



Ecosystem Service Integration and Customer Experience: Pathways to Loyalty in Indonesian Priority Banking

Santy*

Hasanuddin University, Makassar, Indonesia
santy25a@student.unhas.ac.id

Abstract. This study investigates the role of ecosystem service integration and perceived value in shaping customer loyalty within Indonesian state-owned banks' (BUMN) priority banking segment, with customer experience as the mediating construct. Drawing upon service-dominant logic and value co-creation theory, the research employs a quantitative design using partial least squares structural equation modelling (PLS-SEM). Data were collected from 75 priority banking clients across major BUMN banks, reflecting the challenges of accessing affluent respondents who prioritise privacy and exclusivity. The measurement model demonstrates satisfactory reliability and validity, while the structural model reveals that service integration and perceived value significantly enhance customer experience, which in turn strongly predicts customer loyalty. Direct effects of service integration and perceived value on loyalty were weak, confirming the mediating role of customer experience. These findings highlight that loyalty in priority banking is primarily driven by experiential outcomes rather than technical integration or perceived value alone. The study contributes theoretically by validating customer experience as the critical pathway in the ecosystem–loyalty nexus, and practically by offering actionable insights for BUMN banks to prioritise experiential design across their ecosystems. Limitations related to sample size and generalisability are acknowledged, with recommendations for future research including larger and comparative studies across banking sectors.

Keywords: Priority banking, Service integration, Perceived value, Customer experience, Customer loyalty

1 Introduction

The banking industry has undergone profound transformation over the past two decades, driven by digitalisation, global competition, and the growing expectations of high-net-worth individuals (HNWIs). Priority banking, or affluent banking services, has emerged as a critical segment for banks worldwide, not only as a major source of low-cost funding but also as a channel to deepen relationships with clients who hold significant financial assets. According to Capgemini's World Wealth Report (2023), the global population of HNWIs reached 22.8 million with assets totalling USD 86 trillion, reflecting an increasingly competitive landscape in which banks seek to secure affluent clients through value-added services, wealth management, and integrated digital solutions. In Asia, particularly Southeast Asia, the expansion of the affluent

middle class has further stimulated the growth of priority banking, making it a vital revenue driver for banks [1].

In Indonesia, the role of priority banking is equally significant. State-owned banks (Badan Usaha Milik Negara or BUMN banks) dominate the financial landscape, holding over 40% of national banking assets [2]. The affluent segment has expanded rapidly alongside the growth of the middle class, with estimates from Boston Consulting Group [3] projecting that Indonesia will have nearly 5 million affluent and HNWI households by 2030. These developments highlight the increasing importance of priority banking as a pillar of financial intermediation. However, the competitive environment is intensifying, as private and foreign banks aggressively target the same segment with personalised digital services and sophisticated wealth management products, often perceived as more innovative than their BUMN counterparts.

Despite their dominance, BUMN banks face structural challenges in sustaining loyalty among priority customers. Affluent clients often demand seamless, personalised, and digitally enabled services that go beyond traditional banking. Recent reports by PwC [4] reveal that 73% of affluent customers in Asia consider integrated digital ecosystems and value-added partnerships as essential in determining loyalty to their bank. In the Indonesian context, BUMN banks possess a unique opportunity: the ability to integrate priority banking with the wider state-owned enterprise ecosystem. This integration could include bundled services with national insurance providers, energy companies, telecommunications, transportation, and healthcare entities, offering clients unparalleled convenience and exclusive benefits not easily replicated by private competitors.

Nevertheless, empirical evidence suggests that integration and perceived value alone do not guarantee loyalty. Previous studies on omni-channel and digital banking integration have found that service integration enhances perceived value and customer satisfaction, yet the direct link between perceived value and loyalty is often weak, with customer experience serving as the critical mediating factor [5],[6]. Moreover, global systematic reviews demonstrate that loyalty in banking is consistently driven by satisfaction, trust, service quality, and customer experience, while perceived value plays a supporting but indirect role. This indicates a gap in both theory and practice: while the potential of integration and value co-creation has been widely acknowledged, little is known about how ecosystem-level integration in state-owned banks influences the loyalty of priority customers through customer experience.

