

THE EFFECT OF MOBILE BANKING SERVICE QUALITY ON SATISFACTION AND ITS IMPACT ON CUSTOMER LOYALTY

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Article Info

Received July 31, 2023

Revised September 20, 2023

Published October 25, 2023

Keywords :

Customer Satisfaction, Service Quality, Customer Loyalt, BRImo

Abstract

BRImo Service Quality can create customer satisfaction with the aim of creating loyal customers regarding BRImo users. This study aims to determine and analyze the direct and indirect effects of service quality and customer satisfaction on customer loyalty where customer satisfaction mediates service quality on customer loyalty among BRImo users. By using techniques nonprobability sampling used criteria in research sampling; obtained by 130 respondents using google forms (online). Structural Equation Modeling (SEM) analysis is used to test the measurement and structural models through Smart-PLS 3.0. The results of this study indicate that (1) Service Quality has a positive and significant effect on customer loyalty for BRImo users in Medan City, which is indicated by a coefficient value of 0.162 T-Statistic value = 1.999 > 1.96 with a significant P-value of 0.023 <0.05 (2) Service Quality Mobile Banking on customer loyalty has a positive and significant effect through BRImo user Customer Satisfaction, as indicated by a coefficient value of 0.505 T-Statistic value = 8.327 > 1.96 with a significant P-value of 0.000 <0.05.

INTRODUCTION

The first factor affecting customer satisfaction is service quality. According to (Tjiptono & Chandra, 2016) said that service quality contributes significantly to the creation of differentiation, positioning, and competitive strategies for every marketing organization, both manufacturing and service provider companies. Service Quality is the expected level of excellence and control over that level of excellence to meet customer desires. namely: physical evidence or (tangible), reliability (reliability), responsiveness (responsiveness), assurance (assurance) and empathy. Good service is able to provide satisfaction to customers, besides that it will be able to retain old customers to continue buying the products offered, and will also be able to attract new potential customers.

Keeping customers loyal is the main weapon that must be carried out by a bank. The bank must be able to create *loyalty, not just enough satisfaction*, because satisfaction is not the final destination. Loyalty does not just come, it takes a strategy in terms of management in order to get customers. Companies must be able to recognize what the current and future customer needs and expectations are. Loyalty can be formed if the customer is satisfied with the level of service received and intends to continue the relationship. Having loyal customers is an asset and the key to a bank's success because it can increase profits.

(Febrianta & Indrawati, 2016) based on the results of their research stated that quality customer service is one way to deal with competition and the main thing that will affect customer satisfaction. Not only that (Walandouw et al., 2014) revealed in his research that good service quality not only even influences satisfaction but also has an impact on customer loyalty itself to continue using bank services.

On Research (Akob, 2022) The results of this study indicate that the quality of service *mobile banking* has a positive and significant effect on satisfaction, the quality of mobile banking services has a positive and significant effect on customer loyalty, while customer satisfaction has a positive and significant effect on customer loyalty. Next, service quality *mobile banking* has a *positive* and significant effect on loyalty mediated by customer satisfaction. On research (Romindo M Pasaribu et al., 2023) In this study, customer satisfaction

can be used as a mediating or intermediary variable to increase customer loyalty with the perception of channel integration and customer engagement.

The results showed that channel integration and customer satisfaction had a positive effect on customer loyalty and engagement but did not have a positive effect on customer loyalty. Satisfaction can be used as a mediating variable to strengthen the relationship between channel integration and customer engagement on customer loyalty.

THEORETICAL STUDY

QUALITY OF SERVICE

According to (Tjiptono & Chandra, 2016) states that service quality is the expected level of excellence and control over that level of excellence to meet customer desires. Service quality contributes significantly to the creation of differentiation, positioning, and competitive strategies for every marketing organization, both manufacturing and service provision companies.

