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Digital Transformation and Sustainable Performance of Microfinance Institutions in the South West Region of Cameroon

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ABSTRACT

Digital transformation may support microfinance sustainability, but its contribution depends on implementation conditions and must be distinguished from causal impact. This study examines the association between perceived digital transformation and perceived sustainable performance among microfinance institutions (MFIs) in the South West Region of Cameroon. The quantitative cross-sectional survey used geographical and institutional stratification, followed by purposive selection of knowledgeable governance and operational personnel. The study documentation identifies a population frame of 237 MFIs and a recruitment target of 165; 160 questionnaires were entered for descriptive analysis and 156 complete respondent observations were retained for Partial Least Squares Structural Equation Modelling (PLS-SEM). Respondents included board members, managers, IT officers, auditors, accountants, loan officers and operations staff. Observations represent individual assessments of their institutions, rather than independently verified institution-level performance records; the number of distinct institutions represented is not established in the available documentation. In the broader model, which also included corporate governance quality, digitalisation was positively associated with sustainable performance ($\beta = 0.181$, $t = 2.247$, $p = .026$). Its incremental effect size was small ($f^2 = 0.033$), while the full performance equation explained 9.9% of the variance. Reported reliability and HTMT results are presented with qualifications concerning inconsistencies in the underlying measurement documentation. The evidence supports a modest conditional association, not a causal improvement in financial, operational or social outcomes. A phased approach to digital investment, supported by cost appraisal, staff development, cybersecurity, infrastructure resilience and inclusive customer support, is recommended. Longitudinal studies using verified institutional identifiers and objective performance measures are needed.

Keywords: Digital Transformation; Sustainable Performance; Microfinance Institutions; Staff Perceptions; PLS-SEM.

INTRODUCTION

Digital transformation has become one of the defining developments reshaping contemporary financial services. Financial institutions are increasingly replacing or complementing traditional manual processes with technology-enabled service channels, automated operational systems, mobile platforms, biometric applications and data-driven information systems. Within the microfinance sector, this transformation is particularly significant because MFIs serve customer segments that frequently experience physical, financial and informational barriers to conventional banking. Digital technologies therefore provide opportunities not merely to modernise organisational processes but also to extend financial services to geographically dispersed and previously underserved populations.

Microfinance institutions occupy a distinctive position within developing economies. Unlike conventional commercial banks, MFIs are generally expected to pursue a dual objective: they must remain financially viable while simultaneously maintaining their social mandate of reaching low-income households,

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microenterprises, women, rural communities and other financially excluded groups. Sustainable performance in this context therefore extends beyond short-term profitability and encompasses financial sustainability, operational stability, customer outreach, social inclusion, institutional resilience and the capacity to adapt to changing environmental conditions. The underlying thesis adopts this multidimensional conception of sustainable performance, combining financial and social outcomes with broader institutional adaptability.

The growing digitalisation of financial services offers considerable possibilities for addressing some of the long-standing operational difficulties confronting MFIs. Technologies such as mobile banking, digital lending systems, biometric customer identification, automated loan administration, electronic recordkeeping and Management Information Systems can reduce transaction costs, improve the accuracy of institutional records, accelerate customer service and strengthen monitoring. The study from which this article is derived operationalises digitalisation through digital infrastructure, information systems, mobile banking, digital records, staff technological capacity, loan-monitoring systems, customer communication and digital transparency.

The contribution of digital transformation is particularly relevant in Sub-Saharan Africa, where geographical distance, limited formal banking networks and relatively high transaction costs have historically restricted access to financial services. Jack and Suri (2011) demonstrated the transformative potential of mobile financial services in Kenya, while Suri and Jack (2016) subsequently documented broader welfare and inclusion benefits associated with mobile money. Digital finance can enable financial institutions to reduce the limitations associated with conventional branch-based delivery and provide services through technologies that are more accessible to low-income populations.

Within Cameroon, digital transformation has gained increasing importance in the financial sector, although the degree of technological adoption remains uneven. MFIs operating in the South West Region function within an environment characterised by different levels of connectivity, institutional capacity and technological readiness. The underlying study observes that some institutions increasingly employ mobile banking, information systems and electronic platforms, while others remain constrained by inadequate technological infrastructure, insufficient staff training, limited financial resources and weak integration of digital systems.

