

CHAPTER I

INTRODUCTION

1.1. Background of the Study

Nowadays, the technology development has played important role in society and most of individuals utilize technology in their daily lives since it can lead the world more exposed and transparent. Moreover, technology becomes an effect of causing globalization happened. The more growing the technology includes information and communication technologies or called as ITC, the more transformation in any life sectors like politic, economic, social, and culture. The internet growth as a source of information in the year of 2021 experienced the extraordinary development rapidly. The growth of information and communication technologies cause the revolution in media world, where technology has become an equipment in spreading information. Therefore, technology that is created developed based on human necessity to make life more easier that previous (Aprianto,2021).

In general, the activity of information and communication technologies can be utilized as a means of communicating to each other, spreading and searching data, offering service and business transaction. The possession of various communication apps which have ability to touch down direct interaction among internet users has shifted a pattern of searching data and information from conventional to internet. In this condition, it can bring about the increase in accessing internet and having potential for many sectors in life. In this era,

information is an useful data which has become a foundation in making decision. Meanwhile, communication is connected to the process of distributing a statement to people by an individual. These practices can be conducted in a long distance by utilizing technology. According to Information Technology Association of America is a study, design, development, implementation, support or management from information system in software and hardware apps (Aprianto, 2021).

Apart from that, industry world is entering new era which is named as Industry Revolution 4.0. The implementation concept is focused on automation which will be supported by information technology and the involvement of human resources will be decreased. In the journey of transforming industry to digital direction, all activities has gone to the exist development. One of the sectors that has transformed into industry 4.0.era is bank sector. Moreover, the bank industry has become one of service industry that can encourage the economic growth in Indonesia since it has give contribution to national income and as a means of disbursing to a productive economic activities (Mutiasari, 2022).

Due to technology growth, the competition in banking world become fierce in both domestic and international market. The bank which has desired to develop and acquire the competitive advantage must have a capability on giving the best service to the customers comparing to their other competitors. As bank has offered their products that are more likely similar, the things that can make one bank and another banks different are the service quality until service is the first factor that could decide the practice of bank activities, includes interest customers. Several banks has tried their best to increase the technology and information system so it

can give services that can lead customer satisfaction. According to Rahman et al (2022), researchers have said that service that can satisfy customers is a quick and accurate service so every banks is keep innovating to give the best customer service.

In order to increase service through the basic concept of information technology in bank industry and facilitate the access to customers, bank use and always update the exist information and communication technologies. Thus, it can be stated that banking is a company that has adopted the greatest information technology, the usage is very wide for internal efficiency and the customers' importance. The information technology which is advanced support and growth in bank services like electronic banking or E-Banking. According to Sihombing (2019), E-Banking can be defined as bank transaction in the basis of electronic. There are several e-banking services like ATM (Automated Teller Machine, EDC machine (Electronic Data Capture), SMS banking, phone banking, mobile banking, internet banking as well as video banking (<https://lifepal.co.id/> , retrieved in 2022, July 19). It will lead every people more easier to make transactions in any places and anytime as long as there is network connection and can be accessed as it is operated for 24 - hours. Besides, information and communication technology like E-Banking services also create opportunity for time efficiency since it is not necessary for customers to wait for their turn to make transactions in offline bank and is able to prevent the traffic which will probably happen in the journey of going to bank. In addition, the bank can save their expenses on operational fee which is usually spent (<https://m.merdeka.com/> , retrieved in 2022, October 4).

According to Financial Service Authority in Indonesia, it states that internet banking users has reached more that 200 percent in the year of 2021 and there are 18 banks that have provided digital service or electronic service with direct contact (<https://www.idxchannel.com/> , retrieved in 2022, 19 July). Through this data, there are several factors that can be considered for leading this experience occurred. Besides facing the fierce competition in bank industry, another factor can be accelerated to the existence of pandemic Covid-19 in Indonesia in 2020. Government has regulated every citizens to stay at home and do all their stuffs and works at home as people must conduct social distancing and minimize the direct contact with other people for avoiding each person from Covid-19. Then, factor is related to the internet users in Indonesia which are keep increasing. According to digital 2022, there were more than 200 million internet users in Indonesia in the month of January. Based on Kepios analysis, it showed that internet users in Indonesia have added by around 2 million people in Indonesia between 2021 and 2022. In this circumstance, internet banking has an opportunity to grow and is utilized by the huge number of people (<https://datareportal.com/> , retrieved in 2022, 19 July) .

According to Finder.com (2021), it has projected that adults in Indonesia who have digital bank account will be keep growing. More than 20 percent people in Indonesia have digital bank account in 2021. This number equals to the amount of approximately 48 million people. In addition, in the year of 2022, the digital bank users are estimated to be reached around 30 percent or in the amount of 60 millions

people. The increase of digital bank users will be happened until exceeding 35 percent or in the number of 75 millions people in the year of 2026.

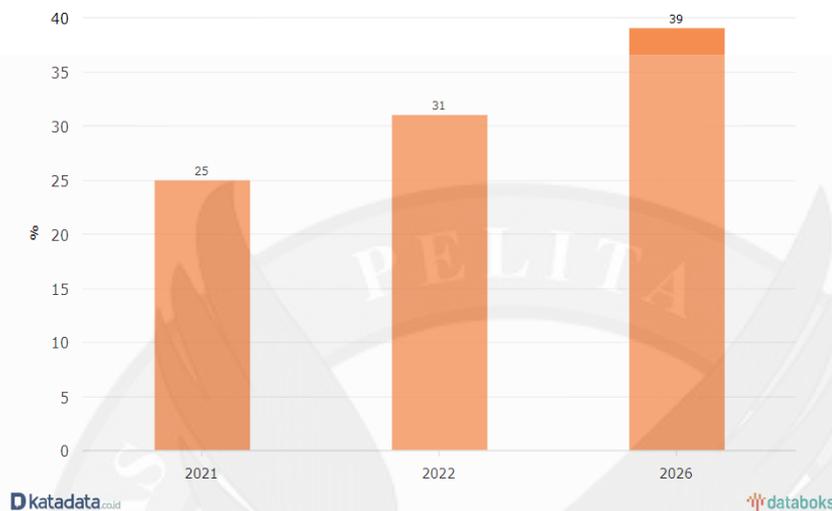


Figure 1.1 Projected Percentage of Adults in Indonesia Having Digital Bank

Source : <https://databoks.katadata.co.id/>, retrieved in 2022, July 19

Digital banking which has been allocated in e-banking or electronic banking service is mostly adopted by most banks in Indonesia in order to lead customer satisfaction and loyalty. According to Bank Indonesia (2022), it had reported that there was a growth in digital banking transactions by approximately 47 percent on annual basis in February 2022. In other words, it can be said that the amount of digital banking transactions is similar to Rp 3,733 trillion (<https://voi.id/en/> , retrieved in 2022, July 19).

