of successful implementation of the strategy. Management of firms utilize strategy to achieve one or more of the organization's objectives. Therefore, Andrews (1980), notes that a strategy demands collating organizational operations as well as using and allotting limited organizational resources to ensure achievement of planned goals.

In designing a strategy, the management should understand that organizational choices cannot be made in isolation, and that each single action done by the firm has high chances of prompting a reaction or a response from all impacted parties, such as employees, peer organizations, suppliers and even customers (Ndunge et al., 2019). Knowledge of the objectives, the need to appreciate the probable or real conduct of others and the unpredictability of events, are all incorporated in the strategy development process. Therefore, a strategy becomes a blueprint of decisions that illustrates the goals and objectives, determines key plans and policies for attaining the set goals, and specifies the type of business the firm will conduct, and the contribution it will make to its stakeholders (Köseoglu et al., 2020).

1.1.2 Challenges of Strategy Implementation

When organizations set up strategic plans, the intention is to set out the company for growth, set it apart from its competitors, increase revenues and consequently increase the profits (Kaplan & Norton, 2005). While most organizations have these ambiguous growth plans, only a few realize them. According to Zook and Allen (2005), seven out of eight companies between 1988 and 1998 sampled globally did not achieve profitable growth despite more than 90% of them having developed comprehensive strategic plans with significantly high targets. This has led to questions on why such major discrepancies between the ambitions and actual performance.

Research by Harvard Business School (2005) indicated that the discrepancy is majorly attributed to the disconnect between formulation and implementation of strategic plans. The strategy is considered more as an event as opposed to a system or a process (Bucero et-al, 2018). However, there are minimal efforts and time dedicated to ensure successful execution of the strategy leading to its failure. There is a general perception that the strategy should be controlled by the top management level with a believe that the strategy might be too complex for other levels of employees. This imposes a significant challenge in strategy implementation since the employees form the core of process implementation and client management.

Communication is a very critical factor for successful strategy implementation (Brinkschröder, 2014). Communication should be initiated from all angles, bottom-up and top-down. Lack of effective communication leads to disjointed teams, rampant uncertainty and resistance to change, which affects successful implementation of the strategy.

Inadequate monitoring of new strategies is another challenge that significantly affects implementation of strategies (Mankins & Steele, 2005). Disconnect between the strategy and the organizational culture is also a critical challenge that can hinder implementation of a strategy (Oliver, 1992). This entails failure to cultivate a conducive environment to support acceptance to change arising from new strategies. Failure to identify ways of motivating, energizing and maintaining focused employees can be disastrous to strategy implementation.

1.1.3 Implementation of Digital Strategies

Digitization, though now more popular than ever before, has its roots back in the 50s, with the invention of computers. With subsequent advancements in technology, majority of the banks digitized their operations to reduce operational costs, improve customer experiences and reach wider base of customers in untapped markets, particularly the young generations (Wewege, Lee & Thomsett, 2020). Digital banking refers to the offering of banking services through digital platforms. These services were traditionally offered through physical banking platforms (Yakup, 2019). Through the digital platforms, the customer is able to initiate and complete banking transactions without the need to visit a physical branch, which benefits both the customer and the bank (IDRBT, 2016).

With these advancements and changing customers' needs, banking institutions are compelled to develop and implement digital strategies. The key purpose of these strategies is to define the direction the banks intend to take with regard to digitization in line with the desire to create and sustain competitive advantage. The strategies spell out the banks' preferred digital platforms, the resources and infrastructure needed, opportunities and

strengths, weaknesses and threats and monitoring tools (kien, Soh & Weill, 2016). The strategies are approved at the highest level of decision making, which include senior management and the Board of Directors (Schmidt, Drews & Schirmer, 2017). With more investments in technology, banks are giving their customers easier access to banking services through mobile devices and computers as one of the strategies for attaining competitive advantage (Larsson & Viitaoja, 2017). Consequently, less and less banks are increasing their investments in physical locations, as more investments are directed to digital services.

In recent years, customers prefer the convenience that comes with digital features, among them mobile payments, online transfers and bill payments and shortened loan application processes according to UST (2016). With digital transformation, the need for physical banking locations and branching is becoming obsolete, which has led to closure of numerous branches by major banks in the recent years (Skinner, 2014). It is expected that the pandemic will continue to have a significant impact on the implementation of the digital strategies (Ngunjiri, 2020).

1.1.4 Challenges of Implementation of Digital Strategies

While digital transformation has been one of the top strategic objectives for most commercial banks, its full implementation is hampered by a number of unique risks and challenges according to Harchekar (2018). Winning customer trust and confidence and retaining it with regards to digital channels in the face of digital attacks and cyber security threats has also been a key challenge in successful implementation of digital strategies (Harchekar, 2018). While banks are increasingly attracting younger generations in their

customer base, the majority still remain the middle age to aged generations, who are more skeptical of the internet and digital channels. Security of data and cyber security risks have also significantly affected implementation of digital strategies (Lin & Huang, 2016). Compliance with regulatory requirements as defined by the Banking Supervisory Bodies with regards to data protection, know-your-customer procedures, anti-money laundering and terrorism financing is also another key challenge affecting implementation of digital strategies.

While digitization from the customers' perspective has been ongoing, banks had been a bit reluctant in allowing their staff work remotely, leave alone letting staff carry banks' data from the office or connect to the networks remotely (Aduda & Kingoo, 2012). With the pandemic however, banks have had to put in strategies to ensure safe remote connection to the networks and invested in videoconferencing facilities to ensure continuous engagement in the banks, which requires a lot of investments.

One of the other key challenges is the legacy platforms or core banking systems that most banks have been using. The systems pose a major integration challenge with the new digital channels that the banks are implemented. Additionally, transfer of the data from these systems to the new digital channels is sometimes cumbersome leading to banks maintaining two data sets in the old systems and new digital channels. This creates inefficiencies and undesirable customer experiences (Abor, 2005).

1.1.5 Competitive Advantage

The primary goal of business strategy is to discover a method to get a long-term competitive advantage over other competing organizations and products in the market (Aladag et al., 2020). A competitive advantage is an edge obtained over rivals by providing customers with more value, either through delivering better advantages and service that justify higher costs or by lower pricing. Porter (1990) indicated that there are two main types of competitive advantage; differentiation and cost advantage.

Competitive advantage is basically an organization's position of dominance over its competitors in any of the variety of functions that the firm engages in (Urbancova, 2013). It implies that an organization may acquire a competitive edge in a variety of ways. Some companies may excel in research and development, others in production, while others excel in marketing (Aktharsha, 2013). Indicators of competitive advantage include sustainably higher profitability than the industry average, high market share, employee retention, high customer royalty, good reputation and brand equity among others.

Competitive advantage may also refer to an organization's ability to execute a task in a manner that is unique from that of other organizations (Aktharsha, 2013). Creating a competitive advantage essentially entails figuring out how an organization can execute a certain function or set of functions better or differently than the competitors. The only other need is that the distinction must be recognized and be of value to customers (Salehi & Abdollahbeigi, 2017). The distinction provides no competitive advantage to the organization until this is translated to customer value.

1.1.6 COVID-19 Pandemic Globally

The World Health Organization (WHO) defines a pandemic as a global spread of a new disease, which is considered serious and characterized by sustained transmission across the world. Throughout the history of humankind, there have been numerous pandemics that have affected humankind and their ways of lives. In December 2019, in one of the provinces in China, Hubei, reports on patients' admissions with a new disease with symptoms of pneumonia and respiratory failure was reported (Pitlik, 2020). The cause of the disease was identified as novel coronavirus (SAR-Cov-2) and WHO later on named the disease Coronavirus Disease (COVID-19). China soon put in place containment measures to limit transmission of the disease to other regions. However, these measures were not effective enough to limit transmission of the disease to other parts of the world. The disease continued to spread in the neighboring Asian countries, Europe, the Middle East, United states of America and ultimately to Africa. Egypt was the first African country to report a confirmed case of the disease on 14 February 2020 (Dyer, 2020).

Chakraborty & Maity (2020) hold that the outbreak of Covid-19, which has so far claimed the lives of more than four million people with no sign that it is coming to an end any time soon is by far the worst pandemic the world has experienced. The virus has enormously disrupted global economies, and continues to pose great environmental, social and health challenges. The world can no longer travel at liberty, hold large social or political gatherings or even work at close proximity with their colleagues as was the past.

1.1.7 COVID-19 Pandemic in Kenya

Kenya confirmed its first Corona Virus cases on 13 March 2020, which was detected from a citizen who had travelled from London the week before. A taskforce from diverse sectors, among them Ministries of Health, Transport, Security, Finance and Education and Trade was established to coordinate overall response to the pandemic (Nanyingi, 2020). According to data from IMF (2020), in an effort to reduce or stop the spread of the virus, the Government of Kenya put in place non-pharmacological interventions, which included closure of non-essential businesses, social distancing, and working from home requirements amongst others. The above containment measures were expected to have a negative impact on the economy with collapse of certain industries particularly in the hospitality industries leading to job losses and slowed economic growth (Nanyingi, 2020).

