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# The Influence of Customer Relationship Management, And Local Wisdom on the Customer Loyalti with Customer Satisfaction as Mediators

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**ABSTRACT:** This study examines the effects of Customer Relationship Management (CRM), and Local Wisdom on Customer loyalty of digital banking users in Indonesia, with Customer Satisfaction as mediating variables. Using PLS-SEM with 260 respondents aged 18–60, results show CRM as the strongest predictor, Customer Satisfaction is the strongest predictor of Customer loyalty (β = 0.487). Local Wisdom significantly affects Customer Satisfaction directly (β = 0.352). The finding that Local Wisdom significantly influences Customer Satisfaction a new empirical contribution that enriches the literature on digital consumer behavior. the operationalization of Local Wisdom requires further development to better capture its specific role and relevance in the context of digital banking.This result provides a more nuanced perspective on the mechanisms through which cultural alignment influences customer responses in digital banking services. These findings provide strategic implications for digital banking service development in Indonesia.

**KEYWORDS:** Customer Relationship Management, Local Wisdom, Customer Satisfaction, Customer Loyalty

## I. INTRODUCTION

Customer Relationship Management (CRM) serves as a key organizational strategy for fostering long-term customer relationships by providing responsive, personalized, and reliable services. Meanwhile, the concept of Local Wisdom has increasingly gained attention in the development of digital services, particularly because Indonesian society is characterized by diverse cultural backgrounds, with customers often taking social and cultural values into consideration when adopting and using digital financial services. Previous studies have predominantly focused on examining the effects of Customer Relationship Management (CRM) on customer loyalty and decisions to use digital banking services. However, the existing literature has produced inconsistent findings regarding the extent to which local cultural factors influence customer trust and satisfaction within the digital banking context. Furthermore, prior research has largely examined direct relationships among variables, with limited attention given to the underlying mechanisms through which these relationships operate, particularly the sequential mediating roles of Customer Satisfaction.

Based on the identified research gap, the novelty of this study lies in the development of a serial mediation model that examines the relationships between Customer Relationship Management (CRM), and Local Wisdom and Customer Loyalty through the mediating Customer Satisfaction within the Indonesian digital banking context. This study also provides new empirical insights into the role of Local Wisdom, which remains relatively underexplored in the digital banking industry, particularly in Indonesia. Therefore, this research is important for gaining a deeper understanding of the factors that influence customers' decisions to use digital banking services amid the increasingly competitive landscape of the digital financial industry.

Digital transformation in the banking sector has progressed significantly alongside the increasing availability of internet access and the widespread use of digital devices among the Indonesian population. Data from the Representative Office of Bank Indonesia (KPw BI) in the Riau Islands reported that the total value of QRIS transactions in the region reached IDR 626 billion in December 2024, indicating the strong adoption of digital financial services. Digital banking enables customers to conduct transactions, make payments, transfer funds, and manage their finances independently through digital applications without the need to visit physical bank branches (Indriasari et al., 2022; Alnemer, 2022).

The success of digital banking is influenced by several key factors, including Customer Relationship Management (CRM), and the extent to which digital banking services align with local cultural values and wisdom (Local Wisdom).

Rahayu & Faulina (2022) This indicates that creating a positive enhance customer satisfaction and strengthen customer loyalty.Acheampong et al. (2023) emphasizes that Customer Relationship Management (CRM) is a crucial factor in supporting organizational performance and long-term sustainability within the digital economy. However, customers' decisions to adopt and utilize digital banking services are strongly influenced by Customer Satisfaction.

This study aims to examine the effects of Customer Relationship Management (CRM), and Local Wisdom on Customer Loyalty among digital banking users in Indonesia, with Customer Satisfaction serving as mediating variables. A hypotheses are tested, covering direct effects, simple mediation, and serial mediation relationships.

Based on the background and phenomena described above, this study aims to analyze the influence of Customer Loyalty among digital banking users, as well as its effect on Customer Satisfaction. In addition, this study examines the effects of Customer Relationship Management, along with the influence of Customer Satisfaction on Customer Loyalty. The study also investigates the impact of Local Wisdom on Customer Satisfaction within the context of digital banking service usage in Indonesia. Furthermore, this research examines the mediating roles of Customer Satisfaction in the relationships, Customer Relationship Management, and Local Wisdom and Customer Loyalty among digital banking users.

