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Competitive Strategies and Growth of Fintech Lending Institutions in Nairobi County, Kenya

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ABSTRACT

This study explored the relationship between competitive strategies and the growth of fintech lending institutions in Nairobi County, Kenya, amidst a rapidly evolving digital lending landscape. With approximately 20% of the Kenyan population relying on digital lending platforms, the sector has experienced significant expansion driven by innovation and increased financial inclusion. The research specifically focused on two competitive strategies cost leadership and focus strategies utilized by major players like Fuliza, M-Shwari, and KCB M-Pesa, which collectively dominated over half of the market. Utilizing a descriptive research design, the study collected data from 114 respondents across 32 fintech lending institutions, achieving a response rate of 86.3%. The findings indicated a strong positive correlation between cost leadership strategies ($r = 0.774$) and focus strategies ($r = 0.784$) with the growth of these institutions. Regression analysis revealed that these strategic approaches accounted for 75.2% of the variance in growth, underscoring the critical role of strategic choice in enhancing organizational performance. The study concluded that fintech lending institutions should prioritize operational efficiency and adapt their strategies to evolving market conditions. Recommendations for future research included examining the effects of regulatory frameworks and technology adoption on competitive strategies, as well as conducting longitudinal studies to assess their long-term impact on growth.

Keywords: *Competitive Strategies, Cost Leadership Strategies , Focus Strategies, Growth Of Fintech Lending Institutions*

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1.0 INTRODUCTION

1.1 Background of the Study

The financial landscape in Kenya, particularly within Nairobi County, has undergone substantial changes in recent years due to the rise of fintech lending institutions. This shift has been driven by rapid technological advancements and widespread mobile device adoption, enabling more accessible digital financial services (North, & Varvakis, 2016). According to Chong and Wong (2017), this digital revolution has propelled traditional financial service providers into an era of heightened competition, with fintech institutions playing a pivotal role. Offering convenience and accessibility, these new entrants have attracted a broad customer base, becoming key players in Kenya's financial sector (Yuleva, 2019)..

The competitive environment in the fintech lending industry in Nairobi County has intensified with the influx of local and international players. The Communications Authority of Kenya reported that mobile money subscriptions surpassed 40 million in 2020, underscoring the immense potential of the digital financial services sector. This growth has led to increased competition, pushing fintech institutions to adopt distinct competitive strategies to differentiate themselves and maintain growth in a dynamic market. One critical factor shaping these strategies is evolving consumer behavior, driven by the proliferation of smartphones and internet access. Fintech lenders have capitalized on this trend by offering user-friendly, on-demand financial solutions, as highlighted by Macharia (2016).

Furthermore, the regulatory environment in Kenya plays a crucial role in defining competitive strategies. Regulatory bodies like the Central Bank of Kenya (CBK) have implemented measures such as the formation of the Digital Lenders Association of Kenya (DLAK) and the Digital Credit Policy Framework to promote responsible lending. Compliance with these regulations has become a vital component of the competitive strategies for fintech lenders as they seek to ensure consumer protection and industry credibility.

1.2 Statement of the Problem

The digital lending landscape in Kenya is undergoing significant transformation, marked by rapid innovation and a growing demand for accessible financial services. Approximately 20% of the Kenyan population now relies on digital lending platforms for credit, a shift largely fueled by a tech-savvy populace and the accelerated growth of financial inclusion efforts. Major players like Fuliza, M-Shwari, and KCB M-Pesa dominate the market, collectively controlling over half of the digital lending sector. However, there remains a notable gap in understanding the competitive strategies such as cost leadership and cost focus that have contributed to the success of these institutions (Njoroge, 2022). Existing literature tends to provide either a generalized overview or concentrate on isolated case studies, failing to capture the complex dynamics at play within this burgeoning sector (Mutero, 2019).

