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The Impact of Digitalization and Globalization of Banking Services by the Cooperative Bank of Kenya Limited

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Abstract **Original Research Article**

The banking sector in Kenya has experienced sustained growth and increased profitability, driven in part by ongoing government reforms and technological advancements. This growth has been characterized by the expansion of physical infrastructure, including the establishment of over 1,000 bank branches and 2,205 automated teller machines (ATMs) nationwide, as well as the proliferation of agent banking services, with more than 9,748 licensed agents facilitating transactions exceeding USD 506 million as of 2011. Moreover, the increased uptake of mobile and internet banking services has significantly contributed to the enhancement of financial inclusion, particularly in underserved rural regions. The Cooperative Bank of Kenya Limited has responded to this evolving landscape by implementing advanced digital technologies and embracing globalization strategies aimed at improving operational efficiency and customer service delivery. These strategic initiatives have enabled the bank to achieve accelerated growth, enhanced profitability, and a strengthened competitive position within the financial services sector. This study seeks to critically examine the extent to which digitalization and globalization have influenced the bank's operational performance and strategic competitiveness in the context of Kenya's dynamic banking environment.

Keywords: Banking Services, Competition, Digitalization, Globalization, Internationalization, Technological Change.

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1. INTRODUCTION.

The Cooperative Bank of Kenya Limited has made significant strides in the financial services sector through strategic investments in process innovation and improvements, largely driven by digitalization and globalization. These initiatives have enabled the bank to expand its operational network, grow its market share, and enhance shareholder value. In particular, the bank has actively pursued mergers and acquisitions of smaller financial institutions, a move intended to consolidate its market presence and extend its outreach. To sustain competitive advantage in a dynamic financial landscape, the Cooperative Bank has benchmarked its operational processes against global best practices, embraced advanced digital technologies, and diversified its service offerings. Additionally, the bank has implemented robust marketing and branding strategies, reinforced its Unique Selling Proposition (USP), and committed to continuous business process reengineering with a focus on delivering high-quality, reliable, and value-driven services (Cooperative Bank, 2023).

In line with its strategic objectives, the Cooperative Bank of Kenya reported a 7.5% increase in net profit, rising to KES 18.4 billion in the nine months ending September 2023. This growth was primarily attributed to increased interest income from lending activities and reduced operational costs—both outcomes of successful technological adoption and efficiency gains. The bank's net earnings grew from KES 17 billion in the corresponding period of 2022, while total interest income rose by 12.8% to KES 49.3 billion, supported by expanded lending and substantial investment in government securities (Cooperative Bank, 2024). The bank's performance reflects a strategic focus on technological innovation, operational resilience, international market expansion, and adaptive agility. According to the World Bank (2023), the globalization and internationalization of banking services positively influence national economic growth and financial stability. This occurs through increased access to capital, the diffusion of technological innovations, and expanded competitive scope, which collectively reinforce the market positioning of banking institutions. Furthermore, globalization facilitates risk-sharing mechanisms and the diversification of product portfolios, enabling banks to withstand domestic economic fluctuations while pursuing sustainable growth and profitability.

Jihen (2023) emphasizes the transformative role of digitalization in the banking sector, noting its contribution to the development of innovative financial services, improved operational efficiency, and enhanced profitability. The integration of internet and mobile banking platforms has led to greater service accessibility, strengthened banking stability, and sustained institutional performance. In the context of the Cooperative Bank, the adoption of digital technologies—such as electronic banking, real-time account monitoring, multifactor authentication, and cross-border transaction platforms—has markedly improved service convenience, financial security, and user control over financial resources (Central Bank of Kenya, 2024). Additionally, digital tools have contributed to improved financial literacy and customer engagement.

Mutiso (2018) asserts that diversification strategies, when effectively implemented, can increase a firm's competitiveness by improving cost efficiencies, enhancing differentiation, and driving performance. Within the banking industry, diversification and globalization enable firms to harness economies of scope, increase market power, and extract synergistic benefits through portfolio expansion and corporate restructuring.

In summary, the globalization and digitalization of banking services have had profound positive effects on the microeconomic fundamentals of developing economies. These include increased financial capitalization, risk diversification, enhanced service delivery, and strengthened economic growth and resilience. The Cooperative Bank of Kenya's experience serves as a compelling case for understanding how technological transformation and international integration can serve as catalysts for institutional and sectoral advancement.

2. LITERATURE REVIEW

Existing literature on the Cooperative Bank of Kenya Limited has primarily focused on the effects of market liberalization on the growth of cooperative societies and the bank's strategic resilience amidst competitive market dynamics. While these studies contribute to understanding the institution's evolution and survival strategies, limited research has comprehensively examined the dual role of digitalization and globalization in enhancing its competitiveness, growth, and profitability. This study seeks to fill that gap by exploring how these transformative forces have shaped the Cooperative Bank's performance and positioning within the Kenyan and regional banking landscape.

Digitalization has enabled financial institutions to integrate services, offer real-time convenience, and enhance customer data security through robust verification systems. The Cooperative Bank has adopted these innovations to streamline operations, increase reliability, and create new revenue streams (Cooperative Bank, 2024). To remain competitive in an increasingly digitized environment, banks must invest significantly in artificial intelligence (AI), digital infrastructure, and electronic payment systems. These investments support mobile and internet banking services that are now indispensable for driving profitability and sustaining growth in the financial services sector.

