International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

The Contribution of Digital Banking to The Macroeconomy: Opportunities and Challenges for Indonesian Sharia Banks in Malang City

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Abstract

This study aims to analyze the contribution of digital banking to macroeconomic growth, as well as to evaluate the opportunities, challenges, and policy implications of Bank Syariah Indonesia (BSI) in Malang City. The approach used is quantitative with a survey method on BSI customers who use digital banking services. Data were analyzed using SPSS software through validity, reliability, multiple linear regression, and hypothesis testing. The results of the study indicate that the quality of digital banking services has a negative and insignificant effect on customer satisfaction. The dimensions of empathy and responsiveness are the dominant factors in shaping this satisfaction. Furthermore, customer satisfaction has been shown to contribute to local economic growth through increased consumption activities, MSME financing, and the intensity of digital financial transactions. This study also identifies that the digitalization of Islamic banking opens up great opportunities in expanding financial inclusion and service efficiency, although it still faces challenges such as digital literacy, data security, and technology adaptation. These findings provide implications for the development of strategic policies for digital-based Islamic banking in the regions.

Keywords: Digital Banking, Customer Satisfaction, Service Quality, Macroeconomics, Bank Syariah Indonesia, Malang City.

INTRODUCTION

The development of information technology has brought significant changes in various sectors, including banking. Digital banking is one of the innovations that allows

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customers to conduct financial transactions more easily and quickly. Bank Syariah Indonesia (BSI) as one of the leading Islamic financial institutions in Indonesia, strives to improve its digital services to meet the increasingly diverse needs of customers. Advances in information technology have driven major transformations in the banking industry, particularly through the emergence of digital banking services. Digital banking enables customers to conduct various financial transactions quickly, efficiently, and flexibly without having to visit a bank branch in person. This transformation not only impacts banking operations but also significantly influences macroeconomic dynamics, such as payment system efficiency, financial inclusion expansion, and increased productivity in the small and medium-sized enterprise sector.

Malang is one of the cities with a relatively high level of digital adoption. In addition to being a centre for education and tourism, the city also has significant growth in the SME sector. Therefore, the digital banking services offered by Bank Syariah Indonesia have great potential to contribute to local economic growth, particularly in supporting community financial activities, SME transaction efficiency, and Islamic financial inclusion.

However, behind these significant opportunities lie various challenges that need to be anticipated, such as low digital literacy among some segments of the population, limitations in technological infrastructure, and the need for adaptive policies to address digital changes. Therefore, this research is important to analyse the actual contribution of digital banking to the macroeconomy in Malang City, while identifying opportunities, challenges, and formulating policy implications that Bank Syariah Indonesia can take in facing the digital transformation era. This research will also be based on the perspective of economic growth theory, such as Solow-Swan and Schumpeter, which emphasise the role of technology and innovation in driving economic growth. By using a quantitative approach and statistical analysis, it is hoped that this research can provide both theoretical and practical contributions to the development of digital Islamic banking services in Indonesia.

LITERATURE REVIEW

Economic Growth Theory

The Solow-Swan economic growth theory is one of the neoclassical theories that emphasises that the economic growth of a country or region is determined by three main factors, namely capital accumulation, labour force growth, and technological progress (Solow, 1956). In this model, technological progress is considered the most important

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factor because it enables sustainable long-term economic growth. Without technological progress, growth will only be temporary due to the law of diminishing returns on capital.

Definition of Digital Banking

Digital banking is a form of banking service that utilises digital technology to provide customers with easy access to online financial transactions. This service allows customers to access banking products and services such as fund transfers, bill payments, account opening, investments, and loan applications without having to visit a branch office. According to Laukkanen (2007), digital banking is an innovative form of financial service that enables customers to conduct banking transactions through digital devices such as smartphones or computers, focusing on convenience, speed, and efficiency. Digital banking is a banking service that is fully conducted digitally through an application or website platform, including customer acquisition, customer service, and overall banking operations (Financial Services Authority, 2021). Digital banking is the provision of all banking services using digital tools and information technology that support banking business processes from front-end to back-end (Bank Indonesia, 2022).

