el Barka: Journal of Islamic Economics and Business
Vol. : 6 (2), 2023, 349-382
DOI : 10.21154/elbarka.v6i2.7097
p-ISSN : 2657-1153
e-ISSN : 2657-1862

RELATIONSHIP BETWEEN CUSTOMER EXPERIENCE AND DIGITAL ISLAMIC-ONLY BANKS: A SERIAL MEDIATION OF BRAND TRUST AND BRAND EQUITY

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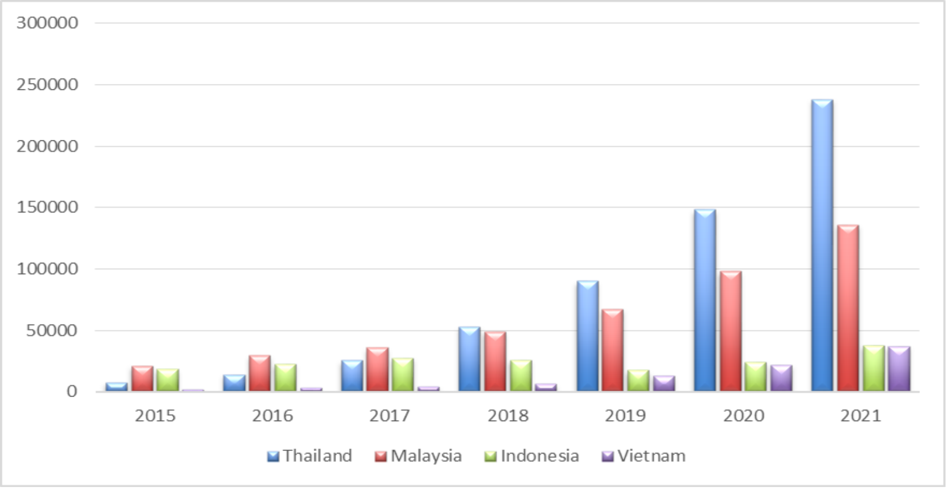
Abstract: The main objective of this study is to investigate the construction of customer experience, trust, and brand equity in the relationships between Islamic Digital-Only Banks. This model aims to provide a solution to the problems faced by Islamic banking. The study utilized a sample of 262 respondents, who were given an online questionnaire for data collection. The research sample was selected using a convenience sampling approach and specifically focused on consumers of Islamic Digital-Only Banks in Central Java and the Special Region of Yogyakarta. The collected data were analyzed using the partial least squares structural equation modelling (SEM-PLS) method. The findings indicate that the process of creating trust in Islamic Digital-Only Banks brands through the provided customer experience acts as a precursor to enhancing brand equity. Consequently, this can contribute to fostering customer loyalty. Therefore, it is of utmost importance for Islamic Digital-Only Banks in Indonesia to prioritize delivering exceptional customer experiences. Key features such as simplicity in various processes and the company's promptness in resolving customer issues can serve as critical factors in building customer loyalty.

Keywords: Customer experience, brand trust, brand equity, customer loyalty, islamic digital-only banks.

INTRODUCTION

The increasing trend of digitalization demands the financial industry to transition comprehensively towards digital platforms (Windasari et al., 2022). The entire banking sector is also required to be available online in real-time to provide services to customers. This demand is further reinforced by the conditions imposed by Covid-19, which restrict physical mobility and increase the non-physical mobility of the population (Rahmanov et al., 2021; Rahmatika & Soesanto, 2022). According to data from the Indonesian Internet Service Providers Post-pandemic in 2022, digital users also recorded an increase, reaching 210 million individuals, or approximately 80 percent of the total population in Indonesia (Indonesian Internet Service Provides Association, 2022). This data indicates that digitalization has be necessary for almost the tire Indonesian population. Supporting this fact, data from Bank Indonesia also shows that electronic money transactions in 2022 reached IDR 142.967 billion (Bank Indonesia Statistical Department, 2022).Similar records are also shown in the International Monetary Fund (IMF) data, which reveals significant growth in Internet banking and mobile banking transactions in several Southeast Asian countries. However, Indonesia's growth from 2015 to 2021 only reached 106 percent, still below Thailand with 2,959 percent growth, Vietnam with 1,754 percent growth, and Malaysia with 539 percent growth. This is shown in the following graph.

Graph 1: Internet Banking and M-banking Transaction Volume 2015-2021



Furthermore, this will have an influence on customer behavior in the digital era (Suhartanto et al., 2020). Changes in customer behavior require the banking sector to adopt digital technologies to support their services (A. A. Shaikh et al., 2023). This applies to Islamic banks as well, which have shown potential in asset growth over the past three years (2020-2022) (Banking Licensing and Information Department, 2023). The value proposition of Islamic banking goes beyond Sharia compliance and also requires the adoption of technology to meet customer needs. This is relevant to the banking 4.0 revolution, which promotes the creation of digital banking (Financial Services Authority, 2022). Islamic Digital-Only Banks are one manifestation that responds to the challenges of the digital banking era. On the other hand, the presence of digital banking is expected to meet customers' needs for real-time online services (A. A. Shaikh & Karjaluoto, 2016; Windasari et al., 2022).