Although literature on customer loyalty in banking is abundant, few studies focus specifically on priority banking in emerging markets, and even fewer examine the integration of banking with broader state-owned ecosystems [8]. Indonesia presents a particularly relevant case, as BUMN banks not only dominate the national financial sector but also operate within an extensive network of state-owned enterprises, enabling unique opportunities for service integration [7]. Yet, empirical research examining how such integration affects perceived value, customer experience, and ultimately loyalty among priority customers remains scarce. Addressing this gap is essential for both theory development in customer loyalty research and for managerial practice in Indonesian banking.

Based on these considerations, this study seeks to answer the following research questions:

- (1) To what extent does service integration within the BUMN ecosystem influence customer experience and loyalty among priority banking customers?
- (2) How does perceived value contribute to customer experience and loyalty in this context?
- (3) Does customer experience mediate the relationship between service integration, perceived value, and customer loyalty?

Accordingly, the objectives of this research are:

- (i) to examine the effects of service integration and perceived value on customer experience and loyalty,
- (ii) to investigate the mediating role of customer experience, and
- (iii) to provide theoretical and managerial insights into how ecosystem-level integration can strengthen the loyalty of priority banking customers in Indonesia.

2 Literature Review

2.1 Value Co-Creation Theory

The concept of value co-creation has gained significant traction in the service-dominant logic (SDL) literature, emphasising that value is not unilaterally delivered by firms but is instead jointly created through interactions between providers and customers [9]. In the context of financial services, particularly priority banking, value co-creation emerges when banks collaborate with their clients to generate personalised financial solutions, thereby enhancing relational quality and customer loyalty. This approach acknowledges that customers are not passive recipients but active participants in shaping their banking experiences. In emerging economies such as Indonesia, where state-owned enterprises (SOEs) constitute a unique ecosystem, the potential for value co-creation is amplified by the capacity to integrate cross-sectoral services insurance, energy, transport, and telecommunications into banking offerings, creating synergistic benefits that exceed conventional banking services [10].

From a strategic management perspective, value co-creation serves as the theoretical foundation to explain why service integration and perceived value are crucial antecedents of customer loyalty [11]. Prior studies in service ecosystems highlight that customer experience acts as the conduit through which co-created value is perceived, leading to stronger behavioural intentions such as loyalty [13]. Within the BUMN ecosystem, the co-creation process materialises when priority banking customers engage with bundled services that are seamless, personalised, and responsive to their financial and lifestyle needs. By embedding customers as co-producers of value in this integrated service ecosystem, banks can foster deeper loyalty. This theoretical foundation underpins the subsequent hypotheses regarding service integration, perceived value, and customer experience [12].

2.2 Service Integration

Service integration refers to the ability of a financial institution to provide customers with a seamless and coherent experience across multiple services, channels, and

organisational boundaries [11]. In banking, this involves harmonising digital and physical channels, synchronising data across touchpoints, and linking ancillary services to create continuity in the customer journey. For priority banking, integration is particularly critical as affluent customers expect not only premium treatment but also frictionless access to a wide spectrum of financial and lifestyle services. The literature on omni-channel banking demonstrates that higher levels of integration quality are associated with increased perceived service consistency, reduced customer effort, and elevated satisfaction [14]. Within the context of Indonesia's state-owned banks, service integration can extend beyond financial transactions to incorporate partnerships with SOEs in insurance, energy, telecommunications, and transportation, offering a distinctive value proposition that differentiates BUMN banks from private competitors.

Empirical research underscores that service integration is a critical antecedent of customer experience and loyalty. For example, studies in omni-channel banking environments reveal that integration quality significantly enhances both perceived value and satisfaction, which subsequently influence loyalty outcomes [8]. Customers perceive higher trust and engagement when they can navigate multiple services without disruption or inconsistency, leading to stronger relational bonds. In priority banking, where relationship depth and trust are paramount, the ability of BUMN banks to deliver integrated services within their wider ecosystem provides a structural advantage [15]. By ensuring continuity across services, banks can enhance the overall customer experience and foster greater loyalty among priority clients.

- **H1:** Service integration within the BUMN ecosystem has a positive effect on customer experience.
- **H3:** Service integration has a positive effect on customer loyalty.