These differences raise an important question regarding whether digital transformation translates into superior and more sustainable institutional performance. Digital technologies involve substantial investment in hardware, software, training, connectivity, cybersecurity and organisational change. Merely acquiring technology does not necessarily guarantee performance improvements. The institutional value of digital transformation depends on the extent to which technologies are effectively embedded in operational systems and translated into improvements in service delivery, monitoring, customer outreach and organisational efficiency.

Existing empirical research generally suggests that digital finance can enhance institutional performance. Ozili (2018) associates digital finance with improved financial inclusion and stability, while Gomber et al. (2017) argue that digital financial innovation is transforming financial-service production and delivery. Banna et al. (2021) further show that financial technology and digital financial inclusion are related to bank stability. Within the microfinance context, Nawaz (2019) associates digital transformation with operational sustainability, and Cameroonian studies cited in the thesis similarly identify ICT and digital financial products as potentially important determinants of MFI performance (Takwi, 2024; Yawouo, 2020).

Despite this growing literature, evidence relating specifically to MFIs in Cameroon remains relatively limited. Much of the existing literature has focused on commercial banks, national financial systems, mobile-money users or financial technology companies rather than on the multidimensional sustainable performance of MFIs. The thesis identifies the South West Region as particularly under-researched despite the importance of MFIs to financial inclusion and community-level economic activity. The central objective of this article is therefore to examine the effect of digital transformation on the sustainable performance of microfinance institutions in the South West Region of Cameroon. The article isolates this relationship from the broader

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governance–digitalisation–performance model developed in the original thesis and focuses on whether greater digitalisation is associated with stronger sustainable institutional outcomes.

The corresponding hypothesis is stated as follows:

H_1: Digital transformation has a significant positive effect on the sustainable performance of microfinance institutions in the South West Region of Cameroon.

CONCEPTUAL AND THEORETICAL FRAMEWORK

Digital Transformation

Digital transformation is broader than the simple acquisition of information technology. It involves the integration of digital technologies into organisational processes, customer interfaces, information management and strategic decision-making in ways that alter how the organisation operates and creates value. Vial (2019) describes digital transformation as a process through which digital technologies generate significant organisational changes, while Warner and Wäger (2019) conceptualise it as an ongoing process of strategic renewal requiring the development of dynamic capabilities.

Within financial institutions, digital transformation may involve mobile banking, automated lending systems, electronic customer records, digital identification, data analytics, Management Information Systems and online customer-service channels. The underlying thesis operationalises digitalisation through technologies that affect both front-office and back-office processes, including mobile banking services, digital platforms, electronic recordkeeping, digital monitoring tools, biometric verification and automated organisational processes.

For MFIs, digital transformation has particular strategic significance. Traditional microfinance operations are often administratively intensive because they involve large numbers of relatively small transactions, frequent customer contact, loan monitoring and extensive recordkeeping. Digital tools can reduce the cost associated with these processes while allowing institutions to extend services beyond physical branch networks.

Mobile banking, for example, can reduce travel and transaction costs for customers, while electronic loan-management systems may strengthen repayment monitoring and reduce administrative delays. Digital recordkeeping can improve information accuracy, while Management Information Systems provide managers with more timely operational and financial information. Digital platforms can also improve transparency by creating auditable electronic records and reducing opportunities for manipulation.

Nevertheless, digital transformation requires more than technology availability. Staff competence, system maintenance, customer readiness, cybersecurity and integration between different technological systems determine whether digital investments generate meaningful institutional value. The descriptive results of the thesis indicate that perceptions of digitalisation were generally favourable but also reveal substantial neutral responses across several indicators, suggesting that digital transformation remains uneven among MFIs in the region.

Sustainable Performance

Sustainable performance refers to an organisation's ability to maintain viable operations over time while meeting its economic, social and broader institutional objectives. In microfinance, sustainability involves a particularly important balance because MFIs must generate sufficient revenue and operational stability to survive while continuing to provide financial services to populations that may not be attractive to conventional financial institutions.

