

of this transformation lies a critical but often underexplored variable: leadership. Organizations that have successfully navigated digital transformation have done so not simply by deploying technology, but by cultivating leaders who place customer experience at the centre of every strategic decision. Customer-centric leadership in digital banking entails an organizational culture where decision-making is grounded in customer data, empathy-driven service design, and continuous feedback loops that integrate customer voice into product and process innovation (Papathomas & Konteos, 2024).

India's banking sector provides a particularly compelling context for this investigation. The Deloitte Digital Banking Maturity (DBM) 2025 study, which covered 349 banks across 44 markets, found that India's DBM Index has grown from 43% to 59%, a 16-percentage-point increase, with nine Indian banks now recognized as 'Digital Champions' globally. This achievement occurred in a country where digital literacy gaps, rural-urban divides, and legacy system constraints continue to pose significant challenges. The role of leadership in bridging these contradictions and aligning organizational capability with customer expectation is both strategically and academically significant. Despite rich empirical evidence on digital transformation in banking (Murinde et al., 2022; Mergel et al., 2019), the specific intersection of leadership strategy and customer experience outcomes remains underexamined, particularly in the Indian context. Existing literature largely focuses on technology adoption or financial performance metrics, leaving a gap concerning how leaders actively shape the customer journey in digital banking environments. This paper addresses that gap by synthesizing RBI data, industry benchmarks, and scholarly insights to evaluate how customer-centric leadership strategies translate into measurable improvements in customer experience. The findings carry implications for bank executives, policymakers, and researchers invested in the sustainable growth of India's digital financial ecosystem.

2. Literature Review

The concept of digital transformation in banking has been widely examined across global and emerging-market contexts. Hess et al. (2016) defined digital transformation as organizational change triggered by digital technologies, emphasizing that it involves not only technology but also adjustments in leadership, culture, and business models. Building on this, Singh and Hess (2017) identified digital leadership as a distinct organizational capability requiring executives to integrate data analytics, innovation management, and customer empathy into their strategic decision-making. These foundational works established that leadership is not peripheral but central to successful digital banking transformation. In the Indian context, Chauhan et al. (2022) demonstrated that functional quality and usability are the most decisive factors shaping customer experience in digital banking interfaces, underscoring that technology must be designed around human behaviour rather than operational convenience. Wasan (2018) further established that functional benefits such as convenience and credibility are the primary predictors of customer decisions in Indian banks, with positive customer experience driving both repurchase intention and word-of-mouth behaviour. These findings are consistent with global evidence presented by Homburg et al. (2017), who argued that customer experience management requires the systematic implementation of customer journey thinking across all organizational touchpoints.

Mbama and Ezepue (2018) contributed a critical insight by demonstrating that customer perceptions of digital banking directly influence a bank's financial performance, with satisfied customers correlating with improved institutional profitability. Their work reinforced the business case for customer-centric digital investment. The Deloitte Digital Banking Maturity survey (2025), covering 349 banks in 44 countries, highlighted that 'Digital Champions' outperform peers by 0.1% in return on assets and 1.5% in return on equity, attributing this advantage to superior user experience design and personalized service delivery. Regarding leadership specifically, Lóska and Uotila (2024) conducted a qualitative study on corporate banking digital transformation and found that successful digital transitions are characterized by leaders who "champion the transition to digital, raise consciousness, and mobilize the entire organization toward the new service model." Their findings aligned

with Papathomas and Konteos (2024), who identified a three-stage model of banking digital transformation diagnostics, direction, and transformation program emphasizing that leadership must own each stage rather than delegating transformation to IT departments. Shaikh et al. (2024), in a study of 189 banking customers across SBI, Axis Bank, Punjab National Bank, and HDFC Bank in India, found that AI-enabled banking improves customer accessibility and engagement, but that human-centric service remains more satisfying than fully automated digital service, calling for a blended leadership approach. Ismat et al. (2023) corroborated this in their study of private banks, confirming that customer retention and loyalty are significantly shaped by security measures and technological reliability, both of which require proactive leadership oversight. Collectively, this body of literature situates customer-centric digital leadership not as an ideological preference but as an empirically validated driver of customer experience and organizational performance in digital banking.

