DEVOTION
Journal of Research and Community Service
Volume 4, Number 8, August 2023
e-ISSN: 2797-6068 and p-ISSN: 2777-0915

CUSTOMER EXPERIENCE IN DIGITAL BANKING: THE INFLUENCE OF CONVENIENCE, SECURITY, AND USEFULNESS ON CUSTOMER SATISFACTION AND CUSTOMER LOYALTY IN INDONESIA

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KEYWORDS
customer experience; customer satisfaction; customer loyalty; digital banking; usefulness; convenience; security

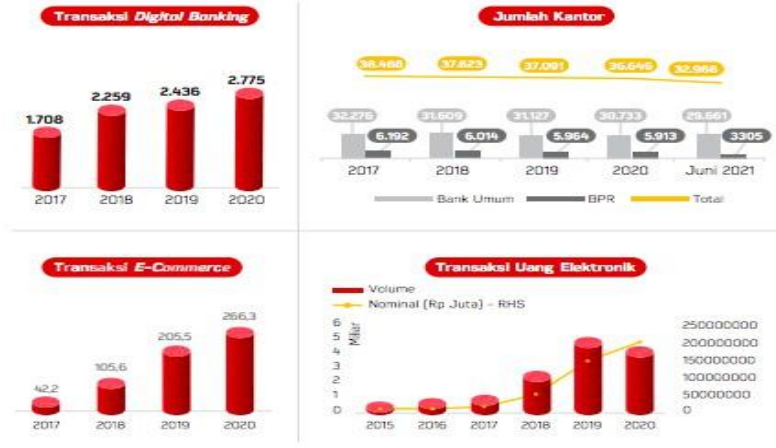
ABSTRACT
The emergence of digital banks in Indonesia, such as Blu by BCA, Bank Jago, Allo Bank, and Bank Neo Commerce has been driven by the positive response from the public and the increasing demand for digital banking services, especially in the Covid-19 pandemic. With the growth of digital banking in Indonesia, it is important to understand the factors that shape customer satisfaction and loyalty. This study aims to examine the influence of customer experience on satisfaction and loyalty in the digital banking industry, with focus in Indonesia (Makassar). Seven hypotheses are proposed to examine these relationships. The study utilizes a sample of digital banking customers through convenience sampling and collects data using electronic questionnaires. Structural equation modelling (PLS) is employed for data analysis, considering validity and reliability measures. The findings reveal that convenience and security significantly influence customer satisfaction, while the influence of usefulness is not supported. Additionally, customer satisfaction is identified as a significant mediator in the relationship between customer experience and loyalty. This study emphasizes the importance of improving convenience and security aspects in digital banking services to enhance customer satisfaction and loyalty. In conclusion, this research provides valuable insights for digital banks in Makassar, Indonesia, to enhance their services and cultivate strong customer relationships. Prioritizing convenience and security, along with understanding the influence of customer satisfaction on loyalty, can drive the success of digital banking firm.

INTRODUCTION

The COVID-19 pandemic has compelled conventional banks to prioritize digital services due to government policies aimed at reducing mobility and minimizing crowded spaces to prevent the spread of the virus (Sidik, 2021). Consequently, there has been a significant surge in public demand for digital banking, resulting in a substantial increase in transaction volume and frequency (Cristabel, 2021). In Indonesia, digital banks are defined by the Financial Services Authority (OJK) as Indonesian Legal Entity Banks (BHI) primarily conducting business activities through electronic channels, with limited physical branch presence apart from the head office (KP) (Sidik, 2021).

The inception of digital banking started in early 1990s when Temenos AG, a provider of banking software systems, revolutionized the industry by introducing online banking services (Sidik, 2021). This milestone was followed by the launch of specialized online banks like Tangerine in Canada in 1997 and internet-only banks in the United States the following year.

The advent of smartphones, particularly the introduction of the first iPhone in 2007, marked a pivotal moment in the transition to digital banking, empowering users with convenient access to their financial information. Moreover, the growing influence of the millennial generation accelerated the adoption of digital banking and prompted the integration of advanced online features (Sidik, 2021).



Sumber: Bank Indonesia dan Statistik Perbankan Indonesia OJK (2020)

Figure 1. Trend of digital banking transactions

Alongside this surge, e-commerce transactions and the use of electronic money have also experienced a significant upswing. Recognizing the positive response from the public, traditional banks have begun optimizing their digital services and reducing the number of physical branches (Sidik, 2021). Notably, major conglomerates in Indonesia have established their digital banks, such as PT Bank Digital BCA (Blu) by the Djarum Group, PT Bank Jago Tbk (ARTO) by the PT.Dompet Karya Anak Bangsa group (GoPay), and PT Allo Bank Indonesia Tbk (BBHI) by the CT Corp group, among others.