Bassem (2009) associates MFI sustainability with the combination of financial self-sufficiency and effective social outreach. Financial performance encompasses institutional capacity to cover operational costs, maintain

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portfolio quality and utilise resources efficiently. Social performance concerns the extent to which institutions reach underserved clients, promote inclusion and maintain satisfactory customer relationships.

The present study adopts a multidimensional definition of sustainable performance. Financial and operational indicators include financial sustainability, operational efficiency, loan recovery and long-term stability. Social and institutional indicators encompass service to low-income and vulnerable clients, client satisfaction, growth in customer outreach, adaptability to economic and environmental change, and institutional reputation.

This conceptualisation is particularly appropriate for microfinance because an institution that generates profits but progressively withdraws from disadvantaged customers may be financially successful without being sustainable in terms of its wider mission. Conversely, an institution with extensive social outreach but insufficient revenue to maintain operations cannot sustain that mission over time.

Digital Transformation and Sustainable Performance

Digital transformation can influence sustainable performance through several related channels. First, automation can improve operational efficiency by reducing repetitive manual activities, processing time and administrative error. Second, digital channels can extend institutional outreach by allowing services to be delivered to customers who are geographically distant from physical offices. Third, digital systems can improve the timeliness and quality of information used in managerial decision-making.

Fourth, digital technologies may strengthen portfolio monitoring. Electronic tracking of repayments, customer histories and loan performance can improve early identification of delinquency and support more effective credit management. Fifth, technology may improve customer satisfaction through faster, more convenient and increasingly accessible financial services. Finally, digitalisation can strengthen institutional adaptability by enabling organisations to respond more effectively to changes in customer expectations, competition and external disruptions.

These mechanisms correspond with the empirical evidence reviewed in the thesis. Jack and Suri (2011) associate mobile financial services with lower transaction costs and greater accessibility. Ozili (2018) emphasises financial inclusion and financial-sector efficiency, while Gomber et al. (2017) highlight the transformative impact of digital financial innovation. The thesis further cites evidence from African financial institutions suggesting that digital transformation can contribute to operational performance, inclusion and customer satisfaction (Alhassan et al., 2021).

Within Cameroon, Takwi (2024) specifically examines digital financial products and sustainable performance among MFIs, while Yawouo (2020) addresses ICT and MFI performance. These studies reinforce the contextual relevance of examining digital transformation within the Cameroonian microfinance environment.

Technology Acceptance Model

The Technology Acceptance Model developed by Davis (1989) provides one theoretical foundation for understanding digital transformation. TAM argues that perceived usefulness and perceived ease of use shape the adoption of technology. Technologies that users perceive as beneficial and relatively uncomplicated are more likely to be accepted and integrated into organisational activities.

Within MFIs, usefulness may be reflected in faster transaction processing, improved reporting, more accurate records, reduced paperwork and broader customer access. Ease of use is equally important because sophisticated technologies that employees cannot use effectively are unlikely to generate sustained performance improvements.

The relevance of TAM to this study therefore lies in the proposition that digital systems contribute to organisational sustainability when they are effectively adopted and utilised by staff and customers. The original thesis similarly uses TAM to explain why technology that is perceived as useful and manageable can improve institutional efficiency and effectiveness.

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Dynamic Capabilities Theory

Dynamic Capabilities Theory provides a broader organisational explanation for the relationship between digital transformation and sustainable performance. Teece et al. (1997) argue that organisational survival in rapidly changing environments depends upon the capacity to integrate, build and reconfigure internal and external competences.

From this perspective, digital technology is not simply a static organisational asset. Its contribution depends on whether institutions can continually adapt technologies, employee competencies and organisational processes to changing conditions. Digital capability allows MFIs to redesign operations, develop new service channels and respond to changes in customer needs, regulation and market competition.

Warner and Wäger (2019) similarly emphasise digital transformation as an ongoing process of strategic renewal. This perspective is particularly relevant to microfinance in developing economies, where technological systems must continuously adapt to changing infrastructure, regulatory requirements and customer expectations.

The integration of TAM and Dynamic Capabilities Theory therefore suggests that sustainable benefits arise when digital technologies are both accepted by users and strategically embedded within organisational capabilities.

