CHAPTER I

INTRODUCTION

1.1   Background

Global new technologies are steadily growing as additional resources employed in human activities. All businesses must undergo digital transformation in order to be competitive in the business sector and avoid falling behind businesses that have embraced technology digitalization. As information and technology have developed, banks in Indonesia are beginning to recognize online and internet-based financial services including Internet Banking, Mobile Banking, and SMS Banking. Digital banking, which was created by Indonesian banks, is one of the technological advancements in the financial institution industry in Indonesia. There are two reasons that have an impact on the current globalization process: first, technological advances; and second, social and cultural change (Suprijanto, 2011).

The banking sector makes use of the technology's rapid development. The impact of the development of technology itself is the development of e-business and e-banking. Technology has advanced to the point where bank activities can no longer be performed manually, but rather switch to using an automated system and the transaction process can be carried out by the customer himself quickly and easily (IBI, 2012). Both conventional banking and Islamic banking, including Bank Syariah Indonesia, are undoubtedly impacted by technological advances. Bank Syariah Indonesia (BSI) Mobile is a brand-new product innovation from Bank Syariah Indonesia. Through the capabilities offered, this application seeks to simplify customer interactions and provide customers information.

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BSI is still committed to giving its clients high-quality products. The banking industry is founded on sharia principles and offers services, loans, treasury, and savings products for individual clients as well as investment, hajj, and umrah goods for corporate clients. Card services and digital banking are also offered by BSI. The Bank always makes sure that all clients can access and benefit from BSI's sharia banking products and services, regardless of their gender, race, ethnicity, physical characteristics, or religious beliefs. When it comes to using the goods and services we offer through processes that comply with relevant laws and regulations, every client has the same rights.

Figure 1. 1 Satisfaction, Loyalty, and Engagement (SLE) Index

Source: Bank Syariah Indonesia 2024 Annual Report, 2024

Satisfactory, Loyalty, and Engagement (SLE) Index findings for 2024 indicate a noteworthy rise. Infobank released this survey in 2024. This rise indicates that the business has been successful in raising client happiness, loyalty, and engagement levels over the given time frame. This is a reflection of the business's ongoing efforts to improve customer connections and service quality, both of which can boost overall business growth and performance. The image above shows that

customer satisfaction has increased from 52.50% to 60.60% from 2022 to 2024. In recent years, Bank Syariah Indonesia has seen a steady rise in client satisfaction. This can be described to a number of things, such as the rise in Islamic banks that are providing a greater array of goods and services, better service, and more use of technology to improve client satisfaction. Additionally, higher customer satisfaction and loyalty have resulted from government backing for the development of BSI. Consequently, BSI has observed an upward trend in client contentment, a critical factor to their sustained prosperity and expansion.

Figure 1. 2 BSI's economic performance achievement in 2024

Source: BSI Annual Report 2024 (2024)

BSI was able to achieve strong and profitable economic performance by the end of 2024. The bank made IDR 5.70 trillion in net profit, which is a 33.88% increase over the previous year. In the meantime, BSI has financed sustainable business operations with IDR 57.7 trillion in sustainable financial performance.

Figure 1. 3 BSI Indonesia User Active December 22 - June 2024

Source: Result 2024-2024 Presentation PT Bank Syariah Indonesia (2024)

Due to the rising use of smartphones and internet connectivity, Indonesian Islamic banks have seen a particularly sharp increase in the number of mobile banking customers. Islamic banks have made significant investments in creating intuitive mobile banking apps with a host of functions, such as bill payments, investment possibilities, account management, transfers, and more. Customers may now easily access their accounts and carry out financial activities at any time and from any location thanks to these applications. As a result, many Indonesian Islamic bank clients now favour mobile banking over other channels, thereby increasing the number of users for these institutions overall. The number of Bank BSI customers who signed up for BSI Mobile mobile banking increased by 31.19% and the number of active users increased by 25.84% between the second quarter of 2024 and the second quarter of 2024 (one year). While in 2024 quarter 2 to 2024 quarter 2 there is an increase in mobile banking users the number of registered users from June

2024 until June 2024 increased 32.10% and the number of active users increased 27.84% Due to factors including rising smartphone penetration, technological developments , and the growing popularity of digital banking services, Indonesian Islamic banks have seen a significant increase in the number of mobile banking customers. Islamic banks have created cutting-edge mobile banking apps that meet the needs of their clients by effectively utilizing these trends. The provision of practical and safe mobile banking features has boosted client happiness and loyalty, which in turn has fueled user base development. Islamic banks will have to modify their mobile banking services as the digital market develops more in order to remain competitive and satisfy their clients' ever-changing needs.
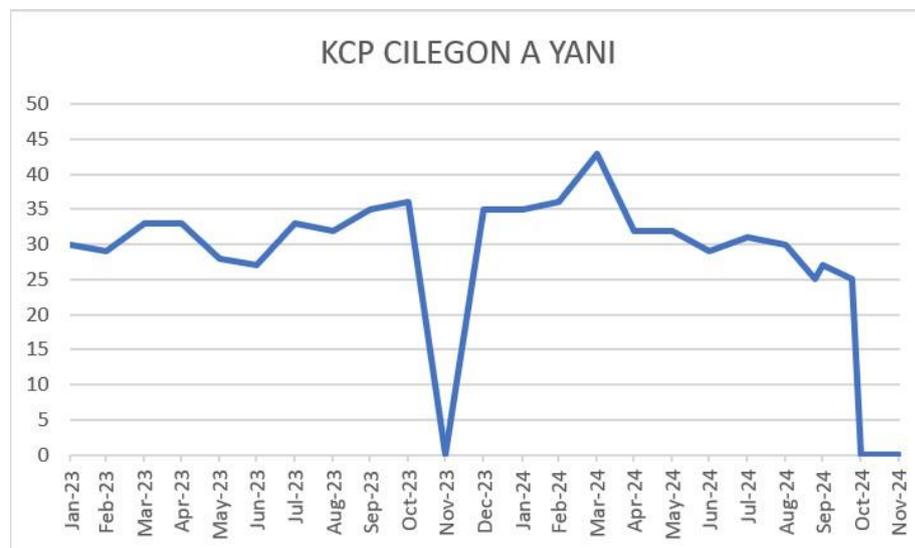

Figure 1. 4 Cilegon A.Yani Branch BSI mobile user active

Source: Digital Daily Report 26-10-2024

The rise in KCP Cilegon Ahmad Yani's active BSI Mobile users shows that the local community is increasingly utilizing digital banking services. This expansion is a result of the branch's successful promotion of BSI Mobile's effectiveness and simplicity, which enables users to handle their financial activities

with ease from any location. Improved user experience, focused marketing campaigns, and heightened public knowledge of the advantages of Sharia compliant digital banking are some of the factors driving this increase. KCP Ahmad Yani's position as a major force in developing digital Islamic banking services in Cilegon is further cemented by the increasing number of BSI Mobile customers.

The increase in active users of BSI Mobile at KCP Cilegon Ahmad Yani is significantly impacted by customer loyalty, as loyal customers often provide recommendations to others. Satisfied users who experience the convenience and reliability of the mobile banking platform are more likely to share their positive experiences with friends and family. This word-of-mouth promotion not only helps attract new users but also reinforces trust in the services offered by BSI Mobile. Consequently, customer loyalty plays a pivotal role in driving the growth of active users and strengthening the branch's reputation within the community.