Technological advancements drive competition by fostering innovation, improving service delivery accuracy, promoting business process reengineering, and supporting the development of unique selling propositions (USPs). Many African firms, including financial institutions, have integrated digital technologies and enterprise resource planning systems to improve operational efficiency and gain market competitiveness. Furthermore, globalization facilitates risk-sharing and diversification of banking products, expanding market reach and enhancing shareholder value. This enables banks to buffer domestic economic shocks and improve resilience, growth, and profitability.

The Cooperative Bank's strategic adoption of technology and its pursuit of internationalization are among the key economic enablers behind its rapid growth and strong performance. Through initiatives such as digital marketing, market segmentation, cross-selling, and performance-based incentive structures, the bank has bolstered its competitive advantage and brand strength (Parklean, 2024).

2.1 Technological Change

Technological innovation is a critical driver of transformation in the banking sector. Digital technologies enable seamless service integration, facilitate real-time banking, and improve data protection through sophisticated authentication systems. These innovations have made banking services more reliable, efficient, and accessible. According to the International Monetary Fund (IMF, 2021), digital technologies have allowed banks—including the Cooperative Bank—to harness data analytics and AI to improve decision-making, personalize customer services, and streamline operational processes. This has resulted in considerable cost reductions, improved customer experiences, and increased demand for digital banking services.

Saldanha (2019) posits that technological change affects firms differently depending on their strategic objectives and market contexts. Therefore, firms must evaluate the benefits and potential drawbacks of technology to optimize its role in building competitive advantage. Maina (2019) further asserts that the effective use of IT systems is vital in a rapidly evolving banking landscape. Information technology supports the development of new financial products, strengthens customer relationships, and reinforces customer value propositions, all of which are essential for gaining a competitive edge.

Kimani (2019) emphasizes that banks have adopted technology not only to improve operational efficiency but also to differentiate nearly identical products in a saturated market. For example, the Cooperative Bank has diversified its product portfolio, integrated its services vertically, and expanded regionally by leveraging technology and globalization. These strategies have strengthened the bank's position in both domestic and regional markets.

Evidence suggests that the Cooperative Bank's investment in information technology has enhanced convenience, reduced transaction costs, and increased product differentiation. Through platforms such as MCo-op Cash, the bank has improved customer accessibility, expanded its market scope, and created new opportunities for financial engagement (Cooperative Bank, 2019). These innovations have also supported the bank's efforts in internalization, leading to improved profitability and market share.

Kariuki (2017) highlights the role of information and communication technology (ICT) in improving financial performance, operational efficiency, and liquidity. He notes that the widespread adoption of mobile banking services has increased financial inclusion in Kenya, enhancing banks' profitability and return on investment. Similarly, Mbogo (2017) underscores that integrating technology into banking value chains fosters product innovation, improves service delivery, and enhances strategic positioning, thereby contributing to sustainable profitability.

The Central Bank of Kenya (CBK, 2019) aligns with these views, stating that the widespread automation of banking services—including the expansion of ATMs—has significantly improved access to financial services, particularly in rural areas. This has deepened financial inclusion and improved customer convenience. The CBK further notes that continuous technological modernization is essential for banks to remain competitive, reduce operational costs, and improve customer satisfaction (CBK, 2019, pp. 35–36).

Nonetheless, while the benefits of digital transformation are substantial, it is also important to recognize its limitations. Poor infrastructure, cybersecurity risks, high implementation costs, and uneven access to digital platforms may hinder the realization of full benefits, especially in developing economies. Therefore, while digitalization offers a pathway to competitive advantage, it also demands careful management to mitigate potential downsides.

2.2 Factors Driving Competition in the Banking Sector

Competition within the financial services sector is influenced by a multitude of internal and external factors that shape firms' strategic behavior and market positioning. In the context of Kenya's banking industry, several key drivers underpin competitive dynamics, as outlined within the frameworks of industrial organization and competitive advantage theory.

According to the Central Bank of Kenya (2024), enhanced digitalization of banking services has been a central force in intensifying competition, enabling institutions to improve service delivery, reduce operational costs, and enhance customer experiences. The proliferation of digital platforms, including mobile and internet banking, has increased customer expectations for convenience, speed, and security, forcing banks to innovate continuously to retain market share.

Another important driver is the promotion of Unique Selling Propositions (USPs), where banks strive to differentiate themselves through distinctive product and service offerings. This includes tailoring financial products to specific customer segments, improving brand positioning, and delivering high-value experiences that foster customer loyalty.

Strategic expansion of competitive marketing scope also contributes significantly to rivalry within the sector. Through market penetration, segmentation, and aggressive promotion, banks intensify efforts to attract and retain customers in both urban and rural markets. The adoption of economies of scale—enabled by technological integration and branch network expansion—has allowed leading banks like the Cooperative Bank of Kenya to achieve operational efficiency and cost leadership.