Medan can be categorized as the third biggest city in Indonesia and always follow the development in any sectors in one society including bank sectors. Most of the banks situated in Medan have provided e-banking services that can lead customer satisfaction and customer loyalty as well as win from other bank competitors. One of the bank in Medan that has offered e-banking services that has

involved digital banking is Bank Mandiri. Bank Mandiri is a bank that provides any kinds of financial products and offers the best service to their customers. According to Rully in Kompas.com news, PT Bank Mandiri has become the best bank in Indonesia through the version Global Finance World's Best Bank 2022 since it has won from another national banks with the pleasant performance realization in the year of 2019 (<https://amp.kompas.com/>, retrieved in 2022, July 19).

Bank Mandiri as the research object is generally the biggest bank owned by government with value assets more than 1,000.7 Trillion rupiah and exactly 2.362 bank branches situated in Indonesia(<https://amp.kontan.co.id/> , retrieved in 2022, 19 July) as well as more than 11.000 Automated Teller Machine (ATM) or less than 2.000 unit of Cash Recycling Machine (CRM) (<https://amp.kontan.co.id/> , retrieved in 2022, 19 July).



Figure 1.2 The Logo of Bank Mandiri

Source : <https://logos-download.com/7329-mandiri-logo-download.html> , retrieved in 2022, July 19

Bank Mandiri has implemented the sophisticated innovation which is conducted at New Livin' by Mandiri by providing a complete financial services in

2 October 2021. According to Timothy Utama as the Information Technology director at Bank Mandiri, as a part of Mandiri digital transformation, Financial Super App New Livin' by Mandiri is a real step to present a banking experience in comprehensive way, open ecosystems and full suite financial services to customers. This has proved Bank Mandiri has digital abilities to compete in digital market (<https://amp.kontan.co.id/> , retrieved in 2022, July 20). The most integrated and biggest economy media, CNBC Indonesia has held CNBC Indonesia Awards 2021, as an appreciation and good performance achievement from economic people and business world along the year of 2021. Through this awards event, the category “The Best Financial Super Apps’ is awarded to PT Bank Mandiri and given directly to Panji Irawan as Director of Treasury and International Bank Mandiri. (<https://www.cnbcindonesia.com/> , retrieved in 2022, July 20).

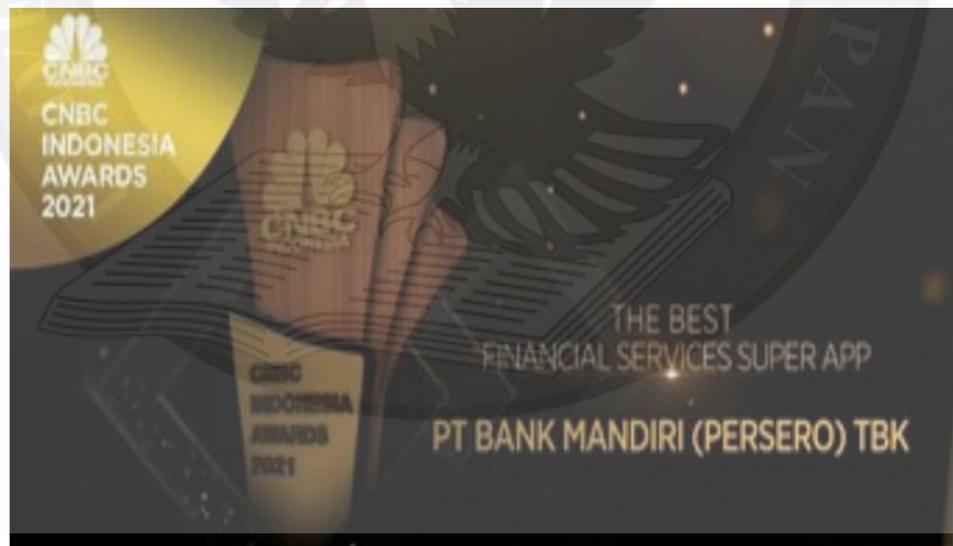


Figure 1.3 The Best Financial Super App Award to Bank Mandiri
Source : <https://www.cnbcindonesia.com/> , retrieved in 2022, July 20

Bank Mandiri has owned e-banking service specialized in mobile banking since 2006. As what have been mentioned before, it has conducted the transformation mobile banking product becoming an super Apps which can offer the complete financial services which name New Livin' by Mandiri. According to Bank Mandiri (2022), the total amount of Livin' by Mandiri apps users currently reaches approximately 10 million with 70 percent active users. In this condition, it can be stated that Livin' by Mandiri apps is keep increasing in term of users amount (Usman,2022).

According to Jatmiko (2022) as cited in Usman (2022) , the increase of Livin' by Mandiri apps users has impacted to the growth of amount in transactions and transaction values significantly. Based on Figure 1.4 below, the transaction values in Livin' by Mandiri apps in the year of 2020 has touched down more or less 1.700 trillion rupiah with total frequencing in having transactions during the year of 2020 and it increased to more than 50 percent comparing to the year of 2019.

Besides, in the year of 2021, it grows until exceeding 40 percent comparing to 2020. On the other hand, the frequency of transaction amounts and its value at ATM (Automated Teller Machine) has decreaseed even it is more lower comparing to the utilization of New Livin' by Mandiri apps. Based on Transaction Banking Retail Unit Bank Mandiri, this indicates that it will give opportunity to Bank Mandiri to develop more aggressive as well as provide the convenience, effectiveness and security to customers for doing transactions in the future (Usman,2022).

