

Optimizing Digital Marketing and Service Quality to Strengthen Customer Loyalty in Rural Banks' Digital Transformation Era

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Abstract

This study examines the effects of digital marketing and service quality on customer loyalty, with customer satisfaction serving as a mediating variable, at Perumda Bank Perekonomian Rakyat (BPR) Bank Kota Bogor, Indonesia. The study is motivated by the increasing digital transformation in the banking industry and the growing competition from fintech companies and digital banks, which require rural banks to strengthen customer relationships and maintain competitiveness. A quantitative explanatory approach was employed using survey data collected from 100 active customers selected through purposive sampling to ensure respondents had experience using the bank's digital services. Data were analyzed using Structural Equation Modeling-Partial Least Squares (SEM-PLS), which was considered suitable for examining complex relationships among variables with a relatively small sample size. The findings reveal that service quality has a positive and significant effect on customer satisfaction and customer loyalty, while customer satisfaction significantly influences customer loyalty and mediates the relationship between service quality and loyalty. In contrast, digital marketing does not significantly affect customer satisfaction, although it directly influences customer loyalty. Furthermore, customer satisfaction does not mediate the relationship between digital marketing and customer loyalty. These findings indicate that customer loyalty in rural banking is driven more by service quality and customer satisfaction than by digital marketing activities alone. This study contributes to the limited literature on customer loyalty in rural banking and provides practical insights for bank management in strengthening service quality and optimizing digital marketing strategies to enhance long-term customer relationships.

Keywords:

Customer Loyalty; Customer Satisfaction; Digital Marketing; Service Quality; Rural Bank.

1. INTRODUCTION

Digital transformation has significantly transformed the banking industry, shifting services from physical branches to digital platforms such as mobile banking and internet banking, making financial services more accessible and flexible for customers (Gupta & Raza, 2024a; A. K. Sharma & Sharma, 2026). Technological developments such as AI, big data, and automation have also increased operational efficiency and enabled more personalized services, while also driving changes in customer behavior, who now prefer digital channels over conventional services (Liu & Duan, 2026; Sharma et al., 2025). In Indonesia, the number of internet users in 2023 reached 212.9 million, or approximately 77% of the total population, with an average internet usage of 7 hours and 42 minutes per day, mostly accessed via mobile devices (We are

Social, 2024). This situation indicates that people are increasingly accustomed to utilizing digital technology in various activities, including banking services.

The development of digitalization has encouraged banks to develop digital services such as mobile banking and internet banking to provide more accessible, practical, and efficient financial services. These technology-based platforms have become a crucial strategy for banks to meet evolving customer needs and improve service quality in the digital era (Gupta & Raza, 2024b; Sharma et al., 2025). However, this digital transformation also presents new challenges for the banking industry. In addition to being required to continuously innovate in digital services, banks must also face increasing competition from financial technology (fintech) companies and digital banks that offer faster, easier, and more flexible financial services to the public (OJK, 2021; Ramadhan et al., 2025).

Amid these changes, People's Banks (BPR) face more complex challenges than commercial banks. According to data from the Financial Services Authority (OJK), the number of BPRs and BPRSs decreased from 1,709 in 2019 to 1,567 in February 2024 (OJK, 2024). This decline indicates pressure on the sustainability of the BPR industry due to various factors, such as limited capital, quality of governance, human resources, and the ability to adapt to developments in digital technology (OJK, 2024). Furthermore, BPR performance continues to face challenges in terms of profitability and credit quality, as reflected in high levels of Non-Performing Loans (NPLs) and declining Return on Assets (ROA) compared to commercial banks.

In an increasingly competitive environment, customer loyalty is a strategic asset that determines the sustainability of the banking business. Customer loyalty is reflected not only in repeated service usage but also in long-term commitment and willingness to recommend services to others (Rosanti, 2023; Wahyoedi & Saporso, 2019). Therefore, maintaining customer loyalty is an increasingly important challenge for rural banks (BPRs), especially when customers have a variety of alternative financial services easily accessible through digital platforms.

