

# The Effect of Service Quality on Customer Satisfaction and Customer Loyalty OVO E-Wallet Users

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## Abstract

Technological developments that occur today, have made various companies compete with each other to create various technologies that can assist daily activities. One of these technologies is digital money or digital wallet (e-wallet) as a transaction tool. In Indonesia, there are various digital money providers or digital wallets that have received permission from Bank Indonesia, one of which is the Ovo e-wallet. Due to the large number of digital wallet providers, competition is getting tougher, so creating and maintaining customer loyalty is very important so that customers remain loyal to using the service and do not switch to other similar services. This study was conducted to determine how much influence service quality has on customer satisfaction and loyalty in using OVO digital wallet services when making digital payment transactions. In addition, non-probability sampling was used in sampling and analysed using the Structural Equation Modelling (SEM) method. The tool used in managing the data that has been collected is using the SmartPLS software. The results obtained are service quality has a positive and significant influence on customer satisfaction and customer loyalty. So it can be concluded that good service quality can maintain and improve customer satisfaction and customer loyalty who use the Ovo e-wallet in their transactions.

## Keywords:

E-wallet, Service Quality, Customer Satisfaction, Customer Loyalty, Marketing

## 1. Introduction

Technological developments that occur today, have made various companies compete with each other to create technology that can assist daily activities to meet the wants and needs of consumers. One of the technologies created to make it easier for consumers is electronic money or digital wallets (e-wallet) as a transaction tool. A digital wallet (e-wallet) is an application that allows you to save money and make payments digitally via a smartphone. In Indonesia, the development of digital wallets continues to increase every year this is due to the convenience and practicality when making transactions. Moreover, during the COVID-19 pandemic, Bank Indonesia (BI) recorded an increase in digital transactions by 37.8% and the use of e-money or digital wallets (e-wallet) by 24.42% (Iskandar 2021). This proves that the use of digital wallets continues to experience a significant increase during the COVID-19 pandemic. This happens because most consumers prefer to process transactions online to avoid the transmission of COVID-19 through physical contact with other people and because of the implementation of Large-Scale Social Restrictions (PSBB) carried out by the government (Catriana 2020).

The use of digital wallets is an alternative in processing payment transactions at this time because it is safer than using cash, thus allowing consumers to switch to using digital wallets. As of 2020, there have been around 51 electronic money providers who have obtained permits from Bank Indonesia to conduct transactions. Some digital wallet organizers that are quite well known and have many users in Indonesia are OVO, GoPay, DANA, LinkAja, and ShopeePay (Sofuro 2020) with the first ranking of the most users being Gopay, in the second rank there is OVO, the third rank is ShopeePay, and the third rank is ShopeePay. fourth is occupied by Dana based on data obtained through a survey with the theme 'eChannel Fintech eCommerce & eLifestyle' (Iskandar 2021). These various digital wallet providers, competing with each other in providing the best service and attractive offers, aim to attract more consumers or sales partners who want to join and use digital wallet services in conducting transactions (Setyowati 2019). One of the digital wallet services that is well known and has quite a number of users in Indonesia is Ovo. Ovo is a digital wallet service published by the Lippo Group whose main use is to make various payment transactions on the Grab Indonesia application service and as a payment technique for e-commerce Tokopedia (Martins and Riyanto, 2020). In addition, Ovo can also be used to make payment transactions both online and offline at merchants who collaborate

with Ovo. Around 42% of digital wallet service users use Ovo as digital payments (Foster 2020). The ease of access and the various promotions offered also have a significant impact on the use and replenishment of Ovo balances (Silaen and Prabawani, 2020) making Ovo a reliable digital wallet for digital payment transactions.

Furthermore, in maintaining customer loyalty to continue using digital wallet services, digital wallet service providers need to focus more on service quality which includes security, practicality, innovation and ease of acceptance in various places (Ipsos 2020). In addition, customer satisfaction with service quality will also greatly affect the loyalty of new customers and old customers in the long term. Creating and maintaining customer loyalty is very important so that customers remain loyal to using the service and do not switch to other similar services. Therefore, every digital wallet service provider needs to have a strategy and make various efforts in order to maintain and increase customer loyalty.