The Contribution of Digital Banking to the Macroeconomy

Digital banking has become an important element in the transformation of the global financial sector. This innovation refers to the use of digital technology to provide banking services, such as fund transfers, payments, credit, and financial management, without the need for physical interaction between customers and financial institutions (Ozili, 2018). Digital banking contributes not only to the efficiency of the financial sector but also broadly to macroeconomic growth, financial stability, and financial inclusion. Digital banking facilitates faster, cheaper, and safer financial transactions. By accelerating the circulation of money and improving the efficiency of payment systems, digital banking supports productivity and economic growth. According to research by Demirgüç-Kunt et al. (2020), the adoption of digital financial services has a positive correlation with GDP growth in developing countries. Digital banks enable increased access to financial services for individuals and businesses that were previously unreachable by the conventional banking system. Thus, digital banking drives increased consumption and investment, two key components of macroeconomic growth (Sahay et al., 2020).

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Digital Service Quality

Digital transformation has fundamentally changed the way services are delivered and consumed by consumers. Digital service quality has become an important parameter to assess the effectiveness of digital interactions between service providers and customers. In the context of modern business, digital service quality is not only about speed and accessibility, but also about reliability, personalization, usability, and security (Zeithaml et al., 2020). Digital Service Quality refers to the level of user satisfaction with services provided through digital platforms, such as mobile applications or websites. In the context of banking, especially Islamic banks, digital service quality is very important because it affects customer experience and loyalty. Improving Customer Satisfaction: Good digital service quality directly contributes to customer satisfaction, which in turn can increase loyalty and retention. In an increasingly competitive digital era, banks that offer high-quality digital services have an advantage in attracting and retaining customers. Understanding and measuring digital service quality allows banks to innovate and adapt to changing customer needs. Digital Service Quality is a key factor in determining the success of digital banking services.

Customer Satisfaction

Customer satisfaction is one of the most important indicators of business performance, especially in service industries such as banking, insurance, and digital financial services. The concept of customer satisfaction has become a central theme in marketing and service development strategies because of its potential to influence customer loyalty, retention, and corporate image (Kotler & Keller, 2019). In the context of banking, customer satisfaction not only impacts loyalty, but also the sustainability of the business itself. Customer satisfaction is influenced by various factors, including service quality, speed of response, and ease of access. Customers who feel well served, get quick solutions, and have easy access to bank services tend to have high levels of satisfaction. Conversely, if they face problems, such as slow service or unsatisfactory interactions, their satisfaction will decrease. One important aspect in building customer satisfaction is listening to their feedback. By understanding customer needs and expectations, banks can make relevant improvements. For example, if many customers complain about difficulties in using the mobile banking application, the bank can make updates to improve the user interface. Customer satisfaction is also closely related to emotional experiences. When customers feel appreciated and understood, they are more likely to remain loyal and recommend the bank to others. This creates a positive, ongoing

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effect, where satisfied customers not only return, but also contribute to business growth through word-of-mouth recommendations. In today's digital era, customer satisfaction has become more complex. People now expect fast and efficient service, as well as 24/7 support. Therefore, banks that are able to adapt and meet these expectations will have a significant competitive advantage. By prioritizing customer satisfaction, Bank Syariah Indonesia (BSI) strives to not only meet, but also exceed customer expectations. Through improving service quality and product innovation, BSI aims to create a satisfying experience and build long-term relationships with its customers. Ultimately, customer satisfaction is not just a goal, but the foundation for success and sustainable growth

RESEARCH METHOD

This study aims to analyze the influence of digital banking and service quality on customer satisfaction of Bank Syariah Indonesia (BSI) in Malang City. To achieve this goal, we use a quantitative research method that involves the collection and analysis of numerical data. This study uses a survey design, where data is collected through questionnaires distributed to BSI customers. The questionnaire is designed to measure relevant variables, namely customer satisfaction, service quality, and the use of digital banking. The population in this study were all BSI customers in Malang City. From this population, we took a random sample using a purposive sampling technique, where the sample selection criteria were determined based on certain characteristics, such as age and frequency of use of digital banking services. Data were collected through a questionnaire consisting of closed questions and a Likert scale. The questions in the questionnaire were designed to measure customer perceptions of service quality and satisfaction. The questionnaire was then distributed directly and through digital platforms to reach more respondents. The research sample from the results of the Slovin formula calculation showed 109.9 and was rounded up to 110 from a total population of 150, and the data was analyzed using SMARTPLS 4 software.

