

# The Effect of Service Quality on Customer Loyalty at BSI KCP Seunagan, Nagan Raya Regency

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## ARTICLE INFO

## ABSTRACT

*Article history:*  
Accepted

*Keywords:*  
Service quality  
Customer loyalty  
ANOVA  
BSI  
Nagan Raya

This study aims to determine the effect of service quality on customer loyalty at BSI KCP Seunagan Nagan Raya Regency. The dependent variable in this study is customer loyalty while the independent variable is service quality. The method used in this study is to use multiple linear regression. Based on the results of the study using the ANOVA test (F test) shows that the sig value <0.05, in other words  $H_0$  rejects, meaning that service quality affects customer loyalty BSI KCP Seunagan Nagan Raya Regency

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## I. Introduction

An effort to increase superiority in tough competition in the banking industry, each bank should be able to make a strategy that can increase productivity and improve the quality of service expected. Productivity and quality are very important aspects because they can describe the performance efficiency of the service industry. The efficient performance of the industry includes financial performance and operational performance. Financial performance is seen from the flow of funds, whereas operational performance is seen from the process that is actually related to customer service.

Banks are financial institution which main business are to collect funds from the public and distribute them back in the form of funds to third parties in the form of credit or loans. Besides that, the bank also offers other services. According to the law, financial institutions are all business entities that carry out activities in the financial sector, namely collecting public funds and channeling them to the community.

In a situation of banking competition, banks need to make great efforts to get prospective customers and maintain those they already have. The success of this business is determined by the company's ability to provide service quality. Service quality is reflected in customer satisfaction to re-use banking services. Customer satisfaction in using the services or products offered can be used as input for management to enhance and improve the quality of services provided. For this reason, employees in the service department should always monitor the satisfaction felt by banking customers to achieve customer loyalty

The problem of service quality is a very important factor to determine the success of the business. This is based on research conducted by [1] which states that the service quality of a service cannot be ruled out, because it can increase competitive advantage in obtaining customers and satisfaction from customers

### I.1 Service Quality

Quality is a dynamic condition that influences products, services, people, processes and the environment that meet or exceed expectations [2]. While according to Laksana [3], quality is also



defined as the expected level of quality and control of diversity in achieving that quality to meet consumer needs.

Service is any action or activity that can be offered by one party to another which is essentially intangible and does not result in any ownership [4]. Service is the behavior of producers in order to meet the needs and desires of consumers in order to achieve satisfaction with the consumers themselves. Generally high service will result in high satisfaction and more frequent repurchasing. So, it can be concluded that the quality of service is all forms of activities carried out by the company to meet consumer expectations.

The factors that determine service quality can be divided into 5 dimensions of service quality, that are: [4]

1. Direct evidence  
Includes physical appearance, such as the building and front office space, parking space availability, cleanliness, tidiness and comfort of the room, completeness of communication equipment and employee appearance.
2. Reliability  
Namely the ability to provide the promised service immediately, accurately and satisfactorily.
3. Responsiveness  
The response or alacrity of employees in helping customers and providing fast and responsive service, which includes the readiness of employees to help customers and provide responsive service. The speed of employees in handling transactions, and handling customer complaints.
4. Emphaty  
The individual attention the company provides to customers. Such as the ease of contacting the company, the ability of employees to communicate with customers and the company's efforts to understand customer wants and needs
5. Assurance  
Includes knowledge, ability, courtesy and trustworthiness of staff, free from danger, risk and doubt.