Customer loyalty is defined as a customer's loyalty to a product that is sold, both services and goods, which is characterized by repeated purchases. (According to Griffin (2012:16) in Novianti et al. 2018). In addition, customer loyalty can also be defined as a customer's decision to use a particular product or service in the long term. (According to Fleming (2016:34) in Novianti et al. 2018).

Therefore, this research was conducted with the aim of knowing how much influence service quality has on customer satisfaction and loyalty in using OVO digital wallet services when making digital payment transactions. With this research, it is hoped that it can add insight in the field of marketing management related to marketing strategies that prioritize service quality.

## 2. Literature Review

### Service Quality

In the service provider industry, service quality greatly affects business continuity in the long term. According to Usmara (2008) Service quality is a behavior that arises from the comparison between customer expectations of the company's service quality perceived by customers. Meanwhile, according to Hardiyansyah in Saputra et al. (2021) Service quality is a dynamic state that is directly related to services, products, processes, and people whose quality is evaluated during the delivery of public services. Tjiptono and Chandra (2011: 180) argue that service quality will be a benchmark for how well the level of service provided to meet and exceed customer expectations. Meanwhile, according to Parasuraman et al. (1988) service quality is an attitude assessment associated with perceived service excellence. Service providers must further improve the quality of their services because customers will evaluate each service or product used or purchased. Furthermore, perceived service quality is a customer's assessment of the service or product standards that are felt during using and consuming the services or products offered by service providers Jiang, Lu, & Wang (2006). So it is very important for service providers to maintain service quality so that it is always good.

### Customer Satisfaction

Satisfaction is a response that arises from someone when they feel happy or disappointed with an outcome of a service or product that is compared based on expectations. In addition, satisfaction can refer to fulfillment that exceeds customer expectations of a service and product offered. According to Windasuri and Hyacintha (2016:64). Customer satisfaction is an emotional reaction to the assessment of the experience when consuming or using a service or product. Thus, customer satisfaction refers to the customer's overall satisfaction with the service provider (Hansemark and Albinsson, 2004). Meanwhile, according to Tjiptono and Chandra (2012: 57) in general, customer satisfaction can provide companies with two main benefits, namely in the form of words of mouth promotion carried out by customers and customer loyalty. Hill et al. (2007) stated that customer satisfaction can be a standard that can determine customer attitudes in the future. In addition, customer satisfaction can be a determinant of the success of a company (Tjiptono et al. 2015). Thus, it is very important for service providers to create and maintain customer satisfaction.

Furthermore, Fullerton (2011) argues that customer satisfaction will be seen when customers have used and compared the perceived experience of services or products that meet expectations. Basically, customer satisfaction or dissatisfaction with a product or service will affect the subsequent response. This is shown by customers when they have made a purchase, when customers are satisfied their customers will use it again and suggest it to others to use. Therefore, it is very important for service providers to always pay attention to customer satisfaction because it can differentiate it from other competitors.

### **Customer Loyalty**

Loyalty is a commitment to buy and use a product or service in a fairly long period of time. In addition, loyalty refers to a person's intention to reuse products or services from the same company. Meanwhile, according to Lovelock, Wirtz and Mussry (2016: 76) "Loyalty is the willingness of customers to use products or services exclusively for a long period of time and recommend products or services offered by the company to others. Customer loyalty occurs when customers intensely visit the same place repeatedly to satisfy their desires by using and buying a product or service (Kotler and Keller, 2016). Meanwhile, Saputra et al. (2018) argue that loyalty refers to a customer's relentless desire to re-subscribe or make repeat purchases in the future, even when the price offered is more expensive or for other reasons. According to Dewa (2018) in Pradiatiningsyas et al. (2020) defines loyalty as a condition where customers are committed to a brand and are willing to continue to buy and use it in the future. Furthermore, customer loyalty can be seen as one of the criteria for business success as well as realizing a competitive advantage for the sustainability of the company. Companies must continue to build customer loyalty until it reaches the deepest level of loyalty so that customers feel they have the product or service offered and become inseparable.