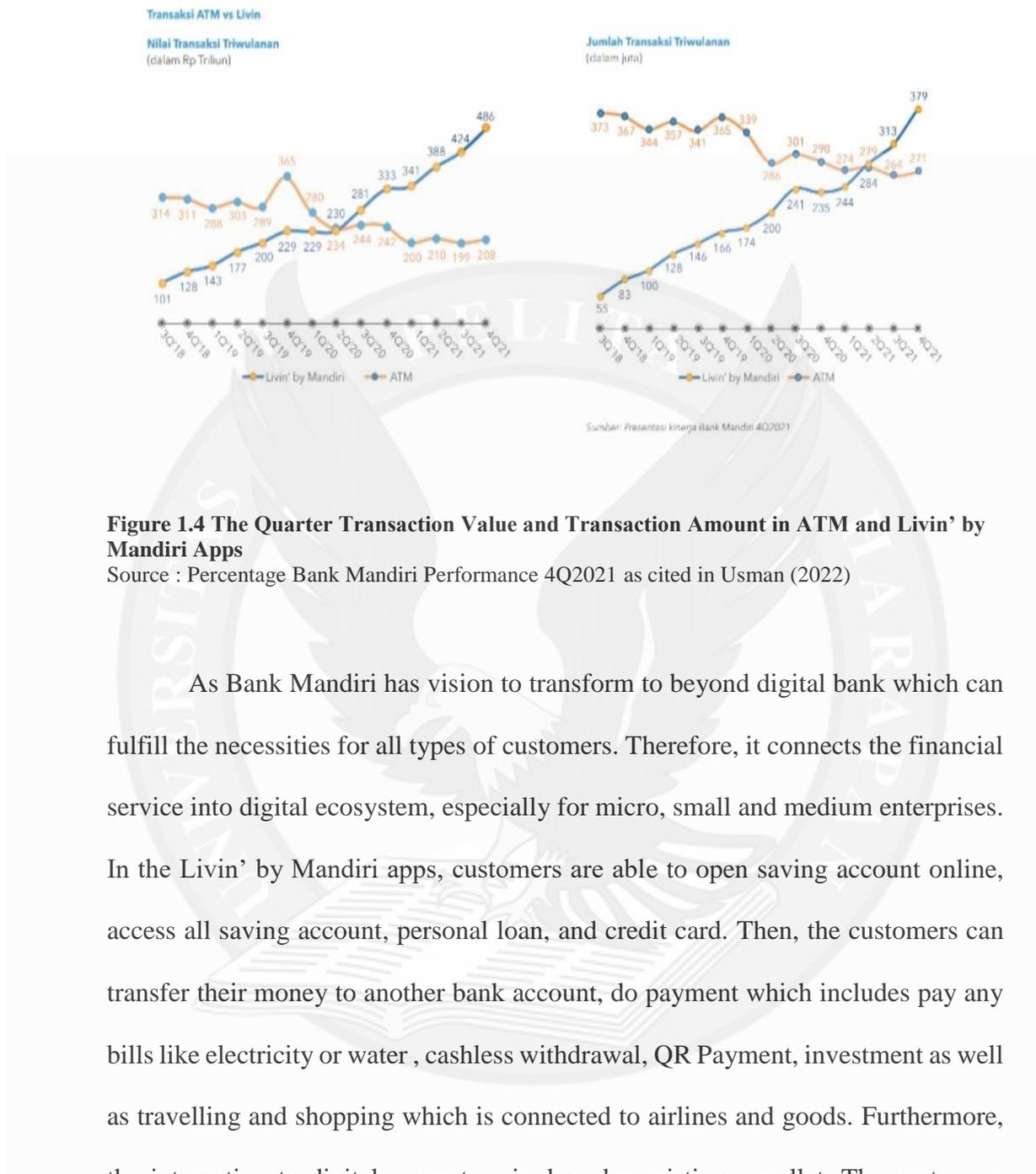


Figure 1.4 The Quarter Transaction Value and Transaction Amount in ATM and Livin' by Mandiri Apps

Source : Percentage Bank Mandiri Performance 4Q2021 as cited in Usman (2022)

As Bank Mandiri has vision to transform to beyond digital bank which can fulfill the necessities for all types of customers. Therefore, it connects the financial service into digital ecosystem, especially for micro, small and medium enterprises. In the Livin' by Mandiri apps, customers are able to open saving account online, access all saving account, personal loan, and credit card. Then, the customers can transfer their money to another bank account, do payment which includes pay any bills like electricity or water, cashless withdrawal, QR Payment, investment as well as travelling and shopping which is connected to airlines and goods. Furthermore, the integration to digital ecosystem is done by existing e-wallet. The customers would be able to see all e-wallets' balance which is connected to Livin' by Mandiri apps so users do not need to change application for checking or topping up e-wallet. Besides, customers who do transaction on Tokopedia won't copy the virtual

account code as it will show the information about bill and customers should only pay it. (<https://katadata.co.id/amp/> , retrieved in 2022, July 20).

