

THE IMPACT OF SERVICE QUALITY AND TRUST TO CUSTOMER LOYALTY THROUGH CUSTOMER SATISFACTION AT BANK BCA MANADO

by:
AnggreinyTatuil

Faculty of Economics and Business,
International Business Administration (IBA) Program
University of Sam Ratulangi Manado
email: anggreinytatuil@yahoo.com

ABSTRACT

Customer satisfaction is the main factor that determines good or not the services company provided. It is a barometer for customers to re-use services company offered or customer loyalty using the E-banking. If the service is disappointing and customer could not believe the service company provided, will have a negative effect both for customers and the bank itself. This research is aimed to analyze the influence of service quality and trust to customer loyalty through customer satisfaction. Theories supporting research service quality, trust, customer satisfaction and customer loyalty. This study was conducted at Bank BCA which took 100 respondents from Bank BCA's customer. In this research using random sample and path analyze method. And the conclusion are, service quality and trust positive and significant influence to customer satisfaction, service quality and trust that positive and significant to customer loyalty and customer satisfaction has positive and significant to customer loyalty.

Keywords: *service quality, trust, customer satisfaction, customer loyalty*

INTRODUCTION

Research Background

The development of technology in the modern world is also give an impact on the development in the banking world, e-banking is one proof that the banking world also utilize advances in technology to introduce the latest innovations to their customers. Electronic banking was Introduced as a channel in bank, customers can make-financial activities electronically through the bank website. Customers can perform non-cash transactions at any time with ease and comfortable with accessing a computer through a network (internet), and mobile phone.

In the development of modern marketing, a company should provide the best products and services. The same thing also happens in banking industry. In the banking competition, every bank is required to give great effort in order to get prospective customers and retain existing ones. The success of those efforts is largely determined by the company's ability to provide quality service. Quality of service is reflected in the satisfaction of customers to re-use banking services. Customer satisfaction in using the offered services or products can be used as input for the management to enhance and improve the quality of provided services. Currently, the rapid development of technology has increased the customers expectations of offered products and services.

As one of the services provided by the banks, e-banking is a strategy to maintain the existence of a bank in the banking industry, particularly in Indonesia to ensure the satisfaction of bank customers. because customer satisfaction is the main factor that determines the existence of provided service. It becomes one of customers consideration to re-use offered service or to become loyal to a particular bank. If the service was disappointing customers will not trust the service provided by the company and it will give a negative effect for the bank itself. Therefore customer satisfaction and loyalty in using e-banking should be evaluated and it is important to find factors that influence it. It will become a good evaluation for bank management to improve the quality of their services. One of the commercial banks in Indonesias, which implements electronic banking systems as banking service in order to be a market leader in electronic banking market is Bank Central Asia (BCA). By considering that, researcher is motivated to conduct research and find out what factors that affect the customer satisfaction and loyalty in using e-banking service provided by bank BCA.

Research Objective

1. To analyze the impact of service quality on consumer satisfaction in e-banking.
2. To analyze the impact of service quality on customer loyalty through customer satisfaction in E-banking
3. To analyze the impact of service quality on customer loyalty through customer satisfaction in e-banking.
4. To analyze the impact of trust on customer loyalty trough customer satisfaction on e-banking.
5. To analyze the impact of customer satisfaction on customer loyalty in e-banking.

THEORETICAL FRAMEWORK

Theories

Service Quality

SERVQUAL is based on five dimensions of service quality (Lovelock and Wirtz, 2011:406):

Tangibles:	appearance of physical elements. the physical surroundings represented by objects (for example, interior design) and subjects (for example, the appearance of employees).
Reliability:	dependable and accurate performance. the service provider's ability to provide accurate and dependable services.
Responsiveness:	promptness and helpfulness. a firm's willingness to assist its customers by providing fast and efficient service performances.
Assurance:	credibility, security, competence, and courtesy. diverse features that provide confidence to customers (such as the firm's specific service knowledge, polite and trustworthy behavior of employees).
Empathy:	easy access, good communications, and customer understanding. the service firm's readiness to provide each customer with personal.