In order to find out the quality of service that is actually felt by consumers, there are indicators of service quality which lie in the five dimensions of service quality, namely [5]

1. Tangibles: service quality in the form of office physical facilities, administration computerization, waiting room, information area. Indicators are:
  - a. The appearance of officers/apparatus in serving customers.
  - b. Convenience in the place of service
  - c. Ease of service process
  - d. Discipline of officers / apparatus in performing services.
  - e. Ease of customer access in service requests.
  - f. Use of assistive devices in service
2. Reliability: ability and reliability to provide trusted services. Indicators are:
  - a. Accuracy of officers in serving
  - b. Have clear service standards.
  - c. The ability of officers/apparatuses to use assistive devices in the service process
3. Responsiveness: the ability to help and provide services quickly and accurately, and responsive to consumer desires. Indicators are:

- a. Respond to every customer / applicant who wants to get service
  - b. Officers/apparatus perform services quickly.
  - c. Officers/apparatus provide direction during transactions
  - d. Officers/apparatus perform services clearly, politely, and friendly
  - e. All customer complaints are responded to by officers
4. Assurance: the capability and friendliness and politeness of employees in assuring consumer trust. Indicators are:
- a. Officers guarantee the confidentiality of customer transactions
  - b. Officers guarantee security in storing customer funds
  - c. Officers are able to convince customers to make deposits.
  - d. Officers are able to foster good relationships with customers
  - e. Officers guarantee the certainty of costs in service
5. Emphaty: firm but caring attitude of employees towards consumers. Indicators are:
- a. Prioritizing customer/applicants interests
  - b. The officers serve with a friendly attitude and courtesy
  - c. Officers serve in a non-discriminatory manner
  - d. Officers serve and respect every customer

## **I.2 Customer Loyalty**

According to the Big Indonesian Dictionary, Loyalty is compliance; fidelity. Meanwhile, customers are people who are usually associated with or become bank customers [6].

“Loyalty is about the percentage of people who have purchased within a certain time frame and have repurchased since their first purchase” Lovelock and Wringht stated that Loyalty is a consumer decision that voluntarily continues to subscribe to a particular company for a long time [7].

The factors that influence customer loyalty as follows: [8]

### **1. Customer Satisfaction**

If the company can provide services that exceed customer expectations, the customer will be satisfied. Satisfied customers will definitely have high loyalty to the product compared to dissatisfied customers.

### **2. Customer Retention**

In this factor, the company focuses more on efforts to maintain the number of existing customers by minimizing the number of lost customers. In addition, it is known that the cost of attracting new customers is getting more expensive every day than the costs to retain existing customers.

### **3. Customer Migration**

On this factor, retaining existing customers is far more profitable than letting them disappear, then looking for new customers instead.

### **4. Customer Enthusiasm**

The movement of customers continues even though the customer is satisfied with the products and services provided by the company, even with the loyalty program provided by the company.

### **5. Customer Spirituality**

Loyalty is not only in the mind, in the memory and use of the product, in the heart, and in referring and recommending use to others, but has also become a part of the customer as a whole. Taste without using products that customers love cannot live.

There are six indicators that can be used to measure consumer loyalty, namely: [9]

1. Repurchase
2. The habit of consuming the brand.
3. Always loved the brand.
4. It remains to choose the brand
5. Believe that the brand is the best.
6. Recommend the brand to others.

## II. Research Method

### 1. Research Location

This research was conducted at BSI KCP Seunagan, Nagan Rayah Regency.

### 2. Population and Research Sample

Population is the whole object to be examined in a study. The population in this study are all customers who deposit at BSI KCP Seunagan while the samples in this study were as many as 72 customers who saved at BSI KCP Seunagan..

### 3. Research Instrument

The instrument in this research is a questionnaire. Arikunto stated "The research instrument is a tool in viewing the natural and social phenomena that are being observed" [10]. Calculation of the questionnaire in this study is using a Likert scale, in which variables are measured and translated into indicators. The type of a questionnaire in terms of indicators is positive and negative sentence forms. Each answer was given a choice of strongly agree (SS), agree (S), Normal (N), disagree (TS), and strongly disagree (STS).

### 4. Data Analysis Method

The method used in analyzing the research data are:

- a. Descriptive qualitative analysis, namely by analyzing the qualitative data that has been obtained through observation and questionnaires.
- b. Multiple linear regression analysis was used to determine the effect of service quality on customer loyalty at BSI KCP Seunagan.