In line with Porter's (1990) National Diamond Framework, competitive advantage is also shaped by factor conditions, firm strategy, structure, demand conditions, and supporting industries. The pursuit of "first-mover" or pioneer advantages further differentiates competitive players, enabling early adopters of innovation to gain brand recognition and customer loyalty. Additionally, regulatory frameworks established by the Central Bank of Kenya and the government at large—such as licensing reforms, financial inclusion mandates, and consumer protection laws—serve both to stimulate and regulate competition within the banking sector.

2.3 Diversification and Globalization of Banking Services

Diversification

Diversification is widely recognized as a strategic approach used by firms to manage risk, expand into new markets, and enhance financial performance. According to Ansoff et al. (2019), diversification involves a firm entering new industries or markets with new product offerings that fall outside its existing product or service portfolio. This strategy allows firms to reduce dependency on a single market or product line, thereby increasing resilience against market volatility.

Diversification can take the form of related or unrelated diversification. Related diversification involves entering markets that are synergistic with the firm's core operations, while unrelated diversification entails expansion into entirely new business domains. In the case of the Cooperative Bank of Kenya, diversification has included the introduction of non-traditional banking products, such as insurance, asset management, and mobile-based financial services, which have broadened its revenue base and reduced market risk exposure.

The strategic logic of diversification is well captured in Ansoff's Product/Market Growth Matrix, which outlines four strategic directions for growth: market penetration, market development, product development, and diversification. The Cooperative Bank has particularly leveraged product development and diversification to create new financial solutions aligned with emerging customer needs and market demands.

Figure 2: Ansoff's Product/Market Grid

Diversification: Diversification remains a critical strategic tool for firms seeking to manage risk, achieve growth, and improve profitability in a volatile and competitive business environment. Ansoff et al. (2019) define diversification as a corporate growth strategy in which a firm enters new markets or industries that fall outside the bounds of its existing operations. This move enables firms to reduce dependence on a single product or market while capturing new sources of revenue and competitive advantage. Ansoff's Product/Market Growth Matrix categorizes diversification as the most aggressive form of strategic expansion, whereby firms introduce new products into entirely new markets.

Dess and Nystrom (2018) further elaborate that diversification involves the expansion of business operations through strategic pathways such as internationalization, digital transformation, joint ventures, mergers and acquisitions, and internal development. These approaches aim to achieve long-term value creation for shareholders and to enhance the firm's strategic flexibility. They assert that diversification is typically motivated by three primary objectives: the pursuit of growth, mitigation of risk, and the attainment of sustained profitability.

Empirical evidence from the Cooperative Bank of Kenya indicates that the institution has strategically leveraged diversification to support value creation and growth. The bank has aggressively diversified both vertically and horizontally—internally through expansion of subsidiaries such as Co-op Consultancy & Insurance Agency Ltd, CIC Insurance Company Ltd, Co-op Trust & Investment Services Ltd, and Kingdom Securities Ltd; and externally through joint ventures, strategic alliances, and mergers and acquisitions (Cooperative Bank, 2019). These initiatives have not only increased revenue streams but also positioned the bank competitively across various sectors of the economy.

Moreover, the bank has actively expanded its service portfolio into new domains, including the travel and insurance sectors, as part of its horizontal diversification strategy. This has been complemented by the digitalization of its services and the internationalization of its market offerings, such as the extension of operations into South Sudan. By leveraging its core competencies and consolidating business processes, the bank has maximized market reach and reinforced its competitive edge.

The Cooperative Bank has also emphasized product and service differentiation as a critical pillar of its competitive strategy. It has integrated digital technologies to enhance customer experience, improved its value proposition through targeted market development, and consistently aligned its operations with international banking standards and protocols. These strategies have been underpinned by a strong commitment to corporate governance, human capital development, and customer-centric service delivery—all of which contribute to improved competitiveness, market intelligence, and sustained profitability.

Globalization of Banking Services

Globalization refers to the process by which firms extend their operations and influence beyond domestic markets, engaging in cross-border trade, investment, and collaboration. In the context of banking, globalization facilitates capital mobility, transfer of technology, knowledge sharing, and expansion of financial products to international clients.

The Cooperative Bank has pursued globalization by aligning its services with international standards, leveraging cross-border partnerships, and expanding its brand presence through digital platforms accessible to diaspora communities. This internationalization effort has enabled the bank to tap into new customer bases, improve foreign exchange service offerings, and reinforce its competitive position within the East African region.

Globalization has transformed the banking sector by enhancing cross-border financial integration, improving operational infrastructure, and facilitating access to international markets. According to the International Monetary Fund (IMF, 2021), globalization is essential to modern banking because it accelerates technological adoption, reduces fraudulent activity, and introduces advanced risk management frameworks that enhance cost efficiency and product innovation. These changes improve the quality and timeliness of service delivery, while enabling banks to scale their operations beyond domestic boundaries.

In the case of the Cooperative Bank, globalization has enabled the institution to expand its presence within the East African region and serve diaspora customers through digital platforms. Internationalization allows banks to exploit arbitrage opportunities—selling locally-developed services in foreign markets where demand is higher—thus improving product value and growth potential. Through the use of transnational, global, international, and multi-domestic strategies, banks can optimize resource utilization, customize product offerings to local markets, and gain strategic leverage in the global financial arena (Macmillan & Tampoe, 2020, pp. 25–26).