The theoretical foundation for understanding this relationship is based on the Unified Theory of Acceptance and Use of Technology (UTAUT) model, which integrates social cognitive theory and information technology acceptance (Bhatiasevi, 2016). The UTAUT model posits that performance expectancy, effort expectancy, social influence, and facilitating conditions collectively influence the behavioral intention to use a particular technology, which, in turn, determines the actual use of the system or technology.

With the rapid growth of digital banking services, the COVID-19 pandemic has further highlighted their significance, prompting customers to embrace their convenience and unique experiences. Customer experience, as defined by Ali, et al. (2014), captures the overall and personal response that arises from customers' interactions with service providers, encompassing both cognitive and emotional aspects. Therefore, it becomes crucial to examine and compare the experiences offered by traditional banks and digital banks, particularly in terms of customer experience and its impact on customer loyalty. When customers have positive experiences with digital banking services, it cultivates a sense of loyalty, while negative experiences may lead them to revert back to traditional banking methods (Rusbult et al., 2012).

As banking services continue to evolve in response to rapid technological advancements, the digitalization of banks has become an imperative. Banks that fail to organize their digital services within the next five years are likely to be abandoned by many customers (Wuryasti, 2020). Given the dominance of millennial and Generation Z customers, who are tech-savvy and prioritize convenience, digital bank services have evolved from being merely a reference to becoming a necessity. In Indonesia, fully digital banks have emerged, including PT Bank Digital BCA (Blu), PT Bank Jago Tbk (ARTO), PT Allo Bank Indonesia Tbk (BBHI), and PT Bank Neo Commerce Tbk (BBYB) (Sidik, 2021). This development is expected to intensify competition between conventional banks offering digital services and fully digital banks (Wuryasti, 2020).

Previous research on customer experience in digital banks in Indonesia has been limited to Islamic bank customers (Vebiana, 2020). In contrast, this study aims to analyze digital bank customers as a whole, focusing on the digital banks with the highest customer base in Indonesia.

It is also crucial to address the challenges faced by digital bank services to ensure customer satisfaction and loyalty. Extensive research by Shin, Cho, and Lee (2020), Makudza (2021), and Kamath, Pai, and Prabhu (2020) has demonstrated that customer experience significantly influences customer satisfaction and loyalty in digital banking. Customer experience includes four dimensions, namely: usefulness, convenience, security, and employee customer engagement (Shin et al., 2020). The object of research is digital bank services, so the dimensions of customer experience are limited to three dimensions, namely: usefulness, convenience, and security, while the fourth dimension, namely employee customer engagement, relates to non- digital services. Employee customer engagement is not relevant in this study with the theme of customer experience in bank digital services so that for further analysis this dimension is not analyzed further. This is because of previous research conducted by Shin et al. (2020) regarding customer experience in digital banks. Employee customer engagement in digital banks only occurs online through the available customer service on the internet, thus lacking significant impact. This results in employee customer engagement only having a significant impact on the customer experience in traditional banks where customers interact in person (Shin et al., 2020).

Based on the discussions and identified literature presented above, there is a clear need for further research focusing on customer experience in digital banking, specifically examining the dimensions of usefulness, convenience, and security, as well as their impact on customer satisfaction and loyalty. This study aims to fill the existing gap in the literature and provide valuable insights for digital banks to improve their customer experience strategies. By investigating these dimensions, we can better understand the factors that influence customer behaviour and guide digital banks in delivering enhanced experiences that lead to higher satisfaction and long-term loyalty.

Digital Banking

Digital banking is a service system that leverages interfaces accessible through smartphones, the internet, or other mobile devices to connect customers with banking services (Shin et al., 2020). This digital service model enables customers to engage in transactions and select desired services independently, without the need for face-to-face interactions (Vebiana, 2020). Such autonomy in accessing and utilizing digital banking services offers customers unique experiences, setting them apart from traditional banking channels and piquing their interest.

The adoption of digital technology in banking has been driven by the growing demand for fast, convenient, and accurate services in response to advancements in technology (Kamath et al., 2020). With widespread internet access, customers find it increasingly easy to use digital banking services, aligning with their habits of internet usage. This transition to digital banking systems brings about efficiency gains, benefiting both banks and customers (Mbama & Ezepue, 2018). Banks can reduce operational costs, while customers enjoy streamlined and efficient banking experiences.