Despite the impressive growth figures such as the KES 116.8 billion disbursed by digital credit providers in 2018 serious challenges accompany this expansion. Issues like regulatory oversight, intense competition, and concerns about market saturation are paramount. The financial sector is witnessing heightened scrutiny as unregulated digital lenders face backlash over predatory practices, prompting regulatory agencies to intervene (KPMG, 2023). The Central Bank of Kenya's regulatory measures have notably reduced the number of licensed digital credit providers from 380 applicants to just 32, limiting the competitive landscape and potentially stifling further growth. This regulatory landscape has raised alarms among low- and middle-income earners who depend on these services, leading to frustrations stemming from restricted access to credit (Njoroge, 2022).

The economic challenges precipitated by the COVID-19 pandemic underscored the importance of digital lending in providing accessible credit solutions. Despite a surge in revenues over KES 54 billion in 2022 the decline in the number of operational providers may hinder the sector's long-term growth and its capacity to contribute to Kenya's economic development. The failure of many digital lending institutions can be traced back to inadequate competitive strategies that failed to adapt to a rapidly evolving market (Lestari, & Rahmanto, 2023). Therefore, understanding the relationship between competitive strategies and the growth of digital lending fintech is essential for guiding effective policy-making and strategic planning in this sector. This study sought to explored these competitive strategies and their implications for the future of digital lending in Kenya, aimed to offer valuable insights that can enhance the sector's performance and economic impact.

1.3 Objectives of the study

1.3.1 General objective of the study

The general objective of the study was to determine the effect of competitive strategies on growth of fintech lending institutions in Nairobi County, Kenya.

1.3.2 Specific Objectives

i. To establish the effect of cost leadership strategy on growth of fintech lending institutions in Nairobi County, Kenya
ii. To find out the effect of cost focus strategy on the growth of fintech lending institutions in

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Nairobi County, Kenya

1.4 Research Hypotheses

The null hypotheses in this study were;

$H0_1$: There is no significant effect of cost leadership strategy on the growth of fintech lending institutions in Nairobi County, Kenya..

$H0_2$: There is no significant effect of focus strategy on the growth of fintech lending institutions in Nairobi County, Kenya.

1.5 Scope of the Study

The study was conducted in Nairobi in consideration of companies in the fintech lending sector their headquarters are in Nairobi and getting the much-needed information concerning the competitive strategies that is Cost leadership strategy and cost focus strategy was easy. The study further focused on 32 fintech lending platforms registered in Kenya. The study focused on competitive strategies applied towards the growth these fintech lending fintech to ensure sustainability in the competitive market. The study focused on the period 2019 – 2023.

2.0 LITERATURE REVIEW

2.1 Theoretical Review

This study was anchored on the Michael Porter’s Competitive Forces Model and the Resource-Based View (RBV) theory, developed by Porter, (1980) and Seiznick (1957), Penrose (1959) among other researchers. The RBV, originating from the seminal works of researchers such as Selznick (1957) and Penrose (1959), emphasizes the significance of resources and capabilities in determining a firm’s performance and competitive advantage. According to Barney (2011), organizations are essentially a collection of resources and capabilities that must be effectively utilized to create value. This theory posits that firms can achieve sustainable competitive advantages if they possess resources that are valuable, rare, inimitable, and non-substitutable (VRIN). These strategic assets, when effectively mobilized, can significantly enhance a firm's performance and competitive positioning (Barney, 2017). Furthermore, Newbert (2018) argues that the effective combination of valuable resources and capabilities is essential for attaining a competitive advantage, suggesting that it is not the resources themselves that drive success, but rather how they are leveraged in conjunction with organizational capabilities. While the Resource-Based View (RBV) theory provides a robust framework for understanding competitive advantages, it has faced criticism for overlooking the dynamic nature of competitive environments. Hedman and Kalling (2016) highlight the theory’s neglect of the challenges associated with managing resource dynamics, while Chan et al. (2016) criticize its assumption of static equilibrium. These critiques underscore the importance of developing capabilities that can adapt to changing market conditions. In the context of fintech lending institutions in Nairobi, understanding how to provide customer value through cost advantages or differentiated services is vital. The RBV also aligns with Grant's (1991) extension of the theory, which links competitive strategies to resource capabilities, emphasizing that firms must continuously renew and maintain their capabilities to sustain competitive advantages. Complementing the Resource-Based View (RBV) theory, Michael Porter’s Competitive Business Strategy Typology provides insights into how firms can achieve competitive advantages through strategic choices. Porter (1980) identifies three primary strategies: cost leadership, differentiation, and focus. The core of Porter's framework is that firms must choose a strategy that aligns with their internal strengths and market opportunities to avoid resource wastage. As stated by Lu, Shem, and Yam (2018), Porter's model helps elucidate how competitive advantages are derived from aligning strengths with market opportunities. Cost leadership involves becoming the lowest-cost producer, which can be achieved through economies of scale and efficient technology utilization. In contrast, differentiation strategy emphasizes providing unique attributes that are valued by customers, enabling firms to position themselves