## II. LITERATURE REVIEW AND HYPOTHESIS

### Customer Relationship Management (CRM)

Customer Relationship Management (CRM) refers to an organizational strategy aimed at establishing, maintaining, and strengthening long-term relationships with customers through effective information management and service delivery. CRM extends beyond marketing activities, encompassing customer service, complaint resolution, service personalization, and responsive communication tailored to customer needs. Within the digital banking industry, CRM plays a critical role, as customers require fast, secure, and reliable services throughout their financial transactions.Acheampong et al. (2023) indicates that effective CRM implementation can enhance customer loyalty, strengthen the relationship between companies and their customers, and support long-term business sustainability in the digital economy.

### Local Wisdom

Local Wisdom refers to the cultural values, social norms, customary practices, and local characteristics of a community that serve as guiding principles in everyday life. Within the context of business and marketing, Local Wisdom can be adopted as an approach to align corporate services and strategies with the cultural values and characteristics of the local community. In digital banking services, the application of Local Wisdom can be reflected through the use of easily understandable language, culturally appropriate communication approaches, and the provision of services that take into account the specific needs of communities in particular regions. This approach is important because Indonesia is characterized by considerable cultural diversity, which can influence consumer behavior and preferences in the adoption and use of digital services.

### Customer Satisfaction

Customer Satisfaction refers to the level of satisfaction experienced by customers after comparing their expectations with the actual performance of the services received. Customer satisfaction arises when the services provided are able to meet or exceed customer expectations. In the context of digital banking, customer satisfaction can be influenced by various factors, including application quality, transaction speed, ease of use, system security, and the quality of customer service. Satisfied customers are more likely to continue using the service and recommend it to others. Halim et al. (2023) indicates that customer satisfaction is a crucial factor in fostering customer loyalty and influencing decisions to use digital services.

### Customer loyalty

Customer loyalty refers to customers' willingness and commitment to choose, use, and repeatedly purchase or utilize a particular product or service. Within the context of digital banking, customer loyalty reflects users' commitment to adopting digital banking services as a means of conducting their daily financial transactions. This commitment is influenced by various factors, including customer experience, brand trust, customer satisfaction, service quality, and the extent to which the services meet users' needs and expectations. Pavlović-Höck (2022) explains that customers' decisions to use a service are influenced by their evaluation of the perceived benefits, risks, and experiences before and after using the service.

## RELATIONSHIPS AMONG VARIABLES AND HYPOTHESIS DEVELOPMENT

### The Effect of Customer Relationship Management on Customer Satisfaction

Customer Relationship Management (CRM) refers to a company's strategy focused on developing and maintaining long-term relationships with customers through effective communication, personalized services, and optimal customer information

management. Within the digital banking industry, CRM serves as a crucial element, as customers require fast, responsive, and reliable support throughout their digital financial transactions.A cheampong et al. (2023) explained that effective CRM implementation can strengthen relationships between companies and customers while fostering long-term customer loyalty. Furthermore,Gazi et al. (2024) found that consistent and customer-oriented CRM strategies can enhance customers' trust in a company. Similar findings were reported by Tuti dan Sulistia (2022) who stated that positive interactions between companies and customers can strengthen brand trust by improving the quality of communication and service delivery, thin digital banking services, CRM can be implemented through various initiatives, including 24-hour customer support, prompt complaint resolution, accurate information provision, protection of customers' personal data, and personalized product offerings that align with individual customer needs. When customers feel that a bank understands their needs and is capable of providing solutions promptly and professionally, they are more likely to perceive the bank as a trustworthy institution. Therefore, effective CRM implementation can strengthen customers' emotional connections with the company and enhance their level of trust in the digital banking brand.

