International Journal of Social Science, Educational, Economics, Agriculture Research and Technology (IJSET) | ISSN (e) : 2827-766X
Volumes 4 No. 6 (2025)

ANALYSIS OF FACTORS AFFECTING BANK SINARMAS LOYALTY TO MILLENNIALS AND GENERATION Z

Joni[1], Cindy Synthya Br Tarigan[2], Didik Gunawan[3], Cici Puspaningrum[4]
[1,2,3,4]Sekolah Tinggi Ilmu Ekonomi Bina Karya Tebing Tinggi
E-mail: jonipro15@gmail.com[1], thyasynthya2@gmail.com[2]

Received	: 17 March 2025	Published	: 16 May 2025
Revised	: 23 March 2025	DOI	: https://doi.org/10.54443/ijset.v4i6.744
Accepted	: 10 April 2025	Link Publish	: https://www.ijset.org/index.php/ijset/index

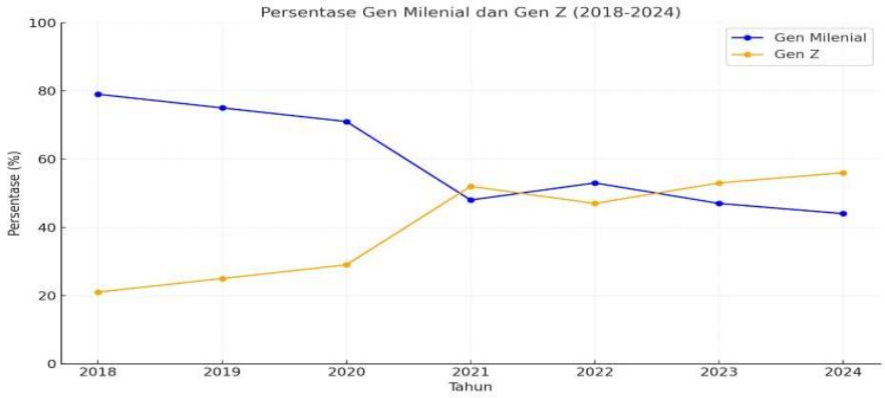
Abstract

This study aims to analyze the influence of M-Banking services, customer satisfaction, and location on Bank Sinarmas customer loyalty in the Millennial generation and generation Z. This study uses a quantitative approach to the census method on 172 respondents. This research uses a quantitative approach with a census method of 172 respondents. Data were collected through questionnaires and analyzed using the Structural Equation Modeling method based on Partial Least Squares (SEM-PLS). The results showed that M-Banking services have a significant effect on customer loyalty in both generations. Meanwhile, customer satisfaction does not show a significant influence on loyalty, both in the Millennial generation and the Z generation. The location factor has a significant influence only on generation Z, while in the Millennial generation it is not significant. This indicates that there are differences in preferences between generations on factors that affect loyalty. This research provides important implications for the development of banking service strategies that are oriented towards digital needs and accessibility across generations.

Keywords : ***M-Banking services, Customer Satisfaction, Location,Customer Loyalty,Millennial Generation, Z Generation***

INTRODUCTION

In this rapidly growing digital era, the banking industry faces increasingly complex challenges in maintaining customer loyalty, especially from the Millennial generation (born between 1981-1996) and generation Z (born between 1997-2012). This challenge requires an adaptive banking strategy to remain relevant in providing reliable services for customers, so that banks are still considered a trusted place to manage their funds. (Harnani & Ng, 2019). Banks are an industry that relies heavily on public trust. In Indonesia, there are two main types of banks, namely conventional banks and Islamic banks (Keuangan, 2022). Conventional banks offer rewards in the form of interest, while Islamic banks operate based on Islamic principles that prohibit usury or interest, using a profit-sharing system instead.Currently, many banks operate in Indonesia. One of the banks that play an important role is Bank Sinarmas which is a leading banking institution in Indonesia that realizes the importance of understanding and adapting bank services to meet the specific needs of the Millennial generation and generation Z. Bank Sinarmas is categorized as a Book II bank. Book II banks are banks with core capital between Rp1 trillion and Rp5 trillion. (Kontan.co.id, 2018). The following graph shows data on the number of customers from the Millennial generation and generation Z recorded at Bank Sinarmas during the period 2018 to 2024 :



:

Source: Bank Sinarmas (2025).

Figure 1. Graph of Millennial Generation and Generation Z Customers at Bank Sinarmas

Based on the percentage graph data above, the number of Sinarmas Bank customers from 2018 to 2024 shows significant fluctuations. At the beginning of the period, the Millennial generation dominated with the highest percentage (79% in 2018). This shows that this generation is the most active or influential group at that time. However, there was a gradual decline from 79% (2018) to 71% (2020). This indicates that the dominance of the Millennial generation is starting to weaken. In 2021, there was a significant shift. The percentage of generation Z (52%) surpassed the Millennial generation (48%) for the first time. This marks the moment where generation Z begins to take on a larger role, whether in terms of active population, influence or behavior. After 2021, generation Z continues to show an increase. By 2024, generation Z reached 56%, while the Millennial generation declined to 44%. This shows that generation Z is becoming a dominant group as technology adapts. Overall, this data indicates that generation Z consistently shows growth in loyalty towards Bank Sinarmas, while the Millennial generation experiences greater fluctuations. This trend shows that maintaining the loyalty of Millennial and generation Z customers is crucial for the sustainability and growth of the bank's business.

Table 1. Total Deposits of Bank Sinarmas from July 2024 to December 2024

Month	**Generation**	
	Millennial	**Z**
June	11.370.899.496	14.996.207.649
August	12.356.804.859	13.311.417. 598
September	12.824.059.828	16.652.730.282
October	13.202.833.652	15.528.741.256
November	12.255.762.293	16.210.375.329
December	10.159.510.028	13.784.818.820

Source: Bank Sinarmas (2025).