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uniquely in the market (Porter, 1985).

The focus strategy further delineates competitive positioning by targeting specific market segments, with variations such as cost focus and differentiation focus. In a cost focus approach, firms seek to gain a cost advantage within a specific segment, while a differentiation focus aims to offer unique products tailored to the needs of that segment (Porter, 1985). This duality of focus strategies allows firms to capitalize on the unique demands of niche markets, potentially leading to improved performance and growth.

While Porter's typology is widely accepted, it is important to note that it faces criticism for suggesting that these strategies are mutually exclusive (Kim, Nam, & Stimpert, 2016; Spanos, Zaralis, & Lioukas, 2017). In practice, fintech lending institutions in Kenya often adopt multiple strategies concurrently, reflecting a more nuanced understanding of market dynamics. Moreover, the preference for differentiation strategies in the Kenyan fintech sector underscores the need for firms to adapt their competitive strategies to the unique demands of their operational environments. By integrating the insights from both the RBV and Porter's competitive strategies, this study aims to provide a comprehensive understanding of how these frameworks can inform the growth of fintech lending institutions in Nairobi County, ultimately contributing to financial inclusion and economic development in the region.

2.2 Conceptual Framework

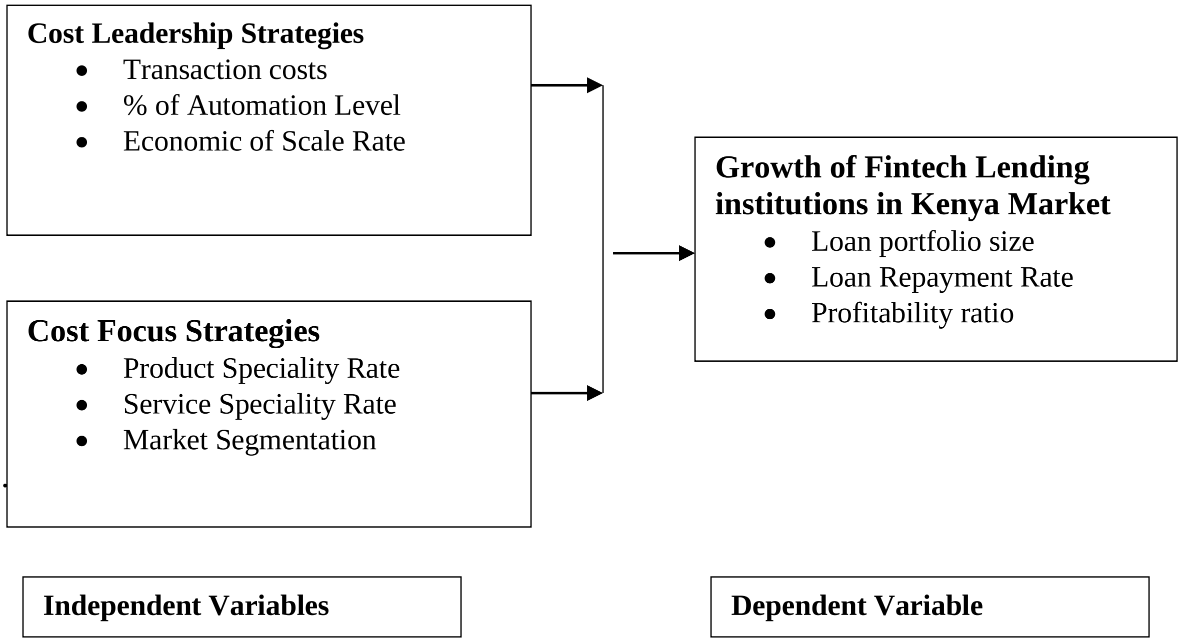

Figure 1: Conceptual Framework

2.3 Empirical Literature

The empirical review examined various studies on competitive strategies, specifically focusing on cost leadership and cost focus strategies, and their impact on the growth of lending institutions. Tehrani (2013) investigated the influence of five competitive strategies on performance across high-tech industries in the US and EU, revealing that US firms adopting product differentiation,

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low cost, and focus product differentiation achieved superior performance, while in Europe, only low-cost firms outperformed others.

Kaya (2014) studied fintech lending institutions in Gaziantep and found that the adoption of differentiation strategies and advanced manufacturing technology positively influenced firm performance. Furthermore, implementing a dual strategy combining cost leadership and differentiation also enhanced performance when advanced manufacturing technology was utilized. Yasar (2015) explored competitive strategies in Gaziantep's carpeting sector but found no significant relationship between strategies and performance. However, it suggested that resolute use of strategies could improve performance and achieve sustainable competitive advantage.

