

Strategic Innovation and Process Optimisation of Banking System in Selected Deposit Money Banks in Lagos, Nigeria

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ABSTRACT

Despite significant technological investments and reforms, deposit money banks in Nigeria continue to experience operational inefficiencies such as delays in service delivery, human errors, and weak integration of digital systems, while managerial efforts to address these challenges and achieve sustained process optimisation have largely proven inadequate and insufficient. This study, therefore, examined the effect of strategic innovation on process optimisation in selected deposit money banks in Lagos State, Nigeria. The study was underpinned by Innovation Diffusion Theory and Resource-Based Theory. Specifically, it investigated the influence of banking innovation culture, value-driven strategy, and market-oriented culture on process optimisation. A quantitative research approach with a survey design was adopted. The population comprised 24,424 employees from four selected banks. Using Yamane's formula, a sample size of 394 respondents was determined, out of which 336 valid responses were obtained. Data were collected using a structured questionnaire and analysed using descriptive statistics and multiple linear regression with the aid of SPSS version 25. The findings revealed that banking innovation culture and value-driven strategy have significant but negative effects on process optimisation, while market-oriented culture has a significant positive effect. Furthermore, the combined effect of strategic innovation measures on process optimisation was found to be significant. The study concludes that although strategic innovation is critical for enhancing process optimisation, its effectiveness depends on proper alignment and integration with operational processes. The study recommends that deposit money banks adopt an integrated approach to innovation by aligning innovation initiatives with operational systems, strengthening market-oriented practices, and ensuring that value-driven strategies are implemented in ways that enhance efficiency rather than create process complexities.

Keywords: *Banking innovation culture, market-oriented culture, process optimisation, strategic innovation, value-driven strategy*

1. INTRODUCTION

The banking system in Nigeria is undergoing rapid transformation driven by digitalisation, evolving customer expectations, and increased competition within the financial services landscape. As a critical driver of economic growth through financial intermediation, the sector has embraced technologies such as artificial intelligence, big data, and digital platforms to enhance service delivery and operational efficiency (Uford, 2026). These developments have elevated the need for strategic innovation—defined as the deliberate application of new ideas, business models, and processes—to reposition banks for competitiveness and sustainability. At the same time, process optimisation, which focuses on improving workflow integration, turnaround time, real-time service delivery, and continuous improvement, has become essential for achieving operational excellence (Nguyen et al., 2022). Evidence from global banking institutions demonstrates that technological innovation

significantly enhances efficiency and productivity, yet the extent to which such practices are effectively adapted within the Nigerian context remains uncertain.

In developed banking environments, leading institutions have demonstrated how strategic innovation can significantly enhance process optimisation and overall service delivery. For instance, banks such as JPMorgan Chase have leveraged artificial intelligence to streamline internal operations and improve decision-making processes, while Development Bank of Singapore has applied advanced data analytics to identify inefficiencies and save substantial operational time (Tulsi et al., 2024; DBS Annual Report, 2024). Similarly, the deployment of AI-driven chatbots by global banks has improved customer interaction, reduced service delays, and strengthened fraud detection mechanisms (Huang & Rust, 2021; Uford & Akpan, 2024). In Nigeria, deposit money banks are increasingly adopting similar technologies, as seen in the implementation of AI-powered platforms and big data infrastructures by institutions such as Access Bank Plc and Zenith Bank Plc (Akinnagbe & Akintayo, 2025; Omonzejele et al., 2025). These developments suggest that strategic innovation is gradually shaping banking operations; however, the effectiveness of these innovations in delivering optimal process outcomes within the Nigerian context, particularly in Lagos State, remains an area requiring deeper empirical investigation.

Despite reforms and technological investments, deposit money banks in Nigeria continue to experience operational inefficiencies such as delays in service delivery, human errors, and weak integration of digital systems (Uford & Joseph, 2019; Soetan et al., 2021). More critically, many banks appear to adopt innovation in isolation without aligning such initiatives with locally relevant business models, thereby limiting the effectiveness of these innovations (David-West et al., 2020). This gap raises a fundamental concern: if innovation is widely adopted, why do inefficiencies persist in banking operations, particularly in Lagos State—the commercial hub of Nigeria? Consequently, this study interrogates the relationship between strategic innovation and process optimisation by asking: *What is the effect of banking innovation culture on process optimisation? To what extent does a value-driven strategy influence process optimisation? How does market-oriented culture shape process optimisation? And to what extent do these strategic innovation measures collectively enhance process optimisation in deposit money banks in Lagos State?* These questions emerge from the observed disconnect between innovation investments and operational outcomes in the Nigerian banking system.