To support the economy and shield it from collapse, the government implemented a number of initiatives. These included among others, reduction of VAT on some basic commodities, reduced pay as you earn (PAYE) rates, fast-tracking of VAT refunds and reduced cash transactions by lowering transaction costs on mobile banking. The Government also allocated Ksh 40billion, which was equivalent to 0.4% of the GDP to COVID-19 related expenditures (Kumer, 2020).

As at 15 September 2021, there were a total of 244,380 confirmed Covid-19 cases according to data from the Ministry of Health. While the economy continues to struggle due to the effect of the pandemic, there are hopes of fully reopening the economy with increased availability of vaccines. The government hoped to vaccinate a total of 10 million Kenyans by the end of 2021.

1.1.8 Overview of International Tier 1 Banks in Kenya

As at the end of the year 2020, the Central Bank of Kenya report on Banking Supervision (2020) indicates that there was a total of 41 commercial banks. More than half the banks, 23 of them are locally owned while 17 are foreign-owned. According to the CBK report on banking supervision (2020), the total net assets amounted to Ksh. 5.4 trillion in the banking sector relative to Ksh. 4.8 trillion in the previous year. During the period under consideration, 67% of the total assets was owned by the local banks while 33% by the foreign banks.

CBK categorizes commercial banks in Kenya as tier 1, tier 2 and tier 3 banks. Banks with a weighted composite index of more than five percent are considered large banks, those ranging between one five are considered medium while those lower than one percent are considered small banks in line with the CBK report on banking supervision (2020). During the period ending December 2020, Kenya had nine banks categorized as large, nine categorized as medium while 21 are categorized as small banks.

1.2 Research Problem

Technological advancements and changing customers' needs compel commercial banks to develop and implement effective digital strategies. The key purpose of these strategies is to define the direction the banks intend to take with regard to digitization in line with the desire to create and sustain competitive advantage (Mohan, 2020). However, in implementing these digital strategies, organizations face critical challenges which they must surmount to successfully implement winning digital strategies (LaBerge et al., 2021).

These challenges of implementation of digital strategies may be internal or external to the commercial banks. With the outbreak of the pandemic in Kenya in March 2020, the directive by the government for organizations to facilitate remote working put pressure on commercial banks in Kenya to implement digital strategies to ensure seamless delivery of services to the customers (CBK, 2020). While most banks already had digital strategies in place, COVID-19 acted as a measure to assess the effectiveness and implementation of the said strategies (Mohan, 2020). However, the abrupt implementation of strategies that could have taken three or four years could provide critical challenges which would influence the competitive advantage of the commercial banks in Kenya.

There had been numerous studies conducted on challenges to implementation of digital strategies and competitive advantage. In Norway's logistics sector, Knudsen et al. (2021) determined that implementing digitalization strategies by firms in the logistics sector leads to hyper-competition and competitive advantage only in the short-run. This study presents some conceptual gaps since it was conducted in Norway which has a different operational environment to Kenya. Besides, a study in Greece by Kitsios et al. (2021) in the banking industry, determined that commercial banks that were at the frontline in implementing digitalization strategies had a competitive edge over their rivals. The study leaves some conceptual gaps as it did not interrogate the challenges of implementing digital strategies.

Mwangi and Kimani (2020) established that digital strategies had a significant positive influence on organizational performance and competitive advantage of commercial banks. The study, however, left some contextual and methodological gaps since it was conducted in Nakuru which is different from Nairobi, Kenya and applied questionnaires rather than interviews. Additionally, Makau (2020) surveyed the effect of digital marketing strategies

on commercial banks' competitive advantage in Kenya. This study however, left some conceptual gaps as it only considered digital marketing strategies and did not include other digital strategies in internal processes, customer relationship management and supply chain management. This study sought to fill these knowledge gaps by providing a response to the question; what are the challenges of implementation of digital strategies for attaining competitive advantage by international Tier 1 Banks in Kenya?

1.3 Research Objectives

The objective of this study was to establish the challenges of implementation of digital strategies for attaining competitive advantage by international Tier 1 commercial banks in Kenya.

1.4 Value of the Study

The value of this study is to different stakeholders in the banking industry. The government through the CBK has been pushing for digital banking to curb the spread of COVID-19. The findings from this study provides evidence and act as a guide in development of policies and enhancement of existing ones to support implementation of digital strategies. Besides, Kenya Bankers Association could use the findings to design policies that its members can use when implementing digital strategies.

This study is a valuable addition to the existing empirical evidence. There have been minimal studies on the challenges of implementation of digital strategies and competitive advantage of commercial banks during the pandemic. As a result, this study provides future scholars with a solid background on this topic. Besides, the study advances the development of the competitive advantage theory and chaos theory of management as they relate to implementation of digital strategies and competitive advantage in the banking sector.

The findings from this study are also valuable for practice. The findings are important to the leadership of commercial banks, as they provide an overview of how COVID-19 is affecting implementation of digital strategies across peer banks. It seeks to explain to the management of commercial banks why there has been an increase in branches while massive investments have been deployed on digital strategies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section of the project reviews the empirical evidence and theoretical foundations of the topic under study. Besides, the chapter provides the research gaps that justified the study. The theoretical foundations sections discuss the two theories that were used to anchor the study which are the national competitive advantage theory by Porter (1990) and the chaos theory of management by Peters (1987). The proponents of the theories, key tenets of the theories and how the theories applied to the study are discussed.

This chapter also provides theoretical review of the corporate strategies and competitive advantage. This review provides the hypothesized link between implementation of strategies and competitive advantage of an organization. Further, the chapter provides a review of internal and local studies on challenges of strategy implementation, and the relationship between strategy implementation and competitive advantage.

2.2 Theoretical Foundations

This research was based on two theories; the national competitive advantage theory and the chaos theory of management. The two theories are closely linked to the topic of study and will be used to explain the concept of digitization in the banking industry, specifically commercial banks.

2.2.1 National Competitive Advantage Theory

National Competitive Advantage Theory is a relatively new trade theory developed by Porter (1990). The theory holds that countries' ability to compete in specific industries is dependent on the capacity to continuously innovate and upgrade, which explains why some countries are significantly competitive than other countries in different industries. The theory is based on four conditions, which are interlinked. They include local factor conditions (market capabilities and resources), demand conditions, suppliers and complimentary industries and firm characteristics. To expound on the factor conditions, Porter (1990) identified more factors that are critical in supporting a nation in achieving competitive advantage. These include among other things investment in technology, infrastructure and availability of skilled labor.

Porter holds that a demand conditions in the country play a role in ensuring continuous innovation and hence sustainable competitive advantage. Accordingly, sophisticated local markets with demanding urge for innovation and invention of new products and technologies have high chances of attaining sustainable competitive advantage by the uniqueness of their products. In addition, Porter (1990) holds that local firm characteristics, including company's strategy and level of rivalry in the industry is another driver for competitive advantage. He also appreciates that appropriate level of rivalry is a critical driver for innovation and competitiveness (Porter, 2008).

The National Competitive Advantage theory is closely linked to the field of study, which assessed how commercial banks were implementing digital strategies during COVID-19 pandemic and how this could enable them to gain and sustain competitive advantage. The banking industry in Kenya is probably one of the industries that had greatly adopted innovation through digital channels as a means to attain competitive advantage and as a strategy of adhering to COVID-19 protocols. Competition in the industry was stiff given the number of banks, and investment in digital strategies is one of the critical ways through which banks are attracting and retaining customers.

2.2.2 Chaos Theory of Management

Chaos theory, introduced by Peters (1987) requires managers to be adequately prepared for disruptive changes, both environmental and technological. This theory places emphasis on unpredictability in processes, behaviors and occurrences. According to Thietart and Forgues (1995), many scholars acknowledge the existence of stability and instability, convergence and divergence and evolution and revolution of processes within an organization. These processes are entrenched within organizations and reflect how organizations are managed.

The theory holds that in recent times, organizational environments have become increasingly unpredictable and vulnerable to the impact of chaos. Consequently, organizations need increased efforts to maintain systems and processes stable. For these systems and processes to work effectively, they have to be joined with other systems, with flexible organizational structures otherwise they ultimately fall (Peters & Peters, 1987).

This theory was greatly applicable during the chaotic environment caused by the Covid-19 Pandemic. The pandemic had affected the global economies and financial industries through the resultant uncertainties and confusion. The pandemic had hence exacerbated the challenges to implementation of strategies as well as enhancing the need for commercial banks to implement digital strategies. To remain stable, afloat and competitive, commercial banks are compelled to relook at their digital strategies amidst the crisis. Effective implementation of digital strategies amidst the chaos brought by the COVID-19 pandemic was expected to provide commercial banks with a competitive advantage as depicted by the chaos theory of management.