Previous literature indicates that customer loyalty is influenced by various factors, including service quality, customer satisfaction, and the use of digital technology. Research conducted by Sleimi et al (2020) found that e-banking service quality positively influences customer loyalty through customer satisfaction as a mediating variable. Similar findings were also presented by Khattab et al (2020), Arora & Banerji (2024), and Rahma & Sofyani (2024), who stated that digital service quality can increase banking customer satisfaction and loyalty. Furthermore, research by Mohammad, A. A. S. (2022) shows that effective digital marketing can increase customer loyalty by enhancing interaction, communication, and long-term relationships with customers.

From a modern marketing perspective, digital marketing is a strategic tool that enables companies to reach customers more broadly, efficiently, and interactively (Dwivedi et al., 2021; Erwin et al., 2023). In the banking sector, utilizing social media, websites, and various digital communication channels can increase customer engagement, strengthen the company's image, and build lasting relationships with customers (Kurniawan, 2023). However, the effectiveness of digital marketing is greatly influenced by the quality-of-service customers experience in every interaction with the bank (Gonu et al., 2023).

Although various studies have addressed the relationship between service quality, satisfaction, and customer loyalty, most of these studies were conducted on commercial banks, Islamic banks, and digital banks, which have a higher level of digital maturity than rural banks (Arora & Banerji, 2024; Barjaktarovic Rakocevic et al., 2025; Rahma & Sofyani, 2024). Nugraha & Astarini (2023) study focused more on the relationship between service quality and customer loyalty, while Ramadhan et al (2025) study focused on a conceptual study of digital transformation in rural banks. Therefore, there is still limited empirical research specifically examining the influence of digital marketing and service quality on customer loyalty through customer satisfaction in the context of rural banks. This research gap becomes even more relevant when linked to the situation of Perumda BPR Bank Kota Bogor, the research object. Although it was included in the Top 100 Indonesian BPRs from 2018–2022, from 2023 to 2025, BPR Bank Kota Bogor was no longer included in the ranking (Supriyanto, 2022). Observations of the bank's social media also indicate that digital marketing utilization is still suboptimal, as evidenced by the low audience size and engagement levels on several digital platforms used. This situation indicates the need for strategic efforts to strengthen customer satisfaction and loyalty through optimizing digital marketing and improving service quality.

Based on this phenomenon, this study seeks to answer the following research questions: (1) Does digital marketing influence customer satisfaction at Perumda BPR Bank Kota Bogor? (2) Does service quality influence customer satisfaction? (3) Does customer satisfaction influence customer loyalty? (4) Do digital marketing and service quality directly influence customer loyalty? and (5) Does customer satisfaction mediate the relationship between digital marketing and service quality toward customer loyalty?

Accordingly, this study proposes the following hypotheses: H1: Digital marketing positively influences customer satisfaction; H2: Service quality positively influences customer satisfaction; H3: Customer satisfaction positively influences customer loyalty; H4: Digital marketing positively influences customer loyalty; H5: Service quality positively influences customer loyalty; H6: Customer satisfaction mediates the relationship between digital marketing and customer loyalty; and H7: Customer satisfaction mediates the relationship between service quality and customer loyalty.

This research is expected to provide theoretical contributions by enriching the literature on digital marketing, service quality, satisfaction, and customer loyalty in the rural bank (BPR) industry, which is still relatively limited compared to research on commercial banks. Furthermore, this research also provides practical contributions for BPR management in formulating more effective marketing and service strategies to enhance competitiveness and business sustainability in the digital era. For regulators, particularly the Financial Services Authority (OJK), the results of this study can provide input in formulating policies to strengthen the BPR industry in Indonesia.

This article is structured as follows. The second section presents a literature review and the development of research hypotheses. The third section explains the research methods used, including the research design, population and sample, data collection techniques, and data analysis methods. The fourth section presents the research results and discussion. The final section contains conclusions, research implications, study limitations, and recommendations for further research.

2. RESEARCH METHOD

This study uses a quantitative approach with an explanatory research design. This approach was chosen because it aims to test and explain the causal relationship between digital marketing, service quality, customer satisfaction, and customer loyalty at Perumda BPR Bank Kota Bogor. In the research model, digital marketing (X1) and service quality (X2) act as independent variables, customer satisfaction (Z) as a mediating variable, and customer loyalty (Y) as the dependent variable.

