

EXAMINING THE EFFECT OF SERVICE VALUE AND REPUTATION ON CUSTOMER LOYALTY WITH TRUST AND ELECTRONIC WORD OF MOUTH AS MEDIATION

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Abstract: To determine how banking services can lead to long-term profit, examining service value's direct and indirect effect on customer loyalty to the bank is essential. This study aims to investigate the effects of service value on customer loyalty to the bank directly and indirectly through the bank's reputation, electronic word of mouth (eWOM), and trust. This study surveyed 312 Indonesian banking customers by applying the partial least square structural equation model (PLS-SEM) to test the proposed hypotheses. This study found that the effect of service value on customer loyalty to the bank is indirect, not direct. Service value affects customer loyalty to the bank through trust and the bank's reputation. In addition, the bank's reputation affects customer loyalty to the bank through eWOM. Service value does not affect customer loyalty to the bank. This study addresses the past (represented by the bank's reputation as the firm's past action and eWOM as the customer's experience) and the future (represented by trust) to understand the relationship between service value and customer loyalty in the banking sector. The findings imply that banks need to develop their banking service value and reputation, trust, and eWOM to encourage customer loyalty to their banks.

Keywords: Banking Services, Long-Term Profit, Bank Marketing, Service Value



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The Indonesian banking sector is promising. Before the COVID-19 pandemic, Indonesian banks were regarded as the most profitable in the Southeast Asian region, with a net interest margin of 6% in 2019 (Zurich Insurance, 2021). The net interest margin is the amount of money a bank receives in interest on loans compared to the

amount it pays in interest on deposits. Despite the current pandemic, Indonesian banks remain promising, with a net interest margin of 4.12% in 2020 compared to their peers in Southeast Asia, such as Vietnam, Thailand, and Malaysia, with 2.57%, 2.12%, and 1.09%, respectively (tradingeconomics.com).

Previous studies focused on the relationship between service value and customer loyalty. Jiang et al. (2016) found the effect of service value on customer loyalty is direct, whereas Fianto et al. (2020) found it to be indirect. Some mediating vari-

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ables in the relationship between perceived customer value and loyalty include satisfaction (Hau and Thuy, 2012) and commitment (Lai, 2014). Hence, it is currently unclear whether the effect of service value on customer loyalty to the bank is direct or indirect. Following the promising status of the Indonesian banking industry in the current pandemic of COVID-19 and beyond (Zurich Insurance, 2021), a study which examines both the direct and indirect effect of service value on customer loyalty to a bank within the Indonesian banking context is crucial. This investigation helps advance understanding of the mediating variables other than satisfaction (Hau and Thuy, 2012) and commitment (Lai, 2014).

This study aims to investigate the effect of service value on customer loyalty to the bank, and the mediating role of the bank's reputation, electronic word-of-mouth (eWOM), and trust in that relationship. Service value is included to address how current banking services can be improved for the long-term profit of the banks (Fianto et al., 2020; Hau and Thuy, 2012; Payne et al., 2021). The bank's reputation is included, as in difficult situations, such as the COVID-19 pandemic, reputation helps banks survive (Ruiz et al., 2016; Wang et al., 2003). Trust is included to address how high customers rely on their current bank for future banking transactions (van Esterik-Plasmeijer and van Raaij, 2017). eWOM is included since customers can easily share their experiences with other people electronically (Kujur and Singh, 2017). Finally, customer loyalty to the bank is included to represent long-term profit for the bank (Fianto et al., 2020; Özkan et al., 2020).

The current study is important in various ways. The current study examines service value's direct and indirect effect on customer loyalty to a bank, which has received limited attention from the literature on banking marketing (Fianto et al., 2020). In particular, the current study examines whether service value affects customer loyalty to the bank directly and indirectly through trust. Further, the current study examines whether service value affects the bank's reputation, affecting eWOM and customer loyalty to the bank. The current study also examines whether the bank's reputation affects customer loyalty to the bank. Thus, this study is

beneficial in advancing the understanding of developing the current banking service value to result in customer loyalty to the bank (Burhanudin et al., 2021; Fianto et al., 2020; Özkan et al., 2020).

