



## Benefits sought, service quality, and their relationship with satisfaction and loyalty of banking customers in Indonesia



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### ABSTRACT

The competition between banks needs to question: What is the reason someone becomes a bank customer? Whether for safeguards, security, investment or speculation or because of many other factors, such as comfort, benefits, personal relationships, and many other motives. The purpose of this study is to analyze: The effect of satisfaction on loyalty, the effect of satisfaction on loyalty depends on the quality of service and the benefits sought, and find out the differences in customers of commercial banks, Islamic banks, regional development banks, and rural banks. This study involved 442 respondents of banking customers. Data collection was carried out using a questionnaire. Data analysis was performed by applying the structural equation modeling method. The findings of this study support all the hypotheses that satisfaction has a positive and significant effect on customer loyalty for all categories of banks but do not support the hypothesis that the effect of satisfaction on customer loyalty depends on the quality of service and the benefits sought for all banks category. There is no difference in customers from all bank categories. The practical implication is that the concepts of satisfaction and loyalty do not depend on the benefits sought and the quality of service, but both are antecedents of customer satisfaction. The originality of this research is the first study that makes the benefits sought and service quality a moderating factor in the relationship between satisfaction and loyalty in various bank categories. This study proves that the benefits sought and service quality do not strengthen or weaken the relationship between satisfaction and loyalty, and there are no differences in the various bank categories.

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### 1. Introduction

There are several factors that encourage a person to become a customer of a bank, such as precautionary factor, security factor, investment factor, and speculation factor. However, along with the advancement of information technology that provides many conveniences for everyone, there are several other factors that drive a person to become a customer of a bank, such as comfort factor, benefit factor, personal relationship factor, and others.

In practice, especially for the middle and upper classes, it is often found that someone is interested to become a customer of several banks. The questions are: What phenomenon is going on? Is it

due to service factor? Is it because of the benefit factor? Is it due to price factor? Is it because of personal factor? There are many questions that must be answered regarding this matter. According to research conducted by Harsono et al. (2017), the factor of benefit sought is an important aspect that is considered by someone before dropping his choice on a bank. In the same study it is also found that service quality factor also determines a person's preference in choosing a bank. However, the results of the same study prove that many of the customers are finally satisfied with the interaction between the customers and the bank, although initially the bank is not their choice, but others', for example the institution's choice because of a certain necessity. The process of bank selection has attracted the attention of researchers, especially in the United States and several European countries as well as other regions (Senyucel, 2009). Thus it can be concluded that the interaction between customers and banks can create satisfaction over time.

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Satisfaction perceived by customers related to banking services is highly dependent on the quality and uniqueness of services offered. Therefore, services must specifically meet the needs and desires of customers, because the services perceived and enjoyed directly by customers will be evaluated and the customers will ultimately compare whether the services are appropriate or not according to their expectations. This is in line with the research conducted by [Tjiptono \(2006\)](#) that product quality contributes greatly to customer satisfaction, customer retention, word-of-mouth communication, repurchase, customer loyalty, market share, and profitability. Thus the quality of goods or services is not seen from the perception of the service provider, but based on the perception of customers.

In Indonesia, the types of banking can be explained as follows: (1) based on classification: central banks, commercial banks, rural banks and special commercial banks; (2) based on ownership: State-owned commercial banks, private commercial banks, mixed banks, and Islamic banks; (3) based on activities: corporate bank, retail bank, and retail corporate bank; (4) based on status and position: foreign exchange banks and non-foreign exchange banks. Due to the many types of banking above, prospective customers or customers have the freedom to choose what banking services they need. Since prospective customers or customers have their own perceptions of banking services, there are certain criteria that become the factors for selecting banks that can provide satisfaction to prospective customers or customers. The factor of bank selection is very important, in the sense that the customers want to show which criteria are important for customer satisfaction. This shows what customers expect from banks that provide quality services.

Given the many types and numbers of banks scattered throughout Indonesia and the differences in characteristics and segments of prospective customers and customers, they have the freedom to choose banking services that are suitable and in accordance with their choices. However, it is undeniable that sometimes someone becomes a customer of a bank not because of his or her own choice but certain factors, such as salary that must be transferred to a particular bank account, or a necessity for opening a business or certain conditions. Such conditions will make it difficult to find a customer who truly feels banking services of his own choice because banking services are inseparable from the bank that provides the services, thus causing services to be consumed at the same time as the production. This is the fact that shows the high level of interaction between customers and banking service providers.

In addition to service quality, an important factor for a customer in choosing a bank is the benefits they get from the product or service they use. As revealed by [Payne \(2000\)](#), one of the fundamental factors why people buy a product is because of the benefits sought or "benefit segmentation assumes that the

benefits people are seeking are a fundamental reason for buying a product."

In line with the opinion of [Payne \(2000\)](#), according to [Mokhlis \(2009\)](#), there are 9 (nine) benefits sought by customers: (1) feeling secure; (2) ATM services; (3) financial benefits; (4) proximity; (5) sales promotion; (6) influence of people; (7) attractiveness; (8) provision of services; and (9) convenience of location.