Digital banking, in a broader sense, has shown significant growth in the Southeast Asian region (Windasari et al., 2022). The survey conducted by Bick et al. (2021) indicates that Hong Kong currently has the highest number of digital banking users in the Asian region, followed by Taiwan, China, and Singapore. Furthermore, different surveys reveal that within the next six months, at least 55 percent of banking customers in Indonesia are expected to switch to digital banking customers (Barquin et al., 2019). This potential indicates that Indonesia will have a market share of digital banking customers, particularly among Muslims. Therefore, these two potentials provide added value for Islamic banks in introducing Islamic Digital-Only Banks in Indonesia.

Aligned with this, Windasari et al. (2022) revealed that digital banking customers' excessive digital customer experience is a key factor influencing their loyalty towards digital banking. Additionally, social influence, banking reputation, and economic value are other factors that affect digital banking customer loyalty. Customer experience is closely related to the feelings elicited by brand identity, design, and perceived experiences by customers (Brakus et al., 2009; Chavali & Kumar, 2018; Kamath et al., 2019). Overall, the customer's experience with all the services provided by the banking sector enables the realization of loyalty (Kamath et al., 2019). However, promotional disruptions from other parties can still lead to customer disloyalty (Loureiro & Sarmento, 2018; Oliver, 1999).

The increasingly competitive landscape requires the banking sector, particularly Islamic banks, to maintain their brand image (Kamath et al., 2019; Loureiro & Sarmento, 2018). Mbama et al. (2018) revealed that the brand image of digital banking is closely related to customer trust in a brand. In the banking sector, customer perceptions of security and reliance on a brand can increase customer trust (Hafez, 2021; Veloutsou, 2015). On the other hand, in building customer loyalty, banks play a role in ensuring that customers understand the offered advantages (Loureiro & Sarmento, 2018; Rambocas et al., 2018). Furthermore, Loureiro & Sarmento (2018) confirmed that customer understanding, experience, and trust in a brand can lead to the development of brand equity. Several studies also agree that brand equity plays a role in building customer confidence and loyalty (Loureiro et al., 2014; Loureiro & Sarmento, 2018; Rambocas et al., 2018). A strong brand can evoke positive responses from customers, leading to emotional appeal and increased customer engagement (Rambocas et al., 2018).

Therefore, this research attempts to integrate the constructs of customer experience with the mediating constructs of brand trust and brand equity on customer loyalty. In constructing these variables, the researcher also refers to previous literature that has confirmed the role of customer experience, brand trust, and brand equity in enhancing customer loyalty (Mbama et al., 2018; Rambocas et al., 2018; Windasari et al., 2022), as well as the role of brand equity and brand trust as mediating variables (Hafez, 2021; Kamath et al., 2019). However, these variables have not been tested in the context of digital Islamic banking customers (Islamic Digital-Only Banks). Furthermore, this study will address the suggestion made by Windasari et al. (2022) to examine digital banking customers without generational or age limitations and respond to the suggestion made by Mbama et al. (2018) to examine customer experience in developing countries.

The limited literature on Islamic Digital-Only Banks in Indonesia makes this research even more interesting. Islamic Digital-Only Banks also need to create a positive customer experience and ensure customer loyalty by building brand equity and brand trust. Therefore, the overall objective of this research is to investigate the relationship between customer experience, brand equity, and brand trust on customer loyalty towards Islamic Digital-Only Banks in Indonesia. In the next section, the researcher will discuss the theoretical foundation regarding Islamic Digital-Only Banks and Loyalty, as well as the formulation of hypotheses. The third section will present the sampling technique and data processing. The fourth section will proceed with the analysis and discussion of the research results. Finally, the conclusion and recommendations for Islamic Digital-Only Banks and future studies related to Islamic Digital-Only Banks will be presented.

LITERATURE REVIEW

Islamic Digital-Only Banks

Digital-Only Banks are described differently from Mobile Banking, SMS Banking, or Internet Banking. The fundamental differentiating factor of Digital-Only Banks from other digital banking products is the absence of physical branches (Windasari et al., 2022). Digital-Only Banks not only offer banking products online but also commit to not having physical branch offices. The entire infrastructure related to customer service is provided online (Mbama et al., 2018; Windasari et al., 2022). However, Digital-Only Banks in Indonesia may still have a head office and limited physical branches (Financial Services Authority, 2021). Digital-Only Banks are seen as revolutionizing traditional banking services, particularly by achieving paperless, signature-less, and branchless banking (Windasari et al., 2022). Similarly, Islamic Digital-Only Banks refer to banking activities conducted online or virtually while adhering to Sharia compliance, such as avoiding riba, gharar, and maysir.