LITERATURE REVIEW

Service Value

Service value is crucial in respect of banking competition. Service value refers to the customers' evaluation of service by comparing what they get and give for it (Zeithaml, 1988). Currently, service value needs further investigation. Hau and Thuy (2012) investigated service value across three sectors (i.e., banking, airline, and healthcare). They found that it can significantly increase customer loyalty in the banking and healthcare sectors, but not for airline services. Payne et al. (2021) examined value co-creation in the banking sector. They found that introducing artificial intelligence and mobile banking service platforms offers more transaction-oriented value propositions than relationship-oriented ones. The above findings are consistent with the literature on a customer-perceived value that indicates studies on service value should be context-specific, for example, related to consumers in a specific country (Payne et al., 2021). This study investigates service value within the Indonesian banking context for the above reasons.

Bank's Reputation

Having a good reputation is vital for banks. A good reputation facilitates the customers' buying decisions, especially when limited information is available to evaluate the service (Wang et al., 2003). Based on Wang et al. (2003) and Weigelt and Camerer (1988), this study defines a bank's reputation as a set of attributes ascribed to the bank, inferred from the bank's past actions. For example, the bank might have a reputation as a green bank (Burhanudin et al., 2021). The existing literature shows some research gaps relating to studies on banks' reputations. First, banks need to identify the key determinant of their reputation to design their strategies, but currently, this key determinant is unclear (Walker, 2010). Second, the bank's reputation

is important both under normal conditions (Wang et al., 2003) and in a crisis (Ruiz et al., 2016), as it helps companies to survive (Wang et al., 2003). Therefore, there is a need to investigate further the bank's reputation (Baruah and Panda, 2020; Ruiz and García, 2021). This study addresses this issue by investigating the key antecedent and the consequence of the bank's reputation.

Electronic Word of Mouth (eWOM)

The massive increase in Internet use raises the importance of better managing eWOM. eWOM refers to peers' Internet-mediated opinions and recommendations of goods and services (Dellarocas et al., 2007). The relevant literature shows the need to investigate eWOM further. First, frequent Internet use by customers makes it easier for them to share messages related to their past experiences (Kujur and Singh, 2017); thus, there is a need to further investigate the determinant of eWOM in the banking context (Augusto and Torres, 2018). Second, customers form an opinion from such messages, as they perceive the message is credible and, therefore, impactful on their decision-making process (Chang and Lee, 2020). Therefore, there is a need to investigate further the key antecedent and the consequence of eWOM (Augusto and Torres, 2018).

Customer Loyalty to the Bank

Having loyal customers for banks is crucial. Customer loyalty to the bank refers to the willingness of the customer to make an investment or personal sacrifice to maintain the customer's relationship with the bank (Zeithaml et al., 1996). There is a need to investigate customer loyalty to the bank further. First, customer loyalty to the bank is difficult to identify. Still, once the customers' levels of loyalty are understood, insights can be gained into how to leverage customers into staying loyal to the bank (Fisher, 2001). Second, acquiring customers by offering incentives is often insufficient to ensure loyalty (Fisher, 2001). Instead, customer interaction and operations integration to produce a seamless and quality experience determine loyalty (Reichheld and Scheffer, 2000). The above discussion suggests

the need to have a greater understanding of customer loyalty to the bank.

Trust

Trust is crucial in banking. Trust describes a person's willingness to believe that the bank will look after them and their interests (Kumra and Mittal, 2004). Research gaps remain relating to the trust. Several factors affect trusts, such as the ability to trust, the experience, predictable performance, comprehensive information, shared values, communications, and interface design (Patrick, 2002), but fundamental gaps remain in the understanding of the factors that build consumer trust (Sirdeshmukh et al., 2002). This study investigates trust because banks need to take steps to strengthen trust among their customers (van Esterik-Plasmeijer and van Raaij, 2017).

HYPOTHESIS DEVELOPMENT

Service Value and Customer Loyalty to the Bank

Several studies have explored the link between service value and loyalty. Some studies (Japutra et al., 2021; Molinillo et al., 2021) found that service value significantly affects customer loyalty, whereas others (Fianto et al., 2020; Sumaedi et al., 2014) found service value has little to no effect. This study argues that service value leads to customer loyalty to the bank. Customers who perceive that they gain more benefits than the cost from current services tend to disregard the available alternatives (Japutra et al., 2021). They remain with the current service provider to avoid the risks associated with changing the provider (Harris and Goode, 2004; Hau and Thuy, 2012; Japutra et al., 2021). Therefore, service value drives customer loyalty to the service provider (Hau and Thuy, 2012; Japutra et al., 2021; Molinillo et al., 2021).