Trust

Trust can reduce the consumer's uncertainty, because the consumer not only knows that brand can be worth trusting, but also thinks that dependable, safe and honest consumption scenario is the important link of the brand trusts (Hsien Soong et al). Salehi and Alipour(2012) stated that Doing business through the internet always involves risk, the most important cause of which is the lack of trust between the organization and the customer. This happens because they are not physically present at marketplace.

Customer Satisfaction

Kotler et al (2012:17) stated that depends on the product's perceived performance relativeto a buyer's expectations. If the product's performance falls short of expectation, the customer is dissatisfied. If performance matches expectations, the customer is satisfied. If performance exceeds expectations, the customer id highly satisfied or delighted. According to Kotler and Armstrong (2001:46) customer satisfaction is the level of one's feelings after comparing the performance (or outcome) that he felt compared to expectations. If performance exceeds expectations they will feel satisfied and vice versa if the performance is not as expected it will be disappointed.

Customer Loyalty

Bovee and Thill (2008:217) stated that customer loyalty, is the degree to which customers continue to buy from a particular retailer or buy the products of a particular manufacturer or service provides. Lovelock and wirtz (2011:338) stated that Loyalty is an old fashioned word that has traditionally used to describe fidelity, and enthusiastic devotion to a country, a cause, or individual. More recently, it has been used in the business context. To describe a customer's willingness to continue patronizing a firm over the long term, preferably on an exclusive basis, and recommending the firm's product to friends and associate. Customer loyalty extends beyond behavior and includes performance, liking, and future intention.

Previous Research

Shanka (2012) found that: (1) offering quality service have positive impact on overall customer satisfaction; (2) The regression results indicate all the service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) combined significantly influence the satisfaction of customers; and (3) The research findings also indicate offering high quality service increase customer satisfaction, which in turn leads to high level of customer commitment and loyalty. Siddiqi (2011) found that: (1) all the service quality attributes are positively related to customer satisfaction and customer satisfaction is positively related to customer loyalty in the retail banking settings; and (2) Empathy demonstrates the highest positive correlation with customer satisfaction and tangibility shows the least positive correlation with customer satisfaction. Al-Agaga and Md Nor (2012) found that Trust, customer satisfaction, and sense of belonging have a significant impact on customer e-loyalty in Internet banking.

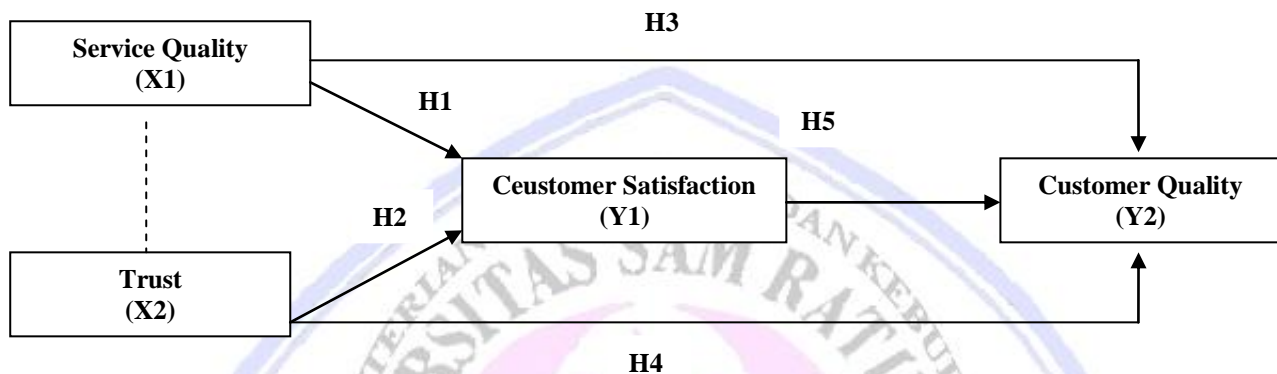


Figure 1. Conceptual Framework

Source: Theoretical Review

Research Hypothesis

- H1 Service quality has positive influences on customer satisfaction in e-banking.
- H2 Service quality has a positive effect on customer loyalty through customer satisfaction in e-banking service.
- H3 Trust has positive influences on customer satisfaction in E-banking.
- H4 Trust has a positive effect on customer loyalty through customer satisfaction in E-banking.
- H5 Consumer satisfaction has a positive influence on customer loyalty in e-banking.