This study's contribution to theory and practice is what makes it significant. Theoretically, it fills a gap in Nigerian banking research by combining aspects of strategic innovation—innovation culture, value-driven strategy, and market orientation—with process optimization. Practically speaking, the report offers policymakers and bank managers advice on how to match innovation projects with operational procedures in order to boost customer happiness, decrease turnaround times, and increase efficiency. The results have implications for improving financial service delivery and advancing financial inclusion in Lagos State and Nigeria as a whole for stakeholders, including customers and regulators. By tackling these problems, the study helps deposit money institutions become more sustainable and competitive in a financial environment that is changing quickly.

2. LITERATURE REVIEW

Conceptual Review

Process Optimisation

Process optimisation is a structured approach aimed at improving organisational processes to achieve maximum efficiency, quality, and cost-effectiveness while minimising waste

(Chelladurai et al., 2021; Diwekar, 2020). In the banking system, it involves analysing and refining workflows to enhance service delivery, reduce turnaround time, and improve customer satisfaction (Okuyelu & Adaji, 2024). Key dimensions include continuous improvement, workflow integration, real-time delivery, and reduced processing time. However, Nigerian banks still face challenges such as inefficiencies, human errors, and inconsistent use of optimisation tools, which limit operational performance and service quality (Soetan et al., 2021).

Process optimisation in the banking system refers to continuous efforts to improve operational processes to achieve efficiency, effectiveness, and high service quality while reducing costs and waste (Chelladurai et al., 2021; Diwekar, 2020). In deposit money banks, it involves refining activities such as account opening, loan processing, transactions, and customer service to ensure speed, accuracy, and reliability. This includes analysing workflows, identifying bottlenecks, and implementing innovative solutions to enhance performance and customer satisfaction (Okuyelu & Adaji, 2024).

In modern banking, process optimisation is driven by digital transformation through technologies such as artificial intelligence, data analytics, and automation tools, which enhance integration and enable real-time service delivery. Key elements include continuous improvement, workflow integration, turnaround time, and real-time delivery, all of which help improve operational efficiency and responsiveness to customer needs (Uford, 2018).

Banking Innovation Culture and Process Optimisation

Banking innovation culture refers to the values, beliefs, and organisational behaviours that encourage creativity, experimentation, continuous learning, and the search for improved ways of delivering banking services (Fuad & Hashim, 2022; Padilha & Gomes, 2016). In the context of deposit money banks, such a culture creates an enabling environment where employees are willing to challenge routine procedures, adopt new technologies, and support process changes that can improve operational performance. This suggests that banking innovation culture is closely linked with process optimisation because process optimisation itself is concerned with refining workflows, reducing inefficiencies, and improving service delivery without compromising quality standards (Chelladurai et al., 2021; Diwekar, 2020).

Within this study, process optimisation is reflected in continuous improvement, workflow integration, turnaround time, and real-time delivery. A banking innovation culture can influence these dimensions by encouraging staff and management to embrace new ideas that simplify banking operations, improve coordination across units, and respond more effectively to customer expectations. Since the banking environment is increasingly shaped by digital disruption and rising customer demands, a culture that supports innovation may enable banks to adapt quickly and redesign service processes in ways that enhance efficiency and responsiveness. The document further suggests that an effective innovation culture is vital for organisations that seek to improve processes and maintain competitive advantage in changing markets (Azeem et al., 2021).

Empirical evidence cited in the study also supports this relationship. Wu, Huang, Huang, and Du (2019) found that innovation culture significantly affected process optimisation among SMEs in Taiwan. Although that study was not conducted in Nigerian banks, it provides useful support for the view that a culture of innovation can shape operational strategies and optimisation outcomes. On this basis, the present study posits that banking innovation culture is likely to significantly affect process optimisation in deposit money banks in Lagos State, thus leading to the hypothesis that:

H₀1: Banking innovation culture does not significantly affect process optimisation in deposit money banks in Lagos State.