According to [Jalil and Rahman \(2014\)](#), factors that influence customers to receive Islamic banking services for Muslims are products and services, reliability, and availability of outlets. But for non-Muslims, products and services are the most important factors. Other important factors for them are reliability, availability of outlets, and religion. From the data analysis, it is found that non-Muslims take sharia services not only because of the Islamic brand but also because of several other factors, such as perceptions of service, convenience of service, and ethical organization.

This study seeks to reveal the effect of satisfaction on loyalty, the effect of satisfaction on loyalty which depends on the service quality and benefit sought, and find out the differences in customers of commercial banks, Islamic banks, regional development banks (BPD) and rural banks (BPR). The service quality, as the focus of this study, is adopted from the SERVQUAL instrumented by [Parasuraman et al. \(1988\)](#) consisting of 5 dimensions: Tangibles, reliability, assurance, empathy, and responsiveness and 22 items. In addition, this study also adopted the instrument of the segmentations of benefits sought by customers developed by [Mokhlis \(2009\)](#).

## 2. Literature review and hypothesis development

### 2.1. The effect of satisfaction on loyalty

According to [Zeithaml et al. \(1996\)](#), service quality (SERVQUAL) is "a customer's judgment of the overall excellence or superiority of a service". [Lovell and Wright \(2002\)](#) defined service quality as a customer's long-term cognitive evaluation on a company's service delivery.

The concept of service quality is very interesting, both for academics and practitioners. Therefore, seeing the development of research on service quality, there are at least a number of researchers who have become references in conducting research on service quality, including [Gronroos \(1984\)](#) with the research title "A Service Quality Model and its Market Implications". In this research, Gronroos reveals that the dimensions of service quality consist of (1) technical quality (what the customers get) and (2) functional quality (how the customers get).

Research conducted by [Garvin \(1984\)](#) reveals that the dimensions of service quality consist of (1) performance; (2) features; (3) reliability; (4) conformance; (5) durability; (6) service ability; (7) aesthetics; and (8) perceived quality. The next research on service quality was conducted by

Parasuraman et al. (1985) with ten dimensions of service quality: (1) reliability; (2) responsiveness; (3) competence; (4) access; (5) courtesy; (6) communication; (7) credibility; (8) security; (9) understanding; and (10) tangibles. The concepts of service quality continued to develop in various sectors. Parasuraman et al. (1988) modified the service quality concept from their previous research by summarizing from ten to five dimensions of service quality: (1) responsiveness; (2) assurance; (3) empathy; (4) tangible; and (5) reliability.

In subsequent developments, many researchers conducted research on service quality using different models and measurements and different service sectors. For example, Cronin and Taylor (1992) recommended to measure service quality with the scale of SERVICE PERFORMANCE (SERVPERF) using SERVQUAL dimensions. Furthermore, Rust and Oliver (1994) suggested to measure service quality with three dimensions: (1) service product; (2) service delivery; and (3) service environment.

Especially for research on service quality in the field of banking, among others, was carried out by Parasuraman et al. (1988) with 5 dimensions of SERVQUAL: tangible, reliability, responsiveness, empathy, and assurance. Furthermore, Cronin and Taylor (1992) used 5 dimensions of SERVQUAL with the name SERVPERF such as tangible, reliability, responsiveness, empathy, and assurance. Subsequent research conducted by Jamal and Anastasiadou (2009) used 5 dimensions of SERVQUAL: Tangible, reliability, responsiveness, empathy, assurance. Then Siddiqi (2011) used 5 dimensions of SERVQUAL such as tangible, reliability, responsiveness, empathy, assurance.

Some of the above studies raise a lot of debate about the limitations of the service quality (SERVQUAL) model. Given that service quality has multi dimensions. In order to break the problem, Brady and Cronin (2001) suggested the need to understand the main dimensions as alternatives to service quality dimensions. The dimensions are interaction quality or contact that occurs in the process of delivering services between service providers and consumers, environment quality, and outcome quality. Specifically, Gronroos (2000) emphasized that interaction quality is the quality that is closely related to how the service process is delivered, which is seen from the process of interaction between service provider staff and their customers.

Apart from the debate about the dimensions of service quality, there is one thing that becomes the meeting point of the studies, that is, the service quality of one organization or company to another organization or company varies greatly. This is due to differences in operational aspects, organizational culture, and local culture. In addition, the differences are also caused by the scope; local, domestic, or international. Based on some of the arguments presented, the hypothesis proposed is as follows:

**H1:** Customer satisfaction has an effect on the loyalty of customers of commercial banks, Islamic banks, regional development banks and rural banks.

## 2.2. The effect of satisfaction on loyalty depends on the benefits sought

An important factor for customers in choosing a bank is the benefit they get from the product or service they use. As revealed by Payne (2000) that one of the fundamental factors that causes people to buy a product is the benefits sought or "segmentation of benefit assumes that the benefit sought by people is a fundamental reason for buying a product."