Figure 1. 5 Cilegon Tirtayasa branch User active BSI mobile

Source: Daily Digital Report 26-10-2024

The rise in active users at KCP Cilegon Ahmad Yani has not been as notable as it has been at other branch offices. This comparatively slow development can suggest that more focused approaches are required to improve service acceptance and user engagement. The slower rate of growth may be caused by elements like competition from neighboring branches, different consumer demographics, or regional difficulties. As we can see, the increased user active in KC Cilegon tirtayasa is more stable than KC Cilegon A.Yani. By addressing these issues through better marketing campaigns, individualized services, and community engagement, KCP Ahmad Yani may be able to accelerate its growth to catch up to or exceed other branches.
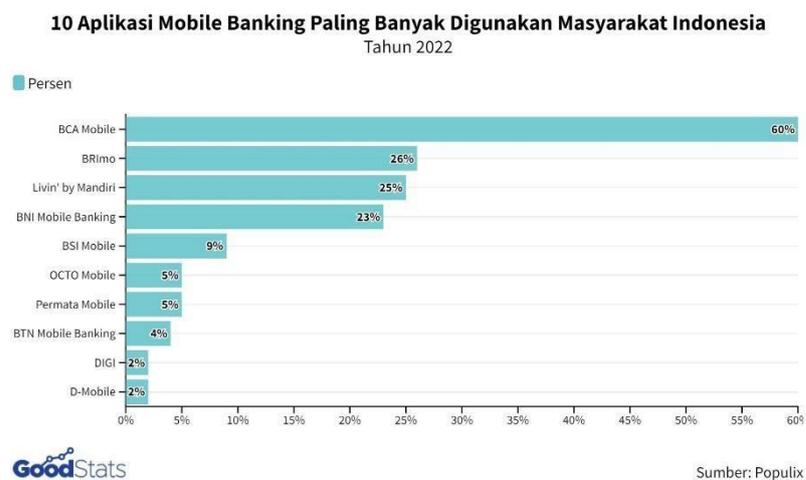

Figure 1. 6 10 Mobile Application most used by indonesian

Source : Populix, 2020

Banking activity through mobile banking services has significantly increased in the midst of the current pandemic emergency. The overall Total of digital banking transactions in 2020 was over IDR 27 trillion, according to Bank Indonesia (BI). This Total is expected to increase by about 21.8 percent this year, reaching 33 trillion rupiah. Mobile phones are heavily integrated into people's lives in the age of technological advancement, and since they have internet access, the general

public can easily access banking-related activities through mobile banking services that let users transfer money between accounts and find out whether certain features are available. (Laukkanen, 2007). This is what causes the growth in the use of mobile banking to increase in the current era. Based on Figure 1.3, it is known that BSI Mobile is ranked 5th with 9% of all respondents. This proves that BSI Mobile is quite popular among mobile banking users in Indonesia. But despite BSI mobile place 5th rank, the percent between BSI Mobile and BCA mobile is so far. BCA Mobile get 60% and BSI Mobile only get 9% from all respondents. This can be many reason why the respondents choosing BCA mobile not BSI Mobile. We can see the reason in figure below:
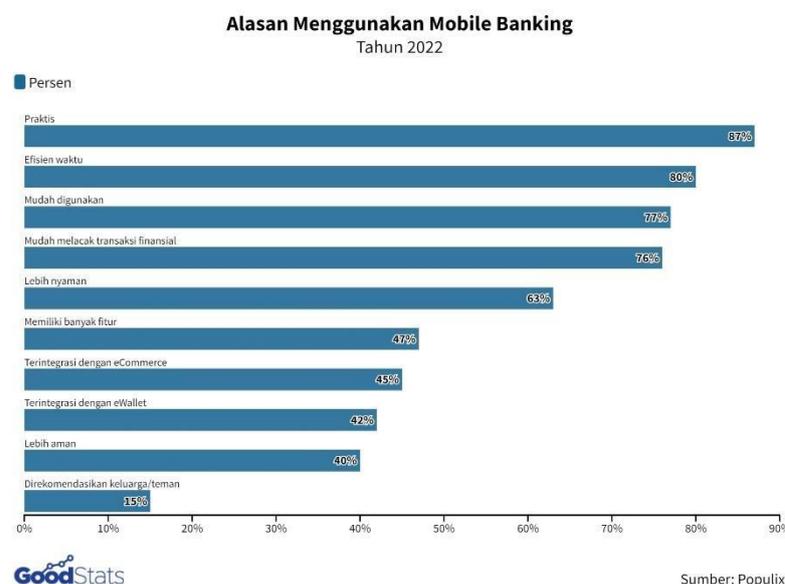

Figure 1. 7 Reasons to use Mobile Banking in 2022

Source : Populix (2024)

 In a business or organization, the most crucial component is service quality because it contributes to client happiness. Empirical research demonstrates that businesses that prioritize customer satisfaction through high-quality services are those who are able to enhance sales, earnings, and cost effectiveness (Kassim & Asiah Abdullah,

2010; Parasuraman et al., 1988). The most crucial factor in the development of digital products is service quality because it directly affects how satisfied customers are with a product. Based on Figure 1.2, the main thing that makes consumers use mobile banking is practicality. with a gain of 80 percent. The next justification, offered by 77 percent of respondents, is ease of use. The fourth reason, with a growth of 76 percent, is that using mobile banking makes it simpler to track financial transactions. Reasons that are more comfortable are second with a gain of 63 percent. Numerous other factors, such as having a variety of features, being connected with e-commerce and e-Wallet, being more secure, and being highly recommended by family and friends, contribute to the enormous number of users of mobile banking applications. Because service delivery in the e-banking sector involves both human and technological contact, providing high-quality services to satisfy client expectations is a key differentiator for digital-based bank products (Rotchanakitumnuai & Speece, 2003).
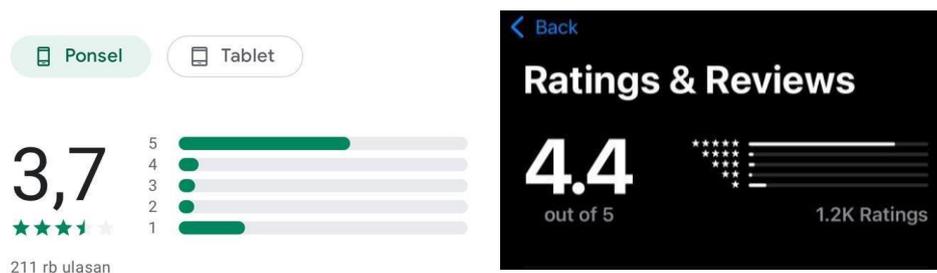

Figure 1. 8 Rating and reviews BSI mobile

Source: Google PlayStore and Apple Appstore

Persistent user unhappiness is reflected in the overall low rating for BSI Mobile on the App Store and Play Store. Many users still complain about problems like app instability, slow response times, and insufficient customer service, even if functionality and features have improved somewhat. Low ratings and critical reviews are a result of these persistent issues, indicating that the software continues

to fall short of customer expectations. This demonstrates the necessity of making more significant efforts to improve the functionality and user experience of the app.
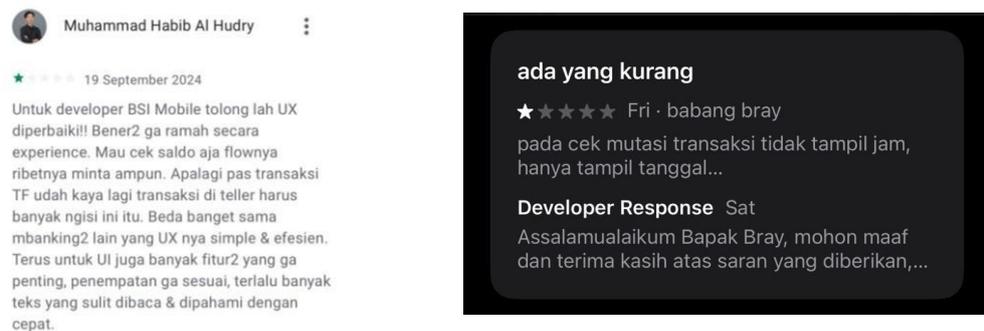