H1: Service value significantly affects customer loyalty to the bank.

Service Value and Bank's Reputation

The link between service value and the bank's reputation needs further investigation. Cretu and

Brodie (2007) found that a company's reputation determines the customer's perceived value of an offering. The literature shows the need to investigate the reverse direction of the relationship: how does service value lead to the bank's reputation? (Özkan et al., 2020). This study argues that service value leads to the bank's reputation because perceived value reflects the perception of all quality attributes contributing to the company's reputation (Özkan et al., 2020). Furthermore, Yoon et al. (2014) found that perceived value leads to retailer reputation, which supports the idea that service value affects the bank's reputation. Finally, reputation is the reward from the customers to the company, which has provided the customers with more benefits than the cost they pay for the products (Shapiro, 1982). The above discussion suggests that service value may drive the bank's reputation.

H2: Service value significantly affects the bank's reputation.

Service Value and Trust

An important but neglected issue in marketing literature is the link between service value and trust in the banking context. Ponte et al. (2015) found that perceived trust affects perceived value in tourism. The explanation for this finding is that perceived trust reduces customers' effort; therefore, they perceive they are receiving more benefits than costs. In the reverse direction, Sharma and Klein (2020) found that perceived value increases perceived trust in an online shopping context. This study argues that service value leads to trust. Trust is relational, and for this reason, it depends on the perceived value of an offering, such as caring (Szwajca, 2016). Customers still perceive risks in performing banking transactions (van Esterik-Plasmeijer and van Raaij, 2017). Therefore, they trust service providers who have provided valuable services (Sharma and Klein, 2020).

H3: Service value significantly affects trust.

Bank's Reputation and eWOM

A bank's strong reputation can be a significant asset to customers. When the quality of a company's service is not directly observable, consumers rely

on its reputation for their decision-making (Chang and Lee, 2020). This study argues that the bank's reputation increases eWOM. Customers need a credible source of information when they engage in eWOM to make their communication more persuasive. Reputation is a credible source of information for that purpose (Park and Lee, 2009). Companies with a good reputation can motivate their customers to promote them to friends, relatives, and others to become more involved with their membership and referral group (Manohar et al., 2020). The bank's reputation, therefore, potentially leads to eWOM.

H4: The bank's reputation significantly affects eWOM.

Bank's Reputation and Customer Loyalty to the Bank

There is a need to investigate the link between the bank's reputation and customer loyalty to it. Szwajca (2016) found banks with high reputation ratings have poor customer loyalty in the Polish banking context. On the other hand, Özkan et al. (2020) found that corporate reputation increases customer loyalty in the Turkish banking context. Hence, it is currently unclear whether the bank's reputation is a potential strategic source of customer loyalty in the Indonesian banking context. This study argues that the bank's reputation leads to customer loyalty. When the bank has a high reputation, customers will probably be committed to that company (Bartikowski et al., 2011). It is because the bank's reputation can prevent negative attitudes and behaviour from customers, including in times of crisis (Osakwe et al., 2020) and more significant uncertainty (Ruiz et al., 2016). Loyalty is considered an important outcome in corporate reputational studies, both in general (Bartikowski et al., 2011) and in the banking industry (Ruiz et al., 2016).

H5: The bank's reputation significantly affects customer loyalty to the bank.

Trust and Customer Loyalty to the Bank

Investigating the link between trust and customer loyalty to the bank is important. Trust is key to building a long-term customer relationship (Islam et al., 2021). Studies have found that trust drives

loyalty in online markets for books and flights (Harris and Goode, 2004) and telecommunication services (Islam et al., 2021). Studies have shown that within the banking context, trust drives loyalty, but they were limited to the Islamic banking context (Mulia et al., 2021). This study argues that trust increases customer loyalty to the bank. Trust indicates that customers perceive the company has acted and continues to act in the customers' interest (Harris and Goode, 2004). Trust potentially leads to customer loyalty as, by being loyal to the bank, the customers can reduce the risk associated with banking services (Harris and Goode, 2004; Mulia et al., 2021). Studies have indicated that trust further develops loyalty (Harris and Goode, 2004; Islam et al., 2021; Mulia et al., 2021).