According to Mokhlis (2009), there are 9 (nine) benefits sought by customers: (1) feeling secure; (2) ATM services; (3) financial benefits; (4) proximity; (5) sales promotion; (6) influence of people; (7) attractiveness; (8) provision of services; and (9) convenience of location. In addition, according to Jalil and Rahman (2014), factors that influence customers to receive Islamic banking services for Muslims are products and services, reliability, and availability of outlets. But for non-Muslims, products and services are the most important factors. Other important factors for them are reliability, availability of outlets and religion. From the data analysis, it is found that non-Muslims take sharia services not only because of the Islamic brand but also because of several other factors, such as perceptions of service, convenience of service, ethical organization.

If service quality is an important component in maintaining relationships with consumers, how about the relationship among service quality, relational marketing, and loyalty? According to Bruhn (2003), relational marketing is closely related to how a company or organization is able to build familiarity with its customers. Thus in order to establish a close relationship, a company or organization must pay attention to two main dimensions: (1) Trust, an effort to build trust with consumers. The attributes of trust are: (a) harmony, the existence of a harmonious relationship with mutual understanding of the role of both the company and the consumers; (b) acceptance, the existence of mutually accepting relationships based on the clarity of the intentions and actions taken by each party; and (c) participation simplicity, the ease of being able to get interconnected by eliminating bureaucratic and administrative boundaries. (2) Familiarity, building a situation where a consumer feels comfortable in a relationship that is built. The attributes of this familiarity are (a) personal understanding; (b) personal awareness, and (c) professional awareness.

Zeithaml et al. (1996) showed that the ultimate goal of a company's success is how to establish relationships with customers to create strong loyalty. Indicators of strong customer loyalty are: Saying positive things, recommending friends, and continuing purchasing. Thus it is obvious that

service quality, relational marketing and satisfaction have a very close relationship.

Mosahab et al. (2010) showed that customer satisfaction plays the role that mediates the effect of service quality on customer loyalty. The same research was also conducted by Shpetim (2012) with the results that service quality has a significant positive effect on loyalty, and satisfaction has a positive effect on loyalty in the context of retail traders.

Su et al. (2017) found the structural equation modeling that generally supports the conceptual model and the results show that service fairness and service quality have a significant and positive impact on satisfaction and trust. In addition, the perceived-loyalty relationship studied was found to be mediated by satisfaction of the overall goal, but not necessarily with trust in the service provider.

Baumann et al. (2017) supported the theoretical argument for the inclusion of customer perceptions of competitiveness in loyalty modeling. For bankers, this study emphasizes the need to shift from customer satisfaction, with service quality to explain customer loyalty, to the efforts to achieve relative excellence in competitiveness, that is, competitive productivity and products. Creating profiles of customers, based on their perceptions of bank competitiveness, can provide additional explanatory power beyond traditional satisfaction-based loyalty models.

Ahrholdt et al. (2017) highlighted that previous consumption experience related to services coincides with lower service evaluations while

strengthening the impact of customer satisfaction on customer loyalty. In turn, this study provides practical insights into the dimensions of service quality to manage customer loyalty.

Khoo et al. (2017) proved that perceived service quality is positively correlated with satisfaction; perceived service quality and satisfaction are positively correlated with beneficial behavioral intentions; and the effect of perceived service quality and loyalty on paying more for services mediated by satisfaction. Based on the several arguments presented, the hypotheses proposed are:

**H2:** The effect of satisfaction on loyalty depends on the benefits sought by the customers of commercial banks, Islamic banks, regional development banks and rural banks.

**H3:** The effect of satisfaction on loyalty depends on the service quality to the customers of commercial banks, Islamic banks, regional development banks and rural banks.

**H4:** There is a difference in the effect of satisfaction on loyalty depending on the benefits sought by customers of commercial banks, Islamic banks, regional development banks and rural banks.

**H5:** There is a difference in the effect of satisfaction on loyalty depending on the quality service to customers of commercial banks, Islamic banks, regional development banks and rural banks.

Based on the hypotheses proposed, the conceptual framework of this study is as Fig. 1.