Value-Driven Strategy and Process Optimisation

Value-driven strategy is an organisational approach that emphasises creating and delivering superior value to customers, stakeholders, and the organisation itself by aligning operations with customer needs and expectations (Amaechi & Alagah, 2024; Baidya, Maity, & Goswami, 2023). Rather than competing mainly on cost or price, a value-driven strategy focuses on ensuring that all business activities contribute meaningfully to customer satisfaction and long-term organisational performance (Piercy & Cravens, 2000). In the banking sector, this strategic orientation is important because process optimisation is not only about speeding up operations but also about ensuring that process improvements produce better service outcomes for customers. Thus, value-driven strategy and process optimisation are conceptually connected through the goal of improving service quality, reducing unnecessary procedures, and enhancing customer experience.

The attached document explains that process optimisation in banks includes such elements as continuous improvement, workflow integration, turnaround time, and real-time delivery. A value-driven strategy may influence these dimensions by helping banks align internal processes with customer priorities. When banks organise their activities around value creation, they are more likely to remove non-value-adding steps, streamline service procedures, and adopt systems that improve speed, accuracy, and responsiveness. In this sense, value-driven strategy can support the refinement of operational processes in a way that strengthens both efficiency and effectiveness. The document further notes that this strategic approach can help streamline workflows and ensure that all process improvements contribute directly to delivering superior value to end users and other stakeholders (Reen et al., 2017).

The study also draws on empirical support for this relationship. Vidner, Wehlin, Persson, and Ölvander (2021) demonstrated interactions between value-driven strategy and process optimisation in the configuration of customer solutions. Although their study was conducted in another setting, it reinforces the argument that value-driven strategy can shape optimisation outcomes. Therefore, this study argues that value-driven strategy is likely to have a significant effect on process optimisation in deposit money banks in Lagos State, leading to the hypothesis that:

H₀2: Value-driven strategy does not significantly affect process optimisation in deposit money banks in Lagos State.

Market-Oriented Culture and Process Optimisation

Market orientation refers to a business philosophy that focuses on understanding customer needs, monitoring market trends, gathering intelligence, and coordinating organisational responses to deliver superior value (Kurniawan, Budiastuti, Hamsal, & Kosasih, 2020; Fernandes, Ferreira, Lobo, & Raposo, 2020). In banking, market-oriented culture reflects a consistent effort to understand the behaviour and preferences of customers and to use that information to shape services and operational decisions. This makes market orientation relevant to process optimisation because banks that are strongly attuned to the market are more likely to redesign their workflows and service systems to meet changing customer expectations efficiently. Process optimisation, as defined in this study, involves improving processes to increase efficiency, minimise delays, reduce errors, and enhance customer satisfaction (Chelladurai et al., 2021; Diwekar, 2020).

The relationship becomes clearer when the dimensions of process optimisation are considered. A market-oriented culture can encourage banks to improve workflow integration, shorten turnaround time, and strengthen real-time service delivery because customer expectations increasingly demand quick, seamless, and reliable banking services. By constantly engaging with customers and monitoring competitors, market-oriented banks may be better positioned to identify inefficiencies in service delivery and adopt process changes that enhance operational responsiveness. The attached document notes that market-oriented businesses focus on constant engagement with the market to anticipate trends and adapt their strategies accordingly, and this can help commercial banks offer more personalised, efficient, and responsive services.

Empirical evidence cited in the study supports this connection. Mahmoud, Blankson, Owusu-Frimpong, Nwankwo, and Trang (2016), in the Ghanaian banking system, found that market orientation has a significant connection with innovation outcomes such as process optimisation. This supports the argument that sensitivity to market needs can shape internal operational improvements. Therefore, this study proposes that market-oriented culture is likely to significantly affect process optimisation in deposit money banks in Lagos State, leading to the hypothesis that:

H₀₃: Market-oriented culture does not significantly affect process optimisation in deposit money banks in Lagos State.

Strategic Innovation Measures and Process Optimisation in Deposit Money Banks

Strategic innovation represents a deliberate and coordinated approach through which organisations create and implement new ideas, business models, and processes to enhance competitiveness and long-term performance (Faghih et al., 2018; Amit & Zott, 2020). In deposit money banks, strategic innovation encompasses key dimensions such as banking innovation culture, value-driven strategy, and market-oriented culture, all of which collectively shape how operational processes are designed and executed. Process optimisation, on the other hand, focuses on improving efficiency, reducing operational delays, enhancing workflow integration, and ensuring real-time service delivery (Chelladurai et al., 2021; Diwekar, 2020). The interaction between these constructs suggests that strategic innovation measures are critical drivers of process optimisation in the banking system.

