

The Role Of Transformational Leadership In Fostering The Innovativeness In Digital Fin-Tech Applications Of The Banking Sector

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Abstract

This research examines how transformational leadership fosters innovation and cultivates customer trust in digital financial technology (Fin-Tech) applications. Grounded in transformational leadership theory, the study explores the role of leadership as it affects outcomes that are crucial to the banking sector's fin-tech applications. To achieve this, the quantitative research methodology is utilized, through a survey conducted among 771 employees in selected banks and with a sample of 264 respondents determined using the Yamane's formula for sample size estimation. Data collection was performed through a structured questionnaire and analysed using multiple regression techniques of the Statistical Package for Social Sciences (SPSS). Findings reveal that transformational leadership exerts a significant and positive role on the innovativeness of digital fin-tech applications as deployed in the banking sector. In line with the foregoing, the study recommends that the banking sector must prioritize the development of transformational leadership competencies across all managerial levels as this fosters the innovativeness of its firms and employees while also alluding to it mechanisms that ensures long-term productivity in a digital financial ecosystem.

Keywords: Banking sector, Customer trust, Fin-tech applications, Innovativeness, Transformational leadership

INTRODUCTION

Digital Fin-Tech applications of the banking sector are reshaping the global financial landscape by utilizing cutting-edge technologies like artificial intelligence (AI), blockchain, machine learning, and data analytics to re-engineer and transform conventional financial services and products offerings. The rapid pace and intense competition within the banking sector necessitates an effective leadership style that is capable of driving innovativeness, fostering customer trust, and managing the complexities inherent in the digital fin-tech domain. Among various leadership styles, transformational leadership is widely recognized for its capacity to energize organizations and facilitate change, particularly in a dynamic industry like the banking sector (Etele, Nwadinobi, Akuezuilo, Ezebube, Monyei & Ukpere, 2024). Originating from Burns (1978) and further refined by Bass (1985), transformational leadership emphasizes visionary guidance, inspiration, intellectual stimulation, and individualized concerns for subordinates. Such leaders excel at articulating compelling visions, challenging existing norms, and motivating employees to exceed standard expectations through creative problem-solving. Within the banking sector, transformational leadership is instrumental in cultivating an organizational culture conducive to continuous innovation that is vital for sustained productivity. It is claimed that the innovativeness in digital fin-tech applications encompasses not only novel products and services but also innovative approaches to existing business models, operational processes, and customer engagement strategies (Lottu et al., 2022). Transformational leaders in this context create an environment supportive of risk-taking, collaboration, and invention (Bass & Avolio, 1994; Tushman & O'Reilly, 1996). Concurrently, customer trust remains a foundational pillar in financial services, especially in the use of digital-fin-tech mechanisms where establishing and maintaining consumer confidence is paramount. Transformational leadership fosters trust through ethical practices, transparency, and a commitment to value creation, essential for securing consumer loyalty (Jung & Avolio, 2000). Due to changing customer demands for easily accessible, reasonably priced, and transparent financial solutions as well as technical improvements, the banking sector has grown rapidly on a global scale. In such a rapidly changing and competitive environment, transformational leadership is critical in promoting innovativeness. This management style is particularly relevant in regions characterized by fast-changing regulatory landscapes