Although Sharia compliance is often emphasized in the literature, Shaikh et al. (2023) reveal that customers of Islamic Digital-Only Banks primarily focus on technological factors such as relative advantages, effectiveness, and the complexity of services. Consistent with this viewpoint, the findings of Azis & Mustafar (2021) also show that customers of Islamic Digital-Only Banks pay close attention to the security and safety of funds and customer data, as well as the functionality of the system. Therefore, customers' demands for Islamic Digital-Only Banks are more related to technological aspects that encompass overall service and assurance of data and fund security. Increasing operational effectiveness in Digital-Only Banks is expected to align with improved service, security, and privacy (Dharamshi, 2019; Windasari et al., 2022). These factors will have implications for customer satisfaction and loyalty (Mbama et al., 2018).

Loyalty

Several studies have agreed that loyalty is correlated with customer behavior and attitudes (Kamath et al., 2019; Mbama et al., 2018; Oliver, 1999; Yusfiarto, 2021). Loyalty, as a whole, is demonstrated through customers' decisions to purchase, choose, and reuse a product based on their psychological commitment (Oliver, 1999). In the business context, customer loyalty becomes a primary measure of the success of applied business strategies (Yusfiarto, 2021). Oliver (1999) argues that truly loyal customers reach the stage of action loyalty, while the cognitive, affective, and conative stages are still susceptible to marketing disruptions from other parties. Therefore, in achieving customer loyalty, the involvement of interactive processes and consistent thinking with customers will be highly essential. (Wahyuni & Fitriani, 2017).

In the banking sector, customer loyalty is generally formed through the provision of good service by banks (Boonlertvanich, 2019; Kamath et al., 2019). Similarly, in the context of Digital-Only Banks, customers also demand service factors such as convenience, affordability, and system security (Mbama et al., 2018; Windasari et al., 2022). Overall, these three factors are related to the customer experience. In line with this, Mbama et al. (2018) state that building loyalty for Digital-Only Banks requires enhancing the customer experience. Similarly, Windasari et al. (2022) reveal that the customer experience is the primary reason for turning Digital-Only Banks customers into loyal and sustainable customers. Thus, ensuring customer loyalty to Digital-Only Banks is related to the improvement of services (such as enhanced security, diversified service types, and personalized support), which correlates with the enhancement of customer experience, customer trust, and brand equity (Kamath et al., 2019; Mbama et al., 2018; Windasari et al., 2022).

Hypotheses Development

Customer experience plays a crucial role in shaping customer loyalty (Brakus et al., 2009; Kamath et al., 2019; Mbama et al., 2018) The series of interactions in the form of rational, emotional, physical, and spiritual aspects between customers and the products and services provided can form the customer experience (Hagan et al., 1995; Verhoef et al., 2009). However, the rational and emotional contexts are only internal outcomes created through sensations, feelings, cognition, and responses to stimuli from a product or service (Sahin et al., 2011). Thus, the customer experience is closely related to the formation of customer trust and brand equity (Brakus et al., 2009; Kamath et al., 2019; Sahin et al., 2011).

The correlation between customer experience and customer trust and brand equity can be created through positive customer experiences (Kamath et al., 2019; Sahin et al., 2011). Kamath et al. (2019) also found that the perceived experience of banking customers alone does not guarantee customer loyalty; in this case, affective commitment from customers is highly necessary. Furthermore, the findings of Mbama et al. (2018) clearly indicate that the overall experience of Digital-Only Banks customers has an impact on increased satisfaction and loyalty. Based on these explanations, the following hypotheses are proposed:

H1: Customer experience significantly influences loyalty.

H2: Customer experience significantly influences brand trust.

H3: Customer experience significantly influences brand equity.

In addition to customer experience, another important factor in creating antecedents for loyalty is trust (Boonlertvanich, 2019). Trust is generated when customers observe the services provided and then evaluate them based on the dimensions of service quality (Boonlertvanich, 2019; Parasuraman et al., 1988). Consistent with this, trust in a brand can enhance customer dependence on the brand (Chaudhuri & Holbrook, 2001; Hafez, 2021). In marketing, the construction of trust can maintain the relationship between the seller and the buyer (Sahin et al., 2011). Therefore, trust in a brand becomes an indicator of measuring consumer experience with a brand (Brakus et al., 2009).

Several studies have proven that trust in a brand is reflected in loyalty through the intention to purchase or reuse banking products (Gefen, 2002; Tabrani et al., 2018). Overall, trust in a brand in the banking sector is related to the experiences perceived by customers (such as security, convenience, and ease of use) (Mbama et al., 2018; Windasari et al., 2022). In the same context, the development of Digital-Only Banks in Indonesia is based on high customer trust in the banking sector (Barquin et al., 2019). Furthermore, the findings of Mbama et al. (2018) reveal that brand trust has implications for increased customer loyalty to Digital-Only Banks. Based on these explanations, the following hypotheses are proposed:

H4: Brand trust significantly influences brand equity.

H5: Brand trust significantly influences loyalty.

A brand plays a role in building trust, belief, and loyalty for customers (Rambocas et al., 2018; Verhoef et al., 2009). Brand equity, as a whole, arises from the satisfaction derived from the customer experience (Pappu & Quester, 2006; Torres & Tribó, 2011). In the marketing context, brand equity is depicted as the value provided to customers, which is one of the factors in building customer loyalty (Jeon, 2017). Brand equity is formed through customers' understanding of the overall product (Loureiro et al., 2014). The correlation between brand equity and loyalty can occur because brand equity positively influences the choice and reuse of a product (Kamath et al., 2019; Rambocas et al., 2018).

