The Effect of Service Quality on Satisfaction and its Impact on Debtor Loyalty BJB Credit Guna Bhakti (KGB) (Case Study at BJB Bank Bandung Main Branch Office)

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The research object is to analyse the effect of service quality on satisfaction and its impact on debtor loyalty. This research uses a descriptive and verification research method by testing the hypothesis. The total sample distribution is 98. The results show that the debtor satisfaction of BJB KGB is in the category of 'low enough'. This is because the Bank Main branch office in Bandung has not been able to meet several service quality benchmarks, which in turn affects satisfaction of debtors and debtor loyalty. Debtor loyalty is in the category of 'fairly low' because of low satisfaction with customer service. The hypothesis results from service quality to debtor satisfaction (PZX) are 0.812. The positive coefficient value indicates that the effect of service quality variables is directly proportional to debtor satisfaction; from service quality to debtor satisfaction (PZX) of 0.812. The positive coefficient value indicates that the variable effect of service quality is directly proportional to the satisfaction of the debtor. The results of the service quality hypothesis test on debtor loyalty through debtor satisfaction results in a value of 0.672. It is concluded that service quality towards debtor loyalty through debtor satisfaction has a positive effect on service quality and on debtor loyalty, (PYZ) of 0.695. The positive coefficient value indicates that the variable influence of debtor satisfaction is directly proportional to the debtor's loyalty.

**Key words:** *Service Quality, Customer Satisfaction, Loyalty.*

Background Research

Entering the current era of free trade, companies are faced with increasingly fierce competition; there are various challenges and opportunities that are unlimited. In anticipating this, companies are required to work strategically by using various resources they have to succeed in the market. With these conditions, there has now been a shift in customer-oriented marketing strategies. With the existence of a customer-oriented marketing strategy, companies must understand and fulfil both the behaviour and needs of customers respectively to achieve customer satisfaction. One of the main ways to differentiate a service company is to provide higher quality services than competitors continuously.

One type of company engaged in the service sector is a bank. The bank is a financial institution whose main business is collecting funds from the public and redistributing them in the form of credit, and serves as a method of payment and circulation of currency. Banks in a country can act as the arteries that support economic development, for industries such as the industrial sector, plantation, agriculture, transportation and foreign trade. Therefore, with an increasing number of banks and the broader banking operational network, it is expected that a countries national economic development should improve (Hussain, Abidin, Ali & Kamarudin, 2018).

Competition for bank customers in Indonesia is increasingly tight. Basically, the banking products are the same, both funding (lending) and lending (loans), with the number of banks and branch offices increasingly widespread and where the products offered are increasingly diverse. The quality of service is still an advantage for banks to retain customers or to obtain new customers. The consumer credit business is currently a "mainstay" for many banks; this is because consumer credit has a low risk profile but has a high level of profitability.

PT West Java and Banten Regional Development Banks, Tbk. With the call name Bank BJB, this institution is one of the banks that lends credit loans. The composition of national lending is as follows:
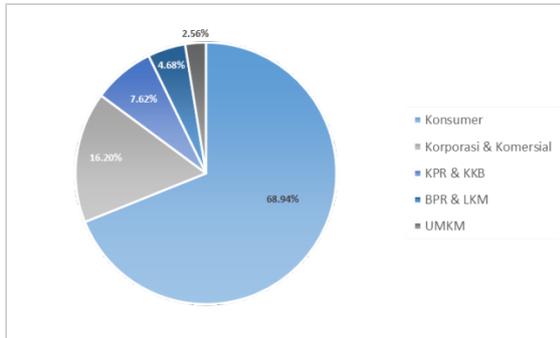
Loan Portfolio - Bank BJB at 31 December 2018

BJB Bank's credit composition consists of the consumer segment amounting to 68.94%, the corporate and commercial segment amounting to 16.20%, the KPR & KKB segment of 7.62%, the BPR and LKM segments of 4.68%, and the MSME segment of 2.56%.