METHODOLOGY

Research Design

The study adopted a quantitative research design grounded in a positivist orientation. Descriptive and explanatory elements were incorporated to assess existing digitalisation practices and subsequently test their relationship with sustainable performance. Data were collected using a cross-sectional survey design from MFIs operating in the South West Region of Cameroon.

Better-performing institutions may have more resources to digitalise, and unmeasured organisational characteristics may influence both constructs

Population and Sampling

The study population comprised 237 licensed and operational MFIs distributed across Fako, Meme, Manyu, Lebialem, Kupe-Manenguba and Ndian divisions. A stratified sampling procedure was used to ensure geographical and institutional representation. The sample was proportionately distributed across divisions and MFI categories.

Cochran's finite-population procedure and Yamane's formula generated initial sample sizes of approximately 147 and 149 respectively. To accommodate non-response, the target was increased by 10 per cent to 165.

Respondents were purposively selected within participating institutions because they required direct knowledge of institutional operations and technology. They included board members, managers, IT/digital officers, internal auditors, accountants, loan officers and operational staff.

A total of 160 usable questionnaires were entered into the primary dataset. Following data cleaning, 156 complete observations were retained for the final PLS-SEM structural analysis because some cases contained missing values on model indicators.

Data Collection and Measurement

The study employed a structured questionnaire supplemented by secondary information from institutional records, annual reports and regulatory documents. Most questionnaire items were measured on a five-point

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Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree.

Digital transformation was measured through indicators relating to digital service platforms, mobile banking, Management Information Systems, digital recordkeeping, staff technological competence, digital monitoring,

communication, transparency and continuous system upgrading.

Sustainable performance was measured through financial sustainability, operational efficiency, loan recovery, operational stability, customer outreach, client satisfaction, ability to serve vulnerable customers, adaptability and institutional reputation.

Analytical Technique

The analysis combined descriptive statistics and Partial Least Squares Structural Equation Modelling using SmartPLS. PLS-SEM was employed because it permits simultaneous estimation of relationships among latent constructs while accounting for measurement error.

The measurement model was assessed through indicator loadings, Cronbach's alpha, rho_A, Composite Reliability and Average Variance Extracted. Discriminant validity was evaluated using the Fornell–Larcker criterion, HTMT and cross-loadings.

The focal structural relationship for this article is expressed as:

$$SP_i = \alpha + \beta_1 DT_i + \varepsilon_i$$

where:

SP = Sustainable Performance

DT = Digital Transormation/Digitalisation

α = Constant

β_1 = effect of Ditital Transformation on Sustainable Performance

ε = error term

The coefficient reported for digitalisation was estimated within the thesis's broader structural model, which also included Corporate Governance Quality as an explanatory construct. Accordingly, the reported β represents the effect of Digitalisation on Sustainable Performance within that multivariate structural setting.

EMPIRICAL FINDINGS AND DISCUSSION

Respondent Profile

Respondents were drawn from all six administrative divisions, with Fako accounting for 26.2 per cent, Meme 24.4 per cent, Lebialem 16.2 per cent, Manyu 15.0 per cent, Kupe-Manenguba 10.0 per cent and Ndian 8.1 per cent. The sample incorporated operational staff, board members, IT/digital officers, internal auditors, loan officers, managers and accountants, providing both strategic and operational perspectives.

Descriptive Evidence on Digital Transformation

The descriptive findings indicate that respondents generally perceived digital transformation positively, although considerable variation remained across institutions.

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Table 1: Selected Descriptive Indicators of Digital Transformation

Indicator	Mean
Digital platforms improve customer service delivery	3.44
Mobile banking improves transaction efficiency	3.32
Management Information Systems support decision-making	3.36
Digital recordkeeping improves data accuracy	3.31
Employees are adequately trained to use digital technologies	3.39
Digital systems reduce operational delays	3.39
Digital tools support loan repayment monitoring	3.32
Digitalisation improves client communication	3.36
Digital platforms enhance operational transparency	3.41
Regular system updating improves efficiency	3.32

Source: Field Survey (2026)

The results suggest that digitalisation has become an important but not yet fully consolidated component of MFI operations. Almost half of respondents agreed or strongly agreed that digital platforms improve customer-service delivery, while 45.6 per cent similarly viewed mobile banking as improving transaction efficiency. However, relatively high neutral responses across several items indicate that digital transformation remains at different stages of maturity among institutions.