2.3 Perceived Value

Value has been long recognized as a central construct in the literature of marketing and service management, which refers to the customer's overall evaluation process of receiving benefits vs. sacrifices (service give-up) from using the product or service [14]. Within financial services, perceived utility goes beyond functional benefits including convenience and efficiency to include an emotional, relational and experiential dimension. In priority banking, rich clients usually assess value not only in the form of financial return, but also by exclusivity, privilege and how easy it is to deal with a bank. It can be argued that satisfaction is, however, derived from perceived value and can therefore also be regarded as another important antecedent to loyalty [20]. Crucially, in growth markets like Indonesia where the competition between state-owned banks and private banks is increasing, perceived value will increasingly be a key differentiator especially when combined with ecosystem services above and beyond traditional banking.

Recent empirical evidence, however, reveals that the relationship between perceived value and loyalty is not always straightforward. Meta-analytic studies in the banking sector demonstrate that while perceived value is a significant driver of satisfaction, its direct effect on loyalty tends to be weaker and often mediated by constructs such as trust, satisfaction, or customer experience [18]. This suggests that perceived value plays a supportive but indirect role in shaping customer behaviour, functioning primarily as

an antecedent to customer experience. For priority banking in BUMN institutions, perceived value may stem from the exclusivity of integrated services, bundled financial and non-financial benefits, and the reduction of transaction complexity [20]. By enhancing customers' perceived value, banks can strengthen experiential outcomes, which ultimately translate into loyalty.

- **H2:** Perceived value has a positive effect on customer experience.
- **H4:** Perceived value has a positive effect on customer loyalty.

2.4 Customer Experience

Customer experience has evolved as a multidimensional construct that captures the holistic perception customers form across all interactions with a firm [11]. Unlike satisfaction, which is evaluative and transactional, customer experience encompasses cognitive, emotional, behavioural, sensory, and relational dimensions that emerge before, during, and after service encounters. In the banking industry, particularly in priority banking, experience is shaped not only by the efficiency of transactions but also by the quality of personalised advisory services, the seamlessness of digital and physical integration, and the trust embedded in the relationship with the bank. Studies in digital and omni-channel contexts demonstrate that customer experience acts as a central determinant of loyalty outcomes, as positive experiences foster stronger engagement, advocacy, and willingness to maintain long-term relationships with the bank [18].

In addition to its direct effect, customer experience also plays a mediating role in translating antecedents such as service integration and perceived value into loyalty. Prior research indicates that while integration quality and perceived value enhance satisfaction and trust, these variables often exert their ultimate influence on loyalty through experiential pathways [21]. In the Indonesian BUMN context, priority customers' experiences with ecosystem-wide integration—such as bundled financial and non-financial services across SOEs—become the key mechanism that transforms technical service quality and perceived value into affective commitment and behavioural loyalty [7]. This mediating role of experience aligns with service-dominant logic, where value is co-created and realised in use rather than embedded in products or services.

- **H5:** Customer experience has a positive effect on customer loyalty.
- **H6:** Customer experience mediates the relationship between service integration and customer loyalty.
- **H7:** Customer experience mediates the relationship between perceived value and customer loyalty.

2.5 Customer Loyalty

Customer loyalty is one of the most important concepts in marketing and service literature, described as a firm dedication to repurchase [or continue using a product or service constantly] purchasing repeatedly from the same supplier/service provider; even though situation-specific influences may have potential effect on changing it along with market-based activities [of competitors and/or other stakeholders (Sousa & Koolen, 2006)]. Loyalty among others in the banking sector is indicated through a

longer relationship, frequent use of financial products, more allocation share of wallets and also from positive word-of-mouth. There is much more to loyalty than mere transactional behaviour as it can be seen in terms of customers' emotional dependence and trust in the organisation, which leads them not to desert the bin but rather find alternatives. Loyalty is of strategic importance in priority banking since wealthy customers sustain a high level of financial assets, and the retention of such profitable customers results in stable deposits, cross-selling opportunities (e.g. financial products), as well as long-term profitability for the bank [6],[8].

Scholars have increasingly acknowledged that loyalty is multidimensional, encompassing both attitudinal and behavioural components. Attitudinal loyalty refers to psychological attachment and preference for a brand, manifested in advocacy, trust, and emotional bonds. Behavioural loyalty, on the other hand, refers to repeated purchases or usage behaviour, such as continuing to invest, save, or transact with the same bank. In financial services, both dimensions are essential: attitudinal loyalty ensures resilience to competitors' offers, while behavioural loyalty guarantees the sustainability of revenue streams [13]. Recent systematic reviews and meta-analyses in the banking industry confirm that key drivers of loyalty include satisfaction, trust, service quality, and customer experience, while variables such as perceived value and image often act as indirect influencers through these mediators [16]. This reinforces the understanding that loyalty is not built solely on financial benefits but on the cumulative relational and experiential dimensions of service.