### **The Relationship Between Service Quality and Customer Satisfaction**

Service quality can be described when the customer has felt and assessed the service received based on experience when using the service. Tjiptono (2008) argues that service quality is not only a satisfaction of customer needs and desires but can be an accuracy in conveying and balancing customer desires. Meanwhile, Jiang et al (2006) argues that a customer who uses a service will basically feel satisfied when the service meets his expectations. This view of customer satisfaction, will encourage the company to provide the highest quality of service in all interactions with customers. Furthermore, the quality and satisfaction of services perceived by customers greatly affect the success and sustainability of a company in a competitive environment (Karim, 2014). Customer satisfaction can determine the decision to use and purchase a product or service, where this is a function of service quality. In addition, the perceived service quality will have a positive effect when the service evaluation can meet certain criteria and customer needs. So, based on the description above, hypothesis 1 can be proposed, namely:

H1: Service quality has a positive and significant influence on customer satisfaction for Ovo e-wallet users.

### **The Relationship Between Service Quality and Customer Loyalty**

Service quality is one aspect that contributes to the creation of customer loyalty. This is because good service quality will make customers feel comfortable and respected. In addition, good service quality will encourage customers to establish good relationships with the company in the long term. According to Fida et al. (2020) in his research suggests that improving the quality of services provided by the company will have a significant impact on increasing customer loyalty for the company. Meanwhile, in their research, Kadir et al. (2018) argue that the quality of a service is determined not only by the party providing the service, but is mostly assessed by the customer who receives the service directly. In addition, customers who feel the services provided, therefore customers who judge the quality of service based on customer expectations in fulfilling their satisfaction. Furthermore, in the research of Pereira et al. (2016) suggested that service quality has a significant positive effect on customer loyalty. Therefore, service quality has an important role in building and maintaining customer loyalty so that they remain loyal to using the services or products of the company. Thus, based on the description above, hypothesis 2 can be proposed, namely:

H2: Service quality has a positive and significant effect on customer loyalty to users e-wallet Ovo.

### **The Relationship Between Customer Satisfaction and Customer Loyalty Customer**

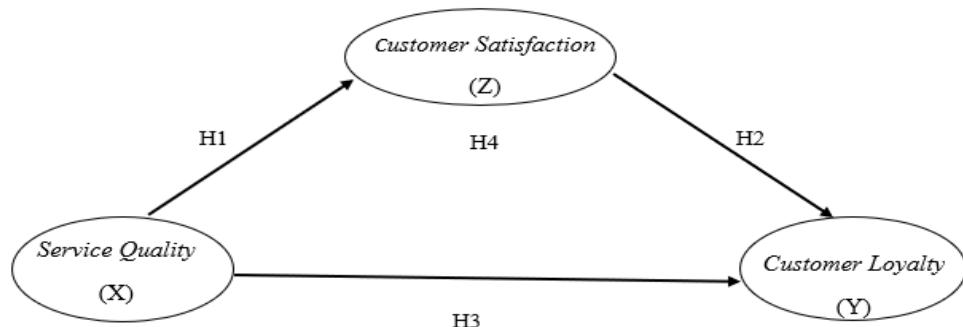
Satisfaction is a measure of the overall performance of a company's product or service in responding to customer needs. Customer satisfaction (Customer Satisfaction) is the result of the evaluation that customers expect from the purchase of a product. The expectations that arise are then compared with the perceptions of the results of the customer experience after consuming the products offered. It will refer to behavior customers who are satisfied or dissatisfied with a product or service that has been used or purchased. Customers will feel satisfied when the services provided match and exceed customer expectations, while customers will feel less satisfied when the services provided are not in line with expectations. According to Surprenant. (2015) Customer satisfaction is an attitude that combines satisfaction with the quality of a product or service. Furthermore, customer satisfaction is not only important for companies to evaluate the quality of services provided but customer satisfaction can predict customer loyalty to a service. Customer loyalty is not only about customer satisfaction but rather refers to the way companies maintain and retain customers to remain loyal to using products or services (Fany and Oetomo 2015). In addition, more specifically customer loyalty is not only influenced by customer satisfaction but customer loyalty is also influenced by customer

quality (Rizqiningsih and Widodo. 2021). Thus, based on the explanation above, hypotheses 3 and 4 can be proposed, namely:

H3: Customer Satisfaction has a positive and significant effect on customer loyalty tousers e-wallet Ovo.

H4: Service quality has a positive and significant effect on customer loyalty mediated by customer satisfaction forusers e-wallet Ovo.