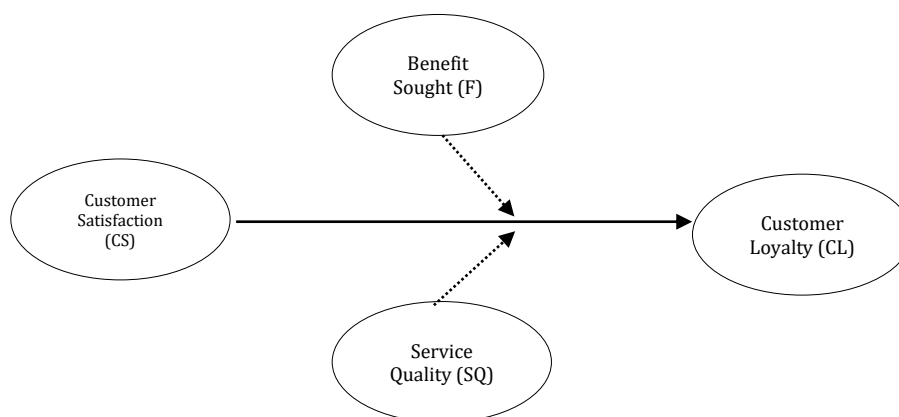


Fig. 1: Conceptual framework

### 3. Materials and research method

This study used a quantitative approach, with primary data sources obtained through a questionnaire instrument. This study adopted SERVQUAL instruments developed by Parasuraman et al. (1988) as a bank selection factor to see how bank customers perceived SERVQUAL dimensions consisting of: Tangibles, reliability, assurance, empathy, and responsiveness with twenty-two (22) question items as banking selection criteria. In addition to the SERVQUAL dimensions, this study also adopted the instrument of the segmentation of

benefits sought by customers developed by Mokhlis, (2009) using 9 (nine) items of benefit sought.

There were six instruments used in this study: (1) instrument of respondent profile; (2) instrument of SERVQUAL developed by Parasuraman et al. (1988); (3) instrument of benefit sought developed by Mokhlis (2009); (4) instrument of satisfaction; (5) instrument of loyalty; and (6) open questions. The research instruments were measured using a six-point Likert scale starting from 1= strongly disagree /important; 2= disagree/important; 3= less agree/important; 4= quite agree/important; 5= agree/important; 6= strongly agree/important.



Service quality is the customer's perception or assessment of all aspects of services provided by the bank. Benefit sought is the customer's perception or assessment of the benefits sought by the customer when he/she interacts with the bank. Satisfaction is the customer's feeling of delight and comfort for the performance provided. Loyalty is the customer's perception of his loyalty to the bank in the future.

The population in this study was bank customers. Samples were customers of BPR Modern Express Ambon, Maluku (BPR), regional development banks (BPD Bali), national commercial bank (BRI), and Islamic bank (BNI Syariah). Data used in this study were collected through questionnaires distributed to customers/respondents when they were making transactions at each bank. The questionnaires were distributed to 450 respondents consisting of 101 respondents from BPR Modern Express Ambon, 118 respondents from BPD Bali, 123 respondents from BRI, and 100 respondents from BNI Syariah. Eight questionnaires were incomplete.

Data collection was conducted using primary data obtained directly from the research object. The questionnaires were distributed through a convenience sampling method to bank customers who were carrying out transactions by asking

permission and asking for their willingness to become respondents.

The validity and reliability tests for small samples were done using SPSS. The results show that based on the customer assessment, all indicators are declared valid, except 1 (one) indicator (the variable of service quality) that is declared invalid because the correlation of significance  $> 0.05$ . The indicator is  $ta_4$  with a correlation value of 0.169 and excluded from the model. All variables are declared reliable, with Cronbach's Alpha values above 0.60. Data analysis in this study was conducted using structural equation modeling with WarpPLS.

#### 4. Results and discussions

In this study, there were four banks studied, but in descriptive analysis and sample profiles there was only one bank presented, that is, commercial bank.

The following is the description of the characteristics of respondents from commercial bank customers in Surabaya.

Table 1 shows the Characteristics of respondents from commercial bank customers based on gender, age, and the last education.

**Table 1:** Characteristics of respondents from commercial bank customers based on gender, age, and the last education

Gender			Age			Last Education		
Male	47	38.2 %	< 20	7	5.69%	Under High School	8	6.5%
Female	76	61.8 %	20-30	65	52.8%	High School or equivalent	58	47.2%
			31-40	17	13.8%	Associate's Degree (Diploma)	7	5.69%
			41-50	22	17.9%	Bachelor's degree (S1)	46	37.4%
			51-55	12	9.76%	Master's Degree (S2)	4	4.25%
			> 55	0	0	Doctoral Degree (S3)	0	
Total	123	100%	Total	123	100%	Total	123	100%

In Table 1, it can be seen that the total number of respondents from commercial bank customers is 123. Out of the total respondents, 47 are male (38.2%) and 76 are female (61.8%). Base on the age of respondents, as many as 65 respondents (52.8%) are 20-30 years old, 22 respondents (17.9%) are 41-50 years old, 17 respondents (13.8%) are 31-40 years old, 12 respondents (9.76%) are 51-55 years old, and 7 respondents (5.9%) are < 20 years old.

Based on the last education of respondents, 58 respondents (47.2%) are High School graduates, 46 respondents (37.4%) are Bachelor's Degree, 8 respondents (6.5%) are under High School, 7 respondents (5.69%) are Associate's Degree, and 4 respondents (4.25%) are Master's Degree.

Table 2 shows the Characteristics of commercial bank customers based on current profession and average monthly expenditure.