H6: Trust significantly affects customer loyalty to the bank.

eWOM and Customer Loyalty to the Bank

The link between eWOM and customer loyalty has attracted attention from past studies. They

mostly deal with considering the effects of loyalty on eWOM, as Eelen et al. (2017) found. The marketing literature suggested the need to investigate the reverse: the effect of eWOM on customer loyalty (Bulut and Karabulut, 2018; Serra-Cantalops et al., 2018; Yoo et al., 2013). This study argues that eWOM potentially increases customer loyalty to the bank. Individuals strive to be internally consistent. eWOM indicates a congruency between the customers and the company (Yoo et al., 2013), as the customers need to invest time and effort when they spread positive opinions online (Serra-Cantalops et al., 2018). To be consistent with their opinions, banking customers potentially develop loyalty to their respective banks because loyalty helps the customers plan their future behaviour in line with their shared opinions (Bulut and Karabulut, 2018).

H7: eWOM significantly affects customer loyalty to the bank.

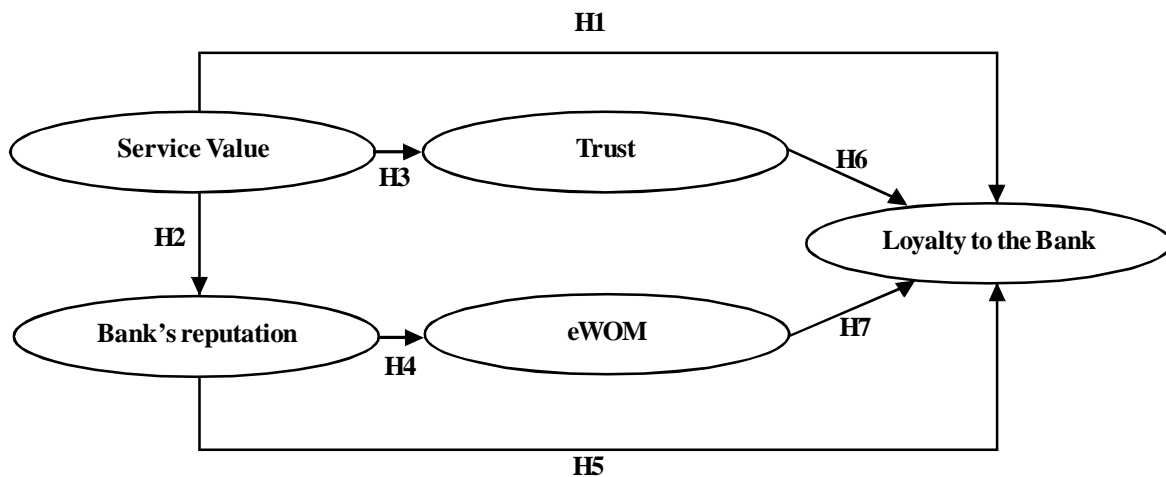


Figure 1. Proposed Framework

METHOD

The population of this study involved Indonesian banking customers. At the beginning of the survey, each respondent was asked to evaluate the bank whose services they use. The respondents were then

informed that this study recorded their responses anonymously. Therefore, they were asked to respond to questions as honestly as possible. The survey also informed the respondents that there were no correct or incorrect answers. All the information is in-

tended to reduce common method bias (CMB), as MacKenzie and Podsakoff (2012) suggested. This study selected respondents conveniently due to the similarity of banking services. Those agreeing to participate were asked to answer questions measuring the investigated variables related to their demographic profile. Service value was measured using two items from Cronin et al. (2000); for example, “Overall, the value of this facility’s services to me is”. The bank’s reputation was measured using two items from Wang et al. (2003); for example, “The bank’s reputation is adequate based on the overall experience.” Trust was measured using five items from Bhat et al. (2018); for example, “I feel secure authorizing transactions with the bank.” eWOM was measured using three items from Augusto and Torres (2018); for example, “I have recommended the bank’s online pages to many people.” Customer loyalty to the bank was mea-

sured using five items from Zeithaml et al. (1996); for example, “Say positive things about the bank with other people.” This study employed the seven-point Likert-type scale to measure service value, ranging from 1 (very low) to 7 (very high). For the other variables, this study employed the seven-point Likert-type scale ranging from 1 (totally disagree) to 7 (totally agree). Table 1 shows the research instrument.