3. Objectives

1. To identify and evaluate the leadership strategies adopted by Indian digital banks that prioritize customer-centricity in their digital transformation processes.
2. To assess the measurable impact of customer-centric digital leadership on customer experience outcomes, including satisfaction, loyalty, and digital adoption, using secondary data from RBI reports and industry benchmarks (2019–2025).

4. Methodology

This study employs a descriptive, secondary data-based research design. Given the macro-level nature of the research objectives evaluating sector-wide leadership strategy and its impact on customer experience the use of secondary data from verified institutional sources is both methodologically appropriate and analytically robust. Descriptive research design was used to systematically describe the current state of digital banking leadership and customer experience in India. This design enabled a structured analysis of trends, patterns, and inter-variable relationships without experimental manipulation. Data were sourced from the Reserve Bank of India's (RBI) Payment System Reports (2019–2025), Deloitte India's Digital Banking Maturity (DBM) study 2025, NPCI transaction statistics, the ACI Worldwide Real-Time Payments Report 2024, and peer-reviewed journal articles indexed in Google Scholar, Scopus, and Emerald Insight, published between 2016 and 2025. The unit of analysis is the Indian banking sector, with specific reference to public sector banks, private sector banks, and neobanks operating within the RBI regulatory framework. Data points were extracted for calendar years 2019 through 2025 to capture longitudinal trends. Trend analysis, descriptive statistics, and comparative data analysis were employed. Tables were constructed from official RBI and NPCI data to illustrate growth in digital payment adoption, customer satisfaction differentials, and leadership-linked performance metrics. Hypotheses were tested through pattern interpretation of secondary data aligned with the identified conceptual framework.

Hypothesis:

H₁: Customer-centric leadership strategies have a significant and positive impact on customer experience in Indian digital banking.

5. Results and Discussion

5.1 Results

Table 1: India's RBI Digital Payments Index (DPI) Growth (2019–2025)

Period	RBI-DPI Score	YoY Growth (%)
March 2019	153.47	—
March 2020	207.84	35.4
March 2021	270.59	30.2
March 2022	349.30	29.1
March 2023	395.57	13.2
March 2024	445.50	12.6
September 2024	465.33	11.1
March 2025	493.22	6.0

Source: Reserve Bank of India, Payment System Report, June 2025

Table 1 presents the RBI-DPI trajectory from 2019 to 2025, rising from a base of 153.47 to 493.22 a nearly fivefold increase. This sustained growth reflects expanding payment infrastructure, growing digital adoption, and improving service performance. The steady upward trend confirms that leadership investment in digital capabilities has produced measurable and progressive customer access improvements across India's banking system (RBI, 2025).

Table 2: UPI Transaction Volume and Value Growth (2019–2024)

Year	Transaction Volume (Crore)	Transaction Value (₹ Lakh Crore)	UPI Share in Digital Payments (%)
2019	1,079	18.4	34
2020	2,234	41.6	52
2021	3,886	71.5	61
2022	7,404	125.9	70

2023	11,760	182.8	78
2024	17,221	246.8	83

Source: RBI Payment System Report, June 2025; NPCI Statistics 2024

Table 2 illustrates UPI's explosive growth from 1,079 crore transactions in 2019 to 17,221 crore in 2024, with its share in total digital payments rising from 34% to 83%. This data reflects the success of customer-centric product design embedded in UPI's architecture zero transaction fees, real-time interoperability, and intuitive QR-based interfaces. Leadership decisions at NPCI and partner banks to prioritize usability and accessibility over short-term monetization are evidenced by the sustained adoption curve (Murinde et al., 2022).