Cater and Pucko (2015) analyzed Porter's generic strategy framework across 225 Slovenian firms, concluding that firms with focused differentiation strategies outperformed those with focused cost leadership strategies. Marques et al. (2016) and Silva et al. (2018) highlighted that firms pursuing cost leadership based on production efficiency and innovation, and differentiation strategies, respectively, achieved higher returns on equity in Portugal.

In Kenya, Mutunga and Minja (2014) discovered that a significant percentage of firms simultaneously employed cost leadership and differentiation strategies. Waweru (2008) identified strategic groups among large firms, while Warucu (2016) found that commercial banks mainly utilized focus and product differentiation strategies. Other studies by Kiptugen (2016) and George (2018) examined strategic responses to market changes and the successful strategies of Safaricom Kenya Limited, respectively, linking competitive strategies to performance metrics. Overall, the review indicated a consistent trend where the alignment of competitive strategies with operational practices significantly contributed to the growth of lending institutions**.**

3.0 RESEARCH METHODOLOGY

The research methodology for the study on competitive strategies specifically cost leadership and cost focus strategies and their impact on the growth of lending institutions involved a descriptive research design aimed at examining current conditions and trends within the fintech sector in Kenya. The target population included staff members involved in competitive strategies across 32 fintech lending institutions, with a focus on managers in business development, sales and marketing, customer support, and operations. A sample size of 114 respondents was determined using the Yamane formula, which is suitable for populations under 10,000, ensuring a 95% confidence level and a margin of error of ±5%. Data collection utilized both primary and secondary sources, employing questionnaires with open-ended questions for qualitative insights and closed-ended questions for quantifiable data. A pilot study involving 11 respondents was conducted to refine the questionnaire and enhance precision. Validity was ensured through expert consultations and alignment with established instruments, while reliability was assessed using Cronbach's alpha. Data processing involved editing, coding, and analysis, utilizing both qualitative and quantitative methods. Quantitative analysis incorporated descriptive and inferential statistics, including Pearson correlation and regression analysis, to explore relationships between competitive strategies and institutional growth. Qualitative data was analyzed for themes and patterns

