



The Effect of E-Service Quality and E-Trust on Generation Y E-Loyalty on Digital Banking Services in Indonesia

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ABSTRACT

This study aims to analyze the influence of Electronic Service Quality (E-Service Quality) and Electronic Trust (E-Trust) on Electronic Loyalty (E-Loyalty) among Generation Y users of digital banking services in Indonesia. A quantitative approach was employed involving 205 respondents, all of whom are Micro, Small, and Medium Enterprises (MSME) owners from Generation Y actively using digital banking services such as SeaBank, Bank Neo Commerce, and blu by BCA Digital. Data were collected through an online questionnaire and analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) version 3.0. The research instruments were proven to be valid and reliable, with outer loading values > 0.7, AVE > 0.5, and composite reliability > 0.7. The analysis results indicate that both E-Service Quality and E-Trust have a positive and significant effect on E-Loyalty. Furthermore, E-Trust also strengthens the relationship between service quality and user loyalty. The R-square value of 0.638 suggests that the model has a moderate ability to explain the endogenous variable. These findings provide practical implications for digital banks in enhancing user loyalty through reliable and secure services, as well as building long-term trust.

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INTRODUCTION

The development of technology and internet usage globally, including in Indonesia, has increased rapidly from year to year. This is inseparable from the ease of internet access and increasingly interesting technological innovations. Based on the APJII survey, the internet penetration rate in Indonesia has continued to increase since 2018, with 64.8% of the population connected to the internet. This figure jumped significantly during the Covid-19 pandemic to 73.7%, then increased to 78.19% in 2023, and in 2024 the number of internet users was recorded at 221,563,479 people from a total population of 278,696,200 people in 2023, or equivalent to 79.5% (Meriska, 2024). When viewed by age group, the majority of internet users come from

Generation Z (born 1997–2012), followed by Generation Millennials/Y (born 1981–1996), Generation X (1965–1980), Post-Gen Z (born after 2023), baby boomers (1946–1964), and pre-boomers (born before 1945).

The development of digital technology in Indonesia shows rapid progress, including in the banking sector. This change drives significant transformation in digital banking services and gives rise to various innovations to improve service quality and adapt to consumer needs and lifestyles. According to Pratiwi (2020), the presence of modern technological innovations provides great opportunities for the financial sector through digital banking services, which allow customers to access financial information easily. Therefore, the banking industry is increasingly aggressively developing digital technology that allows various processes to run automatically and independently (Yashilva, 2024). Based on data from Bank Indonesia (2023), in January 2023 digital banking transactions grew by 27.96% annually (year-on-year/yoy) with a value reaching IDR 4.9 trillion. In the fourth quarter of 2023, electronic money transactions increased by 43.45% (yoy) to IDR836 trillion, and are expected to grow again by 25.77% (yoy) to IDR1,051.24 trillion in 2024. On the other hand, the value of digital banking transactions was recorded at IDR58,478 trillion with a growth of 13.48% (yoy) and is projected to grow to IDR63,803.77 trillion in 2024 or an increase of 9.11% (yoy). Meanwhile, transactions using QRIS increased by 13% (yoy) with a total value of IDR229.96 trillion and the number of users reached 45.78 million people.

On the other hand, payment transactions using ATM, debit, and credit cards decreased by 0.81% (yoy) with a value of IDR8,178.69 trillion. This shows that people's preferences are increasingly leaning towards digital banking services that allow transactions to be carried out flexibly, without location or time constraints, and without the need for cash or physical visits to the bank. The acceleration of digitalization is also driven by changes in the structure of business owners, which are now dominated by Generation Y who are more familiar with transactions through digital platforms.

In 2022, there are ten digital banks that are most widely used by the Indonesian people, with the top five of them being Bank Jago, NeoBank, Jenius, SeaBank, and Blu by BCA Digital. Bank Jago is in the top position as the most frequently used digital bank. Furthermore, NeoBank, Jenius, and SeaBank are in second to fourth positions. Blu by BCA Digital is in fifth position with a 25% share of 1,000 Populix survey respondents. This data is reinforced by Walfajri's report (2022) which shows that Bank Jago has 9 million users, NeoBank as many as 19 million users, Jenius 4.8 million users, SeaBank more than 1.7 million users, and Blu by BCA Digital also reaches 1.7 million users. Of the total Blu users, 49% are from Generation Z and 40% from the Millennial Generation (Simamora, 2024). This trend proves that the five digital banks have succeeded in attracting public interest and trust through innovative and efficient banking services (Simamora, 2024).

