The Contribution of Service Quality and Ovo Digital Payments on User Satisfaction and Customer Loyalty

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Abstract

This study aims to examine and analyze the influence of service quality and digital payments on user satisfaction on customer loyalty. The data used in this study is in the form of primary data taken from the results of questionnaire responses by GrabBike customers who use ovo digital payments. The data processing method uses the path analysis method with the help of the SPSS analysis tool version 21. Static testing in this study uses the goodness of fit test. The results of the study show that service quality has a direct positive and significant effect directly or indirectly through user satisfaction to customer loyalty, digital payments have a positive and significant effect directly and indirectly through user satisfaction to customer loyalty and user satisfaction has a direct positive effect on customer loyalty.

Keywords: *Customer Loyalty, User Satisfaction, Digital Payment, Service Quality*

1. INTRODUCTION

In the current era, internet technology has undergone many changes in globalization, many technologies are scattered around. So that it provides convenience for humans. Various conveniences in communication, transportation, and transactions. One example that is familiar and has been widely used is *digital payment transactions*. *Digital payment* is a technology that provides a new view for the public about non-cash payments that are much more practical and safer in transactions. Generally, almost all Indonesian people already have or use *smartphones* that are directly connected to the internet network. With the development of technology, namely financial technology *(Fintech)* then creates a new innovation from this financial technology such as the application of E-wallet digital wallets *(*Puspita, 2019; Ratnasih, 2023; Halilintar, 2018).

With new innovations emerging from the development of financial technology (Fintech) which according to Bank Indonesia regulation Number 19/12/PBI/2017 which is the use of financial system technology that produces new products, services, technologies, or business models (Murti, 2021; Sawitri & Astuty, 2018). The development of digital wallets (*E-wallets*) in Indonesia which every year changes based on

monthly active users. Gopay became the largest digital wallet application in the first ranking from 2017-2020. OVO in 2017 was ranked 3rd, then in the following year experienced a steady increase in 2nd place from 2018-2020. Link Aja decreased from 2018-2020 and Dana increased from 2018-2020 to 3rd place.

OVO is one of the products that provides attractive offers, easy and practical to use. In addition to being easy and practical, payments using electronic money are quite popular with the Indonesian people because many of the discounts offered are cheaper than paying in cash. The discounts given range from 10k to 20k from normal rates (Wijaya, 2018). Points obtained at OVO can also be redeemed directly by doing a *direct redemption* process through the OVO application on a *smartphone.* You can also pay directly via *OVO Points* when making transactions at *OVO designed* merchants.

Based on the results of a survey conducted on 10 respondents regarding grab satisfaction services, there were 3 respondents for tariff affordability, 2 respondents for digital payment security, 1 respondent for service constraints, 2 respondents for friendliness, and 2 respondents for convenience. Judging from the number of survey results, there is still a lack *of*

GrabBike services, one of which is convenience. Risks that often occur to customers are traffic accidents, sexual harassment, criminality, and driver dishonesty in payment, and others.

This research is expected to contribute to users and the public related to their perception of the influence and service of OVO digital wallet on GrabBike users. The security and privacy that can be felt by the public can reduce concerns about usage risks, such as payment fraud and service delays and increase trust in the use of OVO as an online transportation payment application GrabBike.

2. LITERATURE REVIEW

Service quality reflects the comparison between the level of service delivered by the company compared to customer expectations. Service quality is also an effort to satisfy customer desires or requests based on customer expectations (Tjiptono, 2019). Therefore, the quality of service needs to be considered by the OVO digital payment company so that its users feel satisfied with the services provided. Chou, Lu, & Chang (2014) that service quality influences customer loyalty, because service quality is a key strategic factor for product differentiation, they are more likely to purchase additional services and disseminate favorable recommendations (word of mouth) to inform others about their beneficial experience compared to short-term customers**.**

According to Putri and Utomo (2017), loyalty is an intellectual about attitude towards the product, customers will determine what they like and what they don't like so that customers can decide what they want to buy. It is not easy for a business to be able to get loyal customers, of course several stages are needed that must be passed from finding customers to recruiting collaborators.