Based on transaction data from June 2024 to December 2024, it can be seen that Millennials experience fluctuations with a peak in August 2024 (12.35 billion) and a significant drop in December 2024 (10.15 billion), while Generation Z shows a more dynamic trend with a high in September 2024 (16.65 billion) before dropping at the end of the year. The main factors influencing this trend include increased use of M-Banking services, effectiveness of loyalty programs, seasonal impacts such as year-end

holidays, as well as user experience that affects customer satisfaction and engagement. To increase loyalty, Bank Sinarmas needs to strengthen the innovation of M-Banking services, adjust promotional strategies to each generation's preferences, improve customer experience with more responsive services, and anticipate seasonal factors with an adaptive marketing approach. With the right strategy, Bank Sinarmas can maintain and increase customer loyalty from both generations in the long run.

According to Malaquias & Hwang (2016), the use of M-Banking can have a serious impact on the loss of customer trust and satisfaction if not managed properly, which ultimately affects their loyalty to bank services. Therefore, there is a need to design an M-Banking application that considers user needs and is centered on user-centric solutions. Research conducted by Triyanti et al (2021) researching about "peran layanan *Mobile Banking* dalam meningkatkan kepuasan dan loyalitas nasabah Bank Syariah" with the results showing that mobile banking service quality has a significant effect on customer satisfaction but has no direct effect on customer loyalty. Meanwhile, research conducted by Parera et al (2021) about "loyalitas nasabah dari kemudahan penggunaan *Mobile Banking*" shows the results that customers who are easy to use M-Banking can satisfy customer loyalty and customers who are satisfied with the use of M-Banking will cause loyalty to the bank

These studies show that the quality of mobile banking services plays a major role in increasing customer satisfaction, which in turn affects customer loyalty to the bank. In addition to M-banking services, another factor that can maintain customer loyalty is by providing Customer Satisfaction.Research conducted by oleh Atmaja (2018) shows the results Customer satisfaction has a significant effect on customer loyalty. This means that the higher the level of customer satisfaction, the more likely the customer is to remain loyal to using bank services. This is in line with research conducted by Pradipta Utama & Ratna Murti (2021), the higher the level of customer satisfaction, it will contribute to increasing customer loyalty. However, the research conducted by Gunawan et al (2024) stated that customer satisfaction does not have a significant relationship with customer loyalty because customer satisfaction is indirect and takes a longer time to materialize into loyalty.

The next factor that affects customer loyalty is the location of the bank. According to Paputungan et al (2021) stated that location is one of the important factors that influence customer decisions, due to the ease of access from the customer's residence to the bank's location. In addition, locations that are easily accessible by various types of vehicles and well-organized building facilities, including comfortable space arrangements, also have a positive impact on customers. In a study conducted by Pratama & Nasution (2023), location that has a positive influence on interest in saving shows that the existence of a strategic location contributes significantly to a person's decision to save. The wider the location area provided, the more likely the location will attract customers to save. Conversely, if the location has a narrow or limited area, this can reduce attractiveness and negatively affect saving decisions.

Based on the above problems, researchers chose this research because they wanted to study more deeply whether M-Banking services, customer satisfaction, and bank location affect customer loyalty, especially customers at Bank Sinarmas. The researcher chose the research title "Analysis of Factors Affecting Bank Sinarmas Loyalty to Millennials and Generation Z".

LITERATURE REVIEW

Customer Loyalty

Customer loyalty is an important element that must be maintained by companies to ensure the sustainability of their business and build harmonious relationships between service providers and customers (Nawang & Soliha, 2017). Loyal customers provide added value to the company, because these customers can indirectly help promote the products or services that have been used to their family or friends. Kotler & Amstrong (2018) states that customer loyalty reflects customer commitment to a brand, character, or provider of goods and services, which is based on a very positive attitude and is shown through consistent repeat purchases.Indicators of customer loyalty according to Kotler & Amstrong (2018) are the level of customer trust in the bank, the deep emotional bond between the customer and the bank, the barriers that the customer feels to switch to another bank, the customer's tendency to recommend the bank to other

people based on their experience, and the customer's willingness to continue working with the bank, such as participating in loyalty or feedback programs.

M-Banking Service

M-Banking service is a digital banking service system that allows customers to conduct financial transactions through mobile devices such as smartphones or tablets, anytime and anywhere. According to Wibowo (2022), M-Banking service is one of the innovations provided by banks to facilitate users in conducting banking transactions using smartphones. M-Banking services utilize communication devices such as mobile phones to provide easy access to various banking services. This service is intangible, without involving any transfer of ownership. Service quality is measured by comparing customer perceptions of the services received. The indicators of M-Banking service quality used in this study, According to Lupiyoadi (2018), There are four main indicators that affect user satisfaction, namely product quality, cost, service quality, and emotional factors.

Customer Satisfaction

Customer satisfaction is the feeling of satisfaction experienced by customers after using banking products/services that meet their hopes, needs and expectations. Study conducted by Sundari (2021) defines customer satisfaction as the extent to which consumer expectations match the actual performance of a product or service after use. Customer satisfaction is directly affected by the extent to which service or product performance meets consumer expectations. When performance exceeds expectations, customers will feel satisfied and happy. Conversely, performance that is below expectations will cause disappointment. According to Supriyadi (2017), Customer satisfaction is an individual's emotional response, either in the form of positive or negative emotions that arise from comparing the actual experience with a product and their initial expectations. If the performance of a product does not match expectations, this reflects consumer dissatisfaction. However, if the perceived performance exceeds expectations, consumers will feel satisfied. Indicators of customer satisfaction according to Tjiptono (2014) in providing services, banks at least have service quality indicators, namely reliability, assurance, physical evidence (tangible), empathy, and responsiveness.