In the digital era, customers are drawn to digital banking services due to their convenience and speed, which align with the broader societal preference for instant solutions (Vebiana, 2020). However, there are potential risks and challenges associated with digital banking as well. Customers may perceive risks such as service errors and face difficulties in understanding and operating digital platforms (Tiwari et al., 2021).

Customer Experience

Customer experience in digital banking encompasses both physical and psychological aspects. The physical experience pertains to the usage of digital banking products and involves customers' perceptions of various information related to these services (Makudza, 2020). On the other hand, the psychological experience involves customers' feelings of comfort, anxiety, pressure, and other emotions associated with their interactions with digital banking services.

Customer experience can be characterized as either positive or negative (Chawla & Joshi, 2021). It is shaped by what customers observe and feel when using digital banking services. Interactions with a bank's services encompass multiple dimensions, including rational, emotional, sensorial, physical, and spiritual aspects (Mbama & Ezepue, 2018). These interactions contribute to the overall customer experience.

In the context of digital banking, four key dimensions contribute to the customer experience: usefulness, convenience, security, and employee customer engagement (Shin et al., 2020). These dimensions play a crucial role in shaping customers' perceptions and satisfaction when utilizing digital banking services.

Usefulness

Digital banking has transformed the way customers interact with financial institutions, offering convenient access to a wide range of services through online and mobile platforms. The perceived usefulness of digital banking plays a crucial role in determining customer satisfaction and loyalty. When customers view digital banking channels as valuable and effective in meeting their financial needs, they are more inclined to engage with these platforms. To enhance usefulness, banks should adopt a user-cantered design approach, understanding customer preferences and designing interfaces, processes, and information delivery systems that are intuitive and tailored to their needs. This ensures that digital channels are user-friendly, efficient, and enable customers to easily perform their desired tasks. Prioritizing usefulness empowers customers and increases their satisfaction and loyalty towards the digital banking provider.

Usefulness is a key dimension of the customer experience in digital banking, significantly impacting satisfaction and loyalty. It refers to how well digital banking services meet customers' needs and provide tangible benefits. This includes features like convenient access to account information, easy transaction execution, and responsive customer support. Digital banking platforms that offer a wide range of useful features, such as real-time balance updates, personalized financial insights, and intuitive bill payment options, enhance customer satisfaction and engagement. Additional value-added services like budgeting tools, savings calculators, and financial planning assistance contribute to the perceived usefulness of digital banking by empowering customers to better manage their finances. When customers perceive digital banking as highly useful and valuable in meeting their financial needs, their satisfaction and loyalty towards the provider increase.

Customer experience encompasses three essential dimensions in the context of digital banking: usefulness, convenience, and security. These dimensions shape customers' perception of the value and utility of digital banking services. Customers who perceive higher benefits and

value in using these services are more likely to maintain their usage and exhibit loyalty towards the digital bank. Loyalty to digital banking services reflects a positive emotional and behavioural response from customers as they continue to engage with and rely on these services. Therefore, it is crucial for banks to prioritize and continuously enhance the usefulness, convenience, and security of their digital banking offerings. By doing so, they can meet customer expectations, increase satisfaction, and foster long-term loyalty. Based on this theoretical basis, the following hypotheses are proposed:
H1: Usefulness significantly influences customer satisfaction with digital banking services.
H5: Usefulness significantly influences customer loyalty in digital banking services.

Convenience

Convenience plays a critical role in shaping the customer experience of digital banking by offering time, energy, and effort savings when accessing banking services. The level of convenience directly impacts how easily customers can obtain these services, and individuals with busy schedules and numerous daily activities perceive higher convenience when they can save time, energy, and effort while using banking services.

In digital banking, convenience has emerged as a crucial dimension that significantly affects customer satisfaction and loyalty. Digital banks have recognized the increasing demand for hassle-free and time-efficient banking solutions, prioritizing the provision of seamless and convenient experiences across various customer touchpoints. Johnson and Smith (2022) highlight convenience as a key driver of customer satisfaction in digital banking, with features like 24/7 availability, user-friendly interfaces, and quick transaction processing highly valued by customers.

Garg et al. (2014) conducted research on the relationship between convenience and customer loyalty in digital banking, finding a strong positive correlation. This suggests that customers who perceive higher convenience, including easy access to account information, streamlined online banking processes, and efficient issue resolution, are more likely to exhibit loyalty towards the digital bank. Therefore, digital banks must continually enhance their convenience offerings to meet evolving customer expectations, as it directly influences satisfaction and fosters long-term loyalty.

