Analysis of Service Quality and Trust in Satisfaction and It's Impact on Customer Loyalty of Pt. Bank CTBC Indonesia
(Case Study at Pt. Bank CTBC Indonesia Mangga Dua Branch Jakarta)

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Abstract:-

In keeping up with the development and changes in the existing industrial world, the implementation of marketing strategies always have to be updated. In order to meet the customers' satisfaction, quality of service and trust from the company or bank are very important. Therefore, it has an impact on customer loyalty. This study aims to analyze service quality and trust in the satisfaction that have an impact on customer loyalty.

The population in this research included credit customers of CTBC Indonesia Bank Mangga Dua branch who were considered prospective to be loyal customers at CTBC Indonesia Bank. 133 samples were selected using a purposive sample technique (selected samples). The data were collected by using a questionnaire. After that, the data were analyzed using Structural Equation Model (SEM) analysis using the SPSS Amos 24 program.

Confirmatory analysis of factor was conducted to obtain the suitability of the overall model. The results of the analysis indicate that there was a positive influence on the dimensions of attention, equality, and intention which had made improvements to customer satisfaction and loyalty. Statistically, trust and service quality had a significant effect on customer satisfaction. However, service quality did not have a positive and significant effect on customer satisfaction. Meanwhile, customer satisfaction does not significantly influence customer loyalty. Trust is the variable that has the greatest influence positively and significantly on customer satisfaction and loyalty.

The hypothesis testing (t-test) showed H1=6.423, H2=6.859, H3=5.926, H4=6.294, andH5=0.917.Meanwhile, reliability test using Cronbach Alpha showed > 0.70 indicating theservice quality (alpha 0.841), trust (alpha 0.884), satisfaction (alpha 0.818),and customer loyalty (alpha 0.874).

Keywords:- Service Quality, Trust, Satisfaction, and Customer Loyalty.

I. INTRODUCTION

Nowadays, service companies put more emphasis on marketing concepts that approach consumers. Companies concerned with how important customer satisfaction is for their survival. Thus, they pay attention to the element of consumer satisfaction as a basis for building consumer loyalty to the products or services they create or offer. Specifically, the banking industry is currently vying to improve services to customers by providing facilities that facilitate the customers in conducting financial transactions. The increasing number of banks makes the community more flexible in choosing the best bank to meet their satisfaction.

In order to make loyal customers, many banks have focused their attention on the introduction of new products and services. However, their efforts will be more meaningful if they can promote and market their intangible elements such as service quality, trust, corporate image, and social ties. Putting more emphasize to these intangible elements can strengthen their reputation and build customer satisfaction. Therefore, the bank is expected to create a positive attitude towards customers to be more loyal to the bank.

Customer satisfaction in the banking industry is an important initial part of behavioral responses, such as their willingness to recommend a certain bank to others. Satisfied customers are usually willing to pay more and are willing to use new banking services. That customers' reaction can ultimately affect the bank's profitability by influencing them to move to other banks.

Having loyal customers is one of the bank's main goals. The bank needs to bear in mind the process and mechanism of achieving customers' loyalty. In order to obtain customers' loyalty, the bank needs to create customer satisfaction as its basis.

Meanwhile, another issue is that a company's marketing strategies are always changing. The company has to adjust to the developments and changes that always occur. Therefore, a strategy proposed to win the competition. That strategy is by offering distinctive concepts and advantages in the product. The tight

competition in the banking industry requires the company to quickly adjust to the needs of society.

SME Banking of CTBC Indonesia Bank is part of the CTBC Indonesia Mass Market Segment business unit that aims to help millions of people achieve prosperity by providing loans to micro and small business people in Indonesia. The main target of lending is micro and small business actors in Indonesia. These micro and small business actors are those who have total annual gross sales of between 500 million and 2 billion rupiahs.