The study population was all active customers of Perumda BPR Bank Kota Bogor who have used the bank's digital services, such as social media, website, mobile banking, or other digital channels, totaling 21,859 customers. The sampling technique used non-probability sampling with a purposive sampling method. Respondents were selected based on the following criteria: (1) active customers of Perumda BPR Bank Kota Bogor, (2) having been customers for at least six months, (3) having used the bank's digital services, and (4) being willing to participate in the study. These criteria were applied to ensure that respondents had sufficient experience and interaction with the bank's digital services and service quality, enabling them to provide relevant evaluations regarding customer satisfaction and loyalty. The sample size was determined using the Slovin formula with a 10% margin of error, resulting in 99.54 respondents, rounded up to 100. This number was deemed sufficient for the Structural Equation Modeling–Partial Least Squares (SEM-PLS) analysis.

Primary data was collected through a structured questionnaire based on indicators from previous research and relevant theories. Measurements were conducted using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Secondary data was also obtained through literature review, including books, scientific journal articles, official reports, Financial Services Authority (OJK) publications, and other documents relevant to the research topic.

Data analysis was conducted using the Structural Equation Modeling–Partial Least Squares (SEM-PLS) method with the aid of SmartPLS software. This method was chosen because it can analyze complex relationships between variables, can be used with relatively small sample sizes, and does not require a normal data distribution. The analysis stages included descriptive analysis, evaluation of the measurement model (outer model), evaluation of the structural model (inner model), and hypothesis testing. In interpreting the SEM-PLS results, the outer model evaluation was used to assess the validity and reliability of the measurement indicators, while the inner model evaluation examined the explanatory power and predictive relevance of the structural relationships among variables through path coefficients, R^2 , Q^2 , t-statistics, and p-values.

Hypothesis testing was conducted using bootstrapping techniques to obtain t-statistics and p-values. This study used a 10% significance level ($\alpha = 0.10$), so the hypothesis is accepted if the t-statistic is >1.65 and the p-value is <0.10 . Before testing the structural relationships, the measurement model was evaluated to ensure the validity and reliability of the constructs. Convergent validity was assessed using factor loadings and Average Variance Extracted (AVE), while reliability was evaluated through Composite Reliability (CR). Discriminant validity was examined using the Heterotrait-Monotrait Ratio (HTMT). All constructs met the recommended threshold values, indicating that the measurement instruments were valid and reliable.

This study adhered to ethical research by ensuring that respondent participation was voluntary. All respondents were given an explanation of the research objectives and asked to provide informed consent before completing the questionnaire. Respondents' identities were maintained, and all data collected was used solely for academic purposes.

This study has several limitations. First, the research focused solely on Perumda BPR Bank Kota Bogor, so the results cannot be generalized to all BPRs in Indonesia. Second, the use of purposive sampling has the potential to introduce sampling bias because not all members of the population have an equal chance of being selected. Third, the research data was obtained through respondents' perceptions, thus allowing for subjectivity in completing the questionnaire. To minimize these limitations, this study uses instruments that have been adapted from previous research and applies SEM-PLS analysis procedures systematically.

3. RESULTS AND DISCUSSION

3.1. Results

Table 1. Respondent Characteristics

| Characteristics | Category | Amount | Percentage (%) |
|------------------------------|---------------------------------|--------|----------------|
| Gender | Man | 65 | 65% |
| | Woman | 35 | 35% |
| Age | 18-25 Tahun | 10 | 10% |
| | 26-35 Tahun | 14 | 14% |
| | 36-45 Tahun | 29 | 29% |
| | >45 Tahun | 47 | 47% |
| Income | < 3.000.000 | 19 | 19% |
| | 3.000.000-4.999.999 | 16 | 16% |
| | 5.000.000-6.999.999 | 45 | 45% |
| | 7.000.000-8.999.999 | 9 | 9% |
| | >9.000.000 | 11 | 11% |
| Formal Education Level | Junior High School (Equivalent) | 8 | 9% |
| | High school (equivalent) | 23 | 23% |
| | Diploma (equivalent) | 25 | 25% |
| | Bachelor degree | 39 | 39% |
| | Master's Degree | 5 | 5% |
| Length of Time as a customer | <1 year | 15 | 15% |
| | 1-2.9 years | 18 | 18% |
| | 3-5 years | 21 | 21% |
| | >5 years | 46 | 46% |