RESEARCH METHOD

Types of Research

This research uses causal types of research in quantitative method of research where it is designed to determine whether one or more variables (e.g., a program or treatment variable) causes or affects one or more outcome variables. In this research will investigate the influence of service quality, trust, on customers loyalty through customers satisfaction.

Place and Time Research

This research will use to the customers of bank BCA in Manado between July – August 2013.

Population and Sample

Hair and Wolfinbarger (2010:131) stated that A population is an identifiable group of elements (for example, people, products, organization) of interest to the researcher and pertinent to the information problem. Hair and Wolfinbarger (2010: 130) stated that Sample is selection of a small number of elements from a larger

defined target group of elements and expecting that the information gathered from the small group will allow judgments to be made about the larger group. This research the sample taken of 100 respondents. Sampling method will be made random, in order to get results quickly and efficiently obtain the information needed in this research.

Data Collection Method

This study took data from the distribution of questionnaires that will be the primary data of this research, and secondary data will be retrieved from other sources such as journal, books, libraries and the Internet to understand and discuss other issues also as basic and theoretical support for this research.

Operational Definitions and Measurement of Research Variables

1. Service quality (X1) is customers long term, cognitive evaluation of a firms service delivery. service quality focused on the benefit created for customer. Service quality consists of five main dimension tangible, reliability, responsiveness, assurance and empathy. (Lovelock and Wirtz2011:404).
2. Trust (X2) as a feeling of security, based primarily on the belief that one party's behavior is guide by favorable intentions toward the best interest of the other.(Al-Agaga and Md Nor, 2012).
3. Customer satisfaction (X3) is the extent to which a products perceive performance matches a buyers expectation. (Lovelock and Wirtz 2011:353).
4. Customer loyalty (X4) is a customers commitment to continue patronizing a specific firm over an extended period of time. Customer loyalty is an important driver of service firms profitability. (Lovelock and Wirtz, 2011:621).

Category is then converted in the form of closed questions with the possible answers that have been set beforehand. Above The answer, then the score is determined by the Likert scale 5,4,3,2,1. The highest score imposed on answers to the most supportive and scores lowest on the answer given most support.Likert scale is designed to examine how strongly subjects agree or disagree with statements on a five-point scale (Sekaran and Bougie, 2009:152).

Data Analysis Method

Validity and Reliability Test

Validity test is a tool that used to measure the questionnaire is valid or not. the result that can be say valid, if the data collecting have a same data with the real data in the research object. In this research the measurement of reliability doing with the SPSS program with used method Cronbach's Alpha, where the questionnaire is reliable if the value of Cronbach's Alpha more than 0.6.

Path analysis

Model of path analysis is an extension of the multiple linear regression analysis or path analysis is the use of regression analysis to estimate the causal relationship between variables (causal models) that have been previously set by the theory (Ghozali, 2007:174). Path analysis was used to analyze the pattern of relationships between variables in order to determine the effect of directly or indirectly a set of independent variables (exogenous) to the dependent variable (endogenous). An intervening variable between or mediating variables, functions to mediate between the dependent and independent variables.

$$Y1 = X1 + X2 + e....(1)$$

$$Y2 = X1 + X2 + Y1 + e....(2)$$

Descriptions:

Y1 = Customer Satisfaction

Y2 = Customer Loyalty

X1 = Service Quality

X2 = Trust

RESULT AND DISCUSSION**Result**

Validity and reliability test will explain systematically. The reliability test in this research uses Alpha Cronbach. If Alpha is more than 0.6 then it is reliable. All the correlation index of each variables in this research are greater than 0.3 and below the significance level of 5% and the data is considered as valid. value of r table is 0.526 It concluded that all the questions of each variable is valid, because it is above the critical value of r table. Reliability testing showed that all the variables have the results of Cronbach's Alpha coefficients greater than 0.60. Thus conclude that all the concepts of measuring each variable is reliable.