Therefore, based on the description above, the researchers were interested in conducting a study on **Analysis of Service Quality and Trust in Satisfaction and It's Impact on Customer Loyalty of PT Bank CTBC Indonesia (Case Study at PT Bank CTBC Indonesia, ManggaDua Branch).**

II.   REVIEW OF LITERATURE

➢ *Service Quality*

In general, service quality is perceived as the results of the overall system of services received by consumers. Basically, service quality focuses on efforts to meet the needs and desires of customers as well as the determination to provide services in accordance with customer expectations. Therefore, many service companies see service quality as an important element in building a competitive advantage (Hu et al., 2009:111).

➢ *Trust*

Nguyen and Mutum (2012:400) argue that trust is a feeling of secure due to the belief that a relationship is beneficial and has a positive intention in achieving prosperity. Moreover, the relationship is not as opposed to lying or taking advantage of the vulnerability of others. According to a study conducted by Robbins and Judge (2007), trust has three dimensions which are:
a. Integrity: It refers to the truth of product or service expected.
b. Competence: It relates to technical and interpersonal skills and knowledge that an individual has from the product or service expected.

c. Consistency: It relates to obstacles, predictability, and judgment.

➢ *Satisfaction*

Oliver (1980) in Marinkovicand Obradovic (2015:247) define satisfaction as an emotional reaction that comes from performance disconfirmation of the product or service expected. If perceived performance exceeds customer expectations, positive disconfirmation of what is expected will emerge and will lead to satisfaction. The concept of customer satisfaction has for years occupied the attention of theory and practitioners.

➢ *Customer Loyalty*

According to Ndubisi (2007:105), customer loyalty is defined as a commitment held by customers to buy back or subscribe a preferred product consistently in the future even though there are various situational influences and marketing efforts that might cause it to switch behavior. According to Henrique and Augusto de Matos (2015:236), customers become truly loyal when they have gone through four stages of loyalty. The cognitive stage is characterized by customer preferences to choose one brand among those on the market. The affective stage consists of a positive attitude towards the brand due to derived from cumulative satisfaction with repeated experience of buying and using. The conative stage is characterized by a commitment to buy back certain brands. The action stage is related to the intentions previously obtained which motivate individuals to overcome obstacles that can present buying actions. Consumers may be loyal at every stage, considering the various factors that influence them, for these factors not to appear simultaneously, but sequentially over time and this model has been extensively researched in the literature.

➢ *Theoretical Framework*

The conceptual model used in this study referred to the previous studies that were carried out on the variables that have relevance to one another. Based on the phenomena, literature review, previous studies, and those described above, the framework of the study was carried out on independent variables limited to service quality and trustworthiness to the dependent variable, customer satisfaction, and loyalty. The Framework of the study can be seen in Figure 1 below.
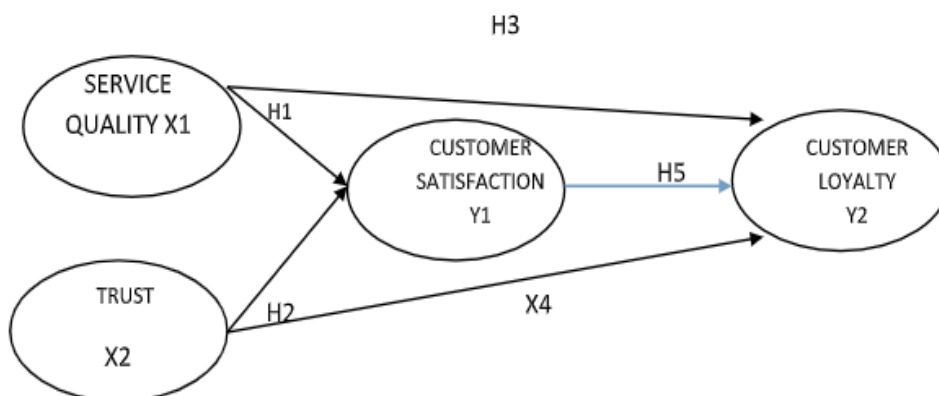