In making the conceptual framework model drawing created. There are three variables consisting of two independent variables and one dependent variable. The independent variables are service quality and customer satisfaction. While the dependent variable is customer loyalty. The following is an image of the conceptual framework model created:



**Figure 1. conceptual framework model**

### 3. Methodology

#### Data Analysis Method

In this study, the data that has been collected will be analyzed using the Structural Equation Modeling (SEM) method. According to Blunch (2008, p. 98) SEM is a validation procedure, which is carried out by researchers to validate the model that has been compiled a priori. In addition, Hair et al. (2014: 546) in Akhmad and Martini (2020) argue that the Structural Equation Model (SEM) is a statistical model that defines the relationship between several variables to explore the interrelationships in the form of equations. Furthermore, the data that has been collected will be processed using the SmartPLS software.

#### Sample and Data The

Research carried out includes quantitative research in which the study group is people who use Ovo's digital wallet (e-wallet) service. In addition to sampling, the method used in this study is a non-probability sampling method. Which, the sample in this study has certain criteria, namely having used the Ovo digital wallet service in making transactions on the Grab application or merchants that collaborate with Ovo.

In this study, data collection was carried out by distributing online questionnaires starting from October to November. This questionnaire has three variables consisting of 19 questions taken from several similar previous studies. Each question in this study was measured using a Likert scale consisting of five points, where point 1 means strongly disagree, point 2 means disagree, point 3 means quite agree, point 4 means agree and point 5 means strongly agree. Furthermore, the online questionnaire that was distributed was divided into five parts consisting of part one regarding the title, a brief explanation of the purpose of this questionnaire and confirming that the respondents who filled out this questionnaire had used Ovo's digital wallet (e-wallet) service, part two was about data respondents who filled out the questionnaire, part three contained questions about the service quality variable, part four contained questions about the customer satisfaction variable, and part five contained questions about the customer loyalty variable. In table 1, there are questionnaire questions for this research which were filled out by respondents.

**Table 1. Variable and Indicators**

Service Quality	
SVQ1	I operate the OVO app quickly.

<b>SVQ2</b>	The system used in the OVO application can be trusted.
<b>SVQ3</b>	OVO application services can be used wherever I want.
<b>SVQ4</b>	I find it easy to connect to the OVO app.
<b>SVQ5</b>	I find it easy to find the service I need in the OVO app.
<b>SVQ6</b>	The transaction process in the OVO application runs quickly.
<b>Customer Satisfaction</b>	
<b>CS1</b>	I believe I have made the right decision to use OVO.
<b>CS2</b>	My experience, when using OVO can make me feel satisfied.
<b>CS3</b>	In general, I am satisfied with the OVO system when transacting.
<b>CS4</b>	In general, I am satisfied with the service I received in using OVO.
<b>CS5</b>	I think I did the right thing when choosing OVO service.
<b>CS6</b>	I am satisfied with my decision to use OVO services.
<b>CS7</b>	Overall, I am happy with the OVO service that I have.
<b>CS8</b>	OVO services meet my expectations in transactions at merchants who cooperate with OVO.
<b>Customer Loyalty</b>	
<b>CL1</b>	If I need another type of electronic money service, I will choose OVO.
<b>CL2</b>	I am committed to using OVO services.
<b>CL3</b>	I would recommend OVO to others who ask me for advice.
<b>CL4</b>	I will continue to use OVO services.
<b>CL5</b>	I believe that OVO is the best app brand in the e-money sector.

### Respondents

In conducting this study there were questions related to the respondent's profile including gender, age, occupation and monthly income. Based on the data obtained, there are 100 respondents. Where users of the Ovo application are more dominant, women with the number of respondents being 82 people (82%) while men with many respondents are 18 people (18%). Meanwhile, the age of respondents who use the Ovo application is more dominated by users aged 17-24 years with the number of respondents being 86 people (86%), ages 25-32 years with 8 people (8%), ages 41-48 years with the number of respondents by 2 people (2%) or and age > 48 years with many respondents by 4 people (4%). Based on occupation, respondents who use the Ovo application are more students with 76 respondents (76%), employees with 16 respondents (16%) and other occupations with 8 respondents (8%). Furthermore, the monthly income of respondents who use Ovo applications is mostly in the range of < Rp. 1,000,000 with 46 respondents (46%), income of Rp. 1.000.000- Rp. 2,500,000 with 26 respondents (26%), income Rp. 2,500,000- Rp. 4,000,000 with 12 respondents (12%), income Rp. 4,000,000 - Rp. 5,500,000 with 8 (8%), and income < Rp. 5,500,000 with 8 respondents (8%). Respondent profile data can be seen in table 2.