**Table 2:** Characteristics of commercial bank customers based on current profession and average monthly expenditure

Current Profession			Average Expenditure Per Month in IDR		
Entrepreneur	16	13%	Less than 1,000,000	21	17.1%
Private Employee	24	19.5%	From 1,000,001 to 2,000,000	27	22%
Government Employee	9	7.32%	From 2,000,001 to 3,000,000	23	18.7%
SOE employee	2	1.63%	From 3,000,001 to 4,000,000	23	18.7%
Army/Police	7	5.69%	From 4,000,001 to 5,000,000	10	8.13%
Professional	2	1.63%	From 5,000,001 to 6,000,000	12	9.76%
Housewife	16	13%	From 6,000,001 to 7,000,000	3	2.44%
Farmer	0	0%	More than 7,000,001	4	3.25%
Fisherman	2	1.63%			
College Student	45	36.6%			
Other	0	0%			
Total	123	100%	Total	123	100%

In Table 2, it can be seen that based on the current profession of respondents, the first place is college students with 45 respondents (36.6%), the second place is private employees with 24 respondents (19.5%), the third place is

entrepreneurs and housewives with 16 respondents (13%), the fourth place is government employees with 9 respondents (7.32%), the fifth place is Army/Police with 7 respondents (5.69%), and the

sixth place is SOE employees and Fishermen with 2 respondents (1.63%).

Based on the average monthly expenditure, the first place is 1,000,001-2,000,000 with 27 respondents (22%), the second place is 2,000,001-3,000,000 and 3,000,001-4,000,000 with 23 respondents (18.7%), the third place is less than 1,000,000 with 21 respondents (17.1%), the fourth place is 5,000,001-6,000,000 with 12 respondents (9.76%), the fifth place is 4,000.001-5,000.000 with 10 respondents (8.13%), the sixth place is more than 7,000,001 with 4 respondents (3.25%), and the seventh place is 6,000,001-7,000,000 with 3 respondents (2.44%).

**Table 3** shows the Characteristics of commercial bank respondents based on the reasons for being a customer, savings needs, and deciding parties.

**Table 3** presents information about the reasons for being public bank customer. The first place is because of many branch offices with 49 respondents (39.8%), the second place is because of the ATM availability with 38 respondents (31%), the third place is because of other reasons with 13 respondents (11%), the fourth place is because of attractive savings interest with 12 respondents (9.8%), the fifth place is because of promotional activities with 6 respondents (4.88%), and the sixth place is because of prizes with 5 respondents (4.1%).

**Table 3:** Characteristics of commercial bank respondents based on the reasons for being a customer, savings needs, and deciding parties

Reasons for being a Customer			Savings Needs			Deciding Parties		
ATM Availability	38	31%	Family	76	62%	Own Initiative	70	57%
Promotional Activities	6	4.88%	Business	19	15.4%	Company/Office	7	5.7%
Many branch Offices	49	39.8%	Office	11	8.9%	Business Partners	6	4.88%
Prize	5	4.1%	Others	17	13.8%	Family	38	31%
Attractive Savings Interest	12	9.8%				Others	2	1.6%
Others (mention)	13	11%						
Total	123	100%	Total	123	100%	Total	123	100%

Based on information about savings needs: The first place is for family with 76 respondents (62%), the second place is for business with 19 respondents (15.4%), the third place is for other purposes with 17 (13.8%), and the last is for office with 11 respondents (8.9%).

Based on information about the parties that decide the respondent to be a bank customer: the first place is own initiative with 70 respondents

(57%), the second place is family with 38 respondents (31%), the third place is company or office with 7 respondents (5.7%), and the last is business partner with 6 respondents (4.88%).

**Table 4** shows the Characteristics of commercial bank respondents based on information about the bank, length of time being a customer and number of visits.

**Table 4:** Characteristics of commercial bank respondents based on information about the bank, length of time being a customer and number of visits

Information about the bank			Length of time being a customer			Number of visits / month		
Print media (newspaper, magazine, brochure)	11	8.9%	Less than 6 months	7	5.7%	Once	54	43.9%
Electronic media (TV/radio)	10	8.1%	6-12 months	17	14%	Twice	35	28.5%
Internet	5	4.1%	1-2 months	36	29.3%	Three times	21	17.1%
Friend/acquaintance/family	83	67%	3-4 months	37	30%	More than three times	13	10.6%
Boss/co-worker/colleague	4	3.3%	More than 4 months	26	21.1%			
Office/bank employee	10	8.1%						
Total	123	100%	Total	123	100%	Total	123	100%

**Table 4** presents information of where respondents got information about commercial banks. The first place is from friends/acquaintances/family with 82 respondents (67%), the second place is from print media with 11 respondents (8.9%), the third place is from electronic media and from office/employee with 10 respondents (8.1%) media, the fourth place is from the internet with 5 respondents (4.1%) and the last place is from boss/co-worker/colleague with 4 respondents (3.3%).

