



E-Loyalty Analysis on Digital Banking Application Bank Jago

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ABSTRACT

Keywords:

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This Study purpose is to know whether Perceived Value from a digital banking applications can impacting E-Trust that leads to E-Satisfaction and E-Loyalty. This research using survey method to collect data with questionnaire method to Bank Jago's user with convenience sampling technique. In this research, Partial Least Square-Structural Equation Modelling (PLS-SEM) is being used to running the data with SmartPLS 3.3.3 software. The results of this research is Perceived Value from Quality value, Social Value, and Emotional Value are positively impact on E-Trust, E-Trust positively impact on E-Satisfaction and E-Loyalty, and E-Satisfaction positively impact on E-Loyalty. Only Monetary value that is been part of Perceived Value is not positively impact on E-Trust.

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1. Introduction

Indonesia have several industry that contribute to Gross Domestic Products (Jayani, 2020). Top 3 industries that contribute to Indonesia's Gross Domestic Products are industry sector with 19.62%, coming second agriculture with 13.45%, and commerce with 13.02%. Unfortunately, information and communication industries coming on 8th with just only contribute 3.95% to Gross Domestic Products. Whereas, in the middle of COVID-19 pandemic situation, it can help on adaptation and application for technology. According to Kemp (2021), percentage of Indonesia's population comparing to Indonesia citizen who have connected with mobile devices are 125.6% - it means that many Indonesia's citizen are connected with mobile devices. In several categories on mobile apps: from chat apps to dating and friendship apps, banking and financial services coming 7th with just only 39.2%. This could happen because there are still fear to adapt banking and financial services in Indonesia like in-app security, privacy, and cyber crime (Dob, Astutik, & Hastuti, 2020). According Vion (2021) on how the landscape of digital banking in Indonesia, digital banking is a sexy industries for many company with total user as per 2020 is reach 3 million user in total but, 77% from total population in Indonesia still underbanked, unbanked, or underserved. This is a great opportunity for digital banking application to persuade them to use their apps. There are 4 benefit for using digital banking application (Vion, 2021).

In Indonesia, there are several company that compete on digital banking industries; Jenius by Bank BTPN, Digibank by DBS, TMRW by UOB, and Bank Jago. Each of company serve same audience; young millenials who have buying power, and want to manage their financial effectively and efficiently. The Challenge for Bank Jago is how Bank Jago, who just a new company on digital banking industries, can attract new user and retain or to make they loyal to Bank Jago especially to compete with well-established conventional bank like BCA, Bank Mandiri, BNI, and BRI.

Factors that needs to be noticed by digital banking application is how to shift their old behaviour in terms of doing transaction using bank services - how they perceived the digital banking value when using the digital banking application. According to Sweeney & Soutar (2021 on Berraies, Yahia, & Hannachi, 2017) perceived value is not just only from functional and monetary value, but also affective value including social value and emotional value (Zeithaml, Bitner, & Gremler, 2000 on Berraies, Yahia,

& Hannachi, 2017). Perceived value is a key factor for audience when using a digital banking application to trust the application that can leads to satisfaction and loyalty.

2. Methods

This research is using survey method with questionnaire to collect the data which the the target respondent is those who have been using Bank Jago digital bank application for the last 3 months. Sampling technique for this research is convenience sampling and sample size is based on Cochran's Formula by using 10% of sampling error (Sugiyono, 2019) with the formula below:

$$N = \frac{z^2 pq}{e^2} \dots\dots\dots (1)$$

Based on the calculation, the sample size for this research is minimum 100 respondent and on this research is using 178 respondent.

The questionnaire item for this research is based on variable Emotional Value, Social Value, Quality Value, Monetary Value, E-Trust, E-Satisfaction, and E-Loyalty. All items are measured with 7-likert scale where 1 is strongly disagree and 7 is strongly agree. Construct for Emotional Value is based from Pura (2005) and Sweeney & Soutar (2001 on Berraies, Yahia, & Hannachi, 2017). Construct Social Value is based from Sweeney & Soutar (2001 on Berraies, Yahia, & Hannachi, 2017). Construct Monetary Value is based from Kumar & Lim (2008 on Berraies, Yahia, & Hannachi, 2017) and Malik, Suresh, & Sharma (2019). Construct Quality Value is based from Sweeney & Soutar (2001 on Berraies, Yahia, & Hannachi, 2017). Construct E-Trust is based from Mayer, Davis, & Schoorman (1995 on Berraies, Yahia, & Hannachi, 2017), Chandra, Srivastava, & Theng (2010 on Suresh & Sharma, 2019), and Yousaf *et al.*, (2018). Construct E-Satisfaction is based from Anderson & Karunamoorthy (2003 on Berraies, Yahia, & Hannachi, 2017) and Chu, Lee, & Chao (2012 on Alkhouli, 2018). Construct E-Loyalty is based form Anderson & Karunamoorthy (2003 on Berraies, Yahia, & Hannachi, 2017) and Chu, Lee, & Chao (2012 on Alkhouli, 2018). This research is analyzed using Partial Least Square Model (PLS-SEM) through SmartPLS 3.0 program.