The Ministry of Cooperatives and SMEs noted that Generation Y plays an important role in the MSME sector, with 45% of MSME players coming from this generation. MSMEs contribute greatly to the national economy, especially in absorbing labor and increasing GDP. MSME players from the millennial generation tend to choose to use digital banking services for their business operations because of the ease and speed of the services offered. In addition to being efficient, digital banks also provide benefits in the form of free monthly administration fees and free interbank transfer fees. With this facility, digital banks can help millennials manage business transactions while separating personal funds and business funds. From the description above, it can be concluded that the main challenge in digital banking is maintaining customer

loyalty or e-loyalty. Due to increasingly fierce competition, industry players need to continue to innovate to retain customers. E-loyalty is a positive attitude of customers towards electronic transactions that causes them to continue to use the service repeatedly (Saragih, 2019). The increase in e-loyalty is influenced by two main factors, namely the quality of electronic services (E-Service Quality) and electronic trust (E-Trust).

The E-Service Quality factor describes the services provided through the internet media widely, connecting banks with customers to support transaction activities efficiently and effectively (Anser et al., 2021). Customers expect services provided through applications or websites to be of high quality and able to provide satisfaction. Superior service will be an added value for the company in retaining customers and building e-loyalty (Juwaini et al., 2022). A number of previous studies support that the quality of electronic services significantly affects customer loyalty (Fauziah et al., 2023). This is also reinforced by Akhmadi & Martini (2020) who emphasize the importance of service reliability and efficiency in building customer loyalty.

The E-Trust factor refers to the level of customer trust in electronic services in situations that contain online transaction risks. Trust is the main foundation in transactions between two parties (Nawang Sari & Putri, 2020). If a service does not gain the trust of users, it is difficult for the service to build e-loyalty (Berliana & Sanaji, 2022). Customer data security is a crucial factor in creating trust in digital banking services. Research from Garepasha et al. (2020) and Indrawati et al. (2020) shows that trust has a positive influence on customer loyalty. In this case, the quality of electronic services needs to be strengthened with a foundation of trust (Shankar and Jebarajakirthy, 2019). Trust in digital services is an absolute factor in efforts to provide the best and most efficient service to customers. Customer loyalty can only be achieved if satisfaction and trust have been established (Indrawati et al., 2020). If the security aspect of digital services is doubtful, customers will lose trust in the service product. Therefore, trust and loyalty are the main keys in the digital banking ecosystem (Haq & Awan, 2020). Trust in this digital site or service is known as E-Trust (Mubarak & Kurriwati, 2021).

Research conducted by Ardani & Subarjo (2025) entitled "The Effect of Electronic Service Quality, Electronic Trust, and Electronic Satisfaction on the Loyalty of Dana Digital Wallet Users in Yogyakarta", shows that: (1) Electronic service quality has a positive and significant effect on electronic loyalty; (2) Electronic trust actually has a negative effect on user loyalty; (3) Electronic user satisfaction has a positive and significant impact on electronic loyalty; and (4) Simultaneously, the three variables—service quality, trust, and electronic satisfaction—contribute positively to user loyalty.

Meanwhile, research by Luthfiani et al. (2024) entitled "The Effect of Electronic Service Quality and Electronic Trust on the Satisfaction of PLN Mobile Application Users in Padang Panjang City", aims to determine how much influence the two variables have on customer satisfaction. This study involved 68 respondents who were PLN customers in Padang Panjang City, who were selected randomly. The results of the analysis showed that electronic service quality and electronic trust had a significant effect on the level of satisfaction of PLN Mobile application users.