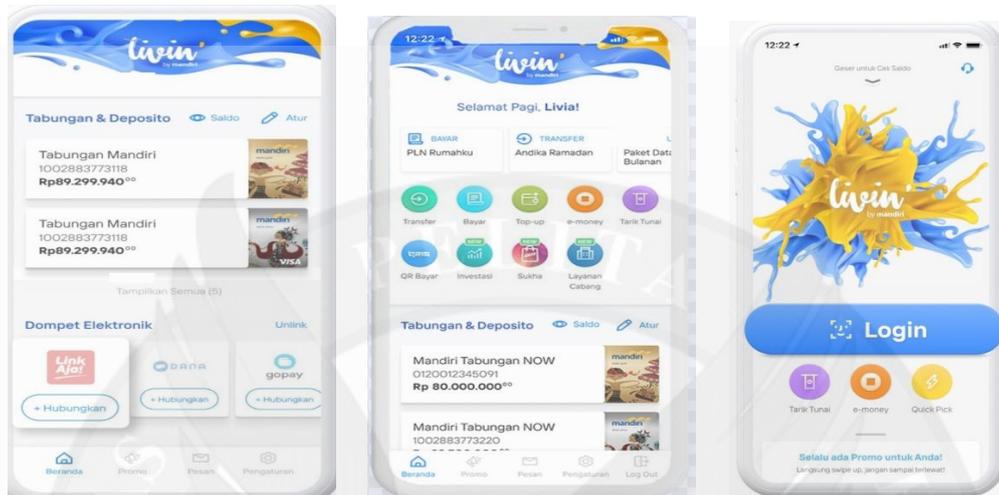


Figure 1. 5 Interface of Livin' by Mandiri

Source: <https://bankmandiri.co.id/>, retrieved in 2022, July 20

Populix (2022) as cited in Angelia (2022) has executed a survey related to mobile banking and e-wallet has become 2 financial apps which have been used frequently by all ages of people. There are 64 respondents that have utilized bank or financial on their smartphones. In the specific way, there are 91 percent from the respondents have owned and used mobile banking on each of their mobile. There are other banks that have offered e-banking services such as BCA Mobile, BRImo, BNI Mobile Banking, BSI Mobile, OCTO Mobile, Permata Mobile, BTM Mobile Banking, DIGI, and D-Mobile.

10 Aplikasi Mobile Banking Paling Banyak Digunakan Masyarakat Indonesia
Tahun 2022

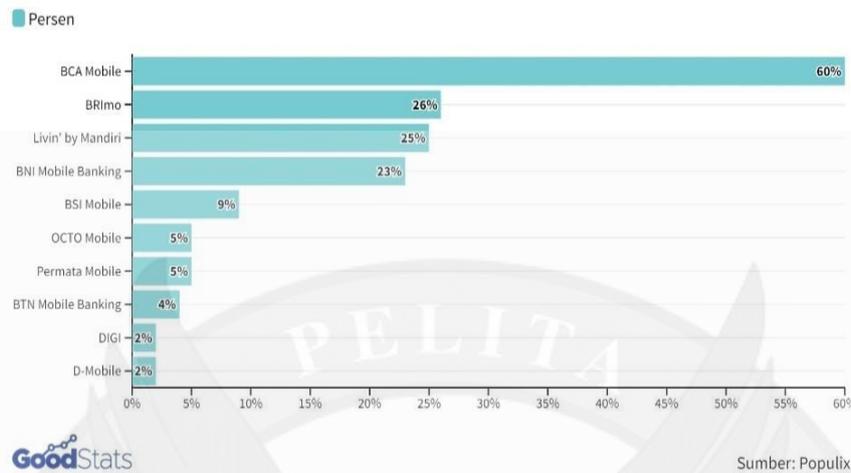


Figure 1.6 10 Mobile Banking Apps that are mostly used by Indonesia people
Source : <https://goodstats.id/>, retrieved in 2022, July 20

Table 1.1 The Mostly Used Mobile Banking Apps in Indonesia

| Bank | Mobile Banking | Percentage Users | Total Installed | Rating in Play Store | Usage Rank |
|---------|--------------------|------------------|-----------------|----------------------|------------|
| BCA | BCA Mobile | 60% | 10,000,000++ | 4.7 | 1 |
| BRI | BRImo | 26% | 10,000,000++ | 4.3 | 2 |
| Mandiri | Livin' by Mandiri | 25% | 10,000,000++ | 4.7 | 3 |
| BNI | BNI Mobile Banking | 23% | 10,000,000++ | 4.6 | 4 |
| BSI | BSI Mobile | 9% | 5,000,000++ | 4.4 | 5 |

Source : <https://goodstats.id/> , <https://play.google.com/store/apps/details> , retrieved in 2022, July 20

Based on Figure 1.6 , it can be seen that BCA Mobile has achieved the first rank which total percentage users are 60 percent. Then, BRImo is placed on the second rank with 26 percent of total users. Livin' by Mandiri apps has achieved the third rank with percentage users, 25 percent. Besides, the fourth rank is achieved by BNI Mobile Banking with total percentage users, 23 percent, followed by BSI Mobile which is ranked 5 with total users percentage, 9 percent. On the other hand, the 6th – 10th rank are placed by Octo Mobile owned by CIMB Niaga and Permata

Mobile with percentage users 5 percent, BTN Mobile Banking with 4 percent users, DIGI by BJB Bank as well as D-Mobile by Bank Danamon with 2 percent users for each banks. However, as Bank Mandiri has become the biggest bank owned by government in Indonesia, Livin' by Mandiri is not the best mobile banking application among the competitors shown on the usage rank on Table 1.1 is determined by the percentage of users on the app provider (<https://goodstats.id/>, retrieved in 2022, July 2020).

It can be seen that the competition in the e-banking services that has been specialized on mobile banking is very fierce. As Bank Indonesia has mentioned that most citizens has transformed themselves to online transactions and minimized every transactions through ATM (Automated Teller Machine) in present (<https://www.cnbcindonesia.com/>, retrieved in 2022, July 20) so it has opportunity in Indonesia to develop e-banking services' users in the upcoming time. Therefore, it is very essential for Livin' by Mandiri apps to always attempt on maintaining and increasing e-banking loyalty from the deployment of Livin' by Mandiri apps. According to Kotler in Mardalis (2015), there are several important reasons why company should have customer loyalty or e-banking loyalty such as having loyal customers can lead great advantages to company, fee for getting new customers will be higher rather than maintain the existed customers, the customers who have trusted on one company in an aspect will trust in any aspects, the operational fee will be more efficient if having a lot of loyal customers, company can decrease psychology and social fee as older customers will have a lot positive feedbacks on the company as well as customers tend to defend company even customers

contribute on attracting and giving suggestion to other people for becoming customers on that company.