Figure 1. 9 Bad reviews in Google playstore and Appstore about product features

Source: Google Playstore and AppStore

Users have voiced their dissatisfaction with several areas of BSI Mobile's features in unfavorable reviews posted on the Google Play Store and Apple AppStore. Frequent bugs and performance problems, such crashes or sluggish load times when trying to access important services like transaction history or account balances, are the main source of many complaints. The app's navigation has also been criticized by users, who have expressed perplexity about the layout and confusing options. Furthermore, there are persistent problems with the app's security features; some users have trouble logging in using biometric

authentication, and the login process frequently times out. Since many users believe their issues have not been sufficiently handled, the growing unhappiness has been exacerbated by a lack of timely updates and repairs.
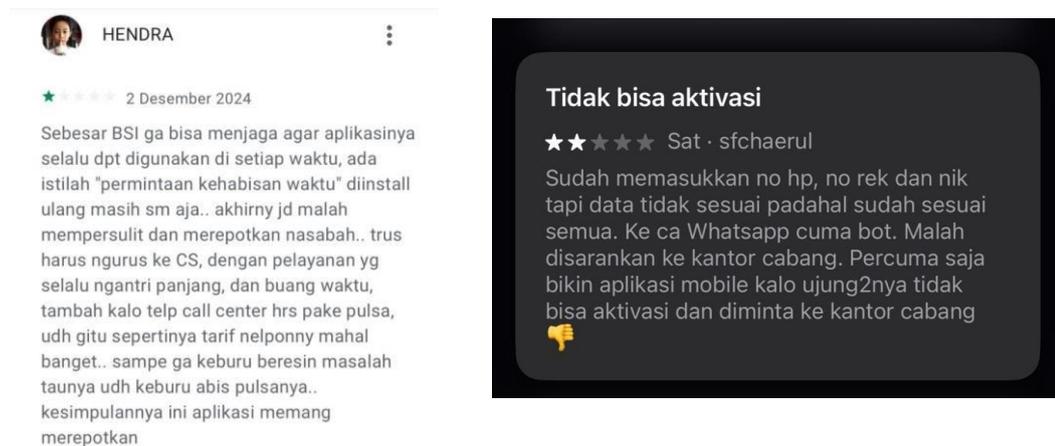
Figure 1. 10 Bad reviews about E-Service Quality

Source: Google playstore and appstore

The Play Store and Apple AppStore has seen a significant number of unfavorable reviews for BSI Mobile, with users usually complaining about the app's poor service. Prolonged technical problems, like frequent crashes, sluggish performance, and difficulties accessing account features, are the subject of regular complaints. Numerous reviews complain about the app's unreliability, saying that it frequently malfunctions during important transactions, causing inconvenience and eroding user confidence. Furthermore, consumers seem to frequently complain about customer service, citing unhelpful help in fixing their problems and slow response times. These evaluations show how urgently the platform's technical stability and customer support need to be improved.

Even if BSI Mobile's Service Level Experience (SLE) index has increased, the app still gets a lot of bad ratings on the App Store and Play Store. Technical issues, sluggish speed, and frequent crashes continue to irritate users and detract from their overall experience. Numerous reviews also express discontent with the effectiveness and timeliness of customer service, implying that advancements in

SLE have not yet totally resulted in a flawless user experience. This suggests that even while there have been advancements in some areas, there are still big gaps in meeting customer expectations and fixing enduring problems.

Consumer loyalty is directly impacted by the capacity to meet consumer expectations, which is strongly correlated with negative reviews and low ratings. Unmet expectations, such as subpar app performance, technical issues, or insufficient support, frequently lead to negative feedback, which damages customer happiness and confidence. These unfixed problems eventually make users less likely to depend on the service, which could result in customer attrition. On the other hand, a platform's capacity to meet user needs is shown in its high ratings and favorable reviews, which build confidence and dependability and increase customer loyalty. In order to boost ratings, win back customer trust, and foster enduring loyalty, BSI Mobile must address the issues brought up in reviews. Engel (1995: 144) defined loyalty as a strong desire to repeat a purchase or a preference pattern for a product or service in the future, leading to repeated purchases of the same brand or a group of different brands, the same, despite the presence of situational factors and marketing initiatives that may result in brand switching behaviour.

Customers who are loyal to a business are happy and can become a marketing asset. Customers who are satisfied and likely to make purchases are said to have high customer loyalty. Prior academics used the term "behavioral and attitudinal loyalty" to broadly define client loyalty. Customers tend to repurchase services from service providers when they believe the value of the company's goods and services to be high in order to mitigate any risks associated with switching to suppliers or other service providers (Tjiptono, 2004:127). Create and uphold customer loyalty as an

element of a firm's long-term engagement program. This strategy has been shown to benefit both the company and its clients. Additionally, loyal customers are individuals who consistently use the goods and services, tell others about them, and reject all forms of propaganda. Customers are referred to as "brand loyal" when they repeatedly purchase the same good or service as a sign of their loyalty. According to this definition, it may be understood that loyalty more often refers to the actions of individuals who consistently purchase goods or services from a particular business or service. Due to the fact that customers of traditional banks can now access their banking services without having to wait in lines or take notes when a service is needed, mobile banking at these institutions will undoubtedly be convenient for bank customers in general

1.2   Problem Statement

Based on the data that has been presented, the formulation of the problem in this study is:

1. Does BSI Mobile service quality have a significant effect on customers loyalty at Bank Syariah Indonesia Cilegon's Branch?

2. Do BSI Mobile product features have a significant effect on customers loyalty at Bank Syariah Indonesia Cilegon's Branch?

3. Does service quality and product features of BSI Mobile influence customer loyalty and does customer satisfaction act as a mediator in this relationship?

4. Does BSI Mobile service quality have a significant effect on customer satisfaction at Bank Syariah Indonesia Cilegon's Branch?

5. Does BSI Mobile Product Features have a significant effect on customer satisfaction at Bank Syariah Indonesia Cilegon's Branch

6. Does customer satisfaction have a significant effect on customer loyalty at Bank Syariah Indonesia Cilegon's Branch?

7. Does BSI Mobile service quality have a significant effect on customer loyalty through customer satisfaction at Bank Syariah Indonesia Cilegon's Branch?

8. Does BSI Mobile product features have a significant effect on customer loyalty through customer satisfaction at Bank Syariah Indonesia Cilegon's Branch?

1.3   Research Purpose

The purpose of this study is based on the formulation of the problem proposed, which is as follows:

1. Analyzing the effect of BSI Mobile service quality on customers loyalty of Bank Syariah Indonesia at Cilegon Branch Office.

2. Analyzing the effect of BSI Mobile product features on customers loyalty of Bank Syariah Indonesia at Cilegon Branch Office.

3. Analyzing the effect of service quality and product features of BSI Mobile on customers loyalty and whether customer satisfaction acts as a mediator in this relationship of Bank Syariah Indonesia at Cilegon Branch Office.

1.4   Benefits of research

This research is expected to provide a number of benefits, namely:

1. Theoretical Benefits

This research can add insight for the author regarding the effect of service quality and product features of BSI Mobile on consumer satisfaction of BSI KC Cilegon.

2. Practical Benefits

a. For Other Researchers

This research is expected to be a means to increase knowledge and become a reference for further research as comparison material for similar cases

b. For Students
It is hoped that it can be a reference material in knowing the influence of service quality and product features of BSI Mobile on consumer satisfaction of BSI KC Cilegon.

1.5 Theoretical Framework

1.5.1 Consumer Behaviour

Many facets of society are beginning to embrace mobile banking more and more. This increase can be partially attributed to demographic and technological advancements that have been affecting significant facets of sociocultural behavior in the modern world. M-banking, also referred to as mobile banking, is a banking service or facility that uses mobile communication devices such as mobile phones and offers features for conducting financial transactions using a mobile application. If consumers do not embrace and make full use of mobile banking's associated features, banks will not be able to reap the benefits. The theory of planned behavior, according to Ajzen (1991), aims to comprehend the psychological patterns that

underlie a customer's particular behavior. "It is the study of the process involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires," according to Solomon (2014) The theory will aid in understanding social and consumer behavior by recognizing attitude, subjective standards, and perceived behavioral control (Baines, Fill & Page, 2013). It is now difficult for banks to comprehend the needs of their clients and satisfy their expectations and demands when it comes to online banking.