Furthermore, Siregar et al. (2023) conducted a study entitled "The Effect of Trust and Electronic Service Quality on Electronic Loyalty of Mobile Banking Service Users of Bank Syariah Indonesia with Customer Satisfaction as an Intervening Variable (Case Study on FEBI UINSU Students Class of 2019)". This study analyzes how trust and digital service quality affect the loyalty of mobile banking service users, as well as the role of customer satisfaction as a

mediator in the relationship. Data were collected by distributing questionnaires to students who use mobile banking services, then analyzed using statistical techniques such as regression and path analysis to test the relationship between variables.

Karunia & Haeba (2023) in their study entitled "Electronic Service Quality, Electronic Trust, and Customer Satisfaction on Electronic Customer Loyalty in Using the OVO Digital Wallet", stated that of the seven hypotheses tested, there were several important findings: electronic service quality has no effect on customer satisfaction, electronic trust affects satisfaction, while neither service quality nor trust directly affects customer loyalty. However, customer satisfaction has a significant effect on loyalty. In addition, electronic trust affects customer loyalty through the satisfaction variable. Based on these findings, improving service quality and trust are crucial aspects in maintaining the loyalty of OVO digital wallet users.

Finally, research by Novianti (2023) entitled "The Effect of Electronic Service Quality, Reputation, Electronic Trust, and Electronic Satisfaction on Electronic Customer Loyalty", found that electronic satisfaction and trust have a positive and significant effect on customer loyalty. However, electronic satisfaction has no effect on electronic trust, and reputation also does not have a significant impact on trust. Electronic service quality, on the other hand, has been shown to contribute positively to electronic customer satisfaction.

The quality of electronic services has been proven to have a significant impact on digital user loyalty, especially among Generation Y who run Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. As a group that is highly dependent on technology, Generation Y pays close attention to the quality of the digital services they use, especially in terms of ease of access, user-friendly application design, and speed and security in transactions. According to Ribbink et al. (2004), elements in e-service quality such as ease of use, responsive application design, and guaranteed transaction security are important factors that drive user satisfaction, which then influences their loyalty to digital banking services.

This is very relevant for MSMEs who need an efficient and secure platform to support their business operations. Research by Aliifa et al. (2023) shows that the higher the quality of service provided by a digital bank, the more likely MSME owners are to remain loyal to using the service. The quality of service in question includes ease of application navigation, speed in responding to problems, and protection of sensitive transaction data.

In this context, superior digital services will create a positive experience for MSMEs, thus encouraging them to continue using digital banking services as the main tool in managing finances and running business operations. Based on this, the first hypothesis proposed is:

H₁: E-Service Quality has a positive and significant effect on E-Loyalty.

Electronic trust (e-Trust) plays a crucial role in shaping digital loyalty (e-Loyalty), especially among Generation Y who run Micro, Small, and Medium Enterprises (MSMEs) and utilize digital banking services. McKnight et al. (2002) explained that trust in digital service providers, especially in terms of security assurance and information transparency, is the main foundation in creating user loyalty. MSME actors who utilize digital banks need confidence that their personal and business data are protected, and that the systems they use can be relied on to support their daily financial needs. Research by Aydin et al. (2005) shows that the higher the trust in digital services, the more likely users are to remain loyal in the long term. Meanwhile, Floh and Treiblmaier (2006) emphasized that trust built from transparency and security of digital services will strengthen user loyalty to technology-based banking services. For MSME owners,

this trust is very vital because they rely heavily on digital systems to manage payments and routine business transactions Based on this, the second hypothesis formulated is:

H₂: Electronic Trust (E-Trust) has a positive and significant effect on Electronic Loyalty (E-Loyalty) among digital banking service users from Generation Y in Indonesia.