Table 3: India's Digital Banking Maturity (DBM) Index vs. Global Average (2025)

Parameter	India DBM Index (%)	Global Average DBM (%)	Gap (pp)
Overall DBM Score	59	39	+20
Mobile Banking Score	Global Avg +3%	Baseline	+3
Internet Banking Score	Global Avg +1%	Baseline	+1
Day-to-Day Banking Growth	~10 pp increase	Lower	+10
Personal Finance Management	1.9 pp rise	Lower	+1.9
User Experience (UX) Score	+2 pp contribution	Lower	+2

Source: Deloitte India Digital Banking Maturity Survey, 2025

Table 3 compares India's DBM Index with the global benchmark. India's score of 59% surpasses the global average by 20 percentage points, with nine Indian banks achieving 'Digital Champion' status. The day-to-day banking sub-dimension recorded the highest improvement of approximately 10 pp, driven by advances in transfers, payments, and card management. These outcomes are strongly associated with leadership investment in customer journey redesign and platform simplification (Papathomas & Konteos, 2024; Deloitte, 2025).

Table 4: Customer Satisfaction Scores: Private vs. Public Sector Banks in India (2023–2024)

Satisfaction Dimension	Private Banks (Mean Score/5)	Public Banks (Mean Score/5)	Difference
User Interface & Navigation	4.1	3.2	0.9
Transaction Speed	4.3	3.4	0.9
Security & Trust	3.9	3.7	0.2
Personalization of Services	3.8	2.9	0.9
Responsiveness of Support	3.7	3.0	0.7
Overall Digital Satisfaction	4.0	3.2	0.8

Source: Vashisht & Singh (2023); Compiled from Library Progress (BPAS Journals)

Table 4 highlights a consistent satisfaction differential between private and public sector banks across all measured dimensions. Private banks outperform across navigation, speed, personalization, and support

responsiveness dimensions directly influenced by leadership-driven investment in customer experience design. The smallest gap appears in security (0.2), suggesting public banks maintain security credibility. Overall digital satisfaction of 4.0 vs. 3.2 reflects the direct impact of customer-centric digital leadership on user perception (Vashisht & Singh, 2023; Chauhan et al., 2022).

Table 5: AI and Digital Feature Adoption and Customer Experience Impact in Indian Banks (2024)

Feature	Banks Implementing (%)	Customer Satisfaction Improvement (%)	Customer Retention Impact
AI-Powered Chatbots	72	+18	Moderate
Personalized Financial Insights	45	+27	High
Biometric Authentication	89	+22	High
Real-Time Fraud Alerts	81	+31	High
Digital Onboarding (Paperless KYC)	91	+29	Very High
Conversational Banking (Voice)	28	+14	Moderate

Source: IJSRA (2024); Deloitte DBM India 2025; RBI Annual Report 2024

Table 5 captures the adoption rate and satisfaction impact of AI and digital features across Indian banks. Digital onboarding and real-time fraud alerts demonstrate the highest adoption and satisfaction improvement, reflecting areas where leadership has strategically aligned customer pain points with technology solutions. Personalized financial insights, despite lower adoption at 45%, yield the second-highest satisfaction improvement, indicating significant untapped leadership opportunity in data-driven personalization (Shaikh et al., 2024).

Table 6: Growth of Digital Banking Users and UPI Merchants in India (2020–2025)

Year	Digital Banking Users (Million)	UPI Registered Merchants (Million)	UPI P2M Share (%)
2020	160	10	38
2021	210	22	44
2022	250	38	51
2023	280	55	58
2024	295.5	65	62.4
2025 (H1)	310+	65+	67

Source: G2 Digital Banking Statistics 2025; NPCI Monthly UPI Statistics 2025; ACI Worldwide 2024

Table 6 demonstrates consistent growth in both digital banking users and UPI merchant ecosystem, with India's user base surpassing 295.5 million in 2024, overtaking the United States by over 70 million users. The rising Person-to-Merchant (P2M) share from 38% in 2020 to 67% in H1 2025 reflects deepening everyday commerce integration of digital banking a direct outcome of leadership strategies that expanded merchant infrastructure alongside consumer adoption (Ismat et al., 2023; NPCI, 2025).

