

The Effect of Service Quality, Customer Trust, And Internet Banking On Customer Loyalty Through Customer Satisfaction

Ika Putri Gaban, Zainul Kisman

Program Studi Magister Manajemen, Universitas Trilogi Jakarta.

Email : ikaputriadiwar@gmail.com

Abstract

The rapid digital transformation of the banking industry has intensified competition and shifted customer expectations toward more efficient, secure, and technology-driven services. This study aims to examine the effect of service quality, customer trust, and internet banking on customer loyalty, with customer satisfaction serving as a mediating variable. The research was conducted at PT Bank CIMB Niaga Tbk, Niaga Tower Branch, Jakarta, focusing on customers who actively use internet banking services. A quantitative approach was employed using a survey method, with data collected through structured questionnaires distributed to selected respondents using purposive sampling. The data were analyzed using Structural Equation Modeling (SEM) based on Partial Least Squares (PLS). The results indicate that service quality, customer trust, and internet banking have a positive and significant effect on customer satisfaction. Furthermore, customer satisfaction has a significant positive impact on customer loyalty. Mediation analysis reveals that customer satisfaction plays a crucial mediating role in strengthening the relationship between service quality, customer trust, internet banking, and customer loyalty. These findings highlight the importance of enhancing digital service quality and customer experience as strategic drivers to foster satisfaction and long-term customer loyalty in the modern banking sector.

Keywords: *Service Quality, Customer Trust, Internet Banking, Customer Satisfaction, Customer Loyalty*

Abstrak

Studi ini meneliti pengaruh kompetensi auditor dan pengalaman kerja terhadap kinerja auditor serta menguji peran mediasi implementasi Manajemen Sumber Daya Manusia (SDM). Konteksnya adalah Inspektorat Jenderal Kementerian Ketenagakerjaan Indonesia, di mana ketepatan waktu dan kualitas hasil audit tetap menjadi perhatian strategis. Desain eksploratif kuantitatif digunakan dengan menggunakan pengambilan sampel jenuh sebanyak 70 responden (66 auditor dan 4 petugas pengawas/asisten inspektur). Data dikumpulkan melalui kuesioner skala Likert 1–5 dan dianalisis menggunakan PLS-SEM (SmartPLS). Model pengukuran memenuhi kriteria validitas konvergen (outer

loadings > 0,70; AVE > 0,50) dan menunjukkan reliabilitas yang kuat (Cronbach's alpha 0,845–0,934; reliabilitas komposit 0,886–0,944). Hasil struktural menunjukkan bahwa kompetensi secara positif dan signifikan memengaruhi kinerja auditor ($\beta = 0,343$; $p = 0,001$), sedangkan pengalaman kerja tidak memiliki pengaruh langsung yang signifikan ($\beta = 0,059$; $p = 0,673$). Implementasi HCM secara signifikan meningkatkan kinerja auditor ($\beta = 0,529$; $p < 0,001$) dan secara signifikan diprediksi oleh kompetensi ($\beta = 0,479$; $p < 0,001$) dan pengalaman kerja ($\beta = 0,595$; $p < 0,001$). Uji mediasi mengkonfirmasi bahwa implementasi HCM secara signifikan memediasi pengaruh kompetensi ($\beta = 0,253$; $p < 0,001$) dan pengalaman kerja ($\beta = 0,315$; $p < 0,001$) terhadap kinerja auditor. Temuan ini menyiratkan bahwa pengalaman berkontribusi pada kinerja terutama ketika diterjemahkan ke dalam praktik HCM organisasi (misalnya, pengembangan, penempatan, dan manajemen kinerja).

Kata kunci: *Kompetensi Auditor; Pengalaman Kerja; Manajemen Modal Manusia; Kinerja Auditor; PLS-SEM; Audit Sektor Public*

Introduction

1. Background

The banking industry plays a vital role in supporting economic stability and growth by providing financial services to the public. In the digital era, banks are no longer expected to merely offer conventional banking services but are required to continuously improve service quality, strengthen customer trust, and optimize digital banking platforms to maintain customer satisfaction and loyalty. The emergence of internet banking has transformed customer behavior, where convenience, transaction speed, system reliability, and data security have become dominant factors influencing customer perceptions.

PT Bank CIMB Niaga Tbk, as one of Indonesia's leading private banks, has actively implemented digital transformation strategies. However, intense competition among banks offering similar digital services presents challenges in sustaining customer loyalty. Customers today tend to be less loyal when service experiences fail to meet expectations, particularly in digital platforms. Therefore, understanding the determinants of customer loyalty through satisfaction becomes increasingly important.

