

# CHAPTER I

## INTRODUCTION

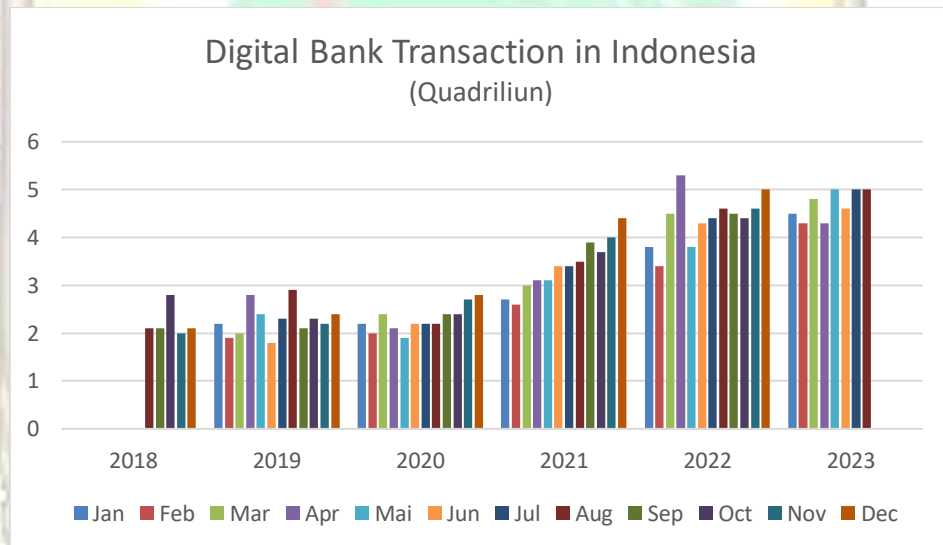
### 1.1 Research Background

Technology has been growing day by day, it is because of the development in numerous sectors. Currently we are in the 5.0 era which requires us to use technology platforms in our activities. The technology user is from the older to the youngest, it is because of the benefit and convenience of technology itself for daily activities. According to Rahmawati et al (2021) technology nowadays has helped bring convenience to modern human life. The development in technology is giving a significant effect in our life, it is making the long activities to be short, from manual to be automatic.

There are various types of technology, digital, information, communication, transportation, industrial and etc. Technology is already used by many people for business, school, college, work, Bank services, and etc. It is based on the purpose of using technology. For business purposes, technology will make it easy to run a business, people can buy something just from home and anywhere. Aside from that, one other way that technology has made banking services more convenient is through digital banking, which allows us to transfer money whenever and wherever we want without having to visit a bank machine. Banking service is bank activities that help customer easier to do financial transaction (Mario & Susanti, 2022).

One type of banking services is digital banking. According to Haralayya (2021) digital banking is the transformation of traditional banking to computerization services. So many services that digital banking provides, including online account access, online money transfer, mobile banking, customer support and so on. Digital banking offers users several advantages such as 24 hour application access and services access, transfers anywhere within internet connection, seeing the transaction summary and so on.

**Table 1.1 The amount of digital bank's transaction in Indonesia**



Source: [databoks.katadata.co.id](https://databoks.katadata.co.id)

The digital bank's transaction in Indonesia based on data according to Ahdiat, Adi (2023) in [databoks.katadata.co.id](https://databoks.katadata.co.id) from August 2018 until August 2023 above, the amount of transaction is mostly increase month by month. In August 2018, the digital bank transaction in Indonesia is 2,1 quadrillion. In August 2023, the amount of 5 quadrillion, it is increasing 158% from August 2018. The lower transaction in last 5

years is in June 2019 with 1,8 digital bank transaction. The highest transaction in last 5 years is in April 2022 with 5,3 quadrillion digital bank transaction.