Digital Payment is an online payment by disposing *of software*, networks and virtual accounts. The shift in function from cash as a means of payment has changed to a non-cash means of payment with a variety of non-cash payment media and systems that are presented and can be chosen from (Muthofa et al., 2020). Digital payments are one of the most widely used retail financial services on a daily basis. These services improve an efficient payment experience in terms of speed, convenience, and multichannel accessibility (Astri, 2019).

Factors that affect the quality of services in order to provide services that exceed standards. First, providing information and training; Store employees or service providers must understand the merchandise offered, as well as customer needs so that with this information employees can answer questions and suggest products to customers. Second, it provides emotional support; Service providers must have supporters to deliver the services desired by customers. Third, improve internal communication and provide support; When serving customers, employees often have to manage conflicts between customer needs and company needs. When employees who are responsible for providing services are given the right to make important decisions, usually the quality of the service actually improves. Fourth, provide stimulants; Some retailers use stimulants, such as paying supervisor commissions, providing commissions for sales targets to motivate employees, and these stimulants can motivate high service quality (Utami, 2006; Tjiptono, 2017).

Previous studies have found evidence that service quality directly has a positive and significant effect on customer loyalty. The quality of service indirectly has a positive effect and has a significant effect on customer loyalty through job satisfaction and brand image (Dikto, 2020; Ismoerada & Lisnawati, 2018; Saputra & Basalam, 2021; Pangestu, 2021; Ratnasari & Sometimes, 2016)

3. METHOD

This research is a type of quantitative research, where this research uses questionnaires and interviews in the form of websites as data collection tools. This research was conducted on GrabBike customers who use the OVO digital payment method in East Jakarta consisting of Cipinang, Rawamangun, East Pisangan, Jatinegara Kaum and Kayu Putih Villages. The location of this research is by considering that the location of the research object is easy to conduct research and easy to obtain primary research data. This research was conducted from April to July 2022 using a direct interview method with OVO digital payment users in East Jakarta and distributing questionnaires to people who use OVO digital payments, to obtain more in-depth information about the problems to be researched.

In this case, the author uses an error tolerance limit of 10%, the population used in this study is the community of OVO digital payment users on GrabBike per month which is 5,164 people. The basis of sampling used in this study is probability sampling with a sample of 98 respondents. The data collected in this study was analyzed using descriptive statistics and inferential statistics. Descriptive statistics are used to present the data of each variable singly. Meanwhile, inferential statistics are used to test research hypotheses. Classical assumption tests are also carried out to measure indications of data deviations through the results of distribution, correlation, variance of indicators of variables.

4. RESULT AND DISCUSSION

Ovo is a digital payment that tries to accommodate various needs related to cashless and mobile payments. The Ovo app is currently available for both Android and iOS platforms. Ovo uses a reward point system, called Ovo Points to maintain and improve user transactions. This service is divided into two categories of users, Ovo Club (regular users) and Ovo Premier. Cashless payments were previously an option with a card system implemented by both banks and sellers (such as shop member cards that can be top-up). However, there is very little penetration, as evidenced by one of them in making payments, for example, the use of credit cards is still minimal. Mobile payment presents a new way. People's dependence on mobile phones and their features is an extraordinary opportunity to work on this segment in Indonesia.

Grab is a technology company from Malaysia based in Singapore that provides public transportation service applications including 2-wheeled and 4-wheeled motor vehicles. The Grab company is only a technology company that launches the application and the vehicle itself is a vehicle owned by partners who have joined PT. Grab Indonesia. With the Grab application, prospective passengers can easily find a driver to get to their destination, so we don't have to wait a long time to get the necessary transportation. Grab was founded in 2011 in Malaysia and for the founders of Grab are *Anthony Than* and his partner *Than Hoi*. From 2011 until now, Grab has grown rapidly and has become one of the providers of online transportation applications in Indonesia.