and market conditions. For instance, in the European Union, regulatory frameworks such as PSD2 and MiFID II promote innovation while emphasizing consumer protection, transparency, and security (European Commission, 2020). Leaders with transformational competencies are uniquely positioned to navigate these regulatory challenges while driving market-aligned innovativeness. Asian countries including China, India, and Singapore have emerged as significant digital fin-tech innovation hubs, bolstered by favourable regulatory regimes, technologically adept populations, and expanding middle classes. In these diverse markets, transformational leadership plays a crucial role in managing heterogeneous teams and guiding them through complex technological and regulatory challenges. The cultural and economic diversity of the Asia continent necessitates leaders who can inspire and foster innovation development by its enterprises and a high acceptance level amongst its customers regardless of their varying financial literacy and backgrounds (Chen & Wu, 2021; Afolabi et al., 2022). For example, the Monetary Authority of Singapore (MAS) has cultivated an innovation-friendly environment through initiatives such as the Fin-Tech Regulatory Sandbox, enabling businesses to pilot solutions in controlled settings. Transformational leaders in these enterprises ensure that innovation aligns with regulatory expectations while fostering trust among clientele and stakeholders (MAS, 2022). The roles of transformational leadership are especially pronounced in domestic markets, where unique challenges and opportunities arise. In emerging economies, digital financial service adoption is accelerating alongside increased smartphone and internet utilisation. Nevertheless, these markets often face obstacles such as low financial literacy, poor digital infrastructures, and scepticism of consumers towards novel fin-tech applications (Norton et al., 2020). Transformational leadership addresses these issues by promoting inclusivity, the use of ethical data, and transparent communication of organizational objectives. Banking sector leaders who adopt these principles can bridge the gaps in trust and stimulate innovativeness tailored to customer needs, such as mobile payment systems. A notable example is the success of mobile money platforms like M-Pesa in Africa, which have leveraged transformational leadership to drive innovativeness in digital payments and build consumer confidence through transparency, customer-centricity, and regulatory compliance (Mas & Morawczynski, 2021). These cases illustrate how transformational leadership can enhance the scalability and sustainability of digital fin-tech applications in localized contexts. Despite the recognized importance and successes of innovativeness for the banking sector, limited research has specifically examined the role of transformational leadership and how it influences the sector. There is a knowledge gap regarding leadership dynamics in fast-paced, technologically advanced financial firms because the majority of the material currently in empirical publications concentrates on SMEs, Agro-allied and Hospitality industries (MAS, 2022; Zhang, Waldman, Han & Li, 2015; Zohar & Tzafrir, 2005). Furthermore, due to variations in customer behaviour, market growth, and regulations, leadership effectiveness may differ from one geography to another. Therefore, this research is pertinent as it examines how transformational leadership can be strategically used in a specific organisational context (banking industry) to foster innovativeness and maintain customer trust. Hence, this study aims to evaluate the role of transformational leadership in fostering the innovativeness of digital fin-tech applications of the banking sector.

Social Exchange Theory by Blau, 1964

The study's underpinning postulation is the Social Exchange Theory (SET), which is one of the core theories of organizational and human relations research initially proposed by Blau in 1964. According to the theory, social actions result from an exchange process in which individuals aim to minimize costs and maximize benefits from their contacts with other people (Blau, 1964). Within organizational settings, the exchange is typically characterized by a reciprocal relationship between subordinates and managers, where there is trust, respect, and mutual benefits that guides the inter-relationship and/or interactions (Monyei, Igwe, Onyeonu, Kelvin-Iloafu & Ukpere, 2022). Trust is advanced by this theory as the central determinant of social exchanges. If the leaders are honest and fair in their strategies, they will promote trust, which will lead to greater employee satisfaction and commitment (Eisenberger et al., 2001; Blau, 1964). In relationships, individuals are motivated to engage in mutually beneficial exchanges, expecting that their actions will be reciprocated over time; and SET posits that exchanges should be balanced both parties should benefit in ways that promote mutual understanding. Therefore, linking the tenets of this theory to study, transformational leaders are expected to act with high ethical standards, which aligns with SET's emphasis on trust and reciprocity (Mayer, Davis, & Schoorman, 1995). Similarly, in the banking sector, innovation often requires

the willingness to experiment and take risks (Dirks & Ferrin, 2002), doing so involves the mutually beneficial relations of the operating firms and its clientele. While, in the context of strategy adoption and implementation, the digital fin-tech mechanisms is aligned with the propositions of the SET as it offers a useful framework for understanding how transformational leadership influences innovativeness in its operations and commodity offerings. Transformational leadership fosters an environment where subordinates feel appreciated and supported by modelling moral behaviours, openness, and a dedication to common values. Strong reciprocal relationships are created as a result, and this encourages trust and an openness to new ideas.