Therefore, loyalty is often classified as an outcome dimension of brand equity. Additionally, Chaudhuri & Holbrook (2001) confirm this with findings that indicate brand equity is essentially embedded in customers and ultimately contributes to loyalty. Kamath et al. (2019) also explain that brand equity plays a role in shaping loyalty in the banking context. Supporting these findings, Rambocas et al. (2018) argue that brand equity in the banking sector benefits the banking industry as it is associated with satisfaction and loyalty. Based on these explanations, the following hypothesis is proposed:

H6: Brand equity significantly influences loyalty.

Furthermore, several studies have revealed the relationship between customer experience and loyalty (Kamath et al., 2019; Mbama et al., 2018; Sahin et al., 2011). The indirect relationships indicate that customer satisfaction has a positive influence on loyalty when mediated by additional variables. These studies have been conducted in the context of mobile services, tourism, and banking (Godovykh & Tasci, 2020; Kamath et al., 2019; Sheng & Teo, 2012). Yang et al.

(2015) assert that brand satisfaction and brand equity act as additional variables that link consumer affection to loyalty. Similarly,Iglesias et al. (2011) demonstrate that brand trust and brand equity are antecedents that influence the emergence of commitment and loyalty.

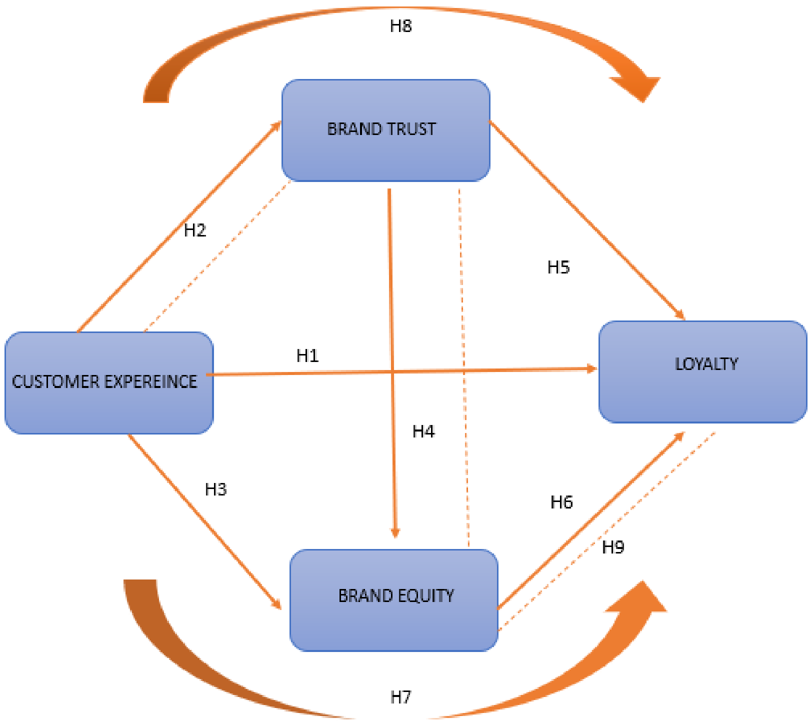
Furthermore, in the context of banking, Hafez (2021) reveals that brand trust serves as a link between social media marketing and brand equity. The importance of brand equity in enhancing loyalty will be demonstrated through the tendency of brand equity to enable customers to build and maintain relationships with the brand and the company (Kamath et al., 2019; Rambocas et al., 2018) In the same context, Kamath et al. (2019) explain that the influence of customer experience on initial satisfaction will be strengthened by brand equity. Moreover, brand equity also plays a role in influencing the relationship between experience and customer loyalty. Based on the presented information, the following hypotheses are assumed:

H7: Brand equity significantly mediates the relationship between customer experience and loyalty.

H8: Brand trust significantly mediates the relationship between customer experience and loyalty.

H9: Both brand trust and brand equity significantly mediate the sequential relationship between customer experience and loyalty.

Figure 1. Conceptual Model of the Study



METHODS

This research adopts a quantitative approach utilizing primary data. The data collection employs a questionnaire with a five Likert scale ranging from “1” for strongly disagree to “5” for strongly agree, incorporating statements adapted from previous studies and adjusted to align with the research objectives. Convenience sampling is employed, targeting consumers of Islamic Digital-Only Banks in Central Java and the Yogyakarya Special Region. This technique is chosen for its efficiency in distributing quetionnaires (Sekaran & Bougie, 2016). The study comprises a total of 262 respondents. Data analysis is conducted using the Structural Equation Modelling Partial Least Square (SEM-

PLS) method, facilitated by SmartPLS 3.0 for comprehensive analysis. The research model encompassess four variables, including three exogenous variables (customer experience, brand equity, and brand trust) and one endogenous variable (loyalty). Additionally, the adopted research model incorporates brand equity and brand trust as mediating variables. Customer experience is measured using indicators (CEX1, CEX2, CEX3, CEX4, CEX, and CEX6) adapted from Klaus & Maklan (2013), brand equity was measured using indicators (BEQ1, BEQ2, BEQ3, and BEQ4) adapted from Tong & Hawley (2009), brand trust was measured using indicators (BTR1, BTR2, BTR3, BEQ4, and BTR5) adapted from Munuera-Aleman et al. (2003), and loyalty was measured using indicators (LYT1, LYT2, LYT3, and LYT4) adapted from Yusfiarto et al. (2023). The sample frequency can be seen in Table 1.