The respondent profile indicates that the research sample is dominated by customers who are adults, highly educated, have a middle-income level, and have had a relatively long-term relationship with the bank. Nearly half of the respondents are over 45 years old and have been customers for more than five years, indicating they have sufficient experience in using and evaluating banking services. This condition indicates that respondents' assessments of service quality, satisfaction, and loyalty are not based solely on momentary experiences but are also formed through ongoing interactions with the bank. Furthermore, the predominance of respondents with a bachelor's degree and a middle-income level indicates that customers tend to have good abilities in assessing service benefits, transaction security, and the quality of the relationship built by the bank. These characteristics provide important context for this research, as they indicate that customer perceptions of satisfaction and loyalty are likely more influenced by the quality of service they directly experience than by promotional activities or digital marketing alone. Therefore, the obtained respondent profile provides a relevant foundation for understanding and interpreting the influence of digital marketing and service quality on customer satisfaction and loyalty at BPR Bank Kota Bogor. However, the dominance of respondents with similar demographic characteristics may limit the generalizability of the findings to broader customer segments with different demographic and behavioral profiles.

3.1.1. Measurement Model Assessment

The measurement model was evaluated using indicator loadings, Average Variance Extracted (AVE), Composite Reliability (CR), and Heterotrait-Monotrait Ratio (HTMT) following the recommendations of Hair et al. (2021).

Tabel 2. Measurement Model Assessment

| Variables | Indicator | Loading Factor | AVE | CR |
|----------------------|-----------|----------------|-------|-------|
| Digital Marketing | DM1 | 0,806 | 0,742 | 0,955 |
| | DM2 | 0840 | | |
| | DM3 | 0,902 | | |
| | DM4 | 0861 | | |
| | DM5 | 0,831 | | |
| | DM6 | 0,887 | | |
| | DM7 | 0,827 | | |
| | DM8 | 0,849 | | |
| Service Quality (X2) | KL1 | 0,867 | 0,729 | 0,956 |
| | KL2 | 0,847 | | |
| | KL3 | 0,791 | | |
| | KL4 | 0,842 | | |

| | | | | |
|---------------------------|-----|-------|-------|-------|
| | KL5 | 0,896 | | |
| | KL6 | 0,861 | | |
| | KL7 | 0,866 | | |
| | KL8 | 0,859 | | |
| Customer Satisfaction (Z) | KN1 | 0,870 | 0,779 | 0,961 |
| | KN2 | 0,893 | | |
| | KN3 | 0,894 | | |
| | KN4 | 0,867 | | |
| | KN5 | 0,919 | | |
| | KN6 | 0,896 | | |
| | KN7 | 0,837 | | |
| Customer Loyalty | LN1 | 0,835 | 0,729 | 0,949 |
| | LN2 | 0,884 | | |
| | LN3 | 0,818 | | |
| | LN4 | 0,906 | | |
| | LN5 | 0,825 | | |
| | LN6 | 0,857 | | |
| | LN7 | 0,847 | | |

Based on Table 2, all indicators in the Digital Marketing, Service Quality, Customer Satisfaction, and Customer Loyalty constructs have loading factors above 0.70 (0.791–0.919) and AVE values between 0.729–0.779, indicating adequate convergent validity. In addition, all constructs show high reliability, with Composite Reliability (CR) values ranging from 0.949–0.961.