4.0 FINDINGS AND DISCUSSION

4.1 Response Rate

The sample size for the study was 114 respondents from the fintech lending institutions in Nairobi County, Kenya. The selected sample was issued with questionnaires. The returned questionnaires were crosschecked for accuracy and completeness and 98 were found to be valid and reliable and could be used for further analysis and reporting. The returned questionnaires formed a response rate of 86.3% as shown in Table 4.1. As explained by Sekaran and Bougie (2016), a response rate of 50% and above is adequate for analysis, 60% and above is good while that of 70% and above is excellent. Therefore, the response rate of 86.3% was excellent for further analysis and reporting.

Table 4.1: Response Rate

Questionnaire	Frequency	Percent
Returned	98	86.3
Non returned	16	13.7
Total	**114**	**100.0**

4.2 Descriptive Statistics

4.2.1 Cost leadership strategy

The first objective of the study was to determine the effect of Cost leadership strategy on performance of fintech lending institutions in Nairobi County, Kenya. Respondents were therefore asked their level of agreement with statements that relate to the influence of Cost leadership strategy on performance of fintech lending institutions in Nairobi County, Kenya. Table 4.2 presents summary of the findings obtained.

To obtain information about the first independent variable Cost leadership strategy, several statements were asked and the respondents required to provide feedback on a likert scale of one (1) to five (5), for 1 being strongly disagree, 2 being disagree, 3 being neither agree nor disagree, 4 being agree and 5 being strongly agree to the statements. On the statement "Prioritizing cost reduction compromise agility, flexibility, and resilience, making fintech lending institutions vulnerable to disruptive innovations and changing customer expectations" 5.4% of the respondents strongly disagreed to the statement, 0.6% of the respondents neither agreed nor disagreed to the statement, 28.6% of the respondents agreed to the statement whereas 65.4% of the respondents strongly agreed to the statement, with a mean of 4.49 and standard deviation 0.956. On the second statement "improved risk management practices stemming from big data analytics and artificial intelligence applications reduce defaults, charge-offs, and losses, subsequently contributing to stronger bottom lines and sustainable growth paths commitment to organizational goals" 4.8% strongly disagreed to the statement, 0.6% of the respondents disagreed to the statement, 5.7% of the respondents neither agreed nor disagreed to the statement, 44.8% of the respondents agreed to the statement whereas 44.1% of the respondents strongly agreed to the statement, with a mean of 4.23 and standard deviation 0.950. On the statement "There are discernible differences in the adoption rate and effectiveness of cost leadership strategies between domestic and international entrants vying for market share in Nairobi County's fintech lending space" 5.4% of the respondents disagreed to the statement, 10.5% of the respondents neither agreed nor disagreed to the statement, 20.3% of the respondents agreed to the statement while 63.8% of the respondents strongly agreed to the statement, with a mean of 4.43 and standard deviation 0.883. On the statement "Reductions in interest rates brought about by cost leadership strategies influence customer acquisition, retention, and overall growth of fintech lending institutions", 8.6% of the respondents neither agreed nor disagreed to the statement, 46.0% of the respondents agreed to the statement whereas 45.4% of the respondents strongly agreed to the statement, with a mean of 4.37 and standard deviation 0.637. Regarding the statement "Lower operational costs derived from digitization and automation have effects on profit margins, innovation capabilities, and market positioning of fintech lending institutions", 5.7% of the respondents neither agreed nor disagreed to the statement, 28.9% of the respondents agreed to the statement whereas 65.4% of the respondents

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strongly agreed to the statement, with a mean of 4.60 and standard deviation 0.597. On the statement "There is a correlation between fintech institutions implementing cost leadership strategies and their ability to raise external funding, secure lucrative partnerships, and extend geographic footprints" 5.1% disagreed to the statement, 19.4% of the respondents neither agreed nor disagreed to the statement, 24.1% of the respondents agreed to the statement whereas 51.4% of the respondents strongly agreed to the statement, with a mean of 4.22 and standard deviation 0.931.