Table 1. Distribution Frequency of Respondents

Respondent Demographics		Frequency	Percentage
Gender	Male	134	51.15%
	Female	128	48.85%
Residence	Yogyakarta	87	33.21%
	Semarang	85	32.44%
	Solo	44	16.79%
	Sleman	32	12.21%
	Bantul	14	5.34%
Occupation	Undergraduate	107	40.84%
	Professional	111	42.37%
	Entrepreneur	44	16.79%
Owned Account	Jago Syariah Bank	120	45.80%
	Aladin Bank	142	54.20%

Source: Primary data processed (2023)

RESULT AND DISCUSSION

Result

Data Screening

To determine the adequacy of the sample used in the Kaiser-Meyer-Olkin (KMO) test, the threshold for the KMO index is set at > 0.8 (Cureton & D’Agostino, 2013). The KMO output is 0.941, indicating that the research sample meets the criteria for adequacy statistically. The next step is to test for common method variance (CMV) using Harman's single factor test (Kock et al., 2021). The output shows a five-factor structure (eigenvalues greater than 1), with the maximum variance explained by a single factor being less than 50 percent of the covariances in the constructs. It can be concluded that there is no CMV issue in the dataset used (Kamath et al., 2019). Finally, a test for non-response bias is conducted by comparing the means of the constructs between early and late responses (Armstrong & Overton, 1977). The evaluation of non-response bias indicates that there are no differences between the early and late responses.

Measurement Models (Outer Model)

The first step involved considering the measurement model (outer model), followed by the structural model (inner model). The study focused on five criteria for analyzing the outer model. First, the loading factor criterion (individual reliability) for each factor was assessed in relation to its respective constructs, with a threshold of > 0.7 as recommended by Hair et al. (2019). Second, the assessment of internal consistency was conducted using Cronbach's alpha (α) and composite reliability (CR), with a threshold of 0.70 based on the recommendation by Hair et al. (2019). Third, convergent validity was measured by assessing the average variance extracted (AVE), with a threshold of 0.50 according to Hair et al. (2017). Fourth, discriminant validity analysis was performed using the Fornell-Larcker criterion and heterotrait-monotrait ratio (HTMT), with a threshold of < 0.90 as suggested by Henseler et al. (2015). Fifth, the final assessment involved checking the variance inflation factor for each indicator in the constructs, with a threshold of < 5 following the recommendations by Hair et al. (2014). Overall, the measurement model output showed good results in accordance with previous research recommendations. Further details can be seen in the table below.

Table 2. Fornell-Larcker Criterion Results

Variables	**Brand equity**	**Brand trust**	**Customer experience**	**Loyalty**
Brand equity	**0.851**			
Brand trust	0.716	**0.869**		
Customer experience	0.679	0.646	**0.811**	
Loyalty	0.667	0.492	0.718	**0.878**

Source: Primary data processed (2023)

Table 3. HTMT Results

Variables	**Brand equity**	**Brand trust**	**Customer experience**	**Loyalty**
Brand equity	**1**	(0.731; 0.865)	(0.674; 0.816)	(0.648; 0.811)
Brand trust	0.801	**1**	(0.628; 0.786)	(0.415; 0.641)
Customer experience	0.752	0.710	**1**	(0.698; 0.869)
Loyalty	0.734	0.535	0.793	**1**

Source: Primary data processed (2023)

Table 4. Description of Measurement Items

Construct	Description	Loadings
Customer experience (a = 0.896, CR = 0.920, AVE = 0.657)		
CEX1	The entire process related to IDOBs is easy	0.824
CEX2	IDOBs guarantee security and have a good reputation	0.753
CEX3	I prefer IDOBs over other alternative providers	0.836
CEX4	I have intensive contact with IDOBs	0.804
CEX5	IDOBs provide solutions when errors occur	0.830
CEX6	The personnel at IDOBs understand my situation	0.815
Brand equity (a = 0.873, CR = 0.913, AVE = 0.724)		
BEQ1	If other brands have the same features, I prefer IDOBs	0.860
BEQ2	Islamic Digital-Only Banks mean more to me than just a brand	0.779
BEQ3	I have a personal positive feeling towards my bank	0.870
BEQ4	I like my bank after receiving benefits from their services	0.891
Brand trust (a = 0.891, CR = 0.925, AVE = 0.754)		
BTR1	IDOBs give me confidence and certainty	*Dropped*
BTR2	IDOBs has never disappointed me	0.830
BTR3	I can rely on Islamic Digital-Only Banks	0.826
BTR4	Islamic Digital-Only Banks will help with any problems I encounter	0.921
BTR5	Islamic Digital-Only Banks will make efforts to satisfy me	0.893
Loyalty (a = 0.901, CR = 0.931, AVE = 0.770)		
LYT1	I intend to continue using IDOBs in the future	0.867
LYT2	I feel more comfortable using IDOBs	0.875
LYT3	I speak positively about IDOBs to others	0.894
LYT4	I would recommend IDOBs to others	0.874

