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Digital banking: how social media is shaping the game

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Received 29 December 2023
Revised 20 March 2024
21 May 2024
Accepted 6 June 2024

Abstract

Purpose – This paper aims to explore the transformative influence of social media applications on the digital evolution of banks. Using a multiple case study approach, this study investigates how Italian banks have adopted social media in their digital transformation. The study seeks to uncover strategies used by banks to maximise the benefits of social media platforms and assess the outcomes and challenges faced during this process. The results provide valuable insights for banks navigating digital transformation, emphasising the importance of organisational culture, client engagement, financial innovation and proactive response to fintech disruptions.

Design/methodology/approach – This study uses a multiple case study approach to investigate the influence of social media applications on the digital transformation of banks. Six Italian banks that integrated social media into their digital transformation efforts are analysed. The research examines the strategies used by these banks to effectively leverage social media platforms. The outcomes and implications of these initiatives are scrutinised to discern both positive impacts and challenges faced by banks and customers. The research methodology involves in-depth analysis of case studies, incorporating insights from managerial interviews to underscore key aspects essential for successful digital adaptation in the banking sector.

Findings – This study reveals profound impacts of digital transformation on the banking sector, emphasising key implementation areas. Insights gleaned from case studies of six Italian banks underscore the transformative influence of social media applications. Results highlight positive impacts, including enhanced customer service, engagement, financial literacy and community building. Managerial interviews underscore five critical aspects: the imperative for a new organisational culture, a focus on millennial clients, understanding and offering new financial instruments and proactive responses to challenges posed by emerging fintech companies. Successful adaptation necessitates attention to organisational culture, client engagement, financial innovation and proactive response to fintech disruptions. The findings contribute to the evolving understanding of the transformative role of social media in reshaping the banking industry.

Originality/value – This paper fills a critical research gap by delving into the challenges specific to banking institutions during the implementation of social media strategies amid digital transformation. While existing literature predominantly highlights positive impacts, this study pioneers a comprehensive exploration of unique hurdles faced by banks. The multiple case study approach, focusing on six Italian banks, contributes original insights into the strategies used to maximise social media benefits. The research provides a nuanced understanding of both positive impacts and challenges encountered, offering valuable guidance for refining social media approaches in the ever-evolving digital landscape. This contributes to the existing body of knowledge and aids banks in navigating their digital transformation journey effectively.

Keywords Fintech, Social network, Financial intermediations, Banks, Finance

Paper type Research paper

Qualitative Research in Financial Markets
Emerald Publishing Limited
1755-4179
DOI 10.1108/QRFM-12-2023-0314

1. Introduction

The digital age's advent has led to a significant paradigm shift across industries, prompting organisations to revaluate their strategies and embrace digital transformation (Broby, 2021; Krasonikolakis *et al.*, 2020). This transformation has been particularly intense in the banking sector, where it has revolutionised traditional practices and paved the way for a new customer-centric and innovative era (Ding and He, 2023; Thottoli, 2023). Since banks need to navigate this ever-changing landscape, social media applications' integration has emerged as a critical driver of this area (Manser Payne *et al.*, 2021). Banks' digital transformation encompasses a broad spectrum of changes ranging from advanced technologies' adoption to internal processes' restructuring and the reimagining of customer experiences (Diener and Špaček, 2021). At its core, the need to adapt to evolving customer expectations, stay ahead of disruptive market forces and to capitalise on the opportunities that the digital revolution presents, fuels this transformation (Khattak *et al.*, 2023).

Within this transformative landscape, social media applications have emerged as powerful tools allowing banks to engage with their customers in unprecedented ways (Kitsios *et al.*, 2021). Social networks have also transcended their initial personal communication purpose and have become important business interaction platforms (Naimi-Sadigh *et al.*, 2021). Banks have recognised these platforms' immense potential regarding connecting, informing and empowering their customers, which has led to a fundamental shift in the way financial institutions approach customer engagement and brand building (Tsindeliani *et al.*, 2022).

While the literature has explored social media applications' impact on banks' digital evolution, there is still a research gap regarding understanding the challenges that specific banking institutions face when implementing social media strategies (Mogaji, 2023). Although the current knowledge emphasises these strategies' positive impacts, such as the enhanced customer engagement, the lacking in-depth exploration of these unique challenges hinders a comprehensive understanding (Khattak *et al.*, 2023). Further investigation is needed to identify and analyse the specific hurdles that banks encounter and to assess the used strategies' effectiveness (Ngau *et al.*, 2023). Addressing this research gap could contribute valuable insights to help banks refine their social media approaches and achieve a more tailored adaptation to the evolving digital landscape (Ding and He, 2023).

Our aim with this paper is to explore social media applications' influence on banks' digital transformation by using a multiple case study approach. Specifically, we conduct case studies of six Italian banks that have adopted social media to ensure their digital transformation. We analyse these case studies with the goal of uncovering the strategies that the banks used to effectively harness and maximise the social media platforms' potential benefits. Moreover, we examine these initiatives' outcomes and implications to understand both the positive impacts and potential challenges that the banks and their customers face during the digital transformation process.

The analysis's results highlight digital transformation's profound impact on the banking sector and also outline key areas where this transformation can be effectively implemented. The insights gleaned from the manager interviews emphasise five critical aspects: the need for a new organisational culture, the focus on millennial clients, an understanding and offer of new financial instruments and the need to address the challenges that emerging fintech companies pose. In summary, successful adaptation requires attention to the organisational culture, client engagement and financial innovation as well as a proactive response to fintech disruptions.

Consequently, by examining social media applications' use across multiple banking case studies, this paper's goal is to contribute to the existing body of knowledge of banks' digital transformation (Smith, 2016). The insights gained from these studies could serve as valuable resources for banks and financial institutions starting their own digital transformation journeys, or wanting to refine their social media strategies. Furthermore, the findings provide a broader understanding of social media's transformative power regarding the banking industry's reshaping.