(Nasrudin, 2015) states that quality is special forms of production or service that have the ability to satisfy consumer needs. Meanwhile, according to (Lupiyoadi & Hamdani, 2014) "Service quality is any action or activity that can be offered by one party to another, which is basically intangible and does not result in any transfer of ownership. "Service quality can be identified by comparing customer perceptions of the service they actually receive with the actual service they expect. Quality of service that involves all the resources owned by the company.

CUSTOMER LOYALTY

(Phillip & Keller, 2009) explain that loyalty is a commitment that is held to buy or reuse a preferred product or service in the future even though there are situational influences and marketing actions or efforts to switch.

According to (Pamulang, 2017) states that customer loyalty is a firm commitment to repurchase in the future, even if the influence of other people in the company or marketing efforts tends to cause changes in customer behavior.

RESEARCH METHODS

The type of research used by researchers is quantitative research. According to (Sugiyono, 2019) the quantitative research method can be interpreted as a research method based on the philosophy of positivism, used to research certain populations or samples, sampling techniques are generally carried out randomly, data collection uses research instruments, data analysis is quantitative/statistics, with the aim of testing the hypotheses that have been set. The population in this study are BRI customers who use BRImo in Medan City. According to (Hariansyah et al., 2019) the minimum number of samples that should be used is 10 times the total number of latent variable arrows in the path model or 10 times the number of indicators. In this study, the number of indicators was 13 multiplied by 10, so the results obtained were 130 respondents. In this study the sampling technique used is based on population, by using *non probability Sampling*. *Nonprobability sampling*, namely a sampling technique that does not provide equal opportunity/opportunity for each element or member of the population to be selected as a sample is disclosed by (Sugiyono, 2019). The criteria in this study:

1. Individuals who live in the city of Medan.
2. BRI customers and BRImo users in Medan City.
3. How long have you been using BRImo?

METHODS

Questionnaire Method

It is a data collection method that is carried out by providing a list of written statements to the respondent to be answered based on the respondent's experience. The data collection method used in this study is a questionnaire method, namely data obtained from filling out a questionnaire addressed to BRImo users in Medan City. The measurement scale used in this study is the Likert scale. According to Sugiyono (2021:146) Likert scale is used to measure attitudes, opinions, and perceptions of a person or group of people about social phenomena.

Data analysis was carried out by the method *Partial Least Square* (PLS) using SmartPLS software version 3. PLS is one of the settlement methods *Structural Equation Modeling* (SEM) which in this case is more compared to other

SEM techniques. Based on the theory mentioned above, a frame of mind can be taken as follows:



DISCUSSION

Variable Description Analysis

1. Service Quality Variables

The highest average value is in the second item statement of 4,400 with std. deviation 0.520, and the lowest average value is in the sixth item statement of 3.954 with std. deviation 0.732 the number of statement items for the service quality variable consists of 8 statements each with a score of 1,2,3,4 and 5. This means that the respondent's answers regarding customer satisfaction are good, because it has a total score of 4,199.

2. Customer Loyalty Variables

The highest average value is in the first item statement of 4,469 with std. deviation 0.499, and the lowest average value is in the sixth item statement of 3.938 with std. deviation 0.792, the number of statement items for the service quality variable consists of 10 statements each with a score of 1,2,3,4 and 5. This means that the respondent's answer regarding service quality is good, because it has a total score of 4,282.

3. Customer Satisfaction Variables

The highest average value is in the eighth item statement of 4,331 with std. deviation 0.502, and the lowest average value is in the first item statement of 4.092 with std. deviation 0.707 the number of statement items for the service quality variable consists of 8 statements each with a score of 1,2,3,4 and 5. This means that the respondent's answers regarding customer loyalty are already good, because it has a total score of 4,214.

The results of the Hypothesis Test in this study are as follows:

1. Quality of Service to Customer Loyalty (H1)

The first hypothesis in this study is supported and accepted. Based on the path analysis model *inner model*, it can be concluded that the variable Service Quality has a positive and significant effect on Customer Loyalty. The test results show that the acquisition value of the service quality coefficient on customer loyalty is 0.162 with P-values of 0.023, t-statistics of 1.999. From these results it is stated that the t-statistic is significant. This is because the P-values are $0.023 < 0.05$ and the t-statistics are $1.999 > 1.96$. The coefficient with a positive sign is 0.162 indicating that the effect is one-way. This proves that Service Quality has a positive influence on Customer Loyalty. Which refers to the conclusion that the hypothesis is accepted.