Source: Primary data processed (2023)

Structural Models (Inner Model)

In the measurement of the structural model, the bootstrap bias-corrected and accelerated (BCCI) resampling approach with 5,000 iterations was chosen. The concept of the bootstrap approach is that the sub-sample (bootstrap output) from the analyzed sample (research sample) correlates with the sample in the study, just as the analyzed sample correlates with the population (Cameron & Trivedi, 2010). Both the direct effects of constructs and the indirect effects of mediating variables are assessed to test the structural model. Path coefficients represent the strength of the relationships between the constructs, and path coefficient values exceeding the threshold of 0.15 indicate the ability of independent variables to influence dependent variables (Pattusamy & Jacob, 2017) Furthermore, the standardized root mean square residual (SRMR) is applied to verify the model fit. The SRMR results show that the saturated model has an SRMR value of 0.062, and the estimated model has an SRMR value of 0.061. These results are in accordance with the threshold of < 0.080 (Henseler et al., 2015), indicating a good model fit.

Before proceeding to hypothesis testing, the inner model's multicollinearity is assessed using the variance inflation factors (VIF). Overall, the results indicate that the VIF values are below the threshold of < 3 (Hair et al., 2019), indicating no issues with multicollinearity. Next, the path analysis results indicate that all hypotheses are accepted. For instance brand trust significantly influence loyalty (β = 0.145; p-value < 0.01), brand trust significantly affects to brand equity (β = 0.475; p-value < 0.05), brand equity significantly impacts loyalty (β = 0.408; p-value < 0.05), customer experience significantly influences brand equity (β = 0.373; p-value < 0.05), customer experience significantly affects brand trust (β = 0.646; p-value < 0.01), and customer experience significantly influences loyalty (β = 0.534; p-value < 0.05). In the mediation test, the brand trust variable demonstrates mediating effects in the serial relationship between customer experience and brand equity, as well as customer experience and loyalty (p-value < 0.001). The brand equity variable also plays a mediating role in the serial relationship between brand trust and loyalty, and custome experience and loyalty (p-value < 0.05). Lastly, serial mediation effects are also exhibited by brand trust and brand equity in the relationship between customer experience and loyalty (p-value < 0.05). For a more detailed, please refer to tables 5 and 6.

Furthermore, the results of the coefficient of determination analysis for the loyalty construct show a moderate value (R^2 = 0.584, R^2 adj. = 0.579). It can be concluded that 57 percent of the independent variable in loyalty can be explained by the dependent variables in the construct. The influence among variables in the model is also estimated using Cohen's f^2. Cohen's f^2 values of 0.02 (small), 0.15 (medium), and 0.35 (large) can serve as measures of predictor effects (Hair et al., 2017). The overall f^2 output ranges from 0.022 to 0.716. Additionally, Stone - Geisser's Q^2 is applied to estimate the predictive relevance of the research model, with Q^2 values serving as references for predictive relevance (Hair et al., 2017). The Q^2 values for the variables loyalty, brand trust, and brand equity are 0.437, 0.307, and 0.419, respectively, which are above the minimum threshold value of 0. These results indicate that the model has predictive relevance and has been well-reconstructed (Hair et al., 2018)

Table 5. Outcome of Direct Effect

PLS-Path	β	t-value	p-value	BCCI	Conclussion
Brand equity -> Loyalty	0.408	5.810	0.001	(0.277; 0.555)	Accepted
Brand trust -> Brand equity	0.475	8.581	0.000	(0.367; 0.596)	Accepted
Brand trust -> Loyalty	0.145	2.309	0.021	(0.026; 0.273)	Accepted
Customer experience -> Brand equity	0.373	6.914	0.002	(0.242; 0.464)	Accepted
Customer experience -> Brand trust	0.646	17.454	0.000	(0.561; 0.707)	Accepted
Customer experience -> Loyalty	0.534	7.513	0.001	(0.386; 0.671)	Accepted

Source: Primary data processed (2023)

Table 6. Outcome of Indirect Effect

PLS-Path	t-value	p-value	BCCI	Mediation
Customer experience -> Brand trust -> Brand equity	7.732	0.000	(0.237; 0.392)	Partial
Brand trust -> Brand equity -> Loyalty	4.668	0.001	(0.127; 0.296)	Partial
Customer experience -> Brand equity -> Loyalty	4.558	0.001	(0.080; 0.193)	Partial
Customer experience -> Brand trust -> Loyalty	2.314	0.021	(0.092; 0.221)	Partial
Customer experience->Brand trust->Brand equity-> Loyalty	4.573	0.001	(0.017; 0.182)	Partial