**H1:** Customer Relationship Management has a positive effect on Customer Satisfaction

**The Effect of Local Wisdom on Customer Satisfaction**

Customer Satisfaction refers to customers' evaluation of the extent to which the services received meet or align with their expectations. One factor that can enhance customer satisfaction is a company's ability to adapt its services to the social and cultural characteristics of its customers. Hasan dan Leon (2022) explains that aligning products and services with the needs of local communities can enhance customer satisfaction.Manyanga et al. (2022) found that experiences that align with customer preferences tend to result in higher levels of satisfaction. In addition,Rahayu dan Faulina (2022) states that customers are more likely to feel satisfied when the services they receive provide convenience and are relevant to their needs. In the context of digital banking, customers may feel more comfortable when applications offer features that align with local community practices, use language that is easy to understand, and take into account users' cultural characteristics. Such conditions can make customers feel valued and understood by the company, thereby enhancing their satisfaction with the services provided. Therefore, Local Wisdom is expected to have a positive influence on Customer Satisfaction.

**H2:** Local Wisdom has a positive effect on Customer Satisfaction**.**

**The Effect of Customer Satisfaction on Customer Loyalty**

Customer Satisfaction refers to customers' evaluation of their service experience based on a comparison between their expectations before using the service and the actual performance perceived after use. Customer satisfaction is one of the key indicators of a company's success in fulfilling customers' needs and wants. In the highly competitive digital banking industry, customer satisfaction is a crucial factor in determining the sustainability of the relationship between customers and companies.

According to Irawan dan Sitio (2021), mers who are satisfied with a product or service are more likely to repurchase or reuse it in the future. These findings are supported by Manyanga et al. (2022) who stated that customer satisfaction is one of the main predictors of customer loyalty across various business sectors, including digital-based services. Furthermore, Rahayu dan Faulina (2022) found that satisfied customers are not only likely to continue using the service but are also more inclined to provide positive recommendations to others. In the context of digital banking, customer satisfaction can arise from ease of application use, transaction speed, system security, customer service quality, and the application's ability to fulfill users' financial needs. When customers feel that digital banking services provide benefits that meet or even exceed their expectations, they are more likely to continue using the services over the long term. High levels of satisfaction can also reduce the likelihood of customers switching to competitors, even when various alternatives are available in the market. Satisfied customers generally have developed strong positive experiences, making them feel comfortable continuing to use the same service. Therefore, the higher the level of customer satisfaction, the stronger the Customer Loyalty that is likely to be established.

**H3:** Customer Satisfaction has a positive effect on Customer Loyalty.

**The Mediating Roles Customer Satisfaction in the Relationship Between Customer Relationship Management and Customer Loyalty**

Customer Relationship Management (CRM) refers to a strategic approach adopted by companies to establish and maintain long-term relationships with customers through effective communication, high-quality service delivery, and the optimal management of customer information. In the context of digital banking, effective CRM practices are expected to contribute to stronger customer loyalty. However, this influence may not occur directly, as CRM practices can first foster customer trust and satisfaction, which subsequently contribute to the development of customer loyalty.

Acheampong et al. (2023) Effective CRM practices can strengthen customer trust by making customers feel valued and ensuring that the services provided are aligned with their individual needs and expectations. Furthermore, Gazi et al. (2024) found that a high level of customer trust can enhance customers' satisfaction with the services they receive. This satisfaction subsequently becomes an important factor in fostering customer loyalty toward the company. Similar findings were reported by Manyanga et al. (2022) ,who stated that customer satisfaction plays a significant role in mediating the relationship between customer relationship quality and customer loyalty.

Within the digital banking industry, CRM can be implemented through responsive customer service, prompt complaint resolution, transparent information delivery, and personalized services tailored to customers' needs. When customers perceive that they have a positive and reliable relationship with the bank, they are more likely to develop trust in the brand. This trust can subsequently enhance customer satisfaction, as customers feel that the services provided are consistent with their expectations. Ultimately, satisfied customers are more likely to continue using digital banking services over the long term.

Therefore, Brand Trust and Customer Satisfaction are expected to function as sequential mediators that explain the relationship between CRM and Customer Loyalty.

**H4**: Customer Satisfaction sequentially mediate the effect of Customer Relationship Management on Customer Loyalty.

**The Mediating Role of Customer Satisfaction in the Relationship Between Local Wisdom and Customer Loyalty**

Local Wisdom may influence customer loyalty not only by fostering trust but also by directly enhancing customer satisfaction, which can ultimately lead to stronger loyalty. Adopting an approach that is aligned with local cultural values enables customers to feel more appreciated, understood, and connected to the company.