This pattern is important because it demonstrates that technological transformation is not uniform across the microfinance sector. Differences in connectivity, resources, employee capabilities and management commitment can produce substantial variation in the extent to which digital systems affect operations. Particularly noteworthy is the perception that digital systems improve transparency. Approximately 43.8 per cent of respondents agreed or strongly agreed that digital platforms enhance operational transparency. This suggests that digital transformation may generate benefits beyond efficiency by strengthening information visibility and institutional accountability.

Descriptive Evidence on Sustainable Performance

Respondents also expressed generally favourable perceptions of sustainable performance.

Table 2: Selected Indicators of Sustainable Performance

Indicator	Mean
Institution consistently achieves financial sustainability	3.41
Operational efficiency has improved	3.32
Loan recovery performance has improved	3.36
Institution maintains long-term operational stability	3.39
Digitalisation has contributed positively to institutional performance	3.46
Institution effectively serves low-income and vulnerable clients	3.42
Client satisfaction has improved	3.36
Institution has experienced growth in customer outreach	3.50

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Institution adapts to environmental and economic challenges	3.40
Institutional reputation and public trust have improved	3.41

Source: Field Survey (2026).

The highest reported mean relates to growth in customer outreach, indicating that many respondents perceivedan expansion in the number or range of customers served. This is particularly significant in microfinance because outreach represents an important social-performance objective.

Approximately 51.2 per cent of respondents agreed or strongly agreed that their institutions consistently achieve financial sustainability, while 47.5 per cent agreed or strongly agreed that digitalisation has contributed positively to institutional performance. The substantial neutral responses should nevertheless be recognised. For example, 58.1 per cent of respondents were neutral regarding significant improvement in loan recovery performance. This suggests that some sustainable-performance dimensions may not have advanced uniformly despite the adoption of digital technologies.

Reliability and Validity

The PLS measurement model demonstrated satisfactory reliability and convergent validity.

Table 3:Measurement Quality of the Focal Constructs

Construct	Cronbach's α	rho_A	Composite Reliability	AVE
Digitalisation	0.854	0.861	0.895	0.631
Sustainable Performance	0.901	0.904	0.927	0.718

Source: SmartPLS output.

The Composite Reliability values substantially exceed the recommended threshold of 0.70, while the AVE values exceed 0.50. The measurement scales therefore demonstrate adequate internal consistency and convergent validity.

The broader measurement model also satisfied discriminant-validity criteria based on the Fornell–Larcker criterion, HTMT and cross-loadings.

Assessment of Discriminant Validity

After establishing the reliability and convergent validity of the measurement model, the next stage involved assessing discriminant validity. Discriminant validity determines whether each latent construct is empirically distinct from the other constructs included in the model. In Partial Least Squares Structural Equation Modelling (PLS-SEM), discriminant validity is commonly evaluated using the Fornell–Larcker Criterion, the Heterotrait–Monotrait Ratio (HTMT), and the Cross-Loadings of the measurement indicators. According to Hair et al. (2022), discriminant validity is established when the square root of the Average Variance Extracted (AVE) of each construct is greater than its correlations with other constructs, HTMT values are below 0.90, and each indicator loads highest on its own construct. These procedures ensure that each construct measures a unique theoretical concept.

Fornell–Larcker Criterion

Table 4: Fornell–Larcker Criterion

Construct	Digitalisation	Sustainable Performance
Digitalisation	**0.794**	
Sustainable Performance	0.287	**0.847**

(Diagonal values shown in bold represent the square root of the Average Variance Extracted (AVE)).

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The Fornell–Larcker results in Table 4.3 demonstrate satisfactory discriminant validity for the measurement model. The square root of the AVE for Digitalisation (0.309) and Sustainable Performance (0.314). Likewise, the square root of the AVE for **Digitalisation (0.794)** is greater than its correlations with Sustainable Performance (0.287).

These findings confirm that each latent construct shares more variance with its own indicators than with any other construct in the model. Consequently, the constructs are empirically distinct and measure different theoretical concepts, satisfying the Fornell–Larcker criterion for discriminant validity.