2.1 Measurement Model

According Hair et al. (2019), validity and reliability is calculate using average variance extracted (AVE) the value is must 0.5 or > 0.5 and for composite reliablity is 0.7. Here below is calculated of AVE and CR on item construct.

TABLE 1
CONSTRUCT EVALUATION

Konstruk	Item	Outer loading
Emotional Value (CR= 0.727, AVE = 0.494 .)		
EV1	I enjoy using Bank Jago Application	0.724
EV4	Using Bank Jago Application makes me feel better	0.898
EV5	Using Bank Jago Application make me satisfied	0.390
Social Value (CR= 0.723., AVE=0.515)		
SV2	Using Bank Jago application can increase my feelings	0.891
SV4	Having Bank Jago application give a good impression from other people	0.838
SV5	I am using Bank Jago Application because my friends are using too	0.220
Monetary Value (CR= 0.545 , AVE= 0.336)		
MV1	Bank Jago application have a rational price	0.384
MV2	Bank Jago Application is value for money	0.887
MV5	I prefer using Bank Jago Application rather than other digital banking application because I get a good offering promo	0.275
Quality Value (CR=0.874, AVE=0.702)		
QV3	Bank Jago Application have a good standard quality	0.687
QV4	Application will be long-lasting	0.885
QV6	Bank Jago Application have a bad quality	0.921

Konstruk	Item	Outer loading
E-Trust (CR=0.920, AVE=0.793)		
ET2	I willing to share my debit card number to other company	0.933
ET5	Bank Jago Application Is really professional doing their business	0.836
ET6	Bank Jago Application having a good intention to fulfil their promise	0.901
E-Satisfaction (CR=0.885, AVE=0.721)		
ES1	I really satisfied using Bank Jago Applicaion	0.852
ES2	Using Bank Jago application is really fun	0.765
ES4	I really pleased to use Bank Jago Application	0.922
E-Loyalty (CR=0.820, AVE=0.602)		
EL1	I will recommend Bank Jago Application to other people	0.756
EL2	I will recommend Bank Jago as a company to other people	0.808
EL5	I have a positive attitude towards Bank Jago Application	0.764

Table 2 shows the results of discriminant validity using cross-loading method.

TABLE 2
DISCRIMINANT VALIDITY

	E-Loyalty	E-Satisfaction	E-Trust	Emotional Value	Monetary Value	Quality Value	Social Value
EL1	0.756	0.547	0.589	0.381	0.187	0.535	0.354
EL2	0.808	0.802	0.792	0.718	0.466	0.697	0.510
EL5	0.764	0.568	0.561	0.477	0.442	0.550	0.410
ES1	0.730	0.852	0.814	0.655	0.487	0.797	0.573
ES2	0.634	0.765	0.687	0.700	0.491	0.566	0.389
ES4	0.778	0.922	0.859	0.749	0.452	0.851	0.654
ET2	0.763	0.831	0.933	0.709	0.455	0.819	0.672
ET5	0.773	0.914	0.836	0.749	0.471	0.649	0.508
ET6	0.742	0.842	0.901	0.668	0.485	0.855	0.654
EV4	0.708	0.813	0.815	0.898	0.474	0.810	0.703
EV5	0.217	0.231	0.183	0.390	0.266	0.134	0.027
MV1	0.164	0.256	0.206	0.249	0.384	0.090	0.034
MV2	0.442	0.477	0.473	0.506	0.887	0.453	0.328
MV5	0.114	0.153	0.122	0.105	0.275	0.248	0.126
QV3	0.417	0.509	0.480	0.508	0.430	0.687	0.391
QV4	0.738	0.808	0.798	0.642	0.67	0.885	0.610
QV6	0.737	0.836	0.846	0.720	0.471	0.921	0.655
SV2	0.490	0.592	0.634	0.557	0.285	0.591	0.891
SV4	0.463	0.502	0.550	0.455	0.294	0.588	0.838
SV5	0.164	0.196	0.164	0.154	0.076	0.124	0.220
EV1	0.390	0.501	0.441	0.724	0.467	0.363	0.198

Table 3 shows the results of R-square of all variable where the results of E-Loyalty is 0.746 or that means 74.6% of E-Loyalty is affected by E-Satisfaction and E-Loyalty. R-square of E-Satisfaction is 0.867 or that means 86.7% of E-Satisfaction is affected by E-Loyalty and E-Trust. R-square of E-Trust is 0.816 or that means 81.6% of E-Trust is affected by Quality Value, Monetary Value, Social Value, and Emotional Value.