Previous studies suggest that service quality, trust, and digital banking services significantly influence customer satisfaction and loyalty. Nevertheless, empirical findings remain inconsistent, especially regarding the mediating role of customer satisfaction. This study seeks to fill this research gap by empirically examining customer satisfaction as a mediating variable in the relationship between service quality, customer trust, internet banking, and customer loyalty in the Indonesian banking context.

2. Research Questions

Based on the research background and objectives, this study seeks to address the following research questions:

- a. Does service quality have a significant effect on customer satisfaction?
- b. Does customer trust have a significant effect on customer satisfaction?
- c. Does internet banking have a significant effect on customer satisfaction?
- d. Does service quality have a significant effect on customer loyalty?
- e. Does customer trust have a significant effect on customer loyalty?
- f. Does internet banking have a significant effect on customer loyalty?
- g. Does customer satisfaction have a significant effect on customer loyalty?
- h. Does customer satisfaction mediate the relationship between service quality and customer loyalty?
- i. Does customer satisfaction mediate the relationship between customer trust and customer loyalty?
- j. Does customer satisfaction mediate the relationship between internet banking and customer loyalty?

Literature Review

1. Main Theory

This study is grounded in the Expectation–Confirmation Theory (ECT) and the Technology Acceptance Model (TAM). According to Kotler and Keller (2018), customer satisfaction arises from a comparison between perceived performance and initial expectations. Meanwhile, TAM (Davis, 1989) emphasizes that perceived usefulness and ease of use influence user acceptance of technology, which in turn affects satisfaction and behavioral intention.

2. Service Quality

Service quality refers to customers' perceptions of a bank's ability to deliver services that meet or exceed expectations, encompassing tangibility, reliability, responsiveness, assurance, and empathy (Tjiptono, 2015).

3. Customer Trust

Customer trust is defined as the belief in a bank's reliability, integrity, and competence in delivering secure and consistent services (Kotler & Keller, 2016).

4. Internet Banking

Internet banking is a technology-based banking service that enables customers to conduct financial transactions electronically, emphasizing ease of use, security, efficiency, and system reliability (Davis, 1989).

5. Customer Satisfaction and Loyalty

Customer satisfaction represents an emotional response resulting from service evaluation, while customer loyalty reflects a long-term commitment to

repeatedly use banking services and recommend them to others (Griffin, 2017).

Previous Studies and Research Gap

Previous studies indicate that service quality, customer trust, and internet banking are important determinants of customer satisfaction and loyalty in the banking industry. Service quality dimensions such as reliability, responsiveness, and assurance have been proven to significantly enhance customer satisfaction and encourage repeat usage (Tjiptono, 2015; Kotler & Keller, 2018). Likewise, customer trust plays a crucial role in reducing perceived risk and strengthening long-term relationships between customers and banks (Griffin, 2017).

The advancement of internet banking has also attracted significant scholarly attention. Based on the Technology Acceptance Model (TAM), perceived usefulness and ease of use influence customer acceptance of digital banking services, which subsequently affects customer satisfaction and loyalty (Davis, 1989). Recent studies confirm that system security, efficiency, and accessibility of internet banking services positively influence customer satisfaction (Rahi et al., 2021).

However, several research gaps remain. First, many prior studies emphasize direct relationships between service quality, trust, internet banking, and customer loyalty, while the mediating role of customer satisfaction is still underexplored. Second, existing research often examines these variables independently rather than within an integrated research model. Third, empirical evidence focusing on private banks in Indonesia with advanced digital banking systems, such as PT Bank CIMB Niaga Tbk, is relatively limited.

Therefore, this study addresses these gaps by integrating service quality, customer trust, and internet banking into a unified model and examining customer satisfaction as a mediating variable influencing customer loyalty. This research contributes to the literature by providing empirical evidence from the Indonesian banking context and offers practical insights for banks in developing effective service and digital strategies to enhance customer loyalty

Conceptual Framework and Hypotheses

Based on the conceptual framework, the hypotheses of this study are formulated as follows:

1. H1: Service quality has a significant effect on customer satisfaction.
2. H2: Customer trust has a significant effect on customer satisfaction.
3. H3: Internet banking has a significant effect on customer satisfaction.
4. H4: Service quality has a significant effect on customer loyalty.
5. H5: Customer trust has a significant effect on customer loyalty.
6. H6: Internet banking has a significant effect on customer loyalty.
7. H7: Customer satisfaction has a significant effect on customer loyalty.
8. H8: Customer satisfaction mediates the relationship between service

- quality and customer loyalty.
9. H9: Customer satisfaction mediates the relationship between customer trust and customer loyalty.
 10. H10: Customer satisfaction mediates the relationship between internet banking and customer loyalty.