Table 1. Model Regression 1

Model		Standardized	T	Sig.
		Coefficients		
		Beta		
1	(Constant)		1,550	.124
	X1	,363	3,884	.000
	X2	,329	3,523	.001

Regression coefficient for Service quality (X1) is 0.363 and 0,000 significance, it means that if service quality increase, and then the customer satisfaction will increase as much as 0.324. Regression coefficient trust (X2) is 0,329 and 0.001 significance, means that if the service quality increase, then the customer satisfaction will increase as much as 0,363. Based on the result of the regression coefficients, the most influential factor to the customer satisfaction is service quality. This was indicated by the regression coefficient is larger then, when compared to the other variable, that is equal to 0,363 with a significance of 0,000 < 0,05. Dependent Variable is Customer satisfaction (Y1).

Table 2. Model Regression 2

Model		Standardized	T	Sig.
		Coefficients		
		Beta		
1	(Constant)		,275	,784
	X1	,237	2,334	,022
	X2	.197	2,223	,029
	Y1	.338	2,526	,001

Regression equation in model II shows that the regression coefficient for the variable service quality shows a positive and significant value that is equal to 0.237. The explanation can be interpreted that if the quality of those services increases, customer satisfaction will increase. so it impact on the increasing customer loyalty as much as 0.237. Regression coefficient for the variable trust indicates a positive and significant value that is equal to 0.197, so it means that if the bank could make customers believe the services they provide, then it will increase customer satisfaction. which impacted on the customer loyalty as much as 0.197. Based on the results of the regression coefficients, the most influential factor to customer loyalty is customer satisfaction, as evidenced by the high value of the regression coefficient for the variable of customer satisfaction by 0.338 with significance of 0.001.

Table 3. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,601 ^a	,362	,342	,41875

Table 3 shows that the amount of the percentage of variable capable of consumer loyalty is explained by the variable quality of service, trust, customer satisfaction is indicated by the value of Adjusted R Square (R) is equal to 0.342. In this case means that consumer loyalty is able to be explained by the variable quality of service, trust, customer satisfaction with a score of 34%.

Discussion**Service Quality to Customer Satisfaction**

Based on the results done by using regression, service quality has a significant value to customer satisfaction variable. Which means that Bank BCA management should really pay attention to the quality of e-banking services they offer such as ATM, Internet Banking and mobile phone. either physical or facilities relating to the quality of relationships between employees and customers. In other words Bank BCA should be able to improve the quality of e-banking services that they provide and pay attention to what customers expect from e-banking services that they provide in order to satisfy customers in using services that they provide.

Trust to Customer Satisfaction

Trust variable is explained by two indicators, those are security and privacy. Based on the research that has been done, the trust variable has a significant influence on customer satisfaction variable. It means that besides the quality of services provided in bank BCA, Banks should also be able to ensure that customers can trust the services they provide, such as existing security at the ATM, website or click BCA and transactions made through mobile phones. Because, if customers believe that they can make transactions securely and will not have errors in every transaction they do.

Service Quality to Customer Loyalty through Customer Satisfaction

From this study it can be seen that service quality has significant influence on customer loyalty variable, with customer satisfaction as an intervening variable. It means in order to retain customers or loyal customers in using e-banking services of bank BCA, the management should be able to ensure that customers are really satisfied in using e-banking services, which require bank BCA to maintain and improve the quality of its services. This study is supported by research conducted by Shanka (2012) which also indicated that, increase of offering high quality service and customer satisfaction, will n lead to a high level of customer commitment and loyalty.

Trust to Customer Loyalty through Customer Satisfaction

Trust has a direct effect on customer loyalty and indirectly has an influence on customer satisfaction (as an intervening variable). As interpretation if company can make customers trust and improve the system security in e-banking transaction, whether the transaction is conducted by ATM, internet banking or website (klik BCA) or transactions via mobile phone, it will increase consumer satisfaction, and leads to the increasing of customer loyalty.

Customer Satisfaction to Customer Loyalty

This study customer satisfaction has significant value to variable customer loyalty. It is supported by the fact that in order to achieve customer loyalty or returning customers to continue using e-banking services in bank BCA, the company must be able to make sure that the desire and need for e-banking service of each customer are met, thus the customers will be satisfied with the e-banking service at bank BCA. It is happened because if customers are satisfied with the features, service and security system that are given by bank BCA, they recording itself will continue to use e-banking services in Bank BCA and will not switch to another bank or in other words the customer will be loyal to the company. Customer satisfaction is positively correlated with customer loyalty, Therefore, customer satisfaction is not an accurate indicator of loyalty.