Tabel 3. Heterotrait-Monotrait Ratio (HTMT) Results

| | Digital Marketing | Customer Satisfaction | Quality of Service | Customer Loyalty |
|-----------------------|-------------------|-----------------------|--------------------|------------------|
| Digital Marketing | | | | |
| Customer Satisfaction | 0.506 | | | |
| Quality of Service | 0.776 | 0.622 | | |
| Customer Loyalty | 0.652 | 0.817 | 0.701 | |

The HTMT values in Table 3 are all below the 0.90 threshold, confirming discriminant validity and indicating that each construct measures a distinct concept. Overall, the results demonstrate that all constructs are valid and reliable for testing the structural model relationships.

3.1.2. Structural Model Assessment

Tabel 4. Structural Model Assessment

| Endogenous Variable | R ² | Q ² |
|-----------------------|----------------|----------------|
| Customer Satisfaction | 0.364 | 0.309 |
| Customer Loyalty | 0.687 | 0.426 |

Based on Table 4, the R² value of 0.364 for Customer Satisfaction indicates that Digital Marketing and Service Quality explain 36.4% of the variation in customer satisfaction, with service quality playing a more dominant role. Meanwhile, the R² value of 0.687 for Customer Loyalty shows that Digital Marketing, Service Quality, and Customer Satisfaction explain 68.7% of customer loyalty, indicating strong explanatory power. The Q² values of 0.309 for Customer Satisfaction and 0.426 for Customer Loyalty further demonstrate that the model has good predictive relevance. Overall, these findings confirm that the research model has adequate explanatory and predictive capability in analyzing the relationships among the studied variables.

3.1.3. Hypothesis Testing

Tabel 5. Direct Effects

| | Original sample (O) | Standard deviation (STDEV) | T statistics (O/STDEV) | P values | Information |
|--|---------------------|----------------------------|--------------------------|----------|-----------------------|
| Digital Marketing -> Customer Satisfaction | 0.093 | 0.152 | 0.612 | 0.540 | Not supported by data |
| Digital Marketing -> Customer Loyalty | 0.277 | 0.133 | 2.087 | 0.037 | Supported by data |
| Customer Satisfaction -> Customer Loyalty | 0.572 | 0.097 | 5.874 | 0.000 | Supported by data |

| | | | | | |
|--|-------|-------|-------|-------|-------------------|
| Service Quality -> Customer Satisfaction | 0.531 | 0.141 | 3.767 | 0.000 | Supported by data |
| Service Quality -> Loyalty Customer | 0.463 | 0.136 | 3.405 | 0.001 | Supported by data |

Based on Table 5, not all relationships in the research model were significant. Digital Marketing did not significantly affect Customer Satisfaction ($\beta = 0.093$; $p = 0.540$), indicating that customer satisfaction is influenced more by tangible service experiences than by digital promotional activities. However, Digital Marketing had a positive and significant effect on Customer Loyalty ($\beta = 0.277$; $p = 0.037$), reflecting its role in strengthening customer relationships and the bank's image. Customer Satisfaction had a positive and significant effect on Customer Loyalty ($\beta = 0.572$; $p < 0.001$) and was the strongest factor in the model. In addition, Service Quality significantly influenced both Customer Satisfaction ($\beta = 0.531$; $p < 0.001$) and Customer Loyalty ($\beta = 0.463$; $p = 0.001$). Overall, the findings indicate that service quality and customer satisfaction are the main drivers of customer loyalty, while digital marketing mainly serves a supporting role in maintaining customer relationships.

Table 6. Indirect Effects

| | Original sample (O) | Sample mean (M) | Standard deviation (STDEV) | T statistics (O/STDEV) | P values | Information |
|--|---------------------|-----------------|----------------------------|-------------------------|----------|-----------------------|
| Digital Marketing -> Customer Satisfaction -> Customer Loyalty | 0.053 | 0.054 | 0.087 | 0.608 | 0.543 | Not supported by data |
| Service Quality -> Customer Satisfaction -> Customer Loyalty | 0.304 | 0.302 | 0.087 | 3.497 | 0.000 | Supported by data |

Based on Table 6, Customer Satisfaction does not significantly mediate the relationship between Digital Marketing and Customer Loyalty ($\beta = 0.053$; $p = 0.543$), indicating that digital marketing influences loyalty more directly than through customer satisfaction. This suggests that customers are more influenced by tangible service experiences than by digital marketing activities. In contrast, Customer Satisfaction significantly mediates the relationship between Service Quality and Customer Loyalty ($\beta = 0.304$; $p < 0.001$), indicating that service quality strengthens loyalty through increased customer satisfaction. Overall, the findings confirm that customer loyalty at BPR Bank Kota Bogor is driven more by service quality and customer satisfaction than by digital marketing activities alone.