In summary, the Cooperative Bank of Kenya's strategic embrace of diversification and globalization has not only solidified its competitive advantage but also contributed to its sustainable profitability and regional influence. These strategies, supported by technological transformation and robust governance, position the bank as a leading case study in how financial institutions in emerging markets can successfully navigate global financial landscapes.

3.0 RESEARCH DESIGN AND METHODOLOGY

The study adopted a mixed-methods research approach, integrating both quantitative and qualitative data collection and analysis methods to provide a comprehensive understanding of the research problem. The study utilized a Convergent Parallel Design. In this approach, quantitative and qualitative data were collected concurrently but analyzed independently. The results were then compared and interpreted in relation to each other to identify key areas of convergence, complementarity, or divergence.

3.1 Sampling Design and Target Population

The target population for this study comprised senior employees of the Cooperative Bank of Kenya Limited, totaling 150 individuals. From this population, a sample size of 86 participants was selected using a stratified sampling technique to ensure representation across various managerial levels—senior managers, middle-level cross-functional managers, and low-cadre managers.

3.2 Design Effect and Sample Size Justification

To improve the reliability and precision of the study, the Design Effect (DEFF) was used to determine the appropriate sample size. DEFF accounts for variations introduced by the sampling method—particularly when deviating from simple random sampling (SRS), such as through stratified or cluster sampling. The following formula was adopted to calculate the Design Effect:

The formula adopted in this study is as follows:

$DEFF = 1 + \delta (n - 1)$

Where:

- δ = intra-class (or interclass) correlation coefficient for the statistic
- n = average size of the cluster

In this study, the adjusted sample size was determined to be 86 participants, representing 57% of the total population of 150 senior employees across the Cooperative Bank of Kenya Limited.

To assess whether the sample data was representative of the population distribution, a Chi-Square Goodness-of-Fit Test was employed. This non-parametric test is appropriate for determining whether the observed frequencies in the sample differ significantly from the expected frequencies, based on the known characteristics of the target population.

The formula used for the Chi-Square statistic is:

$X^2 = \Sigma [(O_i - E_i)^2 / E_i]$

Where:

- O_i = observed frequency
- E_i = expected frequency

The survey instrument included structured questions and Likert-scale items designed to elicit measurable insights on respondents' perceptions of digitalization, globalization, operational efficiency, and profitability within the bank. The resulting quantitative data were analyzed using descriptive statistics (mean, frequency, standard deviation) and inferential statistics, such as:

- Correlation analysis to examine relationships between digitalization/globalization and performance indicators
- Regression analysis to model the predictive influence of digital and global strategies on bank performance outcomes

4. RESEARCH QUESTIONS

1. To evaluate how the adoption of information technology has enabled the Cooperative Bank of Kenya Limited to achieve competitive advantage within the banking industry.

2. To analyze how the internationalization and diversification of the bank's financial services have contributed to achieving sustainable competitive advantage.

5. RESULTS AND DISCUSSIONS

The study employed a triangulation approach, integrating both quantitative and qualitative data to enrich the analysis and interpretation of findings. To enhance the rigor and trustworthiness of the qualitative data, member-checking was utilized whereby participants reviewed and validated the accuracy of the collected information and interpretations.

Further, the study adhered to key qualitative research principles — namely transferability, confirmability, and dependability — to ensure that the findings are credible, reliable, and authentic. These measures strengthen the validity and trustworthiness of the results, allowing for meaningful insights into the impact of digitalization and globalization on the Cooperative Bank's competitive positioning.

Table 1: Impact of Technological Change on Cooperative Bank Services

Response	**Number**	**Percentage (%)**
Strongly Agree	65	76
Agree	15	17
Undecided	6	7
Disagree	0	0
Strongly Disagree	0	0
Total	**86**	**100**