Heterotrait–Monotrait Ratio (HTMT)

Table 5: HTMT Ratio

Construct	Digitalisation	Sustainable Performance
Digitalisation	—	
Sustainable Performance	0.351	—

In Table 4.4. The HTMT ratios are all substantially below the recommended threshold of **0.90**. The HTMT value for the relationship between **Digitalisation and Sustainable Performance** is **0.351**.

These relatively low HTMT values indicate that the two latent constructs are conceptually and statistically distinct. Therefore, the measurement model demonstrates satisfactory discriminant validity according to the HTMT criterion, providing further evidence that the constructs measure different underlying phenomena

Effect of Digital Transformation on Sustainable Performance

The structural-model results provide the central empirical evidence for the study.

Table 6: Digital Transformation and Sustainable Performance

Relationship	β	t-value	p-value	f^2	Decision
Digitalisation → Sustainable Performance	**0.181**	**2.247**	**.026**	**0.033**	Supported

Source: SmartPLS .

The positive standardised coefficient of **β = 0.181** indicates that higher levels of digitalisation are associated with stronger sustainable performance. The *t*-value of 2.247 and *p* = .026 demonstrate that this relationship is statistically significant at the 5 per cent level. The hypothesis that digital transformation positively influences sustainable performance is therefore supported.

The result implies that MFIs that make greater use of technologies such as mobile banking, electronic recordkeeping, automated processes, biometric identification and Management Information Systems tend to demonstrate better institutional outcomes in terms of efficiency, financial sustainability, outreach and service delivery.

The magnitude of the effect, however, warrants careful interpretation. The corresponding **effect size of f^2 = 0.033 is small**, indicating that digitalisation makes a statistically meaningful but individually modest contribution to explaining sustainable performance. This suggests that technology should not be viewed as a singular solution to MFI sustainability. Financial resources, governance, leadership, regulatory conditions, organisational culture and market conditions are also likely to contribute substantially to institutional outcomes.

The broader structural model explains 9.9 per cent of the variation in Sustainable Performance. This modest explanatory power reinforces the conclusion that sustainable performance is multidimensional and depends on several institutional and environmental factors beyond digitalisation.

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Nevertheless, the overall structural model has positive predictive relevance. Sustainable Performance recorded **Q^2 = 0.092**, indicating that the model possesses predictive relevance beyond random prediction.

The broader model also demonstrated satisfactory fit, with **SRMR = 0.061**, **NFI = 0.911** and **RMS Theta = 0.104**.

DISCUSSION OF FINDINGS

The positive relationship between digital transformation and sustainable performance supports the proposition that technological capability has become increasingly important to the long-term viability of MFIs. Digitalisation allows institutions to reduce dependence on manual systems and introduce more efficient mechanisms for customer interaction, recordkeeping, monitoring and operational coordination.

The finding is consistent with Jack and Suri (2011), whose analysis of mobile money in Kenya demonstrates that digital financial technologies can reduce transaction costs and expand access to financial services.

Although their work focuses primarily on mobile-money economics rather than MFI-level sustainable performance, its underlying implication is relevant: technology can overcome geographical and transactional barriers that restrict participation in formal financial systems.

The results also align with Ozili (2018), who associates digital finance with financial inclusion and stability. For MFIs, enhanced financial inclusion can contribute directly to sustainable performance by expanding the customer base and improving the social-outreach component of the institution's mandate.

Gomber et al. (2017) similarly emphasise that digital finance and financial technology are reshaping financial-service processes and customer relationships. The present study extends this reasoning to the microfinance sector by demonstrating that technological adoption is associated not only with modernised operations but also with broader sustainable-performance outcomes.

The findings also correspond with Banna et al. (2021), who identify a relationship between digital financial inclusion, FinTech and institutional stability. Greater digitisation can provide MFIs with improved information systems, lower transaction costs and more efficient communication, thereby strengthening resilience.

At the MFI level, Nawaz (2019) reports that digital transformation can improve operational sustainability by reducing administrative burdens and enhancing loan processing and client monitoring. This is closely aligned with the current finding because loan administration, digital monitoring and operational efficiency constitute central mechanisms through which technology can strengthen institutional sustainability.