RESULTS

Among the 400 questionnaires distributed, 312 responses were valid for further analysis. Therefore, the response rate was 78%, above the minimum requirement of 50% (Mellahi and Harris, 2016). The number of responses valid for further analysis was above the minimum of 41 observations required to achieve a statistical power of 80% for detecting R squared values of at least 0.25 (with

Table 1. Research Instrument

Construct	Annotation	Item	Source
Service Value	SVL1	Overall, the value of this facility’s services to me is	Cronin et al. (2000)
	SVL2	Compared to what I had to give up, the overall ability of this facility to satisfy my wants and needs is	
Bank’s reputation	BRP1	Bank’s reputation is adequate based on the overall experiences.	Wang et al. (2003)
	BRP2	The Bank’s reputation after comparing with that of other competitors is adequate.	
Trust	TRS1	I feel secure while authorizing transactions with the bank.	Bhat et al. (2018)
	TRS2	I prefer this bank each time I make any financial transaction.	
	TRS3	The bank fully maintains Bank Indonesia (the Republic of Indonesia’s central bank) norms.	
	TRS4	I consider this bank as my preferred one.	
	TRS5	I trust the know-how of this bank.	
e-WOM	EWM1	I have recommended the bank’s online pages to lots of people.	Augusto and Torres (2018)
	EWM2	I talk up the bank’s online pages to my friends.	
	EWM3	I give the bank’s online pages lots of positive word-of-mouth advertising.	
Customer loyalty to the bank	LOY1	Say positive things about the bank to other people.	Zeithaml et al. (1996)
	LOY2	Recommend the bank to someone who seeks my advice.	
	LOY3	Encourage friends and relatives to do business with the bank.	
	LOY4	Consider the bank my first choice to buy banking services.	
	LOY5	Do more business with the bank in the next few years.	

a 5% probability of error) (Hair et al., 2017). Furthermore, the number of responses valid for further analysis was above the minimum of 200 observations (Kline, 2016). The results of the data analysis revealed that the variance inflation factors (VIFs) of the constructs were below 3.3, which suggests that the model can be considered free of CMB (Kock, 2015). This study employed partial least square structural equation modelling (PLS-SEM) to examine the relationships in the proposed framework. In performing PLS-SEM, this study used a two-step approach, firstly by assessing the measurement model and secondly, assessing the structural model (Hair et al., 2019). The first step ensures that the measurements represent the constructs of interest, whereas the second step examines the proposed hypotheses.

Measurement Model Assessment

The results of the measurement model assessment appear in Table 3. This study removed two items (TRS5 and LOY5) whose factor loadings

were below the minimum threshold of 0.708 (Hair et al., 2019). As shown in Table 3, all factor loadings were above 0.708, which suggests that each construct explains at least 50% of the related indicator’s variance and thus shows the reliability of the items accepted (Hair et al., 2019). Furthermore, composite reliability (CR) values were above the minimum threshold of 0.7, which suggests that the measurement items share a minimum of 49% in common variance when measuring the construct, showing internal consistency reliability (Hair et al., 2019). Finally, Table 3 shows that the average variance extracted (AVE) values were above 0.5, suggesting each construct explains at least 50% of the variance of its items, showing convergent validity (Hair et al., 2019). This study then employed the Fornell and Larcker (1981) criterion to evaluate discriminant validity. As Table 4 shows, the square root of each construct’s AVE was higher than its correlation with the other constructs, showing discriminant validity (Fornell and Larcker, 1981).