Source: Field Survey, 2020

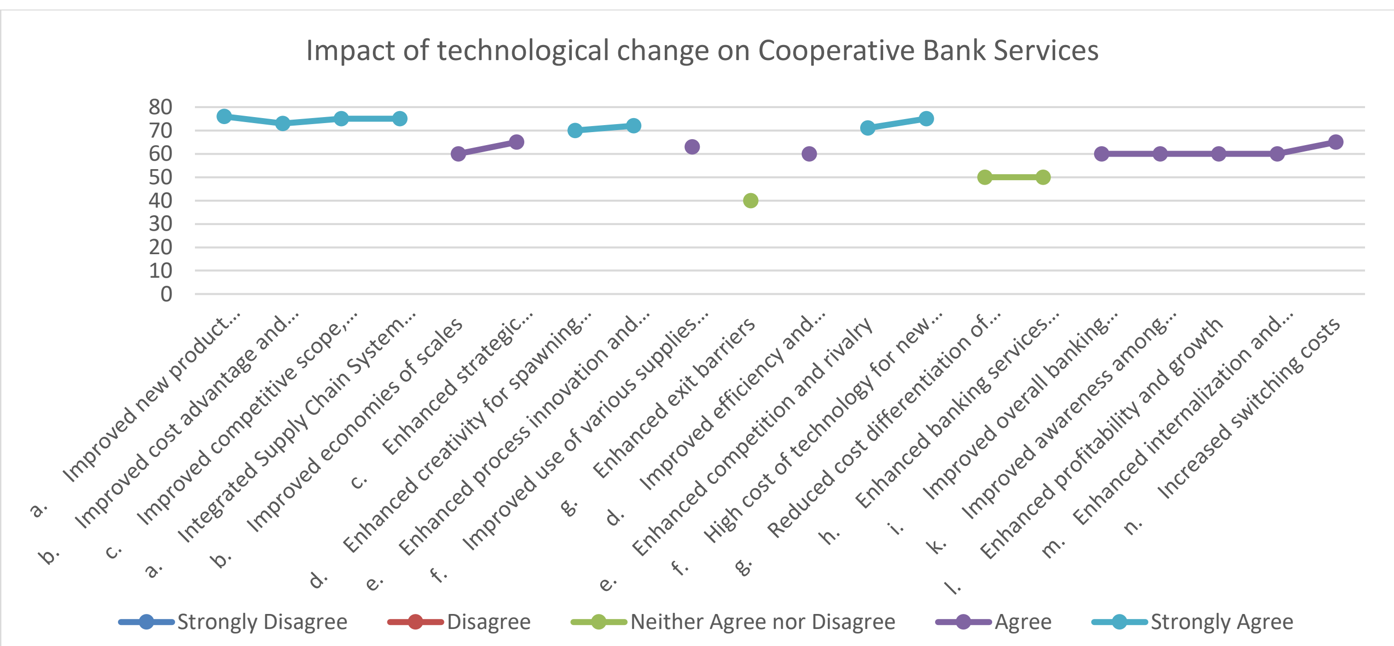


Figure 4: Impact of Technological Change on Cooperative Bank Services

Analysis and Discussion

Table 1 reveals that a substantial majority of respondents (93%) either strongly agreed (76%) or agreed (17%) that the adoption of technological change has positively influenced the services provided by the Cooperative Bank of Kenya. Only 7% remained undecided, with no respondents disagreeing with the statement. This consensus strongly affirms that technological adoption has significantly contributed to process innovation, efficiency gains, and overall operational effectiveness within the bank.

Further analysis, as illustrated in Figure 4, highlights multiple dimensions through which technological change has enhanced the Cooperative Bank's competitive positioning. Key improvements include:

- New product development and innovation
- Enhanced product differentiation and diversification
- Expansion of competitive marketing scope
- Strengthening of strategic significance and vertical linkages within banking services
- Improved integration of supply chain systems and enterprise resource planning (ERP)
- Increased creativity in spawning new products and services

These findings align with Stalk and Shulman (2020), who posit that technological change improves strategic positioning by reducing operational costs, enhancing product differentiation, reinforcing brand identity, and ensuring higher quality standards in banking products and services.

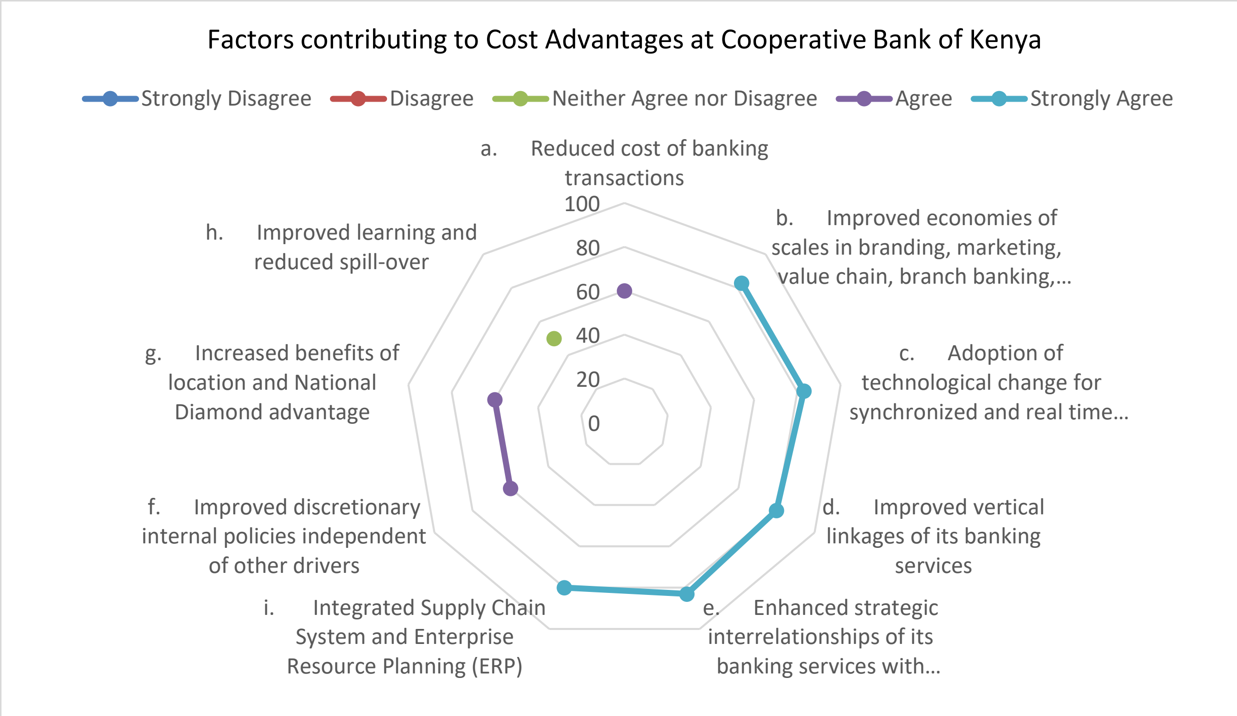
Similarly, Hilver (2019) emphasizes the role of technological advancements in creating new business opportunities, improving efficiency, and lowering costs. The study supports the notion that technological leapfrogging, ongoing research and development, process innovation, benchmarking, and re-engineering are fundamental drivers of operational effectiveness and competitive advantage in banking.