2.3 Corporate Strategies and Competitive Advantage

Competitive advantage can be termed as the ability for superior performance by an organization in comparison to others in the same industry. The superior performance can be evidenced by different parameters, such as greater market share, higher profit margins, superior brand reputation or higher return on assets (Gluck, Kaufman & Walleck, 1980). According to Porter (1997), competitive advantage is achieved either through cost or differentiation advantage. When an organization achieves the cost or differentiation superiority, it is able to offer its products at lower costs or at more than average quality, which enables it to effectively compete against its competitors. When the organization is able to sustain the superiority over its competitors over a lengthy period of time, it is said to have achieved sustainable competitive advantage.

In developing corporate strategies, organizations have to be conscious to develop strategies that will enable them to attain and sustain competitive advantage. This calls for strategic management for competitive advantage, which is an approach entailing development of competitive advantage both in the short and long run horizons. Given that strategy is a plan that guides an organization to achieve long-term goals, strategy can, therefore be defined a plan for creating sustainable competitive advantage.

The banking industry has experienced rapid and unprecedented transformation in technology with digitization being a key driver for expansion in market share and profits. Significant changes have been implemented in the banks' organizational structures, strategies, systems and customer relations as a result of digitization (Sujud & Hashem, 2017). With digitization, the banks are able to run more efficiently with increased self-service channels for customers (Akhisar, Tunay & Tunay, 2015). This meant that banks and other institutions alike had had to put in place digital strategies to enable them leverage on the advantages that come with digitization.

Implementation of the digital strategies has varied across different countries in Africa. Kenyan banks have been in the forefront in Africa in adoption of mobile banking and Agency Banking from the years 2010. With Covid-19, digitization has become more of a need than a want as a result of regulators' push to minimize handling of physical cash to curb the spread of the virus. According to a McKinsey (2014) research, digital banking how now become an irresistible business strategy. A report on retail by PWC (2015) on retail banking indicated that majority of the banks had adopted digital strategies to guide implementation of digital platforms.

Various challenges are encountered by commercial banks when they are implementing digital strategies according to Kitsios et al. (2021). These include lack of adequate digital skills in the workforce, evolving customer needs, and lack of effective organizational change management strategy. Ouma and Ndede (2020) also noted that budget constraints and concerns, lack of a well-defined digital strategy, inefficient business processes, and ineffective data management were the critical challenges affecting commercial banks when implementing digital strategies.

LaBerge et al. (2021) indicated that the challenges that commercial banks face in implementing digital strategies during the COVID-19 pandemic have adversely affected their competitive advantage. The key challenges pinpointed include unsupportive organizational culture, digital security risks, inadequate digital management and resources, and inadequacy of digital transformation budget. This point is underscored by Agboola et al. (2019) who indicate the agility challenge as the biggest challenge during implementation of digital strategies, which hinders commercial banks towards attaining competitive advantage.

2.4 Empirical Evidence and Knowledge Gaps

In Norway's logistics sector, Knudsen et al. (2021) assessed whether firms can gain competitive advantage by adopting and implementing digitalization strategies. The study was conducted using a structured questionnaire and the resultant data analyzed through regressing and correlation analysis. The study population was firms in the logistics sector of Norway. The results from the regression analysis determined that implementing digitalization strategies by firms in the logistics sector leads to hyper-competition and competitive advantage only in the short-run. This study left some conceptual gaps since it was conducted in Norway which has a different operational environment to Kenya. Besides, the study was conducted using a questionnaire survey thus leaving methodological gaps since an interview could have provided more in-depth information.

A study in Greece by Kitsios et al. (2021) in the banking industry, assessed the influence of digital transformation strategies on competition and competitive advantage. A total of 164 employees from Greek commercial banks took part in the study. The collected quantitative data was analyzed using a multivariate regression model. The study findings established that commercial banks and their employees were having positive attitudes about new technology and disruptive digital channels. The study also determined that commercial banks that were at the frontline in implementing digitalization strategies had an edge over their rivals. The study leaves some conceptual gaps as it did not interrogate the challenges of implementing digital strategies.

Lee and Falahat (2019) investigated the influence of digital strategies on international competitiveness of exporting small and medium enterprises (SMEs) in Malaysia. The study used questionnaires to collect data from marketing and strategy directors of the SMEs. The findings from regression analysis determined that digitization has no direct impact on competitive advantage, but has significant indirect effects on service and product advantages, based on data gathered from 143 respondents. This study leaves some contextual gaps since it was conducted in the manufacturing sector not amongst commercial banks.

A study in Nigeria by Agboola et al. (2019) used a purposive approach and simple random selection of 370 employees, who were all at non-managerial level, to examine how digital strategies affect the performance of commercial banks. All the employees were from one commercial bank. The main tool for data collection was a self-structured questionnaire, whose data was analyzed using regression analysis. Based on the findings of the study, the researcher ascertained that there was a positive and significant association between commercial bank performance and digital strategies. This study, however, leaves some vital conceptual, contextual and methodological gaps since it was conducted in Nigeria, only involved one commercial banks and did not assess how digital strategies influence competitive advantage.

Gitahi (2020) undertook a study with a goal to evaluate the impact of digital marketing strategies of Uber, Kenya. The descriptive research approach was utilized in this study, and the target population was the 69 Uber employees. The main data gathering instrument was a questionnaire. Data collected was analyzed using regression, descriptive and correlation analysis. The study findings determined that digital marketing strategy implemented by Uber Kenya was effective in enabling it to attain competitive advantage. However, this study left some conceptual gaps as it did not assess the challenges faced while implementing digital strategies.

On a study in Nakuru, Kenya, Mwangi and Kimani (2020) examined the influence of commercial banks' competitive strategies on organizational performance. The census study was conducted through a descriptive research methodology and recruited 34 respondents from all banks in Nakuru Town. Data was gathered using a semi-structured questionnaire. In analyzing the collected data, percentages, means and regression statistics were developed. The study findings revealed that, amongst the competitive strategies included in the study, digital strategies had a substantial positive impact on organizational performance and competitive advantage of commercial banks. However, the study presents concerning contextual and methodological gaps since it was conducted in Nakuru which is different from Nairobi, Kenya and applied questionnaires rather than interviews.

On a study on commercial banks in Kenya, Makau (2020) examined the effect of digital marketing strategies on commercial banks' competitive advantage in Kenya. The study used a descriptive research design and used a quantitative research method. The study's target population was made up of 41 commercial banks. Five respondents were chosen from each commercial banks leading to a sample size of 136 participants. The data was

collected using a structured questionnaire and analyzed through regression analysis, descriptive statistics, and correlation analysis. The study's results revealed that e-mail marketing, search engine optimization, and social media marketing had a significant positive influence on commercial banks' competitive advantage. This study however, left some conceptual gaps as it only considered digital marketing strategies and did not include other digital strategies in internal processes, customer relationship management and supply chain management.

Ng'ang'a (2015) conducted a study with the purpose of examining whether digital marketing strategies have an impact on commercial banks' performance in Kenya. A descriptive cross-sectional survey was used as the study design. All of Kenya's 43 commercial banks were included in the study's population. The research relied on primary data gathered through self-administered questionnaires. The study applied regression and descriptive analysis methods. The study findings determined that the various digital marketing strategies such as online advertising, mobile banking strategy, website development, email marketing and display advertising had significant influence on financial performance of the commercial banks. However, this study leaves some methodological gaps since the dependent variable was organizational performance and not competitive advantage.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section expounds on the research methodology that was applied in this study. The chapter contains subsections on research design, target population for the study, how the sample was selected and methods of collecting and analyzing data. The research design section discusses the case study design that was applied in the study. The justification of the adoption of the case study design is provided.

The chapter also provides a data collection section which discusses the interview method that was applied. The justification for the selected interview data collection method is also provided. Lastly, the chapter provides a data analysis section which discusses the content analysis method that was applied and the justification why this method was selected.

3.2 Research Design

Research design refers to strategies that a scholar or researcher uses to put together different aspects of research study in chronological and logical manner to ensure that the research objectives are met and research questions addressed adequately. According to Saunders et al. (2019), the research method selected by a researcher is majorly dependent on a myriad of factors such as the area of study and complexity of necessary data among others.

Bell (2018), on the other hand, defines research design in simple terms as the general approach that a researcher applies to combine all aspects of the study to ensure that the research question is comprehensively covered. This study applied a case study design. This is a design used to generate an in-depth understanding of a complex issue in its real-life context.

The case study design is appropriate in this study since it allowed an in-depth inquiry into the digital strategies implemented by the nine Tier 1 banks, the challenges faced and how these strategies influenced competitive advantage of the commercial banks. Besides, the design allowed the study to target key employees involved in digital strategies in the commercial banks.

3.3 Data Collection

The type of data collection tools chosen by a researcher is dependent on the target population, target respondents, sample size and type of data required to accomplish the research objectives (Chandra & Sharma, 2019). This study made use of an interview guide (Appendix I) to collect qualitative data from the 9 Tier 1 commercial banks in Kenya.

The target respondents in the nine international Tier 1 commercial banks were the Chief Information System Directors. This study respondents were selected since they were the ones who were intensively involved in designing and implementing all digital strategies in the banks. They were also expected to have critical information about the challenges faced when implementing the chosen strategies and the competitiveness of their commercial banks.