METHOD

This study uses a quantitative approach because the results of observations will be converted into numbers and analyzed statistically. The data used in this study are primary data, namely data collected directly by researchers from the main source or location of the research object. Data collection was carried out by distributing questionnaires using Google Forms which were shared via WhatsApp and other digital communication media. The subjects in this study were individuals from Generation Y who have Micro, Small, and Medium Enterprises (MSMEs) and use digital banking services in Indonesia. Sampling was carried out using a purposive sampling technique, namely selecting samples based on certain criteria that have been determined by the researcher. The number of respondents determined in this study was 205 people, with the consideration that this number was sufficient to produce representative and valid data in statistical analysis. By considering the variety of types of MSMEs and differences in experience in using digital banking services, the results of this study are expected to provide a comprehensive picture of the influence of e-Service Quality and e-Trust on e-Loyalty among Generation Y. To analyze the data, this study uses the Partial Least Squares Structural Equation Modeling (PLS-SEM) method with the help of Smart PLS software. In addition, hypothesis testing and model analysis were also carried out to evaluate the relationship between the variables studied.

RESULTS AND DISCUSSION

a. Data Analysis

Convergent Validity

Convergent validity refers to the concept that indicators or measurement variables of a construct should have a strong correlation with each other. To assess convergent validity, an evaluation of the loading factor and Average Variance Extracted (AVE) values is carried out. The results of data processing related to the loading factor and AVE values are shown as follows:

Tabel 1. Convergent Validity

Variabel	Dimensi	Indikator	Outer Loading	Keterangan
<i>E-Service Quality</i>	<i>Ease of use</i>	X1.1	0.805	Valid
		X1.2	0.813	Valid
		X1.3	0.805	Valid
<i>E-Service Quality</i>	<i>Application Design</i>	X1.4	0.811	Valid
		X1.5	0.826	Valid
		X1.6	0.828	Valid
	<i>Responsiveness</i>	X1.7	0.782	Valid
		X1.8	0.832	Valid
		X1.9	0.820	Valid
	<i>Personalization</i>	X1.10	0.842	Valid

		X1.11	0.751	Valid
		X1.12	0.879	Valid
	<i>Assurance</i>	X1.13	0.873	Valid
		X1.14	0.824	Valid
		X1.15	0.893	Valid
<i>E-Trust</i>	<i>Reliability</i>	X2.1	0.763	Valid
		X2.2	0.776	Valid
		X2.3	0.801	Valid
	<i>Competence</i>	X2.4	0.722	Valid
		X2.5	0.728	Valid
		X2.6	0.811	Valid
	<i>Securit</i>	X2.7	0.782	Valid
		X2.8	0,823	Valid
		X2.9	0,826	Valid
	<i>Transparency</i>	X2.10	0,821	Valid
		X2.11	0,860	Valid
		X2.12	0,834	Valid
	<i>Fairness</i>	X2.13	0,836	Valid
		X2.14	0,832	Valid
		X2.15	0,834	Valid
<i>E-Loyalty</i>	<i>Customer satisfaction</i>	Y1	0,789	Valid
		Y2	0,805	Valid
	<i>Trust</i>	Y3	0,807	Valid
		Y4	0,810	Valid
	<i>Repurchase intention</i>	Y5	0,841	Valid
		Y6	0,811	Valid
		Y7	0,807	Valid
	<i>Long term commitment</i>	Y8	0,800	Valid
		Y9	0,816	Valid
		Y10	0,880	Valid

Source: Data Processed (2024).

Tabel 2. Average Variance Extracted

Variabel	<i>Average Variance Extracted</i>
<i>E-Service Quality (X1)</i>	0.683
<i>E-Trust (X2)</i>	0.647
<i>E-Loyalty (Y)</i>	0.667

Source: Data Processed (2024).

Based on Tables 1 and 2, all variables have loading factor values above 0.70 (>0.70) and Average Variance Extracted (AVE) values exceeding 0.50 (>0.50). Thus, it can be concluded that all variables have met the convergent validity criteria.

Discriminant Validity

Discriminant validity is related to the concept that indicators or measurement variables of different constructs should not have a high correlation with each other. To test discriminant validity, cross loading value analysis is used.