3.2. Discussion

This study aims to analyze the influence of digital marketing and service quality on customer loyalty, with customer satisfaction as a mediating variable at Perumda BPR Bank Kota Bogor. The findings indicate that service quality and customer satisfaction play a more dominant role in shaping customer loyalty than digital marketing. This suggests that despite the growing digital transformation in the banking industry, service experience remains a key determinant in building long-term relationships between customers and banks.

The results show that digital marketing has no significant effect on customer satisfaction, indicating that customer satisfaction is shaped more by actual service experiences, such as transaction convenience, service speed, security, and employee interactions, than by digital promotional activities. This condition may be related to the characteristics of respondents, who were predominantly customers aged over 45 years and long-term customers, making them more likely to evaluate satisfaction based on perceived service quality. This finding differs from previous studies by Khattab et al (2020); Rahma & Sofyani (2024); Sleimi et al (2020), which found that digital services and communication can increase customer satisfaction. The difference may stem from the characteristics of rural banks (BPRs), where personal relationships and service quality remain important considerations for customers.

Although digital marketing does not significantly affect satisfaction, it positively influences customer loyalty. This finding indicates that digital marketing still functions as an important communication tool for strengthening customer engagement and maintaining long-term relationships. This result aligns with Mohammad, A. A. S. (2022), who stated that digital marketing can strengthen customer loyalty through interactive communication. In the context of BPR Bank Kota Bogor, digital marketing appears to support customer relationships and strengthen the bank's image rather than directly increasing satisfaction.

This study also confirms that service quality positively influences customer satisfaction and customer loyalty. Better service quality in terms of reliability, responsiveness, assurance, empathy, and tangibles increases customer satisfaction and encourages customers to maintain long-term relationships with the bank. These findings support service quality theory and are consistent with studies by Khattab et al (2020); Rahma & Sofyani (2024); Sleimi et al (2020), which found that service quality positively affects customer satisfaction and loyalty in the banking sector. For rural banks, service quality is particularly important

because close customer relationships represent one of the main competitive advantages compared to commercial and digital banks.

Furthermore, customer satisfaction was found to have the strongest influence on customer loyalty. Satisfied customers are more likely to continue using banking services, maintain long-term relationships, and recommend the bank to others. This finding supports Wahyoedi & Saparso (2019) and Rosanti (2023), who identified satisfaction as a key antecedent of customer loyalty.

Regarding indirect effects, customer satisfaction significantly mediates the relationship between service quality and customer loyalty. This finding indicates that good service quality strengthens loyalty both directly and indirectly through increased customer satisfaction. These results support Khattab et al (2020) and Sleimi et al (2020), which identified satisfaction as an important mediating variable in the relationship between service quality and customer loyalty. In contrast, customer satisfaction does not mediate the relationship between digital marketing and customer loyalty, suggesting that digital marketing affects loyalty more through communication and engagement than through satisfaction mechanisms.

Theoretically, this study contributes to the literature on customer loyalty in the BPR industry by showing that service quality and customer satisfaction remain the primary determinants of loyalty amidst the growing digitalization of the banking sector. The findings also indicate that the influence of digital marketing may vary depending on institutional characteristics and customer profiles. Therefore, digital marketing should be viewed as a complementary strategy that supports customer relationships rather than replacing service quality.

From a practical perspective, the findings imply that Perumda BPR Bank Kota Bogor should prioritize improving service quality to strengthen customer satisfaction and loyalty. This can be achieved through enhancing employee competency, improving service responsiveness, simplifying transaction processes, and strengthening personalized customer interactions. In addition, digital marketing should be optimized to improve customer engagement, strengthen the bank's image, and expand communication with customers.