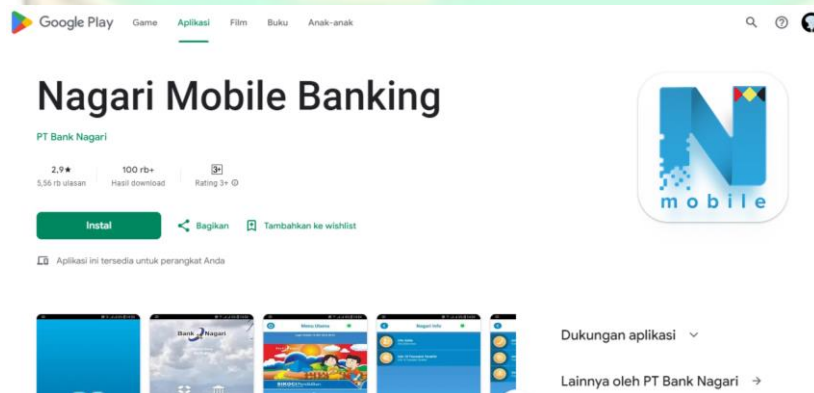
There are so many digital bank and e-commerce in Indonesia in this era. In September 2023, the amount of Indonesia's banks is 105 which consist of 4 stated owned public bank, 67 national private public banks, 27 regional development bank, and 7 bank branch offices abroad (Wahyu Abdi, 2023). One of those banks that used digital bank is Bank Nagari. According to a web page from banknagari.co.id, Bank Nagari is a regional bank in Indonesia under West Sumatera Governance. This bank provides customers in various financial services for individual purpose, business purpose, and community purpose. Web Page from Subekti & Nasrul (2023) said that Bank Nagari is included in 16 best BUMD banks in Indonesia.

The achievement of Bank Nagari in 2023 according to (Redaksi, 2024), which are:

1. The Main Director of Bank Nagari was awarded the title of Best Leader of the Year in the Professional Banking Sector Category.
2. Info bank organised the Best BPD Top BUMD Category 2023.
3. The 2022 Paritrana Award for Finance, Trade, and Services' Best Business Entity in the Large Scale Company Category

4. The 28th Infobank Banking Appreciation 2023 event awarded Golden Troghy Excellent Performance in 5 Consecutive Years with a Very Good Performance criterion.
5. Making a donation to the Indonesia Sharia Economic Festival (ISEF) Award in 2023 through Sharia Business Unit (UUS)
6. The Top 20 Financial Institution Award 2023's Finance Award 2023 Asset Category, which ranges from IDR 25 trillion to less than 50 trillion.
7. The OJK West Sumatra-organized literacy activities with the highest number of participants were implemented by the best commercial bank.
8. The commercial bank that OJK West Sumatra organised with the highest number of account openings as the best inclusion activity implementer.
9. The Sharia Business Unit that achieved the highest level of financial performance at the 2023 Sharia Award
10. Outstanding Sharia Business Unit Financial Performance at the 2023 Sharia Award
11. The Sharia Business Unit with the Best Financial Performance for the Asset Class Category: IDR 2.5 trillion to less than \$5 trillion
12. In the Conventional Bank Category, the third-best KBMI 1 has core capital up to IDR 6 trillion.
13. Position III in The Greatest Sharia Business Unit (UUS) Division with IDR 2.5 trillion to IDR 5 trillion in assets.
14. The 2023 Republika Group Award for Best Sharia BPD.

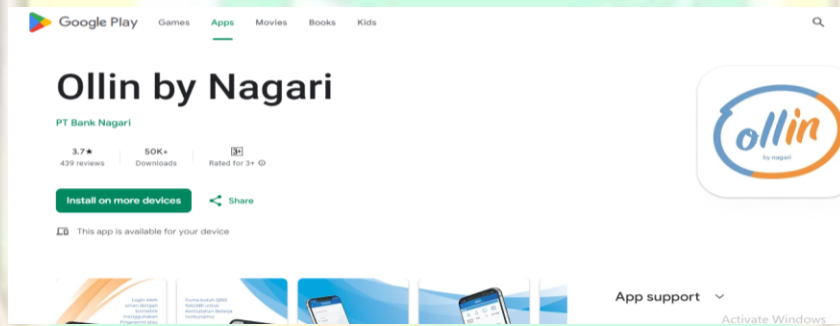
15. At the 2023 BPKH Banking Award ceremony, BPS BPIH won Best in Three BPD Categories for having the Best Hajj Registration Growth in 2023.
16. IT Work organised the Top Digital Implementation 2023 Level Stars 5 Bank Nagari.
17. The President and Director of Bank Nagari, Muhammad Irsyad, is the TOP LEADER on Digital Implementation 2023.
18. Sania Putra, the Finance Director at Bank Nagari, received the TOP CIO on Digital Implementation 2023.
19. Muhammad Irsyad was named a Top 100 CEO at the 2023 Next Leaders Forum and Top 100 CEO.
20. Sania Putra received the 10 Most Popular CFO Award 2023 from The Economics, which is organising the 5th Anniversary Best Financial Award 2023 and Best Award 2023.