Table 2: Impact of the Existing Forces of Competition on Cooperative Bank Services

Response	**Number**	**Percentage (%)**
Strongly Agree	82	95
Agree	3	3
Undecided	1	2
Disagree	0	0
Strongly Disagree	0	0
Total	**86**	**100**

Source: Field Survey, 2020

Figure-5: Impact of existing forces of competition



Analysis and Discussion

As shown in Table 2, a striking 95% of respondents strongly agreed and a further 3% agreed that existing competitive forces significantly influence the operations and strategic direction of the Cooperative Bank of Kenya. Only 2% remained undecided, and no respondents disagreed. This overwhelming consensus highlights the pivotal role that market competition plays in shaping business strategy within the Kenyan banking sector.

The insights derived from Figure 5 further emphasize that, in response to these competitive pressures, the Cooperative Bank has pursued strategies centered on cost differentiation, economies of scale, and technological integration. The bank has achieved this by:

- Adopting internet and mobile banking platforms, as well as increasing ATM accessibility, to enhance service reach and efficiency.
- Integrating branding and marketing efforts with its digital infrastructure to create consistent customer experiences.
- Implementing an Enterprise Resource Planning (ERP) system alongside Supply Chain Management (SCM) tools to improve operational agility, vertical linkages, and internal efficiency.
- Streamlining its value chain to lower transaction and service delivery costs while enhancing product and service differentiation.

These strategies align with Porter's Competitive Forces Model, which posits that competitive advantage is achieved by firms that effectively position themselves against industry forces through cost leadership, differentiation, and focus (Porter, 1980). The Cooperative Bank's multifaceted strategy not only neutralizes threats from rivals and new entrants but also strengthens its bargaining position within the financial ecosystem.

Supporting this conclusion, Hilver (2019) argues that firms seeking sustainable operational efficiency and low-cost advantages must adopt integrated value chains and ERP systems. These systems allow for better resource coordination, reduce redundancy, and provide scalability—thereby creating cost efficiencies that can be passed on to customers or reinvested into innovation.

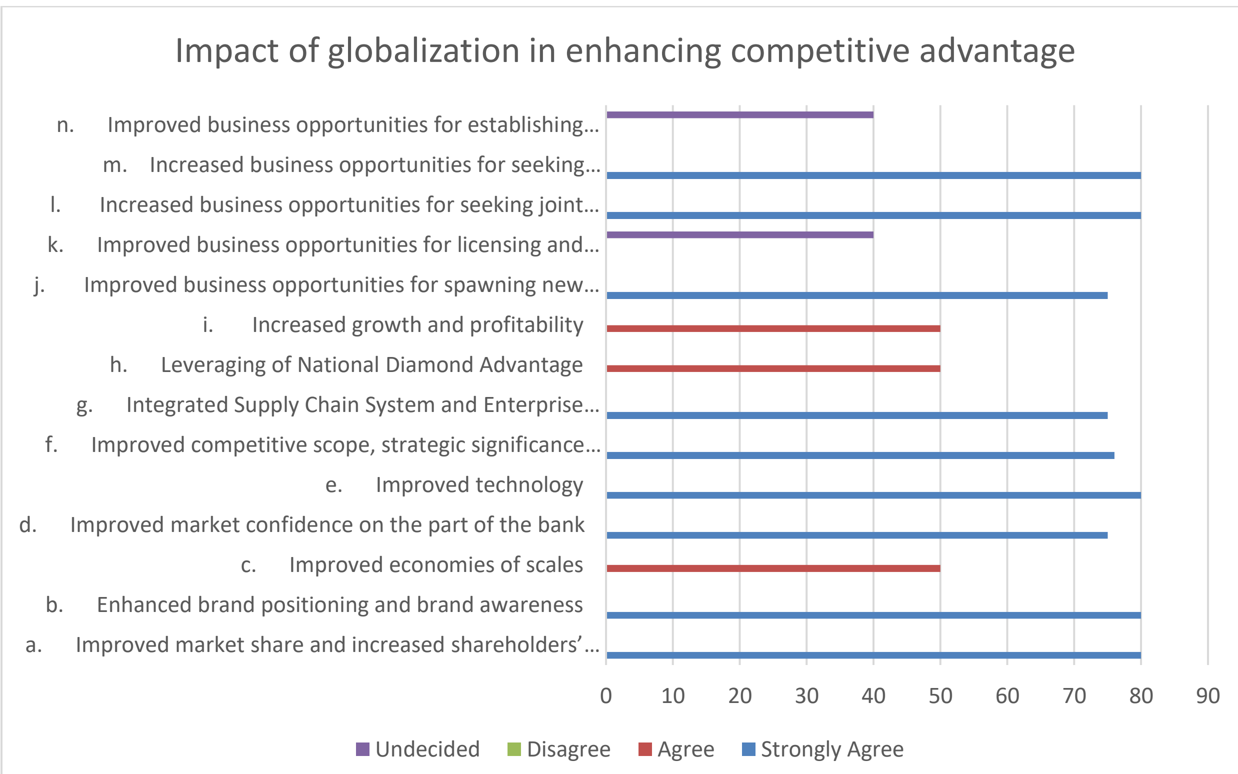
Overall, the study confirms that cost advantage, product differentiation, and strategic focus have become defining factors in the Cooperative Bank's comparative and competitive advantage, contributing directly to its sustained growth and superior profitability in a highly competitive market landscape.