2. Quality of Service to Customer Loyalty Through Customer Satisfaction (H2)

The second hypothesis in this study is to see the indirect relationship between service quality and customer loyalty with customer satisfaction as a mediating variable. In this study, customer satisfaction can be used as a mediating or intermediary variable to increase customer loyalty with service quality *mobile banking*. Based on the path analysis model *inner model*, it can be concluded that the variable Service Quality has a positive and significant effect on Customer Loyalty through customer satisfaction. The test results show that the value of the coefficient of service quality on customer loyalty through satisfaction is 0.505 with P-values of 0.000, t-statistics of 8.327. From these results it is stated that the t-statistic is significant. This is because the P-values are $0.000 < 0.05$ and the t-statistics are $8.327 > 1.96$. The coefficient with a positive sign is 0.505, indicating that the effect is unidirectional. This proves that Service Quality has a positive influence on Customer Loyalty through Customer Satisfaction. Which refers to the conclusion that the hypothesis is accepted.

RESULTS AND DISCUSSION

Quality of Service to Customer Loyalty

The results of the analysis that have been obtained by the method *direct effect* shows that the variable Service Quality *Mobile Banking* has a positive and significant effect on customer loyalty using BRImo in the city of Medan. This can be seen from the coefficient gain of 0.162 with P-values of 0.023, t-statistic of 1.999. This is because the P-value is $0.023 < 0.05$ and the t-statistic is $1.999 > 1.96$, so it can be said to have a significant effect. The coefficient with a positive sign is 0.162, indicating that the effect is unidirectional. This proves that Service Quality has a positive influence on Customer Loyalty. Which refers to the conclusion that the hypothesis is accepted.

Based on the results of the analysis of the description of the service quality variable, it shows that the average respondent's assessment of the service quality variable is included in the good criteria with a value of 4,282. The highest rating is found in the statement item in the KL1 code of 4,469, namely "The BRImo application provides services according to customer needs". While the lowest rating is found in the statement item in the KL 6 code of 3,938, namely "When you make a wrong transfer and complain to the BRImo call center. The BRImo call center responds quickly." Based on these results it can be stated that service quality has a significant influence on customer loyalty, so that customers remain loyal in using service quality *mobile banking*.

Meanwhile, based on the results of the analysis of the description of the customer loyalty variable, it shows that the average respondent's assessment of the customer loyalty variable is included in the good criteria with a value of 4,214. The highest rating is found in the statement item on the LN8 code of 4,331 namely "Apart from having a complete menu, through the BRImo application you can see mutations". Meanwhile, the lowest rating is found in the statement item at the LN1 code of 4,092, namely "You often use BRImo as a purchase transaction service". So that each statement used to measure the relationship between service quality and customer loyalty represents the respondent's agreement that what makes loyal customers decide to use BRImo is the quality of the services provided.

This result is also supported by previous research by Yaqin, Ainul & IIFitriah, A. M. (2014) concluded that service quality has a positive and significant effect on customer loyalty. And the results of previous research by Arianty, R., & Sukarno, A. Z. (2022) concluded that service quality has a positive and significant effect on customer loyalty. Where is the Quality of Service *Mobile Banking* given by BRImo. Able to increase customer loyalty in BRImo users.

Quality of Service to Customer Loyalty Through Customer Satisfaction

The results of the analysis obtained by the method *direct effect* shows that the variable Service Quality *Mobile Banking* has a positive and significant effect on customer loyalty through customer satisfaction using BRImo in Medan City, this can be seen from the coefficient gain of 0.505 with P-values of 0.000, t-statistic of 8.327. This is because the P-values are $0.000 < 0.05$ and the t-statistics are $8.327 > 1.96$, so it can be said to have a significant effect. The coefficient with a positive sign is 0.505, indicating that the effect is unidirectional. This proves that Service Quality has a positive influence on Customer Loyalty through Customer Satisfaction. Which refers to the conclusion that the hypothesis is accepted.