2. Theoretical background

2.1 The digital transformation of banks

The extant literature has investigated digital transformation's impacts on banks. Meena and Parimalarani (2020) found that while the banking sector's digital transformation might not only enhance its employees' opportunities, it might also reduce their employment opportunities. Nguyen *et al.* (2023) found that digital transformation hinders bank performance. Furthermore, Kriebel and Debener (2019) found that it takes up to five years before it increases bank efficiency and digital transformation difficulties could lead to persistent decreases in both efficiency and profitability. Pan *et al.* (2022) found that digital transformation's effect on systemic risk takes the form of a multipath impact, since digital services and application levels' strict monitoring is a necessary core condition for commercial banks to ensure a low systemic risk and a substantial digital potential, a solid digital technology foundation and a solid digital platform construction level. All of the latter serve as the other essential conditions to reduce banks' systemic financial risks.

Nguyen *et al.* (2023) found that digitalisation is a competition driver that determines banks' competitive advantages and creates additional opportunities to expand their customer base and range of services. Shkodina *et al.* (2019) discussed digital technologies' use in various banking segments, including retail, corporate banking, payments, bank transactions, investment banking and infrastructure projects. The extant literature also highlights the challenges and obstacles facing digital transformation, such as differences in organisational cultures, the lack of qualified personnel as well as the increased systemic risks associated with cybersecurity and fraud (Zhao *et al.*, 2022). Overall, scholars have suggested that digital transformation is critical if banks are to maintain their competitive positions and adapt to the changes in the global economy (Worthalter, 2021).

2.2 The diffusion of social media in the banking sector

Social media's use has become ubiquitous in the business world; consequently, companies leverage these platforms for reputation management, customer care, marketing and, among others, education purposes (Kaplan and Haenlein, 2010). In the financial services sector, the emergence of Web 2.0 technologies has created new opportunities for credit institutions and disrupted traditional methods of delivering banking services (Chircu and Kauffman, 2015). Banks are adapting to this changing paradigm and using social media to stay relevant and competitive (Vučinić and Luburić, 2022).

E-banking's evolution is divided into four phases based on the user interaction and how financial institutions handle banking products (Chircu and Kauffman, 2015). The latest phase, characterised by social media's strategic use, emphasises the building of personalised relationships with consumers (Mogaji, 2023). Banks recognise social media's value by providing direct and real-time marketing, thereby allowing banks to provide their clients with customised responses, regardless of their geographic location. The traditional concept of proximity in banking is shifting towards virtual proximity through digitisation and social media's use (Tepe *et al.*, 2021). The latter allow customers to connect with their banks at any time and to receive assistance with specific issues. Despite being historically slow to adopt new technologies, banks are increasingly recognising social media's transformative power and are proactively establishing a presence on various platforms (Kaplan and Haenlein, 2010).

Additionally, banks are leveraging social media platforms to select personnel, for crowdsource and to disseminate their corporate values (Salvi *et al.*, 2023). Collecting customer data and supporting financial education are also important goals for banks (Carmona and Cruz, 2018). However, there is a substantial difference between the importance attributed to image and reputation building versus that attributed to marketing and business development. While banks could easily improve their image and reputation through social media, marketing and business development are more challenging (Carmona and Cruz, 2018). Nonetheless, social platforms are mainly used for initiating new product launch campaigns, enhancing customer loyalty and acquiring new customers (Kietzmann *et al.*, 2011).

Besides these general goals, banks also use social media to support banking, financial education and for customer support in the after-sale period. They collect data and information on current and potential customers by collecting data and analysing customer activities. Other banking macro goals include industry communication on corporate data, social responsibility and social media advocacy (Carmona and Cruz, 2018).

Social media's implementation in banking operations has become increasingly popular in recent years. Banks have recognised that social media use's potential benefits are a means of engaging with customers and marketing services as well as of gathering feedback. Social media allows banks to interact with customers on a more personal level, creating a more customer-centric approach to banking (Czerniawska and Potter, 2017).

One way for banks to use social media, is to provide customer service (Kietzmann *et al.*, 2011). Many banks have customer service representatives who are available to respond to customer questions or concerns raised via social media. This allows customers to receive timely responses and to resolve issues quickly (Ménard, 2013). Furthermore, social media offers banks a way to gather customer feedback, which they could use to improve their services (Kaplan and Haenlein, 2010). Banks also use social media to market their services. Social media platforms provide banks with an opportunity to reach a larger audience than they could with traditional advertising methods (Baines *et al.*, 2017). Banks could do so by using targeted advertising to reach specific demographics, such as people who have recently moved, or those wanting to buy a new home. Social media also provides banks with a means of showcasing their services, such as online banking, mobile banking and other digital offerings.

Finally, banks use social media to gather customer data and insights. Social media provides banks with a wealth of data that they could use to better understand their customers' preferences and behaviours (Sharma and Garg, 2016). They could use these data to develop targeted marketing campaigns, improve their customer services and to develop new products and services.

3. Methodology

In this paper, we use a multiple-case study methodology to enable an in-depth exploration of complex phenomena in their natural setting (Yin, 2003). This methodology is particularly effective when investigating unexplored topics and addressing how-type research questions (Siggelkow, 2007). Compared to a single case study, scholars consider a multiple-case study approach more robust due to its ability to facilitate cross-case comparisons, thereby enhancing the explanation-building process and providing a better understanding of the contextual variables' effects (Chiesa and Frattini, 2007). Given its advantageous properties, we deemed the multiple-case study methodology well suited to meet our paper's objectives.

Specifically, we believe that a qualitative approach is the most appropriate methodology for addressing our research question.