The respondents in this study were male, which was 48%, while the female respondents were 52%. This means that most female respondents pay for GrabBike more often using their ovo digital payments. Respondents who are less than 20 years old as many as 32% (30 respondents), respondents between 25 years and 30 years old as many as 34% (38 respondents), respondents between 31-40 years old and 17% (15 respondents) and older than 50 years old as many as 17% (15 respondents). There were 32 respondents (40%) who assessed that the Service Quality was below the average value while as many as 60 respondents (60%) assessed the Service Quality as above the average value.

Ovo Digital Payment is below the average value while as many as 60 respondents (60%) of respondents rated Ovo Digital Payment as above the average value. A total of 60 respondents (60%) rated User Satisfaction as above average while as many as 32 respondents (40%) rated User Satisfaction below average. Then, of the 60 respondents (60%) assessed Customer Loyalty to be in the category above average while as many as 32 respondents (40%) rated Customer Loyalty below average.

Based on the validity test above, it can be seen that in the score column for all variable instruments, the value of Pearson's corelation calculation r is greater than the table r of 0.256, which means valid. The instrument reality test used the Cronbach Alpha formula at a significant level of 0.05 and n = 98 respondents with the help of the SPSS program. The results of the calculation of the reliability test with the help of the SPSS program revealed that the data instrument was reliable and could be used in research. From the results of the F test, an F-count of 101.662 was obtained, which is significant 0.000. Because the significance probability value is less than 0.05 or ($0.000 < 0.05$), H0 is rejected, which means that the variables of Service Quality Digitalization (X1) and Ovo Digital Payment (X2) have a significant positive effect simultaneously on User Satisfaction (Y). The results of the t-test obtained a t-count value for the Service Quality variable (X1) of 7.171 with a significant value of 0.000 or less than 0.05 ($0.000 < 0.05$) and a t-count value for the Ovo Digital Payment variable (X2) of 5.446 with a significant value of 0.000 or less than 0.05 ($0.000 < 0.05$). Thus, so that H0 is rejected, it means that there is a partial

influence between Service Quality (X1) and Ovo Digital Payment (X2) on User Satisfaction (Y).

The results of the F substructure 2 test obtained an F-count of 103.685 significant 0.000. Because the significance probability value is less than 0.05 or ($0.000 < 0.05$), H0 is rejected, which means that the variables Service Quality (X1), Ovo Digital Payment (X2), and User Satisfaction (Y) have a significant positive effect simultaneously on Customer Loyalty (Z). Based on the results of the t-test above, the t-calculation value for the Service Quality variable (X1) was 3.242 with a significance value of 0.001 or less than 0.05 ($0.000 < 0.05$), the t-calculation value for the Ovo Digital Payment variable (X2) was 4.574 with a significant value of 0.000 also less than 0.05 ($0.000 < 0.05$), and the t-calculation value for the User Satisfaction variable (Y) was 4.328 with a significant value of 0.000 was also less than 0.05 ($0.000 < 0.05$). Thus, so that H0 is rejected, it means that there is a partially significant influence between Service Quality (X1), Ovo Digital Payment (X2), and User Satisfaction (Y) on Customer Loyalty (Z).

Ovo Digital Service Quality and Payment have a direct influence on Y of 0.491, and 0.373, respectively, This shows that Service Quality has a greater influence compared to Ovo Digital Payment on User Satisfaction. In addition, Service Quality, Ovo Digital Payments, and User Satisfaction have a direct influence on Customer Loyalty, which has a large influence of 0.244, 0.323, and 0.349, respectively. This means that customer trust has a greater influence on Customer Loyalty than Service Quality, and also Digital Payments. Ovo Digital Service and Payment Quality has an indirect influence of 0.171, and 0.130 This shows that Service Quality has a greater indirect influence than Ovo Digital Payment.

The r-square value is 0.603 or 60.3% This shows that User Satisfaction is influenced by Ovo Digital Service and Payment Quality by 60.3%, while the remaining 39.7% is influenced by factors outside the variables studied. The resulting R^2 value is 0.656, which means that 65.6% of the dependent variables, namely Customer Loyalty, are influenced by independent variables, namely the Influence of Service Quality (X1), Digital Payment (X2) and User Satisfaction (Y). Meanwhile, the remaining 34.4% was influenced by other variables other than the variables of Service Quality (X1), Digital Payment (X2) and Satisfaction (Y).