Sources : Play Store

**Figure 1.1 Nagari Mobile Banking Application**

Nagari Mobile Banking is mobile bank application from Bank Nagari. This application was downloaded by more than 100 thousand people. This application received 5,51 thousand feedback and 2,9 application ratings in January 2024 from the customers. Most of the feedback from customers gave 1 star with 2.308 votes, 2 stars with 361 votes, 3 stars with 341 votes, 4 stars with 301 votes, and 5 stars with 2.178 votes. Bank Nagari currently has the new mobile banking application named as Ollin by Nagari, replacing the previous application, namely Nagari Mobile Banking. This new application was launched because Bank Nagari wants to improve its services in banking service areas.



Sources : Play Store

**Figure 1.2 Ollin by Nagari Application**

Based on data from the play store application, this application was downloaded by more than 50 thousand users with several feedback from the users. Compared with Nagari Mobile Banking, Ollin by Nagari is more complete and banking in your hand (langgam.id, 2023). The new application is here to complement the old application which still has many shortcomings. Based on play store, Ollin by



Nagari receive 684 reviews in January 2024 and get 3,9 application ratings with 449 reviews are 5 stars, 13 reviews are 4 stars, 46 reviews are 3 stars, 26 reviews are 2 stars, and 147 reviews are 1 star. In July 2024, Ollin by Nagari receive more than 1 thousand reviews and get 3.3 application ratings. It is mean that from January until July, the rating of this application was decreased.

**Table 1.2 The Population of West Sumatera**

| <b>The Population of West Sumatera (2022)</b> |               |
|---|---------------|
| <b>Male</b>                                   | <b>Female</b> |
| 2,841,802                                     | 2,798,827     |
| <b>Total: 5,640,629</b>                       |               |

Sources: [sumbar.bps.go.id](http://sumbar.bps.go.id) (2022)

Based on [Sumbar.bps.go.id](http://Sumbar.bps.go.id) (2022), the population of West Sumatera is 5,640,629 people with 2,841,802 male and 2,798,827 female. Data from [padang.bps.go.id](http://padang.bps.go.id) (2022) shows that the male population in 2022 is 461,712, the female population in 2022 is 457,433. The final result is that the population of Padang city is 919,145 people. Compared with the number of applications downloaded and the population of West Sumatera and Padang, it is mean that not all of people in West Sumatera especially people in Padang used this application. This is due to the fact that users' opinions of this application differ from those of rivals who offer the same application with greater features.

Even though digital bank progress today has developed rapidly, this is still accompanied by negative impact like digital crime or what is called cybercrime. Cybercrime usually happen in digital payment or financial technology (FinTech). According Jannah, F.Z. (2023), digital payment creates potential risk of financial crime, potential abuse occurs in the registered and licensed digital payment sector as well as illegal digital payment that are not registered in Bank Indonesia, the financial crime can take the form theft, fraud aimed to gaining advantages from other people.

According to Putra & Susanti (2022) on Kompas.com, Bank Nagari has been hit by one of the financial crime cases namely skimming, this case was discovered after one of the customers reported this incident on May 5, 2022. President director of Nagari Bank, Muhammad Irsyad on Kompas.com said that these cases totaled 141 incidents and losses of up to 1.5 billion after doing checking and Irsyad said every customer's money is secure, and those who lose money as a result of crimes including skimming are compensated. The skimming problem was resolved quickly by Bank Nagari to maintain brand image and customer satisfaction of Bank Nagari.

The theory used in this research is customer experiences theory. Customer experiences, whether positive or negative, impact to company itself. Managing customer satisfaction is one of biggest problem of the company. Satisfaction is impression of performance and customer expectation (Yuswanto & Hariri, 2022). According to some researchers, consumer happiness is determined by customers' assessments of how well company execute in comparison to their expectations. If the



company's performance is good, customer satisfaction will increase with the performance of company. Otherwise, if the performance of company is below customer expectation, satisfaction of customer will decrease. According to this study, a number of factors affect how satisfied customers are including Brand Image, E-Services Quality, and Customer Value.