Table 2. Characteristics of The Respondents

Characteristics	Frequency	Percentage
Gender		
Male	160	51.3
Female	152	48.7
Age		
17-22 years	27	8.7
23-28 years	38	12.2
29-34 years	114	36.5
35-40 years	108	34.6
Above 40 years	25	8.0
Education level completed		
Graduate of high school or lower	130	41.7
Associate or bachelor’s degree	165	52.9
Master’s or higher degree	17	5.4
Types of customers		
Conventional bank	182	58.3
Islamic bank	56	17.9
Both conventional banks and Islamic banks	74	23.7

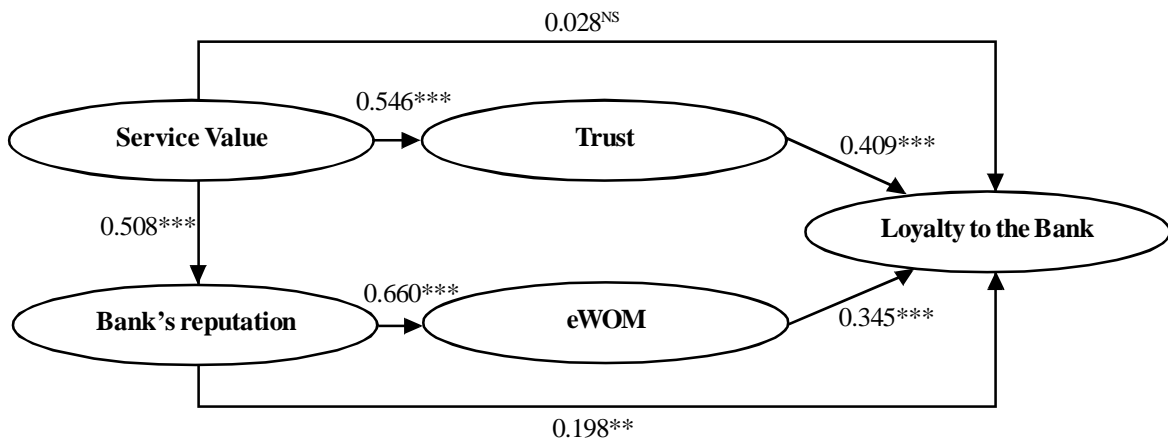
Table 3. Results of The Measurement Model Assessment

Construct	Item	Loading	CR	AVE
Service Value	SVL1	0.857	0.859	0.753
	SVL2	0.878		
Bank's reputation	BRP1	0.779	0.800	0.667
	BRP2	0.853		
Trust	TRS1	0.808	0.840	0.568
	TRS2	0.718		
	TRS3	0.746		
	TRS4	0.740		
e-WOM	EWM1	0.889	0.858	0.669
	EWM2	0.807		
	EWM3	0.753		
Customer loyalty to the bank	LOY1	0.787	0.862	0.609
	LOY2	0.811		
	LOY3	0.747		
	LOY4	0.776		

Table 4. Discriminant Validity

	1	2	3	4	5
1 Bank's reputation	0.817				
2 Customer loyalty to the bank	0.652	0.781			
3 Service Value	0.508	0.508	0.868		
4 Trust	0.468	0.669	0.546	0.754	
5 e-WOM	0.721	0.680	0.455	0.441	0.818

Note: The bold diagonal shows the square root of the average variance extracted (AVE)



Note. Coefficient represent standardised estimated
 Significant at $p < 0.01$ * Significant at $p < 0.001$
 NS-Not significant at $p > 0.1$

Figure 2. Results of The Structural Model Assessment

Structural Model Assessment

The results of the structural model assessment appear in Figure 2. Service value did not significantly affect customer loyalty to the bank ($0.028, p > 0.1$); thus, the result does not support H1. However, service value has a significant effect on the bank's reputation ($0.508, p < 0.001$) and trust ($0.546, p < 0.001$); thus, the results support H2 and H3, respectively. The bank's reputation had a significant effect on eWOM ($0.660, p < 0.001$) and customer loyalty to the bank ($0.198, p < 0.01$); thus, the results support H4 and H5, respectively. Trust significantly affects customer loyalty to the bank ($0.409, p < 0.001$); thus, the result supports H6. Finally, eWOM significantly affects customer loyalty to the bank ($0.345, p < 0.001$); thus, the result supports H7. R squared values for customer loyalty to the bank, eWOM, trust, and the bank's reputation are 0.651, 0.530, 0.298, and 0.258, respectively, the R squared values are respectable since they are above 0.20 (Hair et al., 2017).