The results and discussion demonstrate that customer loyalty at Perumda BPR Bank Kota Bogor is influenced more by service quality and customer satisfaction than by digital marketing activities alone. These findings have important implications for rural banking practices, particularly as BPRs face increasing competition from commercial banks, digital banks, and fintech companies.

For rural banks, maintaining close relationships with customers remains a key competitive advantage. Therefore, improving service quality should become a strategic priority, especially in terms of responsiveness, reliability, transaction convenience, and personalized interactions with customers. Since many BPR customers are long-term and middle-aged customers, trust and direct service experiences play a more important role in shaping satisfaction and loyalty than digital promotion alone. This indicates that rural banks should not focus solely on expanding digital marketing activities, but also on strengthening human-centered service quality.

The findings also suggest that digital marketing in the BPR context functions more effectively as a communication and relationship-building tool rather than as a direct determinant of customer satisfaction. Therefore, rural banks should optimize digital platforms not only for promotion, but also for customer engagement, financial education, service information, and maintaining long-term communication with customers. Better integration between digital communication and service experiences may help strengthen customer relationships and improve loyalty over time.

In addition, the significant mediating role of customer satisfaction in the relationship between service quality and customer loyalty highlights the importance of creating positive customer experiences. Rural banks should continuously evaluate customer needs and service performance to ensure that service quality remains consistent with customer expectations. By strengthening both service quality and customer satisfaction, BPRs can improve competitiveness and maintain business sustainability in the digital transformation era.

Overall, the findings confirm that customer loyalty at Perumda BPR Bank Kota Bogor is influenced more by service quality and customer satisfaction than by digital marketing activities alone. Despite the increasing digital transformation and competition in the banking industry, superior service quality remains a key factor in maintaining customer loyalty and business sustainability in rural banking.

4. CONCLUSION

This study aims to analyze the influence of digital marketing and service quality on customer loyalty, with customer satisfaction as a mediating variable at Perumda BPR Bank Kota Bogor. The findings indicate that service quality and customer satisfaction are the main factors influencing customer loyalty. Service quality has a positive and significant effect on both customer satisfaction and customer loyalty, while customer satisfaction has the strongest influence on loyalty. In contrast, digital marketing does not significantly affect customer satisfaction, although it still positively influences customer loyalty. Furthermore, customer satisfaction mediates the relationship between service quality and customer loyalty, but does not mediate the relationship between digital marketing and customer loyalty.

The findings contribute to the literature on customer loyalty in the BPR industry, particularly in the context of digital transformation. The study confirms that despite increasing digitalization in the banking industry, service quality and customer satisfaction remain the primary determinants of customer loyalty. Digital marketing, meanwhile, functions more effectively as a communication and relationship-building tool than as a direct driver of customer satisfaction.

Practically, the findings emphasize that Perumda BPR Bank Kota Bogor should prioritize improving service quality as the main strategy for strengthening customer satisfaction and loyalty. Management should focus on enhancing employee competency, improving service responsiveness, simplifying transaction processes, and strengthening personalized interactions with customers. In addition, digital marketing should be optimized through more interactive content, stronger social media engagement, and better integration between digital communication and customer service experiences. These strategies are important for helping rural banks maintain competitiveness and sustain long-term customer relationships in the digital transformation era.

This study has several limitations. First, the research focused only on one BPR, limiting the generalizability of the findings to the broader BPR industry in Indonesia. Second, the study used a cross-sectional approach and relied on respondents' perceptions, which may contain subjectivity. Future research is therefore recommended to involve several BPRs from different regions and use larger sample sizes to improve generalizability. In addition, future studies are encouraged to examine other variables, such as trust, corporate image, digital service quality, customer engagement, technology adoption, or customer experience, to provide a more comprehensive understanding of customer loyalty in rural banking. Further research may also apply longitudinal approaches or comparative studies between rural banks and commercial banks to better understand changes in customer behavior and loyalty in the digital transformation era.

Overall, this study confirms that the success of BPRs in maintaining customer loyalty in the digital era depends not only on digital technology adoption, but primarily on their ability to deliver superior service quality and create sustainable customer satisfaction.

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