Brand Image influences on customer satisfaction and strengthening customer loyalty. Brand image can build as strong in customers main, make it favorable in customers and unique (Kotler & Keller, 2016). Foster (2016) argued that brand image leads an important role in decision making of customers. So, in this case Bank Nagari as the brand of Ollin by Nagari needs to keep its brand positive in the customers memories and view to maintain customer trust in Bank Nagari.

E-Services Quality affects customer satisfaction and is a major component of the digital banking platform. Shankar & Datta (2020) defined the outcome of E-Service Quality (ESQUAL) are satisfaction, attitude, behavior, purchase or using intention and customer loyalty. E-Services Quality is crucial in mobile banking, because each component of digital banking will be a source of concern and a significant evaluation for customer, quality is crucial. It is mean that the customer experienced in mobile platform such as application will influences customer satisfaction.

Customer Value also effected on customer satisfaction. Company need to develop their services and product to increasing customer satisfaction to create a good value of product or services as perceived by their customer (Djajanto et al., 2019). Customers will be encouraged to assess, acquire, and use these goods and services by the company's quality of service (Candra & Juliani, 2018). The negative feedback from the customers will affect the company's brand image and customer satisfaction of its company.

The researcher will revisit mobile banking issues, particularly those pertaining to user satisfaction with the olin by Nagari application, based on the background information provided above. In order to examine the aforementioned issues, the authors of this study will apply the theory of customer experiences. Brand image, e-service quality, and customer value are factors that are used to measure the degree of customer satisfaction in studies conducted among Padang city residents under the research title **“Study Case in Using Ollin by Nagari in Padang: The Influences of Brand Image, E Service Quality and Customer Value on Customer Satisfaction”**.

## **1.2 Problem Statements**

1. How does Brand Image effect on Customer Satisfaction in Using Ollin by Nagari Application (Study Case in Padang)?
2. How does E- Service Quality effect on Customer Satisfaction in Using

Ollin by Nagari Application (Study Case in Padang)?

3. How does Customer Value effect on Customer Satisfaction in Using Ollin by Nagari Application (Study Case in Padang)?

### **1.3 Research Objective**

1. To find out the effect of Brand Image on Customer Satisfaction in using Ollin by Nagari Application (Study Case in Padang)
2. To find out the effect of E- Service Quality on Customer Satisfaction in using Ollin by Nagari Application (Study Case in Padang)
3. To find out the effect of Customer Value on Customer Satisfaction in using Ollin by Nagari Application (Study Case in Padang)

### **1.4 Contributions Research**

Through this research, researchers hope to provide benefit to related parties, theoretical benefit and practical benefits as shows below:

#### **1. Theoretical Benefits**

The scientific benefit of this research is for knowing the customer behavior and expected to increase knowledge and support in increasing Brand Image, E-Service Quality, Customer Value on Customer Satisfaction of Ollin by Nagari users. On the other side, this research also functions as a reference for other researchers who will conduct this research with similar concepts.

#### **2. Practical Benefits**

The practical benefits of this research is for giving the new idea and new thinking for Bank Nagari towards Brand Image, E- Service Quality, Customer Value on Customer Satisfaction of Ollin by Nagari users.

### **1.5 Scope of Research**

The scope of this research is to examine the effect of Brand Image, E-Service Quality, Customer Value on Customer Satisfaction of Ollin by Nagari users (Study Case in Padang).

### **1.6 Systematic of The Research**

The purpose of this study's systematic writing is to present the research as a whole. Regarding the research's systematics, it is divided into five chapters, which are as follows:

#### **CHAPTER 1 : INTRODUCTION**

The present chapter provides an overview of the research, including research background, research formulation, research objectives, research benefits, scope, and systematics.

#### **CHAPTER 2: LITERATURE REVIEW**

The theoretical framework for the issue covered in this study is covered in this chapter. The formulation of hypotheses, prior research, and conceptual framework

models that will serve as a guide during the data processing phase will all be covered in this chapter.

### **CHAPTER 3: RESEARCH METHOD**

Population and samples, sampling strategies, data kinds and sources, measurement scales, operational definitions, variable measurements, and data analysis techniques for hypothesis testing are all covered in this chapter.

### **CHAPTER 4: RESULTS AND DISCUSSION**

This chapter covers data analysis used to support hypotheses, general descriptive information on respondents, and the outcomes of the process of distributing research questionnaires.

### **CHAPTER 5: CONCLUSION**

This chapter includes the findings from the study that has been conducted, along with recommendations for future studies, limits, and implications of the findings.