Rahayu & Faulina (2022) explained that companies capable of adapting their services to the cultural characteristics of the communities they serve are more likely to create customer satisfaction. Their findings further indicated that experiences that are relevant to customers' needs have a positive effect on both customer satisfaction and loyalty. In addition,Manyanga et al. (2022) stated that customer satisfaction is a critical factor in the development of customer loyalty.

In the context of digital banking, implementing Local Wisdom can make customers feel more connected to the services they use because these services are perceived as being consistent with their cultural identity and personal needs. The feeling of being valued and understood can enhance customers' satisfaction with the services provided. When customers are satisfied, they are more likely to continue using the services over the long term.

Therefore, Customer Satisfaction is expected to mediate the relationship between Local Wisdom and Customer Loyalty.

**H5:** Customer Satisfaction mediates the effect of Local Wisdom on Customer Loyalty**.**

## III. RESEARCH METHOD

This study employs a quantitative explanatory approach with a causal research design. The target population consists of digital banking service users in Indonesia. The sample was selected using purposive sampling, following the criteria proposed by (Sugiyono, 2019) dengan kriteria: (1) berdomisili di Indonesia; (2) ), which include: (1) being domiciled in Indonesia; (2) having used a digital banking application at least twice; (3) being between 18 and 40 years of age; and (4) being willing to participate in the survey. Based on the recommendation of Hair et al. (2017), with 26 measurement indicators and a 1:10 indicator-to-respondent ratio, the ideal sample size for this study is 170 respondents.

Primary data were collected through a Google Forms questionnaire using a five-point Likert scale ranging from 1 to 5. The dependent variable, Customer Loyalty, was measured using four indicators, while the independent variables consisted of Customer Relationship Management (CRM) with four indicators, and Local Wisdom with four indicators. The mediating variables Customer Satisfaction with five indicators, resulting in a total of 17 measurement indicators.

Following the sample size guideline proposed by Hair et al. (2017), the minimum required sample was calculated by multiplying the total number of indicators by ten, resulting in 17 × 10 = 170 respondents. However, the questionnaire was distributed to 258 respondents to account for the possibility of invalid or unusable responses.

The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS. The analysis consisted of two main stages. First, the outer model was evaluated based on convergent validity, with factor loadings exceeding 0.70 and Average Variance Extracted (AVE) above 0.50; discriminant validity, assessed using the Fornell-Larcker criterion and the Heterotrait-Monotrait (HTMT) ratio with a threshold below 0.90; and reliability, evaluated using Composite Reliability (CR) and Cronbach's Alpha, with values exceeding 0.70. Second, the inner model was assessed by examining path coefficients, T-statistics, and P-values obtained through bootstrapping procedures (Hair et al., 2017; Voorhees et al., 2016).

Data analysis used Partial Least Squares Structural Equation Modeling (PLS-SEM) due to its ability to analyze complex relationships between variables, including models involving mediating variables. Model evaluation was conducted in two stages: (1) the outer

model, which assessed the validity (outer loading and AVE) and reliability (composite reliability and Cronbach's alpha) of each construct; and (2) the inner model, which examined the path coefficient, indirect effect, R-square, and Goodness of Fit (GoF). The Common Method Bias test was conducted using Harman's single factor test to control for potential measurement bias.

## IV. RESULT AND DISCUSSION

This study involved 258 respondents who use digital banking services in Indonesia. In terms of gender, female respondents accounted for the majority, with 93 individuals (53.9%), while male respondents comprised 165 individuals (46.1%). These findings indicate that digital banking usage within the research sample was relatively balanced between genders, although female respondents represented a slightly larger proportion. In terms of age distribution, the largest proportion of respondents was in the 21–30 age group, consisting of 179 individuals (50.0%). This was followed by respondents aged 31–40 years, with 91 individuals (25.4%), those aged 41–50 years, with 70 individuals (19.6%), and respondents aged 51–60 years, with 18 individuals (5.0%). These results suggest that digital banking users in the sample were predominantly young adults of productive age, who are generally more familiar with technological developments and digital financial services. Regarding educational background, most respondents had completed senior high school or vocational high school (SMA/SMK), accounting for 169 individuals (47.2%). This was followed by respondents holding a bachelor's degree (S1), with 141 individuals (39.4%), a master's degree (S2), with 22 individuals (6.1%), a diploma degree (D3), with 19 individuals (5.3%), and elementary or junior high school education (SD/SMP), with 7 individuals (2.0%). This composition indicates that the majority of respondents had moderate to high levels of educational attainment, which may be associated with adequate digital literacy for utilizing digital banking services.