Courtier & Gilpatrick (1999) urge that banks must evaluate customers' requirements on a regular basis in order to identify the elements that can impact their intention to accept and fully utilise internet banking services. Such understanding would assist banks to design appropriate websites and tactics in order to encourage their clients to adopt and fully utilize the internet banking channel. According to Baabdullah et al. (2019), understanding the factors that influence the use of mobile banking and, more specifically, the effect that mobile banking service quality has on customer satisfaction, is important for both individuals and society as a whole because the findings may result in a reduction of "billions" in costs. For a product or service to exceed customers' expectations, it is crucial to understand customers' wants and discover their desires (Hamidi and Safareeyeh, 2019). When customers believe that the service meets their wants and expectations, they will be satisfied with the offerings.

1.5.2 E-Service Quality

a. Definition of E-Service Quality

The discrepancy between customers' expectations regarding service performance before to the service offering and their expectations regarding service performance during online transactions is known as e-service quality. Zeithaml et al. (2000) defined e-service quality as the degree to which a website enables users to engage in efficient and effective shopping, purchasing, and delivery of services. This definition emphasizes the importance of a website's functionality and usability in providing a seamless and satisfactory online experience for customers. Parasuraman et al. (2005) described e-service quality as encompassing all stages of a customer's interaction with a website. Their perspective highlights critical factors such as reliability, efficiency, and security, which collectively contribute to the overall quality of the online experience. By focusing on these dimensions, they underscored the importance of building trust and ensuring seamless functionality throughout the customer journey.

b. E-Service Quality Indicator

Following the ground breaking work by Parasuraman et al. (1985), who established the E-SERVQUAL model, many studies have focused on the Service Quality model. The E-SERVQUAL methodology originally had ten dimensions to assess service quality. The 22 components from the 10 dimensions were then condensed into five dimensions: (1) Reliability; (2) Tangibles; (3) Responsiveness; (4) Empathy; and (5) Assurance. They were said to be general and applicable to

various situations (Yuen and Thai, 2015). According to (Riel et al., 2001) there are five components in the quality of electronic services, namely:

1) Main service

2) Service facilities

3) Support service

4) Complementary services and

5) Use of technology to access services

Meanwhile, according to Suryani (2017), there are 6 indicators for the quality of E-Banking services, namely:

1. Efficiency, or a bank's capacity to design or design websites and applications that are simple and easy for customers to use.

2. Promise fulfillment, which refers to the bank's readiness to transmit information and to honor customer-promised messages.

3. System availability refers to a bank's capacity to create system roles on bank websites and applications.

4. Privacy, which refers to the bank's capacity to offer data security in order to inspire confidence in its clients and give them a sense of protection, riskfreeness, and emerging beliefs.

5. Confidence, particularly in the bank's capacity to meet customer needs.

6. The bank's ability to manage and develop websites and applications with aesthetically pleasing manifestations.

1.5.3 Product Features

a. Definition of Product Feature

Product features must attract customers and set a product apart from competitors since they have a substantial impact on consumer purchase perceptions (Firmansah, 2019). Tjiptono (1997) defined product attributes as the components of the product that consumers value highly and rely on when making decisions about whether to use or purchase the product. A product's different components are known as its features, and buyers might profit from these features (Astuti & Matondang, 2020). Customer acceptance is directly correlated with trust in technology characteristics (Mcknight et al., 2011).

Schmitt (2010) defined features as qualities that enhance a product's fundamental functionality. Traditional marketers utilize these attributes as a significant tool to set their product apart from those of competitors because they are the factors that influence consumer product choice. Poon (2011) asserts that a number of components, including ease of access to product and service information, variety of transaction services, diversity of features, and product innovation, are indicative of the availability of features of an online banking system. Features in mobile banking refer to any actions that clients can take while using the service. The majority of customers agree that the availability of features will influence their choice to switch, according to Williams' (2011) research. One-fourth of mobile banking users have moved to new or enhanced functionality.

b. Product Features Indicator

Garvin (1987) in (Sulasih et al., 2021) states that Dimensions in Product features are additional attributes or features that the product has, in addition to the essential benefits, features are optional for customers and can improve product quality compared to competitors. The indicators for measuring features are based on what is stated (Poon, 2008), namely:

1) Consumers must have easy access to product or service information. Service features must make it convenient for customers to access information.

2) The services offered for processing customer transactions are diverse in terms of transaction services.

3) Variety of features; banks need to be able to offer feature offerings to help and inform clients.

4) Product innovation and the availability of extra features to pique customers' interest in online banking.

1.5.4 Customer Loyalty

a. Definition of Customer Loyalty

Frederick F. Reichheld, a well-known business strategist and author, defines customer loyalty as "the willingness of customers to make repeat purchases or continue to use the products or services of a particular brand or company, despite the presence of competitive alternatives." "Loyalty is a situation where consumers are positive towards product or manufacturer (service provider) and accompanied by a pattern of consistent rebuy," claims Tjiptono (2002; 111).

b. Indicator of Customer Loyalty

Griffin (2005: 31) asserts that customer loyalty appears to be a more accurate indicator of future growth in sales and finances. Unlike contentment, which is an attitude, loyalty may be determined by one's purchasing patterns. Customers who are dedicated are those who:

1. Repeat your purchases frequently

    Regular buyers of goods or services who continue to do so even after the cost has increased are considered loyal clients.

2. Purchasing a variety of goods and services.

    Loyal clients don't simply purchase one kind of goods or services from a business; they also purchase additional goods or services offered by the business.

3. Referring other people.

    Loyal clients are always eager to recommend the goods or services they use to their friends and family. They constantly work to persuade others to adopt the same product or service by touting its benefits before a potential customer even attempts to use it.

4. Exhibits resistance to the influence of rivals.

    When offered goods or services from rival companies, loyal clients invariably decline. They have a particular affection for the good or service that has been utilized.

c. Types of Customer Loyalty

Tjiptono (2007) summarizes four categories of potential loyalty issues from Dick & Basu (1994) as follows:

1. Lack of Loyalty

   When repeat customers' views and purchasing habits are equally weak, loyalty is not established.

2. False Loyalty

   This situation is characterized by the influence of non-attitude factors on conduct, such as situational conditions and subjective norms. This kind of situation, when consumers struggle to distinguish between brands within a product category with a low engagement rate, is also referred to as inertia. Repurchasing is therefore done based on situational factors, such as familiarity (due to carefully chosen product placement on display racks and outlet locations in malls).

3. Subtle Loyalty

   When a high attitude is accompanied by weak repurchase patterns, hidden loyalty is present. Concerning situation

   The majority of these marketers are caused by non-factor attitudes that have an influence on repeat purchases that are just as powerful or even often stronger than the attitude factor.

4. Loyalty

   The most ideal situation for marketers is this one. when customers consistently make repeat purchases and have favorable opinions about the maker or the product.

1.5.5 Customer Satisfaction

a. Definition of Customer Satisfaction

In the hope that consumers will accomplish it, those who purchase a good or use a service have an expectation of customer satisfaction. Customer Satisfaction is created from this anticipation and actuality (Kasmir, 2017). Satisfaction can also be interpreted as a post-consumption emotional assessment of a product or service (Hammoud et al., 2018). Customer satisfaction is the most important thing and it is the goal of every company to build a pattern of sustainable relationships with customers so that this becomes a priority. Customer demands are tied to customer satisfaction, and customers will be happy whenever they are happy with the products that are being supplied to them.

According to Kotler & Keller (2012), Satisfaction is any form of sarcastic commentary from customers regarding how well a particular product or service is performing. In addition to that, a customer's position after purchasing a product or using a service is their customer's default position with regard to that product or service (Mowen et al., 2002).

In the banking industry, too, a significant priority is placed on customer satisfaction. Numerous research has been conducted in this area using various customer satisfaction scales. The BSQ (Bank Service Quality) scale was created to assess perceived service quality in retail banking using 31 service quality components divided into 6 categories that address efficacy and assurance, access, price, tangibles, service portfolio, and reliability.

Customized factors are provided by combining the SERVQUAL model's dimensions in order to capture consumer expectations and satisfaction with mobile

banking and to identify the variables influencing these expectations and loyalty intentions.

b. Indicator of Customer Satisfaction

In the banking industry, customer satisfaction is the most crucial factor. Improving service quality will result in higher bank earnings. According to Kasmir (2012), the advantages of customer happiness include:

1) Customers who are satisfied with the bank's products and services are more likely to stick with it; it is highly unlikely that they will move financial institutions.