Transformational Leadership

Burns (1978) and Bass (1985) developed transformational leadership, which is characterized by its capacity to inspire and encourage workers to accomplish assigned tasks at a higher level through vision, intellectual stimulation, and personalized attention. According to Monyei et al., (2022), and Bass and Avolio (1994), transformational leaders are characterized by their ability to inspire and energize others, create a compelling vision that captivates followers' attention and synchronizes their efforts with the organization's goals, generate innovation through intellectual stimulation, challenge preconceived notions, foster creativity, and facilitate pro-socialism, while it establishes trust through acts of honesty, transparency, and empathy. They also establish strong relationships based on trust. Transformational leadership can contribute to the ability of an organization to innovate by creating a culture that capitalizes on risk-taking, encourages creative problem-solving, and emphasizes continuous improvement (Jung & Avolio, 2000). These characteristics are particularly relevant in the banking sector due to the rapidly changing nature of fin-tech applications and the need for flexible, innovative leadership. Furthermore, innovation is the priority of transformational leadership and it tends to be characterized by a focus on agility, creative autonomy, and swift repetition. These dimensions provide a cultural environment in which innovative products, such as blockchain technology and cryptocurrency, can thrive (Gartner, 2021). In Africa, the impact of transformational leadership is becoming evident through the use of mobile money platforms such as M-Pesa which is required to overcome infrastructural barriers and attain financial inclusion. Leaders in such environments work towards establishing trust, regulatory compliance, and cultural sensitivity in an effort to overcome adoption barriers and encourage customer implementation of this mechanism (Mas & Morawczynski, 2021).

Transformational Leadership's Role in Innovativeness

Innovativeness is central to the success of the banking sector, which is tasked with continuous development of new products, services offerings, and business models in a bid to stay competitive. Monyei & Ukpere (2024), and Tushman and O'Reilly (1996) recognize leadership as essential to innovation, mentioning that in the value chains of transformational leadership there exist a built-in culture that encourage innovative thinking and experimentation. Transformational leaders of the banking motivate their entities to think outside the box and disrupt traditional banking paradigms. For example, AI-enabled financial services, and blockchain technologies are innovative digital fin-tech mechanisms that have emerged away from the status-quo (Gartner, 2021). Transformational leaders can enable establishing a definite, forward-looking vision that dictates creating innovative solutions. Such a forward-thinking approach enables the retention of employees' activities to be aligned with overall objectives which drives the enterprise towards revolutionary innovations. Hence, in the banking sector, this kind of leadership enables organizations to speedily improve and create ideas/strategies curtail the overarching effects of an evolving market needs or regulatory changes (Berson et al., 2015).

Digital Fin-Tech Applications – The Impact of Customer Trust

In the utilisation of fin-tech applications, customer trust is at the centre stage. Customers and investors need assurance that financial transactions are secure, transparent, and dependable. This customer trust is particularly required because digital fin-tech services deals with sensitive personal and financial data. According to Etele et al., (2024), and Mayer, Davis, and Schoorman (1995), trust is the willingness of one party to become susceptible to the actions of another based on hopeful expectations about their actions or intentions. Transformational leaders' moral behaviours, candour, and emotional intelligence foster organizational trust. Leaders that are of reputable ethics, and dedicated to procedures are well-positioned to establish trust among stakeholders and customers (Avolio et al., 2004). Innovativeness and customer trust are

closely connected with the firms in the banking sector. Subscribers and clients need to trust that their financial data are managed in a secure and ethical manner before they can embark on new, often revolutionary, technologies such as the digital fin-tech. Lichtenstein, & Williamson (2020) confirmed that directness of leadership in the regulation and deployment of new technologies is key to achieving consumers' trust in digital financial services. Furthermore, data protection and regulatory compliance are key to trust building. Consumer trust is more likely to be won by firms that place high priority on adhering to data protection laws such as the Payment Services Directive 2 (PSD2) or the General Data Protection Regulation (GDPR) of the European Union (Nwalia, Arachie, Monyei & Ukpere, 2024; European Commission, 2020).

Challenges of the Banking Sector in the Adoption of Fin-Tech Application

Chen and Wu (2021) posit that the firms in the banking sector face a unique set of challenges in driving innovation and building trust. First, the issue of financial regulations that are often slow in implementation or adapting to the fast pace of technological advancement. Firms of the banking industry must navigate complex regulatory frameworks while maintaining innovativeness. Secondly, leadership styles and trust-building strategies must be adapted to local cultures. For instance, transformational leadership in Asia may involve a more hierarchical, collectivist approach, whereas in Western economies or markets, it may be more individualistic and/or collaborative. These cultural nuances influence how organisational trust is built and how innovativeness is approached (Chen & Wu, 2021; OECD, 2020). Lastly, despite the emergence and growth of mobile and digital payments platforms in regions like Africa, Latin America, and Asia, customer trust remains a major barrier to widespread adoption, as many financial institutions' customers remain sceptical about the security of digital fin-tech transactions, especially in emerging economies. As such, to effectively encourage the implementation of fin-tech applications banking sector leaders must place a strong emphasis on transparency, clear communication, and ethical data practices (Mas & Morawczynski, 2021).