The data collection process involved setting an appointment with the Chief Information System Directors and conducting a face-to-face interview or electronic interview depending on what each Director preferred. After setting the appointment, the interview was undertaken through the selected mode and recording conducted depending on the consent of the study respondents. In the interview process, all COVID-19 guidelines and regulations were observed.

3.4 Data Analysis

Data analysis refers to the process of organizing, translating and presenting data into meaningful expressions. It enables a researcher to make generalizations of the outcomes of the study based on the collected data (Easterby-Smith et al., 2019). This study applied the content analysis method to analyze the collected qualitative data. According to Collis and Hussey (2018), this is a data analysis method applied to data in text, recording, film, audio and other qualitative formats.

This method was appropriate for this study since the collected data was in text format. Content analysis enabled the study to organize the data and extract meaning from the information gathered, as well as to make reasonable conclusions. The content analysis method enabled the study to decontextualize, recontextualize, classify and compile the data to have an in-depth feel of implementation of digital strategies for attaining competitive advantage by international tier 1 banks and the respective challenges during the COVID-19 Pandemic.

CHAPTER FOUR: DATA ANALYSIS, RESULTS, AND DISCUSSION

4.1 Introduction

This chapter describes the data analysis procedure, the findings of the research, and a discussion of the findings in relation to the extant empirical and theoretical literature. In this chapter, the data analysis was carried out according to the research methodology, and the study findings were used to accomplish the study objective. The results are aimed at determining the Implementation of digital strategy for attaining competitive advantage during COVID-19 pandemic by tier 1 commercial banks in Kenya.

4.2 Response Rate

The research employed an unstructured interview guide to acquire primary data from Chief Information System Directors of nine international tier 1 commercial banks in Kenya. The study managed to get responses from 7 international tier 1 commercial banks which were Equity Bank, Kenya Commercial Bank, ABSA Bank Kenya, Cooperative Bank, NCBA Bank Kenya, DTB Bank and Stanbic Bank. The researcher was unsuccessful in getting interviews with the Chief Information System Directors of I&M Holdings and Standard Chartered Bank. The study's response rate was 77.8%. This was considered adequate based on the recommendation by Bell (2018) that a response rate of 60% or above is adequate for analysis and deriving credible findings and conclusions.

The analysis of the interview responses was conducted through content analysis because it was in text format. Content analysis enabled the study to organize the data and extract meaning from the information gathered, as well as to make reasonable conclusions. First, the analysis is provided for each commercial bank and then the findings are compared for

all the banks to show divergence and convergence. The content analysis method enabled the study to determine the competitiveness of the commercial banks in various aspects of digital banking, how the advent of COVID-19 changed the digital strategies of the banks, the digital strategies the banks formulated and implemented to respond to the effects of COVID-19 and how the digital strategies by the commercial banks influence competitiveness of the banks.

4.3 Results from International Tier 1 Commercial Banks in Kenya

This section provides a content analysis and findings of each of the seven international tier 1 commercial banks. The findings are provided based on the key themes which were competitive advantage of the commercial banks in various perspectives, and digital strategies in the advent of COVID-19. Other themes included implementation of digital strategies during COVID-19 pandemic, key challenges experienced by the commercial banks during the implementation of digital strategies during the COVID-19 pandemic and how the digital strategies by the commercial banks influenced competitive advantage of the commercial banks.

4.3.1 Results from ABSA Bank

The respondent from ABSA Bank indicated that ‘the business departments are charged with development of digital strategies in line with the customers’ needs. According to the respondent, the needs of the customers are determined by regularly seeking the views of customers and using the insights to develop appropriate digital strategies. Digital transformation department is responsible for supporting the business department in developing the digital strategies. Besides, the respondent intimated that the ‘IT department is charged with the responsibility of implementing the digital strategies’. These findings indicated that at ABSA bank, the development of digital strategies was in interdepartmental affair that entailed the business departments, digital transformation and the IT department.

The study also assessed whether ABSA Bank’s strategy changed with the advent of COVID-19. The respondent indicated that the bank already had a digital strategy in place, which was deemed fit for purpose. COVID-19 pandemic only led to the acceleration of the implementation of the digital strategies. The findings indicate that there was no change to ABSA Bank’s existing digital strategy that was necessitated by COVID-19 pandemic. The only change was in the implementation timeframe which was accelerated and fast-tracked.

The study investigated the digital strategies that the bank formulated and implemented to respond to the effects of COVID-19. In improving customer experience, the respondent posited that, following the outbreak of the pandemic, ‘the bank focused on encouraging customers to use digital banking channels and also introduced WhatsApp banking, which mainly guides customers through various banking services such as balance enquiry’. The respondent also indicated that loan top-ups in the bank were digitised.

To improve internal efficiency, the respondent intimated that the bank encouraged enhanced partnerships with Fintech for robotic process automation (RPA) as a way of boosting business revenues. Besides, the respondents indicated that the bank was currently working on fully automating the accounts opening process. The respondent added that this had already been initiated before COVID-19 with implementation of robotics for inputting customer details in opening accounts. The respondent also posited that ‘workflows were automated to allow approvals in the system. Besides, the respondent indicated that digital signatures were also implemented and more departments became more open to email approvals.

Regarding the recommendation to work from home for employees due to COVID-19 social distancing guidelines, the respondent indicated that working from home had been introduced before through flexi working hours even before the outbreak of the pandemic. In the arrangement, the respondent intimated that ‘staff would make arrangements with line managers to work from home one or two days in a week’. With the COVID-19 pandemic, the working from home concept was just enhanced to enable more employees to take part and work more days from home.

The study assessed the key challenges that ABSA bank experienced in implementing digital strategies during the COVID-19 pandemic. One the key challenges mentioned by the respondent was cyber security concerns. The respondent posited that there had been increased social engineering incidences but also noted that working from home had not led to increased cyber-attacks. However, the few cyber security incidents experienced were at the branches and not staff working from home. The bank dealt with the security challenges by increasing its resources and investments in security.

Another challenge that was experienced by ABSA Bank mentioned by the respondent was wastage of resources and time in virtual meetings. The respondent indicated that ‘too much time was spent on online meetings leading to wastage of productive time’. These long online meetings were experienced immediately the COVID-19 pandemic hit Kenya since there had not been guidelines to direct the conduct of such meetings. According to the respondent, this was addressed by a directive that was issued for meetings to happen from 8.00 to 11.00 am and from 2.00 to 5.00 pm. The respondent added that this reduced the time spent in meetings which released human and other resources for other productive activities.

Internet connectivity challenges was another challenge that hindered implementation of digital strategies by ABSA bank. The respondent indicated that there were connection challenges when the bank was facilitating employees to work from home. The respondent further posited that ABSA Bank was majorly using desktops and therefore this led to a challenge when working from home was declared. To manage this challenge, the respondent intimated that the bank invested in special virtual private network (VPN) dongle solution that allowed desktops to access WIFI. The respondent added that staff were therefore provided with desktops at home. In addition, the respondent postulated that ABSA Bank also refurbished laptops to facilitate employees working from home.

Regarding competitiveness of ABSA Bank in comparison to other Tier 1 commercial banks, the respondent indicated that on a scale of 1 to 5 (where one indicates very weak and 5 very strong) the bank was provided a score of 4 on brand equity, customer experience, profitability and reliability of services. A score of 3 was provided for quality of services and products, efficiency in processes and market share. This indicates that ABSA had strong competitiveness on was strong on brand equity, customer experience, profitability and reliability of services but moderate on quality of services and products, efficiency in processes and market share.

The study further investigated how digital strategies implemented by ABSA Bank enabled the bank to gain competitive advantage. The respondent indicated that the digital strategies have enabled the bank to have brand equity since the was successfully able to rebrand without loss of market share and profitability. However, the respondent indicated that some Tier 1 banks were far ahead in digitization and the bank trailed its competitors in efficiency in processes, reliability of services and quality of services and products due to the fact other banks were way ahead in terms of digitisation. However, the respondent indicated that the digital strategies have placed the bank to be competitive in the long run but in the short run, the bank is playing catch-up on various aspects of digitization such as online account opening, agency banking, identifying and entering into right digital partnerships and speedy approval for new products.

4.3.2 Results from Stanbic Bank

Regarding the departments in charge of development and implementation of digital strategies, the respondent indicated that 'there is an Innovation Department that is charged with coming up with new innovations and products while the IT Department is then charged with implementation of the new innovations and products. These findings indicate that the development and execution of digital strategies is a responsibility of two departments at Stanbic Bank. The IT departments and the Innovation departments collaborate to come up and implement digital strategies.