Gill et al (2022) said that e-banking loyalty is a customer who would like to partonize or repurchase a desirable product or service in future. Therefore, E-Banking loyalty can be defined the transformation from traditional loyalty to digital loyalty towards banking application in this mordern era. In other words, customers are keep using e-banking services provided by favorable bank rather that other e-banking services from the other channels. Based on Figure 1.12, there is an evidence that Livin' by Mandiri has been said about its positive feedbacks and is given 5 stars by the customers for the rating in review and rating section on Google Play Store. Since users have a sense of loyalty on utilizing Livin' by Mandiri apss, the customers have sent their positive feedbacks to let other people know how good and reliable Livin' by Mandiri apps as well as lead good and positive image toward its app among society. In addition, it can be indicated that the amount of transaction Livin' by Mandiri in the first quarter of 2022 has grown 71 percent year-on-year reaching 417 millions and gross transaction value reached till 508 Trillion Rupiah (<https://m.bisnis.com/>, retrieved in 2022, October 10).

Besides, there is a variable which influence in growing E-Banking Loyalty named E-Banking Satisfaction. Gill et al (2021) have said that E-Banking satisfaction which referred to customer satisfaction toward e-banking service or service quality satisfaction is the evaluation of customers' necessities and expectations to know how banking services can be encouraged to help them in achieving their objectives. In other words, those evaluations can make every

customers that have utilized e-banking service feel satisfied. The first evidence is that Bank Mandiri has done the customers satisfaction surveys named Customer Satisfaction Score (CSAT) in collaboration with PT Neurosensum Technology International in the year of 2021. The result showed that Bank Mandiri CSAT Assessments in 2021 especially e-banking service is greater than the banking industry number which can be seen on Table 1.2, as follows:

Table 1.2 The Result of Customer Satisfaction at Bank Mandiri

| | Bank Mandiri | Banking Industry Number |
|-------------------|---------------------|--------------------------------|
| Branches Services | 89.00 | 88.91 |
| E-Banking | 88.14 | 87.95 |
| Overall | 88.31 | 88.14 |

Source <https://bankmandiri.co.id/>, retrieved in 2022, October 5

Based on Figure 1.7, it is another evidence that Livin' by Mandiri has acquired e-banking satisfaction where the overall rating from Livin' by Mandiri app users are 4.7 out of 5 and acquire 4 and half stars out of 5 stars. The overall rating can show that customers' impression toward Livin' by Mandiri apps are most likely satisfied. Moreover, it shows that Livin' by Mandiri apps has updated the system based on what customers expect and need.



Figure 1.7 Overall Rating for Livin' by Mandiri apps

Source : <https://play.google.com/store/apps/details?id=id.bmri.livin>, retrieved in 2022, July 23

According to Foroughi et al (2019) in the study about customers in United States banks , it has been indicated that e-banking service quality will lead the result of e-banking satisfaction. In addition, the study by Haq and Awan (2020) mentioned that e-banking service quality has four dimensions such as Reliability, Security, App Design, and Customer Service. Reliability which has become the first variable from dimension of E-Service Quality is accelerated to the working technique and a good serviceability of the mobile apps. Moreover, it can be said that reliability is the precision of services that have been promised and functional technique in accurate ,deliver the services based on the promised time as well as provide the information related to products and billing (Butt, 2021).

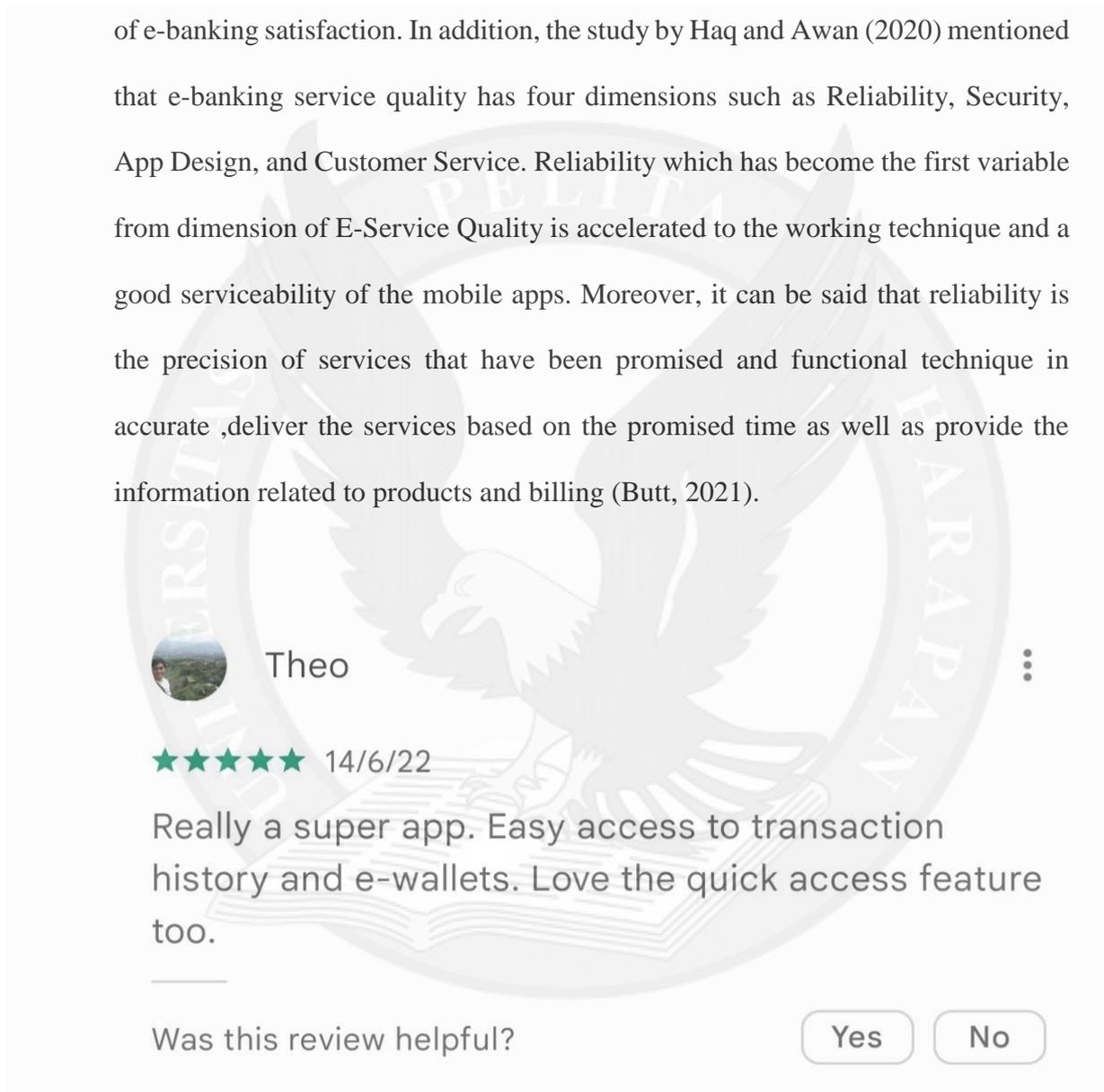


Figure 1.8 Livin' by Mandiri apps Review about Reliability

Source : <https://play.google.com/store/apps/details?id=id.bmri.livin>, retrieved in 2022, July 21