The study indicates that banks operating in dynamic and technology-driven environments increasingly rely on integrated innovation strategies rather than isolated initiatives. When innovation culture encourages creativity, value-driven strategy aligns processes with customer expectations, and market orientation ensures responsiveness to market trends, their combined effect can significantly enhance operational outcomes. This integrated approach supports continuous improvement, minimises inefficiencies, and strengthens service delivery systems in deposit money banks. Furthermore, empirical evidence cited in the study supports this relationship. Kolapo, Mokuolu, Dada, and Adejayan (2021) found a significant interaction between strategic innovation and organisational performance in Nigerian banks, suggesting that coordinated innovation practices improve operational effectiveness.

Despite these insights, it was highlighted that limited studies have specifically examined the combined influence of strategic innovation dimensions on process optimisation within the Nigerian banking context, particularly in Lagos State (Ojenike, 2024; Oladeinde, Hassan, Farayola, Akindote & Adegbite, 2023). This gap underscores the need to investigate the joint contribution of these variables. Consequently, this study posits that strategic innovation

measures are likely to significantly affect process optimisation in deposit money banks in Lagos State, leading to the hypothesis that:

H₀₄: Strategic innovation measures do not collectively affect process optimisation in deposit money banks in Lagos State.

Literature evidence suggests that a considerable number of studies have been conducted on strategic innovation and process optimisation; however, there is no clear consensus regarding the nature and direction of their relationships across different contexts. While some studies report strong positive linkages between innovation practices and operational efficiency, others reveal variations depending on organisational settings, industries, and the specific dimensions of innovation considered. This lack of uniformity underscores the need for further empirical investigation, particularly within the Nigerian banking sector where contextual factors may shape the outcomes of strategic innovation initiatives.

Wu, Huang, Huang, and Du (2019) examined how innovation culture influences process optimisation among small and medium-sized enterprises in Taiwan using a quantitative approach. Data were collected from 233 respondents across 17 SMEs and analysed using structural equation modelling. The findings revealed that innovation culture has a significant effect on process optimisation, suggesting that organisations that encourage creativity and innovation are better able to improve operational efficiency and refine their processes.

Vidner, Wehlin, Persson, and Ölvander (2021) explored the interaction between value-driven strategy and process optimisation through a qualitative study. The authors developed a framework that integrates value-driven design with optimisation techniques to configure customised products. Using a multi-objective optimisation algorithm, the study demonstrated that value-driven strategies significantly enhance process outcomes by aligning organisational processes with customer value creation.

Mahmoud, Blankson, Owusu-Frimpong, Nwankwo, and Trang (2016) investigated the relationship between market orientation, learning orientation, process optimisation, and business performance in the Ghanaian banking sector. Employing a survey of senior managers across 28 banks and analysing the data using multiple regression, the study found that market orientation significantly influences innovation outcomes, including process optimisation. This indicates that organisations that actively respond to market intelligence tend to improve their operational processes.

Kolapo, Mokuolu, Dada, and Adejayan (2021) assessed the impact of strategic marketing innovation on bank performance in Nigeria using a quantitative approach. Data were obtained from bank employees and customers across eight banks and analysed using regression techniques. The findings showed a significant interaction between strategic innovation and organisational performance, implying that innovation practices play a crucial role in enhancing banking operations. Collectively, these studies provide empirical support for the relationship between strategic innovation and process optimisation, while also highlighting the need for further context-specific research in Lagos State.

3. METHODOLOGY

This study adopted a quantitative research approach using a survey design to examine the relationship between strategic innovation and process optimisation in deposit money banks in Lagos State. The quantitative design was considered appropriate as it enables the generation of objective, measurable, and generalisable findings through statistical analysis. The study

was anchored on Innovation Diffusion Theory, which explains how new ideas and technologies are adopted within organisations, and Resource-Based Theory, which emphasises the role of internal capabilities in achieving competitive advantage and operational efficiency.