Table 4.2: Cost leadership strategy frequencies

Cost leadership strategy	SD	D	N	A	SA	Mean	Std. Dev.
Prioritizing cost reduction compromise agility, flexibility, and resilience, making fintech lending institutions vulnerable to disruptive innovations and changing customer expectations	5.4	0.0	0.6	28.6	65.4	4.49	.956
improved risk management practices stemming from big data analytics and artificial intelligence applications reduce defaults, charge-offs, and losses, subsequently contributing to stronger bottom lines and sustainable growth paths commitment to organizational goals	4.8	0.6	5.7	44.8	44.1	4.23	0.950
There are discernible differences in the adoption rate and effectiveness of cost leadership strategies between domestic and international entrants vying for market share in Nairobi County's fintech lending space	0.0	5.4	10.5	20.3	63.8	4.43	0.883
Reductions in interest rates brought about by cost leadership strategies influence customer acquisition, retention, and overall growth of fintech lending institutions	0.0	0.0	8.6	46.0	45.4	4.37	.637
Lower operational costs derived from digitization and automation have effects on profit margins, innovation capabilities, and market positioning of fintech lending institutions	0.0	0.0	5.7	28.9	65.4	4.60	0.597
There is a correlation between fintech institutions implementing cost leadership strategies and their ability to raise external funding, secure lucrative partnerships, and extend geographic footprints	0.0	5.1	19.4	24.1	51.4	4.22	0.931

. 4.2.2 Focus strategy

To acquire information about the first independent variable Focus strategy , several statements were asked and the respondents required to provide feedback on a likert scale of one (1) to five (5), for 1 being strongly disagree, 2 being disagree, 3 being neither agree nor disagree, 4 being agree and 5 being strongly agree to the statements. Concerning the statement "Fintech lending institutions in Nairobi County, Kenya assess the long-term viability of their focus strategy, and have contingency plans do they have in place to pivot or adapt in response to changes in the market or competitive landscape" 21.3% of the respondents strongly disagreed to the statement, 4.1% disagreed to the statement, 14.9% of the respondents neither agreed nor disagreed to the statement, 47.0% of the respondents agreed to the statement whereas 12.7% of the respondents strongly agreed to the statement, with a mean of 3.26 and standard deviation 1.345. About the statement "Fintech lending institutions in Nairobi County, Kenya leverage partnerships, alliances, and other strategic relationships to extend the reach and impact of their focus strategy" 14.0% of

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the respondents strongly disagreed to the statement, 8.9% disagreed to the statement, 7.0% of the respondents neither agreed nor disagreed to the statement, 64.8% of the respondents agreed to the statement whereas 5.4% of the respondents strongly agreed to the statement, with a mean of 3.39 and standard deviation 1.169. On the statement "Fintech lending institutions in Nairobi County, Kenya communicate their focus strategy to customers and stakeholders, and what messaging techniques are most effective in conveying the value proposition of specialized products or services." 34.6% of the respondents neither agreed nor disagreed to the statement, 65.4% of the respondents agreed to the statement with a mean of 3.65 and standard deviation 0.476. About the statement "Fintech lending institutions in Nairobi County, Kenya ensure that their focus strategy aligns with changing market conditions and customer needs, and what mechanisms do they use to monitor and adjust their approach over time" 48.6% of the respondents neither agreed nor disagreed to the statement, 47.9% of the respondents agreed to the statement whereas 3.5% of the respondents strongly agreed to the statement, with a mean of 3.55 and standard deviation 0.564.
On the statement "senior executive management have a significant impact on the strategies and performance" 35.2% of the respondents neither agreed nor disagreed to the statement, 45.4% of the respondents agreed to the statement whereas 19.4% of the respondents strongly agreed to the statement, with a mean of 3.84 and standard deviation 0.723.