Customers respond positively to services that increase convenience, allowing them to enjoy the benefits with fewer sacrifices (Shankar & Rishi, 2020). The importance of convenience for customer satisfaction in digital banking was also emphasized by Johnson and Smith (2022), while Garg et al. (2014) found a positive relationship between convenience and customer loyalty in digital banking. Consequently, digital banks should continuously improve convenience to meet customer expectations, as it directly impacts satisfaction and long-term loyalty. Based on the theoretical basis outlined above, the following hypotheses are proposed:
H2: Convenience significantly influences customer satisfaction in digital banking services.
H6: Convenience significantly influences customer loyalty in digital banking services.

Security

In the digital banking, ensuring the security of customer information and transactions is of utmost importance. Customers place a high value on protecting their financial data, especially in light of increasing cyber threats. It is crucial for digital banks to implement robust security measures to establish trust and instil confidence in their customers. Studies have shown that a higher perception of security in digital banking leads to increased customer satisfaction and loyalty (Li et al., 2018). Features such as two-factor authentication, encryption protocols, and proactive fraud detection are instrumental in driving customer satisfaction and loyalty.

Effective communication and customer education regarding security measures are also vital in maintaining customer loyalty (Jun & Palacios, 2016). By investing in advanced security technologies, robust protocols, and clear communication strategies, digital banks can address customer concerns and cultivate a sense of trust, thereby enhancing satisfaction, trust, and long-term loyalty.

Customers consider security as a crucial factor when choosing a banking service. Their perceived level of security includes both privacy and the security of their financial information (Kamath et al., 2020). A higher level of security reduces the perceived risk associated with using a bank's services, ultimately leading to greater customer satisfaction (Makudza, 2021). Based on these findings, the following hypotheses are proposed:

H3: Security significantly influences customer satisfaction in digital banking services.

H7: Security significantly influences customer loyalty in digital banking services.

Employee Customer Engagement

Employee Customer Engagement refers to the friendly attitude and goodwill of banking staff towards the services requested by customers, meaning that this dimension is for offline services. The friendly attitude and goodwill illustrate the level of empathy from the provider to the customer. This friendly attitude and goodwill build a positive experience of bank services. Empathy services provide a psychological touch so that customers feel more cared for by banks (Shin et al., 2020).

Customer Satisfaction and Customer Loyalty

Customer satisfaction is a crucial aspect of marketing, playing a significant role in determining the success of a product or offering. According to Shin, Cho, and Lee (2020), the ability of a product to provide value and satisfaction to customers is a key indicator of its success. In fact, customer satisfaction is considered a fundamental factor in assessing the overall success of a business venture.

Vebiana (2020) further explains that customer satisfaction is the result of customers' experiences with a product. It involves comparing their expectations before purchase with the actual performance of the product. This subjective evaluation occurs when customers assess how well the product meets or surpasses their initial expectations. When a product performs well and aligns with or exceeds customers' expectations, it indicates that they experience a sense of satisfaction.

Makudza (2021) emphasizes the importance of customer loyalty, which refers to customers' commitment to consistently choosing and purchasing a specific product over time. Loyalty is a voluntary commitment from customers to stay loyal to a particular brand, even when alternatives are available. It is important to recognize that loyalty is not something imposed on consumers but is a conscious choice made by them.

Customer loyalty can be viewed from three perspectives, as highlighted by Kamath, Pai, and Prabhu (2020) behaviour, attitude, and the combination of both. Behaviourally, loyalty is demonstrated when customers repeatedly make purchases of a specific product. Attitudinally, loyalty is evident when customers hold a positive attitude towards a particular brand. Loyalty can also be observed when customers exhibit a combination of a positive attitude and consistent purchasing behaviour over an extended period. Developing customer loyalty is essential for businesses as it signifies long-term customer relationships and sustained purchasing behaviour.

When customers choose and interact with a provider, their orientation is driven by the desire to have their needs fulfilled. Customers enter into interactions with certain expectations, and the outcome of these interactions becomes the basis for evaluating how effectively the

service performs in meeting customer expectations (Kamath et al., 2020). When customers are satisfied, they tend to exhibit a desire to repeat purchases and develop a positive attitude towards the company's services (Mbama & Ezepue, 2018). Based on the relationship between customer satisfaction and customer loyalty, the following hypothesis is proposed:
H4: Customer satisfaction, acting as a mediator variable, significantly influences customer loyalty.