The banking sector is a particularly fertile ground for undertaking qualitative research (Ammirato *et al.*, 2019). With their multi-objective nature (Berrone *et al.*, 2012), banks exhibit idiosyncratic emotions, attention and paradoxical behaviours (Strike and Rerup, 2016). These intricate characteristics, which operate at interconnected levels and rely on micro-foundations (Arthur, 2017) lend themselves well to qualitative research methods. Moreover, a qualitative examination aligns with Von Solms's (2021) call to adopt a multiple-case study approach to understand banks' digital transformation. According to scholars, this methodological approach is valuable for describing complex phenomena, developing new theories or for refining and extending existing theories in the family business domain (Eisenhardt, 1989; Gerring, 2006). Additionally, Jiang and Rüling (2019) have pointed out that, by enabling a process-oriented perspective and allowing a more dynamic understanding of the phenomena associated with bank management, case studies have an advantage over extensive, sample-based research (Sánchez, 2022).

In this study, we chose a multiple case study as our qualitative research approach (Yin, 2003). We acknowledge that this approach is not without its risks and drawbacks, since conducting a multiple case study could be resource intensive and time consuming (Baxter and Jack, 2008). In addition, scholars argue that single case studies generate high-impact theories more effectively than multiple cases studies do (Dyer and Wilkins, 1991). Single case studies often allow for a more in-depth understanding of the phenomenon being investigated (Siggelkow, 2007). Furthermore, as the number of case studies increases, the researcher's ability to dedicate sufficient observation time to each case diminishes.

3.1 Data collection

The banking industry, like other sectors, has witnessed a transformative shift in its customer interaction after it adopted social media. While banks recognise social media's significance for customer engagement and brand enhancement, there is limited research on its overall impact and its potential for social good. This empirical section addresses this research gap by presenting case studies on how social media has influenced banks' activities and contributed to their social impact. The cases highlight instances where banks leveraged social media to enhance their customer engagement, promote financial literacy and to achieve positive social outcomes. These cases allow the section to shed light on social media's benefits, challenges and potential, all of which drive their positive social impact on the banking industry.

We established the initial contact by sending emails to all nine Italian banks, specifically targeting their digital managers. Simultaneously, we developed a preliminary set of questions aimed at gathering information on these banks' potential social network utilisation. The relevant academic literature informed these questions designed to address the research question concerning value creation and capture.

Following Hansen *et al.* (2019), we used a methodology that combines retrospective data and real-time observations to study banks' innovation adoption, with a specific focus on their use of social media. Drawing on Forbes *et al.*'s (2015) and Greene and David's (1984) theoretical foundations, and to ensure credibility and minimise retrospective reporting biases, we used diverse data sources, including semi-structured interviews, participant observation and documentary research (see Table 1). By using a triangulation approach, which Babbie (2013) suggested, we integrated these complementary sources, thereby providing a comprehensive perspective on banks' activities concerning our research question.

Data sources	Details	Purpose
Interviews with senior managers	The transcripts (almost 30 pages) of interviews with managers involved conducted face to face	• Ascertain the viewpoints of managers regarding the company's embrace of open innovation practices. • Discern and fine-tune the underlying theoretical concept. • Uncover the formal strategies and historical context. • Validate the observational data and corroborate factual information derived from the web-collected content.
Press releases, videos, web interviews, newspaper pages, photos, present on the website or released directly by banks	Publicly available stories of key events associated with banks, including manager appearances in the media; Press releases, videos, web interviews, newspaper pages (approximately 30 pages) on the banks activities	• Assess managers' perspectives on the company's integration of open innovation methodologies. • Determine and enhance the core theoretical framework. • Uncover official strategies and historical context; cross-verify data gathered through observations and web-based information. • Employ triangulation of observations and facts.
Newspaper pages, reports, academic articles, photos, found external to the bank website	Press releases on the bank activities accessible via Lexis-Nexis (approximately 200 pages) Press releases, videos, web interviews, newspaper pages (approximately 30 pages) on the bank activities International academic articles on banks (approximately 100 pages)	• Gather supplementary data regarding the implementation of open innovation strategies. • Discern the company's official plans and historical context. • Enhance comprehension of the bank's operations while maintaining an external perspective on the organisation. • Employ triangulation of observations and factual data.

Source: Authors

Table 1.
Data collection

Subsequently, we prepared and used an interview protocol as a reference template during the interviews. Following the initial emails and subsequent phone calls, six banks (referred to as banks A, B, C, D, E and F) agreed to participate in the multi-case study analysis. We contacted these banks' digital managers by phone to provide a brief overview of the proposed study and to schedule the interview dates.

In total, 20 managers participated in the direct interviews that we conducted either via phone calls or face-to-face meetings. We interviewed each manager separately to ensure that they would provide unbiased responses and that their colleagues' answers would not influence them. Each interview lasted approximately 40 min, which we recorded and thereafter transcribed for further analysis.

To examine and organise the valuable information that the key respondents provided, we used a traditional coding process by drawing on established methodologies, such as those that Strauss and Corbin (1998) and Hsieh *et al.* (2011) outlined. We interviewed each manager at least twice to ensure comprehensive and complete answers, resulting in a cumulative interview duration of approximately 30 h. Table 2 reports the list of interviews.

3.2 Data analysis

In alignment with our paper's objective and the wealth of data we obtained from the six cases, we adopted an inductive and confirmatory approach, widely accepted in the literature (Ruddin, 2006). Following prior studies' methodologies (Ruhland and Wiese, 2023), we initially conducted within-case analyses of each bank. To manage the extensive data (interviews, videos, website content, press releases and articles), we had to undertake a content analysis (Weber, 1990) for a comprehensive understanding. Subsequently, inspired by Eisenhardt (1989), we performed a cross-case analysis to examine the common themes, similarities and differences across all the cases and to derive meaningful insights. Nine of the bank managers participated in the evaluation process to enhance the internal and external validity, thereby providing valuable verification.