**Table 2. Respondent Profile**

Characteristic	Category	Amount	Percentage
Gender	Male	18	18%
	Female	82	82%
Age	17-24	86	86%
	25-32	8	8 %
	33-40	0	0%
	41-48	2	2%
	>48	4	4%
Profession Status	Student/college student	76	76%
	Employee	16	16%
	Entrepreneur	1	1%
	Teacher	2	2%
	Fresh Graduate	1	1%
	Housewife	3	3%
	Civil Servant	1	1%
Monthly income	< Rp1,000,000	46	46%
	Rp1. 000000-2,500,000	26	26%
	Rp2,500,000-4,000,000	12	12%

	Rp4,000,000-5,500,000 >Rp5,500,000	8	8% 8%
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#### 4. Result and Discussion

##### Validity Test Result

Test is carried out to measure each indicator used is valid and can be used for research. This validity test is done by testing the loading factor. Which, the value of the loading factor must be above 0.70 which indicates that the value is higher than the error variance value, so that the value of 0.70 becomes the minimum limit commensurate with the value of 0.50 (Hair et al. 2014:103). Based on the data in the table, the highest loading factor value is the CL2 indicator of 0.933 in the Customer Loyalty construct. The CS5 indicator is 0.914 in the Customer Satisfaction construct. In addition, the value of the loading factor with a low value is the SVQ1 indicator of 0.772 in the Service Quality construct. However, this indicator can still be said to be valid because its value is still above the minimum of 0.70.N

**Table 3. Factor Loading and Cross Loading**

Indicator	Service Quality	Customer Satisfaction	Customer Loyalty	Result
SVQ1	<b>0.772</b>	0.577	0.367	Valid
SVQ4	<b>0.893</b>	0.784	0.659	Valid
SVQ5	<b>0.871</b>	0.667	0.613	Valid
SVQ6	<b>0.825</b>	0.612	0.570	Valid
CS2	0.741	<b>0.893</b>	0.664	Valid
CS3	0.740	<b>0.890</b>	0.596	Valid
CS4	0.731	<b>0.882</b>	0.585	Valid
CS5	0.656	<b>0.914</b>	0.720	Valid
CS6	0.644	<b>0.890</b>	0.753	Valid
CS7	0.750	<b>0.909</b>	0.692	Valid
CL1	0.578	0.636	<b>0.901</b>	Valid
CL2	0.645	0.676	<b>0.933</b>	Valid
CL3	0.647	0.758	<b>0.898</b>	Valid
CL4	0.585	0.697	<b>0.912</b>	Valid
CL5	0.549	0.579	<b>0.866</b>	Valid

Further, the value of each indicator this variable has value a cross loading correlation that is higher than the cross loading correlation value of other variables. This can be seen in the correlation of service quality variables with indicators (SVQ1 of 0.772, SVQ4 of 0.893, SVQ5 of 0.871, and SVQ6 of 0.825) having a higher value than the customer satisfaction and customer loyalty variables. Then the correlation on the customer satisfaction variable with indicators (CS2 of 0.893, CS3 of 0.890, CS4 of 0.882, CS5 of 0.914, CS6 of 0.890, and CS7 of 0.909) has a higher value than the service quality and customer loyalty variables. In addition, the correlation of customer loyalty variables with indicators (CL1 of 0.901, CL2 of 0.933, CL3 of 0.898, CL4 of 0.912, and CL5 of 0.866) has a higher value than the service quality and customer satisfaction variables. So it can be said that the cross loading of each indicator on each variable is valid. The loading and cross loading factor values can be seen in table 3 above.

##### The AVE Test Results

Average Variance Extracted (AVE) test can be used to determine the convergent validity value. In order for a variable to be valid and usable, AVE must have a value above 0.5. (Hair et al. 2017).

**Table 4. AVE Results**

Variable	AVE	Result
Service Quality	0.814	Valid
Customer Satisfaction	0.804	Valid
Custemer Loyalty	0.708	Valid

Based on the data in table 4 above, it can be seen that each variable has a value greater than the minimum limit of 0.50. This proves that each of these research variables is valid. In addition, the highest AVE value is the service quality variable with a value of 0.814 and the lowest AVE value is customer loyalty with a value of 0.708.