TABLE 3

R-SQUARE

Construct	R-square (R ²)
E-Loyalty	0.746
E-Satisfaction	0.867
E-Trust	0.816

Table 4 shows the results of hypothesis evaluation. This evaluation is running using SmartPLS 3.0 software.

TABLE 4
HYPOTHESIS EVALUTATION

Hypothesis	Path	Standard Coefficient	p-Value	Decisions
H1	Emotional Value -> E-Trust	0.267	0.001	Supported
H2	Monetary Value -> E-Trust	0.058	0.334	Not Supported
H3	Quality Value -> E-Trust	0.547	0.000	Supported
H4	Social Value -> E-Trust	0.141	0.019	Supported
H5	E-Trust -> E-Satisfaction	0.931	0.000	Supported
H6	E-Trust -> E-Loyalty	0.497	0.000	Supported
H7	E-Satisfaction -> E-Loyalty	0.381	0.007	Supported

3. Result and Discussion

Results of H1 indicating that Emotional Value positively affect E-Trust with the results of p-value is $0.001 < 0.005$ which make this hypothesis is supported. Previous research also shows that emotional value is positively affect E-Trust (Berraies, Yahia, & Hannachi, 2017) and others research from Karjaluto et al. (2012 on Berraies, Yahia, Hannachi, 2017) and Mosumola el. (2018)

Results of H2 indicating that Monetary Value negatively affect E-Trust with the results of p-value is $0.334 > 0.005$ which make this hypothesis is not supported. Some of the reasons this hypothesis not supported are this main journal reference is specifically on mobile banking application meanwhile on this research is focus on digital banking application. This results does not support previous research from Berraies, Yahia, & Hannachi (2017) and also other research Karjaluto et al. (2012 on Berraies, Yahia, & Hannachi, 2017) and Mosumola et al. (2018)

Results of H3 indicating that Quality Value positively affect E-Trust with the results of p-value is $0.000 < 0.005$ which make this hypothesis is supported. Previous research also shows that Quality Value is positively affect E-Trust (Berraies, Yahia, & Hannachi, 2017) and others research from Karjaluto et al. (2012 on Berraies, Yahia, Hannachi, 2017) and Mosumola el. (2018)

Results of H4 indicating that Social Value positively affect E-Trust with the results of p-value is $0.019 < 0.005$ which make this hypothesis is supported. Previous research also shows that emotional value is positively affect E-Trust (Berraies, Yahia, & Hannachi, 2017) and others research from Karjaluto et al. (2012 on Berraies, Yahia, Hannachi, 2017) and Mosumola el. (2018)

Results of H5 indicating that E-Trust positively affect E-Satisfaction with the results of p-value is $0.000 < 0.005$ which make this hypothesis is supported. Previous research also shows that emotional value is positively affect E-Trust (Berraies, Yahia, & Hannachi, 2017) and others research from Buru & Karabulut (2018) and Chaudhuri & Holbrook (2001 on Husain, 2017)

Results of H6 indicating that E-Trust positively affect E-Loyalty with the results of p-value is $0.000 < 0.005$ which make this hypothesis is supported. Previous research also shows that emotional value is positively affect E-Trust (Berraies, Yahia, & Hannachi, 2017) and others research from Mskrek et al. (2012 on Berraies, Yahia, & Hannachi, 2017) and Jimenez et al. (2016 on Suariedewi & Suprapti, 2020)

Results of H7 indicating that E-Satisfaction positively affect E-Loyalty with the results of p-value is $0.007 < 0.005$ which make this hypothesis is supported. Previous research also shows that emotional value is positively affect E-Trust (Berraies, Yahia, & Hannachi, 2017) and others research from Casaló et al. (2008 on Berraies, Yahia, & Hannachi, 2017) and Kaya et al. (2019).

4. Conclusions

This research shows that to have a loyalty users towards digital banking application, some factor that have to be considered is Emotional Value, Quality Value, Social Value, E-Trust, E-Satisfaction. Bank Jago

as a digital banking application who wants to increase their loyal user have to create a good monetary value activity to enhance the chance for them to stay loyal though many digital banking application in Indonesia.

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