Based on the information about the length of the time of being a customer, the first place is 3-4 years with 37 respondents (30%), the second place is 1-2 years with 36 respondents (29.3%), the third place is more than 4 years with 26 respondents (21.1%), the

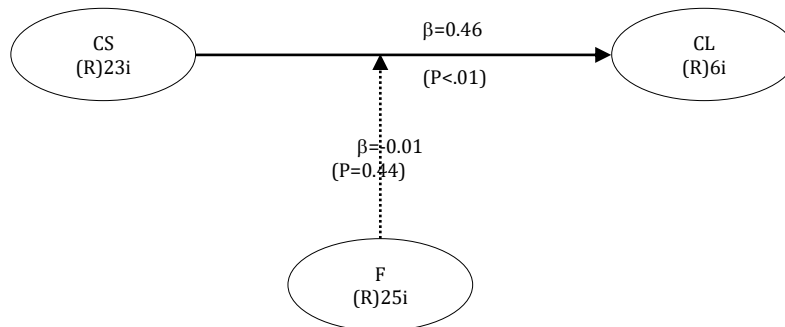
fourth place is 6-12 months with 17 respondents (14%), and the last place is less than 6 months with 7 respondents (5.7%).

While based on the number of visits per month, the first place is once a month with 54 respondents (43.9%), the second place is twice a month with 35 respondents (28.5%), and the third place is three times a month with 21 respondents (17.1%), and the last place is more than three times a month with 13 respondents (10.6%).

The following is an analysis of the variables of benefits sought, service quality, satisfaction, and loyalty of commercial bank customers. **Fig. 2** shows the Model fit and quality indices for Benefit Sought in Commercial Banks.

Average path coefficient (APC)=0.240,  $P=0.001$   
 Average R-squared (ARS)=0.221,  $P=0.003$   
 Average adjusted R-squared (AARS)=0.208,  $P=0.004$   
 Average block VIF (AVIF)=1.141, acceptable if  $\leq 5$ , ideally  $\leq 3.3$   
 Average full collinearity VIF (AFVIF)=1.386, acceptable if  $\leq 5$ , ideally  $\leq 3.3$   
 Tenenhaus GoF (GoF)=0.292, small  $\geq 0.1$ , medium  $\geq 0.25$ , large  $\geq 0.36$   
 Simpson's paradox ratio (SPR)=1.000, acceptable if  $\geq 0.7$ , ideally = 1  
 R-squared contribution ratio (RSCR)=1.000, acceptable if  $\geq 0.9$ , ideally = 1  
 Statistical suppression ratio (SSR)=1.000, acceptable if  $\geq 0.7$   
 Nonlinear bivariate causality direction ratio (NLBCDR)=0.750, acceptable if  $\geq 0.7$

**Fig. 2:** Model fit and quality indices for benefit sought in Commercial Banks



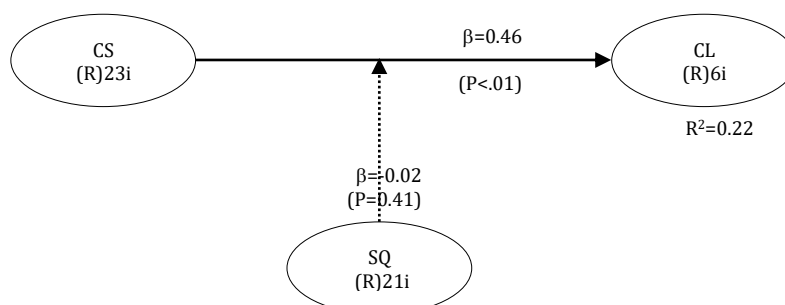
**Fig. 3:** The effect of benefit sought on the relationship between satisfaction and loyalty of commercial bank customers

Based on Fig. 3, it can be concluded that the coefficient value is 0.46, with p value  $< 0.01$ . This indicates that satisfaction has a significant positive effect on the loyalty of commercial bank customers. The test results show that the hypothesis 1 which states that customer satisfaction affects the loyalty of commercial bank customers is supported with a coefficient value of 0.46 and significant value of  $p < 0.01$ . The results in Fig. 3 show that the moderation coefficient of benefit sought (F) in the relationship between satisfaction and loyalty is not significant, with a moderation coefficient F of -0.01 and p value of 0.44. The test results show that the hypothesis 2 which states that the effect of satisfaction on the loyalty of commercial bank customers depends on the benefits sought (F) is not supported. Based on Fig. 4, it can be concluded that the model has a fairly good fit, where the P value for Average Path Coefficient (APC) is 0.242 with  $p = 0.001$  or  $< 0.05$ . The value of Average R-squared (ARS) is 0.221 with  $p = 0.003$  or  $< 0.05$ . The value of Average Adjusted R-Squared (AARS) is 0.208 with  $p = 0.004$  or  $< 0.05$ . And the Average variance inflation factor (AVIF) value of 1.117 meets the criteria.