Table 3. Discriminant Validity

Indikator	(X1) E-Service Quality	(X2) E-Trust	(Y) E-Loyalty
X1.1	0,805	0,396	0,558
X1.2	0,813	0,478	0,611
X1.3	0,805	0,424	0,536
X1.4	0,811	0,422	0,537
X1.5	0,826	0,388	0,528
X1.6	0,828	0,389	0,518
X1.7	0,782	0,365	0,537
Indikator	(X1) E-Service Quality	(X2) E-Trust	(Y) E-Loyalty
X1.8	0,832	0,406	0,607
X1.9	0,820	0,408	0,555
X1.10	0,842	0,415	0,533
X1.11	0,751	0,383	0,452
X1.12	0,879	0,481	0,599
X1.13	0,873	0,458	0,543
X1.14	0,824	0,490	0,555
X1.15	0,893	0,460	0,639
X2.1	0,357	0,763	0,562
X2.2	0,440	0,776	0,616
X2.3	0,407	0,801	0,619
X2.4	0,287	0,722	0,374
X2.5	0,341	0,728	0,446
X2.5	0,341	0,728	0,446
X2.6	0,403	0,811	0,556
X2.7	0,422	0,782	0,547
X2.8	0,407	0,823	0,571
X2.9	0,398	0,826	0,580
X2.10	0,410	0,821	0,639
X2.11	0,434	0,860	0,612
X2.12	0,468	0,834	0,631
X2.13	0,431	0,836	0,603
X2.14	0,462	0,832	0,554
X2.15	0,491	0,834	0,613
Y1	0,494	0,592	0,789
Y2	0,578	0,544	0,805

Y3	0,514	0,585	0,807
Y4	0,527	0,554	0,810
Y5	0,545	0,634	0,841
Y6	0,575	0,565	0,811
Y7	0,552	0,588	0,807
Y8	0,507	0,549	0,800
Y9	0,616	0,557	0,816
Y10	0,587	0,660	0,880

Source: Data Processed (2024)

According to the data in Table 3, each variable exhibits a cross loading value over 0.70 and possesses an AVE square root value that surpasses the correlation between variables. Therefore, it can be inferred that all variables satisfy the criterion of discriminant validity.

Reability Test

The reliability test is conducted to demonstrate the precision, consistency, and accuracy of the instrument in measuring the construct. Reliability assessment of a construct using reflexive indicators can be accomplished through two methods: Cronbach Alpha and Composite Reliability.

Table 4. Reability Test

Variabel	Cronbach's Alpha	Nilai Kritis	Keterangan
<i>E-Service Quality (X1)</i>	0.967	0,7	Reliabel
<i>E-Trust (X2)</i>	0.961	0,7	Reliabel
<i>E-Loyalty (Y)</i>	0.944	0,7	Reliabel

Source: Data Processed (2024)

According to Table 4, each variable exhibits a Cronbach alpha value and a composite reliability value over 0.70. Therefore, it can be inferred that all variables satisfy the reliability test's rule of thumb.

Inner Model Analysis

1. R-Square Results

Correlation analysis was conducted in the study to determine the relationship between the variables studied. This study aims to determine the strength of the relationship between variable X, namely E-Service Quality and E-Trust with variable Y, namely E-Loyalty. The following is a table of interpretation of the correlation relationship between research variables.

Tabel 5. R-Square

	R Square	R Square Adjusted
E-Loyalty (Y)	0.638	0.634

Source: Data Processed (2024).

According to Table 5, the coefficient of determination (R²) has a value of 0.634. The R Square results of data processing using SmartPLS 3.0 show the influence value of E-Service Quality and E-Trust on E-Loyalty of 0.638, which indicates that the E-Service Quality and E-Trust variables are simultaneously able to explain the E-Loyalty variable by 63.8%, while the remaining 36.2% is explained by other variables outside this research model.

Significance (Path Coefficient)**1. Hypothesis Test Results of the Influence of Service Quality on E-Loyalty**

The research conducted used the E-Service Quality variable that influences E-Loyalty. The following is a hypothesis test of the influence of E-Service Quality on E-Loyalty conducted in this study.

Table 6. Hypothesis Test Results X_1

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
E-Service Quality (X1) -> E-Loyalty (Y)	0.416	0.423	0.080	5.167	0.000

Source: Data Processed (2024).