The population comprised employees of selected deposit money banks in Lagos State, specifically leading institutions identified based on performance indicators such as return on assets, return on equity, and workforce size. The banks included Access Bank Plc (4,165 employees), Guaranty Trust Holding Company (GTCO) (3,321 employees), First Bank of Nigeria (8,773 employees), and Zenith Bank Plc (8,165 employees), giving a total population of 24,424 employees. These figures were obtained from the banks' audited annual reports (2022–2024). The selected banks were chosen due to their size, technological advancement, and strong commitment to innovation and digital transformation, making them suitable for examining strategic innovation and process optimisation.

A sample size of 394 respondents was determined using Yamane's (1967) formula to ensure adequate representation. The study employed a cross-sectional design and utilised a random sampling technique to select respondents across key functional areas such as management, operations, ICT, and relationship management.

Data were collected using a structured questionnaire administered through self-administration and snowball techniques over a two-month period. To ensure instrument quality, both content and construct validity were established through expert review, while a pilot study involving 15 respondents was conducted. Reliability was assessed using Cronbach's alpha coefficients, all exceeding the acceptable threshold of 0.70 (Burns & Burns, 2008; Cohen et al., 2017).

The study's constructs were measured using adapted items from established scales. Bank-innovative culture was measured with five items from Menor and Roth (2007), value-driven culture with five items from Ernst et al. (2015), market-oriented culture with five items from Kohli and Jaworski (1990), and process optimisation with five items from Heizer and Render (2008). All items were rated on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). Reliability coefficients ranged from 0.70 to 0.78, indicating satisfactory internal consistency (Nunnally & Bernstein, 1994).

Data analysis was carried out using descriptive statistics and inferential techniques. Specifically, frequency distributions and percentages were used to analyse demographic data, while simple and multiple linear regression analyses were employed to test the hypotheses using the Statistical Package for the Social Sciences (SPSS) version 25.

Results

The demographic characteristics of the respondents shows that gender distribution indicates 57.5% of the participants were female, while 42.5% were male, reflecting a balanced representation of both genders. In terms of marital status, the majority of respondents (65.4%) were married, followed by 19.8% who were single, and 14.8% who were separated. Regarding work experience, most respondents (58.8%) had between 9 and 19 years of experience, indicating a relatively experienced sample. Additionally, 16.3% had 1–9 years of experience, 16.5% had between 19 and 29 years, while 8.4% had 29 years or more. This distribution suggests that the study captured insights from respondents with diverse levels of professional experience.

4.1 Analysis of correlation among the independent variables of the study

Table 1 Correlation matrix for the variables

1	Var.	N	Skewness	Kurtosis	1	2	3
1	BIC	393	0.527	0.331	1		
2	VDS	393	0.523	0.326	.384**	1	
3	MOC	393	0.516	0.320	.458**	.519**	1

Keys: BIC= Banking Innovation Culture; VDS= Value-Driven Strategy; MOC= Market Orientation Culture; N= Number of participants

Source: Researcher’s Computation from SPSS Version 25 Output (2026)

Table 4.1 presents the correlation analysis among the independent variables, assessing both their relationships and the normality of the dataset using skewness and kurtosis statistics. Skewness was employed to evaluate the symmetry of the data distribution around the mean, with acceptable values ranging between -0.5 and 0.5 , while kurtosis measured the extent of dispersion due to extreme values, with acceptable limits between -1 and $+1$. High kurtosis indicates the presence of outliers, whereas low kurtosis suggests fewer extreme values. The results show that both skewness and kurtosis values fall within acceptable thresholds, indicating no violation of normality assumptions. Furthermore, the correlation coefficients among the independent variables—banking innovation culture, value-driven strategy, and market orientation—ranged between -0.01 and 0.519 , suggesting moderate associations and no evidence of multicollinearity at $**p < 0.01$.