The operational variables in this study are:

1. Independent Variable, namely the quality of service includes
  - Tangibles
  - Reliability
  - Responsiveness
  - Assurance
  - Emphaty
2. Dependent variable, namely
  - Customer loyalty (Y)

The stages of linear regression analysis are as follows [11].

#### 1. Normality Test

The regression model is said to be normally distributed if the plotted data (dots) that describe the actual data follow a diagonal line.

#### 2. Multicollinearity Test

There are no symptoms of multicollinearity, if the tolerance value is  $> 0.100$  and the VIF value is  $< 10.00$ .

### 3. Heteroscedasticity Test

Heteroscedasticity does not occur, if there is no clear pattern (wavy, widened then narrowed on the scatterplots, and the dots spread above and below the number 0 on the Y axis

### 4. Hypothesis

The hypothesis in this study are :

$H_0$  : Service quality has no effect on customer loyalty at BSI KCP Seunagan, Nagan Raya Regency

$H_a$  : Service quality affects customer loyalty at BSI KCP Seunagan Nagan Raya Regency

### 5. Partial t Test

If the value of sig. <0.05, it means that the independent variable (X) partially affects the dependent variable (Y), where in this study the independent variables are Tangibles (X1), Reliability (X2), Responsiveness (X3), Assurance (X4) , Empathy (X5). While the dependent variable is Customer Loyalty (Y).

### 6. Simultaneous F Test

If the value of sig. <0.05, it means that the independent variable (X) simultaneously influences the dependent variable (Y).

## III. Results and discussion

The instrument data obtained at the BSI KCP Seunagan Nagan Raya Regency are as follows

Table1. BSI KCP Seunagan customer instrument, Nagan Raya Regency

Tangible (X1)	Reliability (X2)	Responsiveness (X3)	Assurance (X3)	Emphaty (X4)	Loyalty (Y)
19	23	25	25	24	25
22	21	23	25	23	24
23	25	24	24	23	25
25	24	23	21	24	25
23	24	21	24	21	23
21	23	23	25	20	24
22	23	23	24	20	25
21	24	23	13	24	23
18	23	22	23	23	21
21	22	24	20	24	25
21	23	23	22	23	23
22	21	20	20	22	21
23	23	24	18	22	23
21	21	25	23	21	22
23	23	25	25	24	23
22	23	23	22	21	23
24	23	24	21	23	23
23	22	23	24	21	22
24	24	25	20	21	25

19	24	23	22	21	23
19	23	21	21	20	21
24	21	23	19	21	23
21	23	21	23	20	23
18	20	23	25	23	23
23	25	23	22	23	23
21	23	23	21	25	23
23	21	22	21	22	22
24	21	24	23	23	24
24	23	23	21	23	23
23	21	20	25	21	22
22	23	24	24	23	24
23	21	25	24	21	25
24	23	25	25	23	25
20	23	23	23	23	23
23	23	24	24	21	24
21	22	23	23	22	23
23	20	25	17	21	24
23	22	24	23	22	24
23	20	24	21	23	23
24	23	22	23	24	25
19	23	24	21	23	25
23	21	25	23	23	25
23	22	24	23	21	23
25	21	21	23	23	24
21	24	25	22	21	23
20	23	20	20	23	24
23	21	22	23	23	24
21	23	21	20	21	23
23	24	19	24	23	25
22	24	23	25	21	23
23	23	25	22	23	24
24	23	22	23	23	25
23	21	21	21	23	23
22	23	24	23	22	24
22	24	20	22	22	23
24	23	22	21	23	24
23	24	23	23	22	25
23	24	24	20	23	24
23	21	23	21	22	24
24	23	22	23	23	23
22	23	22	23	23	23
23	24	23	22	23	24
22	23	24	22	22	23
21	20	23	24	24	25