In terms of occupation, private-sector employees represented the largest group, comprising 144 respondents (40.2%). This was followed by students, with 77 respondents (21.5%); self-employed individuals or entrepreneurs, with 74 respondents (20.7%); housewives, with 34 respondents (9.5%); professionals, with 16 respondents (4.5%); civil servants, military, or police officers, with 11 respondents (3.1%); and unemployed respondents, with 2 individuals (0.6%). These findings indicate that digital banking users were predominantly individuals who are economically active and may have relatively high financial transaction needs.

Based on monthly income, the largest group of respondents earned ≥ IDR 10,000,000 per month, comprising 112 individuals (31.3%). This was followed by respondents with a monthly income of IDR 7,000,000–IDR 9,999,999, totaling 104 individuals (29.1%); IDR 5,000,000–IDR 6,999,999, totaling 88 individuals (24.6%); IDR 3,000,000–IDR 4,999,999, totaling 35 individuals (9.8%); less than IDR 1,000,000, totaling 11 individuals (3.1%); and IDR 1,000,000–IDR 2,999,999, totaling 8 individuals (2.2%). These findings indicate that the majority of respondents belonged to middle- to higher-income groups, which may provide them with greater access to and financial capacity for actively utilizing digital banking services.

### Measurement Model Evaluation

Outer Loading Test**.** Table 1 indicates that all measurement indicators have outer loading values above 0.70. Local Wisdom recorded the highest loading range (0.843–0.895), followed by CRM (0.818–0.896), Customer Loyalty (0.862–0.878), Customer Satisfaction (0.703–0.828). These results demonstrate that all indicators meet the established criteria for convergent validity.

**Tabel 1. Outer Model Test Results**

| Variabel | Item | Outer Loading | VIF | Cronbach's α | rho_A | Composite Reliability | AVE | R Square |
|---|---|---|---|---|---|---|---|---|
| Customer Loyalty | CL1 | 0,874 | 2,497 | 0,896 | 0,897 | 0,927 | 0,762 | 0,626 |
| | CL2 | 0,878 | 2,57 | | | | | |
| | CL3 | 0,862 | 2,473 | | | | | |
| | CL4 | 0,877 | 2,637 | | | | | |
| CRM | CRM1 | 0,818 | 2,272 | 0,892 | 0,91 | 0,924 | 0,754 | |
| | CRM2 | 0,896 | 2,75 | | | | | |
| | CRM3 | 0,872 | 2,759 | | | | | |
| | CRM4 | 0,884 | 2,754 | | | | | |
| Customer Satisfaction | CS1 | 0,797 | 1,893 | 0,832 | 0,834 | 0,882 | 0,599 | 0,524 |
| | CS2 | 0,808 | 2,013 | | | | | |
| | CS3 | 0,828 | 2,117 | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | CS4 | 0,728 | 1,585 | | | | | |
| | CS5 | 0,703 | 1,505 | | | | | |
| Local Wisdom | LW1 | 0,864 | 2,451 | 0,897 | 0,903 | 0,928 | 0,764 | |
| | LW2 | 0,894 | 2,679 | | | | | |
| | LW3 | 0,895 | 2,91 | | | | | |
| | LW4 | 0,843 | 2,137 | | | | | |

Based on Table , all measurement indicators recorded outer loading values above 0.70, indicating that all indicators met the established criteria for convergent validity. The highest loading values were observed for the Local Wisdom construct (LW3 = 0.895) and CRM (CRM2 = 0.896), while the lowest loading values were found for CS5 (0.703). These findings confirm that each indicator consistently and accurately represents its respective latent construct.

All constructs included in the research model satisfied the required criteria for convergent validity and reliability. Cronbach's Alpha values ranged from 0.832 to 0.897, exceeding the minimum threshold of 0.70. Composite Reliability values ranged from 0.882 to 0.928, also above the recommended threshold of 0.70, while Average Variance Extracted (AVE) values ranged from 0.599 to 0.764, exceeding the minimum criterion of 0.50. Local Wisdom demonstrated the highest AVE value (0.764), whereas Customer Satisfaction recorded the lowest (0.599); however, both values remained above the required threshold. Therefore, all constructs can be considered valid and reliable for subsequent analysis.