Based on the results of the analysis of the description of the service quality variable, it shows that the average respondent's assessment of the service quality variable is included in the good criteria with a value of 4,282. The highest rating is found in the statement item in the KL1 code of 4,469, namely "The BRImo application provides services according to customer needs". Meanwhile, the lowest rating is found in the statement item in the KL 6 code of 3,938, namely "When you make a wrong transfer and complain to the BRImo call center. The BRImo call center responds quickly." Based on these results it can be stated that service quality has a significant influence on customer loyalty, so that customers remain loyal in using service quality *mobile banking*.

Meanwhile, based on the results of the description analysis on the customer loyalty variable, it shows that the average respondent's assessment of the customer loyalty variable is included in the good criteria with a value of 4,214. The highest rating is found in the statement item on the LN8 code of 4,331 namely "Apart from having a complete menu, through the BRImo application you

can see mutations". Meanwhile, the lowest rating is found in the statement item at the LN1 code of 4,092, namely "You often use BRImo as a purchase transaction service". So that each statement used to measure the relationship between service quality and customer satisfaction has an impact on customer loyalty, which already represents the respondent's agreement that what makes loyal customers decide to be loyal using BRImo is the feeling of satisfaction they feel when using BRI mobile banking services.

Based on the results of the analysis of the description of the customer satisfaction variable, it shows that the average respondent's assessment of the customer satisfaction variable is included in the good criteria with a value of 4,199. The highest rating is found in the statement item on the KEP2 code of 4,400, namely "You are satisfied with transactions on the BRImo Application". Meanwhile, the lowest rating is found in the statement item on KEP 6 code of 3,954, namely "You are not interested in looking for other mobile banking alternatives because you feel very comfortable using BRImo". Based on these results it can be stated that customer satisfaction affects customer loyalty. So that each statement used to measure the relationship between service quality and customer loyalty represents the respondent's agreement that what makes loyal customers decide to use BRImo is the quality of the services provided.

These results are also supported by previous research by Arianty, R., & Sukarno, A. Z. (2022), concluding that service quality mobile *banking has a positive* and significant effect on customer loyalty through customer satisfaction variables. And the results of previous research by Arianty, R., & Sukarno, A. Z. (2022) concluded that service quality has a positive and significant effect on customer loyalty which is mediated by customer satisfaction. Satisfied customers are customers who will share satisfaction with service providers so as to make customers loyal in using.

CONCLUSION

The conclusions of this study are:

1. Service Quality *Mobile Banking* has a positive and significant effect on customer loyalty using BRI_{mo} in the city of Medan. Shows that the hypothesis is accepted.
2. Service Quality *Mobile Banking Through* customer satisfaction has a positive and significant effect on user customer loyalty. Shows that the hypothesis is accepted.

Suggestion

Based on the results of the research above, there are several suggestions that researchers can provide that might later be useful. The suggestions are as follows:

1. For BRI Bank Customers / BRI_{mo} Users

For Bank BRI customers, BRI_{mo} users should know the quality of service provided by BRI_{mo}, which has the advantage for customers in making transactions that can be done anywhere and anytime, either online or offline.

2. For Companies

Mobile Banking Service Quality has a significant effect on customer satisfaction and has an impact on customer loyalty using BRI_{mo}, for this reason the company can maintain the quality of BRI Mobile banking services which get good marks for respondents and improve services, one of which is: the BRI_{mo} call center where the results of the analysis of the description of quality variables service that the results of the respondents are low and related to mutations so that they are clearer and can be printed, so that they can still influence customer satisfaction and customer loyalty.

3. For Further Researchers

For further research, it is expected to be able to conduct research with a more optimal reach of respondents so that the research results obtained are more accurate in processing data in Smart-PLS 3.0 software and using professional software programs.

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