Wursan Wursan\*

Universitas Pasundan, Fakultas Ekonomi dan Bisnis, Indonesia Universitas Siliwangi, Fakultas Ekonomi dan Bisnis, Indonesia e-mail: wursan-189010001@mail.unpas.ac.id https://orcid.org/0009-0004-0495-4618

Eddy Jusuf

Universitas Pasundan, Fakultas Teknik, Indonesia, e-mail: eddyjusuf@unpas.ac.id <https://orcid.org/0000-0001-9989-9930>

Juanim Juanim

Universitas Pasundan, Fakultas Ekonomi dan Bisnis, Indonesia, Email: juanim@unpas.ac.id

**Phygital Banking: A Transforming Customer Trust into Sustainable Loyalty**

# ABSTRACT

This study aims to examine the correlation between Phygital Banking, Customer Trust, and Customer Loyalty which is sustainable. The study collected data from several bank customers in West Java, Indonesia, through an online survey. Quantitative research analysis using the Structural Equation Model (SEM) then the data is processed with SmartPLS\_4.0. This study collected a total of 399 respondents who were then tested for validity, reliability, and significance tests or hypothesis tests. The results showed that Customer Trust has a positive and significant effect on Customer Loyalty, Phygital Banking has a positive and significant effect on Customer Loyalty, and Phygital Banking also has an effect by strengthening the relationship between Customer Trust and ongoing Loyalty. This study provides novelty by examining the relationship between variables of Phygital Banking, Customer Trust, and Sustainable Loyalty in banking customers that was not found in previous studies. The study suggests that banks should continue to provide physical and digital (Phygital) services to their customers. To achieve this, banks need to build (or acquire) better technology, talent, and ways of working. Banks also need support from the government and related parties, such as Bank Indonesia and the Financial Services Authority, to improve Phygital Banking services and build customer trust, which can lead to increased customer loyalty.

Keywords: phygital banking, digital transformation, customer trust, sustainable loyalty.

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