

CITY UNIVERSITY OF HONG KONG

香港城市大學

**Exploring Factors Influencing Digitalisation Adoption Intention
in the Syndicated Loan Industry**

數字化銀團貸款的採用因素之研究

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Abstract

Digitalisation or digital transformation is a major trend that is changing economies, societies, and businesses. Organisations around the world are paying increasing attention to the development and use of new digital technologies to adapt their strategies to new market needs. This creates opportunities for companies to apply digital technologies to change their business models or operations. However, while there is increasing attention being paid to digitalisation in many sectors, there has been limited research on and practical application of digitalisation in the syndicated loan industry. In addition, there is a paucity of research, especially empirical studies, considering digitalisation in the syndicated loan industry in efforts to understand the underlying factors affecting industry players' decision to adopt digitalisation.

Accordingly, we developed a conceptual model using the technology–organisation–environment (TOE) framework to determine the antecedents of digitalisation adoption by financial institutions in the syndicated loan industry. This model was validated using the TOE framework in a new business context.

This study was based on mixed methods. Specifically, it involved a questionnaire and interviews. The questionnaire was used to empirically test the model and obtained 138 valid responses from banks in Hong Kong, mainland China, and Taiwan that served as sample data. This was followed by interviews with seven managing-director-level senior executives. Logistic regression and confirmatory factor analysis were applied to test the research model. The tests demonstrated that the model had good validity and reliability. It was found that perceived information technology (IT) readiness and perceived competitive pressure are facilitators of digitalisation adoption in the syndicated loan industry. In addition, it was found that perceived indirect benefit and perceived complexity are positively and negatively

associated with digitalisation adoption, respectively, with marginal significance. However, interestingly, perceived direct benefit, perceived financial cost, and government regulatory support were found to non-significantly affect digitalisation adoption in the syndicated loan industry.

This study makes several theoretical contributions to the field. First, it contributes empirical data on digitalisation adoption. Second, it identifies adoption determinants using the TOE framework. It also improves understanding of the determinants of digitalisation adoption in the syndicated loan industry and thus will aid both researchers and market practitioners. In particular, this study offers valuable guidance to syndication managers and technology promoters on re-thinking and re-formulating their strategies for adopting digitalisation. Third, the study's findings on the factors influencing digitalisation in the syndicated loan industry highlight the essence of transformation. This study represents the first step in exploring this topic, thereby laying a foundation for future research.

The limitation of this study is the limited generalisability of the results. This arose because this study was conducted in Hong Kong, where awareness of digitalisation in the syndicated loan industry is rather low. It would be interesting to replicate this study in other countries to allow a comparison to be made with Hong Kong. Countries with a higher awareness than Hong Kong of digitalisation and its adoption, such as the United States or the United Kingdom, may exhibit a different relationship between the independent variables and digitalisation adoption. In addition, it would be useful to examine whether the location or nationality of banks has a moderating effect on different adoption determinants. Moreover, it would be useful to repeat this study in 3 to 5 years' time to obtain a longitudinal view. As the diffusion of digitalisation increases, the significance of different factors may change.