Empirical Insights

Kelvin-Iloafu, Monyei, Ukpere, Obi-Anike and Onyekwelu (2023) examined the impact of human capital developments (HCD) on deposit money banks' (DMBs') ability to survive and sustain the innovativeness of their personnel. The research employed a descriptive survey design in its investigation, with 5 DMBs in Lagos State, Nigeria chosen as its participants. As evidenced by the findings of the hypotheses tested using the regression analysis, it revealed that human capital development significantly impacted the sustainability and innovativeness of the workforce in these DMBs. Thus concluding that HCD supports and fosters workforce innovation and creativity, as well as the company's overall capacity for sustainable strategic competencies.

Afolabi et al. (2022) investigated the relationship between employee-driven innovation and transformational leadership in the banking industry in South-West Nigeria in a different study. The study, which used multiple regression analysis and surveyed 350 full-time employees, showed that transformational leadership had a significant beneficial impact on creative behavior. Notably, intellectual stimulation and personalized attention had moderate but nonetheless beneficial impacts, but idealized influence and inspiring motivation had the strongest effects. In order to maintain competitive advantage, the authors advised managers to concentrate on developing individualized assistance and critical thinking. They also found that transformational leadership is crucial for promoting innovation.

Chukwuma (2022) investigated how organizational performance in deposit money institutions in Port Harcourt, Rivers State, is impacted by transformational leadership. Using Spearman's rank-order correlation and SPSS version 21, the study, which involved 200 employees from 10 banks, found a significant positive relationship between transformational leadership and organizational success, especially in terms of staff competence and productivity. In order to improve worker competency and overall institutional effectiveness, it suggested stepping up transformational leadership approaches.

Jonah (2022) investigated how transformational leadership might foster organizational resilience in Port Harcourt's deposit money banks. The study used Spearman rank correlation to evaluate data from 200 employees in 20 bank branches and discovered that inspirational motivation and idealized influence greatly bolstered organizational adaptability and flexibility, which are essential characteristics for surviving in changing contexts. In order to help employees, align with changing company goals, the study promoted improved internal communication and motivation techniques.

Lottu et al. (2022) reviewed the transformative impact of digital technology on Nigeria's banking sector. Highlighting major innovations such as digital payments, blockchain, cryptocurrencies, and online platforms, the study underscored their economic relevance and disruptive potential. The authors recommended bolstering digital transformation efforts by investing in cybersecurity, upgrading digital infrastructure, fostering collaborations with FinTech firms, educating customers, and sustaining innovation initiatives.

MATERIALS AND METHODS

This study aims to explore the role of transformational leadership in driving the innovativeness in digital fintech applications, focusing on selected firms in the banking sector. Specifically, focusing on the financial institutions' regional headquarters in the both Aba and Umuahia Metropolis in Abia State, Nigeria. There are a total of 51 financial institutions across Abia State, as at October 8, 2024 (Nigeria Galleria, 2025; Nigeria Directory, 2025). The study, however, concentrated on regional head offices of the selected banks. They include: Access Bank Plc, First Bank of Nigeria Plc, United Bank for Africa (UBA), Fidelity Bank Plc, Eco bank Nigeria Plc, Abia State University Microfinance bank, Central Bank of Nigeria, and Bank of Industry (BOI) all located in Abia State, South-eastern, Nigeria as they represent a key financial hub in the region's banking and financial landscape. This branch provides a wide range of banking services and is a central hub for customers seeking digital financial solutions, and an industrial market area situated within the industrial sector of the region. This branch focuses on catering to the needs of business owners and entrepreneurs that are well engaged its local economy. Additionally, these institutions have been chosen based on their offering of microcosm of the banking environment in Abia state, with one focused on retail banking and the other serving more business-oriented clients. These regional branches are also integral to financial institution's efforts to introduce digital banking solutions to customers within the region. A structured questionnaire served as the main tool for gathering data for this investigation. The structure and purpose of the questionnaire was to collect information on the management of financial institutions' creative practices, leadership philosophies, and initiatives to foster trust. The questionnaire was distributed to both junior and senior staff at these branches. This includes frontline staff such as tellers, customer service representatives, and operations personnel (junior staff), as well as branch managers, team leaders, and other managerial staff (senior staff). The study involved 264 respondents from a total population of 771 which was drawn using the Yamane formula, with a balanced representation from both staff cadres at these firms, and was achieved through a purposive sampling technique to ensure the inclusion of staff members who possess adequate experience and comprehensive knowledge of the banking sector's operations. Prior to participation, all selected individuals were clearly informed about the study's objectives and provided their informed consent.