Based on Figure 1.8 , it can be an evidence that a customer has given rate 5 stars for Livin' by Mandiri apps with the comment “easy access to transaction

history and quick access feature”. It means that Livin’ by Mandiri apps has provided the e-banking services based on the promised time or even in anytime as well as offered the detail or history of the transactions. Reliability is needed to assure customers that the services which have been offered are reliable to be used.

Das and Ravi (2021) mentioned that security which the second variable from dimension of e-service quality can be explained the level where every customers or users has a trust on the safety of the apps like the personal information has been protected. Since every business in this era has changed from offline to online transactions, security has become one component that should be considered while having online transaction The security of e-banking services that has been guaranteed will make customers feel ease at using it. There are some evidences that Livin ‘ by Mandiri application has security. Firstly, Bank Mandiri has managed to anticipate the cyber attack in digital era by increasing the security system through a practice which is conducted a blueprint as a point of rapidity on digital transformation in bank industry (<https://m.bisnis.com/> , retrieved in 2022, July 21). In addition, Bank Mandiri has made privacy policy which can maintain and increase the level of security on every datas that can not be seen or sold by third party (<https://ibank.bankmandiri.co.id/>, retrieved in 2022, October 4) .

Kebijakan Privasi

Data Nasabah dan Simpanan-nya yang berada di Bank merupakan Rahasia Bank yang patut dilindungi oleh Bank dan Pengecualian-nya akan mengacu pada ketentuan perundangan yang berlaku.

Aplikasi dan web Livin' by Mandiri dijamin kerahasiaan dan keamanannya, dalam hal ini Bank Mandiri menggunakan teknologi enkripsi Secure Socket Layer (SSL) 128 bit, yang akan melindungi komunikasi antara komputer Nasabah dengan server Bank Mandiri. Untuk menambah keamanan digunakan metode time out session, dimana setelah 5 (lima) menit tanpa aktivitas Nasabah, maka akses akan tidak aktif lagi.

Selain itu Bank Mandiri akan menjaga kerahasiaan data pengguna Livin' by Mandiri, dan hanya orang tertentu yang berhak untuk mengakses informasi tersebut untuk digunakan sebagaimana mestinya (dalam hal ini Bank Mandiri akan selalu mengingatkan karyawan akan pentingnya menjaga kerahasiaan data Nasabah). Bank Mandiri tidak akan

Kebijakan Privasi

memperlihatkan/menjual data tersebut kepada pihak ketiga.

Bank Mandiri juga tidak secara otomatis mengumpulkan informasi data pengunjung Livin' by Mandiri, hanya beberapa informasi umum yang akan dikumpulkan dan digunakan antara lain :

- Nama domain yang akan digunakan Nasabah untuk mengakses Livin' by Mandiri
<https://ibank.bankmandiri.co.id/retail3/>
- Internet address yang digunakan untuk mengakses web site Bank Mandiri
- Browser yang digunakan
- Hari, tanggal & waktu mengakses internet
- Pilihan yang ditentukan oleh Nasabah untuk memberikan informasi kepada Bank, antara lain jenis rekening

Untuk dapat mengakses Livin' by Mandiri, Nasabah harus

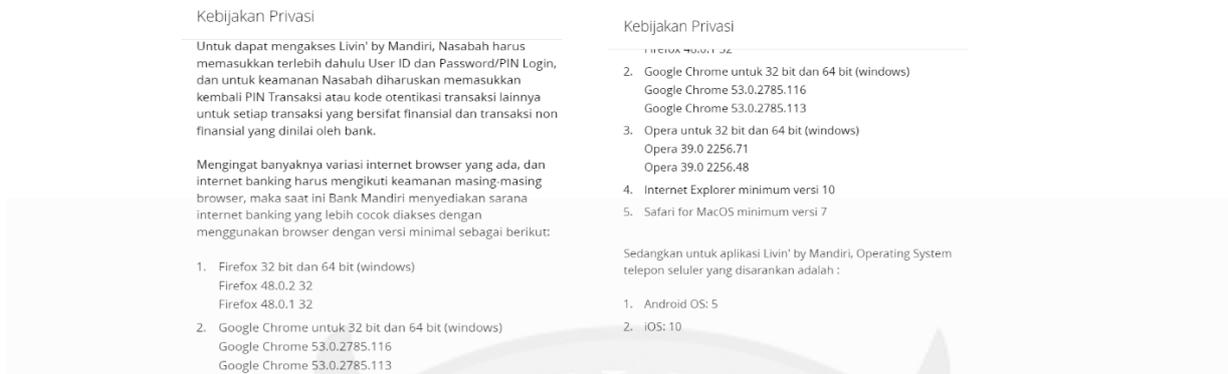


Figure 1.9 Security Livin' by Mandiri

Source : <https://ibank.bankmandiri.co.id/>, retrieved in 2022, October 4

Based on the review in Google Play Store, another evidence can be seen that there is no bad reviews inserted in comment sections related the security of Livin' by Mandiri. Based on Figure 1.10 , the users said that the security are clearly updated into their cooler way” and he gives 5 stars for the review.