Consumer credit is the first pillar of Bank BJB and has also become the biggest profit contributor for Bank BJB. In the period of December 31, 2018, the consumer loan portfolio reached 68.94% of the total loan portfolio of BJB. This consumer loan portfolio reached Rp. 52 trillion in 2018. Bank BJB's consumer credit includes a variety of products including Kredit Guna Bhakti (KGB), Kredit Pra Purna Bhakti (KPPB) and Kredit Purna Bhakti (KPB). KGB is still a consumer credit product that has the largest credit portfolio. This product is financing for fixed income debtors whose salary has been channelled through BJB Bank and/or where the working debtor has an agreement with BJB Bank. The source of the return comes from the debtor's salary used for consumptive purposes. However, the problem that occurs is that the growth of the KGB is not as aggressive as the growth of other types of credit as can be seen in the table below:

Table 1.2: below. Table of Average Growth in Consumer Credit Products (2016-2018)

Tahun	*Outstanding* bjb Kredit Guna Bhakti	Jumlah NoA	Pertumbuhan OS (Rp)	Pertumbuhan NoA	% Pertumbuhan OS	% Pertumbuhan NoA
2014	709,466,142,904	7,649				
2015	801,532,513,381	7,878	92,066,370,477	229	12.98%	2.99%
2016	879,104,895,863	7,952	77,572,382,482	74	9.68%	0.94%
2017	792,355,630,725	7,562	(86,749,265,138)	(390)	-9.87%	-4.90%
2018	738,119,756,137	7,049	(54,235,874,588)	(513)	-6.84%	-6.78%

The BJB KGB product portfolio at KCU Bandung for the last 3 (three) years (2014-2016) experienced a positive growth trend, although not significant, but in 2017 to 2018 there was a decline in growth (Rp. 86.7 billion or -9.87% and Rp. 54.2 billion or -6.84%) and a decrease

in the number of NOA by 390 and 513 debtors or -4.90% and -6.78%. This could indicate a decrease in debtor loyalty. So it is important to analyze what factors influence the BJB KGB KCU Bandung debtor loyalty.

Literature

According to Kotler (2016) the process of a purchasing decision is related to a consumer's decision regarding preferences for brands. In the process of purchasing decisions, there are many factors that can affect consumers. But in this study there are four factors that will be analyzed about the effect on the purchasing decision process, namely product quality, price, advertising, and trust.

Product quality is one of the important aspects that will be considered by consumers when they are interested in a product, until finally deciding to make a purchase or not. According to Kotler (2016), product quality is the ability of an item to provide results or performance that is appropriate or even beyond customer expectations.

According to Alma (2013), price is the value of an item expressed in monetary terms. Prices can also affect the process of consumer purchasing decisions, especially for consumers who are price sensitive. The existence of a certain price difference will affect the process of consumer purchasing decisions.

In selling a product Advertising is needed to convey information about these products to consumers so that consumers are interested in these products. The purpose of advertising is 3, namely communication, intensive, and invitation (Kotler, 2016: 644). Advertising is done to attract attention and provide information about the value of products to consumers. Advertising is also an invitation for consumers to make a purchase transaction. So it can be concluded that advertising has an influence on the process of purchasing decisions.

Framework and Hypothesis

In the path diagram with 1 (one) independent variable, one-way arrows are used which state the direct influence of an exogenous variable (variable X) on an endogenous variable (variable Z).
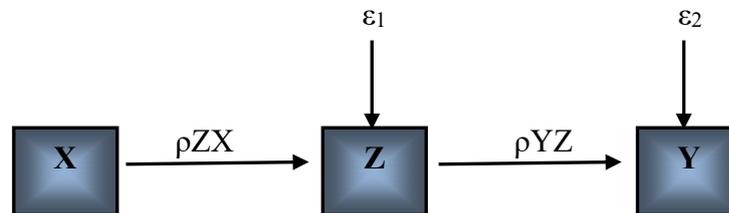
$$\varepsilon_1 \qquad\qquad\qquad \varepsilon_2$$

$$X \xrightarrow{\ \rho ZX\ } Z \xrightarrow{\ \rho YZ\ } Y$$

Hypothesis

1.   The service quality, satisfaction, and debtor loyalty of Guna Bhakti Credit have been analysed at Bank BJB, Bandung Main Branch Office

2.   Service quality has a positive effect on the satisfaction of Guna Bhakti Credit debtors at BJB Bank, Bandung Main Branch Office

3.   Service quality has a positive effect on Debtor Guna Bhakti Credit loyalty, at BJB Bank, Bandung Main Branch Office

4.   Service quality has a positive effect on loyalty through the satisfaction of the Guna Bhakti Credit debtor, at BJB Bank Bandung Main Branch Office

Method

The research method used is the Explanatory Method (Explanatory Method Survey) which is a research method with the aim of testing hypotheses that have been formulated previously (testing research). In this method there is still a descriptive explanation, but the focus remains on the explanation of the relationships between variables (associative). The population of this research is the December 2018 BJB KGB KCU Bandung debtor; totalling 7,049 people. By using the Slovin method where the chosen error rate is 10%, the number of samples is 98 debtors.