Table 1: Distribution of the Research Population

S/N	Names Of Banks	Locations	Senior	Junior	Total
1	Bank of Industry (BOI)	25B Adelabu Estate, Off Bende Road, Opposite Central Police Station, Umuahia, Abia State	29	64	89
2	First Bank Plc	1 Mayne Avenue, Umuahia, Abia State	25	55	80
3	United Bank of Africa (UBA)	68 Aba Road, Umuahia, Abia State	20	50	70
4	Ecobank	Plot 110, Government Station Layout, Umuahia, Abia State	15	55	70
5	Fidelity Bank	2 Umuahia Street, New Market Layout, Umuahia, Abia State	22	43	65
6	ABSU Micro-finance Bank	Plot 7, Bende Road, Nkata Ubeku, Umuahia, Abia State	21	41	62
7	Union Bank	Library Avenue (Near Government House), Umuahia, Abia State	24	36	60
8	Access Bank		20	55	75

QUESTIONS			SA 5	A 4	U 3	D 2	SD 1
Our leaders actively encourage new ideas and innovative thinking among employees.			139	98	9	4	-
Management provides the necessary support and resources to implement innovative solutions.			160	84	3	2	1
Leaders in my organization foster a culture that values creativity and continuous improvement.			200	45	2	1	2
Through visionary guidance, our leadership motivates staff to pursue innovation aligned with company goals			175	73	2	-	-
The leadership team inspires employees to challenge conventional methods in product development			155	93	1	1	-
9	Central Bank of Nigeria	Commissioners Quarters, Umuahia, Abia State	31	90	121		
10	Zenith Bank	41 Imo Lane, Off Umuire Road, Umuahia, Abia State	15	60	75		
	Total		222	549	771		

Field Survey, 2025.

Hypotheses Testing

H₀: Transformational leadership does not influence the innovativeness of the banking sector.

H₁: Transformational leadership influences the innovativeness of the banking sector.

Table 2: Responses on how transformational leadership influence innovativeness

Field survey, 2025.

Table 3: ANOVA

	Sum of Squares	Df	Mean Square	F	Sig. (p-value)
Regression	108.76	1	108.76	368.22	0.000 **
Residual	55.13	187	0.295		
Total	163.89	188			

Table 4: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.814 ^a	.663	.658	.543	.872
a. Predictors: (Constant), Transformational leadership					
b. Dependent Variable: Innovativeness					

Table 5: Coefficients

	Unstandardized B	Std. Error	Beta	t	Sig. (p-value)
(Constant)	1.120	0.153	—	7.32	0.000 **
Transformational leadership	0.765	0.040	0.814	19.19	0.000 **

Interpretation

Significant outcomes were obtained from the regression analysis which was used to examine how innovativeness of the banking sector is impacted by transformational leadership. The alternate hypothesis (H_1), which asserts a positive effect, was evaluated against the null hypothesis (H_0), which maintained that transformational leadership had no effect on innovativeness. With an R value of 0.814 and an R^2 of 0.663, the model summary demonstrated a substantial association between innovativeness and transformational leadership. This suggests that transformational leadership characteristics account for roughly 66.3% of the variation in innovativeness among firms of the banking sector. The model's validity was not seriously compromised, despite the Durbin-Watson statistic being 0.872, which was marginally below the optimal range of 1.5 to 2.5 and suggested possible positive autocorrelation in the residuals. The robustness of the model was validated by the ANOVA findings, which showed great statistical significance with a high F-statistic of 368.22 and a p-value of less than 0.001. Additionally, a t-value of 19.19 and a p-value of 0.000 corroborated the regression coefficients' showing that transformational leadership has a positive and significant impact on innovativeness ($B = 0.765$, $\beta = 0.814$). As a result, the null hypothesis is refuted, confirming that innovativeness in digital fin-tech applications is significantly impacted by the transformational leadership of the banking sector.