We organised the material and adopted a coding procedure which allowed us to list the first-order concepts related to the informants' meaning background. Next, we undertook a second-order analysis to identify deeper patterns in the data, which led to second-order and

ID	Date of interview	Bank	Position	Duration of interview
1	17/01/2023	A	Digital Business Manager	40'
2	17/01/2023	A	IT Strategist Manager	30'
3	17/01/2023	A	Service Manager	60'
4	21/01/2023	B	Digital Business Manager	60'
5	24/01/2023	B	IT Strategist Manager	30'
6	24/01/2023	B	Service Manager	55'
7	27/01/2023	B	Branch Manager	50'
8	13/02/2023	B	Relationship Manager	45'
9	13/02/2023	B	Internal Auditor	30'
10	19/02/2023	C	Digital Business Manager	35'
11	09/03/2023	C	Service Manager	40'
12	03/05/2023	D	Digital Business Manager	45'
13	26/05/2023	D	IT Strategist Manager	50'
14	30/05/2023	D	Loan Processor	40'
15	18/10/2022	D	Internal Auditor	40'
16	28/10/2022	E	Digital Business Manager	35'
17	10/06/2023	E	Credit Analyst	45'
18	20/12/2022	F	Digital Business Manager	35'
19	20/12/2022	F	Loan Processor	40'
20	20/12/2022	F	Credit Analyst	50'

Source: Authors

Table 2.
List of interviews

other themes repeated in the theoretical abstractions of digital transformation. This iterative process between theory and evidence led to certain fundamental steps being identified in banks' digital transformation management. Figure 1 summarises the procedure that we followed.

In the above study, we used an inductive and iterative approach (Strauss and Corbin, 1998) to thoroughly analyse the extensive data set. Our aim was to construct and refine theory based on the information that we gathered from the case study data (Eisenhardt, 1989). During the cross-case analysis, we examined the qualitative data continuously, moving between the theory, data and the existing literature to accommodate the emerging theoretical relationships. We identified the emerging patterns and distinctions between the cases by using tabular pattern matching and other visual aids, such as graphs.

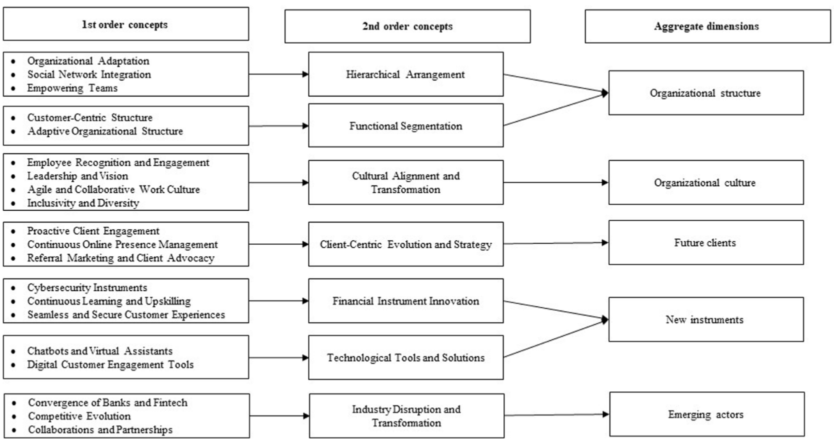
We ensured the rigour by applying replication logic, treating each case as a separate experiment to validate the theoretical relationships across the multiple firms (Yin, 2003). We concluded this iterative process when we had achieved theoretical saturation, meaning that the emerging theory provided a consistent and robust explanation of the differences observed in the two service provider case studies (Eisenhardt and Graebner, 2007). In addition, we mitigated our author team's potential bias due to the data collection and analysis by seeking the validation of an independent researcher not involved in the case studies or in the previously mentioned projects. This rigorous approach resulted in the identification of five distinct discussion points regarding the digital transformation's impact on banks.

4. Findings

4.1 A new organisational structure

Social networks' use has proven to provide companies with a significant competitive advantage, leading to increased customer spending and improved brand loyalty. However, implementing a strategic approach to social media could be a complex process requiring a specific organisational structure that aligns with the company's objectives and overcomes various barriers (Kaplan and Haenlein, 2010).

Social media's adoption in companies usually follows a three-phase trajectory: experimentation, adoption and integration (Aula, 2010). The experimentation phase involves



Source: Authors

Figure 1.
Data analysis

employees providing unofficial explanations, which, through monitoring and evaluation, are later consolidated into a single official explanation. According to a manager, [e]*mbracing a new organisational structure is crucial for our bank's success in the digital era. We must adapt and evolve to meet our customers' changing needs and preferences* (ID4). In the adoption phase, marketing or external relations managers recognise social media's benefits, and the social media manager's role gains internal visibility. The integration phase marks the organisation-wide recognition of social media's importance for achieving business goals (Schivinski and Dabrowski, 2014). At this stage, the social media manager might function as a supervisor and coordinate social media activities across the organisation. Accordingly:

> [i]n today's digital landscape, social networks have become powerful tools for communication and engagement. Incorporating them into our organisational structure enables us to connect with customers on a deeper level and build meaningful relationships (ID7).

Five social media management structures have been identified: the decentralised, centralised, hub and spoke, multiple hub and spoke as well as the holistic model. In the decentralised model, various functions and individuals handle social media activities, thereby enabling dynamic content production (Chen and Huang, 2013). However, coordination challenges could impact the user experience. In a centralised model, a specific function controls all the activities, thereby ensuring consistency, but risking a perceived lack of flexibility. The hub and spoke model involves a central team that supports the business units, while the multiple hub and spoke model is suitable for large multinationals with multiple entities (Kietzmann *et al.*, 2011). The holistic model treats social media as an asset for all the employees and fostering customer loyalty by taking continuous care of its customers' online experience. Managers point out that:

> [t]he new organisational structure will empower our teams to leverage digital transformation and social networks' power. It will enable us to respond quickly to market changes, innovate faster and to provide our customers with personalised experiences (ID9).