Average path coefficient (APC)=0.242,  $P=0.001$   
 Average R-squared (ARS)=0.221,  $P=0.003$   
 Average adjusted R-squared (AARS)=0.208,  $P=0.004$   
 Average block VIF (AVIF)=1.117, acceptable if  $\leq 5$ , ideally  $\leq 3.3$   
 Average full collinearity VIF (AFVIF)=1.918, acceptable if  $\leq 5$ , ideally  $\leq 3.3$   
 Tenenhaus GoF (GoF)=0.313, small  $\geq 0.1$ , medium  $\geq 0.25$ , large  $\geq 0.36$   
 Simpson's paradox ratio (SPR)=1.000, acceptable if  $\geq 0.7$ , ideally = 1  
 R-squared contribution ratio (RSCR)=1.000, acceptable if  $\geq 0.9$ , ideally = 1  
 Statistical suppression ratio (SSR)=1.000, acceptable if  $\geq 0.7$   
 Nonlinear bivariate causality direction ratio (NLBCDR)=0.750, acceptable if  $\geq 0.7$

**Fig. 4:** Model fit and quality indices for service quality in commercial bank

After obtaining the result of the model fit and quality indices for service quality in commercial bank that is quite good. The Fig. 5 is the outputs of SEM analysis of the effect of service quality on the relationship between satisfaction and loyalty of BRI Bank customers.



**Fig. 5:** The effect of service quality on the relationship between satisfaction and loyalty of commercial bank customers

Fig. 5 shows that the moderation coefficient of service quality (SQ) on the relationship between satisfaction and loyalty is not significant with the moderation coefficient of SQ of -0.02 with a p value of 0.41. The test results show that the hypothesis 3 which states that the effect of satisfaction on the loyalty of commercial bank customers depends on the service quality is not supported.

## 5. Conclusion

Based on the results of data analysis in the previous section, the following is a summary of the results of the data analysis that has been carried out.

Based on the summary in Table 5, it can be concluded that satisfaction has a positive and significant effect on customer loyalty in commercial bank, Islamic bank, regional development bank and rural bank.

The results of this study prove that in all bank categories, commercial banks, Islamic banks, regional development banks and rural banks, customer satisfaction has a significant effect on customer loyalty. It is evident that in commercial

bank, the mean value of the variable of service satisfaction is 4.765 with the category "agree" and the mean value of the variable of loyalty is 4.5315 with the category "agree". In Islamic bank, the mean value of the variable of service satisfaction is 4.861 with the category of "agree" and the mean value of the variable of loyalty is 4.552 with the category "agree". In the Regional Development Bank, the mean value of the variable of satisfaction is 4.658 with the category "agree" and the mean value of the variable of loyalty is 5.1465 with the category "agree". Finally, in rural bank, the mean value of the variable of satisfaction is 5.1718 with the category "agree" and the mean value of the variable of loyalty is 5.1465 with the category "agree".

Thus the satisfaction perceived by customers in all bank categories has an impact on (1) saying good things about the bank to others, (2) bank employees give a good impression and a good image of the bank and actively promote bank products and services, (3) encouraging friends and families to use bank products / services.

**Table 5:** Summary of the effect of satisfaction (KP) on loyalty (LY) and moderation factor of benefits sought (F) as well as service quality (SQ) in all bank categories

Effect/Relationship	Commercial Bank	Islamic Bank	Regional Development Bank	Rural Bank
Satisfaction (Kp) → Loyalty(Ly)	$\beta=0.46$ P<.01 Significant	$\beta=0.49$ P<.01 Significant	$\beta=0.53$ P<.01 Significant	$\beta=0.70$ P<.01 Significant
Benefit sought (F) moderating satisfaction → loyalty	$\beta=-0.01$ P=0.44 Insignificant	$\beta=-0.14$ P=0.07 Insignificant	$\beta=0.08$ P=0.18 Insignificant	$\beta=-0.07$ P=0.24 Insignificant
Service quality (SQ) moderating satisfaction → loyalty	$\beta=-0.02$ P=0.41 Insignificant	$\beta=0.08$ P=0.22 Insignificant	$\beta=0.12$ P=0.08 Insignificant	$\beta=0.01$ P=0.46 Insignificant

All the results of this study support the results of previous research conducted by Mosahab et al. (2010), Su et al. (2017), Baumann et al. (2017), Ahrholdt et al. (2017) and Khoo et al. (2017) that satisfaction has a significant effect on loyalty.

Based on the summary in Table 5, it can be concluded that the hypothesis 2 which states that satisfaction has an effect on customer loyalty depending on the benefits sought is not supported. The results of this study are not in line with the results of the research conducted by Payne (2000), Mokhlis (2009) and Jalil and Rahman (2014).

The findings in the field reinforce these results. Most of the customers of regional development bank (BPD) and rural bank (BPR) are employees and partners and they are required to conduct banking transactions through the banks. In addition, what the customers of these two banks feel is a sense of regionalism and local wisdom because the banks are located in the area/region so that they have an emotional connection. In some regions it is still difficult to find other banking services.