Table 6: Responses to ways transformational leadership can build and sustain trust among subscribers of digital fin-tech applications

QUESTIONS	SA 5	A 4	U 3	D 2	SD 1
Our leadership consistently communicates transparently with customers about digital services and policies	155	93	-	2	-
Leaders ensure ethical standards are upheld in all digital financial transactions.	165	70	10	2	3
The leadership team's responsiveness to customer concerns increases user trust in our digital platform	180	60	5	2	3
Our leaders actively engage in activities that build long-term relationships with customers	130	112	4	3	1
Consumers perceive our leadership as credible and dependable, which fosters trust in our fin-tech services	167	80	1	1	1

Field survey, 2025.

H_0 : Transformational leadership does not build and sustain trust among customers of the banking sector.

H_1 : Transformational leadership builds and sustains trust among customers of the banking sector.

Table 7: Model Summary^b

Model	R	R^2	Adjusted R^2	Std. Error of Estimate	Durbin-Watson
1	0.801	0.641	0.637	0.561	1.923

a. Predictors: (Constant), Transformational leadership

b. Dependent Variable: Customer trust

Table 8: ANOVA

	Sum of Squares	df	Mean Square	F	Sig. (p-value)
Regression	123.45	1	123.45	392.16	0.000 **
Residual	69.45	221	0.314		
Total	192.90	222			

Table 9: Coefficients

Variables	Unstandardized B	Std. Error	Beta (β)	t-value	Sig. (p-value)
(Constant)	1.055	0.147	–	7.18	0.000 **
Transformational leadership	0.783	0.040	0.801	19.80	0.000 **

Interpretation

The regression analysis reveals a strong positive association between transformational leadership and consumer trust, evidenced by a correlation coefficient of $R = 0.801$. According to the coefficient of determination ($R^2 = 0.641$), 64.1% of the variation in customer trust levels can be explained by transformational leadership practices. With a robust model fit and an F-value of 392.16 and a p-value of 0.000, the ANOVA findings further support the model's statistical significance. Higher levels of customer trust are correlated with transformational leadership techniques, according to the regression coefficient ($B = 0.783$), which is both positive and statistically significant. The alternative hypothesis (H_1) is accepted in place of the null hypothesis (H_0) since the p-value is less than the 0.05 cut-off. Therefore, building and preserving consumer trust in digital fin-tech applications depends largely on transformative leadership.