Fig 1:- Theoretical and Conceptual Framework

III. RESEARCH METHOD

This study provides a descriptive explanation using a correlational approach on the influence of intangible elements in the form of service quality and trust in the satisfaction and loyalty of credit customers at CTBC Indonesia Bank. This study employed Structural Equation Model (SEM) to analzyte the obtained data. Structural Equation Model or SEM is a statistical technique that allows testing of a series of relatively complex relationship simultaneously.By using this SEM, the complex relationship between one or several dependent variables with one or several independent variables can be drawn.This structural equation model has been widely known in social studies through various names including causal modeling, causal analysis, simultaneous equation modeling, or analysis of covariance structures. After that, the obtained data were processed using the Statistical Program for Social Science (SPSS) AMOS version 24 computer program.

This study used 4 variables consisting of two categories namely independent variable (X) and dependent variables (Y). In this study, the independent variables were variables that have influence or were the cause of changes in the dependent variables. Meanwhile, the dependent variables were variables affected by the influence of independent variables.

IV. FINDINGS AND DISCUSSION

❖ *Validity Test Results*

➢ *Validity Test Results on Service Quality Variable*

No	Observed Variable	Pearson Correlation	Sig1 tailed(rtabel)	Sig2 tailed(rtabel)	Description
1	Q1	0.267	0.142	0.169	Valid
2	Q2	0.354	0.142	0.169	Valid
3	Q3	0.150	0.142	0.169	Valid
4	Q4	0.261	0.142	0.169	Valid
5	Q5	0.418	0.142	0.169	Valid
6	Q6	0.288	0.142	0.169	Valid
7	Q7	0.458	0.142	0.169	Valid
8	Q8	0.580	0.142	0.169	Valid
9	Q9	0.396	0.142	0.169	Valid
10	Q10	0.445	0.142	0.169	Valid
11	Q11	0.356	0.142	0.169	Valid
12	Q12	0.153	0.142	0.169	Valid
13	Q13	0.337	0.142	0.169	Valid
14	Q14	0.285	0.142	0.169	Valid

Table 1

➢ *Validity Test Results on Trust Variable*

No	Observed Variable	Pearson Correlation	Sig1 tailed(rtabel)	Sig2 tailed(rtabel)	Description
1	Q15	0.673	0.142	0.169	Valid
2	Q16	0.504	0.142	0.169	Valid
3	Q17	0.522	0.142	0.169	Valid
4	Q18	0.468	0.142	0.169	Valid
5	Q19	0.641	0.142	0.169	Valid
6	Q20	0.493	0.142	0.169	Valid

Table 2

➢ *Validity Test Results on Customer Satisfaction Variable*

No	Observed Variable	Pearson Correlation	Sig1 tailed(rtabel)	Sig2 tailed(rtabel)	Description
1	Q21	0.523	0.142	0.169	Valid
2	Q22	0.574	0.142	0.169	Valid
3	Q23	0.628	0.142	0.169	Valid
4	Q24	0.542	0.142	0.169	Valid

Table 3

➤ *Validity Test Results on Customer Loyalty Variable*

No	Observed Variable	Pearson Correlation	Sig1 tailed(rtabel)	Sig2 tailed(rtabel)	Description
1	Q25	0.572	0.142	0.169	Valid
2	Q26	0.655	0.142	0.169	Valid
3	Q27	0.603	0.142	0.169	Valid
5	Q29	0.626	0.142	0.169	Valid
6	Q30	0.397	0.142	0.169	Valid

Table 4
Source: processed primary data (2019)

➤ *Reliability Test Results*

No	Observed Variable	Cronbach's Alpha Based on Standardized Items	Total Indicator	Description
1	Service Quality	0.841 (83.0%)	14	Reliable
2	Trust	0.884 (87.3%)	6	Reliable
3	Customer Satisfaction	0.818 (81.9%)	4	Reliable
4	Customer Loyalty	0.874 (87.1%)	6	Reliable