Concerning whether Stanbic's digital strategies changed with the outbreak of COVID-19, the respondent indicated that in 2019, the bank developed a digitisation strategy as part of the wider bank's business strategy, which was already detailed enough and fit for purpose. COVID-19 accelerated implementation of the strategy. On the digital strategies that have been implemented during COVID-19, the respondent postulated that 'with COVID-19, there was need for the bank to be more sensitive to clients' needs, given the emphasis on working from home and reduced traffic to the branches. The respondents indicated that this called for the bank to enhance the reliability and efficiency of its mobile banking platforms.

The respondent also indicated that Stanbic Bank enhanced its systems to ensure a more stable banking environment for the customers, enhance internet banking services for both retail and corporate customers and improve the aesthetics and feel of USSD and internet banking. The respondent further indicated that Stanbic Bank enhanced efficiency in trading for its customers by enabling digitised online payments to ensure banking services with minimal efforts and maximum efficiency.

The Bank also made investments to facilitate working from home for staff by ensuring accessibility to bank's systems, which was not possible before for the client facing staff. Before the pandemic, the back-office staff were allowed to have flexible working arrangements. These findings indicated that Stanbic bank's strategies were focussed on efficiency, enhancing customer experience and improving accessibility to various digital channels.

Regarding the key challenges experienced by Stanbic Bank when implementing digital strategies during the COVID-19 pandemic, the respondent intimated that there was need for investments in resources to facilitate staff with work from home. Besides, the respondent indicated that the distant engagements between staff with the work from home arrangements led to lower productivity and slower resolution of issues. With time however, the respondent indicated that the bank overcame this challenge as people got used to offsite working.

The respondent further indicated that another challenged experienced by Stanbic Bank was concerns on staff productivity. However, with time it was evident that productivity improved significantly due to savings in transit time. Moreover, the respondent indicated that the bank dealt with this by having tools to measure employee productivity even when working from home. Another key challenge indicated by the respondent was cyber security issues with remote access to bank systems. To deal with this challenge, the bank implemented stronger controls to ensure of security of bank's information.

On how the digital strategies implemented by Stanbic Bank has influenced its competitiveness in the short run and in the long term, the respondent postulated that 'the digital strategies in the bank majorly follows the needs of the customers. This leads to new products, new structures, new risks and new ways of thinking. With time this leads to competitive advantage'. On the competitiveness of Stanbic Bank in relation to other Tier 1 banks in Kenya, the respondent held that on a scale of 1 to 5 (where one indicates very weak and 5 very strong) the bank was provided a score of 5 on quality of services and products, profitability and efficiency in processes.

The respondent indicated that on brand equity, customer experience and reliability in services, the bank had a score of 4 and a score of 3 on market share. This indicates that Stanbic had a very strong competitive advantage on sustained high profitability, quality of services and products, and efficiency in processes. However, on brand equity, customer experience and reliability in services, the bank had a strong competitive advantage and a moderate competitive advantage on market share. The respondent indicated that the bank led the market on corporate banking which leads to more focussed banking to its clientele but trailed the market on retail banking since the bank focusses more on corporate banking.

4.3.3 Results from Cooperative Bank

The respondent from Cooperative Bank of Kenya indicated that the responsibility of formulating and implementation of digital strategies was an interdepartmental affair that includes Digital Products Department and Innovation Factory. Digital strategy department is responsible for tracking and communicating customer needs and challenges and communicating them with the Innovation Factory Department. Further, the respondent intimated that the Innovation Factory comes up with a digital strategy with collaboration with the Digital Products Department. Implementation of the digital strategy is the responsibility of the Digital Products Department with input from the Innovation Factory.

Regarding whether Cooperative Bank's digital strategies changed with the outbreak of COVID-19, the respondent indicated that the bank's digital strategies changed. The bank put more emphasis on online traffic metrics. Online platforms and working from home initiatives were revamped to accommodate increased traffic on the digital platforms. The digital strategies the bank formulated and implemented to respond to the effects of COVID-19 included enhancing Omni Channels (Mobile and Internet Banking), digitization of credit analysis process and merging of systems which previously were operating in silos. Besides, the respondent posited that the bank enhanced security and resources to enable work from home initiative with access to the banking systems, rolled out soft phones and enhanced use of online meeting platforms through computers as well as mobile phones. The respondent further indicated that the bank enabled cloud hosting of documents and files to enable virtual accessibility is virtual, increased use of customer management system for ease of tracking and use of digital app taxi application channels.

Concerning the key challenges that Cooperative Bank experienced in implementing digital strategies during the COVID-19 pandemic, the respondent indicated that the bank faced security risks, challenges in measurement of productivity while working from home, culture change and resistance to change. The bank, according to the respondent, dealt with these challenges by improving investments in cyber security, retraining employees on the new mode of working and developing of new productivity measurement tools to enable measuring of employee performance even when they worked from home.

On whether the formulated and implemented digital strategies influenced competitiveness of Cooperative Bank in the short run and in the long term, the respondent affirmed that the competitiveness of the bank had been enhanced. Key improvement in competitiveness included increase in profitability, increase market share of digital products, increase in non-funded commissions (service fees) and increase in interest on loans and asset base (Digital Loans). The respondent further indicated that the bank had experienced increased productivity, creativity and innovation, increased cost reductions on business-as-usual activities, improved customer experience and brand loyalty. Additionally, the respondent indicated that considering other Tier 1 banks in Kenya, the bank's competitiveness on a scale of 1 to 5 (where one indicates very weak and 5 very strong) was a score of 5 on quality of services and products, profitability and efficiency in processes. However, the respondent provided the bank a score of 4 on brand equity, customer experience and reliability in services and a score of 3 on market share. The respondent indicated that the bank was a market leader on provision of products and services grounded under co-operative movement but trailed the market on roll out of new products and change of processes.

4.3.4 Results from KCB Bank

The study assessed the department in charge of digital strategy formulation and implementation in KCB Bank. The respondent indicated that this is the responsibility of the Digital Financial Services Unit. The respondent further intimated that this unit is in charge of formulating, implementing and driving digital financial strategies. The respondent also indicated that over the years, the bank had only two main sources of revenue; funded income (interest from loans) and non-funded income (fees and commissions). Further, the respondent claimed that with reduction in funded income due to changes in regulations, KCB developed a digital strategy which would drive digital financial services as an alternative source of income, and thus established the Digital Financial Services Unit.

On whether the outbreak of COVID-19 led to a change in KCB Bank's digital strategies, the respondent posited that when COVID-19 entered the country, KCB already had a working digital strategy in place. The only change, according to the respondent, was to refocus and put in place measures to ensure stability and reliability of the digital channels. The respondent added that, at the time, mobile money and mobile banking were running on different platforms, but during the COVID-19 pandemic, there was need for integration to ensure reliability, stability and security. The respondent also indicated that this enhanced availability of digital payments, savings and lending banking services.

Regarding the digital strategies that KCB Bank formulated and implemented to respond to the effects of COVID-19, the respondent indicated that the key strategy was integration of mobile money and mobile banking on the same platform to ensure more stability of the

platforms. The respondent further claimed that the bank entered into partnerships with strategic partners such as IT solution companies such as HUAWEI. Other digital strategies that the bank implemented included resourcing of the Digital Financial Services Unit with the right staff, skills, competencies, tools and systems, facilitating staff to work from home by paying for internet for staff and provision of loans for purchasing furniture for home office payable in one year and enhance the lending process by moving the automated lending process to a different platform for more stability and reliability. The key challenges that KCB Bank experienced in implementing digital strategies during the COVID-19 pandemic included stability and reliability of digital channels. This was managed by integration of the various digital channels to a more stable platform. The respondent also postulated that the bank had a challenge of accessibility of staff during the initial stages of working from home. According to the respondent, this was managed by provision of fully paid internet for staff. Other challenges included instances of staff working from home not contributing during meetings and the increased risk of default of loans provided online. This was managed by reconsidering the customer onboarding process, and payment options.

Regarding whether the digital strategies implemented had influenced competitiveness of KCB Bank in the short and long term, the respondent indicated that the digital strategies were effective. The respondent said that the executed strategies influenced competitiveness of the bank to a very large extent. Further, the respondent added that customers were able to reliably access all banking services at the convenience of their homes.

The influence of digital strategies on various aspects of the bank's competitiveness was assessed. The respondent indicated that bank's competitiveness on a scale of 1 to 5 (where one indicates very weak and 5 very strong) was a score of 5 for brand equity, market share and reliability in services, and a score of 4 on quality of services and products, customer experience, profitability and efficiency in processes. The respondent claimed that the bank leads the market in reliability of service given the improvements on the mobile money and mobile banking and integration on the same platform. However, the respondent claimed that the bank trailed the market leader on market share (Equity Bank) which has highest number of customers on digital channels.

4.3.5 Results from Equity Bank

The study investigated the department in charge of digital strategy formulation and implementation in Equity Bank. The respondent posited that 'the overall strategy formulation is managed and directed from the Directorate of Strategy at the group level'. Further, the respondent indicated that the strategic digital goals are cascaded from this office to different group functions for their strategic action. Additionally, the respondent posited that the digital strategy office collates the information related to digital strategic initiatives for tracking and presentation to the committee and board level where strategy is formulated.