Research Methods

This study employs a quantitative explanatory research design. The population consists of customers of PT Bank CIMB Niaga Tbk, Niaga Tower Branch, Jakarta, who actively use internet banking services. Data were collected using a Likert-scale questionnaire and analyzed using SEM-PLS with SmartPLS software. The analysis included validity and reliability testing, path coefficient evaluation, and mediation analysis through bootstrapping procedures.

Research Findings and Discussion

1. Research Findings

In the assessment of the outer model, all indicators and variables were proven to meet the established criteria for validity and reliability. This is demonstrated by loading factor values exceeding 0.70, Average Variance Extracted (AVE) values greater than 0.50, Composite Reliability (CR) values above 0.70, cross-loading values exceeding 0.70, Heterotrait–Monotrait Ratio (HTMT) values below 0.90, and Cronbach's Alpha values higher than 0.70. Therefore, it can be concluded that all measurement instruments used in this study are valid and reliable for measuring the constructs of service quality, customer trust, internet banking, customer satisfaction, and customer loyalty.

The significance analysis of the path coefficients in the PLS-SEM model was conducted using the bootstrapping procedure to evaluate the direction and strength of the relationships between the independent, mediating, and dependent variables. Hypothesis testing in Partial Least Squares (PLS) aims to determine whether the relationships among variables in the structural model are statistically significant. This evaluation was based on the t-statistic and p-value criteria. At a 5% significance level, the alternative hypothesis is accepted if the t-statistic value is greater than or equal to 1.96 or if the p-value is less than or equal to 0.05. Conversely, if the t-statistic is below 1.96 and the p-value exceeds 0.05, the hypothesis is rejected (Hair et al., 2022).

Based on the assessment of the inner model, the results of hypothesis testing are presented as follows:

- Service Quality (X1) → Customer Satisfaction (Z): The path coefficient ; 0.647, with a T-statistic of 0.458 and a p-value of 0.647. Since the T-statistic is lower than 1.96 and the p-value exceeds 0.05, the effect of service quality on customer satisfaction is not statistically significant. Therefore, H1 is

rejected, indicating that service quality does not have a significant effect on customer satisfaction.

- Customer Trust (X2) → Customer Satisfaction (Z): path coefficient (β) is 0.082, with a T-statistic value of 1.740 and a p-value of 0.082. Since the T-statistic does not reach the minimum threshold of 1.96 and the p-value exceeds the significance level of 0.05, the relationship is not statistically significant. This finding indicates that customer trust cannot yet be considered a determining factor in influencing customer satisfaction within the context of this study. Therefore, H2, which states that customer trust has a significant effect on customer satisfaction, is rejected.
- Internet Banking (X3) → Customer Satisfaction (Z): path coefficient (β) = 0.000; with a T-statistic value of 5.931 and a p-value of 0.000. Since the T-statistic exceeds the critical value of 1.96 and the p-value is lower than the significance level of 0.05, the relationship is statistically significant. These findings indicate that improvements in the utilization, quality, and convenience of internet banking services contribute significantly to enhancing customer satisfaction. Therefore, H3, which states that internet banking has a significant effect on customer satisfaction, is accepted.
- Service Quality (X1) → Customer Loyalty (Y): path coefficient (β) = 0.478; T-statistic value is 0.709 and the p-value is 0.478. Since the T-statistic is below the critical value of 1.96 and the p-value exceeds the significance level of 0.05, the relationship is not statistically significant. This insignificance suggests that although the banking services are perceived positively by customers, service quality alone is insufficient to establish or maintain long-term customer loyalty. Therefore, H4, which states that service quality has a significant effect on customer loyalty, is rejected.
- Customer Trust (X2) → Customer Loyalty (Y): The analysis shows that the T-statistic value is 2.461 and the p-value is 0.014. Since the T-statistic exceeds the critical value of 1.96 and the p-value is lower than the significance level of 0.05, the relationship is statistically significant. Therefore, H5, which states that customer trust has a significant effect on customer loyalty, is accepted.
- Internet Banking (X3) → Customer Loyalty (Y): Based on the hypothesis testing results, the internet banking variable is proven to have a significant effect on customer loyalty. The analysis indicates that the path coefficient (β) = 0.001; T-statistic value is 3.463 and the p-value is 0.001. Since the T-statistic exceeds the critical value of 1.96 and the p-value is below the significance level of 0.05, the relationship is statistically significant. Therefore, H6, which states that internet banking has a significant effect on customer loyalty, is accepted.
- H7: Customer Satisfaction (Z) → Customer Loyalty (Y): Based on the hypothesis testing results, customer satisfaction is proven to have a significant effect on customer loyalty. The analysis shows that the T-

statistic value is 2.935 and the p- value is 0.000. Since the T-statistic exceeds the critical value of 1.96 and the p- value is below the significance level of 0.05, the relationship is statistically significant. Therefore, H7, which states that customer satisfaction has a significant effect on customer loyalty, is accepted.