2) Product repurchase, in which the customer will react to product repurchase or repetition of services because the customer feels satisfied.

3) If clients purchase more items from the same bank, they will be more likely to use other products from that bank.

4) Provide free word-of-mouth advertising. Because the services and products given are experienced first hand by clients, they will advocate bank items or services to others.

Kotler, et al., (1996) in (Tjiptono, 1997) stated that consists of four identification patterns assessing customer/customer satisfaction, namely:

1) Every customer-oriented business or consumer must have a way for customers or consumers to share their ideas, critiques, or opinions. This is the complaints and recommendations framework.

2) Ghost shopping, which is a technique for creating the appearance of satisfaction by hiring numerous people to pretend to be customers or buyers of goods from rival businesses.

3) Lost Customer Analysis, which focuses on the company's mindset by getting in touch with clients who quit using the company's products or services and switch to a different provider in order to ascertain the cause.

4) Customer satisfaction survey, which is the company's approach to asking customers/consumers a number of questions and receiving their direct opinion. Referring to Tjiptono, Kotler, and Keller's assessment, (Djunaidi, G, 2020) employs four measures of customer satisfaction, namely:

1) Customer satisfaction: When the customer is happy, this occurs.

2) Confirmation of expectations, which is used to determine whether or not a product or service meets customer expectations.

3) The desire to repurchase is a measure of client interest in product reuse.

4) Dissatisfaction: Without client satisfaction, businesses cannot develop loyal customers.

1.5.6 Previous Research Matrix

Table 1.1 Previous Research

No	Title/Author	Variable	Results
1	a. Customer Satisfaction with Bank Services: The Role of Cloud Services, Security, ELearning and Service Quality/Feng Li, Hui Lu, Meiqian Hou, Kangle Cui, Mehdi Darbandi (2021) b. The Influence of Service Quality on Customer Satisfaction of Islamic Banks/Norvadewi, Akhmad Nur Zaroni (2020) Examining the role of consumer satisfaction within mobile ecosystems: Evidence from Mobile Banking Services/Ahmed Geebren, Abdul Jabbar, Ming Luo (2021) c.	a. The influence of service quality of bank services on customer satisfaction the b. effect of service quality on customer satisfaction at Bank c. BRI Syariah Samarinda Branch The influence of service quality on customer trust and affect customer satisfaction	a. Positive Effect b. Positive Effect c. Positive Effect
2	a. What Drives M-Banking Clients to Continue Using MBanking Services?/Anita Ciunova-Shuleska, Nikolina Palamidovskasterjadovska, Jana Prodanova (2022) b. Analysis of the Influence of Completeness of	a. the influence of pleasant and entertaining m-banking service on customer loyalty and satisfaction b. the effect of completeness of features and navigation design affects the user experience	a. positive effect b. positive effect c. positive effect

No	Title/Author	Variable	Results
	Features and Navigation Design of Mobile-Based Banking Applications on the User Experience of Individual Customers at PT Bank Central Asia TBK/Andrian Harinata, Anas Lutfi (2019) Customer Satisfaction with Bank Services: The Role of Cloud Services, Security, ELearning and Service Quality/Feng Li, Hui Lu, Meiqian Hou, Kangle Cui, Mehdi c. Darbandi (2021)	c. the influence of bank websites on customer loyalty and satisfaction	

1.6 Relationship Between Research Variables

1.6.1 Relationship Between E-Service Quality and Customer Satisfaction

Numerous studies have examined the connection between client satisfaction and e-service quality in the banking industry, and the results show a strong positive association. E-service quality has a direct impact on e-loyalty and e-satisfaction, according to research on Indonesian Islamic banking clients. In particular, a study conducted by Bank Syariah Indonesia discovered that improving the quality of eservices raises client happiness, which in turn increases customer loyalty. Similar to this, a study on online banking in India found that important aspects of e-service quality, like perceived credibility, responsiveness, and efficiency, have a big influence on consumer satisfaction. The results showed that higher customer

satisfaction levels are positively correlated with better service quality dimensions, indicating that banks can strengthen their competitive edge by concentrating on these areas.

Customer satisfaction and service quality are considered as important aspects in business, because the development of a company is highly dependent on how well they retain their customers through services. Similar to other industries, the banking industry anticipates that providing high-quality services would increase customer satisfaction and, as a result, client loyalty.

Financial service organizations are a customer-based industry, and customer satisfaction is one of the key determinants of their success. Belas and Gabcova (2014) contend that client loyalty, which is directly influenced by their happiness, is the primary driver of both a company's profit and growth. As a result, maintaining customer Satisfaction is the company's primary concern in order to build lasting relationships with them. Client satisfaction becomes essential to success in the retail banking industry, as customer interaction is one of the most fundamental company operations. Rahmani-Nejad et al (2014).'s subsequent research discovered that service quality plays a significant role in customers' happiness and trust in private banks.

Agyapong (2011) says that there is a correlation between customer satisfaction and service quality. The findings demonstrate that each component of service quality was a reliable indicator of customer satisfaction. As a result, determining and meeting consumer wants could enhance network services because what is provided can help to distinguish a company's services from those of rivals.

Based on Agyapong (2011) research, we can assume that the better service quality of a company will also increase the customer satisfaction of the company. Furthermore, as a step to increase customer satisfaction this research conducted to search for what factors make customer satisfaction high. By examining this connection in the context of BSI mobile banking, the study can offer important insights into how better customer experiences and satisfaction levels might result from improvements in E-service quality.

1.6.2 Relationship Between Product Features and Customer Satisfaction

Schmitt (2010) defined features as characteristics that improve a product's core capabilities. Due to the fact that these characteristics affect consumer product choice, traditional marketers use them as a powerful weapon to differentiate their product from that of rivals.

One of the crucial elements in user comfort and pleasure is the capability to respond to a user's innovative demands through the supply of a variety of features (Gerrard & Barton Cunningham, 2003). The era of globalization and the shift to ebanking requires banks to achieve client loyalty and satisfaction through product features and service excellence in order to thrive. Innovation in product features, according to Poon's (2008) research, contributes to consumer satisfaction.

Bank Syariah Indonesia consistently strives to satisfy customers. One method is to provide different product features for mobile banking to make it simpler for customers, such as the Top Up e-wallet option offered by BSI Mobile. Additionally, we can pay for a variety of services at BSI Mobile, including power, tuition, telephone, and water bills, as well as the Hajj and Umrah. It goes without saying

that this is done to support consumer satisfaction in BSI Mobile transactions. As a way to increase customer satisfaction many additional features can be added to the application. Many of the existing features can also be increased for the better customer experience.

From the previous discussion, it is clear that customers or consumers experience satisfaction when their expectations are met or exceeded. Naturally, if the client is pleased, he will continue using the function, which will have an impact on his loyalty to Bank Syariah Indonesia. As a way for a better virtual customer support, many features can be added to the application such as using AI (Artificial Intelligence) for a better app quality. Customers are more likely to express happiness and form brand loyalty when they discover that a product's qualities match their wants and expectations, as several studies have shown. By comprehending this link, companies may determine which particular qualities appeal most to their target market and modify their products appropriately.

1.6.3 Relationship Between E-Service Quality and Customer Loyalty

In addition to Hassan et al. (2013), who convincingly argue and demonstrate that service quality has a significant positive impact on both customer satisfaction and loyalty, Sharma (2012) also contributes to this discourse by establishing a clear correlation among these three interrelated variables. Through comprehensive research, Sharma highlights how enhanced service quality not only elevates customer satisfaction but also fosters stronger loyalty among consumers. Moreover, Sofyan et al. (2013) further strengthen this connection by specifically proving the positive influence that service quality exerts on customer loyalty. Their findings indicate that as service quality improves, customers are more likely to remain loyal

to a brand or service provider, thereby underscoring the critical role of service quality in cultivating long-term relationships with customers. Together, these studies provide robust evidence that underscores the importance of prioritizing service quality to achieve higher levels of satisfaction and loyalty in competitive markets.