Table 5
Source: processed primary data (2019)

➤ *The Results of Significant Individual Parameter Test among Variables*

			Direct effect	tcount	ttable	Description
Customer_Satisfaction	<---	Service_Quality	-0.579	6.423	2.029	(-) & significant
Customer_Satisfaction	<---	Trust	1.839	6.859	2.029	(+) & significant
Customer_Loyalty	<---	Service_Quality	0.961	5.926	2.029	(+) & significant
			Direct effect	tcount	ttable	Description
Customer_Loyalty	<---	Trust	1.933	6.294	2.029	(+) & significant
Customer_Loyalty	<---	Customer_Satisfaction	0.023	0.917	2.029	(+) &not significant

Table 6
Source: Processed Primary Sources (2019)

V. CONCLUSION

Based on the results of research and analysis on the data on the impact of service quality and trust in customer satisfaction and customer loyalty of CTBC Bank, the following conclusions are drawn.

➤ Service quality had a significant effect on customer satisfaction and loyalty. The attention factor had the closest relationship to customer satisfaction compared to other factors such as physical evidence, reliability, and assurance. This factor was indicated by the relationship shown between friendship and good communication that customers feel to the bank. Thus, lack of optimal attention from the bank was able to negatively affect customer satisfaction. However, the attention factor still had a positive effect on customer loyalty as indicated by customers' attitude that showed the resilience of offers from other banks due to waiting for a return offer from the bank to meet their needs. That attitude was taken by the customers because the bank had provided an explanation of how long the interval, frequency, and the amount of the loan that will be used in the future.

➤ Trust had a direct positive and significant effect on customer satisfaction compared to service quality which is the object of observation in this study. The intention to do well factor had the closest relationship to customer satisfaction compared to the equality factor. One form of the intention to do well was presented by holding a promise or commitment. That act is considered to be the most important thing to obtain

customer satisfaction. Furthermore, the equality factor indicated by the existence of good cooperation between the customer and the bank also had a close influence on customer satisfaction. Then, the transparency perceived by the customer became the next indication that has to be considered by the bank to obtained trust from customers.

➢ Trust also had a positive effect on customer loyalty. The customer's attitude in being the resilience of other banks' offer was because they waited for a return offer from the bank to meet their needs since the bank had provided an explanation of how long the interval. Additionally, the number of loans to be taken in the future might be influenced by the existence of equality and the intention to do well.

➢ Customer satisfaction had a direct positive effect on customer loyalty. This was indicated by properties that were affordable and provided convenience. However, customer satisfaction did not have any correlation with loyalty.

➢ Customer satisfaction had a direct positive effect on customer loyalty. However, customer loyalty did not show any correlation with the other indicators. The indicators were knowing the interval for taking credit, knowing the frequency of taking credit, taking the number of loans to be used, and rejecting offers from other banks.

SUGGESTION

From the results of this study, the following suggestions are offered:

➢ It might be better to visit the customer periodically in order to make them feel the attention from the bank. Likewise, by visiting the customers, the goals between the customer and the bank to be prosperity can be achieved. In addition, the attention factor can also create customer loyalty demonstrated through attitudes in the form of resilience to offers from other banks. The establishment of mutual relations and the creation of good communication can convince customers to wait for a return offer from the bank. Their needs can be met by providing an explanation of how long the interval, frequency, and a number of loans that will be used in the future.

➢ The intention to do the best is the key to build customer trust. This can create customer satisfaction and loyalty for the services provided. Furthermore, maintaining the promise or commitment is the most important thing to gain customer satisfaction. Besides, building good cooperation between customers and the bank can also create customer satisfaction and loyalty.

➢ Equality factor is another thing that needs to be considered in building customer trust. Customer trust can create customer satisfaction and loyalty by demonstrating transparency to the customer. For example, giving an explanation to the customer for any new changes that occur by offering credit to the customer.

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