Location

Bank location is a place or strategic position chosen by a banking institution to run its business, provide banking services and products, and meet customer needs effectively and efficiently. According to Tjiptono in the journal Puspitaningrum & Damanuri, (2022), explains that location is the place where the company carries out its physical activities. The location of the company can be different from the position of the company, where the position usually refers to the company's headquarters, while the location is directly related to physical operational activities. One aspect that is often discussed in location theory is the effect of distance on the intensity of individual travel from one place to another. This analysis can be used to determine the attractiveness of a location to the boundaries of its area of influence, i.e. how far people are willing to travel to visit a center with a certain attractiveness. According to (Tjiptono, 2006), Location indicators emphasize location affordability, smooth access to the location, and location proximity.

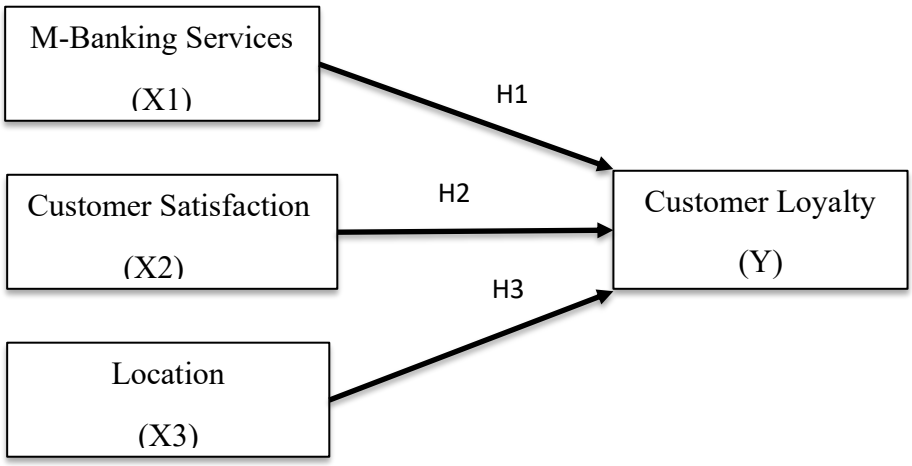


Figure 2 : Conceptual Framework

Research Hypothesis

Based on the background described above, the researcher found the hypothesis in this study to be as follows:

H1 : M-Banking services affect customer loyalty

M-Banking services are one of the important factors in increasing customer loyalty. Ease of access, transaction speed, system security, and complete features can improve user experience, so customers tend to keep using the same banking services. When M-Banking services meet customer expectations, they will be more satisfied and tend to be loyal to the bank in question.

H2 : Customer satisfaction affects customer loyalty

Customer satisfaction is a key factor in building loyalty. When customers are satisfied with the services provided by the bank, whether in the form of ease of transactions, customer service, or facilities provided, they will be more likely to continue using the service and not move to another bank. This satisfaction can also increase positive recommendations from customers to potential new customers.

H3 : Location affects customer loyalty

A strategic and easily accessible location is one of the main considerations for customers in choosing banking services. The factors of location affordability, smooth access, and proximity to the place of residence or work can affect the convenience of customers in using bank services, including ATMs and branch offices. Customers who feel that the location of the bank suits their needs tend to be more loyal and reluctant to switch to another bank.

METHOD

The purpose of this research is to determine the relationship between several variables studied, the independent variables are M-Banking Services (X1), Customer Satisfaction (X2), and Bank Location (X3) and the related variable Bank Sinarmas Customer Loyalty (Y). Thus, this research is included in the type of research that uses quantitative methods, as explained by Sugiyono (2014) The quantitative research method is a research approach based on the philosophy of positivism and is used to study a particular population or sample. This research was conducted on all Millennial generation and generation Z customers at Bank Sinarmas Tebing Tinggi Branch who were registered from January to December 2024 as many as 172 customers. The sampling technique used in this study uses the census method or saturated sample where the entire population of 172 people will be used as research samples.

In this study, data collection was carried out through two main sources, namely primary data and secondary data. Primary data was collected through an offline survey filled out by respondents in Tebing

Tinggi City. Secondary data was collected indirectly through literature study. This process involves tracing various reference sources relevant to the research topic, including books, articles, scientific journals, data from OJK (Financial Services Authority), and other similar sources. Data collection techniques applied, namely the distribution of offline questionnaires containing a number of questions or statements to respondents, literature studies to review literature related to the object of research.

In this research, data analysis used the Likert scale as the main measurement tool. This scale was chosen because of its ability to measure the attitudes, opinions, and perceptions of individuals or groups towards social phenomena. Through the Likert scale, the research variables are described into indicators which are then used as the basis for compiling research instruments, both in the form of statements and questions. Data processing was carried out using the SmartPLS (Partial Least Squares) application which is software used for statistical analysis with a variant-based Structural Equation Modeling (SEM-PLS) approach.(Hair et al., 2021).

RESULTS

Data Analysis

The developed model will be empirically tested through the collection and analysis of data from millennials and generation Z with the aim of analyzing the factors that influence the loyalty of Bank Sinarmas customers. The model that has been designed can be seen in the figure below