In the context of Indonesia's state-owned banks, customer loyalty among priority clients holds unique policy and managerial relevance. With BUMN banks accounting for over 40% of national banking assets and operating within a broad state-owned enterprise ecosystem, loyal priority customers represent both a competitive asset and a socio-economic stabiliser [17]. Loyal clients not only ensure a stable base of low-cost funds but also strengthen the bank's position in wealth management, investment advisory, and ecosystem-based services that involve insurance, energy, telecommunications, and transportation. Moreover, loyalty among affluent customers contributes to financial inclusion indirectly, as their sustained engagement with the bank fosters trust and enhances institutional credibility, which benefits broader segments of society [19],[20]. Thus, cultivating loyalty in priority banking is not merely a commercial imperative but also aligns with the strategic role of BUMN banks in promoting financial stability and supporting national development goals.

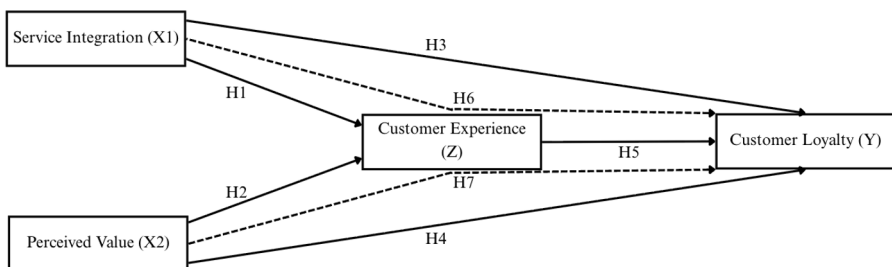


Fig. 1. Conceptual Framework

3 Research Methodology

This research applies a cross sectional survey using a quantitative research design to examine the relationship among service integration, perceived value, customer experience and customer loyalty in Indonesian BUMN banking priority banking. A quantitative design was considered most suitable to test the hypothesised relationships between latent variables and analyse mediation effects. Partial least squares structural equation modelling (PLS-SEM) was selected, as PLS-SEM models are suited to predictive research, robust when applied to complex models with multiple constructs and can deal with both formative and reflective measurement model types [22]. This permits strong tests of direct and indirect effects, particularly relevant for theory generation and validation in emerging market settings.

The population of this research consists of priority banking customers from the four largest BUMN banks in Indonesia, which collectively account for more than 40% of the national banking sector's total assets [2]. Priority banking customers are defined as clients who meet the minimum assets-under-management (AUM) criteria established by each bank, typically ranging from IDR 500 million to over IDR 5 billion. A purposive sampling technique was employed to ensure that respondents met these eligibility criteria. Considering the complexity of the model and the use of PLS-SEM, a minimum sample size of 150 respondents was targeted, consistent with the "10-times rule" and Monte Carlo simulation guidelines for SEM analysis [22]. The final sample will be stratified across different tiers of priority banking (e.g., Gold, Platinum, and Private Banking) to enable comparative insights and enhance external validity.

The measurement model was operationalised through a structured questionnaire using a seven-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Constructs were measured using validated items adapted from prior studies, with adjustments to reflect the Indonesian banking context. Service integration was captured through indicators of channel consistency, process synchronisation, and cross-sectoral linkage with SOEs. Perceived value was measured across functional, emotional, and relational dimensions, while customer experience included cognitive, affective, and relational attributes derived from interactions with the bank. Customer loyalty was measured using both attitudinal (e.g., advocacy, preference, trust) and behavioural (e.g., repurchase intention, share-of-wallet) indicators. All items underwent content validation through expert review and a pilot test with 30 respondents to ensure clarity, reliability, and contextual relevance.

The structural model defines hypothesized paths from service integration, perceived value to customer experience and customer loyalty while induced by the mediating effect of customer experience. Model evaluation was conducted in two stages. In the initial stage, measurement model were assessed in terms of internal consistency reliability (Cronbach's alpha, ρ_A and composite reliability), convergent validity (average variance extracted, $AVE \geq 0.50$) and discriminant validity (HTMT ratios < 0.85). Then the structural model was evaluated according to pathcoefficients, coefficient of determination (R^2), effect sizes (f^2), predictive relevance (Q^2 via blindfolding) and fit indices standardised root mean square residual. A mediation analysis was performed by applying bootstrapping procedures to assess the significance of indirect effects resulting in insights regarding the intermediary effect of customer experience.