Table 3: Impact of Globalization in Enhancing Competitive Advantage

Response	Number	Percentage (%)
Strongly Agree	69	80
Agree	15	17
Undecided	2	2
Disagree	0	0
Strongly Disagree	0	0
Total	**86**	**100**

Source: Field Survey, 2020

Figure 6: Impact of Globalization in Enhancing Competitive Advantage



Source: Impact of Internationalization and Globalization, Field Survey, 2020

Analysis and Discussion

As shown in Table 3, a combined 97% of respondents either *strongly agreed* (80%) or *agreed* (17%) that globalization has played a significant role in enhancing competitive advantage for the Cooperative Bank of Kenya. Only 2% of respondents were undecided, and none disagreed with the proposition. This overwhelming agreement reinforces the idea that globalization is a key strategic pillar in the bank's continued growth, market relevance, and profitability.

Analysis from Figure 6 further supports this conclusion by illustrating how the pursuit of internationalization and globalization has enhanced multiple strategic dimensions of the bank's operations. These include:

- Increased market share and shareholder value
- Enhanced brand positioning and international visibility
- Improved market confidence and credibility
- Expansion of the bank's competitive marketing scope
- Stronger vertical and horizontal linkages across service domains
- Enhanced capacity for cross-border product development and exportation
- Greater responsiveness to global financial standards and technological trends

These globalization efforts have allowed the bank to align with international financial practices, increase cross-market competitiveness, and achieve economies of scale through integrated systems such as Enterprise Resource Planning (ERP) and value chain digitization.

The findings align with those of Dess and Nystrom (2018), who argue that globalization and internationalization strategies—particularly those involving joint ventures, strategic alliances, and technological integration—are critical for expanding business footprints, maximizing value creation, and achieving sustainable competitive advantage. Moreover, the internationalization of flagship brands often enhances marketing intelligence, reinforces customer trust, and provides a platform for synergistic expansion into emerging regional and global markets.

In conclusion, the adoption of globalization strategies by the Cooperative Bank has not only supported strategic brand repositioning but also contributed significantly to the bank's long-term growth, profitability, and resilience in a competitive global banking environment.

Table 4: Qualitative Data Analysis – Key Competitive Forces Identified by Interview Respondents

Research Question	**Theme**	**Frequency Mentioned (Out of 40 Interviews)**
Q2a. What are the main forces of competition that drive economic value and spur the competitiveness of your bank?	Adaptation of technological change	35
	Improved technology and innovation through process improvement	35
	Increased globalization and internationalization of banking products	35
	Improved brand recognition and brand positioning	34
	Improved Unique Selling Proposition (USPs)	35
	Unique product differentiation and diversification	34
	Improved competitive scope and marketing penetration strategies	35
	Enhanced market development and marketing	35
	Enhanced concentrated growth	32

Research Question	Theme	Frequency Mentioned (Out of 40 Interviews)
	Integrated Supply Chain Management System and Enterprise Resource Planning (ERP)	35
	Enhanced Quality, Reliability of Services, and Value for Money (QRSV)	13

Source: Thematic Analysis of Interview Transcripts, Field Survey 2020

Thematic Analysis and Discussion

The findings from the qualitative interviews provide strong empirical support for the quantitative results discussed in previous sections. As shown in Table 4, the most frequently mentioned themes by interview respondents include:

- Adaptation of technological change (mentioned in 35 out of 40 interviews),
- Process innovation and improvement,
- Globalization and internationalization of banking products,
- Integrated ERP and supply chain systems, and
- Product and service differentiation with strong USP positioning.

These themes indicate that technology adoption, innovation, and global expansion are perceived as the core drivers of competitive advantage in the Cooperative Bank of Kenya's operational strategy.

The high frequency of themes related to market penetration, branding, and unique product offerings suggests that the bank has adopted a multi-pronged competitive strategy focusing on:

- Differentiation through digital innovation and unique service portfolios,
- Cost-efficiency via ERP systems and streamlined processes, and
- Market expansion both locally and internationally through globalization initiatives.