Figure 1.10 Livin' by Mandiri Apps about Security

Source : <https://play.google.com/store/apps/details?id=id.bmri.livin>, retrieved in 2022, July 21

Das and Nima Ravi (2021) also stated that app design which is the third variable from dimension of e-service quality can be described the different elements on the e-banking apps and those elements can interact customers like the process of the transactions, navigation and the information in more detailed so the E-service

providers must be able to design their mobile apps or websites in a way that can offer the information more in depth to deduct the efforts of searching and increase interactivity with customers. There is an evidence that Livin' by Mandiri has a good app design seen from Figure 1.11, the interface of Livin' by Mandiri has a color collaboration which is quite colorful and is really eye-catching for customers to use the application. Moreover, it has a homepage which has sections mostly used for customers and directly access directly. Then, there are some interactive features that can lead interest and efficiency for having daily life using Livin' by Mandiri.

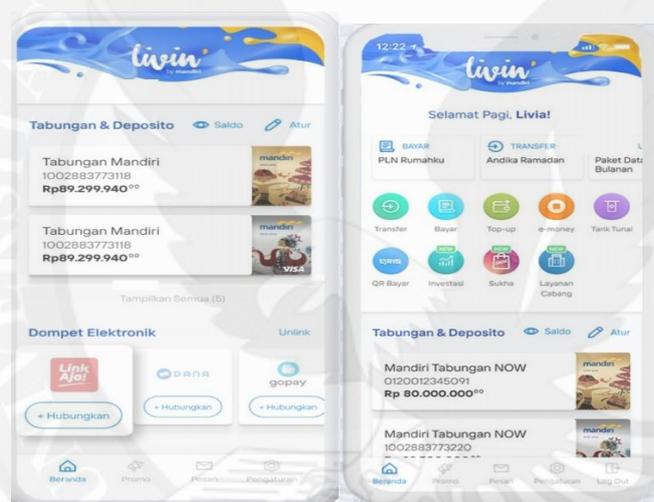


Figure 1.11 App Design of Livin' by Mandiri

Source: <https://bankmandiri.co.id/>, retrieved in 2022, July 20

Based on Figure 1.12, the other evidence Livin' by Mandiri has good app design where there is users that have given 5 stars in rating the Livin' by Mandiri apps. In the comment section, he has stated that there are a lot of good and usable feature which he need like quick look of transaction and quick e-wallet top up as well as many confirmation and authentication pages.



Ichsan Nur Rochmad



★★★★★ 15/10/21

So far so good lots of usable feature I need like quick look of transactions and quick ewallet top up, with lots of authentication and confirmation page which is good to take a second look at my transaction. I hope it doesn't suffer problems like the old Livin'. Like re:re:re:re:register every minor update or sudden register while nothing changed on the phone.

Figure 1.12 Livin' by Mandiri apps about App Design

Source : <https://play.google.com/store/apps/details?id=id.bmri.livin>, retrieved in 2022, July 21

According to Blut et al (2015) as cited in Das and Ravi (2021), the concept of customer service is that a service provider or bank has given the way of resolving the needs and fast responses towards complaints from customers, as the reason why customer service is very important is because every customers would like to find the professional care system and support in e-banking service industry while each of users figure out several issues occurred during the utilization of e-banking service. Increasing the quality in term of customer service can help customers for having more trust on e-banking service that has been offered. The proof Livin' by Mandiri has customer service is Bank Mandiri create several programs named Mandiri Call 14000 for customers situating in Indonesia and (+6221) 5299-7777 for customers situating in foreign country, MITA (Mandiri Intelligent Assistant) Chatbot in Whatsapp +6281184 14000, email mandiricare@bankmandiri.co.id,

website www.bankmandiri.co.id which can be accessed 24 hours (<https://www.cermati.com/>, retrieved in 2022, October 2022). One of the powerful evidence about the implementation of Bank Mandiri in offering customer service was that Bank Mandiri has achieved Banking Service Excellence Awards 2022 in point of branch services and electronic banking like digital branch, mobile banking and any service contact center channels which is held by Infobank on 30th June 2022 (<https://infobanknews.com/>, retrieved in 2022, October 5).

Based on Figure 1.13, another evidence about Livin' by Mandiri has customer service can be seen that customer has difficulty on topping up Shopee Pay and regard that Livin' by Mandiri apps does not provide the section on topping up e-wallet. Then, the customer service from Bank Mandiri has replied and explain to him how to top up Shopee Pay in more detailed. In this case, customer service in Bank Mandiri is familiar with their app and would like to teach customers patiently that led the customers giving 5 stars in the review section.

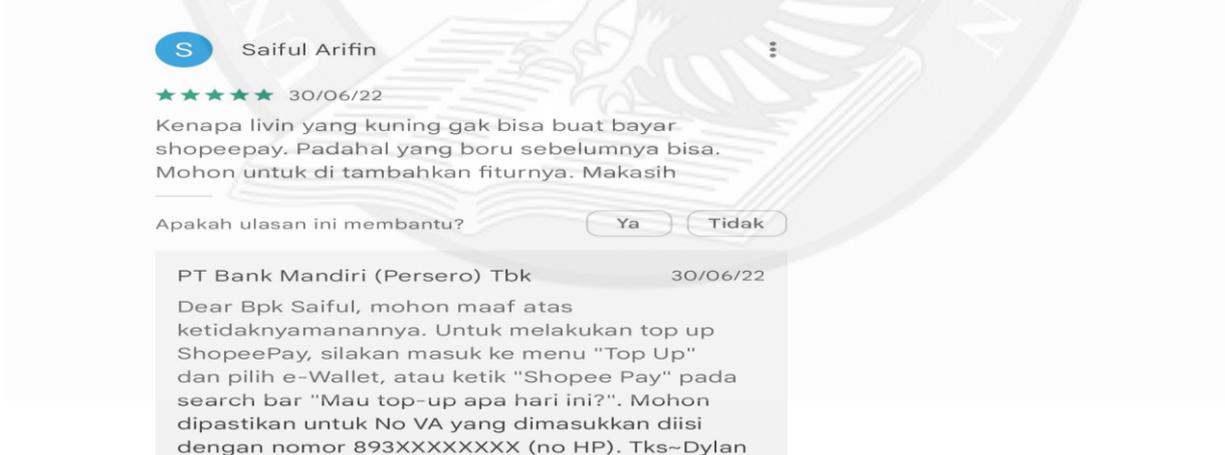


Figure 1.13 Bank Mandiri's Reply to customers

Source: <https://play.google.com/store/apps/details?id=id.bmri.livin>, retrieved in 2022, July 23

From the phenomena and explanation above, it can be seen that there is fierce competition which is existed now in online banking. Therefore, it is very essential for Livin' by Mandiri to keep improving e-banking loyalty by figuring out variables that influence e-banking loyalty. This research will focus on proving the variables of Reliability, Security, App Design and Customer Service have significant influence on e-banking satisfaction and eventually increasing e-banking loyalty of Livin' by Mandiri in Medan.