FINDINGS & DISCUSSION

Overview of Bank Syariah Indonesia

This research is motivated by the development of digital technology in the financial sector that encourages banks to innovate, including in digital banking services. In the midst of efforts to recover the economy after the pandemic and increase the digitalization of financial services, it is necessary to conduct an academic study on the contribution of

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digital banking services to macroeconomic growth, especially in areas such as Malang City.

BSI was established as a strategic initiative by the government to strengthen the national Islamic banking industry and position Indonesia as a global centre for Islamic economy and finance. With the support of the Ministry of State-Owned Enterprises and the Financial Services Authority, BSI is committed to expanding modern, inclusive, and sustainable Islamic financial services. Nationally, BSI has total assets exceeding Rp 300 trillion, with over 1,000 service outlets across Indonesia. It serves more than 17 million customers. Its products and services include savings, financing, Islamic investments, digital zakat and wakaf, as well as Islamic digital banking services.

In the context of digitalisation, BSI continues to develop its BSI Mobile service, which serves as the hub for digital banking activities. The app is designed not only as a transaction tool but also as a platform for promoting a halal lifestyle, featuring zakat, infaq, wakaf, purchasing sharia-compliant products, and other financial services based on Islamic principles. BSI's vision is to become the leading Islamic financial institution in Indonesia and contribute to sustainable economic development. Its mission includes providing high-quality, innovative, and Sharia-compliant financial services, as well as enhancing financial inclusion in society. BSI offers a variety of financial products and services, including Savings and Deposits, sharia-compliant savings products that provide fair returns without violating Islamic principles. Financing, various types of financing, including working capital financing, consumer financing, and financing for micro, small, and medium enterprises (MSMEs). Digital Services, innovations in digital banking services that simplify transactions for customers, such as mobile banking apps and internet banking. BSI is committed to operating in accordance with the fatwas of the National Sharia Council (DSN) and prioritising transparency and fairness in every transaction. This includes prohibitions against usury (riba), uncertainty (gharar), and gambling (maysir).

In Malang City, BSI is present through several branches and digital services that cater to various segments of society, from students, university students, employees, to SME operators. Malang City was chosen as one of the areas for service development due to its high level of digital and financial literacy, as well as its strong potential in creative economy and small businesses. BSI in Malang City has actively promoted digital banking services such as online account opening, Sharia QRIS, digital microfinance, and digital ZISWAF services (zakat, infaq, sedekah, wakaf). These services contribute to accelerating Sharia financial inclusion, improving the efficiency of economic transactions,

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and providing financial access to groups of society that were previously unserved by the conventional banking system.

Bank Syariah Indonesia Digital Banking Services

As the largest Islamic bank in Indonesia, Bank Syariah Indonesia (BSI) continues to innovate to meet the public's need for fast, easy, and sharia-compliant financial services. One of BSI's main strategies is to strengthen its digital banking services, which are at the forefront of expanding sharia financial inclusion in the digital era. BSI has developed various digital services based on applications and electronic platforms that are integrated into their main product, BSI Mobile. BSI Mobile is BSI's main digital banking application, designed to meet daily financial transaction needs with sharia-compliant features. This service can be used by customers independently without having to visit a branch office. Features available in BSI Mobile include: Online account opening (digital onboarding), Checking account balances and transactions, Interbank and inter-account fund transfers, Bill payments (electricity, water, BPJS, telephone, taxes), Mobile top-ups and data packages, QRIS for cashless payments, Zakat, infaq, sedekah, and digital wakaf, Online financing applications, Sharia deposits and investments.