Source: Primary data processed (2023)

Table 7. Outcome of the PLSpredict

Items	PLS			Benchmark		
	RMSE	**MAE**	**Q^2_predict**	**RMSE**	**MAE**	**Q^2_predict**
LYT1	0.728	0.516	0.291	0.716	0.513	0.315
LYT2	0.629	0.456	0.410	0.635	0.452	0.398
LYT3	0.680	0.495	0.386	0.687	0.500	0.373
LYT4	0.611	0.465	0.457	0.614	0.453	0.452

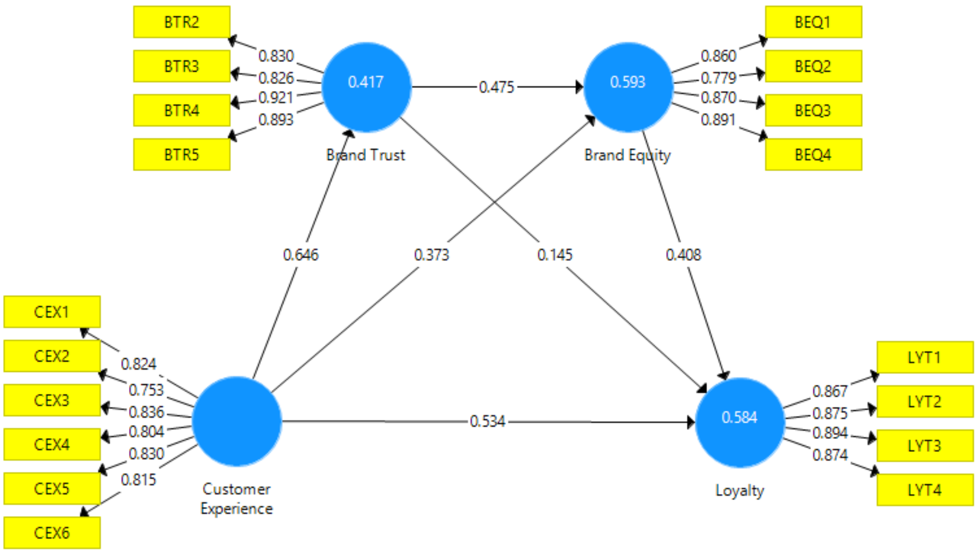
Source: Primary data processed (2023)

Table 8. Outcome of the R^2, f^2, VIF, and Q^2

Construct	VIF	f^2	Q^2	R^2 adj.
Brand equity -> Loyalty	2.458	0.162		
Customer experience -> Loyalty	2.057	0.334	0.437	0.579
Brand trust -> Loyalty	2.271	0.022		
Customer experience -> Brand trust	1.000	0.199	0.307	0.415
Customer experience -> Brand equity	1.716	0.716	0.419	0.590
Brand trust -> Brand equity	1.716	0.323		

Source: Primary data processed (2023)

Figure 2. Evaluation Model



Discussion

This research aims to investigate the determinants of customer loyalty in Islamic Digital-Only Banks in Indonesia, taking into account the experience and serial mediation effects between brand trust and brand equity. The research findings reveal that customer experience significantly influences customer loyalty. This indicates that customers' emotional, rational, physical, and spiritual experiences with the products and services of Islamic Digital-Only Banks serve as stimuli in creating responses in the form of loyalty towards the institution. Customer experiences in the context of Islamic Digital-Only Banks encompass factors such as relative superiority, service effectiveness, and complexity (I. M. Shaikh et al., 2023). Furthermore, the influence of customer experience on loyalty in this study strongly resonates with previous research (Brakus et al., 2009; Chen & Chen, 2010; Mbama et al., 2018; Sahin et al., 2011). Theoretically, it is explained that customers who have used the products and services of Islamic Digital-Only Banks have entered the affective and conative loyalty phases (Mbama et al., 2018; Oliver, 1999). In the affective phase, customers start to feel satisfied based on their experiences with the banking products and services. Subsequently, this satisfaction fosters the intention for cumulative product and service usage.

With the growing intention to use the products and services again, it also indicates the emergence of trust within customers towards the products and services of Islamic Digital-Only Banks. Consistent with this, the results of this study also show that the construct of customer experience in Islamic Digital-Only Banks can enhance brand trust. Simply put, all forms of products and services that contribute to the customer experience can lead to the establishment of customer trust in the products and services. These findings further extend previous research that revealed that customer trust is formed based on customer experiences (Brakus et al., 2009; Mbama et al., 2018; Sahin et al., 2011). Moreover, customer trust has been noted to enhance brand equity (Pappu & Quester, 2006; Sahin et al., 2011; Torres & Tribó, 2011). This is also confirmed in this study, where the construct of customer experience significantly influences brand equity. The experiences of customers ultimately shape their understanding of the products and services offered by Islamic Digital-Only Banks.