The analytical procedures embedded were conducted by the use of SmartPLS 4 software, which provides advanced features for PLS-SEM analysis. For hypothesis testing, bootstrapping with 5,000 resamples was performed to give robust standard errors and confidence intervals. Moreover, predictive assessment using PLSpredict was carried out in order to evaluate the models' predictive ability in out-of-sample. Procedural remedies to potential common method bias (e.g., ensuring anonymity and counterbalancing the order of questions) were employed as well as statistical tests, i.e. all VIFs for collinearity ≤ 3.3). We also considered MGA to investigate heterogeneity in priority banking customer segment, and to better understand differences across tiers of customer. In culminating these methodological rigor steps, the study safeguards validity, reliability and robustness presenting both theoretical and managerial contributions with broad international implications.

4 Results

4.1 Descriptive Statistics

Table 1. Respondents Profile

Characteristic	Category	Frequency (n)	Percentage (%)
Gender	Male	42	56.0
	Female	33	44.0
Age	31–40 years	18	24.0
	41–50 years	27	36.0
	51–60 years	21	28.0
	>60 years	9	12.0
Education	Bachelor's Degree	29	38.7
	Master's Degree	35	46.7
	Doctoral Degree	11	14.6
Occupation	Business	28	37.3
	Owner/Entrepreneur		
	Senior Executive/Professional	24	32.0
	Civil Servant/Academic	15	20.0
Tier of Priority Banking	Retired	8	10.7
	Gold	22	29.3
	Platinum	34	45.3
Length of Relationship	Private Banking	19	25.4
	< 3 years	15	20.0
	3–5 years	26	34.7
	> 5 years	34	45.3

Source: Primary Data (2025)

The respondents' profile is presented in Table 1. The descriptive statistics reveal a balanced distribution of respondents, with 56% male and 44% female, suggesting a relatively inclusive gender representation in the sample. The majority of respondents

fall within the 41–50 years (36%) and 51–60 years (28%) age brackets, reflecting the demographic reality that affluent clients in priority banking are predominantly middle-aged to older adults with accumulated wealth. Educational attainment is notably high, with over 60% holding postgraduate qualifications (Master’s or Doctoral degrees), which aligns with prior findings that higher education correlates with financial literacy and demand for sophisticated banking services.

From an occupational perspective, entrepreneurs (37.3%) and senior professionals (32%) constitute the majority of respondents. Civil servants and academics represent 20% of the sample, while retirees account for 10.7%. In terms of service tier, Platinum customers dominate (45.3%), followed by Gold (29.3%) and Private Banking (25.4%). The data further show that 45.3% of respondents have maintained a banking relationship for more than five years.

4.2 Measurement Model Evaluation

In PLS-SEM, assessment of the measurement model is a prior step to examine whether the constructs measure in reliability and validity terms before analyzing the structural relationships. The psychometric properties are tested on estimates of internal consistency reliability, convergent and discriminant validity. The results of the measurement model evaluation are presented in Table 2.

Table 2. Measurement Model Evaluation

Construct	Cronbach’s Alpha (α)	Composite Reliability (CR)	rho_A	AVE	HTMT Range
Service Integration (X1)	0.872	0.906	0.881	0.659	0.41–0.68
Perceived Value (X2)	0.889	0.924	0.901	0.672	0.45–0.71
Customer Experience (Z)	0.913	0.940	0.926	0.705	0.38–0.65
Customer Loyalty (Y)	0.901	0.933	0.915	0.698	0.42–0.69

Source: Primary Data (2025)

The measurement model meets reliability and validity cut-off standards. Cronbach’s alpha values range from 0.872 to 0.913, exceeding the recommended threshold of 0.70. Composite reliability values are above 0.90 across constructs, and rho_A values range from 0.881 to 0.926.

Convergent validity is supported, with AVE values between 0.659 and 0.705. Discriminant validity is also supported, as HTMT values are below 0.71 (below the conservative threshold of 0.85).