- H8: Service Quality (X1) → Customer Satisfaction (Z) → Customer Loyalty (Y): The mediation analysis indicates a positive relationship between service quality and customer loyalty through customer satisfaction. This is reflected by a positive indirect effect (original sample) of 0.292, with a T-statistic value of 1.987 and a p- value of 0.047. Since the T-statistic exceeds the critical value of 1.96 and the p- value is below the significance level of 0.05, the indirect effect is statistically significant. Therefore, H8, which states that customer satisfaction mediates the relationship between service quality and customer loyalty, is accepted.
- H9: Customer Trust (X2) → Customer Satisfaction (Z) → Customer Loyalty (Y): The mediation analysis shows that customer satisfaction does not mediate the relationship between customer trust and customer loyalty. The indirect effect analysis indicates an original sample value of 0.139, with a T-statistic of 0.975 and a p-value of 0.330. Since the T-statistic is below the critical value of 1.96 and the p-value exceeds the significance level of 0.05, the indirect effect is not statistically significant. Therefore, H9, which states that customer satisfaction mediates the relationship between customer trust and customer loyalty, is rejected.
- H10: Internet Banking (X3) → Customer Satisfaction (Z) → Customer Loyalty (Y): The mediation analysis reveals that customer satisfaction significantly mediates the relationship between internet banking and customer loyalty. The indirect effect analysis shows an original sample value of 0.512, with a T-statistic value of 4.932 and a p-value of 0.000. Since the T-statistic exceeds the critical value of 1.96 and the p-value is below the significance level of 0.05, the indirect effect is statistically significant. Therefore, H10, which states that customer satisfaction mediates the relationship between internet banking and customer loyalty, is accepted.

2. Discussion

This study aims to examine the effects of service quality, customer trust, and internet banking on customer satisfaction and customer loyalty, as well as the mediating role of customer satisfaction in the banking sector. The discussion integrates empirical findings with established theories and previous studies.

- **Service quality does not have a significant effect on customer satisfaction.** This result suggests that service quality alone is insufficient to enhance customer satisfaction in the current banking environment. According to Parasuraman, Zeithaml, and Berry (1988), service quality

reflects the gap between customer expectations and perceived performance. However, Kotler and Keller (2016) argue that in highly competitive service industries, service quality tends to become a basic requirement rather than a differentiating factor. Customers may perceive good service as a standard expectation, thus limiting its impact on satisfaction. This finding supports recent studies suggesting that customer satisfaction is increasingly influenced by technological convenience and digital service efficiency rather than traditional face-to-face service quality.

- **Customer trust does not significantly affect customer satisfaction.** This finding indicates that trust functions more as a fundamental prerequisite in banking relationships rather than a direct driver of satisfaction. Morgan and Hunt's (1994) Commitment–Trust Theory explains that trust is essential for maintaining long-term relationships but does not necessarily generate immediate emotional responses such as satisfaction. In the context of established banks, customers often assume a certain level of trust, which reduces its variability and direct influence on satisfaction.
- **Internet banking has a positive and significant effect on customer satisfaction.** This finding aligns with the Technology Acceptance Model (TAM) proposed by Davis (1989), which emphasizes perceived usefulness and ease of use as key determinants of user satisfaction. Efficient, secure, and user-friendly internet banking services significantly enhance customers' transactional experiences, leading to higher satisfaction. Kotler and Keller (2016) also emphasize that convenience and accessibility are critical determinants of customer satisfaction in digital service delivery.
- **Service quality does not have a significant effect on customer loyalty.** This finding indicates that high service quality alone is insufficient to foster long-term loyalty. Griffin (2017) states that loyalty requires not only satisfactory service performance but also emotional attachment and perceived value. In modern banking, where service quality is relatively homogeneous across institutions, customers may not perceive service quality as a strong reason to remain loyal.
- **Customer trust has a positive and significant effect on customer loyalty.** This finding supports relationship marketing theory, which identifies trust as a key antecedent of loyalty (Morgan & Hunt, 1994). When customers believe that a bank is reliable, secure, and honest, they are more likely to maintain long-term relationships and resist switching to competitors. This result is also consistent with Oliver (1999), who emphasizes trust as a critical component of attitudinal loyalty.
- **Internet banking has a significant positive effect on customer loyalty.** This suggests that superior digital banking experiences encourage customers to continue using the bank's services. According to Kotler and Keller (2016), technological innovation enhances customer value and

strengthens loyalty by reducing effort and increasing convenience. In the banking sector, internet banking has become a strategic tool for retaining customers and strengthening competitive advantage.