Table 4.4: Focus strategy frequencies

Focus strategy	SD	D	N	A	SA	Mean	Std. Dev.
Fintech lending institutions in Nairobi County, Kenya assess the long-term viability of their focus strategy, and have contingency plans do they have in place to pivot or adapt in response to changes in the market or competitive landscape	21.3	4.1	14.9	47.0	12.7	3.26	1.345
Fintech lending institutions in Nairobi County, Kenya leverage partnerships, alliances, and other strategic relationships to extend the reach and impact of their focus strategy	14.0	8.9	7.0	64.8	5.4	3.39	1.169
Fintech lending institutions in Nairobi County, Kenya communicate their focus strategy to customers and stakeholders, and what messaging techniques are most effective in conveying the value proposition of specialized products or services.	0.0	0.0	34.6	65.4	0.0	3.65	0.476
Fintech lending institutions in Nairobi County, Kenya ensure that their focus strategy aligns with changing market conditions and customer needs, and what mechanisms do they use to monitor and adjust their approach over time	0.0	0.0	48.6	47.9	3.5	3.55	0.564

4.3 Inferential Statistics

4.3.1 Correlation of the Study

The findings indicated a strong positive correlation between growth and cost leadership strategy, with a Pearson correlation coefficient of 0.774. This suggested that as organizations implemented cost leadership strategies, they often experienced significant growth. This aligns with Porter's (1985) assertion that a cost leadership strategy could lead to a competitive advantage, ultimately facilitating growth by allowing firms to offer lower prices than competitors.

Furthermore, a correlation of 0.784 was found between growth and focus strategy, indicating an even stronger relationship. This suggests that businesses utilizing focus strategies whether on a specific market segment or a niche tended to achieve higher growth rates. This finding is supported by the work of Bunde, & Lewa, (2024). who argued that firms adopting focused strategies could more effectively meet the needs of targeted customer segments, thereby driving growth.

In contrast, the correlation between cost leadership and focus strategy was weaker, at 0.325. Although still positive, this indicates that firms pursuing a cost leadership strategy did not necessarily engage in focus strategies. This finding echoes the work of Wairimu, & Nyangau, (2023), who posited that while cost leadership and focus strategies can coexist, they often represent divergent approaches to achieving competitive advantage.

Overall, the correlations demonstrated the importance of strategic choices in influencing growth outcomes, highlighting that both cost leadership and focus strategies can be effective pathways to achieving business growth.

		Growth	**Cost leadership strategy**	**Focus Strategy**
Growth	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	98		
Cost leadership strategy	Pearson Correlation	.774**	1	
	Sig. (2-tailed)	.000		
	N	98	98	
Focus Strategy	Pearson Correlation	.784**	.325	1
	Sig. (2-tailed)	.001	.168	
	N	98	98	98

4.3.2 Regression analysis

The regression analysis indicated a strong relationship between the independent variables (Cost Leadership Strategy and Focus Strategy) and the dependent variable (Growth), as reflected by an R value of 0.867. This suggests that the predictors accounted for 75.2% of the variance in growth, with an adjusted R Square of 0.744, indicating a reliable model after accounting for the number of predictors. The standard error of the estimate was 0.547, demonstrating the precision of the predicted values. Previous research supports this finding, highlighting the significance of strategic approaches in enhancing organizational growth (Porter, 1980; Peter, & Okello, 2023).

Table 7: Model Summary

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.867[a]	0.752	0.744	0.547

a. Predictors: (Constant), Cost leadership strategy, Focus Strategy

The ANOVA results revealed a significant regression model for predicting the growth of fintech lending institutions, with an F-value of 45.650 and a p-value of .000, indicating strong statistical significance. The regression sum of squares was 35.800, which highlighted the variability explained by the model, while the residual sum of squares was 28.500, emphasizing the unexplained variability. This suggests that the predictors, Cost Leadership Strategy and Focus Strategy, significantly contributed to the growth of these institutions. Prior studies corroborated this, showing that strategic management practices play a crucial role in enhancing organizational performance in the fintech sector (Khan & Jain, 2019).