The results of the channel analysis can be described as a whole which explains the influence of Service Quality, Ovo Digital Payments, on User Satisfaction which has an impact on Customer Loyalty, can be explained by the image below:
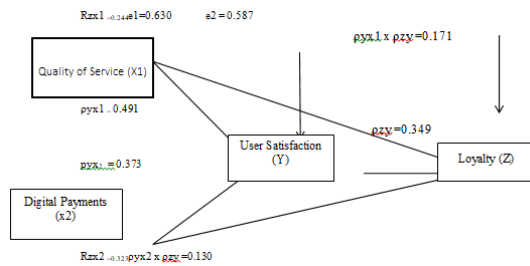
Based on the calculation above, it can be explained as follows,

a. The first hypothesis is that service quality has a significant positive effect on user satisfaction. Based on the results of the analysis, the coefficient of the variable X_1 (Service Quality) to the variable Y (User Satisfaction) was 0.491 or 49.1% with a significance of 0.000.

b. The second hypothesis that Ovo Digital Payment has a significant positive effect on user satisfaction is accepted. Based on the results of the analysis, the coefficient of the variable X_2 (Digital Delivery) to the variable Y (User Satisfaction) was 0.373 or 37.3% with a significance of 0.000.

c. The third hypothesis that Service Quality has a significant positive effect on Customer Loyalty is accepted. Based on the results of the analysis, the variable path coefficient X was obtained$_1$ (Customer Quality) to the Z variable (Customer Loyalty) is 0.244 or 24.4% with a significance of 0.001.

d. The fourth hypothesis is that Digital Payments have a significant positive effect on Loyaitas. Based on the results of the analysis, the path coefficient of the variable X_2 (Digital Payment) to the variable Z (Customer Loyalty) was 0.323 or 32.3% with a significance of 0.000.

e. The fifth hypothesis that User satisfaction has a significant positive effect on customer loyalty is accepted. Based on the results of the analysis, the path coefficient of the variable Y (user satisfaction) to the variable Z (Loyalty) is 0.349 or 34.9% with a significance of 0.000.

f. The sixth hypothesis of the variable (X_1) Service Quality on the variable (Z) Customer Loyalty through (Y) User Satisfaction is known to have a direct influence of X_1 on Y of 0.491. Meanwhile, the indirect influence of X_1 through Y on Z is the multiplication between the beta value of X_1 on Y and the beta value of Y on Z, which is: 0.491 x 0.349 = 0.171. Based on the calculation results, it is known that the direct influence value is 0.244 and the indirect influence is 0.171 which means that this result shows that indirectly X_1 through Y has a significant influence on Z.

g. The seventh hypothesis of the variable (X_2) Ovo Digital Payment on the variable (Z) Loyalty through (Y) User Satisfaction is known to have a direct influence of X_2 on Z of 0.373. While the indirect direct effect of X_2 through Y on Z is the multiplication between the beta value of X2 against Y and the beta

value of Y against Z, namely: 0.373 x 0.349 = 0.130. Based on the calculation results, it is known that the value of direct influence is 0.323 and indirect influence is 0.130, which is meaningful, this result shows that indirectly X_2 through Y has a significant influence on Z

5. CONCLUSION

Based on the results of the research on the influence of OVO service quality and digital payments on user satisfaction and its impact on customer loyalty, it can be concluded that the company can improve the security of the Grab system for the OVO payment method. The goal is to reduce fraudulent actions in drivers and increase trust with enough security for users to feel. In business, the company must also pay attention to other variables that are considered to increase public interest in using OVO digital payments for GrabBike transportation customers for the company's progress in the midst of competition in an increasingly competitive world and finally being able to retain its users. It is very important to pay attention to other things to increase customer loyalty measured by the increase in service users by customers, by providing more quality services from various parties of the company to OVO users with this company can increase customer trust, so that they can recommend using OVO digital payments to others. For the next researcher, the author suggests and expects to be able to research other variables outside of the variables that have been studied in order to obtain varied results that can develop this research by using other methods in order to produce maximum results.

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