**Tabel 2. SRMR test results**

| | **Original Sample (O)** | **Sample Mean (M)** | **95%** | **99%** |
|---|---|---|---|---|
| Saturated Model | **0,063** | 0,039 | 0,042 | 0,044 |
| Estimated Model | **0,095** | 0,042 | 0,048 | 0,052 |

Based on Table 6, the model fit assessment indicates that the research model generally satisfies the required criteria for model adequacy in Partial Least Squares Structural Equation Modeling (PLS-SEM). One of the primary measures used to assess model fit is the Standardized Root Mean Square Residual (SRMR), which evaluates the degree of discrepancy between the observed correlation matrix and the correlation matrix predicted by the model. According to Hair et al. (2022), an SRMR value below 0.08 indicates a good model fit, while values approaching 0.10 may still be considered acceptable for highly complex research models. The analysis results show that the SRMR value for the Saturated Model is 0.063, which is below the recommended threshold of 0.08. This value indicates that the measurement model demonstrates a good level of fit with the empirical data collected from the respondents. In other words, the relationships among the constructs specified in the model adequately represent the patterns of relationships observed in the empirical data. The relatively low SRMR value for the Saturated Model indicates that the residual differences between the observed and predicted correlations are relatively small, suggesting that the model provides a good representation of the research data.

Meanwhile, the SRMR value for the Estimated Model is 0.095, which is slightly above the ideal threshold of 0.08. Nevertheless, this value may still be considered acceptable for a research model with a relatively high level of complexity. In this study, the structural model consists of six latent constructs and eighteen hypotheses tested simultaneously, including direct relationships, mediation effects, and sequential mediation relationships. Such model complexity may generally result in higher residual values because numerous relationships among the variables must be estimated simultaneously.

**Hypothesis Testing**

**Tabel 3. Hypothesis Testing Results**

| **Hipotesis** | **β** | **T-Stat** | **P** | **Hasil** | **Keputusan** |
|---|---|---|---|---|---|
| H1: CRM → CS | 0,498 | 9,041 | 0,000 | Sig. Positif | Accepted |
| H2: LW → CS | 0,352 | 9,906 | 0,000 | Sig. Positif | Accepted |
| H3: CS → CL | 0,487 | 10,741 | 0,000 | Sig. Positif | Accepted |
| H4: CRM→ CS→ CL | 0,141 | 5,831 | 0,000 | Sig. Positif | Accepted |
| H5: LW→CS→ CL | 0,172 | 5,976 | 0,000 | Sig. Positif | Accepted |

**The Influence of Customer Relationship Management, And Local Wisdom on the Customer Loyalti With Customer Satisfaction as Mediators**

**H1: CRM has a significant effect on CS (β = 0.498; p = 0.000).**

Accepted as the strongest predictor of Brand Trust**.** This finding is consistent with Acheampong et al. (2023) , who demonstrated that effective CRM strengthens customer relationships and loyalty, as well as Gazi et al. (2024) ), who found that well-implemented CRM strategies contribute to the development of long-term customer trust. In the context of digital banking, responsive complaint handling, data security, and stable application performance represent critical CRM elements that play a significant role in strengthening customers' trust in digital banking services.

**H2: Local Wisdom has a significant effect on Customer Satisfaction (β = 0.352; p = 0.000).**

Accepted. Although Local Wisdom does not significantly influence Brand Trust, it has a significant positive effect on Customer Satisfaction. This finding indicates that when digital banking services are adapted to local cultural values and customer preferences, customers tend to feel more appreciated and satisfied. However, this cultural alignment does not necessarily translate into greater trust in the brand.

**H3: Customer Satisfaction has a significant effect on Customer Loyalty (β = 0.487; p = 0.000).**

Accepted as the strongest predictor of Customer Loyalty. This finding is consistent with Irawan dan Sitio (2021) ), who demonstrated that customer satisfaction has a positive influence on purchase decisions, and Rahayu dan Faulina (2022) ), who found that satisfied customers are more likely to continue using and recommending a service. Satisfaction with service features, costs, and customer service responsiveness serves as a key driver of customers' decisions to continue using digital banking services.