#### **Fornell-Larcker Criterion Result**

Based on table 5 below, it can be shown that the value of the Fornell-Larcker Criterion on service quality correlation is 0.842 which is higher than the correlation of customer satisfaction and customer loyalty. The customer satisfaction correlation has a value of 0.897 which is higher than the customer loyalty correlation. In addition, it can also be seen that the Fornell-Larcker Criterion value on the customer loyalty correlation is 0.902. So this can prove that all variables can reach the discriminant validity requirements.

Table 5. Fornell Larcker Result

Variable	Service Quality	Customer Satisfaction	Customer Loyalty
Service Quality	0.842	0.792	0.670
Customer Satisfaction		0.897	0.747
Customer Loyalty			0.902

#### **Reliability Test Result**

Reliability tests performed to determine that the variables and a questionnaire used as an indicator of research reliable or unreliable. This reliability test was carried out by testing the value of Cronbach's alpha and composite reliability. Which is the minimum value of Cronbach's alpha and composite reliability is 0.7. Ghozali & Latan (2014) in Pangestu and Rachmawati (2019) suggest that the value of Cronbach's alpha and composite reliability is declared reliable if it has a value higher than 0.7.

Table 6. Cronbach's Alpha and Composite Reliability

Variable	Cronbach's Alpha	Composite Reliability	Result
Service Quality	0.943	0.956	Reliable
Customer Satisfaction	0.951	0.961	Reliable
Customer Loyalty	0.863	0.906	Reliable

Based on the data in Table 6 above can be shown that the value of Cronbach's alpha and composite reliability are greater than 0.7. this means that the variables and indicators in this study are reliable. The highest cronbach's alpha value is shown in the customer satisfaction variable with a value of 0.951 and the lowest cronbach's alpha value is shown in the customer loyalty variable with a value of 0.863. Meanwhile, the highest composite reliability value is shown in the customer satisfaction variable with a value of 0.961 and the lowest composite reliability value is shown in the customer loyalty variable with a value of 0.906.

#### **R-Square Test Results**

Test was conducted to measure how much influence the independent variable had on the dependent variable in the study. Where, the greater the value of R square indicates the variables proposed in the study are good to use. Hair et al. (2017) in Pangestu and Rachmawati (2019) argue that R-square with a value of 0.75 illustrates that the variable model is strong, R-square with a value of 0.50 illustrates that the model variable is moderate, and R-square with a value of 0.25 illustrates that the model weak variable.

Table 7. R-square Result

Variable	R-square
Customer Satisfaction	0.628
Customer Loyalty	0.574

Based on the data in table 7 above, it can be seen that the customer satisfaction variable has an r-square value of 0.628 which indicates that it is a moderate model. This customer satisfaction variable is influenced by the service

quality variable by 62.8% and the other 37.2% is influenced by other variables outside of this study. Furthermore, the customer loyalty variable has an r-square value of 0.574 which indicates that it is a moderate model. The customer loyalty variable is influenced by the service quality variable and the customer satisfaction variable is 57.4% and the other 42.6% is influenced by other variables outside of this study.

### Hypothesis Test Result

test is conducted to find out and decide that the hypothesis proposed in this study can be accepted or rejected. According to Hair et al. (2017), the t-statistics for a two-tailed test with a value of 1.65 has a significance of 10%, a test with a value of 1.96 has a significance of 5%, and a test with a value of 2.57 has a significance of 1%. Therefore, a p-value with a significance of 10% must have a value less than 0.10, a p-value with a significance of 5% must have a value less than 0.05, and a p-value with a significance of 1% must have a value less than 0.01.

**Table 8. Hypothesis Result**

Hypothesis	Relationship	Original Sample	Sample Mean	STIDEV	T Statistic	P Values	Result
H1	Service Quality → Customer Satisfaction	0.792	0.785	0.058	13,634	0.000	Data Supported
H2	Service Quality → Customer Loyalty	0.211	0.208	0.118	1,784	0.075	Data Not Supported
H3	Customer Satisfaction → Customer Loyalty	0.579	0.584	0.115	5,035	0.000	Data Supported
H4	Service Quality → Customer Satisfaction → Customer Loyalty	0.459	0.460	0.106	4,350	0.000	Data Supported