The different results are found in commercial banks and Islamic banks, in which the benefit sought is not the variable that supports loyalty. Satisfaction perceived by customers is the satisfaction obtained

from getting excellent service from employees, getting information about careful, quick, good and polite service processes from employees, getting solutions to problems related to services, feeling highly valued by employees, employees who are easy to associate, being respect and look voluntary in providing services. The effect of satisfaction on loyalty depends on the service quality for customers of commercial bank, Islamic bank, regional development bank, and rural bank.

Based on the summary in Table 5, it can be concluded that the hypothesis 3, which states that satisfaction has an effect on customer loyalty depending on the service quality, is not supported. The results of this study are not in line with the results of research conducted by Payne (2000), Mokhlis (2009) and Jalil and Rahman (2014).

The findings in the field reinforce these results. In regional development bank (BPD) and rural bank (BPR), customer loyalty is not the result of service quality. Most of the customers of the two banks are civil servants, partners, or landing customers whose banking transactions are required through the banks. They have no choice but follow and become the customers of the two banks. In addition, what the customers feel about these two banks is a sense of



regionalism and local wisdom because the banks are located in the areas/regions so that they have an emotional connection. In some regions it is still difficult to find other banking services.

In contrast to commercial banks and Islamic banks, service quality is not a variable that supports the relationship between satisfaction and loyalty. Satisfaction perceived by customers is not derived from satisfaction with bank physical facilities, attractive counters, solutions to banking problems, promises that are fulfilled, reliable and timely, but from the excellent service provided by employees, information about careful, quick, good, polite service processes from employees, getting solutions to problems related to service, feeling highly valued by employees, employees who are easy to get along with, respect and look voluntary in providing services. The results of this study are not in line with results of research conducted by [Mosahab et al. \(2010\)](#) and [Shpetim \(2012\)](#) which showed that customer satisfaction plays the role of a mediator in the effect of service quality on service loyalty.

The differences in the effect of satisfaction on loyalty depend on the benefits sought by customers of commercial bank, Islamic bank, regional development bank and rural bank.

Based on the summary in [Table 5](#), it can be concluded that there is no difference in the effect of satisfaction on customer loyalty depending on the benefits sought by customers in commercial bank, Islamic bank, regional development bank and rural bank. Therefore, the hypothesis 4, which states that there is a difference in the effect of satisfaction on loyalty depending on the benefits sought by customers of commercial bank, Islamic bank, regional development bank and rural bank, is not supported. It is evident that all calculation results show that the benefit sought is not the variable that significantly supports the relationship between satisfaction and loyalty of banking customers. The results of this study are not in line with the results of research conducted by [Payne \(2000\)](#), [Mokhlis \(2009\)](#) and [Jalil and Rahman \(2014\)](#).

### 5.1. Research implication

This research is expected to be used as input and suggestions in terms of theoretical, practical, and methodological implications, and implication for further research. Understanding these four implications is expected to provide an overview relating to the issue of scientific responsibility and in order to develop studies and theories that are in line with the field of marketing which is the responsibility of all researchers. The implications of this research are also expected to provide input, especially to marketers, about the efforts that should be made in relation to the problems raised today.

### 5.2. Theoretical implication

This research is expected to improve understanding for researchers related to the concept

of benefit sought, service quality, satisfaction, and loyalty in commercial bank, Islamic bank, regional development bank, and rural bank. Understanding can be based on the variations contained in this study which provide different perspectives from previous studies as conducted by [Mosahab et al. \(2010\)](#) and [Shpetim \(2012\)](#). These variations can be seen from the observed variables and research objects in various banking categories in Indonesia and using the same instrument. This study is expected to be source of discussion which eventually can be developed and tested again in different research settings in the future.

### 5.3. Methodological implication

This research was carried out using a simple but structured method, the same measuring instruments and research instruments and assisted by statistical testing through procedures that can be accounted for. Thus this aspect can provide a deep understanding to future researchers to use it as a source of consideration in designing research methods used in testing the models that will be studied.

### 5.4. Implication for further studies

This research focuses on the benefits sought, service quality, satisfaction and loyalty of banking customers. Thus the generalization of the research results is limited. Therefore, this research can provide opportunities for further research to develop models with different and even wider contexts and research objects. The thing that needs to consider is that there is a need to be careful in examining the characteristics of research object observations, because the different characteristics of object observation can make the results of the study not in accordance with the results of this study.

### 5.5. Research limitation

This study focuses on the benefits sought, service quality, satisfaction and loyalty of banking customers, thereby impacting on the limited generalization of research. In other words, the scope is limited to the banking only as a model. This aspect shows that in applying research in different contexts, it needs carefulness in examining the product characteristics of the object under study. Another limitation of this study is that the selected bank is only one of various banking categories so that it is difficult to obtain the right conclusion for all banks.

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## Compliance with ethical standards

## Conflict of interest

The authors declare that they have no conflict of interest.

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