Furthermore, this research also elucidates the significant relationship between brand trust and customer loyalty in Islamic Digital-Only Banks. These findings intersect and align with previous studies that reveal how customer trust in Digital-Only Banks leads to customer loyalty (Mbama et al., 2018). In the context of Islamic banking, customer trust plays a fundamental role in underpinning the customer-banking relationship (Tabrani et al., 2018). Thus, trust in a product and service increases customer preference to remain loyal to the brand, even if it requires paying a slightly higher price for the brand (Chaudhuri & Holbrook, 2001; Mbama et al., 2018; Tabrani et al., 2018). Additionally, in this study, the construct of brand trust also exhibits a significant effect on brand equity. These results align with the findings of Hafez (2021), who revealed that brand trust influences the emergence of brand equity in customers. The trust customers place in the products and services of Islamic Digital-Only Banks can foster awareness and knowledge of the offerings among customers. The interplay between customer trust and brand equity indicates that the relationship between customers and the brand has been successfully established.

Furthermore, the implications of brand equity also demonstrate a significant influence on customer loyalty in Islamic Digital-Only Banks. Customers' knowledge and understanding of the value inherent in products and services offered by Islamic Digital-Only Banks lead to their continuous usage of these offerings. This aligns with previous literature that emphasizes how brand equity ultimately builds and sustains the relationship between customers, the brand, and the company (Pappu & Quester, 2006; Torres & Tribó, 2011). In essence, ensuring customer loyalty towards Islamic Digital-Only Banks requires ensuring that customers comprehend and appreciate the advantages offered by the institution. According to Oliver (1999), when customers are in a state of cognitive, affective, and conative loyalty, they may still switch to other products due to disruptive promotions. Hence, it becomes crucial for Islamic Digital-Only Banks to instill the distinctiveness of each product and service offered to retain customers until they reach the phase of action loyalty.

Another interesting finding in this research is the existence of an indirect relationship between customer experience and customer loyalty in Islamic Digital-Only Banks. This is demonstrated through the significant mediating effect of brand equity between customer experience and loyalty. These results also support several previous studies that validate brand equity's role in mediating the relationship between customer experience and loyalty (Iglesias et al., 2011; Kamath et al., 2019; Yang et al., 2015). Positive experiences in using products and services from Islamic Digital-Only Banks lead to an increase in customers' understanding and knowledge of these offerings. As customers gain better comprehension and knowledge about the products and services, they become more inclined to continuously use Islamic Digital-Only Banks' products and services. This alignment with previous research highlights the consensus among scholars that brand equity engenders brand loyalty (Kamath et al., 2019).

In addition to the construct of brand equity, the construct of brand trust also exhibits a significant mediating effect on the relationship between customer experience and loyalty. These findings indicate that customer loyalty can be formed not solely based on the perceived experiences of customers (Chaudhuri & Holbrook, 2001; Kamath et al., 2019). The emergence of trust resulting from the customer's experiences after using products and services offered by

Islamic Digital-Only Banks tends to facilitate the development of customer loyalty. This is because the growth of trust is rooted in the stimuli that customers perceive physically, rationally, and even spiritually, ultimately leading customers to choose to use Islamic Digital-Only Banks' products and services again.

Besides the indirect relationship mentioned above, the findings of this study also revealed that the brand trust and brand equity constructs play significant mediating roles in the serial relationship between the customer experience construct and loyalty. Serial mediation indicates that any experience customers perceive regarding the products and services of Islamic Digital-Only Banks initially forms customer trust, which in turn leads to increased equity and ultimately results in customer loyalty (Kamath et al., 2019; Mbama et al., 2018). These results clarify that Islamic Digital-Only Banks must create positive experiences for customers. Positive experiences have a significant impact on customer loyalty, either directly or indirectly. Additionally, by creating positive experiences, Islamic Digital-Only Banks aim to foster brand trust and brand equity.

CONCLUSION

The study's results underscore the significant impact of customer experience on the sustained usage of products and services offered by Islamic Digital-Only Banks. Customers' preference for favorable experiences plays a crucial role in fostering brand trust and brand equity. Additionally, both brand trust and brand equity emerge as important drivers influencing customer loyalty. Consequently, these findings suggest that the Islamic Digital-Only Banks sector in

Indonesia should prioritize the creation of exceptional customer experiences, which could involve improving the efficiency and sophistication of their services. Delivering positive experiences to customers constitutes a fundamental aspect that contributes to cultivating brand trust, brand equity, and ultimately, customer loyalty towards Islamic Digital-Only Banks. This, in turn, will be pivotal for the success and ongoing advancement of Islamic Digital-Only Banks in Indonesia.

Besides, this study provides a theoretical contribution through the development of a model related to the growth of customer loyalty in Islamic Digital-Only Banks in Indonesia, specifically by integrating the relationships between customer experience, brand trust, and brand equity in influencing customer loyalty. However, the researchers advise caution in interpreting the research findings due to the limited focus and scope, which only covers a small region in Indonesia. Therefore, for future research, it is recommended to expand the scope to include a more diverse population and develop the research topic more comprehensively. Additionally, future studies should consider delving deeper into the constructs of brand equity and customer experience related to Sharia compliance within the context of Islamic Digital-Only Banks. Furthermore, the researchers also suggest employing heterogeneity analysis to address potential biases in the research sample.

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