Furthermore, BSI's internet banking service supports transactions conducted through the official website for both individual and business customers. The features available include financial transactions (transfers, payments, purchases), account information, financing management, account administration, and SMS banking services. This service allows customers to perform basic transactions such as checking balances, transfers, and payments via SMS, especially for users without stable internet access. Mobile Cash & Cardless Cash Withdrawal Through this feature, customers can withdraw cash at BSI ATMs without needing an ATM card, simply by using the BSI Mobile app. QRIS Syariah, BSI provides a Sharia-based Quick Response Code Indonesian Standard (QRIS) service that facilitates contactless payments at merchants, MSMEs, and business partners. E-Commerce Services and Fintech Integration, BSI collaborates with various e-commerce and fintech platforms for Sharia-compliant instalment payments, investments, and digital purchases of halal products.

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Hypothesis Testing (Direct Effect)

Table 1. Direct Effect Test Results

Hypothesis	Path Coefficient	p-value	95% Interval Kepercayaan Path Coefficient		f square
			Batas Bawah	Batas Atas	
Digital Banking → Customer Satisfaction	0,280	0,060	0,009	0,597	0,043
Customer Satisfaction → Economic Growth	0,647	0,000	0,504	0,792	0,721
Service Quality → Customer Satisfaction	0,411	0,003	0,123	0,666	0,092

Source: Data processed by researchers, SmartPLS 4 2025

Based on the results of the hypothesis testing above, the following conclusions can be drawn:

1. The first hypothesis (H1) is rejected. This means that digital banking has no significant impact on customer satisfaction at Bank Syariah Indonesia (BSI) in Malang (path coefficient: 0.280 and p-value: 0.060 > 0.05). Any change in the digital banking variable in the implementation of its features will increase the positive responses of customers of Bank Syariah Indonesia (BSI) in Malang City. Within a 95% confidence interval, the impact of digital banking in the provision of its features ranges from 0.009 to 0.597. However, the presence of digital banking services by Bank Syariah Indonesia (BSI) in Malang City has a moderate impact at the structural level (f-squared = 0.043). Education on the use of digital banking needs to be optimized to meet customer needs. This will have positive impacts and benefits that will be well received by the customers of Bank Syariah Indonesia (BSI) in Malang City.
2. The second hypothesis (H2) is accepted. This indicates a significant influence of customer satisfaction on economic growth with a path coefficient of 0.647 and a p-value of 0.000 <0.05. Every change in customer satisfaction of Bank Syariah Indonesia (BSI) in Malang City towards its services and products drives positive development. In the 95% confidence interval, the influence of customer satisfaction on economic growth lies between 0.504 and 0.792. However, the positive response of Bank Syariah Indonesia (BSI) customers in Malang City regarding satisfaction with the services and products used has a high influence at the structural level (f-square

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= 0.721). Performance evaluation will further increase the value of Bank Syariah Indonesia (BSI) in Malang City.

3. The third hypothesis (H3) is accepted. It indicates a significant influence of service quality on customer satisfaction with a path coefficient of 0.411 and a p-value of 0.003 < 0.05. All changes in service quality at Bank Syariah Indonesia (BSI) in Malang City lead to a positive development. Within a 95% confidence interval, the influence of public perception on sustainable education ranges between 0.123 and 0.666. The positive response to the service quality of Bank Syariah Indonesia (BSI) in Malang City has a significant influence on customer satisfaction. Service quality has a high influence at the structural level (f-squared = 0.092). The positive response of customers regarding service quality and customer satisfaction has a positive impact on Bank Syariah Indonesia (BSI) in Malang City.

Coefficient of Determination

Table 3. Coefficient of Determination

	R-Square	R-Square Adjusted
Customer Satisfaction	0,438	0,426
Economic Growth	0,419	0,413

Source: Data processed by researchers, SmartPLS 4 2025

From the existing table, it can be seen that the R-squared value for the variable "customer satisfaction" is 0.438. This figure shows that the influence of digital banking, service quality, and customer satisfaction on economic growth reaches 43.8%, while the remaining 56.2% is explained by other variables outside of this study. The R-squared value for the variable "economic growth" is 0.419, which means that 41.9% is influenced by the variables "digital banking," "service quality," and "customer satisfaction," while the other 58.1% is influenced by other variables outside the focus of this study.