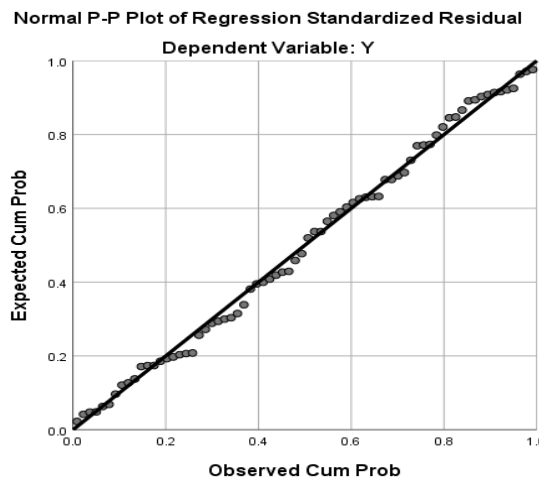
23	24	23	21	23	23
23	22	23	22	23	25
24	25	24	24	24	23
23	23	22	17	23	24
23	24	23	25	23	23
23	22	23	23	23	23
23	23	24	22	22	23
22	24	23	23	23	24

Based on the data above, it will be tested for normality, multicollinearity tolerance and VIF, heteroscedasticity scatterplots, partial t test and simultaneous F test.

**III.1 Normality Test**

The normality test aims to assess the distribution of data on normally distributed variables or not. The following are the results obtained in SPSS 26 on customer instrument data for the BSI KCP Seunagan Nagan Raya Regency.

Figure1. Data Normality Test



Based on the picture above and according to the opinion of the experts, the regression model is normally distributed.

**III.2 Multicollinearity tolerance and VIF**

This test aims to determine whether the regression model found a correlation between independent variables. The following are the results obtained in SPSS 26.

Table 2. Multicollinearity test of tolerance and VIF

Coefficients <sup>a</sup>										
Model	Standardized Coefficients		t	Sig.	Correlations			Collinearity Statistics		
	Beta				Zero-order	Partial	Part	Tolerance	VIF	
1 (Constant)	8.507	3.797	2.241	0.028						
X1	0.154	0.073	0.232	2.121	0.038	0.270	0.253	0.230	0.985	1.015
X2	0.051	0.089	0.063	0.577	0.566	0.079	0.071	0.063	0.994	1.006

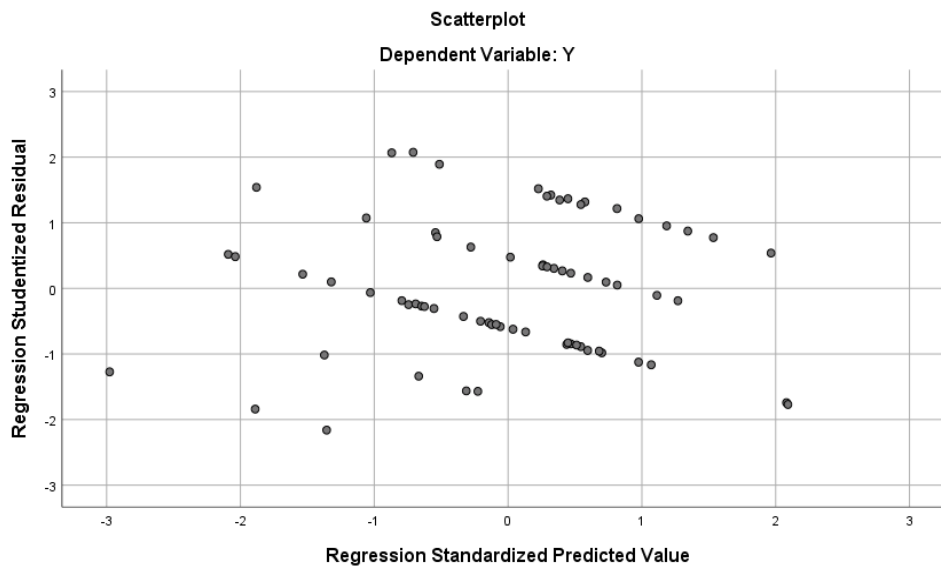
X3	0.190	0.080	0.259	2.370	0.021	0.296	0.280	0.257	0.988	1.012
X4	0.062	0.052	0.128	1.177	0.244	0.115	0.143	0.128	0.992	1.008
X5	0.210	0.099	0.234	2.124	0.037	0.272	0.253	0.231	0.974	1.026

