

**DIGITAL TRANSFORMATION IN BANKING SECTOR OF BADULLA
DISTRICT: EXPLORING THE NEXUS BETWEEN DIGITAL
TRANSFORMATIONAL LEADERSHIP, ORGANIZATIONAL AGILITY AND
DIGITAL STRATEGY**

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ABSTRACT

The interactive connection of Digital Transformational Leadership (DTL), Organizational Agility (OA) and Digital Strategy (DS) in guiding Digital Transformation (DT) in banks within Sri Lanka's Badulla District is analyzed in this study. With digital transformations revolutionizing the financial sector, especially rural contexts, banks are being driven to digitalize their operations. But successful digital transformation also relies on the extent to which leadership pushes innovation, how change sensitive the organization is and to what level the digital strategy is aligned with institutional goals. A quantitative research design was employed based on the positivist philosophy. The sample of the study consisted of executive class employees working in five major banks in the Badulla district. Out of the estimated population of 1,215 staff, a representative sample of 150 participants was selected through stratified sampling. Data were collected using a structured questionnaire based on previously pilot-tested measurement items and were analyzed using SPSS version 25.0. Descriptive statistics, correlation analysis and multiple regression analysis were employed to cross validate the research hypotheses.

The findings revealed a high level of positive and significant correlation among all three independent variables digital transformational leadership, organizational agility and digital strategy and digital transformation. All three hypotheses were verified confirming that DTL, OA and DS are all important in driving digital transformation. Moreover, DTL was the most predictive, noting the pivotal role that leadership must assume to drive a digital culture and guide strategic change. These results affirm the significance of an integrated approach where innovative leadership, organization designs fit for purpose and a coordinating digital strategy all converge to secure effective digital transformation. The study offers relevant insights to bankers and policymakers interested in deepening digital adoption in less advanced regions to facilitate more inclusive and technology-facilitated financial services in Sri Lanka.

Keywords: *Digital Transformation, Digital Transformational Leadership, Organizational Agility, Digital Strategy, Banking Sector, Badulla District.*

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