Hypotheses Testing

Table 2: Regression analysis for hypotheses 1-3

	B	β	t	IPV	R	R ²	P-value
Constant	4.046		9.151	.000	.364	.125	P< .05
BIC	-189	-.187	-3.349	.001			
VDS	-269	-.211	-3750	.000			
MOC	.204	.148	8.851	.005			

Keys: BIC= Banking Innovation Culture; VDS= Value-Driven Strategy; MOC= Market-Oriented Culture; IPV= Individual P Value

Dependent Variable: Process Optimisation

Source: Researcher’s Computation from SPSS Version 25 output (2025)

Table 2 presents the results of the multiple regression analysis examining the combined effects of banking innovation culture (BIC), value-driven strategy (VDS), and market-oriented culture (MOC) on process optimisation. The overall model shows a moderate relationship between the independent variables and process optimisation ($R = .364$), with an explanatory power of 12.5% ($R^2 = .125$), indicating that the predictors jointly account for 12.5% of the variation in process optimisation. The model is statistically significant ($p < 0.05$), confirming its overall suitability.

Individually, BIC exhibits a negative and significant effect on process optimization. The results implies that banking innovation culture has a statistically significant effect on process optimisation ($\beta = -.187$, $t = -3.349$, $p = .001$). Since the p-value is less than 0.05, the null hypothesis is rejected. This implies that banking innovation culture significantly affects process optimisation; however, the negative coefficient indicates an inverse relationship. Therefore, null hypothesis one which stated that banking innovation culture does not significantly affect process optimization was rejected.

Similarly, VDS shows a negative and significant effect indicating that value-driven strategy also inversely influences process optimisation. The findings reveal a significant effect ($\beta = -.211$, $t = -3.750$, $p = .000$). Given that $p < 0.05$, the null hypothesis is rejected. This

suggests that value-driven strategy significantly influences process optimisation, though negatively too. Hence, null hypothesis two posited that value-driven strategy does not significantly affect process optimization was also rejected.

In contrast, MOC demonstrates a positive and significant effect on process optimization. The result indicates a significant positive effect ($\beta = .148$, $t = 2.851$, $p = .005$). Since the p-value is below 0.05, the null hypothesis is rejected, implying that market-oriented culture significantly and positively affects process optimisation. Therefore, null hypothesis three stated that market-oriented culture does not significantly affect process optimisation.

Hypothesis four examined the joint effect of strategic innovation measures on process optimisation. The model result ($R = .364$, $R^2 = .125$, $p < 0.05$) shows that the combined predictors significantly influence process optimisation. Therefore, the null hypothesis four is rejected, indicating that strategic innovation measures collectively have a significant effect on process optimisation in deposit money banks in Lagos State. Overall, the findings indicate that while all three variables significantly predict process optimisation, their effects differ in direction, with MOC contributing positively and BIC and VDS contributing negatively.

4. DISCUSSION OF FINDINGS

The purpose of this study was to examine the effect of strategic innovation on process optimisation in deposit money banks in Lagos State, with specific focus on banking innovation culture, value-driven strategy, market-oriented culture, and their combined influence on operational efficiency. The findings revealed that all three dimensions of strategic innovation significantly affect process optimisation, although with varying directions and magnitudes.

The result of hypothesis one showed that banking innovation culture has a significant but negative effect on process optimisation. This suggests that while banks in Lagos State are fostering innovative practices, respondents perceive that such initiatives may not yet be fully aligned with operational processes, possibly leading to inefficiencies or disruptions in workflow integration and service delivery. This outcome implies that innovation efforts, when not properly managed or integrated into existing systems, may slow down processes rather than enhance them. However, this finding contrasts with the study of Wu et al. (2019), which reported a positive relationship between innovation culture and process optimisation, thereby indicating that the effectiveness of innovation culture may be context dependent.

The findings for hypothesis two revealed that value-driven strategy also has a significant but negative effect on process optimisation. This indicates that although banks aim to deliver superior customer value, respondents believe that the emphasis on value creation may introduce complexities in processes, potentially increasing turnaround time or operational bottlenecks. In practical terms, aligning all operations strictly with customer value may require additional procedures that could reduce efficiency if not properly streamlined. This finding, however, differs from the work of Vidner et al. (2021), which found that value-driven strategies enhance process optimisation, suggesting that the effectiveness of such strategies depends on how well they are implemented within organisational systems.

In contrast, hypothesis three revealed that market-oriented culture has a significant and positive effect on process optimisation. This implies that banks that actively gather and utilise market intelligence are better able to streamline their operations, reduce delays, and improve real-time service delivery. Respondents appear to recognise that understanding customer needs and market trends enables banks to design more efficient and responsive

processes. This finding aligns with Mahmoud et al. (2016), who reported that market orientation significantly influences innovation outcomes, including process optimisation, thereby reinforcing the importance of customer-focused strategies in enhancing operational performance.