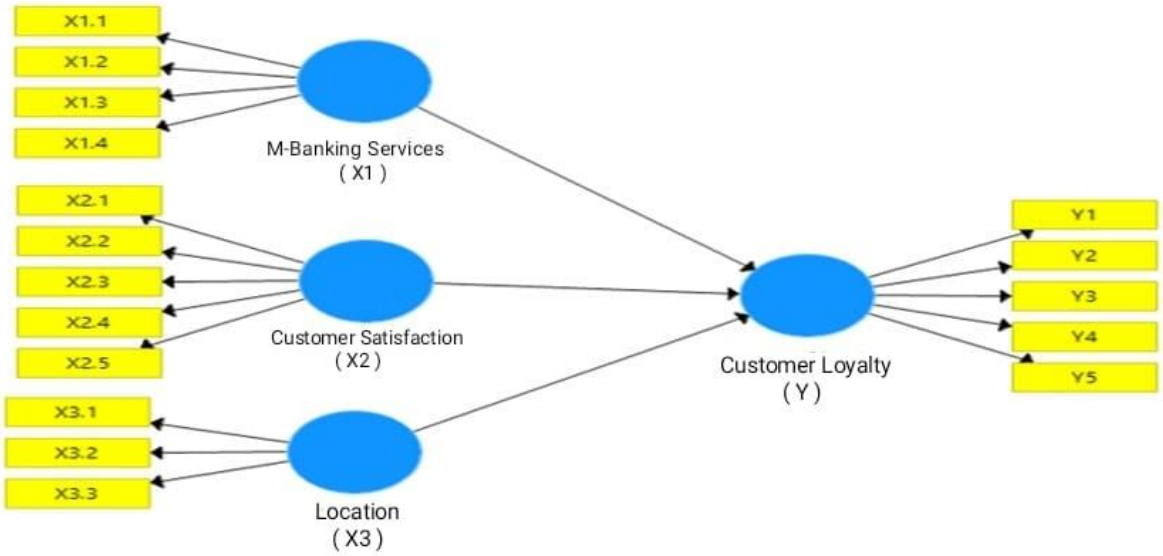


Figure 2. Relationship model to millennial generation customer loyalty

The model above is designed to describe the structural relationships between variables that are thought to influence customer loyalty in the Millennial generation. This model is to test the hypothesis that M-banking services, customer satisfaction, and location have a direct influence on customer loyalty. Each independent variable is measured through several indicators, with M-banking services operationalized through 4 indicators (X1.1-X1.4), customer satisfaction through 5 indicators (X2.1-X2.5), and location through 3 indicators (X3.1-X3.3). Meanwhile, the dependent variable customer loyalty is measured through 5 indicators (Y1-Y5). This model will be tested using data collected from 75 Millennial generation respondents to validate the extent to which these factors affect customer loyalty to Bank Sinarmas.

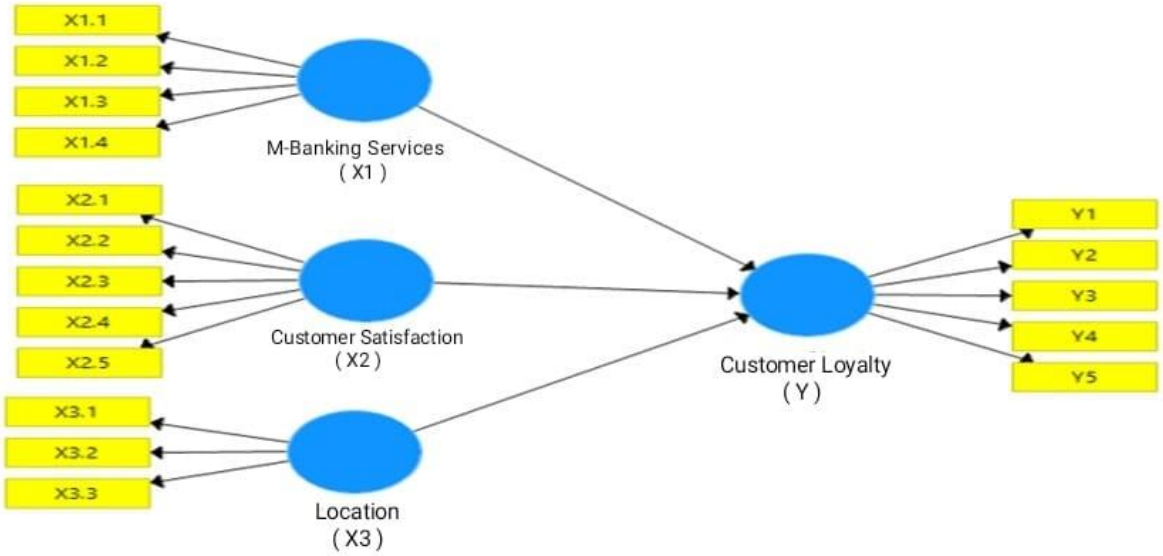


Figure 3. Relationship model to generation Z customer loyalty

The above model has the same structure and to test the same relationship in generation Z. This model is designed to investigate whether the factors that influence customer loyalty in generation Z are the same as the Millennial generation or have different characteristics. Using the same theoretical framework, this study will test whether the influence of M-banking services, customer satisfaction, and location on customer loyalty has a different strength of relationship in generation Z. The model will be tested with 97 respondents. The model will be tested with 97 respondents. Both models become the methodological basis for data collection through questionnaires, where each indicator will be translated into relevant questions. The statistical analysis results will validate the model based on empirical data obtained from both generations.

Assessing the Outer Model or Measurement Model

Outer model or measurement model is used to assess the quality of indicators in measuring latent variables. This test is carried out through three main aspects, namely:

Convergent validity

The outer loading table shows how much the correlation between the indicator and the variable is. The outer loading value should ideally be above 0.70

Table 5. Outer Loading (Measurement Model) Millennial generation Initial Model

	M-Banking Services (X1)	Customer Satisfaction (X2)	Location (X3)	Customer Loyalty (Y)
X1.1	**0.740**			
X1.3	**0.791**			
X1.4	**0.684**			
X2.1		**0.671**		
X2.2		**0.520**		
X2.3		**0.767**		
X2.4		**0.772**		
X2.5		**0.782**		
X3.1			**0.606**	
X3.2			**0.768**	
X3.3			**0.780**	

Y.1	**0.792**
Y.2	**0.671**
Y.4	**0.702**
Y.5	**0.708**

In the M-Banking Service variable, there are 3 valid indicators with a loading factor value of 0.740 for X1.1, 0.791 for X1.3, and 0.684 for X1.4. These three indicators show a value above 0.5, which means they meet the requirements of convergent validity. For the Customer Satisfaction variable, all indicators show adequate loading values. Indicator X2.5 has the highest value of 0.782, followed by X2.4 (0.772), X2.3 (0.767), X2.1 (0.671), and X2.2 (0.520). Although X2.2 has the lowest value, it is still above the minimum limit of 0.5 so it is considered valid in measuring customer satisfaction. In the Location variable, the three indicators, namely X3.1, X3.2, and X3.3 have a loading value of 0.606, 0.768, and 0.780 respectively. The X3.3 indicator has the largest contribution in forming the location variable. The Customer Loyalty variable is measured by 4 valid indicators, namely Y.1 (0.792), Y.2 (0.671), Y.4 (0.702), and Y.5 (0.708). Indicator Y.1 is the highest indicator in measuring Millennial generation customer loyalty.