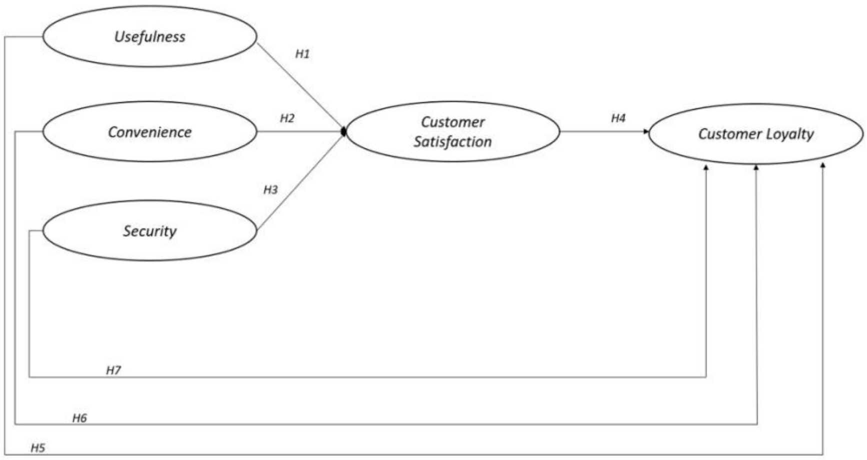


Figure 2. Theoretical Framework

RESEARCH METHOD

The target population for this research consists of banking customers who have access to digital banking services. To ensure similarity in population characteristics, the research population will specifically include customers who actively use digital services provided by banks. While all customers have access to digital services, not all may actively use them, so it is important to focus on customers who actively utilize these services. This helps avoid bias in the population selection process. Due to privacy concerns, the exact size of the total population is unknown, necessitating the use of a representative sample. The sample frame will consist of banking customers who actively use digital banking services. Convenience sampling will be employed as it provides an accessible pool of customers who actively use these services. A larger sample size is preferred as it ensures greater representativeness. However, due to various research limitations, the actual sample size may vary. Based on the recommendation by Hair et al. (2018) of a minimum observation to variable ratio of 5:1, and considering the study's five variables, a minimum sample size of 100 is required.

The unit of analysis in this study is banking customers in Indonesia who actively use digital banking services. This includes customers who utilize digital banking applications and engage in regular usage of these services. The level of activity in using digital banking services will be limited to the past month, which is the timeframe considered since the distribution of the questionnaire. Customers who report using digital banking services at least three times within the past month will be considered as active users of digital banks. The one-month timeframe is determined subjectively by the researcher, taking into account factors such as the frequency of digital banking usage and the feasibility of obtaining respondents.

Data collection will be carried out using a questionnaire that contains measurement instruments for each variable. The questionnaire allows for the quantification of respondents' answers and facilitates statistical analysis, which is suitable considering the relatively large sample size. Electronic questionnaires will be utilized through platforms such as Google

Forms, given the background of the ongoing pandemic and the proficiency in technology typically exhibited by digital banking customers, particularly among the millennial generation. The online distribution of questionnaires is also convenient due to the active presence of these individuals on social media platforms, simplifying the process of obtaining samples. Questionnaire distribution is conducted among digital banking customers in Makassar.

The research model employed in this study follows a hierarchical structure, where customer experience directly influences customer satisfaction, and customer satisfaction acts as a mediating variable that impacts customer loyalty. To analyze and validate this model, the statistical method of structural equation modeling (SEM) using partial least squares (PLS) will be employed. PLS is chosen due to its capability to assess complex relationships between variables and is considered a powerful statistical tool (Ghozali & Latan, 2015).

The use of PLS allows for the examination of both the direct effects of customer experience on customer satisfaction and customer loyalty, as well as the indirect effects mediated by customer satisfaction. The initial step in the analysis process is to conduct the outer model test, which focuses on the measurement model to ensure the validity and reliability of indicators and constructs. Several criteria need to be met for the indicators and constructs to be considered valid and reliable.

These criteria include:

1) The loading factor value should exceed 0.7.
2) The Average Variance Extracted (AVE) for each construct should be above 0.5.
3) The square root of AVE should exceed the correlation between constructs.
4) Cronbach's Alpha should be higher than 0.7.
5) Composite reliability should exceed 0.7.

According to Siregar (2014), the validity test assesses the extent to which a measuring instrument effectively measures the intended constructs, bridging the gap between theoretical concepts and empirical indicators. Convergent validity is determined by examining the loading factor values of each indicator on its respective latent variable. Indicators are considered valid when they exhibit a correlation of over 0.7 with the construct being measured, indicating their suitability for measuring the intended constructs. However, during the developmental phase of the measurement scale, loading values exceeding 0.5 are deemed acceptable, meeting the necessary requirements.