Selecting the right organisational structure involves aligning the current configuration with the company's objectives (Rodrigues *et al.*, 2022). Engaging top managers in open discussions is crucial for determining the most suitable structure (Papathomas and Konteos, 2023). This decision initiates a detailed planning process identifying activities, tasks, resources and timelines for executing the change. Implementing cultural change is an integral aspect that requires time and effort.

4.2 A new organisational culture

Banks' use of social media channels has had a profound impact on various aspects of their operations, particularly in terms of their corporate culture and their policies. Banks must adopt a comprehensive approach involving all of the organisation's levels, ranging from the top management to the staff members, to leverage social media effectively. This requires proper training and the dissemination of information on the products, services and regulations. A manager points out that:

> [e]mployee engagement is key to successfully adapting to digital transformation. We must create a culture that celebrates and recognises our employees' contributions, encouraging them to participate actively in shaping our digital strategy and driving positive change (ID20).

Cultural changes and organisational improvements are essential to establish a proactive presence on social media and to facilitate information and knowledge sharing (Naimi-Sadigh *et al.*, 2021).

Banking's successful use of social media is reflected in its marketing campaigns that use the call to action technique. With the latter, banks share product news, create pages for appointments and inquiries as well as organise socio-cultural events resulting in their number of young customers, their online account usage and their positive brand image increasing. Social media interaction enables banks to expand their customer base and generate sales opportunities that complement the physical branch activities (Krasonikolakis *et al.*, 2020). In particular:

> [t]ransforming our organisational culture is a journey that requires strong leadership and a shared vision. We must lead by example, inspire our teams and create a culture that values innovation, embraces change and positions us as a forward-thinking bank in the digital age (ID17).

Social media's organisational impact led to horizontal communication's emergence and emphasising internal influencers' and specialised units' roles. Larger banks favour the distributing of skills across the organisation, while smaller banks normally introduce units dedicated to the adapting of these changes. Moreover:

> [a]dapting to digital transformation and social networks requires us to challenge traditional hierarchies and embrace a more agile and collaborative way of working. We need to foster a culture that values cross-functional teams, encourages knowledge sharing and promotes a "fail fast, learn fast" mentality (ID12).

The introduction of alternative communication channels, like social networks, requires the ownership responsibilities in terms of the data processing to be clearly defined, thereby ensuring the transparency of personal data's handling and when addressing cybersecurity and confidentiality concerns.

Implementing organisational changes is relatively easier compared to achieving a cultural paradigm shift. Changing a corporate culture requires fostering the open sharing of information and knowledge, overcoming the hierarchical structures prevalent in the banking industry and cultivating an experimentation culture. The latter includes overcoming the fear of making mistakes and articulating corporate values explicitly (Modak and Chaudhuri, 2023). Finally:

> [d]igital transformation and social networks are not just about technology; they are about people. Fostering a culture of inclusivity and diversity, allows us to tap into a wide range of perspectives, ideas and experiences that will drive our success in the digital landscape (ID15).

In summary, social media's use in banking not only necessitates technological adaptation, but also organisational restructuring. Banks need to foster a culture that embraces change, facilitates information sharing and encourages experimentation. By so doing, they fully harness social media channels' potential, enhance customer engagement and adapt to the evolving digital landscape, while also maintaining data privacy and security.

4.3 Future clients: millennials

Millennials, born between 1980 and 2000, and currently aged 18 to 38, are projected to reach 2.3 billion globally in the next four years (Howe and Strauss, 2000). A total of 11.2 million millennials will live in Italy (Cuzzocrea *et al.*, 2020). Scholars often characterise this generation as "educated, unemployed and indebted", leading to delayed major life events like marriage and buying a house (Twenge, 2014). They are, however, connected, eager to start a family and be employed. Consequently:

> [b]uilding a strong online presence through digital transformation and social networks is not a one-time effort. It requires continuous monitoring, analysis and adaptation to remain relevant in a rapidly changing landscape. We must constantly refine our strategies and optimise our customer acquisition funnel (ID13).

Millennials are differentiated from previous generations by the way they will transform markets and shape consumption patterns in the coming years. Some of their distinctive features include a strong preference for the sharing economy (Yoon and Kim, 2018), their strong reliance on social media for decision-making (Twenge, 2014) and the remarkable diversity within the group, resulting in a general scepticism towards political, religious and institutional structures. These characteristics make them more open to rapid and disruptive changes, with a tendency to favour newcomers in various fields, including that of banking (Cuzzocrea *et al.*, 2020; Twenge, 2014).

Banks that do not offer the opening of accounts via smartphones in under 10 min will lag behind millennials' waiting time. Surprisingly, 71% of millennials would rather go to the dentist than visit a bank, while with 53% of them perceiving no difference between institutions' services. Additionally, 33% believe they would not need a bank in the future and 73% are open to the idea of ditching traditional banks for non-traditional digital options such as Square, PayPal, Apple, Amazon and Google (Bonafede, 2017).

Young people are looking for novelty in an industry in which a bank's history has always played a major role in terms of guaranteeing its soundness; this is no small matter, since credit institutions' business is based, first and foremost, on the customers' trust. Consequently, a new front has opened up in terms of demand, one which runs parallel with the digital age. Born and raised with the Internet and social media, banking only exists online for this generation; it cannot envisage long queues at the counters and analogue checkout times. Millennials require their digital banks to always comprise an online platform with updated channels, or with industry content. If banks do not meet these expectations, they risk the loss of 35% of the entire banking system's revenues by 2025. In conclusion:

> [a]cquiring new clients through social networks also means embracing the power of referral marketing. By offering our existing clients exceptional experiences and encouraging them to share their positive experiences online, we can leverage their networks and attract new clients through word-of-mouth (ID7).

4.4 New financial instruments

A manager highlighted that:

> [. . .] digital transformation's importance in enhancing cybersecurity and protecting customer data cannot be overstated. Robust cybersecurity instruments, advanced authentication methods, encryption techniques and real-time monitoring solutions are essential to create a safer banking environment (ID1).