Table 6. Outer Loading (Measurement Model) generation Z Initial Model

	M-Banking Services (X1)	**Customer Satisfaction (X2)**	**Location (X3)**	**Customer Loyalty (Y)**
X1.2	**0.728**			
X1.3	**0.773**			
X1.4	**0.772**			
X2.1		**0.715**		
X2.2		**0.822**		
X2.3		**0.711**		
X2.4		**0.807**		
X2.5		**0.802**		
X3.1			**0.761**	
X3.3			**0.843**	
Y1				**0.793**
Y3				**0.773**
Y5				**0.795**

In the M-Banking Service variable, there are 3 valid indicators, namely X1.2 (0.728), X1.3 (0.773), and X1.4 (0.772). For the Customer Satisfaction variable, all indicators show excellent loading values and are higher than the Millennial generation. Indicator X2.2 has the highest value of 0.822, followed by X2.4 (0.807), X2.5 (0.802), X2.1 (0.715), and X2.3 (0.711). This shows that the measurement of customer satisfaction in generation Z is more consistent and strong. In the Location variable, only 2 indicators are listed, namely X3.1 and X3.3 with a loading value of 0.761 and 0.843 respectively. The Customer Loyalty variable is measured by 3 indicators, namely Y1 (0.793), Y3 (0.773), and Y5 (0.795). Indicator Y5 is the highest indicator for customer loyalty in generation Z.

Discriminant Validity

Discriminant validity is used to assess whether the indicators of a latent variable are more correlated with their own variables than with other variables. Good discriminant validity occurs when the indicator loading value on its own variable is higher than the cross loading on other variables.

Table 7. Discriminant Validity (Cross Loading) Value of Millennial generation

	M-Banking Services (X1)	Customer Satisfaction (X2)	Location (X3)	Customer Loyalty (Y)
X1.1	0.740	0.474	0.140	0.421
X1.3	0.791	0.493	0.288	0.392
X1.4	0.684	0.339	0.279	0.357
X2.1	0.489	0.671	0.323	0.332
X2.2	0.386	0.520	0.176	0.197
X2.3	0.428	0.767	0.309	0.416
X2.4	0.375	0.772	0.148	0.486
X2.5	0.479	0.782	0.331	0.402
X3.1	0.367	0.435	0.606	0.203
X3.2	0.433	0.353	0.768	0.264
X3.3	0.016	0.106	0.780	0.380
Y.1	0.466	0.524	0.378	0.792
Y.2	0.378	0.335	0.245	0.671
Y.4	0.317	0.384	0.330	0.702
Y.5	0.334	0.233	0.174	0.708

In the M-Banking Service variable, indicators X1.1, X1.3, and X1.4 show loading values of 0.740, 0.791, and 0.684 respectively on their own latent variables. These values are higher than the cross loading values on other latent variables. It can be seen that indicator X1.3 has a loading value of 0.791 on the M-Banking Service variable, but is only worth 0.493 on the Customer Satisfaction variable, 0.288 on the Location variable, and 0.392 on the Customer Loyalty variable. This confirms that the indicator has good discriminant validity. For the Customer Satisfaction variable, all indicators (X2.1, X2.2, X2.3, X2.4, and X2.5) show a higher loading value on the Customer Satisfaction variable compared to other variables. The X2.5 indicator has a loading value of 0.782 on Customer Satisfaction, but only 0.479 on M-Banking Services, 0.331 on Location, and 0.402 on Customer Loyalty.

This proves that these indicators are discriminantly valid in measuring customer satisfaction variables. In the Location variable, indicators X3.1, X3.2, and X3.3 show a higher loading value on the Location variable compared to other variables, although the difference is not always significant. Indicator X3.3 has a loading value of 0.780 on Location, and a very low cross loading value on other variables (0.106 on Customer Satisfaction, 0.016 on M-Banking Services, and 0.380 on Customer Loyalty). The Customer Loyalty variable shows that indicators Y.1, Y.2, Y.4, and Y.5 have a higher loading value on the Customer Loyalty variable compared to other variables. Indicator Y.1 has the highest loading value (0.792) on the Customer Loyalty variable, although it also shows a fairly high cross loading value (0.524) on the Customer Satisfaction variable.

Table 8. Discriminant Validity (Cross Loading) Value of Z generation

	M-Banking Services (X1)	Customer Satisfaction (X2)	Location (X3)	Customer Loyalty (Y)
X1.2	0.728	0.511	0.389	0.496
X1.3	0.773	0.534	0.434	0.499
X1.4	0.772	0.506	0.571	0.474
X2.1	0.393	0.715	0.264	0.342
X2.2	0.485	0.822	0.473	0.469

X2.3	0.578	0.711	0.372	0.387
X2.4	0.530	0.807	0.457	0.452
X2.5	0.649	0.802	0.294	0.414
X3.1	0.484	0.293	0.761	0.402
X3.3	0.499	0.479	0.843	0.485
Y1	0.454	0.471	0.493	0.793
Y3	0.610	0.431	0.436	0.773
Y5	0.445	0.356	0.371	0.795

In the M-Banking Service variable, indicators X1.2, X1.3, and X1.4 show higher loading values on the M-Banking Service variable compared to other variables. However, indicator X1.4 shows a fairly high cross loading value on the Location variable (0.571). For the Customer Satisfaction variable, all indicators show excellent discriminant validity, with a much higher loading value on the Customer Satisfaction variable compared to other variables. Indicator X2.2 has a loading value of 0.822 on Customer Satisfaction, but only 0.485 on M-Banking Services, 0.473 on Location, and 0.469 on Customer Loyalty. In the Location variable, indicators X3.1 and X3.3 show a higher loading value on the Location variable compared to other variables. The X3.3 indicator has a loading value of 0.843 on Location. The Customer Loyalty variable shows that indicators Y1, Y3, and Y5 have a higher loading value on the Customer Loyalty variable compared to other variables. However, indicators Y1 and Y3 show a fairly high cross loading value on the M-banking Service variable (0.454 and 0.610).