Based on the table above, the tolerance value is  $> 0.100$  and the VIF value is  $< 10.00$ . this indicates that there are no signs of multicollinearity in the data.

### III.3 Heteroscedasticity of scatterplots

This test aims to test whether the regression model has an inequality of variance from one residual observation to another. The following results are obtained in SPSS 26.

Figure2. Heteroscedasticity test of scatterplots



From the picture above it shows that there is no clear pattern in the scatterplots, this shows that there is no sign of heteroscedasticity in this data.

### III.4 Partial t test

This test aims to see the effect of variable (X) partially on variable (Y). The following table is obtained with the help of SPSS 26.

Table 4. T-test scores on BSI KCP Seunagan Kabupaten Nagan Raya

Coefficients <sup>a</sup>										
Model	Standardized Coefficients		t	Sig.	Correlations	Collinearity Statistics				
	Beta					Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	8.507	3.797	2.241	0.028						
X1	0.154	0.073	0.232	2.121	0.038	0.270	0.253	0.230	0.985	1.015
X2	0.051	0.089	0.063	0.577	0.566	0.079	0.071	0.063	0.994	1.006
X3	0.190	0.080	0.259	2.370	0.021	0.296	0.280	0.257	0.988	1.012

X4	0.062	0.052	0.128	1.177	0.244	0.115	0.143	0.128	0.992	1.008
X5	0.210	0.099	0.234	2.124	0.037	0.272	0.253	0.231	0.974	1.026

Based on the table above shows the sig value of the variables  $X1 = 0.038$ ,  $X2 = 0.566$ ,  $X3 = 0.021$ ,  $X4 = 0.244$  and  $X5 = 0.037$ . If the sig value  $< 0.05$  then the independent variable (X) has a partial effect on the dependent variable (Y). The conclusion of these values is as follows:

1. Tangible (X1) influences Loyalty (Y)
2. Reliability (X2) has no effect on Loyalty (Y)
3. Responsiveness (X3) affects Loyalty (Y)
4. Assurance (X4) have no effect on Loyalty (Y)
5. Empathy (X5) affects Loyalty (Y)

### III.6 Simultaneous F test.

This test aims to see the effect of variable (X) simultaneously on variable (Y). The following table is obtained from the SPSS 26 analysis.

Table 5. T-test scores on students of STIMI Meulaboh

ANOVA <sup>a</sup>					
Model		Sum of Squares	df	Mean Square	Sig.
1	Regression	16.854	5	3.371	3.776
	Residual	58.923	66	.893	
	Total	75.778	71		
a. Dependent Variable: Y					
b. Predictors: (Constant), X5, X4, X2, X3, X1					

Based on the table above shows the sig value  $< 0.05$ , the independent variable (X) has a simultaneous effect on the dependent variable (Y). The conclusion in this study is to reject  $H_0$ , meaning that service quality affects customer loyalty at BSI KCP Seunagan, Nagan Raya Regency.

### IV. Conclusion

Based on the results of data analysis, it can be concluded that  $H_0$  is rejected, meaning that service quality affects customer loyalty at BSI KCP Seunagan, Nagan Raya Regency.

### Acknowledgment

Thank you to the chairperson of the STIMI Management Economics Study Program Meulaboh. My thank to my fellow lecturers who have guided and assisted in the publication of my journal. Hopefully, I get this guidance and assistance to improve myself in future journal publication.

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