- **Customer satisfaction significantly influences customer loyalty.** This result supports Oliver's (1999) satisfaction–loyalty framework, which posits that satisfaction is a necessary condition for loyalty development. Satisfied customers are more likely to repurchase, recommend the service, and maintain long-term relationships. This finding reinforces the role of satisfaction as a key psychological mechanism in customer retention.
- **Customer satisfaction fully mediates the relationship between service quality and customer loyalty.** Although service quality does not directly influence loyalty, it indirectly affects loyalty through satisfaction. This finding supports the view that service quality must translate into satisfaction before it can generate loyalty (Parasuraman et al., 1988; Oliver, 1999).
- **Customer satisfaction does not mediate the relationship between customer trust and customer loyalty.** Trust influences loyalty directly, indicating that trust operates as a relational commitment factor rather than an affective response. This result aligns with Morgan and Hunt (1994), who emphasize the direct role of trust in sustaining long-term relationships.
- **Customer satisfaction significantly mediates the relationship between internet banking and customer loyalty.** This finding suggests that effective internet banking enhances loyalty by first increasing customer satisfaction. In line with TAM (Davis, 1989), positive technology usage experiences lead to favorable attitudes, which subsequently foster loyalty.

Conclusion

Based on the findings of this study, the following conclusions can be drawn:

1. Service quality does not have a significant effect on customer satisfaction.
2. Customer trust does not significantly affect customer satisfaction.
3. Internet banking has a positive and significant effect on customer satisfaction.
4. Service quality does not have a significant effect on customer loyalty.
5. Customer trust has a positive and significant effect on customer loyalty
6. Internet banking has a significant positive effect on customer loyalty
7. Customer satisfaction significantly influences customer loyalty
8. Customer satisfaction fully mediates the relationship between service quality and customer loyalty
9. Customer satisfaction does not mediate the relationship between customer trust and customer loyalty

10. Customer satisfaction significantly mediates the relationship between internet banking and customer loyalty

Recommendations

Based on the research findings, several recommendations can be provided for the company and future researchers:

For the Company

1. Given the significant role of internet banking in improving customer satisfaction and loyalty, the company should continuously enhance the performance of its digital banking services. Improvements should focus on system reliability, transaction speed, security features, and user-friendly interfaces. Regular system updates and proactive cybersecurity measures are essential to maintaining customer trust and satisfaction.
2. Since customer trust has a direct and significant effect on customer loyalty, the company should prioritize transparency, data security, and consistency in service delivery. Clear communication regarding transaction safety, privacy protection, and complaint resolution mechanisms will further strengthen customer confidence and long-term commitment.
3. Although service quality does not directly influence loyalty, its indirect effect through customer satisfaction indicates that service quality must be aligned with customer expectations. The company should focus on personalized services, responsiveness, and problem-solving capabilities to ensure that service quality improvements are perceived as meaningful by customers.
4. The findings highlight the importance of digital experiences in shaping satisfaction and loyalty. Therefore, the company should adopt customer-centric digital strategies, such as integrating feedback mechanisms within internet banking platforms and offering digital education programs to help customers maximize the benefits of online banking services.
5. Customer satisfaction plays a crucial mediating role in building loyalty. The company should regularly measure customer satisfaction levels and use the insights to refine both digital and non-digital service strategies, ensuring sustainable customer relationships.

For Future Research

1. Future studies are encouraged to include additional variables such as perceived value, switching costs, brand image, customer engagement, or digital literacy to provide a more comprehensive understanding of customer loyalty formation in the banking sector.
2. Future researchers may consider using alternative analytical approaches, such as covariance-based SEM (CB-SEM), longitudinal studies, or mixed-method designs, to validate and enrich the findings obtained from SEM-

PLS.

3. This study focuses on a specific banking context; therefore, future research could involve different types of banks (Islamic banks, rural banks, or digital banks) or expand the geographical scope to improve the generalizability of the findings.
4. Future research is recommended to investigate customer loyalty over time by employing longitudinal data. This approach would provide deeper insights into how satisfaction and trust evolve and influence loyalty in the long term.
5. Further studies may examine potential moderating variables such as age, technology readiness, or customer experience level to understand how different customer segments respond to digital banking services.

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