Evaluating Construct Reliability and Validity

Composite reliability is used to test the internal consistency of indicators in measuring latent variables, while AVE measures how much the indicator reflects the latent variable. The ideal value of composite reliability is above 0.70, while AVE is above 0.50.

Table 9. Calculation of AVE, Cronbach Alpha, and Composite Reliabity of Millennial Generation

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
M-Banking Services (X1)	0,586	0,589	0,783	0,547
Customer Satisfaction (X2)	0,755	0,786	0,832	0,503
Location (X3)	0,566	0,587	0,764	0,522
Customer Loyalty (Y)	0,696	0,716	0,810	0,518

The Composite Reliability value for the M-Banking Service variable is 0.783, the Customer Satisfaction variable is 0.832, and the Location variable is 0.764, and the dependent variable Customer Loyalty is 0.810 which shows very good reliability, far above the minimum threshold value of 0.7. This indicates that the indicators used in the Millennial generation have high internal consistency and correlate well with each other. For the Average Variance Extracted (AVE) value, all variables show values above the minimum threshold of 0.5. The M-Banking Service variable has the highest value of 0.547, followed by Customer Satisfaction of 0.503, Location of 0.522, and Customer Loyalty of 0.518. These values indicate that the latent variable is able to explain more than 50% of the variance of its indicators, indicating adequate convergent validity.

Table 10. Calculation of AVE, Cronbach Alpha, and Composite Reliabity of Z Generation

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
M-Banking Services (X1)	0,630	0,629	0,802	0,575
Customer Satisfaction (X2)	0,831	0,840	0,881	0,597
Location (X3)	0,453	0,463	0,784	0,645
Customer Loyalty (Y)	0,695	0,696	0,830	0,620

The Composite Reliability value for the M-Banking Service variable shows a value of 0.802, the Customer Satisfaction variable is 0.881, the Location variable has a value of 0.784, and the Customer Loyalty variable has a value of 0.830. All of these values show very good reliability. This indicates that the indicators used to measure generation Z have higher internal consistency. The M-Banking Service variable has an AVE value of 0.575, Customer Satisfaction is 0.597, Location shows the highest value of 0.645, and Customer Loyalty is 0.620. These values indicate excellent convergent validity, where the latent variable is able to explain between 57.5% and 64.5% of the variance of its indicators.

Structural Model Testing (Inner Model)

Table 11. R-Square Value of Millennials and Generation Z

	R Square Generasi Milenial	**R Square Generasi Z**
Customer Loyalty (Y)	0.399	0.471

Table 11 shows the Millennial Generation R-Square value of 0.399 and Generation Z R-Square of 0.471 for the Customer Loyalty variable. In the Millennial generation, the independent variables are able to explain the dependent variable by 39.9% but in generation Z by 47.1%.

Hypothesis Testing

Test t (partially)

This test aims to evaluate the significance of the effect of each independent variable on the dependent variable, it will use t-statistics and P-Values can be seen in the following table:

Table 13. Result for Inner Weights of Millennials and Generation Z

	Millennial Generation		Z Generation	
	t-statistics (|O/STDEV|)	P Values	t-statistics (|O/STDEV|)	P Values
M-Banking Services (X1) -> Customer Loyalty (Y)	2.347	0.019	2.630	0.009
Customer Satisfaction (X2) -> Customer Loyalty (Y)	1.830	0.068	0.817	0.414
Location (X3) -> Customer Loyalty (Y)	1.823	0.069	2.562	0.011

Table 13 For the influence between M-Banking Services on customer loyalty in the Millennial generation, the hypothesis is accepted because the t-statistics value is greater than 1.96 as well as for

generation Z the hypothesis is accepted because it is greater than 1.96. In the second hypothesis, namely the effect of customer satisfaction on loyalty in the Millennial generation and generation Z, it is rejected because it is less than 1.96. For the 3rd hypothesis test, the effect of location on customer loyalty shows that the Millennial generation is rejected because it is less than 1.96, but generation Z is accepted because the t-statistics value is above 1.96.

DISCUSSION

In the Millennial generation, the t-statistics value is 2.347 and the P-Value is 0.019 (below 0.05), meaning that M-Banking services have a strong influence on loyalty and in generation Z, the t-statistics value is 2.630 and the P-Value is 0.009 (also below 0.05), showing a similar with an even more significant influence. M-Banking services, which enable banking transactions via mobile anytime and anywhere, are a major factor in maintaining the loyalty of Millennial and generation Z customers. This finding supports the first hypothesis (H1) that M-Banking services affect customer loyalty. This result is in line with research (Susanti & Parera, 2021) entitled "loyalitas nasabah dari kemudahan penggunaan Mobile Banking". The study found that customers who find it easy to use M-Banking tend to be more satisfied, and this satisfaction triggers loyalty to the bank. In the context of Bank Sinarmas, M-Banking quality indicators such as ease of use, security, transaction costs, and emotional experience seem to meet the expectations of the tech-savvy younger generation. Other research conducted by Triyanti et al (2021) about "peran layanan Mobile Banking dalam meningkatkan kepuasan dan loyalitas nasabah Bank Syariah" which shows that M-Banking service quality has a significant effect on satisfaction, although not always directly on loyalty. However, in this study the influence of M-Banking on loyalty is evident especially in generation Z which shows consistent loyalty growth from 2018 to 2024 (reaching 56% in 2024). Millennials, although experiencing fluctuations in loyalty, also highly value M-Banking due to their digital lifestyle. Deposit data from June to December 2024 shows that Generation Z is more active in transacting (peak of IDR16.65 billion in September 2024) which is likely driven by the convenience of M-Banking. As a book II bank with core capital of Rp1 trillion to Rp5 trillion, Bank Sinarmas seems to have successfully utilized this digital service to retain young customers.