5.2 Discussion

The results collectively substantiate the study's central hypothesis: customer-centric leadership strategies have a significant and positive impact on customer experience in Indian digital banking. The evidence is multidimensional, spanning infrastructure growth, maturity scores, satisfaction differentials, and feature-level adoption outcomes. India's RBI-DPI rising from 153.47 in March 2019 to 493.22 in March 2025 (Table 1) is not an autonomous technological outcome. It reflects deliberate leadership decisions at the institutional, regulatory, and organizational levels. The RBI's policy of enabling open banking through Account Aggregator frameworks, combined with NPCI's iterative product improvement of UPI including UPI 3.0, Conversational Voice Payments, and the expansion to seven international markets exemplify how regulatory and institutional leaders embedded customer experience objectives into system architecture (RBI, 2025; Murinde et al., 2022). UPI's zero-fee model, an explicit leadership choice, directly addressed the most persistent barrier to digital adoption: cost (Table 2). The Deloitte DBM data in Table 3 reveals that India's banking leaders have successfully closed capability gaps with global peers, with a 20-percentage-point advantage over the global DBM average. The dramatic improvement in day-to-day banking (+10 pp) and personal financial management (+1.9 pp) indicates that Indian banking leadership has pivoted from focusing on basic digital access to enhancing the depth and quality of digital customer interactions. Lóska and Uotila (2024) described this as the shift from digitization to genuine customer experience redesign, where leaders mobilize their organizations around customer data rather than product metrics. India's performance validates this transition. The satisfaction gap between private and public sector banks (Table 4) is analytically significant. The 0.9-point gap in personalization reflects a structural difference in leadership approach: private banks have invested in AI-driven customer segmentation and behavioural data analytics, while public banks continue to operate under more uniform service delivery models. Vashisht and Singh (2023) attributed this precisely to differences in top management commitment to customer experience innovation. This finding aligns with Singh and Hess (2017), who established that leadership style and digital commitment, not technology budget, determine the ultimate quality of the customer experience in banking transformation programs.

Table 5 reveals that AI-enabled features particularly real-time fraud alerts and digital onboarding yield substantial satisfaction improvements. However, the comparatively low adoption of personalized financial insights (45%) despite its high satisfaction impact (+27%) represents a clear leadership gap. Banks that have not yet invested in this capability are leaving proven value unrealized. Shaikh et al. (2024) established in the Indian context that while AI enhances banking accessibility, human-centric design and proactive personalization remain the most powerful satisfaction drivers. This calls for leaders to move beyond reactive automation toward anticipatory, data-driven customer engagement. The merchant ecosystem expansion captured in Table 6 demonstrates that customer-centric leadership extends beyond the consumer interface into the supply-side infrastructure. The growth from 10 million to 65 million UPI merchants between 2020 and 2025 expanded the practical utility of digital banking for everyday customers, making digital payments the default rather than the alternative.

This reflects a systems-thinking approach in banking leadership, where customer experience is optimized not just within the app or branch, but across the entire transactional ecosystem. Papathomas and Konteos (2024) specifically identified ecosystem creation as a hallmark of mature digital banking leadership, consistent with India's trajectory. Taken together, these findings confirm that the most effective digital banking leaders in India share a common strategic DNA: they embed customer experience metrics into organizational scorecards, invest in data infrastructure for personalization, foster cross-functional digital upskilling, and align regulatory engagement with customer-centric outcomes. The evidence supports the conclusion that digital transformation leadership, when explicitly oriented toward customer centricity, produces measurable, sustainable improvements in customer satisfaction, loyalty, and ecosystem adoption.

6. Conclusion

This study examined how customer-centric digital leadership strategies influence customer experience in India's digital banking sector using secondary data spanning 2019 to 2025. Results confirm that India's rapid ascent to 59% DBM maturity, 295.5 million digital banking users, and 83% UPI share in digital payments is directly linked to deliberate, customer-focused leadership at institutional, regulatory, and organizational levels. Private banks consistently outperform public counterparts in satisfaction dimensions tied to personalization and responsiveness underscoring the leadership dependency of customer experience outcomes. AI-enabled features, when strategically deployed under customer-centric leadership frameworks, yield satisfaction improvements of up to 31%. The paper affirms that customer-centric digital transformation leadership is not merely aspirational but is empirically validated as a driver of competitive performance in Indian banking. Future research should explore primary survey-based assessment of specific leadership competencies across Indian bank categories using structured frameworks such as the Digital Leadership Scale.

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