4.3 Structural Model Results

Structural model evaluation tested the hypothesised relationships among service integration (X1), perceived value (X2), customer experience (Z), and customer loyalty (Y), including path coefficients, significance levels, and explanatory power (R^2 , f^2 , Q^2). The structural model results, including path coefficients, significance values, and effect sizes, are presented in Table 3.

Table 3. Structural Model Results

Path	β	t-value	p-value	f^2	Significance
X1 → Z (H1) Service Integration → Customer Experience	0.412	3.278	0.001	0.181	Supported
X2 → Z (H2) Perceived Value → Customer Experience	0.367	2.954	0.003	0.154	Supported
Z → Y (H5) Customer Experience → Customer Loyalty	0.529	4.216	0.000	0.263	Supported
X1 → Y (H3) Service Integration → Customer Loyalty	0.178	1.611	0.054	0.052	Not Supported (marginal)
X2 → Y (H4) Perceived Value → Customer Loyalty	0.092	0.861	0.195	0.018	Not Supported
R^2 (Customer Experience)	0.548				Substantial
R^2 (Customer Loyalty)	0.614				Substantial
Q^2 (Predictive Relevance)	0.421				Established

Source: Primary Data (2025)

Results indicate that service integration positively affects customer experience ($\beta = 0.412$, $p = 0.001$; $f^2 = 0.181$), and perceived value positively affects customer experience ($\beta = 0.367$, $p = 0.003$; $f^2 = 0.154$). Customer experience has a strong positive effect on customer loyalty ($\beta = 0.529$, $p = 0.000$; $f^2 = 0.263$).

The direct effect of service integration on loyalty is weak and marginal ($\beta = 0.178$, $p = 0.054$; $f^2 = 0.052$), while perceived value does not significantly affect loyalty directly ($\beta = 0.092$, $p = 0.195$; $f^2 = 0.018$). The model explains substantial variance, with $R^2 = 0.548$ for customer experience and $R^2 = 0.614$ for loyalty, and predictive relevance is established ($Q^2 = 0.421$).

4.4 Mediation Testing

To examine the mediating role of customer experience, bootstrapping procedures with 5,000 resamples were conducted to estimate indirect effects and their significance levels. The results are summarised in Table 4.

Table 4. Mediation Testing Results

Indirect Path	β (Indirect Effect)	t-value	p-value	95% CI (Bias-Corrected)	Mediation Type
X1 → Z → Y (Service Integration → Experience → Loyalty)	0.218	3.067	0.002	[0.094, 0.356]	Full Mediation
X2 → Z → Y (Perceived Value → Experience → Loyalty)	0.194	2.884	0.004	[0.082, 0.317]	Full Mediation

Source: Primary Data (2025)

Bootstrapping with 5,000 resamples was conducted to test indirect effects. The indirect effect of service integration on loyalty through customer experience is significant ($\beta = 0.218$, $p = 0.002$, CI [0.094, 0.356]). The indirect effect of perceived value on loyalty through customer experience is also significant ($\beta = 0.194$, $p = 0.004$, CI [0.082, 0.317]). Both relationships indicate full mediation through customer experience.

5 Discussion

5.1 Interpretation of Key Findings: Experience as the Primary Pathway to Loyalty

The findings indicate that loyalty in priority banking is primarily channelled through experiential pathways. Service integration and perceived value significantly enhance customer experience, and customer experience strongly predicts customer loyalty, while direct effects of service integration and perceived value on loyalty are weak or insignificant.

This pattern supports the position that loyalty within banking is not generated by technical integration or value perception alone, but by translating them into valuable customer experiences. In the context of BUMN priority banking, ecosystem-level integration and value propositions achieve impact when operationalised into superior customer experiences characterised by personalisation, seamlessness, and trust.

5.2 Theoretical Implications

These results are consistent with service-dominant logic, which posits that value is co-created and realised in use rather than embedded in products or services. The study contributes theoretically by validating service-dominant logic and value co-creation theory in the context of a state-owned enterprise ecosystem and by positioning customer experience as the critical pathway in the ecosystem–loyalty nexus.

5.3 Managerial Implications for BUMN Priority Banking

From a managerial perspective, the results underscore that BUMN banks should prioritise the design of seamless, personalised, and trustworthy customer experiences across their ecosystems—spanning insurance, telecommunications, energy, and transportation—rather than relying solely on technical integration or promotional value propositions. Competitive advantage in priority banking lies not only in service breadth but also in how clients perceive and live their banking experiences.