1.6.4 The Relationship Between Product Features and Customer Loyalty

Features serve as tools for competition that sets one product company apart from others. Similar traits with a distinguishing quality that is not shared by any other products. Features are aspects of a product that consumers value and utilize as the foundation for purchasing decisions (Fandy Tjiptono, 2002: 103). Customers will be more devoted if the features are more comprehensive since they will feel their requirements are being satisfied. One of the most important elements in assessing brand success is the connection between product characteristics and consumer loyalty. A brand develops a unique value proposition and builds customer loyalty when it offers distinctive and cutting-edge features that set it apart from rivals. Well-designed features can help customers feel more emotionally connected to the brand by enhancing their experience, providing value, and addressing their unique needs. Additionally, by showcasing the brand's responsiveness and dedication to exceeding customers' expectations, ongoing product feature improvements made in response to consumer input help to further increase customer loyalty. Brands may foster long-term customer loyalty and advocacy by offering useful and distinctive features. By doing this research will eventually add more input from distinctive customers for a better and unique development.

1.6.5 Relationship Between Customer Satisfaction and Customer Loyalty

Theoretically, loyalty is demonstrated to be one of the outcomes of satisfaction, which has been referenced in numerous studies. Whether customer satisfaction directly or indirectly influences customer loyalty through commitments, customer satisfaction is frequently proposed as the primary determinant of customer loyalty (Jackson, 1985; Bitner, 1990; Anderson & Fornell, 1994). The research by Reichheld and Sasser (1990) demonstrates that the cost of acquiring a new customer is frequently five times greater than that of keeping an existing one, and banks' profit is closely linked to both customer loyalty and customer retention. Consequently, banks must cultivate profitable long-term relationships with their customers in order to survive in a competitive retail banking environment. According to Trubik and Smith's (2000) analysis of the financial effects of customer retention, the retail banking industry's profitability and client loyalty are closely related. The property of businesses in general and banks in particular is customer loyalty.

According to Gremler and Brown (1999), service loyalty in the service industry refers to a customer's willingness to make repeat purchases from a service provider, have a favorable opinion toward that provider, and contemplate using that provider exclusively in times of need. In the banking industry, loyalty is defined as a customer's continued business dealings and word-of-mouth referrals to a bank following their use of its services. Additionally, even while clients are aware that there may be a better option at another bank, they will still choose that bank first if additional services are required (Khirallah, 2005). It is believed that loyalty is the most crucial idea in marketing materials. There are two primary streams of

consumer loyalty, according to numerous research and contributions to loyalty approaches: behavioral characteristics (Seiders, Voss, Grewall, & Godfrey, 2005) and attitudinal components (Jacoby & Chesnut, 1978). Gremler and Brown (1999) define loyalty behavior as a customer's long-term repetitive purchase of a brand's goods or services, while loyalty attitude refers to a customer's steadfast preference or intention to buy a brand's goods or services. Gronroos (1984) asserts that contentment fosters a solid rapport between service providers and clients. Customer loyalty will arise from increased levels of customer pleasure. By doing this research, we're trying to find the thing that customers value, so the customer can be more inclined in using BSI products and satisfy customer experience in using the BSI mobile app.

1.6.6 Relationship between Service Quality and Customer Loyalty through Customer Satisfaction

Customer expectations can be met by providing quality of service that includes service quality methods, such as the company's physical premises and a comprehensive service support facility. Client pleasure is the result of providing quality service that goes above and beyond what the client expects. Customers who are happy with the business will return and utilize its items frequently (Wantara, 2015). Customer satisfaction can be raised by providing high-quality services, and contented clients are more likely to employ the business's goods and services over the long run. Customer loyalty can be continually realized when there is satisfaction. Devoted clients will rave about the brand's offerings and send friends and family their way (Shahid Iqbal, Ul Hassan, & Habibah, 2018).

1.6.7 Relationship Between Product Features and Customer Loyalty through Customer Satisfaction

Customer satisfaction has a major mediating role in the link between product features and customer loyalty. Research indicates that both high-quality products and services have a beneficial impact on consumer satisfaction, which in turn encourages customer loyalty. Customers are more inclined to stick with a brand when they are pleased with a product's attributes, such as functionality, design, and dependability. Additionally, happy consumers are more likely to make repeat purchases and refer others to the product. Features are characteristics of a product that customers find important and use to inform their purchasing decisions (Fandy Tjiptono, 2002: 103). If the features are more extensive, customers will be more loyal since they will feel as though their needs are being met. Additionally, continuous product feature enhancements developed in response to customer feedback serve to further strengthen customer loyalty by demonstrating the brand's responsiveness and commitment to exceeding customers' expectations. In order for banks to survive in the age of globalization and the transition to online banking, they must acquire customer loyalty and satisfaction through superior product features and customer service. Poon (2008) found that innovative elements in products increase customer happiness.

1.7 Hypothesis

The given answer, which is simply based on empirical data gathered through data collecting, is only a temporary solution to the formulation of the study topic. Thus, rather than an empirical response, the hypothesis is given in the theoretical response to the study problem's statement (Sugiyono, 2009:93). For a number of related factors that are backed by professional judgment and scholarly investigation,

hypotheses frequently show a positive trend. One of the main reasons is that positive hypotheses are usually constructed to forecast an anticipated relationship or effect between variables, which is consistent with the objective of the scientific process, which is to investigate and validate correlations. Research indicates that hypotheses that clearly define a directed relationship—for example, "increasing X will lead to an increase in Y"—have a higher chance of producing positive results because they concentrate the study on particular outcomes that can be verified and confirmed empirically.

These are the hypotheses put out in this study:

1) *Service quality* has a positive effect on customers *Loyalty*

2) *Product Features* has a positive effect on customers *Loyalty*

3) *Service quality and Product Features* has a positive effect on customers *Loyalty*

4) *Service Quality* has a positive effect on *Customer Satisfaction*

5) *Product Features* has a positive effect on *Customer Satisfaction*

6) *Customer Satisfaction* has a positive effect on *Customer Loyalty*

7) *Service Quality* has positive effect on *Customer Loyalty* through *Customer Satisfaction*

8) *Product Features* has positive effect on *Customer Loyalty* through *Customer Satisfaction*

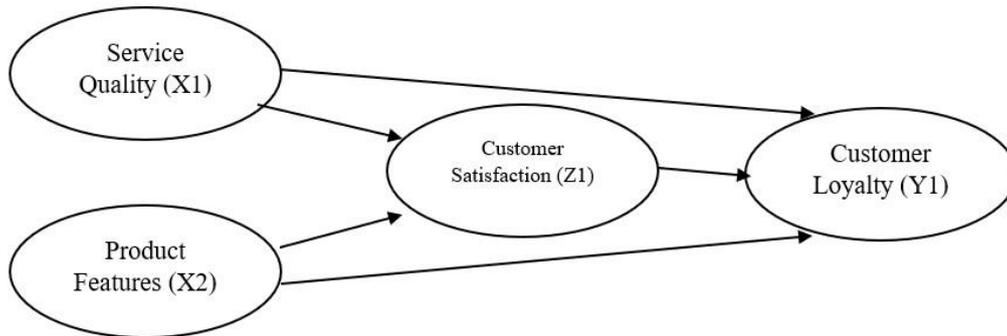The research hypothesis model is depicted in the following figure:

Figure 1.1 Research Model

1.8 Conceptual Definition

The stage of providing an explanation on the scope of understanding of the items observed is known as concept definition. The notion for each variable in this study is defined as follows:

a. Service Quality

E-service quality, as defined by Suryani (2007) in her research, refers to the overall effectiveness of online services provided by businesses, particularly in the context of small and medium enterprises (SMEs). Suryani's research shows that as e-service quality has a direct impact on how customers view their online shopping experiences, it is crucial for customer happiness. She points out that e-service quality—which encompasses both the technical and overall user experience aspects of the service—is a crucial factor in determining the quality of websites.

b. Product Features

Poon (2008) defines product features as particular qualities or traits of a product that are intended to satisfy consumer demands and offer value. Product features, which can set a product apart in the market, include both functional qualities, including performance and usability, and aesthetic components, according to Poon's

(2008) research. These characteristics are essential in forming customer preferences and impressions, which in turn affects decisions to buy.

c. Customer Satisfaction

Customer satisfaction, according to Djunaidi (2020), is a gauge of how well a business meets or beyond its clients' expectations with its goods and services. He highlights that customer happiness is influenced by a number of aspects, such as responsiveness, service quality, and overall customer experience, and is not only a reflection of the caliber of the product or service itself.

d. Customer Loyalty

According to Kotler (2012) Customer loyalty results from regularly satisfying physical attribute-based satisfaction, positive emotional experiences, and the perceived worth of an experience, which includes the goods or services. According to Michael Porter (1979), a company's ability to create a distinctive value proposition that keeps customers interested in, content with, and loyal to the brand results in increased customer loyalty.