Table 8: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.800	2	17.900	45.650	.000[b]
	Residual	28.500	95	0.300		
	Total	64.300	97			

a. Dependent Variable: Growth Of Fintech Lending Institutions
b. Predictors: (Constant), Cost leadership strategy, Focus Strategy

Regression equation for the unstandardized coefficients was;

$$Y = 1.200 + 0.450X_1 + 0.500X_1$$

The regression analysis indicated that both the Cost Focus Strategy and Cost Leadership Strategy were significant predictors of the growth of fintech lending institutions. The unstandardized coefficients revealed that for every unit increase in the Cost Focus Strategy, the growth increased by 0.450, while the Cost Leadership Strategy contributed an increase of 0.500. The standardized coefficients (Beta) of 0.784 and 0.774 respectively highlighted their substantial impact on growth. Both predictors demonstrated high significance, with p-values of 0.000. Previous research supported these findings, affirming that strategic cost management effectively enhances organizational growth in competitive markets (Porter, 1985).

Table 9: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.200	0.124		5.400	0.000
	Focus Strategy	0.450	0.160	0.784	8.620	0.000
	Cost Leadership Strategy	0.500	0.071	0.774	9.850	0.000
a. Dependent Variable: Growth Of Fintech Lending Institutions						

5.0 CONCLUSION AND RECOMMENDATION OF THE STUDY

5.1 Conclusion of the Study

The findings of this study, which achieved an excellent response rate of 86.3% from the 114 sampled fintech lending institutions in Nairobi County, highlight the significance of both cost leadership and focus strategies in enhancing organizational growth. With 98 valid questionnaires collected, the data reveal that cost leadership strategies contribute positively to performance, as indicated by a strong correlation (0.774) with growth outcomes. Moreover, focus strategies exhibit an even stronger relationship (0.784) with growth, suggesting that fintech institutions can leverage specific market segments or niches to achieve competitive advantages. The regression analysis supports this by showing that these strategic approaches account for 75.2% of the variance in growth, emphasizing the critical role of strategic choice in driving the success of fintech lending institutions.

5.2 Recommendations of the Study

Based on the study's findings, several recommendations can be made for fintech lending institutions in Nairobi. Firstly, institutions should prioritize the implementation of cost leadership strategies that focus on operational efficiency and effective risk management practices. By leveraging big data analytics and artificial intelligence, organizations can reduce defaults and enhance profitability, thus securing their position in a competitive market. Secondly, fintech institutions are encouraged to refine their focus strategies by ensuring they align with evolving customer needs and market conditions. This can be achieved through ongoing market assessments and the establishment of strategic partnerships, which can enhance their reach and impact. Lastly, there is a need for management to communicate their strategies effectively to all stakeholders, ensuring that the value proposition of specialized products and services is clearly understood. This would not only enhance stakeholder engagement but also facilitate a shared understanding of the organization's goals and objectives.

5.3 Areas for Further Research

Future studies should explore additional areas to further understand the dynamics within the fintech lending sector in Kenya. Researchers might investigate the impact of regulatory frameworks on the adoption of cost leadership and focus strategies, as government policies could play a crucial role in shaping operational landscapes. Additionally, longitudinal studies could provide insights into how these strategies evolve over time and their long-term effects on growth. It would also be beneficial to examine the interplay between technology adoption and strategic choices, particularly how advancements in fintech influence decision-making processes. Lastly, extending the research to include other regions within Kenya or even comparative studies with fintech institutions in other countries could yield valuable insights and broaden the understanding of growth strategies in the fintech sector. This would enhance the existing literature and provide actionable insights for stakeholders in the industry.

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