Findings and Argument

Hypothesis 1: The service quality, satisfaction, and debtor loyalty of Guna Bhakti Credit have been performed by Bank BJB Bandung Main Branch Office

The range of the average value of service quality variables with the number of statement items is as many as 13 (thirteen), the number of respondents as many as 98 people is equal to

3.24. Then it can be concluded that based on Table 4.4 above, the condition of the service quality of BJB KGB products is included in the "Low Enough" category because it is in the range of criteria 2.60 - 3.39.

The condition of debtor satisfaction of BJB KGB products is in the category of "Quite Low" because it is in the range of criteria 2.60 - 3.39. According to respondents, the low condition of the debtor's satisfaction is due to the fact that Bank BJB, Bandung Main Branch Office has not been able to meet several dimensions of service quality that affect debtor satisfaction.

Debtor loyalty with the number of statement items is as many as 8 (eight), the number of respondents as many as 98 people is equal to 3.28. Then based on Table 4.7, the condition of BJB KGB debtor loyalty is in the category of "Fairly Low" because it is in the range of criteria 2.60 - 3.39. According to respondents' responses, satisfaction has not been achieved and there are several dimensions of loyalty that have not obtained a good result.
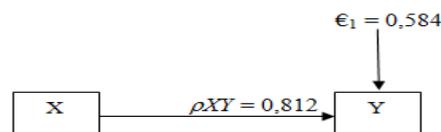
Hypothesis 2: Path Analysis of the Effect of Service Quality (X) on Debtor Satisfaction (Y)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.535	.194		2.753	.007
	X	.856	.063	.812	13.628	.000

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.812[a]	.659	.656	.31207

$$\epsilon_1 = 0,584$$

$$X \xrightarrow{\rho XY = 0,812} Y$$

The path coefficient of service quality to debtor loyalty is 0.672. The positive value of the coefficient indicates that the variable effect of service quality is directly proportional to the loyalty of the debtor.

The Results Of Spss calculations shows the magnitude of the effect of service quality on debtor loyalty, obtained at 0.452 (45.2%). Other variable path coefficients other than service quality are obtained for 0.740.

The results of path analysis can be made in structural equations for the effect of service quality on debtor loyalty as follows: y = 0,672 x + 0,740
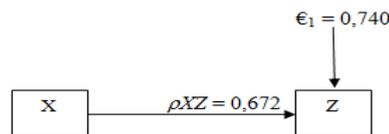
Hypothesis 3: Path Analysis of the Effect of Service Quality (X) on Debtor Loyalty (Z)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.090	.230		4.736	.000
	X	.662	.074	.672	8.902	.000

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.672[a]	.452	.446	.36978

$$€_1 = 0,740$$

$$X \xrightarrow{\rho XZ = 0,672} Z$$

For the effect of service quality on debtor loyalty, the path coefficient of service quality to debtor loyalty is 0.672. The positive value of the coefficient indicates that the variable effect of service quality is directly proportional to the loyalty of the debtor

The results of SPSS calculations show the magnitude of the effect of service quality on debtor loyalty, obtained at 0.452 (45.2%). Other variable path coefficients other than service quality are obtained for 0.740.

The results of path analysis can be made in structural equations for the effect of service quality on debtor loyalty as follows: Y = 0,672 X + 0,740

Hypothesis 4: Path Analysis of the Effect of Service Quality (X) on Debtor Loyalty (Z) through Debtor Satisfaction (Y)

$$€_1 = 0,584 \qquad €_2 = 0,718$$

$$X \xrightarrow{\rho ZX = 0,812} Z \xrightarrow{\rho YZ = 0,695} Y$$
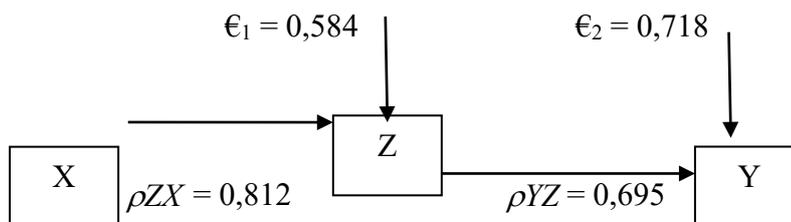
Through explanation and path analysis in Hypotheses 2 and 5, a path diagram is obtained that influences service quality on debtor loyalty through debtor satisfaction.
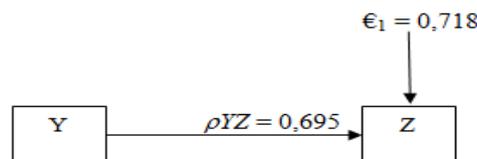
Path Analysis of the Effect of Debtor Satisfaction (Y) on Debtor Loyalty (Z)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	1.066	.219		4.877	.000			
	Z	.650	.069	.695	9.481	.000	.695	.695	.695