Submitted in this study is acceptable. Where the first hypothesis (H1) is service quality has a positive and significant effect on customer satisfaction, the results are acceptable. This is evidenced by the t-statistical value (H1) which is 13,634 which is greater than the value of 1.96 and the p value (H1) is smaller than the value of 0.05. Then, for (H2) the service quality has a positive and significant effect on customer loyalty, the results cannot be accepted or rejected. This is evidenced by the t-statistical value (H2) which is 1.784 which is smaller than the value of 1.96 and the p value (H2) is greater than the value of 0.05, which is 0.075. Furthermore, for (H3), customer satisfaction has a positive and significant effect on customer loyalty, the results are acceptable. This is evidenced by the t-statistical value (H3) which is 5.035 greater than the value of 1.96 and the p value (H3) is smaller than the value of 0.05. Likewise with (H4), namely service quality has a positive and significant effect on customer loyalty mediated by customer satisfaction, the results are acceptable. This is evidenced by the t-statistical value (H4) which is 4.350 greater than the value of 1.96 and the p value (H4) is smaller than the value of 0.05.

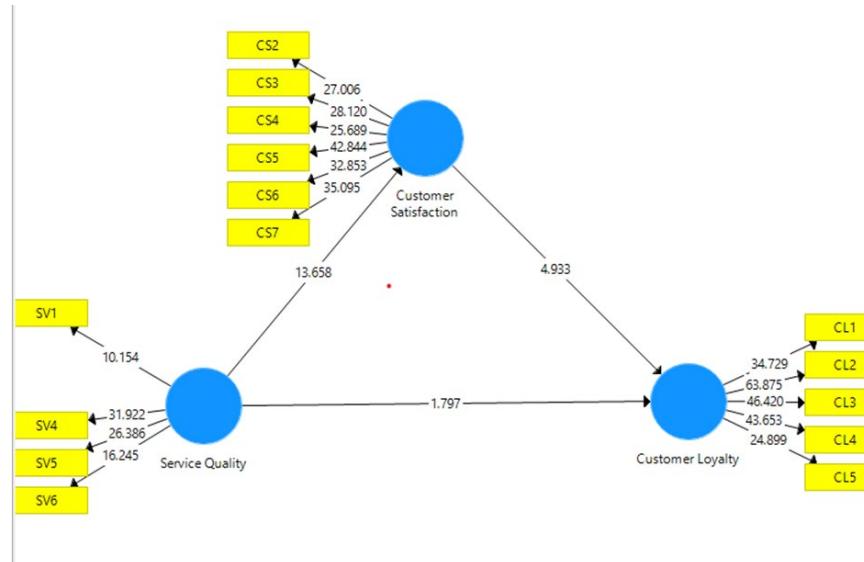


Figure 2. Inner Model

## 5. Conclusion

Based on the results of the analysis carried out, it was found that three of the four hypotheses proposed in this study had a positive and significant influence so that they were accepted. These three hypotheses are the service quality variable which has a positive and significant effect on the customer satisfaction variable, the customer satisfaction variable which has a positive and significant influence on the customer loyalty variable, and the service quality variable which has a positive and significant influence on the customer loyalty variable mediated by the variable customer satisfaction. While the hypothesis that does not have a positive and significant effect so that it cannot be accepted or rejected is the effect of the service quality variable on the customer loyalty variable. From the results of this analysis, it can be concluded that good service quality can maintain and improve customer satisfaction in using the Ovo e-wallet to make transactions both for payments on the grab application or merchants who collaborate with Ovo. Furthermore, by maintaining customer satisfaction, it can create loyalty to customers in using Ovo services to process daily payment transactions, especially during the current covid-19 pandemic, using Ovo services can be an alternative in making payments so that it is very necessary to always improve service quality and features that make it easier for customers.

In addition, in this study, filling out this questionnaire was only done by respondents who had or frequently used Ovo services to transact on the grab application or transact at merchants that collaborated with Ovo so that it was limited to only Ovo service users who filled out this research questionnaire.

Furthermore, this research can be a recommendation for future research in developing other variables that may have an influence on e-wallet customer loyalty, especially the Ovo e-wallet. In addition, this research can also add insight for Ovo e-wallet service providers to continue to improve service quality and features that make it easier for customers to use Ovo services in conducting transactions so that customer loyalty is always maintained.

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