5.4 Methodological Constraints and Future Research Directions

The modest sample size ($N = 75$), while sufficient for exploratory PLS-SEM, limits large-scale generalisability and reflects difficulties in accessing priority clients who value privacy and exclusivity. The study also relies on self-reported survey data, which may be subject to common method bias despite procedural and statistical remedies, and it is limited to Indonesian BUMN banks, which may restrict external validity to private or foreign banks.

Future research should expand sample size and consider longitudinal or experimental designs to capture changes in loyalty dynamics over time, integrate additional constructs (e.g., trust, satisfaction, digital literacy, financial well-being), and undertake comparative studies between BUMN and private/foreign banks to deepen insight into ownership structures and service models.

6 Conclusion

This study set out to examine the role of service integration and perceived value in shaping customer loyalty within the Indonesian BUMN priority banking ecosystem, with customer experience as a mediating construct. The empirical findings provide robust evidence that both service integration and perceived value exert significant positive effects on customer experience, which in turn strongly predicts customer loyalty. Importantly, direct effects of service integration and perceived value on loyalty were found to be weak or insignificant, indicating that loyalty is primarily channelled through experiential pathways. These results reinforce the centrality of customer experience in transforming technical integration and value perceptions into enduring behavioural and attitudinal loyalty among affluent clients.

The findings contribute theoretically by validating service-dominant logic and value co-creation theory in the unique context of a state-owned enterprise ecosystem. The study demonstrates that loyalty in priority banking cannot be explained by integration

and value perceptions alone but must be understood through the experiential outcomes of these antecedents. From a managerial perspective, BUMN banks should prioritise the design of seamless, personalised, and trustworthy customer experiences across their ecosystems—spanning insurance, telecommunications, energy, and transportation—rather than relying solely on technical integration or promotional value propositions. This underscores that competitive advantage in priority banking lies not only in service breadth but also in how clients perceive and live their banking experiences.

Despite these contributions, the study is not without limitations. The most significant constraint lies in the modest sample size of 75 respondents, which, while sufficient for exploratory PLS-SEM, falls short of the recommended sample size for large-scale generalisation. This limitation reflects the inherent difficulty in gaining access to priority banking clients, who value privacy and exclusivity. Furthermore, the study relied on self-reported data through surveys, which may be subject to common method bias despite procedural and statistical remedies. Finally, the research context was limited to Indonesian BUMN banks, which may restrict the external validity of the findings when generalised to private or foreign banks operating under different governance structures.

Future research should seek to address these limitations by expanding the sample size and incorporating longitudinal or experimental designs to capture changes in loyalty dynamics over time. Scholars may also extend the framework by integrating additional constructs such as trust, satisfaction, digital literacy, or financial well-being, which have been identified in prior literature as key drivers of loyalty in financial services. Comparative studies between BUMN and private or foreign banks could provide richer insights into how different ownership structures and service models influence the co-creation of value and the mediation of customer experience. By addressing these directions, future research will be better positioned to refine theoretical models of loyalty while offering actionable strategies for banks seeking to strengthen their relationships with affluent customers in competitive financial ecosystems.

References

1. Capgemini: “World Wealth Report 2023,” 2023. Available at: <http://capgemini.com/insights/research-library/world-wealth-report-2023/> [Accessed: Date].
2. Otoritas Jasa Keuangan (OJK): “Laporan Tahunan OJK 2023 – Penguatan Sektor Jasa Keuangan dalam Menjaga Pertumbuhan Ekonomi,” 2024. Available at: <https://www.ojk.go.id> [Accessed: Date].
3. Gorb, O., et al.: “Boston consulting group matrix: Opportunities for use in economic analysis,” *Scientific Horizons*, 7(25), 20–30 (2022).
4. PwC Indonesia: “Transparency Report 2024,” 2024. Available at: <https://www.pwc.com/id> [Accessed: Date].
5. Hamouda, M.: “Omni-channel banking integration quality and perceived value as drivers of consumers' satisfaction and loyalty,” *Journal of Enterprise Information Management*, 32 (2019). <https://doi.org/10.1108/JEIM-12-2018-0279>.
6. Nabila, N., Sari, A., Marvinita, R., & Vedy, H.: “Quality of Omnichannel Integration and Perceived Value as Drivers of Customer Satisfaction and Loyalty Study at BNI Bank,” *Jurnal Mandiri: Ilmu Pengetahuan, Seni, dan Teknologi*, 7(2) (2024). <https://doi.org/10.33753/mandiri.v7i2.257>.