DISCUSSION

Service Value and Customer Loyalty to The Bank

The results of this study do not support the hypothesis relating to the significant effect of service value on customer loyalty to the bank. Apart from that insignificant effect, the finding of this study is similar to the findings by Fianto et al. (2020) and Sumaedi et al. (2014). Compared to previous studies, this study covers customers of both conventional and Islamic banks, which differs from Fianto et al. (2020), who focus on Islamic banking customers and Sumaedi et al. (2014), who focus on non-banking customers (i.e., healthcare service customers). The underlying explanation for the above findings is that customers perceive both banking and healthcare services may have high potential risks (such as money loss due to phishing in banking services or injuries from poor medical treatment from healthcare services). (Harris and Goode, 2004; Sumaedi et al., 2014), so the customers keep looking for available alternatives (Japutra et al., 2021). However, the findings of this study are not in line with Japutra et al. (2021), who focus on the

customer's experience with the retailer's application. The possible explanation for the different findings is that in an online shopping context, the customers are highly dependent on the service provided by the retailer's application, which makes service value significantly affects customer loyalty.

Service Value and Bank's Reputation

The results of this study support the hypothesis relating to the significant effect of service value on a bank's reputation. This finding is consistent with Yoon et al. (2014) and Özkan et al. (2020). Aside from the similarity of the findings, the current study differs in some ways from the previous studies. First, real banking customers are the sample for the current study, whereas students are the sample targeted by Yoon et al. (2014). Further, Indonesian banking customers are the participants of the current study, but Turkish banking customers are the participants of Özkan et al. (2020). The similarity of the findings suggests that service value increases competitiveness by making the organization more reputable. Together, the above findings support Hau and Thuy (2012) that service value is a preeminent marketing concept, which is shown in the current study relating to the significant effect of service value on a bank's reputation.

Service Value and Trust

The results of this study support the hypothesis relating to the significant effect of service value on trust. This finding is consistent with Sharma and Klein (2020). They found that service value significantly affects trust in an online group buying context, the online version of traditional group buying where several buyers make a group and purchase a product in bulk, so each buyer gets a lower price than purchasing individually. Hence, the current study, which focuses on banking services, differs from the study by Sharma and Klein (2020). The similarity of the findings, regardless of the difference in the context of the current study and Sharma and Klein (2020), suggests that service value is crucial in building trust between the buyer and the service provider. The crucial role of service value in building trust supports Hau and Thuy (2012) that

service value plays a significant role in maintaining customers.

Bank's Reputation and eWOM

The results of this study support the hypothesis relating to the significant effect of a bank's reputation on eWOM. This finding is consistent with Manohar et al. (2020) and Park and Lee (2009). However, the focus of the current study on Indonesian banking services differs from Manohar et al. (2020), who focus on Indian banking services. Furthermore, the current study does not use simulation to test the relationship between the variables (i.e., non-experimental design). In contrast, Park and Lee (2009) used simulation for such a test (i.e., experimental design). The above discussion suggests that the bank's reputation is a vital customer asset. In particular, a reputable bank is a credible source of information to share with other customers (Manohar et al., 2020; Park and Lee, 2009).

Bank's Reputation and Customer Loyalty to The Bank

The results of this study support the hypothesis relating to the significant effect of a bank's reputation on customer loyalty to the bank. This finding is consistent with Özkan et al. (2020). While loyalty has received much attention in the marketing literature (Japutra et al., 2021; Özkan et al., 2020; Sumaedi et al., 2014), loyalty to the bank has received little attention (Fianto et al., 2020). Hence, the difference in the focus of the current study and that by Özkan et al. (2020), whereby the first was conducted in the Indonesia banking context and the second in the Turkish banking context, significantly contributes to the marketing literature on loyalty to the bank. In particular, the current study specifies that a bank's reputation determines loyalty to the bank.

Trust and Loyalty to The Bank

The results of this study support the hypothesis relating to the significant effect of trust on customer loyalty to the bank. This finding is consistent with Harris and Goode (2004). Harris and Goode (2004) found that trust increased customer loyalty in the online market for books and flights. The similarity

of findings between the current study and Harris and Goode (2004) suggest that trust is a vital component for establishing and maintaining loyalty in various exchange contexts. In particular, trust is crucial to driving customers' loyalty following the digitalization of business, whereby physical contact between the customer and the company's representative is continuously lacking (Harris and Goode, 2004).