Table 6. shows the results of the p value of 0.000. Further research was conducted by comparing the p value with the significance level used in this study, namely 5% or 0.05. The results show a p value of $0.000 < 0.05$ so that Hypothesis 0 is rejected and Hypothesis 1 is accepted, meaning that there is an influence between E-Service Quality and E-Loyalty. The original sample value (O) of the variable between E-Service Quality and E-Loyalty is 0.445 so that E-Service Quality affects 41.6% E-Loyalty. The calculated t value is $5.167 > 1.972$ t table, these results indicate that E-Service Quality has a positive and significant influence on E-Loyalty. This means that the better the digital bank is in providing services to users, the more it will support E-loyalty from users.

2. Results of Hypothesis Testing of the Influence of E-Trust on E-Loyalty

The research conducted used the E-Trust variable that influences E-Loyalty. The following is the hypothesis testing of the influence of E-Trust on E-Loyalty conducted in this study.

Table 7. Hypothesis Test Results X_2

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
E-Trust (X1) -> E-Loyalty (Y)	0.500	0.493	0.079	6.316	0.000

Source: Data Processed (2024).

Table 7 shows the results of the p value of 0.000. Further research was conducted by comparing the p value with the significance level used in this study, which is 5% or 0.05. The results show a p value of $0.000 < 0.05$ so that Hypothesis 0 is rejected and Hypothesis 1 is accepted, meaning that there is an influence between E-Trust and E-Loyalty. The original sample value (O) of the variable between E-Trust and E-Loyalty is 0.500 so that E-Trust influences 50% of E-Loyalty. The calculated t value is $6.316 > 1.972$ t table, these results indicate that E-Trust has a positive and significant influence on E-Loyalty. This means that the better the digital bank is at increasing trust in customers by providing security for each customer, the more it will increase customer E-Loyalty.

b. Research Results and Hypothesis Testing

The Influence of E-Service Quality on E-Loyalty

Based on the research results, Electronic Service Quality (E-Service Quality) shows a positive influence on Electronic Loyalty (E-Loyalty), with a p value of 0.000 or $0.000 < 0.05$. This shows that E-Service Quality has a significant influence on E-Loyalty. The quality of electronic services reflects a form of service through a wider internet media, which bridges the relationship between banks and customers to support transaction activities effectively and efficiently (Anser et al., 2021). Customers expect that the digital applications they use are able to provide quality services and create satisfaction in their use. Superior and high-quality electronic services can provide added value to the company, which ultimately has an impact on customer retention and increased loyalty to the services used (Juwaini et al., 2022). This finding is in line with previous research which states that E-Service Quality has a significant influence on E-Loyalty (Fauziah et al., 2023). High-quality digital services make a major contribution to the level of consumer satisfaction. This is also reinforced by the research results of Akhmadi & Martini (2020) which show that the reliability and efficiency of digital banking services are the main factors in building customer loyalty.

According to Aliifa et al. (2023) showed that the better the quality of service provided by a digital bank, the more likely MSME owners are to remain loyal to using the service. This service quality includes convenience in using the application, responsiveness in handling problems, and protection of sensitive transaction data. In this context, good service quality will create a positive experience for MSME owners, encouraging them to continue using digital banking services as the main tool in managing their business finances and operations. This study is also strengthened by statements from customers or MSME owners who use digital banks in their business operations. Respondents stated that they can easily access their business financial information by monitoring their business cash flow and daily business mutation reports.

Then, respondents also stated that using this digital bank helps them in doing business financial bookkeeping, so that bookkeeping can be recorded neatly and makes it easier for them to make monthly business financial reports. In addition, with the use of this digital bank, respondents feel helped in separating personal funds and business funds, so that these funds are not combined and can reflect business finances well. Thus, the quality of electronic services provided by digital banks not only functions as a determining factor in creating satisfaction for users, but also has a very important role in building and strengthening customer loyalty in a sustainable manner. This shows that the positive experience felt by users while interacting with digital services can encourage them to continue using these services in the long term.