RESULTS AND DISCUSSION

Questionnaire distribution was carried out using Google Forms. The number of responses was 204 respondents who were digital bank customers. This questionnaire is divided into three parts, namely respondent screening questions, respondent identity questions, and questions using Usefulness, Convenience, Security, Satisfaction, and Customer Loyalty variables. After the data is collected, the next step is processing using Smart- PLS 4.0. From the processed data, the respondents' answers regarding respondent screening and respondent identity are as follows:

Table 1. S Respondent Screening

Screening Responden		
Question	**Frequency**	**Percentage**
Digital Banking User		
Yes	204	100%
No	0	0%
Total	**204**	**100%**

Actively Use Digital Banking Services		
Yes	203	99.51%
No	1	0.49%
Total	**204**	**100%**
Frequency of Using Digital Banking Services Every Month		
<4x per month	64	31.37%
4x - 8x per month	108	52.94%
>8 x per month	32	15.69%
Total	**204**	**100%**
The Digital Bank Used		
Bank Jago	55	26.96%
Blu by BCA	126	61.76%
Bank Neo Commerce	6	2.94%
Bank Raya Indonesia	8	3.92%
Tmrw by UOB	8	3.92%
Others	1	0.49%
Total	**204**	**100%**

The respondent screening table shows that of the 204 respondents, 100% of the respondents are digital bank customers where as many as 203 respondents actively use the service (99.51%). The frequency of using digital banks by customers also varies and is on average 4x to 8x per month with a usage percentage of 52.94%. Regarding digital banks that are commonly used by customers, 126 out of 204 respondents chose to use Blu by BCA, so the percentage of users is 61.76%. Followed by Bank Jago with 26.96% and in third place followed by Bank Raya Indonesia and Tmrw by UOB with a user percentage of 3.92%. The fourth position is occupied by Bank Neo Commerce with a percentage of 2.94% and the last position is occupied by other digital banks which are not mentioned in the questionnaire choices of 0.49%.

Table 2. Respondent Identity Distribution

Responden's Identity		
Question	**Frequency**	**Percentage**
Gender		
Female	99	49%
Male	105	51%
Total	**204**	**100%**
Age		
< 20 years old	6	2.94%
20 - 40 years old	177	86.76%
> 40 years old	21	10.29%
Total	**204**	**100%**
Education		
SLTA	15	7.35%
Bachelor	176	86.27%
Postgraduate	10	4.90%
Others	3	1.47%
Total	**204**	**100%**

Responden's Identity		
Domicile		
Jabodetabek	100	49.02%
Outside Jabodetabek	104	50.98%
Total	**204**	**100%**

The distribution table for respondent identities shows that the majority of respondents who use digital bank services are male with a percentage of 51%. A total of 177 respondents aged 20 to 40 years actively used digital bank services with a percentage of 86.76%. When viewed from an educational perspective, the majority of digital bank customers are undergraduate graduates with a percentage of 86.27%. Most digital bank customers are residents who live outside Jabodetabek with a percentage of 50.98%.

Validity and Reliability

Table 3. Convergent Validity and Reliability

Variable	Item	Outer Loading	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Usefulness (US)	US1	0.713	0.884	0.908	0.553
	US2	0.780			
	US3	0.798			
	US4	0.747			
	US5	0.756			
	US6	0.688			
	US7	0.709			
	US8	0.751			
Convenience (CO)	CO1	0.809	0.882	0.916	0.690
	CO2	0.851			
	CO3	0.918			
	CO4	0.912			
	CO5	0.628			
Security (SE)	SE1	0.832	0.883	0.915	0.682
	SE2	0.790			
	SE3	0.847			
	SE4	0.866			
	SE5	0.791			
Satisfaction (SA)	SA1	0.846	0.865	0.903	0.650
	SA2	0.756			
	SA3	0.868			
	SA4	0.783			
	SA5	0.772			
Customer Loyalty (CL)	CL1	0.824	0.903	0.929	0.724
	CL2	0.887			
	CL3	0.834			
	CL4	0.925			
	CL5	0.777			

From the table of outer loading values above, all items or indicators of the outer loading value are > 0.5 even though they are still < 0.7. The Outer Loading value limit > 0.5 is still acceptable if the validity and reliability of the construct meet the requirements and the model is still newly developed.

Based on the validity of the outer loading, all items or indicators are valid. Construct Reliability is measuring the reliability of the latent variable construct. The value that is considered reliable must be > 0.70. Construct reliability is the same as Cronbach alpha. Based on Construct Reliability, it is stated that all items or indicators are reliable.