On whether the outbreak of COVID-19 led to a change in Equity Bank's digital strategies, the respondent answered to the affirmative. The respondent posited that the bank introduced expansion of channel banking which included mobile, internet banking, agency, merchant, and digital banking expansion strategy. Another strategy introduced during

COVID-19 pandemic included remote working where departments affected included IT, Contact Centre, Administrative function, and cross Africa resourcing among others. The respondent further added that the bank conducted fast tracking of digitisation of processes where improvement of services to customers, back office, and staff operations were enhanced.

Another strategy implemented was expansion and partnerships with telecoms to integrate mobile banking services in Democratic Republic of Congo (DRC), Rwanda and Uganda. Besides, Equity Bank executed branch digitisation where branches were transformed into contact centres with influx of customers using digital channels. The other digital strategy according to the respondent was cloud adoption where key in office productivity, development using Microsoft Azure, and adoption of cloud application to enable reliable and efficient remote working and digital collaborations.

Concerning the key challenges that Equity Bank experienced in implementing digital strategies during the COVID-19 pandemic, the respondent indicated culture change, connectivity issues and regulation as the main challenges. On culture change, Most bank staff had techno phobia which is the fear of adoption of technology due to perceived and real risks. The respondent indicated that these challenges was managed by creating a digital awareness campaign to sensitize the need for digital thinking as organisation wide thinking and encouraging staff to think ‘innovate’ at their areas of work.

On connectivity challenge, the respondent indicated that remote working came with this challenge. This was managed by backbone of digitisation. For customer channels, Equity Bank partnered with different Internet Service Providers (ISPs) to ensure connectivity,

partnered with different telecoms to provide mobile USSD integration services, increased innovation on mobile applications, internet banking and corporate banking to allow customers to access banking using their convenient ISP. The respondent also intimated that Equity Bank experienced regulatory challenges as the regulator was slow in approval of innovations, especially towards supporting adoption of digital channels during COVID-19 pandemic.

Concerning whether the digital strategies implemented influenced competitiveness of the Equity Bank in the short run and in the long term, the respondent indicated that the digital strategies had enabled the bank to weather the COVID-19 storm effectively. The respondent, additionally, indicated that the bank is among the few banks who have Work-from-Home strategy implemented successfully and seeks to continue this for the long term. The digital strategies, according to the respondent, enhanced the bank's integration strategy with telecoms, opening partnership with ISP more aggressively, expanding its solutions to mobile applications and improvement in reliability and accessibility of digital services. This had enabled the firm to be the leader in digital services, according to the respondent.

Regarding the bank's competitiveness, the respondent indicated that the bank led in profitability, brand equity, and market share with a score of 5, but lagged in quality of services and products, customer experience, efficiency in processes and reliability in services with a score of 4. These findings indicated that Equity Bank led the market on innovation, agency banking, digitisation strategies and market share but slightly lagged in integration of its digital platforms with telecoms.

4.3.6 Results from Diamond Trust Bank

The study assessed the department responsible for formulation and implementation of digital strategies at DTB Bank. The respondent indicated that the responsibility lies with Business Development and Customer Service departments which identify the opportunities from the internal and external environments and coordinate formulation and implementation of the strategy along with Operations and IT Projects. Therefore, this study revealed that formulation and implementation of digital strategies was a collaboration between various departments at DTB bank.

With the outbreak of COVID-19, the study investigated whether DTB Bank changed its digital strategies change. The respondent indicated that the bank changed given the restrictions in movement and physical contact, by revamping its digital products. The respondent further indicated that the bank already had a digital strategy but was accelerated following the COVID-19 pandemic. This affected every facet of the organisation, both internal operations and external customers. For customers, the organisation enhanced mobile phone and internet banking. Internally, DTB Bank adopted digital work-flow systems and virtual meetings. The key challenges that DTB Bank experienced in implementing digital strategies during the COVID-19 pandemic included cyber-security threats and possible data breaches. To address this challenge, the bank enhanced business and IT systems resilience, continuity and recovery.

Concerning the influence of digital strategies on competitiveness of the Bank in the short and in the long term, the respondent indicated that the digital strategies enhanced the bank's competitiveness, made it more cost-efficient and future proofed it by backing the trend.

Key areas of competitiveness that were positively affected included quality of services and products, customer experience, efficiency in processes and reliability in services. However, the bank still trailed market leaders on profitability, brand equity and market share.

4.3.7 Results from NCBA Bank

The study investigated the department responsible for digital strategies and established that it is the function of the IT department. The respondent indicated that the IT department takes the lead alongside business in coming up with relevant digital products for the end user customer. In addition, the respondent indicated that the department avails the relevant infrastructure either on premises or on cloud from where the digital products will run. The study also determined that the department also checks to ensure that all digital products are well provided for by way of architecture and integration to other core and peripheral systems.

The study also determined that the IT department is also responsible to ensure that the products meet all security requirements before being rolled out. The responsibility of maintaining digital products in production and ensuring high availability also rests with the team. And on strategic front, the respondent indicated that the department has a view of all emerging technologies and hence will create the roadmap for growth and maturity of all digital assets

The respondent also indicated that with the advent of COVID-19, the digital strategies of the NCBA bank changed since it had to provide for greater scale in digital access. This was because customers reverted to mobile and internet banking for payments and transactions. The respondent indicated that NCBA Bank had to ensure that the back-end was indeed capable of handling the additional transactions. In addition, NCBA Bank had to come up with more digital products to move customers from branches to online and mobile access. NCBA Bank staff also reverted to working from home and this had an impact on delivery resulting in investments in internal workflows for greater access and efficiency.

Regarding the digital strategies that the bank formulated and implemented to respond to the effects of COVID-19, the respondent indicated that the Bank enhanced mobile banking allowing Business to Customers (B2C) and Customer to Business (C2B) and USSD, improving Internet banking systems for both retail and corporate, direct integration with host corporate customers and enhanced card systems – Credit, Debit and Prepaid. Another strategy, according to the respondent was enhancing close Partnerships with relevant players like VISA and MasterCard.

The key challenges that NCBA bank experienced in implementing digital strategies during the COVID-19 pandemic included resourcing as the bank was challenged getting people to do the implementation. Besides, working out of the office was a new concept and it took long for people to internalize it. Logistics was also a challenge since some items required for implementation could not be shipped in time due to air-traffic restrictions. Another key challenge was cyber-threats which correspondingly increased and more investments went into securing bank systems from cyber criminals.

The respondent indicated that the digital strategies influenced competitiveness of the NCBA Bank in the short run and in the long term. Competitiveness mostly was derived from partnerships with other players in the industry like Fintechs and telecoms. The respondent indicated that NCBA enjoyed competitive advantage in quality of services and products, brand equity, reliability in services, market share and profitability. However, the respondent indicated that the bank lagged in efficiency in processes and customer experience and retail distribution.

4.4 Combined Results from the International Tier 1 Commercial Banks

The study findings determined that formulation and implementation of digital strategies was a multi-departmental activity across the international tier 1 banks in Kenya. In ABSA Bank, formulation and implementation of digital strategies was an interdepartmental affair that incorporated the Business Department, Digital Transformation Department, and the IT Department. This was similar to Stanbic Bank where the IT Department and the Innovation Department collaborated to come up and implement digital strategies. Similarly, in Cooperative Bank of Kenya, the Digital Products Department and Innovation Factory were responsible while in DTB Bank, the responsibility lied with the Business Development and Customer Service departments, which identify the opportunities from the internal and external environments and coordinate formulation and implementation of the strategy along with Operations and IT Projects.

In KCB Bank and Equity Bank formulation and implementation of digital strategies was charged to Digital Financial Services Unit, Directorate of Strategy in liaison with IT departments and the business departments. At NCBA Bank, it is the IT department that is charged with the responsibility implementing the digital strategies with inputs from the business departments. These findings indicate that formulation and implementation of digital strategies was a collaboration between various departments across all banks.

With the outbreak of COVID-19, the study determined that all the banks that participated in this study had digital strategies that were formulated before COVID-19 pandemic hit the country and were under implementation. However, the banks were forced to enhance the scope and accelerate the implementation of the digital strategies due to the guidelines brought out to cope with COVID-19. All the commercial banks surveyed indicated to have enhanced the scope of digital work-flow systems and virtual meetings since a large percentage of their workforce started working from home.

Digitization of more banking processes and services than was the case previously before COVID-19 was one of the key digital strategies implemented. Digitization of more banking processes was conducted by ABSA Bank, while other commercial banks such as DTB Bank, ABSA Bank, Stanbic Bank, Cooperative Bank and NCBA Bank fully automated the accounts opening process. Besides, other digital strategies implemented was digital signatures and automation of workflows to allow online approvals in the system by ABSA Bank, Equity Bank and KCB bank. Cooperative Bank also digitized credit analysis process and merged systems which previously were operating in silos. Equity Bank implemented cloud applications to enable reliable and efficient remote working and collaborations.

