How Does Mobile Application Usability Influence Customer Retention at Allo Bank Indonesia?

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Abstract. This study examines the influence of mobile application usability on customer retention in the digital banking sector, focusing on users of the Allo Bank mobile application in Indonesia. The research employs a quantitative explanatory approach using survey data collected from 150 active users selected through purposive sampling. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results indicate that mobile application usability has a significant positive effect on customer retention ($\beta = 0.961$, $p < 0.001$). The structural model explains 57.6% of the variance in customer retention, indicating strong predictive capability. These findings highlight the importance of improving usability aspects such as ease of navigation, system reliability, and interface clarity to enhance long-term customer relationships in digital banking services. The study contributes to the growing literature on digital service quality and provides practical implications for banking institutions seeking to strengthen customer retention strategies.

Keywords: Mobile Application Usability, Customer Retention, Digital Banking, User Experience.

1 Introduction

The rapid development of digital technology has significantly transformed the banking industry, particularly in the delivery of financial services through mobile applications. Digital banking applications enable customers to conduct transactions efficiently without visiting physical branches, thereby increasing convenience and accessibility [1,2]. As competition among digital banking providers intensifies, maintaining customer retention has become a critical strategic objective for financial institutions [3].

Customer retention refers to the ability of an organization to maintain longterm relationships with its customers by consistently meeting their expectations and delivering satisfactory service experiences [4]. In the context of digital banking, customer retention is strongly influenced by the usability of mobile applications. Usability reflects the degree to which users can effectively and efficiently interact with a system to achieve their intended goals [1,5].

Mobile application usability encompasses several dimensions, including ease of use, system responsiveness, visual clarity, and reliability [1,6]. When customers

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perceive an application as user-friendly and reliable, they are more likely to continue using the service and recommend it to others [5,7]. Conversely, poor usability may lead to dissatisfaction and customer switching behavior [8].

Previous studies have demonstrated that usability plays a significant role in shaping customer satisfaction and loyalty in digital services [5,9]. However, empirical evidence examining the direct relationship between mobile application usability and customer retention in the Indonesian digital banking context remains limited. Therefore, this study aims to analyze the effect of mobile application usability on customer retention among users of the Allo Bank mobile application.

The research is expected to provide both theoretical and practical contributions by strengthening the understanding of usability as a determinant of customer retention in digital banking services [10].

2 Method

2.1 Research Design

This study employed a quantitative explanatory research design to examine the causal relationship between mobile application usability and customer retention. The research focused on users of the Allo Bank mobile application in Indonesia.

2.2 Population and Sample

The population of this study consisted of active users of the Allo Bank mobile application. A total of 150 respondents were selected using purposive sampling based on the following criteria:

1. Users who have used the Allo Bank mobile application for at least three months.
2. Users who have conducted financial transactions using the application.

Users aged 17 years and above.

2.3 Data Collection Technique

Data were collected using a structured questionnaire distributed online. The questionnaire utilized a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The instrument measured two main variables:

1. Mobile Application Usability (independent variable).
2. Customer Retention (dependent variable).

2.4 Data Analysis Technique

Data analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS software. The analysis involved two stages:

1. Measurement model evaluation (validity and reliability testing).
2. Structural model evaluation (hypothesis testing).

3 Results and Discussion

3.1 Data Analysis Technique

The respondents consisted of users of the Allo Bank mobile application with diverse demographic backgrounds. The majority of respondents were aged between 21 and 35 years, representing the dominant segment of digital banking users. Most respondents reported using the mobile application frequently for daily financial transactions such as transfers, payments, and account monitoring.

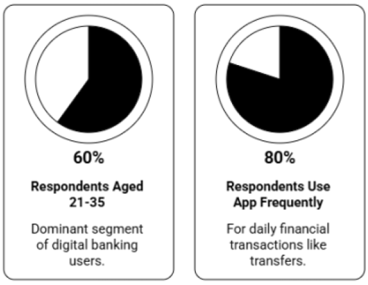

Fig. 1. Allo Bank Mobile Application User Demographics

3.2 Data Analysis Technique

The measurement model was evaluated using reliability and validity indicators, including Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE). All constructs met the recommended threshold values, indicating that the measurement model was reliable and valid [11].

Table 1. Table captions should be placed above the tables.

Example	Font size and style
Mobile Application Usability (X)	0.908
Customer Retention (Y)	0.870

1. Cronbach's Alpha > 0.70
2. Composite Reliability > 0.70
3. Average Variance Extracted (AVE) > 0.50

These results confirm that the indicators used in this study were consistent and capable of accurately measuring the intended constructs [10].

3.3 Data Analysis Technique

The structural model evaluation aimed to assess the strength of the relationship between mobile application usability and customer retention. The coefficient of determination (R^2) value for customer retention was 0.576, indicating that mobile application usability explains 57.6% of the variance in customer retention. This result suggests a moderate to strong explanatory power of the model.

Hypothesis testing results show that mobile application usability has a significant positive effect on customer retention.

Table 2. Structural Model Results

Model	Coeficient	Standard Error	t-Statistic	p-value	Rsquared
Constanta	3.9742	0.302	13.178	< 0.001	
Mobile Application Usability	0.961	0.068	14.165	< 0.001	0.576

1. Path coefficient (β) = 0.961
2. t-statistic > 1.96
3. p-value < 0.001

These findings indicate that higher levels of perceived usability lead to stronger customer retention behavior among digital banking users.

3.4 Data Analysis Technique

The results of this study support previous research indicating that usability is a critical determinant of customer retention in digital services. When users perceive a mobile application as easy to use, reliable, and efficient, they are more likely to continue using the service and maintain long-term relationships with the provider [5,7,12].

In the context of digital banking, usability improvements such as intuitive navigation, fast system response, and secure transaction processes can enhance customer trust and satisfaction. These factors ultimately contribute to sustained customer engagement and loyalty [6,9].

The findings also align with the Technology Acceptance Model (TAM), which suggests that perceived ease of use significantly influences user behavior and continued system usage [13]. Therefore, banking institutions should prioritize usability enhancements as part of their digital service strategy to strengthen customer retention.

4 Conclusion

This study concludes that mobile application usability has a significant positive effect on customer retention among users of the Allo Bank mobile application in Indonesia. The results demonstrate that usability plays a crucial role in shaping customers' decisions to continue using digital banking services.

The structural model indicates that mobile application usability explains 57.6% of the variance in customer retention, highlighting its importance as a key determinant of long-term customer relationships.

From a managerial perspective, banking institutions should continuously improve application usability by enhancing interface design, system reliability, and user experience features. These improvements can strengthen customer satisfaction, trust, and retention in an increasingly competitive digital banking environment.

Future research is recommended to include additional variables such as customer satisfaction, trust, and service quality to provide a more comprehensive understanding of customer retention in digital financial services.

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