The Influence of E-Trust on E-Loyalty

The results of the study show that E-Trust has a positive effect on E-Loyalty, with a p value of 0.000 or $0.000 < 0.05$. Thus, it can be concluded that electronic trust has a significant effect on electronic loyalty. The E-Trust factor refers to an individual's belief in a service in a risky online transaction situation. Business transactions can occur if both parties have an adequate level of trust (Nawang Sari & Putri, 2020). Trust in electronic services plays an important role; if a service fails to gain the trust of its users, it will be difficult to build customer loyalty, especially in the digital banking sector (Berliana & Sanaji, 2022). In this case, E-Trust is the main foundation in forming customer loyalty digitally. When digital banks are unable to foster trust from their

users, long-term loyalty is difficult to achieve. This is due to the characteristics of digital services that are intangible and full of uncertainty, so that users rely heavily on a sense of security, trust in the system, and the integrity of the services provided.

Therefore, managing security issues and trust in customer data is one of the key elements in the success of digital banks. This finding is in line with previous studies conducted by Garepasha et al. (2020) and Indrawati et al. (2020), which stated that electronic trust significantly affects customer loyalty in the context of digital services. Electronic trust (E-Trust) is very important in building electronic loyalty (E-Loyalty) among Generation Y who have MSMEs and use digital banking services. Generation Y as a group that is very open to technology, still prioritizes the aspect of trust in service providers, especially in terms of transaction security and personal data protection. According to McKnight et al. (2002) stated that trust in digital service providers, especially in terms of security and transparency, forms the basis of user loyalty. MSME owners who use digital banking services need confidence that their business and personal data are safe, and that the platform they choose can be relied on to support their financial activities.

This study is also supported by statements from customers or MSME owners who use digital banks in their business operations. Respondents stated that customers tend to choose to transact using digital banks/digitally because the service is considered safer and more transparent. Based on this statement, the security and transparency of the digital payment system make customers feel calm in making transactions, especially because of security features such as two-factor authentication, transaction notifications, and clear product information. This trust acts as a foundation that strengthens long-term relationships between users and service providers. The system transparency feature allows customers to see transaction history clearly and get immediate confirmation after payment is made, thereby reducing the potential for errors or mistakes in transactions. With high trust, users tend not to only make transactions once, but to make digital banks their main partners in running their MSME operations. This proves that trust is one of the main pillars in forming customer loyalty to digital banking services.

CONCLUSION

The findings of the research those are E-Service Quality has been proven to have a positive and significant effect on E-Loyalty, so the first hypothesis is accepted. This indicates that the better the quality of digital services perceived by users, the higher their level of loyalty to the digital banking services used. E-Trust also shows a positive and significant effect on E-Loyalty, so the second hypothesis is accepted. This finding illustrates that the higher the level of customer trust in the digital banking platform—both in terms of reliability, capability, security, transparency, and fairness—the more likely customers are to remain loyal to using the service.

RESEARCH IMPLICATION

The implications obtained are as follows: 1) Banks need to continue to improve the quality of e-Service, especially in terms of access speed, ease of use of applications, system reliability, and availability of service features that suit customer needs; 2) Digital trust must be built through a strong data security system, information transparency, and consistent service provision. These efforts are important to create a sense of security in using digital banking services; 3) These findings indicate that customer loyalty is not only determined by financial benefits, but also by the quality of the digital experience and the level of trust in the banking system; 4) Digital banking needs to adopt the latest technologies, such as artificial intelligence

and cybersecurity, to support more personal, responsive, and secure services; 5) Although digital-based services are the main focus, customer service support through non-digital channels (such as call centers) is still needed to maintain customer satisfaction and loyalty holistically.

LIMITATIONS

1. This study was only conducted on bank customers who actively use digital banking services such as mobile banking and internet banking.
2. The variables studied were limited to e-Service and e-Trust as factors that influence e-Loyalty, without considering other variables such as satisfaction or user experience.
3. The study was conducted in a certain period and region, so the results cannot be generalized widely.
4. The approach used was quantitative through questionnaires, so it did not explore qualitative aspects in depth.

SUGGESTION

In terms of digital service quality, digital banks need to ensure that the entire service process—from account opening, financial transactions, to complaint resolution—can be done quickly, easily, and without technical obstacles. A smooth, intuitive, and efficient user experience is an important factor that can increase satisfaction and encourage users to continue using the service continuously.

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