In the Millennial generation, the t-statistics value is 1.830 and the P-Value is 0.068 (> 0.05), indicating that customer satisfaction has no significant effect on loyalty, while in generation Z the t-statistics value is 0.817 and the P-Value is 0.414 (> 0.05), also showing no significant effect. Customer satisfaction, as measured by service reliability, security assurance, physical facilities, staff empathy, and responsiveness, does not directly encourage loyalty in millennials and generation Z. The second hypothesis (H2) that customer satisfaction affects loyalty is not proven in this study. This finding contrasts with some previous studies, one of which is the following Indarso et al (2024) found that for Millennials and Z generations, ease-of-use and transaction security factors have more influence on loyalty than general satisfaction, with satisfaction only acting as a partial mediator. Another study conducted by Marwanah & Shihab (2022) also supports that high levels of satisfaction contribute to increased loyalty. However, other studies (Novianto & Akbar, 2019) offers a different view, stating that satisfaction does not always have a direct influence on loyalty. The results of this study are more in line with this latter view, suggesting that satisfaction may not be enough to guarantee loyalty in the context of Bank Sinarmas. There are several possibilities first, Millennials and generation Z have high expectations of banking services, so ordinary satisfaction is not enough to keep them loyal. Second, factors such as M-Banking seem to be more dominant in influencing their loyalty. Third, satisfaction can take time to translate into loyalty, and the cross-sectional nature of this study may not capture long-term dynamics. This suggests that Bank Sinarmas needs to complement satisfaction with other strategies to retain young customers.

In the Millennial generation, the t-statistics value is 1.823 and P-Value is 0.069 (> 0.05), indicating that bank location does not significantly influence loyalty and in generation Z, the t-statistics value is 2.562 and P-Value is 0.011 (< 0.05), indicating a significant influence. Bank location, which is assessed by affordability, ease of access, and proximity to residence or work, shows a difference in influence between Millennials and generation Z. The third hypothesis (H3) that bank location affects loyalty is proven for generation Z, but not for Millennials. This result is supported by Miharta (2022) which states that location

is an important factor in influencing customer decisions. Research conducted by (Majid, 2024) also found that a strategic location, with easy access and convenient facilities, contributes positively to interest in saving, which in turn can affect loyalty. For generation Z, this finding is relevant as they still seem to need physical access to a branch or ATM for certain transactions, such as cash deposits or in-person consultations. The data shows that generation Z dominates the number of customers in 2024 (56%), which may reflect the importance of strategic location for them. In contrast, Millennials are less affected by bank location, possibly because they rely more on digital services such as M-Banking. Previous research has not explicitly addressed intergenerational differences in location, but these findings suggest that the digital lifestyle of Millennials makes location less relevant. The deposit data from June to December 2024 also shows fluctuations in Millennials' transactions (lowest of IDR10.15 billion in December), which could indicate their reliance on online services rather than physical visits.

CONCLUSION

This research confirms that M-Banking service is the main driver of Bank Sinarmas' customer loyalty for Millennials and generation Z, supported by previous studies on the convenience of M-Banking. Bank location plays an important role for generation Z, in line with studies on strategic access, but is less relevant for the more digitized Millennial generation. However, customer satisfaction does not significantly affect loyalty, contrasting with some previous studies, perhaps due to its indirect effect. These findings provide guidance for Bank Sinarmas to optimize technology for Millennials and balance digital-physical services for generation Z.

REFERENCES

Atmaja, J. (2018). Kualitas Pelayanan dan Kepuasan Nasabah Terhadap Loyalitas Pada Bank BJB. *Jurnal Ecodemica*, *2*(1).

Gunawan, D., Maharani, S., & Layli, D. (2024). Pengaruh Word Of Mouth Dan Kualitas Pelayanan Terharap Loyalitas Pelanggan Dengan Kepuasan Konsumen Sebagai Variabel Intervening. *Management And Business Progress*, *3*(2), 172–185. www.journal.stie-binakarya.ac.id

Hair, J. F., Tomas, G., Hult, M., Ringle, C. M., & Sarstedt, M. (2021). *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM) using R: A Workbook*. Springer Nature. https://www.researchgate.net/publication/354331182

Harnani, S., & Ng, B. (2019). The Role Of Empowerment On Competence Towards Employee Work Performance Syariah Business Unit PT. Bank Sinarmas In Kediri Branch. *Manajemen & Bisnis Jurnal*, *5*(2), 66–82.

Indarso, A. O., Raffael, R., & Salsabilla, A. T. (2024). Literature Review: Analisis Faktor Pengaruh Kepuasan Pengguna E-Wallet Generasi Milenial dan Z. *Bit (Fakultas Teknologi Informasi Universitas Budi Luhur)*, *21*(1), 22–29.

Keuangan, O. J. (2022). Transformasi digital perbankan: Wujudkan bank digital. *Sikapiuangmu. Ojk. Go. Id. Https://Sikapiuangmu. Ojk. Go. Id/FrontEnd/CMS/Article/40774*.