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.695[a]	.484	.478	.35903	.484	89.888	1	96	.000	1.651

$$\epsilon_1 = 0,718$$

$$\rho YZ = 0,695$$

Y → Z

For the effect of debtor satisfaction on debtor loyalty, the path coefficient obtained from debtor satisfaction towards debtor loyalty (PYZ) is 0.695. The positive coefficient value indicates that the variable influence of debtor satisfaction is directly proportional to the debtor's loyalty

SPSS calculations can be seen the magnitude of the effect of service quality on debtor satisfaction obtained at 0.484 **(48.4%)**. Other variable path coefficients outside of debtor satisfaction are obtained at 0.718.

The results of path analysis can be made in the structural equation for the effect of debtor satisfaction on debtor loyalty as follows: $Y = 0,695 Z + 0,718$

Conclusion

1.   The conclusion of the results of the descriptive analysis :

     a) Based on the results of research data, the quality of service with the number of statement items as many as 13 (thirteen) pieces, the number of respondents as many as 98 people is equal to 3.24. Then it can be concluded that the condition of the BJB KGB product service quality is included in the category "Quite Low".

- BJB Bank Main Branch Office Bandung handles complaints of Credit Guna Bhakti debtors with a value of 2.82 (Fairly Low),
- Credit Officers pay sufficient attention to debtors with the value of 2.84 (Fairly Low),
- BJB Bank KGB Products are given as expected with a value of 2.88 (Fairly Low),
- Credit Officers are always willing to respond to debtor's opinion with a value of 2.97 (Fairly Low),

        This is due to the large number of debtors who must be served in a short period of time simultaneously.

     b) Based on the results of research data, that the average value of debtor satisfaction with the number of statement items, as many as 5 (five), the number of respondents as many as 98 people, is equal to 3.23. Then it can be concluded that the condition of debtor satisfaction of BJB KGB products is in the category of "Fairly Low" because it is in the range of criteria 2.60 - 3.39. According to the respondents, the low condition of the debtor's satisfaction is due to the fact that Bank BJB has not been able to meet several dimensions of service quality that affect debtor satisfaction.

     c) Based on the results of the research data, from the average value of the debtor loyalty variable with the number of statement items, as many as 8 (eight), the number of respondents as many as 98 people, is equal to 3.14. Then based on Table 4.7, the condition of BJB KGB debtor loyalty is in the category of "Fairly Low" because it is in the range of criteria 2.60 - 3.39. According to respondents' responses, satisfaction has not been achieved and there are several dimensions of loyalty that have not been up to standard.

Suggestions

1) The lowest service quality is Bank BJB, the Main Branch Office of Bandung, handles complaints of Credit Guna Bhakti debtors with a value of 2.82 (Fairly Low). The input to these conditions that can be performed is as follows:
   a) Prepare an integrated system that can conduct an audit trail of every complaint of the debtor entered into the system, automatically conveyed to the product owner (Consumer Credit and Retail Bank BJB Division) and check how long the complaint has not been handled.
   b) Providing education and training on Service Excellence, so that officers can respond and provide solutions to debtor complaints.
2) The lowest service quality is the loan officer giving sufficient attention to the debtor with a value of 2.84 (Fairly Low). The input to these conditions that can be performed as follows:
   a) The clerk is obliged to contact the debtor on a regular basis every month, for example, reminding him of the due date of the loan instalment payment.
   b) Applying standardization of service time to debtors, so that officers have sufficient time to dig up information related to the needs of debtors, so that the debtor feels looked after.
3) The lowest service quality is the BJB KGB product given according to expectations with a value of 2.88 (Fairly Low). The input to these conditions that can be performed is as follows:
   a) Perform functions of quality assurance and monitoring after credit disbursement, for example checking insurance refunds that have not been returned to the debtor.
   b) Benchmark and review the benchmark results, then innovate and improve products, especially aspects of pricing (provision, interest rates and insurance premiums).
   c) Provide information about the product to the debtor in detail so that the debtor can understand the product before the loan is disbursed.
4) The lowest service quality is that loan officers are always willing to respond to debtor's opinion with a value of 2.97 (Fairly Low). The input to these conditions that can be performed is as follows:
   a) Providing a complaint form to the debtor, so that the complaints of the debtor can be immediately followed up by the loan officer.
   b) Coordinate with the Service & Operations Network Division so that each report related to debtor complaints can be informed periodically to Bank BJB Bandung Main Branch Office.

c) Conduct supervision and direction from superiors for loan officers in order to immediately respond to complaints and opinions of debtors.

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