CONCLUSION AND RECOMMENDATION**Conclusion**

The conclusion of this research are: (1) Proven service quality have an influence on consumer satisfaction Bank BCA service users, it means that if the quality of service increased it will be increased the customer satisfaction; (2) proven that variable trust in customer satisfaction is significant, it means that if the company is able to make consumers trust the services they offer, the customer satisfaction will increase; (3) Customer satisfaction can be an intervening variable between service quality on customer loyalty, meaning that if the quality of service increases, customer satisfaction is also high so that will affect to customer loyalty; (4) Customer satisfaction can be an intervening variable between trust in consumer loyalty, meaning that if consumers can trust the service at BCA, the customer satisfaction is also high so that will affect customer loyalty. The Results showed that trust can directly affect customer loyalty; and (5) Variables of customer

satisfaction to customer loyalty is significant, it means if the customer satisfaction increases customer loyalty will increase.

Recommendation

The recommendation are: (1) Quality of service has a very strong influence on customer satisfaction. Therefore, to ensure customer satisfaction in using the services of BCA bank, the bank must pay attention to the physical facilities that they offer such as ATM and their websites, which must be accompanied by a security system that is completely safe and supported by the appearance of the website is easily accessed by the customer through e-banking transactions in the bank BCA; (2) Awareness, responsiveness, understanding, considerate, and appropriate solutions to the problems and complaints as well as complaints from customers is also an important factor to consider in an effort to increase customer satisfaction and loyalty in using e-banking services are provided in bank BCA, so the management company can understand what the needs of the customer and what the expectations of the customers towards the services they provide; and, (3) One factor that makes consumers continue to use the services of a company is because they believe that the company is able to guarantee the security and privacy of every transaction they do. Therefore, the BCA must consider and improve the security system they use to avoid errors in its e-banking transactions.

REFERENCES

- Al-Agaga, A, M., Nor, K, Md. 2012. Factor that Influence E-Loyalty Of Internet Banking Users: *International Journal of Electronic Commerce Studies*. Vol. 3, No.2, pp.297-304,2012.
- Bovee., and Thill., 2008. *Business in Action With Real Updates*. Fourth edition, Pearson Education, Inc. USA .
- Ghozali, Imam., 2007. *Aplikasi Analisis Multivariate bagi Program SPSS*. Badan Penerbit UNDIP. Semarang.
- Hair., Wolfinbarger. et al 2010. *Essential of Marketing Research*. Second edition. McGraw-Hill Companies, Inc. United State, 2010.
- Hsien Soong, C., Tsung Kao, Y., TienJuang, S. *A Study on the Relationship between Brand Trust and the Customer Loyalty based on the Consumer Aspects*.
- Kotler, P., and Armstrong, G., 2001. *Principles of Marketing*. 9th ed. Prentice Hall. Inc: New Jersey, United States.
- Kotler, P., Armstrong, G., Ang, S., H., Leong, S., M., Tan, C., T., Hon-Ming, O., Y., 2012. *Principles of Marketing, an Asian Perspective*. Pearson Education South Asia Pte Ltd.
- Lovelock. C., and Wirtz, J., 2011. *Services Marketing: People, Technology, Strategy*. 7th ed. Pearson Prentice Hall. Inc: Upper Saddle River, New Jersey.
- Salehi, M., Alipour, M., 2010. E-banking in Emerging Economy : Empirical Evidence of Iran. *International Journal of Economics and Finance*, Vol.2, No.1.
- Sekaran, U., Bougie R., 2009. *Research Method for Business*. Jhon wiley& Sons Ltd. United Kingdom.
- Shanka, M., 2012. Bank Service Quality, Customer Satisfaction and Loyalty in Ethiopian Banking Sector. *Journal of Business Administration and Management Sciences Research*, vol. 1(1).pp.001-009.
- Siddiqi, K, O., 2011. Interrelations Between Service Quality Attribute, Customer Satisfaction, and Customer Loyalty in the Retail Banking Sector in Bangladesh. *International Journal of Business and Management*, vol.6, 3. ISSN 1833-3850. E-ISSN 1833-8119.