1.9 Operational Definition

The operational definition is an indication of how a variable is measured. The operational definition of variables from this research are:

a. E-Service Quality

E-Service quality is the ability of Bank Syariah Indonesia (BSI) KC Cilegon in providing the best quality service for its customers, what will be measured is the

service provided by BSI KC Cilegon with variations Satisfied and dissatisfied. The measuring instrument used is using the following indicators:

1) Efficiency (Suryani, 2017)

2) Promise Fulfillment (Suryani, 2017) 3) System Availability

   (Suryani, 2017)

b. Product Features

Product Features are the variety of product features provided in BSI Mobile that help make it easier for consumers to transact digitally. What will be measured is the various features provided by BSI in their Mobile App with variations Satisfied and dissatisfied.

The measuring instrument used is using the following indicators:

1) ease of access to product and service information (Poon, 2008)

2) variety of transaction services (Poon, 2008)

3) diversity of features (Poon, 2008)

4) indicative of the availability of features of an online banking system (Poon, 2008)

c. Customer Satisfaction

Customer satisfaction at Bank Syariah Indonesia is how customers feel their needs are being met and what will be discussed in this study is the service quality and product features section. The measurements carried out meet the satisfied or dissatisfied variables. The measuring instrument used is using the following indicators:

1) Satisfaction (Djunaidi, 2020)

2) confirm expectations (Djunaidi, 2020)

3) interested in repurchasing (Djunaidi, 2020) 4) dissatisfaction (Djunaidi, 2020)

d. Customer Loyalty

Customer loyalty, according to Kotler (2012), is the outcome of consistently meeting physical attribute-based satisfaction needs, having satisfying emotional experiences, and appreciating the perceived value of an experience, which includes the products or services.

1) Repeat Purchase (Kotler, 2012)

2) Retention (Kotler, 2012)

3) Referrals (Kotler, 2012)

Table 1.2 Concept Matrix

No	Variable	Concept	Indicator	Item
1	Service Quality	According to Suryani (201 Service quali can be determine as how far the difference between reali and customer expectations the or services they receive.	1. Efficiency	1. BSI Mobile services can be accessed easily 2. BSI Mobile service makes transactions quickly
			1 Promise Fulfillment	1. Customer data information on BSI Mobile is complete and correct 2. The information that customers want can be fulfilled by BSI Mobile

| | | | 2 | System Availability | 1. BSI Mobile can operate well 2. The information system on the BSI Mobile service provides error-free information 3. BSI Mobile features that make it easy for customers |

| 2. | Product Features | According to Poon (2011) asserts that a number of components, including ease of access to product and service information, 2. transaction has a the | 1. Ease of access to product and service information Variety of a variety of transaction | 1. The product features of BSI Mobile make it easy for customers to access information 1. BSI Mobile variety of services features in |

No	Variable	Concept	Indicator	Item
		services, diversity of features, and product innovation, are indicative of the availability of features of an online banking system. Features in mobile banking		application so that it helps in information services
			3. of Diversity features	1. BSI Mobile features have a variety that distinguishes it from other mobile applications

No	Variable	Concept	Indicator	Item
		refer to any actions that clients can take while using the service.	4. Indicative of the availability of features of an online banking system	1. The existence of additional features makes customers interested in using BSI Mobile
3	Customer Satisfaction	According to Djunaidi (2020) quoting from Kotler & Keller (2012) satisfaction is a form of feeling happy or not by the customer towards the performance of a product and expectations.	1. Satisfaction	1. Overall, customers are satisfied with the services provided by BSI Mobile 2. Overall Customer Satisfied with BSI Mobile product performance
			2. Confirm expectations	1. The services provided by BSI Mobile are in accordance with consumer expectations 2. The features provided by BSI Mobile are in accordance with consumer needs

			3. Interested in repurchasing	1. Customers always use BSI Mobile services repeatedly 2. You will reuse the BSI Mobile service because of the ease of transactions
			4. Dissatisfaction	1. Consumers are not satisfied with BSI Mobile because it doesn't match your expectations 2. Consumers will complain because they are not satisfied with BSI Mobile services
4	Customer Loyalty	Customer loyalty, according to Kotler (2012), is the outcome of consistently meeting physical attribute-based satisfaction needs, having satisfying emotional experiences, and appreciating the perceived value of an experience, which includes the products or services.	1. Repeat Purchase	1. Custome rs make repeat purchase s through the BSI Mobile applicati on
			2. Retention	1. Custome rs are not intereste d in using another bank
			3. Referrals	1. Custome rs

No	Variable	Concept	Indicator	Item
				provide disclaim ers about the company to other consume rs who can build the company 's existence

1.10   Research Method

1.10.1 Research Type

This research takes a quantitative approach and uses an explanatory research design. Research aimed at elucidating the causes of a phenomenon or the correlations between variables is known as explanatory research. The explanatory design can be used to build, improve, or even question and disprove a theory in addition to elucidating the connections, distinctions, or impacts of variables with regard to the research hypothesis (Mulyadi, 2011).

"A research approach that emphasizes the collection, analysis, and interpretation of data in numerical form" is how John W. Creswell defines quantitative research in his writings (Creswell, 2012, 2013). This definition emphasizes the methodical and impartial character of quantitative research, which seeks to extract significant

insights from numerical data in order to comprehend social processes and guide decision-making in a variety of domains.

1.10.1.1   Population

Arikunto (2006: 130) asserts that "the population is the whole object of study." Research can only be conducted on a limited number of subjects and populations. According to (Sugiyono, 2011), the term "population" refers to a large category of objects and persons having specific traits chosen by the researcher and from which inferences can be made. In this study, the population is the customers of Indonesian Sharia Banks number of BSI Mobile users at the Cilegon Branch Office

1.10.1.2   Sample

"The sample is part of the number and characteristics possessed by the population," claims Sugiyono (2008: 118). Cooper and Emory (1998) state in their book on business research methods that "the basic formula for determining sample size in non-probability sampling assumes that the population is unlimited" while discussing sample size. As a result, an estimate based on 100 samples from 5000 people has almost the same accuracy as an estimate based on 100 samples from 200 million people. Based on the theory above, the sample who became respondents in this study were 150 people from the total consumers of Bank Syariah Indonesia KC Cilegon using BSI Mobile. In addition to improving statistical power and representation, the BSI Cilegon branch's use of a Likert scale technique with 150 respondents guarantees that the results are reliable and generalizable to a larger customer base, which eventually results in better decision-making based on customer input.

1.10.2 Sampling technique

Sampling is the process of selecting a number of items from the population so that, via analysis of the sample, the traits of the population's components can be generalized. Non-probability sampling techniques were used for data collecting. non-probability sampling methodology in the form of method procedures that does not give each constituent or segment of the population chosen for the test of equal opportunities. Purposive sampling, which is deep sample selection using specific criteria in accordance with the phenomenon and needs studied, is the nonprobability sampling technique used in this study (Sugiyono, 2016).

The use of BSI Mobile by the Consumer Bank Syariah Indonesia Cilegon Branch Office is one of the factors being taken into account in this situation. By distributing a questionnaire to Bank Syariah Indonesia KC Cilegon customers who use BSI Mobile, the researcher decides whether or not the sample meets the criteria. Following are the traits of respondents who make good samples:

1. Customers of the Cilegon branch of Bank Syariah Indonesia

2. utilized the Bank Syariah Indonesia app on a mobile device

3. willing to participate in this research's questionnaire.