7. Syamlan, Y. T., & Prawiro, A. M. B.: "Priority Banking Services in Indonesia in Islamic Perspectives," *Tazkia Islamic Finance and Business Review*, 13(1) (2019).
8. Kanwal, M., Arshad, M., Shahid, M., & Gul, R.: "The Framework of Loyalty and Customer Satisfaction with Perceived value and Omni-channel Integration Quality as Drivers in Banking Sector of Pakistan," *Pakistan Journal of Humanities and Social Sciences* (2022). <https://doi.org/10.52131/pjhs.2022.1004.0313>.
9. Vargo, S. L., & Lusch, R. F.: "Service-dominant logic: continuing the evolution," *Journal of the Academy of Marketing Science*, 36(1), 1–10 (2008).
10. Prahalad, C. K., & Ramaswamy, V.: "Co-creation experiences: The next practice in value creation," *Journal of Interactive Marketing*, 18(3), 5–14 (2004).
11. Quach, S., Barari, M., Moudry, D., & Quach, K.: "Service integration in omnichannel retailing and its impact on customer experience," *Journal of Retailing and Consumer Services* (2020). <https://doi.org/10.1016/j.jretconser.2020.102267>.
12. Kim, L., Wichianrat, K., & Yeo, S.: "An integrative framework enhancing perceived e-banking service value: A moderating impact of e-banking experience," *Journal of Open Innovation: Technology, Market, and Complexity* (2024). <https://doi.org/10.1016/j.joitmc.2024.100336>.
13. Özkan, P., Süer, S., Keser, I., & Kocakoç, I.: "The effect of service quality and customer satisfaction on customer loyalty," *International Journal of Bank Marketing* (2019). <https://doi.org/10.1108/ijbm-03-2019-0096>.
14. Mainardes, E., & De Freitas, N.: "The effects of perceived value dimensions on customer satisfaction and loyalty: a comparison between traditional banks and fintechs," *International Journal of Bank Marketing* (2023). <https://doi.org/10.1108/ijbm-10-2022-0437>.
15. Sriwidadi, T., & Prabowo, H.: "The Effect of Service Quality on Customer Loyalty Through Perceived Value and Customer Satisfaction of Jakarta Mobile Banking Application," *MIX: JURNAL ILMIAH MANAJEMEN*, 13(3) (2023). https://doi.org/10.22441/jurnal_mix.2023.v13i3.004.
16. Bui, N., Moore, Z., Wimmer, H., & Pham, L.: "Predicting Customer Loyalty in the Mobile Banking Setting: An Integrated Approach," *Int. J. E Serv. Mob. Appl.*, 14 (2022). <https://doi.org/10.4018/ijesma.296576>.
17. Kim, L., Jindabot, T., & Yeo, S.: "Understanding customer loyalty in banking industry: A systematic review and meta analysis," *Heliyon*, 10 (2024). <https://doi.org/10.1016/j.heliyon.2024.e36619>.
18. Makudza, F.: "Augmenting customer loyalty through customer experience management in the banking industry," *Journal of Asian Business and Economic Studies* (2020). <https://doi.org/10.1108/jabes-01-2020-0007>.
19. Garzaro, D., Varotto, L., & Pedro, S.: "Internet and mobile banking: the role of engagement and experience on satisfaction and loyalty," *International Journal of Bank Marketing* (2020). <https://doi.org/10.1108/ijbm-08-2020-0457>.
20. Chi, H., & Phan, H.: "Revealing the Role of Corporate Social Responsibility, Service Quality, and Perceived Value in Determining Customer Loyalty: A Meta-Analysis Study," *Sustainability* (2025). <https://doi.org/10.3390/su17104304>.
21. Mbama, C., Ezepue, P., Alboul, L., & Beer, M.: "Digital banking, customer experience and financial performance," *Journal of Research in Interactive Marketing* (2018). <https://doi.org/10.1108/JRIM-01-2018-0026>.
22. Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. M.: "When to use and how to report the results of PLS-SEM," *European Business Review*, 31(1), 2–24 (2019).

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