Partnerships strategic alliances was another strategy established from the study. The commercial banks such as ABSA Bank, Equity Bank, and KCB Bank enhanced partnerships with FinTechs and Telecoms. Equity Bank partnered with Telecoms to integrate mobile banking services in Democratic Republic of Congo (DRC), Rwanda and Uganda. NCBA Bank enhanced its partnerships with relevant players like VISA and MasterCard. DTB, Cooperative and Stanbic Banks partnered with different ISPs to ensure connectivity and partnered with different telecoms to provide mobile USSD integration services.

Another digital strategy was enabling employees to work from home. ABSA Bank had introduced flexi working hours even before COVID-19 and only enhanced the scope to include more employees and more days in a week. This only called for increase in the resources for those employees. KCB bank resourced its Digital Financial Services Unit with the right staff, skills, competencies, tools and systems, and facilitated staff to work from home by paying for internet for staff and provision of loans for purchasing furniture for home office. payable in one-year end.

All the respondents indicated that banks enhanced their systems to ensure more stable banking environments for customers, enhanced internet banking services and improved the aesthetics and feel of USSD and internet banking. For Cooperative Bank, the enhancement of systems came with enhanced focus on online traffic metrics to inform changes to existing digital strategy. KCB Bank integrated mobile money and mobile banking platforms to ensure reliability and security. NCBA Bank enhanced the lending process by moving the automated lending process to a different platform for more stability and reliability. Equity Bank expanded channel banking which included mobile, internet

banking, agency, merchant, and digital banking expansion strategy. All the banks enhanced system security and resources to enable work from home initiative with access to the banking systems. ABSA Bank rolled out soft phones and enhanced use of online meeting platforms through computers as well as mobile phones. NCBA Bank enabled cloud hosting of documents and files to enable virtual accessibility, and increased use of customer management system for ease of tracking and use of digital app taxi application channels. DTB Bank enhanced business and IT systems resilience, continuity and recovery.

The study determined that the commercial banks encountered various challenges when implementing digital strategies. One the key challenges mentioned by all the respondents was cyber security concerns. ABSA Bank experienced increased social engineering incidences. Stanbic Bank experienced cyber security issues with remote access to bank systems. NCBA Bank experienced an increase in cyber-threats and more investments went into securing bank systems from cyber criminals.

Another challenge that was experienced was wastage of resources and time in virtual meetings. In ABSA Bank, too much time was spent on online meetings leading to wastage of productive time. This was addressed by a directive that was issued for meetings to happen from 8.00 to 11.00 am and from 2.00 to 5.00 pm. The respondent added that this reduced the time spent in meetings which released human and other resources for other productive activities. Other banks that faced this challenge include Equity Bank, KCB, Cooperative Bank and Stanbic bank which had minimal experience with working from home concept.

Internet connectivity was another challenge that hindered effective implementation of digital strategies the commercial banks at the onset of the pandemic. ABSA Bank experienced connection challenges when the bank was facilitating employees to work from home. KCB Bank experienced instability and unreliability of digital channels due to downtimes and poor internet connectivity. Besides, Cooperative, NCBA, Equity and KCB bank had a challenge of accessibility of staff during the initial stages of working from home due to internet challenges which was later addressed by buying internet from different ISPs for remote working employees.

Increase in investments was also another challenge that faced when implementing digital strategies. ABSA Bank had to refurbish laptops to facilitate employees working from home. Stanbic Bank increased investments in desktops and laptops and internet costs to facilitate remote working of staff. Cooperative Bank incurred extra cost in retraining employees on the new mode of working and developing of new productivity measurements. Equity Bank spent resources on digital awareness campaign to sensitize employees on the need for digital thinking as organisation wide thinking and encouraging staff to think 'innovate' at their areas of work.

The commercial banks also faced resistance to change when implementing digital strategies during COVID-19 pandemic. Cooperative Bank experienced culture change and resistance to change when working from home was introduced. Besides, some Equity Bank's staff had techno phobia due to perceived and real risks. Other banks such as NCBA Bank, Stanbic Bank and DTB Bank took some time before working from home concept was internalized and streamlined.

The study determined that the digital strategies implemented by the commercial banks were critical in enabling the commercial banks to attain and sustain their competitiveness. Regarding competitiveness of the banks, the study determined Equity Bank to be the market leader followed by KCB Bank. The other banks (Stanbic, Cooperative, DTB Bank, ABSA and NCBA) lagged the leaders. Key areas that the market leaders excelled on included brand equity, customer experience, profitability and reliability of services, customer experience, profitability and reliability of services.

The digital strategies enabled the commercial banks to remain competitive by enabling customers access banking services remotely in the midst of COVID-19, and enabling new products, new structures, and new ways of thinking. The digital strategies implemented enabled the commercial banks to increase productivity, creativity and innovation, and cost reductions and improvement in customer experience. Improvement in digital resources enabled reliability and accessibility of products and services at all times for the bank's customers.

4.5 Discussion of Findings

The study findings established that all the international tier 1 commercial banks in Kenya had digital strategies in place prior to COVID-19 pandemic's arrival in the nation. However, owing to the recommendations issued to deal with COVID-19 by the state, the banks were compelled to expand the scope and speed up the implementation of their digital strategies. This supports the Chaos theory of management by Peters (1987) which indicates that managers need to be adequately prepared for disruptive changes, both environmental and technological, to steer their organization effectively. The study findings indicate that though COVID-19 is disruptive, it found commercial banks prepared with effective digital

strategies that only required minor fine-tuning to be effective during COVID-19. Empirical studies with similar findings to this study include Knudsen et al. (2021), Lee and Falahat (2019) and Agboola et al. (2019) who determined that in the current information age, organization should be agile enough to enable them deal with disruptions and chaos.

The study findings indicated that the key digital strategies implemented by commercial banks during the COVID-19 pandemic were digitization of more banking processes and services, partnerships with IT, Fintech, and Telecoms, and the introduction of digital signatures and workflow automation to allow online approvals in banking systems, according to the study. Another important digital approach was allowing employees to work from home, which was implemented through boosting digital security and resources for the workers.

All commercial banks updated their systems to provide a more reliable banking environment for consumers, expanded online banking services for both retail and corporate users, and improved the look and feel of their digital platforms. Furthermore, all commercial banks increased security and resources to support the work-from-home effort while maintaining access to financial systems. These findings concur with the findings by Kitsios et al. (2021) that to remain competitive, commercial banks adopted and implemented various initiatives using new technology and disruptive digital channels.

In terms of challenges experienced while executing digital strategies, the study found that commercial banks faced a variety of issues when implementing digital strategies. Concerns about cyber security were one of the major challenges. Increased investments in securing bank systems were used to solve this issue. Another issue encountered was the waste of

resources and time in virtual meetings. Furthermore, commercial banks' inability to execute digital initiatives was hampered by issues with internet access. Another problem that commercial banks experienced while adopting digital methods was an increase in emergency investments. These findings collaborated the findings by LaBerge et al. (2021) and Agboola et al. (2019) that there are numerous challenges faced while executing digital challenges which should be effectively managed for the bank to attain competitive advantage.

The study determined that the commercial banks' digital strategies were critical to their ability to achieve and maintain competitiveness. Because of the implemented digital strategies, the commercial banks that participated in the study were able to increase productivity, creativity, and innovation, as well as save costs and improve customer experience. These findings support the National Competitive Advantage Theory by Porter (1990) which hypothesizes that the ability of firms to compete in specific industries is dependent on the capacity to continuously innovate and upgrade, which explains why some companies are significantly competitive than others. These findings also agreed with the findings by Akhisar et al. (2015) that through digitization, banks are able to run more efficiently with increased self-service channels for customers and thereby attaining competitive advantage.

CHAPTER FIVE: SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

The key results of the study, the conclusions reached after evaluating the key findings, and the study recommendations are presented in this chapter. In addition, the chapter discusses the study's shortcomings as well as recommendations for future research targeted at filling in the gaps left by the present study.

5.2 Summary

The study's objective was to establish the effect of implementing digital strategy for attaining competitive advantage during COVID-19 pandemic by international tier 1 commercial banks in Kenya. The study findings determined that in most of the commercial banks, formulation and implementation of digital strategies was an interdepartmental process that incorporated two or more departments.

With the onset of COVID-19, the study discovered that all the surveyed banks had developed and implemented digital strategies prior to the pandemic's arrival in the nation. However, owing to the measures issued to deal with COVID-19 by the government, the banks were compelled to expand the scope and speed up the implementation of digital initiatives. Since a considerable part of their personnel began working from home, all of the commercial banks reported that they had expanded the breadth of digital work-flow systems and virtual meetings.

The study determined that the key digital strategies implemented amidst the COVID-19 pandemic by the commercial banks were digitization of more banking processes and

services, partnerships with IT, Fintech and Telecoms and introduction of digital signatures and automation of workflows to allow online approvals in the banking systems. Another vital digital strategy was enabling employees to work from home which was actualized by increasing digital security and resources for those employees. Besides, all the commercial banks enhanced their systems to ensure a more stable banking environment for the customers, enhanced internet banking services for both retail and corporate customers and improved the aesthetics and feel of their digital platforms. Moreover, all the commercial banks enhanced security and resources to enable work from home initiative with access to the banking systems.