1.2.Problem Limitation

In the purpose of making the research more specific, there are limitations which are as follows :

1. The research will conduct a study regarding several variables such as ; Reliability, Security, App Design, Customer Service, E-banking Satisfaction, and E-banking loyalty. The research object is Livin by' Mandiri apps (Bank Mandiri) in Medan.
2. The data will be used in inspecting the research model which will be collected in a pattern of questionnaires and those questionnaires are created according to the research object.
3. The sample that are going to be observed are limited to some criteria; both male and female, 18 to 60 years old, owning and keep using Livin' by Mandiri apps in daily at least in last 1 year as well as ever contacting customer service of Livin' by Mandiri apps at least in last year.

1.3.Problem Formulation

Based on the explanation above, the problem in this research can be formed as follows :

1. Does reliability have a significant influence on e-banking loyalty of Livin' by Mandiri users in Medan ?
2. Does security have a significant influence on e-banking loyalty of Livin' by Mandiri users in Medan ?
3. Does app design have a significant influence on e-banking loyalty of Livin' by Mandiri users in Medan ?
4. Does customer service have a significant influence on e-banking loyalty of Livin' by Mandiri users in Medan ?
5. Does reliability have a significant influence on e-banking satisfaction of Livin' by Mandiri users in Medan ?
6. Does security have a significant influence on e-banking satisfaction of Livin' by Mandiri users in Medan ?
7. Does app design have a significant influence on e-banking satisfaction of Livin' by Mandiri users in Medan ?
8. Does customer service have a significant influence on e-banking satisfaction of Livin' by Mandiri users in Medan?
9. Does e-banking satisfaction have a significant influence on e-banking loyalty Livin' by Mandiri users in Medan ?
10. Does e-banking satisfaction mediate the effect of reliability on the e-banking loyalty of Livin' by Mandiri users in Medan ?

11. Does e-banking satisfaction mediate the effect of security on the e-banking loyalty of Livin' by Mandiri users in Medan ?
12. Does e-banking satisfaction mediate the effect of app design on the e-banking loyalty of Livin' by Mandiri users in Medan ?
13. Does e-banking satisfaction mediate the effect of customer service on the e-banking loyalty of Livin' by Mandiri users in Medan ?

1.4.Objective of Research

The objective of the research paper is to figure out the intepretation and conclusion from hypothesis that are evolved in the purpose of providing merits for any parties that must be advantages from the paper. Based on background of study and problem formulation, the objective of this research which are as follows :

1. To determine the effect of reliability on e-banking loyalty of Livin' by Mandiri users in Medan
2. To determine the effect of security on e-banking loyalty of Livin' by Mandiri users in Medan
3. To determine the effect of app on e-banking loyalty of Livin' by Mandiri users in Medan
4. To determine the effect of customer service on e-banking loyalty of Livin' by Mandiri users in Medan
5. To determine the effect of reliability on e-banking satisfaction of Livin' by Mandiri users in Medan

6. To determine the effect of security on e-banking satisfaction of Livin' by Mandiri users in Medan
7. To determine the effect of app design on e-banking satisfaction of Livin' by Mandiri users in Medan
8. To determine the effect of customer service on e-banking satisfaction of Livin' by Mandiri users in Medan
9. To determine the effect of e-banking satisfaction on e-banking loyalty of Livin' by Mandiri users in Medan
10. To determine whether e-banking satisfaction mediates the effect of reliability on the e-banking loyalty of Livin' by Mandiri users in Medan
11. To determine whether e-banking satisfaction mediates the effect of security on the e-banking loyalty of Livin' by Mandiri users in Medan
12. To determine whether e-banking satisfaction mediates the effect of app design on the e-banking loyalty of Livin' by Mandiri users in Medan
13. To determine whether e-banking satisfaction mediates the effect of customer service on the e-banking loyalty of Livin' by Mandiri users in Medan

1.5. Benefit of the Research

It is required that the research will offer benefits to any individuals who are interested to this specific topic in theoretical and practical way which are as follow :

1.5.1. Theoretical Benefit

Theoretical benefit that can be acquired in this research study is hoped to give a reliable information and observation related to the influence of reliability, security, app design and customer service toward e-banking loyalty through e-banking satisfaction on utilizing e-banking service specialized on mobile banking apps. Moreover, the researcher wishes that the report can be utilized as a reference for both common research and educational research in the upcoming time.

1.5.2. Practical Benefit

The research that has been conducted in this report has provided practical benefits, such as :

1. For the writer, the research will provide the additional knowledge about e-service quality includes reliability, security, app design and customer service as well as another variables which are e-banking satisfaction, and e-banking loyalty in utilizing e-banking service.
2. For readers and future researchers, the result of the conducted research can be beneficial and used as the foundation and perception about how reliability, security, app design, and customer service toward e-banking loyalty through e-banking satisfaction to utilize as well as means of consideration for other companies or business organizations that are facing the same conditions.
3. For the faculty of Management, Pelita Harapan University in Medan, the outcome of this study research can be utilized as a library material

or sources as well as additional reference for younger generations and other students whose major are Business Management at Pelita Harapan University.

4. For the company and management team of Bank Mandiri, the writer has hoped to be able to offer a desirable evaluation and data on several factors like e-service quality which is consist of reliability, security, app design, customer service that have possibly ability on influencing e-banking loyalty through e-banking satisfaction to utilize e-banking service like mobile banking application. Therefore, management teams from Bank Mandiri can do several preparations on creating good strategies for preserving e-banking loyalty in the competitive market and is able to face the competition and lead sustainability of the compay in the market.