Kontan.co.id. (2018). *Ini strategi Bank Sinarmas tambah modal demi masuk ke kategori BUKU III*. https://keuangan.kontan.co.id/news/ini-strategi-bank-sinarmas-tambah-modal-demi-masuk-ke-kategori-buku-iii#amp_tf=Dari%20%251%24s&aoh=17377232240987&referrer=https%3A%2F%2Fwww.google.com

Kotler, P., & Amstrong, G. (2018). Principles Of Marketing. In *Pasuruan: CV. Penerbit Qiara* (17th ed.). Pearson.

Lupiyoadi, R. (2018). *Manajemen pemasaran jasa: Berbasis kompetensi* (3th ed.).

Majid, A. B. A. (2024). Pengaruh Lokasi Dan Kualitas Layanan Terhdap Keputusan Nasbah Untuk Menabung Di Bmt Ugt Sidogiri Capem Waru Sidoarjo. *Jurnal Dinamika Ekonomi Syariah*, *11*(2), 92–102.

Malaquias, R. F., & Hwang, Y. (2016). An empirical study on trust in mobile banking: A developing country perspective. *Computers in Human Behavior*, *5*(4), 453–461. https://doi.org/10.1016/J.CHB.2015.08.039

Marwanah, S., & Shihab, M. S. (2022). Pengaruh kualitas pelayanan elektronik dan kepuasan terhadap kepercayaan konsumen serta dampaknya terhadap loyalitas konsumen. *Fair Value: Jurnal Ilmiah Akuntansi Dan Keuangan*, *4*(7), 2804–2822.

Miharta, K. J. (2022). PENGARUH REPUTASI, CITRA MEREK, KUALITAS PELAYANAN, DAN LOKASI TERHADAP KEPUTUSAN NASABAH MENGAMBIL PRODUK PEMBIAYAAN MURABAHAH PADA BANK MUAMALAT KC KEDIRI: THE EFFECT OF REPUTATION, BRAND IMAGE, QUALITY OF SERVICE, AND LOCATION ON CUSTOMER'S DECISION TO TAKE MURABAHAH FINANCING PRODUCTS AT MUAMALAT BANK KC KEDIRI. *NISBAH: Jurnal Perbankan Syariah*, *8*(1), 57–65.

Nawang, S. K., & Soliha, E. (2017). Kualitas Produk Dan Kuallitas Layanan Terhadap Kepuasan Dan Loyalitas Nasabah. *Jurnal Keuangan Dan Perbankan*, *2*(1), 157–168. http://jurnal.unmer.ac.id/index.php/jkdp

Novianto, D., & Akbar, A. (2019). Pengaruh Kualitas Pelayanan Terhadap Loyalitas Pelanggan Melalui Kepuasan Pelanggan Jasa Transportasi Online. *Jurnal Ekonomi*, *24*(2), 213–226.

Paputungan, O. M., Syarifuddin, S., & Semmawi, R. (2021). Pengaruh Lokasi Bank Rakyat Indonesia Kantor Cabang Pembantu Unit Inobonto Terhadap Minat Nasabah Untuk Menabung. *Journal of Islamic Banking and Finance*, *1*(1), 10–21. http://ejournal.iain-manado.ac.id/index.php/kunuz

Parera, N. O., & Susanti, E. (2021). Loyalitas Nasabah Dari Kemudahan Penggunaan Mobile Banking. *International Journal of Digital Entrepreneurship and Business (IDEB)*, *2*(1), 39–48. https://ejournal.jic.ac.id/ideb/

Pradipta Utama, A., & Ratna Murti, T. (2021). Kepuasan Nasabah Sebagai Mediator Pengaruh Kepercayaan Terhadap Loyalitas Nasabah. *Jurnal IKRA-ITH Ekonomika*, *4*(2), 79–85.

Pratama, L., & Nasution, M. L. I. (2023). Pengaruh Jaminan Rasa Aman dan Lokasi terhadap Minat Transaksi di Bank Syariah Pada Masyarakat Aek Kota Batu. *Jurnal Informatika Ekonomi Bisnis*, 779–784. https://doi.org/10.37034/infeb.v5i3.621

Puspitaningrum, Y., & Damanuri, A. (2022). Analisis Lokasi Usaha Dalam Meningkatkan Keberhasilan Bisnis Pada Grosir Berkah Doho Dolopo Madiun. *Niqosiya: Journal of Economics and Business Research*, *2*(2), 289–304.

Sundari, E. (2021). *Dinamika Citra Dan Pelayanan Bank Terhadap Loyalitas Nasabah Dalam Tinjauan Islam (Studi kasus Perbankan Syariah di Kota Pekanbaru)*. Jawa Barat: Penerbit Adab.

Supriyadi, N. (2017). Pengaruh Penanganan Komplian Terhadap Kepuasan, Kepercayaan, Komitmen, Dan Loyalitas Nasabah Pada Bank Rakyat Indonesia (BRI) Di Sulawesi Tenggara. In *Gawe Buku*. Yogyakarta: Penerbit Gawe Buku.

Susanti, E., & Parera, N. O. (2021). Loyalitas Nasabah Dari Kemudahan Penggunaan Mobile Banking. *International Journal of Digital Entrepreneurship and Business*, *2*(1), 39–48.

Tjiptono, F. (2006). Pemasaran Jasa. In *Malang. Jawa Timur: Bayu Media Publishing* (1st ed.). Jawa Timur: Bayu Media Publishing.

Tjiptono, F. (2014). *Service, Quality & Satisfaction*. Yogtakarta: Andi.

Triyanti, D., Kaban, R. F., & Iqbal, M. (2021). Peran Layanan Mobile Banking Dalam Meningkatkan Kepuasan Dan Loyalitas Nasabah Bank Syariah (Studi Kasus Bank Syariah Mandiri Kantor Cabang Tomang)CABANG TOMANG). *Jurnal Muhammadiyah Manajemen Bisnis*, *2*(1), 51. https://doi.org/10.24853/jmmb.2.1.181-192

Wibowo, A. (2022). *Perbankan Digital (Digital Banking)*. Yayasan Prima Agung Teknik.