Table 4. Discriminant Validity Fornell-Larcker Criterion

	Customer Loyalty	Convenience	Satisfaction	Security	Usefulness
Customer Loyalty	**0.851**				
Convenience	0.664	**0.830**			
Satisfaction	0.726	0.752	**0.806**		
Security	0.748	0.681	0.802	**0.826**	
Usefulness	0.675	0.551	0.638	0.722	**0.744**

Based on the table above, it can be seen that all the roots of AVE (Fornell-Larcker Criterion) in each construct are greater than the correlation with other variables. Variable customer loyalty AVE (0.851) is greater than the correlation (0.664, 0.726, 0.748, 0.675). Variable Convenience AVE (0.830) is greater than the correlation (0.664, 0.752, 0.681, 0.551). Variable Satisfaction AVE (0.806) is greater than the correlation (0.726, 0.752, 0.802, 0.638). Variable Security AVE (0.826) is greater than the correlation (0.748, 0.681, 0.802, 0.722). Variable Usefulness AVE (0.744) is greater than the correlation (0.675, 0.551, 0.638, 0.722).

R Square

The coefficient of determination (R Square) is a way to assess how much an endogenous construct can be explained by an extrogen construct. The R Square value is expected to be between 0 and 1. If the R Square value is 0.67 it indicates a strong model, if 0.33 it indicates medium and 0.19 it indicates a weak model (Ghozali & Latan, 2015).

Table 5. R-Square

Latent Constructs	R Square	Evaluation Criteria by Cohen (1988)
Customer Loyalty	0.637	Moderate
Satisfaction	0.746	Substantial

Customer Loyalty affects Satisfaction by 0.637 or 63.7%, this can be explained that the item construct is exogenous. This model shows a moderate model because it is less than 0.67. Satisfaction towards Customer Loyalty affects 0.746 or 74.6%, this explains that the item construct is exogenous. This model shows a strong model because the value of satisfaction >0.67.

Hypothesis Testing

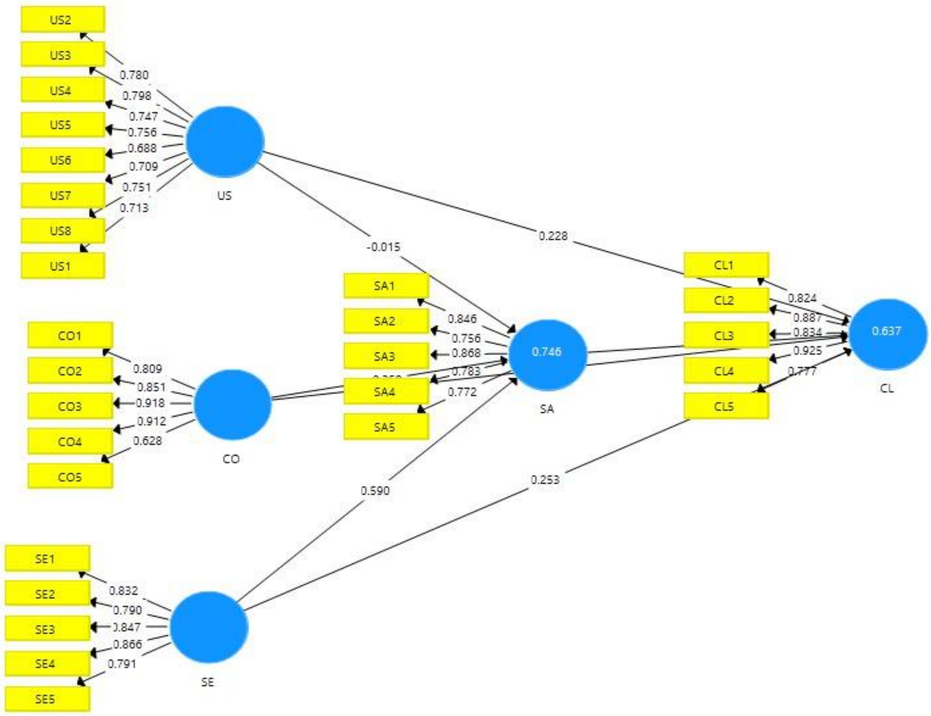


Figure 3. Model Structure

In evaluating the proposed model, a bootstrap nonparametric resampling approach uses 204 samples. The results of the structural model are shown in Figure 1.