The adoption of social networks and digital tools is reshaping the banking industry, necessitating the business models' re-evaluation to serve customers better and reduce the service costs. Various factors drive this transformation, including regulatory changes, increased competition technological advancements and the evolving consumer habits (Mitic and Kapoulas, 2012). Regulations, such as MiFID II, have imposed greater transparency and disclosure requirements on financial institutions, pushing them to be more cautious when charging fees and delivering transparent services to their clients. The intense competition in the banking sector, characterised by low-interest rates and costs, has made generating positive returns challenging for banks.

Technological advancements, encompassing social media, cloud computing, data analytics and omnichannel approaches, are revolutionising banking practices. Social media platforms have evolved from being public message boards to private messaging apps, thereby transforming communication patterns and information sharing. Banks could leverage social media to inform, raise awareness and promote their products, services and events. Consequently, the need for their employees to invest in continuous learning and upskilling is evident. *Training employees on new instruments, technologies and digital literacy ensures that they can leverage these tools effectively and thereafter drive positive change within the bank* (ID3).

In a fiercely competitive landscape, banks are adopting innovative customer interfaces to enrich their value proposition and forge more profitable business models. The chatbot – a computer programme that interacts with users via messaging applications – is an increasingly popular interface. Chatbots answer inquiries by using predefined rules or leveraging machine learning to adapt to human behaviour and language over time (Cuzzocrea *et al.*, 2020).

Chatbots' relentless advancement and cost effectiveness compel companies to adopt digital processes with a strong emphasis on customer centricity and cybersecurity (Abedin *et al.*, 2023). Leading tech companies, such as Facebook and Google, as well as Fintech and Insurtech firms, leverage chatbots to elevate the customer experience by providing greater accessibility and highly personalised services (Del Sarto *et al.*, 2023). Technology and digitisation drive the transformative changes in the banking industry by means of digital tools, media-reshaping assets and wealth management (Elsaid, 2023). By using risk management algorithms and profiling questionnaires, robo-advisors are a notable financial advice and wealth management innovation (Cardillo and Chiappini, 2024):

> Incorporating new instruments within our bank through digital transformation and social networks is not just about staying competitive, but it's also about providing customers with seamless, secure and innovative banking experiences, which position the institution as forward-thinking and at the forefront of technological advancements (ID7).

The future of financial advice is presumed to be more remote, online and accessible via digital devices. This revolution will impact clients across all segments, particularly those in the mass/affluent segment, who are more receptive to technological advancements and cost-effective solutions:

> Digital transformation allows us to explore chatbots' and virtual assistants' potential. These instruments could provide personalised assistance, answer customer queries and offer 24/7 support, thereby enhancing the overall customer experience and reducing the response times (ID13).

4.5 Emerging actors: Fintech companies

The term fintech is derived from financial technology and refers to providing financial services and products through the most advanced information technology (ICT). Examples of the latter are start-ups that raise money and, via the Web, provide SMEs with credit; other companies can, again online, offer robotic advice; and a specific hi-tech group builds payment systems in a similar way. One manager mentioned that:

> [d]igital transformation has sparked a wave of innovation that increasingly allows banks and fintech companies to converge. By embracing digital technologies, leveraging data analytics and

fostering a culture of innovation, traditional banks position themselves as agile, customer-focused institutions in the digital age (ID5).

In other words, the fintech industry comprises a diverse array of entities that leverage technology to offer alternative financial services distinct from those provided by traditional institutions. This emerging competition often manifests in specific vertical sectors, which might not significantly impact the overall business landscape immediately. In this context, commercial banking, particularly retail banking, faces a greater risk than investment banking. This raises the question: Which specific vertical sectors are most susceptible to this competition?

- Payment systems: in this area, it is estimated that up to 30% of fee revenues could end up being under pressure. Among the reasons for this pressure is EU countries' forthcoming adoption of the PSD2 directive, i.e. a regulation that not only provides lending institutions intent on investing in innovation, an opportunity to do so, but also includes several innovations, including authorising third parties (potentially, non-banks) to provide alternative electronic payment services. The Payment Initiation Service Provider (PISP) could allow its users, for example, an e-commerce platform, to use its payment software (Del Sarto, 2023).
- Bank-customer disintermediation: this will allow the PISP to handle the transaction, while the banks, where the seller's and the buyer's current accounts are held, will only be responsible for the settlement and payment function. This could, however, be a problem for lending institutions, since the third party will be the "dominus" of the relationship with the customer. It could therefore offer additional services and lure the bank's customer away, although, as we have seen, the bank tries to retain its customers by offering them non-financial services.
- Robo-advisory: Robo-advisors are a pivotal bank development by banks offering automated and personalised investment solutions catering to a diverse range of clients (Cardillo and Chiappini, 2024). These digital advisors, which sophisticated algorithms power, do not only streamline the investment process, but also democratise wealth management by making financial advice accessible to a broader demographic. Integrating robo-advisory services is instrumental for banks wanting to expand their reach, meet the evolving customer expectations and enhance their operational efficiency. By embracing these digital tools, banks position themselves at the forefront of technological innovation, therefore ensuring competitiveness and providing their clients with increased value in an increasingly tech-driven financial landscape.
- Alternative financing methods: these include various, essentially online, business models ranging from loans from individuals to individuals (peer-to-peer lending) to platforms that collect money to lend to households or businesses. According to Ishak and Mohammad Nasir (2024), retail banks regard crowdfunding as an alternative investment system – the most formidable new fintech competition.
- Cryptocurrencies: in this regard Initial Coin Offerings (ICOs) are relevant. A start-up could, for example, present a business plan on the Internet, soliciting cryptocurrency funds and offering digital tokens to help implement its business plan. Such an investment solicitation mechanism would, however, require regulatory authorities' approval. Unfortunately, ICOs are often used to bypass such regulations.