Synthesis of Quantitative and Qualitative Findings

The convergence of both quantitative and qualitative findings reaffirmed that branding and integrated marketing strategies have played a significant role in enhancing the competitive performance of the Cooperative Bank of Kenya Limited. Respondents consistently emphasized that strategic branding efforts had significantly broadened the bank's competitive scope, reinforced market penetration, and improved both brand recognition and brand positioning. These efforts have further supported product differentiation, service diversification, and enhanced the Unique Selling Proposition (USP) of the bank's offerings, especially in deepening financial inclusion in rural and underserved regions.

In alignment with literature (Cooperative Bank, 2023; Parklean, 2024), the study found that e-marketing, digital platforms, and targeted brand positioning strategies have substantially enhanced the bank's market presence in both urban and rural segments. The widespread adoption of mobile banking services, such as *M-CoopCash*, has not only expanded the bank's customer base but also catalyzed innovation in product development and market relevance. This has consequently improved customer loyalty, satisfaction, and accessibility to financial services, thereby contributing to sustained growth and profitability.

Furthermore, empirical findings validated by the literature (Dess & Nystrom, 2018; IMF, 2021) demonstrated that Cooperative Bank's adoption of digital technology and establishment of integrated systems—notably Enterprise Resource Planning (ERP) and Supply Chain Management Systems—have been instrumental in attaining cost differentiation and operational efficiency. These systems streamlined internal processes, enhanced service delivery, and improved vertical linkages between core banking operations and subsidiary services.

The pursuit of globalization and internationalization was also identified as a pivotal factor contributing to the bank's competitive advantage. Respondents and supporting literature agreed that expanding services beyond national borders has resulted in improved market share, increased shareholder value, enhanced brand visibility, and opened avenues for new product innovation. This strategic orientation has enabled the bank to position itself as a dominant player in the regional financial market while leveraging economies of scale and marketing intelligence to maintain sustained competitiveness.

Additionally, the research results, consistent with studies by Saldanha (2019) and Kimani (2019), affirmed that the Cooperative Bank's investment in technological change has been crucial in driving innovation, process improvement, benchmarking, and reverse engineering. These innovations have fostered operational agility and enabled the bank to deliver differentiated products and services that offer Quality, Reliability, and Value-for-Money (QRSV) to its clients.

Notably, the bank's consistent efforts in new product development, strategic diversification, and virtual segmentation marketing have further reinforced its ability to respond to market dynamics effectively. The adoption of technological platforms has facilitated real-time service delivery, increased convenience for users, and fortified internal operations with data-driven decision-making capabilities.

Overall, the triangulated data from both quantitative and qualitative methods confirm that the Cooperative Bank's sustained competitiveness is deeply anchored in its strategic use of technological transformation, global integration, market-oriented innovation, and enhanced operational efficiency.

6. CONCLUSIONS

This study employed a mixed-methods approach to examine the impact of digitalization and globalization on the competitive advantage and profitability of the Cooperative Bank of Kenya Limited. The convergence of both quantitative and qualitative findings affirmed that the bank has made significant strides in adopting technological change as a core strategic imperative to remain competitive in the dynamic banking landscape.

The findings established that technological transformation—including the adoption of mobile banking (M-Coop-CASH), internet banking, automated teller machines (ATMs), debit and credit cards, and telebanking—has substantially improved the operational efficiency, data security, and convenience of banking services. This transformation has notably enhanced the bank's ability to serve both urban and rural populations, thereby deepening financial inclusion and improving market reach.

The study further concluded that the integration of Enterprise Resource Planning (ERP) and Supply Chain Management Systems into the bank's operations has reinforced the strategic interrelationships between core banking services and its subsidiary business units. These technological infrastructures have facilitated real-time transactions, cost efficiencies, and process innovation, thereby enhancing the bank's competitive and differential advantages.

In particular, the strengthening of the bank's Unique Selling Proposition (USP) through digital and mobile platforms has enabled market expansion and brand loyalty, contributing to Cooperative Bank's improved market share, especially among previously unbanked populations. These strategies have not only fostered strategic market positioning but have also significantly elevated the bank's profitability and growth trajectory.

Additionally, the research confirmed that the pursuit of internationalization and globalization has been a key driver in advancing the bank's competitive intelligence. The expansion of services across borders has resulted in enhanced brand visibility, increased shareholder value, improved market confidence, and broadened the bank's global business footprint.

The study further highlighted that product and service diversification, when coupled with digitalization, has strengthened the bank's strategic capacity to adapt to competitive pressures and evolving customer needs. These initiatives have supported the development of uniquely differentiated products, improved customer satisfaction, and ensured strategic flexibility in a highly competitive industry.

In summary, the study concludes that:

- The adoption of technological change is a pivotal driver of efficiency, innovation, and profitability.
- Mobile and digital banking platforms have expanded financial access and reinforced the bank's market penetration and customer base.
- Enterprise integration through ERP and supply chain systems has enhanced strategic and operational coherence.
- Globalization and internationalization of banking services have positively influenced the bank's market positioning, shareholder value, and competitive standing.
- Diversification and USP strategies have deepened the bank's competitive advantage and reinforced its long-term sustainability in both local and global markets.

Collectively, these findings indicate that Cooperative Bank of Kenya's strategic focus on digital transformation, product innovation, and global expansion has been instrumental in positioning it as a leader in the financial services sector, capable of sustaining competitive success and market relevance in an increasingly globalized and digitalized economy.

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