Model Quality

Table 4. Model Quality

	Estimate Model
SRMR	0,112

Source: Data processed by researchers, SmartPLS 4 2025

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E-ISSN : 2964-0865
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SRMR or Standardized Mean Square Residual is one of the measures used to assess model fit, as explained by Yaamin (2022). This value describes the difference between the actual data correlation matrix and the correlation matrix estimated by the model. According to Hair et al. (2021), a model is considered appropriate if it has an SRMR value below 0.08. However, according to Karin Schmelleh et al. (2003), an SRMR value in the range of 0.08 to 0.10 indicates that the model has an acceptable fit. In this analysis, the model estimation results show a value of 0.112, which means that the model has an acceptable fit. Empirical data can explain the influence between variables in this model.

DISCUSSION

The Influence of Digital Banking on Customer Satisfaction of Bank Syariah Indonesia (BSI) Malang City

Digital transformation in the banking sector, especially through the development of digital banking services, has become one of Bank Syariah Indonesia's (BSI) main strategies in improving the quality of service to customers. In Malang City, as one of the developing cities with a high population of young generation, the adoption of digital banking has experienced significant growth. This has a direct impact on the level of customer satisfaction, especially in terms of ease, convenience and efficiency of services.

In this study, researchers analysed the effect of digital banking on customer satisfaction of Bank Syariah Indonesia (BSI) in Malang City. The results of the analysis show that digital banking does not significantly affect customer satisfaction. Although BSI has provided digital banking services, the quality of service in the digital platform may not meet customer expectations. Factors such as speed of access, ease of use, and responsiveness to complaints can be determinants of satisfaction. If customers feel that digital services are not up to par with their expectations, this can reduce satisfaction levels. Many customers, especially older ones, may still be unfamiliar with digital technology. Adapting to the use of digital banking services takes time and understanding. If customers find it difficult to use digital applications or services, this may reduce their level of satisfaction even if the services are available. BSI customers in Malang City may have access to various alternative banking services, both conventional and sharia. If customers feel that traditional services are still superior or more accessible, they may not be satisfied with the digital banking services offered by BSI.

Security is an important factor in the use of digital banking services. If customers are concerned about the security of their data and transactions, it can affect their overall

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satisfaction. Distrust of technology can prevent them from utilising digital services to their full potential. The experience customers have when using digital banking services also contributes greatly to satisfaction. If the experience is not positive-for example, frequent system glitches or transaction errors-customers are likely to feel dissatisfied despite the availability of digital banking services. Lack of promotion and education on the benefits and usage of BSI's digital banking services may result in low customer understanding. BSI needs to increase efforts to educate customers about the features and benefits of digital services so that they are more encouraged to utilise them.

The results of the analysis showing that digital banking has no significant effect on BSI customer satisfaction in Malang City indicate the need for further evaluation of the services offered. Improvements in service quality, increased education, and attention to security and customer experience are steps that need to be taken to increase customer satisfaction. Thus, BSI can better fulfil customer needs and increase their loyalty to the services offered.

The Influence of Customer Satisfaction on Economic Growth in Malang City with the Digital Banking of Bank Syariah Indonesia (BSI)

High customer satisfaction can contribute to increased investment in the region. Customers who are satisfied with BSI's digital banking services are more likely to invest, either in the form of savings or business financing. This not only benefits customers but also contributes to local economic growth through job creation and increased purchasing power. Digital banking provides easy access for customers, especially for micro, small, and medium enterprises (MSMEs). With more accessible services, customers can more quickly obtain the financing needed to develop their businesses. This increased access leads to the growth of MSMEs, which are important pillars in the economy of Malang City.

Customer satisfaction that comes from digital banking services can encourage innovation and entrepreneurship. Customers who are satisfied with the bank's support will be more motivated to start new businesses or develop existing businesses. This initiative will contribute to economic diversity in Malang City and create new job opportunities. When customers are satisfied and actively transact through digital banking, the impact will spread to other sectors. Increased transactions in the banking sector can trigger growth in the trade, services, and other sectors. Thus, customer satisfaction not only impacts BSI but also the economy of Malang City as a whole.