Regarding challenges encountered while implementing digital strategies, the study determined that the commercial banks encountered various challenges when implementing digital strategies. One the key challenge was cyber security concerns. This was addressed by increasing investments into securing bank systems. Another challenge that was experienced was wastage of resources and time in virtual meetings. Additionally, internet connectivity challenge was another challenge that hindered implementation of digital strategies by the commercial banks. Besides, increase in emergency investments was also another challenge that faced the commercial banks when implementing digital strategies. The commercial banks also faced resistance to change when working from home was introduced.

The study determined that the digital strategies implemented by the commercial banks were essential in enabling the commercial banks to attain and sustain their competitiveness. In terms of bank competitiveness, the survey found Equity Bank to be the market leader, followed by KCB Bank. The other banks (Stanbic, Cooperative, DTB Bank, ABSA, and

NCBA) trailed behind the leaders. Customer experience, profitability, and service dependability were all areas where the industry leaders excelled. In the middle of COVID-19, digital initiatives allowed commercial banks to stay competitive by allowing clients to access financial services remotely and enabling new products, structures, and ways of thinking. Commercial banks were able to enhance productivity, creativity, and innovation, as well as reduce costs and improve customer experience, thanks to the digital initiatives they used. The bank's clients benefitted from improved digital resources since their products were more reliable and accessible at all times.

5.3 Conclusion

The study concludes that in the international tier 1 banks, formulation and implementation of digital strategies was an interdepartmental process that incorporated two or more departments. The study also concludes that all banks had digital strategies in place prior to COVID-19 pandemic's arrival in the nation. However, owing to the recommendations issued to deal with COVID-19 by the state, the banks were compelled to expand the scope and speed up the implementation of their digital strategies. The study also concludes that the international tier 1 commercial banks implemented various digital strategies during the COVID-19 pandemic which included digitization of more banking processes and services, partnerships with IT, Fintech, and Telecoms, and the introduction of digital signatures and workflow automation to allow online approvals in banking systems. Besides, other digital strategies executed included allowing employees to work from home remotely, updating their systems to provide a more reliable banking environment for consumers, expanding online banking services for both retail and corporate users, and improving aesthetics their digital platforms and increasing security and resources.

Regarding challenges encountered while executing digital strategies, the study concludes that the commercial banks faced a variety of challenges that included cyber security risks, waste of resources and time in remote working, and regulatory challenges. Besides, the study concludes that internet access, increase in emergency investments and resistance to change were other key challenges that the banks faced when executing digital strategies.

Lastly, the study concludes that the digital strategies that were executed by the commercial banks were critical to their ability to achieve and maintain competitiveness. The digital strategies enabled the commercial banks to remain competitive in the midst of COVID-19 by letting customers to have continued access financial services remotely and enabling new products, structures, and ways of thinking. Besides, the digital strategies enabled the commercial banks to increase productivity, creativity, and innovation, as well as save costs and improve customer experience.

5.4 Recommendations and Implications of the Study

The findings and conclusion of the study leads to the following recommendations. To begin with, the study recommends that digital strategy formulation and implementation should be an interdepartmental effort and process. Incorporating various departments in the formulation and implementation of digital strategy ensures that customer needs and more perspectives are considered which increases the probability of having a winning digital strategy. Besides, this increases interdepartmental coordination and communication which is important in digital strategy implementation, monitoring and review, which are vital for competitive advantage.

Secondly, the study recommends banks to formulate and implement winning digital strategies so as to cope with the challenges brought about by COVID-19 pandemic. Besides, to attain and sustain competitive advantage, the study recommends commercial banks to have agility in their culture, strategies and processes so that they can cope with chaos such as those that were brought by the COVID-19 pandemic. However, since formulation of a digital strategy is not enough for success, effective implementation and review of the digital strategy is recommended. The monitoring should inform the necessary changes to the digital strategy while the review should incorporate the changes during the implementation stage.

Since the study determined that the international tier 1 commercial banks in Kenya experienced various challenges in implementation of digital strategies, it is recommended that top leadership and policy makers should work together in dealing with the challenges. The top management should ensure that there are adequate policies and resources to cope with the challenges such as cyber-security, internal efficiency, working from home and connectivity. Besides, it is recommended that CBK should expedite the review and approval of new digital products and services by banks during the COVID-19 pandemic.

The study established that the digital strategies by the international tier 1 banks in Kenya were vital in enabling them to gain and sustain their competitive advantage. It is therefore recommended that the banks should have a strong customer focus to ensure that digital strategies are aligned to the customers' needs. Besides, the study recommends to management of commercial banks to have a strong innovation culture that seeks continuous improvement, reliability and efficiency of the digital products and services which are key for competitive advantage in the information age.

5.5 Limitations of the Study

This study provides evidence on how implementing digital strategies influence competitive advantage during COVID-19 pandemic by international tier 1 banks in Kenya. However, despite the contributions made by the study to policy, theory, and practice, the study has a few limitations that users of the findings should consider when applying and generalizing the findings. First, the study only focused on international tier 1 commercial banks and did not include tier 2 and 3 commercial banks which also might have digital strategies that they implemented during COVID-19 pandemic. Due to the differences in size, approach and competitiveness of the tier 1 commercial banks, and the tier 2 and 3 commercial banks, these findings may not be generalizable to these banks.

The study also has some limitations in methodology and scope. First, the study only focused on 9 commercial banks and did not include other financial institutions that could have digital strategies such as Fintechs and SACCOs. The study, therefore, fails to provide evidence on how implementation of digital strategies by Fintechs and SACCOs may have influenced their competitive advantage. Besides, the study only relied on in-depth key informant interviews to gather data and though this form of data collection provides in-depth understanding of the target units of analysis, there are risks of respondent bias.

5.6 Areas for Further Study

This research shows how international tier 1 commercial banks domiciled in Kenya formulated and implemented digital strategies to gain a competitive advantage during the COVID-19 outbreak. Despite the study's contributions to policy, theory, and practice, it has several limitations that leaves methodological and contextual gaps that warrants further study on the subject. To begin with, this research only considered international tier 1 commercial banks domiciled in Kenya, leaving out tier 2 and 3 commercial banks, which may have embraced digital strategies during the COVID-19 epidemic. Since the study findings cannot be readily generalizable to these other tiers 2 and 3 commercial banks due to variations in competitiveness, riskiness, strategy and size, the study recommends a further study on these lower tier banks. Such a study would determine the digital strategies formulated and implemented by these lower tier banks to cope with the changes in the operating and banking environment due to COVID-19 pandemic.

This study used key informant interviews to gather data from nine international tier 1 commercial banks. The study therefore excluded other financial institutions who could have formulated and executed digital strategies during COVID-19 pandemic, such as Fintechs and SACCOs. It is therefore recommended that a further study be conducted to assess the digital strategies these institutions in the financial sector applied to cope with the challenges brought about by COVID-19 pandemic. Besides, instead of relying only on key informant interviews, a further study should be conducted to incorporate other data collection instruments, such as questionnaires.

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APPENDICES

Appendix 1: Interview Guide

Research Topic: Challenges of Implementation of Digital Strategies as a strategy for attaining competitive advantage during the Covid-19 Pandemic Period

Purpose of the Research Study: I am conducting a research for my Master of Business Administration Program at the University of Nairobi. The aim is to establish the challenges that Tier 1 Banks have experienced in implementing digital strategies and the impact of these challenges on their competitive advantage during the Covid-19 Pandemic period.

Interview Questions

- 1) What department oversees digital strategy formulation and implementation in the Bank?

- 2) With the outbreak of COVID-19, did the Bank's digital strategies change?

- 3) Which digital strategies have the Bank formulated and implemented to respond to the effects of COVID-19? This can be both on internal operations and service to customers.

- 4) What are the key challenges that the Bank experienced in implementing digital strategies during the COVID-19 pandemic? How has the Bank dealt with these challenges?

- 5) How has these digital strategies influenced competitiveness of the Bank in the short run and in the long term?

- 6) Considering other Tier 1 banks in Kenya, how would you rate the Bank's competitiveness in the below listed areas, on a scale of 1-5.
- i. Quality of services and products –
 - ii. Brand equity
 - iii. Customer experience
 - iv. Profitability
 - v. Efficiency in processes
 - vi. Reliability in services
 - vii. Market share
- 7) Which areas do you think the Bank leads its competitors? Kindly explain.
- 8) Which areas do you think the Bank is outperformed by its competitors? Kindly give details.

Thank you for your participation

Appendix II: Tier 1 Commercial Banks in Kenya

1. Equity Bank
2. Kenya Commercial Bank
3. ABSA Bank Kenya
4. Corporative Bank
5. Standard Chartered Bank
6. NCBA Bank Kenya
7. Diamond Trust Bank
8. Stanbic Bank
9. I&M Holdings

Source: CBK (2021)