Table 6. Summary of the Direct and Indirect Effect

Hypothesis	Relationship	Path Coefficient	Standard Deviation	T Statistics	P Values	Result
H1	US -> SA	-0.015	0.077	0.198	0.843	Not Supported
H2	CO -> SA	0.359	0.053	6.751	0.000	Supported
H3	SE -> SA	0.590	0.070	8.389	0.000	Supported
H4	SA -> CL	0.223	0.112	1.999	0.046	Supported
H5	US -> CL	0.225	0.106	2.151	0.032	Supported
H6	CO -> CL	0.278	0.082	2.421	0.016	Supported
H7	SE -> CL	0.385	0.100	2.542	0.011	Supported

1) H1: The direct effect of Usefulness on Customer Satisfaction is -0.015, meaning that if Usefulness decrease by one unit, Customer Satisfaction can increase by 1.5%. This influence is positive. ($\beta = -0.015$, $t = 0.198$, $p>0.05$), then hypothesis 1 is rejected.
2) H2: The direct effect of convenience on customer satisfaction is 0.359, meaning that if convenience increases by one unit, customer satisfaction can increase by 35.9%. This influence is positive. ($\beta = 0.359$, $t = 6.751$, $p<0.05$), then hypothesis 2 is accepted.
3) H3: The direct effect of Security on Customer Satisfaction is 0.590, meaning that if Security increases by one unit, Customer Satisfaction can increase by 59%. This influence is positive. ($\beta = 0.590$, $t = 8.389$, $p<0.05$), then hypothesis 3 is accepted.

4) H4: The direct effect of Customer Satisfaction on Customer Loyalty is 0.223, meaning that if Customer Satisfaction increases by one unit, Customer Loyalty can increase by 22.3%. This influence is positive. ($\beta = 0.223$, $t = 1.999$, $p<0.05$), then hypothesis 4 is accepted.
5) H5: The direct effect of Usefulness on Customer Loyalty is 0.225, meaning that if Usefulness increases by one unit, Customer Loyalty can increase by 22.5%. This influence is positive. ($\beta = 0.225$, $t = 2.151$, $p<0.05$), then hypothesis 5 is accepted.
6) H6: The direct effect of convenience on customer loyalty is 0.278, meaning that if convenience increases by one unit, customer loyalty can increase by 27.8%. This influence is positive. ($\beta = 0.278$, $t = 2.421$, $p<0.05$), then hypothesis 6 is accepted.
7) H7: The direct effect of Security on Customer Loyalty is 0.385, meaning that if Security increases by one unit, Customer Loyalty can increase by 38.5%. This influence is positive. ($\beta = 0.385$, $t = 2.542$, $p<0.05$), then hypothesis 7 is accepted.

CONCLUSION

This research aimed to investigate the impact of customer experience, specifically focusing on usefulness, convenience, and security, on customer satisfaction and loyalty in the context of digital banking. The hypothesis testing results explain important insights for digital banks in Indonesia, particularly in the city of Makassar.

While the influence of usefulness on customer satisfaction was not supported by the findings, it is important to note the unique circumstances in the Indonesian context, where digital banking is still in the developmental stage. Unlike previous studies conducted in mature digital banking environments, the current research highlights the need for further advancements in the usefulness of digital banking services to significantly influence customer satisfaction.

On the other hand, the results clearly indicate that convenience and security play significant roles in shaping customer satisfaction in digital bank services. Customers in Indonesia, particularly in Makassar, perceive convenience as a crucial factor in their digital banking experience. Therefore, banks should prioritize the development of user-friendly interfaces, streamlined processes, and easy navigation to enhance customer satisfaction.

Furthermore, the research findings emphasize the importance of robust security measures and trust-building strategies in digital banking platforms. Customers highly value the protection of their financial information and the prevention of unauthorized access, contributing to their overall satisfaction with the digital banking service.

Importantly, customer satisfaction was identified as a mediator variable that significantly influences customer loyalty. When customers are satisfied with the convenience and security aspects of their digital banking experience, they are more likely to exhibit loyalty towards the bank. This highlights the need for banks to prioritize efforts in providing convenient and secure digital banking services to foster long-term customer loyalty.

Additionally, the research results demonstrate that usefulness has a significant influence on customer loyalty. Customers who perceive digital bank services as useful are more likely to exhibit loyalty towards the bank. Therefore, banks should continue to invest in innovative features and functionalities that deliver tangible value to customers, such as personalized financial insights, budgeting tools, and easy-to-use payment options.

In conclusion, this research underscores the significance of convenience, security, and usefulness in shaping customer satisfaction and loyalty within the digital banking landscape in Indonesia. By understanding these factors and their impact, banks can make informed decisions to enhance their digital banking services, improve customer satisfaction, and cultivate strong and loyal customer relationships in the long run.

In this study, the focus is limited to the context of digital banks located in Indonesia, particularly in Makassar. Digital banking in Indonesia is still relatively new and developing, hence further research is needed to understand the impact of customer experience on customer satisfaction and loyalty in digital banks.

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