The findings also carry particular contextual relevance for Cameroon. Njoh and Ateba (2020), as cited in the thesis, identify both opportunities and constraints associated with digital transformation and financial inclusion among Cameroonian MFIs.

Likewise, Takwi (2024) associates digital financial products with sustainable MFI performance, while Yawouo (2020) links ICT adoption with performance in the Cameroonian microfinance sector. The present study reinforces this emerging country-specific evidence by providing data from the South West Region.

From the Technology Acceptance Model perspective, the result suggests that digital technologies contribute to performance when they are perceived as practically useful and successfully integrated into staff and customer activities. From the Dynamic Capabilities perspective, the finding shows that digitalisation may operate as an organisational capability that allows MFIs to adapt their operations to changing technological and market environments.

The relatively small effect size, however, indicates that technology acquisition should not be confused with organisational transformation. MFIs may purchase software or introduce mobile platforms without achieving substantial performance gains if systems are poorly integrated, employees are inadequately trained or

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customers lack the capacity to use digital services. The large proportion of neutral responses concerning several digitalisation indicators is consistent with this interpretation.

The results therefore suggest that the quality of implementation matters as much as the availability of technology. Digital transformation is likely to contribute more strongly to performance when systems are integrated into organisational strategy, periodically updated, supported by competent employees and accompanied by appropriate cybersecurity and customer education.

CONCLUSION AND POLICY RECOMMENDATIONS

Conclusion

This study examined the effect of Digital Transformation on the Sustainable Performance of Microfinance Institutions in the South West Region of Cameroon. The findings establish that digitalisation has a positive and statistically significant influence on sustainable performance. MFIs that increasingly employ mobile banking services, Management Information Systems, digital recordkeeping, automated operational processes and related technologies tend to demonstrate stronger financial, operational and social-performance outcomes.

The empirical coefficient of $\beta = 0.181$ ($p = .026$) indicates that digital transformation constitutes a meaningful determinant of sustainable performance, although its effect size is modest. This implies that digitalisation should be regarded as one component of a broader institutional sustainability strategy rather than as a substitute for sound governance, financial management, human resources and effective regulation.

The study contributes to the digital-finance and microfinance literature by providing evidence from the South West Region of Cameroon, an institutional context that has received relatively limited empirical attention. It demonstrates that digital transformation is relevant not only to operational efficiency but also to customer outreach, service quality, institutional resilience and long-term sustainability.

Policy Recommendations

MFIs should increase investment in modern digital infrastructure, particularly mobile banking platforms, integrated Management Information Systems, electronic loan-processing systems, digital customer records and biometric identification technologies. The thesis specifically recommends greater investment in these areas following the significant digitalisation–performance finding.

Technological investment should be accompanied by continuous staff development. Employees should receive practical training in digital financial services, information systems, cybersecurity and data management. Digital transformation strategies that focus only on purchasing technology without developing employee capability are unlikely to generate sustainable performance improvements.

MFIs should also strengthen cybersecurity and data-protection systems. Increased reliance on digital channels introduces risks relating to fraud, unauthorised access, data loss and operational disruption. Digital resilience should therefore become a core component of institutional risk management.

Management should place greater emphasis on integrating digital systems across organisational functions. Mobile services, loan-management platforms, customer records and financial reporting systems should operate as interconnected elements rather than as isolated technologies. Integration can improve information quality, monitoring and managerial decision-making.

Customer education should accompany the expansion of digital financial services. Many MFI clients may have limited experience with formal digital-finance systems. Institutions should therefore provide accessible information on the use of mobile services, account security, authentication, fraud prevention and electronic transaction procedures.

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At the policy level, government and regulatory authorities should improve the digital infrastructure supporting microfinance operations.

Reliable broadband connectivity, stable telecommunications services and accessible digital-payment infrastructure are particularly important for institutions operating outside major urban areas. The thesis further recommends supportive measures such as digital-transformation financing, incentives and improved digital-finance regulation for smaller MFIs.

Regulatory policy should encourage technological innovation while maintaining appropriate standards relating to consumer protection, cybersecurity, data privacy and financial stability. Digital transformation should therefore be promoted as responsible digital transformation, in which innovation is accompanied by adequate institutional and regulatory safeguards.

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