**H4 : CRM - Customer Satisfaction- Customer Loyalty -**

Both pathways were supported: CRM → Customer Satisfaction → Customer Loyalty (β = 0.141; p = 0.000). These findings indicate that digital customer experience and CRM influence customers' decisions to continue using digital banking services through a sequential mechanism: first building Brand Trust, subsequently enhancing Customer Satisfaction, and ultimately fostering Customer Loyalty. The CRM pathway demonstrated a stronger sequential mediation effect, consistent with the findings of Gazi et al. (2024).

**H5: Local Wisdom has a significant effect on Customer Loyalty mediated by Customer Satisfaction (β = 0.172; p = 0.000).**

Accepted. Although Local Wisdom does not have a significant effect on Brand Trust, its influence on Customer Loyalty is transmitted significantly through Customer Satisfaction. This finding indicates that the pathway from Local Wisdom to Customer Loyalty operates primarily through a satisfaction-based and emotional mechanism rather than through Brand Trust. In other words, customers' perceptions of cultural alignment may enhance their satisfaction with digital banking services, which subsequently encourages stronger loyalty toward the service.

**V. CONCLUSIONS**

First, CRM emerged as the strongest predictor demonstrating that effective customer relationship management and positive digital experiences serve as the primary foundations for building trust in digital banking brands. Second, strong positive effect on Customer Satisfaction (β = 0.582), making it the strongest predictor of customer satisfaction. Third, Customer Satisfaction was the strongest predictor of Customer Loyalty (β = 0.487), highlighting the crucial role of customer satisfaction in encouraging continued use of digital banking services. Fourth, Local Wisdom had a significant effect on Customer Satisfaction (β = 0.352), indicating that cultural alignment contributes to customer satisfaction through an emotional mechanism rather than directly establishing functional trust in the brand.

From a theoretical perspective, this study strengthens the understanding of the sequential mediating roles of Customer Satisfaction in the context of digital banking in Indonesia. The finding that Local Wisdom significantly influences Customer Satisfaction represents a new empirical contribution that enriches the literature on digital consumer behavior. This result provides a more nuanced perspective on the mechanisms through which cultural alignment influences customer responses in digital banking services.

From a practical perspective, several implications can be highlighted. First, digital banking providers should prioritize responsive, secure, and personalized Customer Relationship Management (CRM) practices, as CRM emerged as the strongest predictor. Second, Customer Relationship Management should be continuously improved by ensuring that banking applications are seamless, intuitive, reliable, and secure. Third, aligning digital banking services with relevant local cultural values should be considered as a strategy for enhancing Customer Satisfaction,. Fourth, marketing strategies should focus strongly on enhancing

Customer Satisfaction, as it represents the strongest pathway toward encouraging customers to continue using digital banking services and developing long-term Customer Loyalty.

This study has several limitations. First, the sample was restricted to respondents aged 18–40 years, which may limit the generalizability of the findings to digital banking users from other age groups. Second, the study did not distinguish among specific digital banking platforms, meaning that differences in customer experiences and perceptions across various digital banking providers could not be examined. Third, the cross-sectional research design limits the ability to capture changes in customer perceptions and behavioral intentions over time. Fourth, the operationalization of Local Wisdom requires further development to better capture its specific role and relevance in the context of digital banking.

Based on these limitations, several recommendations are proposed for future research. First, future studies should expand the sample to include respondents from a wider range of age groups to provide a more comprehensive understanding of digital banking users. Second, comparative studies across different digital banking platforms are recommended to identify potential differences in the relationships among CRM, Local Wisdom, Customer Satisfaction, and Customer Loyalty. Third, future research could adopt a longitudinal design to examine changes in customer perceptions and behavioral responses over time. Fourth, researchers are encouraged to incorporate moderating variables, such as digital literacy or gender, to examine whether these factors influence the relationships among the variables in the research model. Finally, future studies should further explore and develop more specific dimensions of Local Wisdom that are relevant to the digital banking context, allowing for a deeper understanding of how local cultural values influence customer satisfaction, trust, and loyalty.

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