Currently, more than just financial operators' social media-driven efforts endeavour to increase their presence on Facebook, Twitter, LinkedIn, etc. to ensure a customer base (mostly millennials) that is increasingly technologically advanced. In recent years, we have also witnessed a reverse phenomenon with social media making increasingly determined inroads into the world of financial services. As early as 2015, Jamie Dimon, the number one at JP Morgan, predicted fintech's entry, "Silicon Valley is coming". In the meantime, giants such as Amazon, Facebook, Apple, Google and the Chinese Alibaba are moving in. These organisations have huge financial resources and immense pools of highly loyal users whose endless data they already handle, allowing them to accurately profile their users' potential needs. Consequently:

> [t]he emergence of new actors, particularly fintech companies, has spurred healthy competition and compelled traditional banks to evolve. Through digital transformation, banks could leverage their strengths in regulatory compliance, risk management and stability, while embracing fintech companies' innovative mind-set (ID20).

The risk to banks will therefore increase in the future, although the idea of banks being replaced is probably unlikely, but some services will face more competition. In conclusion:

> [i]*n* the face of digital transformation, banks must be proactive in exploring collaborations and partnerships with fintech firms. By combining banks' stability and resources with fintech companies' agility and innovation, we can create win-win scenarios that benefit both customers and the financial industry as a whole (ID17).

Table 3 presents a comprehensive summary of the obtained results, highlighting key findings across the five emerging dimensions derived from the raw data's analysis. The first dimension focuses on the organisational structure, revealing strategic social media usage, adoption processes and social media management structures' importance. Moving to the second dimension, the data analysis revealed the importance of a holistic approach to social media in banking, marketing and in cultural transformation's agile transformation. The third dimension sheds light on the impact that millennials have on banking trends, digital expectation and digital transformation. Additionally, the fourth dimension, new financial instruments, highlights the need for digital transformation to enhance banking, for technological advances and for future banking trends. Lastly, in respect of the fifth dimension, emerging actors, Fintech, underscores the fintech dynamics, key competitive sectors and banking's collaborative future. This structured presentation offers a clear and organised synthesis of the outcomes, thereby providing a foundation for a more in-depth examination of the study's implications and contributions.

5. Discussions and implications

The paper highlights that the debate on the question of whether banks should adopt social media strategies internally is outdated, as the risk of falling behind new players and being squeezed out of the market is substantial for banks failing to promptly use new technologies and social platforms. Furthermore, we explain the benefits of investing in new customer engagements and providing an optimal customer experience, such as by providing substantial financial returns. In turn, these returns could be reinvested to create a sense of community, which is crucial to achieve success (Marson, 2015).

5.1 Implications for theory

Our paper advances the literature on the digital transformation in banking by providing critical arguments in support of banks' strategic adoption of social media strategies (Hanafizadeh and Amin, 2022). We highlight the urgency of doing so by focusing on traditional banks' potential market exclusion, since they failed to embrace digital transformation in time. Through case studies and industry trends, we emphasise that rapid social media adaptation is crucial for

Dimension	Key points
A new organisational structure	• Strategic social media usage: – Social networks offer a competitive edge, boosting customer spending and brand loyalty – A strategic approach requires organisational alignment with company goals • Three-phase adoption process: – Companies follow experimentation, adoption and integration phases for social media – Adapting organisational structures is crucial for success in the digital era • Diverse social media management structures: – Decentralised, centralised, hub and spoke, multiple hub and spoke and holistic models cater to varied needs – Each structure has unique pros and cons, emphasising alignment with business goals
A new organisational culture	• Holistic approach to social media in banking: – Banks must comprehensively integrate social media, impacting culture and policies – Training at all levels fosters a culture of participation and innovation • Marketing success and cultural transformation: – Effective campaigns using the call to action technique drive young customers, online usage and a positive brand image – Cultural transformation requires strong leadership and a forward-thinking approach to digital adaptation • Organisational impact and agile transformation: – Social media introduces "horizontal" communication, emphasising internal influencers and specialised units – Adapting to digital transformation involves challenging hierarchies, fostering agility and promoting cross-functional teams
Future clients: Millenials	• Millennials' impact on banking trends: – Millennials, a significant global population, are reshaping consumption patterns and transforming markets – Characteristics such as a preference for the sharing economy, heavy reliance on social media and skepticism towards traditional structures influence their choices • Digital expectations and changing banking dynamics: – Millennials prioritise swift and convenient digital banking services, with a preference for smartphone account opening – Traditional banks risk losing this demographic to nontraditional digital options like Square, PayPal, Apple, Amazon or Google

(*continued*)

Table 3.
Synthesis of results

Dimension	Key points
	• Embracing digital transformation for future success: – Banks must adapt to millennials' digital expectations to avoid revenue loss – Acquiring new clients through social networks and referral marketing is crucial, emphasising the need for continuous digital optimisation and exceptional customer experiences
New financial instruments	• Digital transformation for enhanced banking: – Emphasises the importance of digital tools, cybersecurity and reevaluating business models in response to regulatory changes and technological advancements • Technological advances reshaping banking practices: – Highlights the adoption of social media, chatbots and continuous employee upskilling to enhance communication, customer experience and operational efficiency • Future banking trends: – Focuses on the growing role of innovative interfaces like chatbots, providing personalised services, and the ongoing digital transformation for seamless and secure banking experiences
Emerging actors: Fintech	• Fintech dynamics: – Diverse fintech services, from online SME credit to robo-advisory, reshape traditional banking through advanced technology – Convergence of banks and fintech is driven by digital transformation, data analytics and fostering an innovation culture • Key competitive sectors: – Competition focuses on payment systems, bank-customer disintermediation, robo-advisory, alternative financing and cryptocurrencies – Web giants like Amazon, Facebook, Apple, Google and Alibaba pose a significant threat, with individuals considering shifting accounts to these platforms • Collaborative future for banking: – Banks must actively collaborate with fintech to navigate digital transformation – Merging bank stability with fintech innovation creates win-win scenarios for customers and the financial industry