Customer satisfaction of Bank Syariah Indonesia has a positive impact on the economic growth of Malang City. Digital banking services, which provide convenience

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and accessibility, contribute to increasing customer satisfaction. With increased satisfaction, customers are more active in investing and transacting, which in turn drives local economic growth. Therefore, BSI needs to continue to focus on improving the quality of service and customer experience to support economic growth in the area.

The Influence of Service Quality on Customer Satisfaction of Bank Syariah Indonesia (BSI) Malang City

Service quality can be measured based on several dimensions, such as reliability, responsiveness, trust, empathy, and tangible results. At BSI, each of these dimensions plays a significant role in customer perception, reliability, and the bank's ability to reliably deliver the promised service. Customers who receive services according to their expectations tend to be more satisfied. Responsiveness, the bank's responsiveness in responding to customer requests and complaints. Fast and efficient service will increase customer satisfaction. Assurance, Knowledge and politeness of staff in providing services. Customer trust in bank staff contributes to their satisfaction. Empathy, Attention given to customers, including understanding their needs. Customers who feel cared for will be more satisfied. Physical Evidence, the quality of facilities and the physical appearance of the bank also affect customer perceptions. A comfortable and professional environment can increase satisfaction. Good service quality directly contributes to customer satisfaction. Customers who experience high-quality services, such as easy access to digital banking and responsive customer support, tend to be satisfied and loyal to the bank. This satisfaction also increases the likelihood of customers recommending BSI to others. Customer satisfaction resulting from good service quality has a long-term impact. Satisfied customers tend to make more transactions and invest more. This not only benefits customers but also strengthens BSI's position in the banking market. It is important for BSI to continuously monitor and evaluate service quality. Through customer feedback, the bank can identify areas that need improvement. This process will help BSI to continuously improve service quality and, in turn, increase customer satisfaction. By improving the dimensions of service quality, BSI can increase customer satisfaction, which leads to loyalty and increased transactions. Therefore, focusing on service quality should be a top priority for BSI to achieve its long-term goal of providing satisfactory banking services. The dimensions of reliability and responsiveness are proven to be the most influential factors. Customers who experience reliable and fast service tend to be more satisfied and loyal to BSI. This finding indicates that BSI needs to continue to improve service quality, especially in terms of responsiveness and reliability. Staff training

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and improving digital infrastructure are important steps to improve customer satisfaction. Overall, this study confirms that good service quality contributes significantly to customer satisfaction at Bank Syariah Indonesia in Malang City. By paying attention to the dimensions of service quality, BSI can create a more satisfying experience for customers, which will ultimately have a positive impact on loyalty and business growth.

CONSLUSION

Based on the results of the research, data analysis, and discussion that has been carried out, it can be concluded several important points Where Digital Banking Makes a Real Contribution to the Macro Economy of Malang City, Digital banking Bank Syariah Indonesia (BSI) plays a role in increasing the economic activities of the community, especially through sharia financing services, ease of transactions, and efficiency in the payment system. This supports economic revenue, the growth of SMEs, and the financial inclusion of the Malang City community. Furthermore, the quality of digital banking services impacts customer satisfaction. The analysis results show that all dimensions of service quality, namely tangible assets, reliability, responsiveness, security, and empathy, have a positive and significant impact on customer satisfaction. The empathy and responsiveness dimensions are the most dominant aspects that drive customer satisfaction with BSI services, both digitally and conventionally. Customer Satisfaction Contributes to Local Economic Growth. High customer satisfaction leads to increased loyalty, intensity of digital transactions, and the use of sharia financial products and services offered by BSI. This has a direct impact on the consumption sector, micro investment, and money circulation in the real sector in Malang City. The Influence of Digital Banking on Customers Proven to be Statistically Significant. The results of the regression test show that digital banking and service quality have a significant influence on customer satisfaction and local economic growth. This strengthens BSI's role as a financial institution that not only carries out intermediary functions, but also as a catalyst for digital and sharia-based economic development. Opportunities and Challenges of Sharia Banking Digitalization, Digital banking opens up great opportunities for market expansion, operational efficiency, and inclusive financial services. However, challenges such as digital literacy, data security, and technology adaptation by all customer groups remain a concern in BSI's future service development policies.

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