eWOM and Loyalty to The Bank

The results of this study support the hypothesis relating to the effect of eWOM on customer loyalty to the bank. This finding is consistent with many previous studies (Bulut and Karabulut, 2018; Serra-Cantalops et al., 2018; Yoo et al., 2013). Compared to the previous studies, the current study, which targets Indonesian banking customers, differs from the previous studies: Turkish online shoppers (Bulut and Karabulut, 2018), British and German customers of Spanish hotel chains (Serra-Cantalops et al., 2018), and Korean internet shopper (Yoo et al., 2013). A large body of marketing literature shows little about the relationship between eWOM and loyalty to the bank within the Indonesian banking context (Bulut and Karabulut, 2018; Serra-Cantalops et al., 2018; Yoo et al., 2013). Hence, the current finding advances the understanding of the Indonesian banking market (Burhanudin et al., 2019, 2021; Fianto et al., 2020).

The above findings suggest that banks need to address the past (represented by the bank's reputation and eWOM) and the future (represented by trust) to ensure service value that encourages customer loyalty to the bank. This relationship pattern between the variables agrees with other studies that found service value affects customer loyalty indirectly (Fianto et al., 2020; Karjaluoto et al., 2012; Singh and Sirdeshmukh, 2000).

CONCLUSIONS

This study has found that the effect of service value on customer loyalty to the bank is indirect, not direct. Service value does not significantly affect loyalty to the bank but significantly affects loyalty to the bank through trust. Furthermore, this study

has found that service value affects a bank's reputation, which affects eWOM, then loyalty to the bank. In addition, this study found that a bank's reputation affects loyalty to the bank.

IMPLICATIONS

The findings of this study present several implications. First, banks must make their customers perceive their services as valuable. As customers are concerned with the safety of banking transactions (van Esterik-Plasmeijer and van Raaij, 2017), banks need to continuously educate their customers on the potential risks, such as phishing scams and the ways customers can avoid such risks. Banks also need to announce details of their official call centres and similar services widely through their official social media platforms, allowing customers to access immediate help from the correct source.

Second, banks must consistently deliver their customers the desired service value to build trust. Delivering the desired value makes customers perceive that the bank works in the interest of the customers (Kumra and Mittal, 2004). To do so, banks need to allow their customers to contact them through various platforms, such as social media. Through these platforms, customers may contact the bank with suggestions to improve the current services and discuss any complaints about the current services. Handling these issues effectively could make the customers perceive that the bank's services are trustworthy.

Third, the banks need to be consistent in building their reputation. If the banks build their reputation as green banks, they must consistently deliver service value related to green issues. For example, the banks could make their offices greener by optimizing natural sunlight instead of using electric lighting during the daytime. The banks should consistently finance green projects, which benefit both their customers and members of society at large by providing cleaner air and water. Within this consistent service value, the bank's reputation is built accordingly.

Fourth, the banks need to make it easier for consumers to share the bank's reputation through eWOM. Customers perceive that information from

their peers is more credible than companies (Chang and Lee, 2020). For this reason, banks need to update any information related to their reputation on their website and social media platforms. Any information about the bank and its reputation must include a sharing icon so that the platform's visitors can share it with others through instant messaging and other platforms.

Finally, trust and eWOM among customers indicate their loyalty to the bank. Banks need to increase the customer's trust continuously. To do so, banks need to make their customers feel secure with their accounts while authorizing transactions with the bank. Further, banks must strengthen eWOM to facilitate customer communication with their community. To do so, banks must be active on their official social media platform. Any information about the bank needs to be shared easily through various platforms, email, instant messaging, and other communication tools.

RECOMMENDATIONS

Despite the above-mentioned contributions to marketing literature, this study has some limitations, which provide opportunities for future research. First, this study did not qualitatively explore the elements of the desired service value in a banking context. Future research may explore the major benefits (both functional and emotional) their customers seek and the costs (both monetary and non-monetary) that customers perceive can be eliminated to increase current banking service value. Second, other variables not investigated in this study might mediate the relationship between service value and customer loyalty. The literature has suggested this relationship is indirect (Fianto et al., 2020; Karjaluoto et al., 2012; Singh and Sirdeshmukh, 2000). Future studies can explore mediating variables other than the satisfaction and the variables presented in this study (bank's reputation, eWOM, and trust). Finally, this study focuses on the individual rather than corporate banking customers. To better serve corporate customers, investigation of the relationship between service value and loyalty to the bank at the corporate level is crucial.

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