DISCUSSION OF FINDINGS

The study's findings demonstrate that transformational leadership significantly impacts the innovativeness in digital fin-tech applications of the banking sector, indicating that the adoption of transformational leadership behaviours is pivotal in nurturing creative practices, cultures, and outcomes of the financial sector firms (Bass & Riggio, 2006). This conclusion aligns with the work of Kelvin-Iloafu et al., (2023) and Chukwuma (2022), who found that both human capital development and transformational leadership positively enhances employee innovative behaviours. The leadership style emphasizes key components such as vision, intellectual stimulation, and individualized consideration, all essential for cultivating an environment conducive to innovation. Given the fast-paced and technology-driven nature of digital fin-tech applications of the banking sector, where continuous innovation is critical for survival in volatile markets, transformational leadership assumes heightened importance. Leaders in these are developing and communicating a compelling vision aligned with innovative objectives, encouraging teams to question existing strategies, re-think creatively, and support both personal and professional growth of employees. This approach fosters a culture that embraces risk-taking and experimentation, which are indispensable for innovativeness to thrive. Supporting this, Jung, Chow, and Wu (2003) found that transformational leadership substantially boosts organizational innovation by promoting intellectual stimulation and creating a supportive climate. This is especially relevant to the digital fin-tech domains, where innovation extends beyond product development to include reimagining conventional financial systems and services. Similarly, Zhang et al. (2015) observed that in dynamic market, transformational leadership behaviours such as articulating a clear, inspiring vision and encouraging creative problem-solving are particularly effective in driving teams toward innovative outcomes. Thus, the assertion that transformational leadership influences innovation in the banking sector is well grounded in both theory and empirical evidence. It underscores that leadership in knowledge-intensive, rapidly evolving industries is less about resource management and more about inspiring employees to innovate, adapt, and lead the sector forward. Furthermore, the findings indicate that transformational leadership plays a vital role in building and maintaining consumer trust of digital fin-tech applications of the banking sector. This highlights the importance of leadership behaviours not only within organizations but also in shaping the perceptions of external stakeholders, especially trust, which is foundational in financial technology services. This finding aligns with Afolabi et al. (2022), who observed that transformational leadership promotes innovative behaviour among employees, with idealized influence and inspirational motivation having strong impacts, whereas intellectual stimulation and individualized consideration show moderate effects. In the banking sector where the handling of sensitive personal and financial data on digital platforms are a routine, customer trust is therefore essential for its adoption, engagement, and sustenance of long-term customer patronage. Transformational leaders contribute to this trust by clearly articulating vision, exemplifying ethical conduct, and promoting transparency, thereby cultivating a culture that prioritizes integrity and accountability. Bass

and Riggio (2006) assert that transformational leaders inspire others by demonstrating genuine commitment to ethical standards and core values, reinforcing trust both in internal business practices and externally based on offered products and services. In the adoptions of digital fin-tech applications of the banking sector, having an ethical clarity is crucial in reassuring customers who may be wary of new technologies or unfamiliar platforms managing their finances. However, transformational leadership promotes open communication and responsiveness in terms of qualities that align with consumer expectations in digital financing. Consumers today seek companies that are not only technologically advanced but also responsive, transparent, and human-centered in their operations. Leaders who embody transformational characteristics such as individualized consideration and idealized influence help to cultivate a customer-oriented culture that consumers recognize and trust over time. In the study by Gillespie and Mann (2004), transformational leadership significantly contributes to building interpersonal and organizational trust, which can extend beyond internal stakeholders to consumers when the leadership approach fosters transparency and consistency. In the digital fin-tech context, this is especially important, as consumers are entrusting their money, personal data, and sometimes even their identities to digital systems. A situation where leadership fails to model trustworthiness and accountability, it can erode consumer confidence quickly. Transformational leadership builds and sustains trust among subscribers and consumers of digital fin-tech applications, reflecting how ethics, integrity, and transparent feedback are fostered by this leadership style in shaping public perception. This trust is not formed merely through branding or marketing efforts, but through the systemic behaviours and values that transformational leaders instil within their companies values that, when consistently demonstrated, earn and maintain consumer confidence.

Recommendation

The banking sector should intentionally cultivate and embed transformational leadership practices and strategies at the core of their organizational development to enhance both innovativeness and customer trust. This recommendation stems from two interrelated insights. First, transformational leadership fosters an internal culture that supports creativity, agility, and problem-solving all critical drivers of innovation in the rapidly evolving digital fin-tech application domain. From an emerging economy perspective where regulatory frameworks, digital infrastructure, and consumer behaviours are complex, the ability to innovate rapidly and responsibly provides a key competitive edge. Secondly, transformational leadership builds trust by promoting transparency, standard ethical behaviour, and a clear, value-driven vision traits that are essential in digital finance, where customer scepticism can be high and institutional trust relatively low. In such economies, where the financial sector may have a history of instability or corrupt practices, establishing a reputation for reliability and integrity is not just beneficial it but is critical in efforts to acquire and retain customers. Additionally, financial institutions should fund leadership development initiatives that emphasize transformative skills like ethical decision-making, stakeholder empathy, and visionary thinking in and put these competencies into practice. Also, business executives should be intentional about embodying these values in their internal operations and external communications, to create alignment with leadership behaviours and customer experiences.

Suggestion for further studies

Future studies should examine how organizational culture mediates the relationship between consumer trust and transformational leadership in the banking sector. As findings from such studies would expand the knowledge on the relevance and role of transformational leadership in the business context.

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