Finally, the result of hypothesis four showed that strategic innovation measures collectively have a significant effect on process optimisation. This indicates that although individual dimensions may produce mixed effects, their combined application contributes positively to improving banking operations. Practically, this suggests that an integrated approach to innovation—where innovation culture, value-driven strategy, and market orientation are aligned—enhances workflow integration, continuous improvement, turnaround time, and real-time service delivery. This finding supports the study of Kolapo et al. (2021), which found a significant interaction between strategic innovation and organisational performance in Nigerian banks.

Overall, the findings highlight that while strategic innovation is essential for process optimisation, its effectiveness depends on how well innovation initiatives are integrated into operational systems and aligned with organisational objectives within deposit money banks in Lagos State.

5. CONCLUDING REMARKS

Conclusion

In conclusion, this study establishes that strategic innovation plays a significant role in influencing process optimisation in deposit money banks in Lagos State, although the effects of its individual dimensions vary in direction. While banking innovation culture and value-driven strategy exhibited significant but inverse effects, suggesting possible misalignment or implementation challenges, market-oriented culture demonstrated a positive contribution to improving operational efficiency. Notwithstanding these mixed outcomes, the combined effect of strategic innovation measures was found to significantly enhance process optimisation, indicating that an integrated and well-coordinated approach to innovation is critical for achieving improved workflow integration, reduced turnaround time, continuous improvement, and real-time service delivery. Overall, the findings underscore the importance of aligning innovation initiatives with operational processes to ensure that technological and strategic investments translate into tangible efficiency gains within the Nigerian banking system.

Recommendations

Based on the findings of this study, the following recommendations are suggested:

- i. Deposit money banks in Lagos State should adopt a more integrated approach to strategic innovation by ensuring that innovation initiatives are properly aligned with existing operational processes to avoid inefficiencies.
- ii. Banks should strengthen their innovation culture by promoting coordinated implementation of new ideas rather than isolated technological adoption, thereby enhancing workflow integration and service delivery.
- iii. Additionally, management should carefully design and implement value-driven strategies in a way that simplifies processes and eliminates unnecessary complexities that may hinder efficiency.

- iv. Furthermore, banks are encouraged to deepen their market-oriented practices by continuously gathering and utilising customer and market intelligence to refine operations and improve responsiveness.
- v. Finally, there is a need for sustained investment in advanced technologies and staff training to support the effective integration of innovation practices, ensuring that process optimisation translates into improved performance and customer satisfaction.

Implications for Theory and Practice

This study contributes to theory by demonstrating the relevance of innovation diffusion theory in explaining how variations in the adoption of digital banking technologies and innovative practices influence process optimisation within deposit money banks in Lagos State. It shows that the mere adoption of innovation is insufficient; rather, the pattern, pace, and integration of such innovations determine their effectiveness in improving operational outcomes. Furthermore, the application of resource-based theory reinforces the importance of internal organisational capabilities—such as innovation culture, value-driven strategy, and market-oriented culture—as critical resources that can drive sustained improvements in process optimisation and competitive advantage. From a practical perspective, the findings highlight that bank managers must move beyond isolated innovation efforts and focus on aligning innovation initiatives with operational processes to achieve efficiency gains. The results also underscore the need to cultivate a well-structured innovation-oriented culture that supports coordination and continuous improvement. In addition, integrating strategic objectives with customer-focused market orientation is essential for enhancing service delivery, reducing inefficiencies, and improving responsiveness to evolving customer needs in the banking sector.

Suggestions for Further Studies

The findings of this study underscore the critical role of strategic innovation in enhancing process optimisation within deposit money banks in Lagos State. However, future research should extend the scope beyond the selected banks to include a broader and more diverse range of financial institutions, such as fintech firms and microfinance banks, in order to provide a more comprehensive understanding of how varying operational models influence process optimisation across the financial ecosystem. In addition, subsequent studies may adopt longitudinal designs to examine how strategic innovation and process optimisation evolve over time. Further research is also encouraged to incorporate external environmental factors—such as government regulations, economic instability, technological changes, customer preferences, and employee readiness—to provide a more holistic perspective on the dynamics between strategic innovation and process optimisation. Such efforts would enhance the generalisability and depth of insights in this area.

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