Source: Authors

Table 3.

long-term survival (Kim and Moon, 2018). Beyond financial gains, we explore the broader implications of a strategic adoption for customer relationships (Menichini and Paolucci, 2017). Optimal customer experiences and increased loyalty, which social media adoption facilitates, not only contribute to financial success, but also solidify an institution's position in an era of heightened customer expectations (Kowalewski and Pisany, 2022). Our empirical evidence and comparative analyses offer insights into how social media strategies shape positive customer perceptions and long-term relationships. We also emphasise the transformative role that social media played in establishing banks as truly customer-centric entities (Murinde *et al.*, 2022). Drawing on case studies, we illustrate the pivotal nature of social media in respect of proactive customer engagement, feedback response and personalised services. In a landscape where customer loyalty is a key differentiator, our work underscores the paramount importance of fostering a sense of community via social media. Through case studies and examples, we demonstrate that a strong online community enhances trust and brand loyalty and serves as a catalyst for positive word-of-mouth marketing (Liao and Cheung, 2001).

In this vein, our paper enriches the literature by providing a comprehensive framework that extends beyond social media adoption's financial benefits to encompass market competitiveness, customer relationships and community building's broader dimensions (Kowalewski *et al.*, 2022). By presenting a multifaceted argument, we position social media strategies' adoption not only as a response to a changing landscape, but also as a strategic imperative for success in contemporary finance.

5.2 Implications for practice

For bank managers, digital transformation's dynamic forces, which are social media driven, are reshaping the banking landscape, necessitating strategic adjustments in both organisational culture and operational frameworks. With digital platforms increasingly influencing customer behaviours, it is crucial for banks to invest in sophisticated analytics and real-time monitoring tools. These investments allow banks to capture and analyse vast amounts of data, providing insights that they could leverage to target customer engagement and drive innovation. Furthermore, comprehensive employee training programmes are essential to provide them with the skills they need to use these digital tools effectively and to engage meaningfully with customers on social platforms.

In respect of data security, establishing robust privacy measures, stringent cybersecurity protocols and comprehensive crisis management strategies are vital to maintain and enhance customer trust. This digital banking aspect has become increasingly crucial as new risks and vulnerabilities emerge on the digital landscape. A solid framework for data protection not only safeguards sensitive information, but also serves as a foundation for customers' confidence in their banks' financial interactions. Moreover, cultivating a corporate culture that is not merely open to digital transformation, but also encourages it and continuous innovation actively, is critical for banks' long-term success and competitive edge. The latter require creating an environment that regards technological advancements as opportunities for improvement and in which all levels of the organisation are engaged in pushing the boundaries of current banking practices. Such a proactive approach to digital integration and innovation ensures that banks remain relevant and are able to respond effectively to the digital economy's evolving demands.

From a regulatory perspective, it is imperative for government bodies and financial regulators to work closely with banking institutions to develop adaptive regulatory frameworks. These frameworks should ideally support and foster innovation, while also safeguarding consumer interests, thereby maintaining a delicate balance between progress and protection. Promoting an industry-wide collaborative approach helps set common standards for financial services' social media use, which not only enhances transparency and accountability, but also encourages healthy competition and mitigates the risks of monopolistic tendencies.

Policymakers play a crucial role in championing digital literacy by ensuring that the broader public is well prepared to engage securely and effectively with digital financial services. This includes managing and monitoring market concentration and promoting inclusive practices that ensure wider access to financial services through social media platforms. Moreover, establishing continuous learning and adapting mechanisms within banks and regulatory bodies are essential for banks wishing to keep pace with rapid technological advancements and evolving market dynamics, thereby fostering a resilient, inclusive and customer-centric banking environment. Collectively, these efforts contribute to building a sustainable financial ecosystem that is well equipped to face the digital age's challenges.

6. Conclusion

Our aim in this study was to investigate how digital transformation impacts the banking sector through the use of multiple case studies of six Italian banks. The findings underscore the digital transformation's profound influence on the banking sector, emphasising the key aspects to ensure banks' successful implementation of digital transformation. Through insightful interviews with bank managers, we identified five crucial dimensions. Firstly, there is a pressing need for banks to cultivate a new organisational culture and structure to navigate the digital landscape effectively. Secondly, the focus on future clients, particularly millennials, is a paramount consideration that drives banks to align their strategies with this demographic's preferences and expectations. Thirdly, it is imperative that banks comprehend and skilfully offer their clients new financial instruments in response to the evolving market dynamics. Additionally, the study underscores the potential threat that emerging fintech companies pose, prompting banks to proactively address and mitigate the challenges that these disruptive entities pose. In summary, the banking sector's digital transformation necessitates a holistic approach, encompassing the organisational culture, client engagement strategies, financial innovation and vigilance against external threats, such as fintech disruptions.

While contributing valuable insights, this study underscores several future avenues for research on digital transformation in banking's dynamic landscape. The limitations of our specific case studies' generalisability are an invitation for future study to enhance the findings' external validity. Quantitative analyses or cross-country comparisons could provide a broader understanding of the involved strategies and outcomes, diverse contexts, market dynamics and organisational factors. Given digital technologies' rapidly evolving nature, future research could explore longitudinal case studies to capture the temporal dimension and assess digital transformation strategies' sustainability over time. Furthermore, given the digital evolution's pace, it is imperative to also investigate emerging social media applications' and technologies' ongoing impact beyond their current status. Exploring the variations in the data availability and quality across the case studies indicates the need for future research to use robust methodologies to address these disparities, thereby ensuring a more comprehensive and reliable analysis. By addressing these future research streams, scholars could further enrich our understanding of digital transformation multifaceted banking landscape.

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