1.9.4 Data Types and Sources

1.9.4.1 Data Types

Quantitative data were used in this study. Data or information gathered in number form is referred to as quantitative data. Quantitative data in this number form can be assessed using system statistics or processed using mathematical procedures. The type of data used is the customer assessment of Bank Syariah Indonesia

Cilegon branch office regarding customer satisfaction in service quality and product features in the BSI Mobile application.

1.9.4.2 Data Sources

Primary data and secondary data are the sources of information used. Primary data is information gathered directly from Bank Syariah Indonesia KC Cilegon clients, while secondary data is information gathered from other sources including writings found in books, journals, the internet, and Undip FISIP records pertinent to this research.

1.10.3 Measurement Scale

The Likert scale is a tool used in research to gauge respondents' views or opinions on a particular statement or set of statements. The measuring scale is required because each variable has multiple indicators. In this study, a variable will be measured, and each indicator has a statement item that will be used later. Determination of the score given to measure Consumer Interest using a

Likert Scale, as follows:

A. Score 5 if Strongly Supports Question

B. Score 4 if Support Question

C. Score 3 if Sufficiently Supports the Question

D. Score 2 if Does Not Support Questions

E. Score 1 if Strongly Does Not Support Question

1.10.4 Data Collection Techniques

a. Questionnaire: in the form of a survey of a number of data by asking questions online and offline to Bank Syariah Indonesia customers at the Cilegon Branch Office who use the BSI Mobile application.

b. Interview: in the form of a survey of some data by asking questions directly to Bank Syariah Indonesia customers at the Cilegon branch office who use the BSI Mobile application.

c. Literature study: the gathering of information from several scientific works that are related to the issues encountered and will be employed in the thesis preparation.

1.10.5 Data Processing Techniques

1. Editing

    After the data has been gathered, this procedure is completed. The editing process is used to check that the questionnaire's answers were accurately completed. The goal of the editing stage is to enhance the quality of the gathered data and remove any remaining uncertainties.

2. Coding

    The information in the form of the respondents' responses needs to be coded when the editing stage is finished. The objective is to make the data analysis process easier. The respondent's responses are examined at the coding stage, where a code is assigned to each response after determining whether or not it has to be first categorized.

3. Tabulation

Data is entered into tables as part of the processing step known as data tabulation. When answers are tabulated, they are first carefully and logically grouped, then added up and totaled until a useful table is produced. It is hoped that the reader will be able to properly see the research's findings with the help of this grouping.

1.10.6 Research Instrument

Suharsimi Arikunto claims in Mamik (2015) that data collection tools are the instruments employed by the researcher to make data collection more organized and straightforward. Questionnaires are used by the researcher in this study to gather data. The questionnaire is a tool for obtaining data that will be processed to produce targeted outcomes (Umar, 2003). The major objective of distributing questionnaires is to gather accurate and reliable information that is relevant to research objectives (Nasehudin, S. & Gozali, 2012c). This study used a questionnaire as its instrument or measuring device, which had questions for the research respondents to answer. The previously created theoretical structures served as the foundation for creating the questionnaire. On the basis of this theoretical foundation, indicators were created, which were then turned into question items and scored using a Likert scale.

1.10.7 Analysis Technique

There are two approaches to data analysis: qualitative techniques and quantitative techniques. In this investigation, quantitative data technique was employed. Techniques for analyzing numerical data are known as quantitative analysis techniques. They measure, summarize, and evaluate quantitative data using

a variety of statistical and mathematical techniques. The data that has been gathered will be processed and analyzed using statistical software called SmartPLS.

The structural equation modeling (SEM) model utilized in this study adheres to component-based structural equation modeling, or variance, which is frequently used in technical analysis in conjunction with the partial least squares (PLS) technique. When examining the cause-and-effect relationships between latent constructs, structural equation modeling, or SEM, has come to be considered a quasi-standard in the field of marketing and management research. For most researchers, doing covariance-based SEM (CB-SEM) is equivalent to using SEM. Although most marketing researchers are only vaguely familiar with partial least squares SEM (PLS-SEM), another helpful kind of SEM, they do possess a rudimentary understanding of CB-SEM.

In this study, two levels of PLS-SEM analysis were performed: First-Order Confirmatory Factor analysis (also known as Second-Order CFA). This action was taken as a result of indicators that were not valid constructs at the initial stage of analysis. Thus, these indicators need to be taken out of the model and reexamined using second-order CFA.

To ascertain the correlation between latent variables, PLS-SEM was used. In this study, the PLS method makes use of SmartPLS. Random multiplication or boostrapping techniques are used by SmartPLS-SEM, so the assumption of normalcy is not a concern. Small sample sizes can be used in research using SmartPLS-SEM by using bootstrapping, as SmartPLS-SEM does not need to identify the lowest total sample. Thus, the two types of test resistance that

SmartPLS-SEM offers are the Inner Model (Evaluation of Structural Model) and the Outer Model (Evaluation of Measurement Model).

1.10.7.1   PLS Model Specification

A measuring model (outer model) and a structural model (inner model) make up the PLS model.

• **Evaluation of Measurement Model (Outer Model)**

The relationship that exists between each indicator and its latent variable is displayed by the measurement model or external relationship. Both convergent and discriminant validity tests were used to evaluate the measurement model in the validity test. Cronbach's Alpha and Composite Reliability both display the reliability test (Ghozali, 2015).

a. Convergent Validity

Convergent validity uses the standardized loading factor and AVE values (Average Variance Extracted) to assess the strength of the link between constructs and latent variables. The individual value may be regarded as greater than the construct you wish to compute if it is over 0.70. For scale development studies, a loading factor of 0.50 to 0.60 is still appropriate (Ghozali, 2015)

b. Discriminant Validity

When there is cross loading between the indicators and the construct, discriminant validity is evident. The latent construct is thought to be an indicator in one block better than indicators in other blocks, as evidenced by the construct's higher correlation with its indicators than the other correlations. Comparing the square root of the AVE for each concept with its link to other constructs and models is another way to assess discriminant validity. The model is said to have excellent

discriminating validity if the AVE roots for each construct are greater than the relationship between the construct and other constructs (Fornell & Larcker, 1981). The test was discussed by Ghozali & Latan (2015) using the AVE score as a means of gauging a construct's validity. When each construct's AVE score is more than 0.50,

c. Reliability

The purpose of a reliability test is to demonstrate the instrument's consistency, precision, and usefulness in calculating constructs. Cronbach's Alpha and Composite dependability are two techniques you can use in SEM-PLS to evaluate the dependability of a construct with indicators. The construct is deemed reliable if the composite reliability or Cronbach alpha value is more than 0.70 (Ghozali & Latan, 2015).

• Evaluation of Structural Model (Inner Model)

The latent variable structure model, which is centered on this model, has a clause relationship and a linear correlation between latent variables. There are two steps in the inner model, specifically:

a. R-Square

Using the R-square score as a goodness-of-fit model test, the structural model was tested. The relationship between exogenous and endogenous latent variables can be explained using the R-square score.

b. Path Coefficient

The significance of the influence between the variables is ascertained by this test using the bootstrapping method via coefficient scores and statistical significance figures (Ghozali & Latan, 2015).

1.10.7.2   Direct Effect Test

The degree of direct influence between variables is ascertained using the direct influence test. SmartPLS 3.0 software was used to conduct this test using the bootstrapping technique. Brand image and customer experience are the independent variables in this study. If the P value is less than the sig level and the T statistic score is more than the T score, the independent (exogenous) variable is thought to have an impact on the dependent (endogenous) variable. (important), specifically 5%.

1.10.7.3   Indirect Effect Test

The method of calculating the indirect effect between variables by using the indirect effect test. In this test, the smartPLS 3.0 software's bootstrapping technique was applied. Customer satisfaction serves as the study's intervening variable. Table T scores must be less than the significance level, and statistical T-scores must be higher. (5%) in order to say that the mediating variable can moderate the impact of the independent variable on the dependent variable.