

How do Customer Satisfaction and Trust Affect Customer Loyalty in Using Micro Bank Flagship Products?

^{1*}Rahmawati, ²Nursinah Amrullah, ³Andi Naila Quin Azisah Alisyahbana

^{1,2,3}Universitas Patempo, Indonesia

*Corresponding author: rahelukman20@gmail.com

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ABSTRACT

This study aims to determine the effect of satisfaction and trust on customer loyalty in using the Bank's micro superior products. The research population is Bank customers in Makassar City who use micro superior products. The final sample obtained was 100 respondents. Data analysis used path analysis using Statistical SPSS 25. The results of data analysis show that the satisfaction variable has a significant effect on trust. The satisfaction variable has no positive and significant effect on loyalty. The trust variable has a positive and significant effect on loyalty. Then the analysis of satisfaction on loyalty through trust is known to have a direct effect, while the indirect effect of satisfaction through trust on loyalty, which means that the value of the indirect effect is greater than the value of the direct effect. So it can be concluded that indirectly satisfaction through trust has a significant effect on loyalty. In order to increase consumer loyalty, banks need to continue to improve the quality of their products and services. In addition, banks can provide education to customers to increase customer understanding of the benefits they get from the bank's flagship micro products and how to use them effectively.

Keywords: *satisfaction, trust, customer loyalty*

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1. INTRODUCTION

In the banking industry, customer satisfaction and trust play a crucial role in influencing customer loyalty towards microbanking products. Customer loyalty is a key factor in the success of banking businesses, as loyal customers tend to use bank products and services continuously. Therefore, it is important to understand how customer satisfaction and trust affect customer loyalty in using microbanking products.

Several previous studies have been conducted on the relationship between customer satisfaction, trust, and customer loyalty in the banking context. For example, a study by Halim & Hermawan (2017) showed that customer satisfaction has a positive influence on customer loyalty through the mediation of customer trust. This study used Structural Equation Modeling (SEM) and found that customer satisfaction has a positive impact on customer trust, which in turn affects customer loyalty.

In addition, a study by Hayati et al. (2020) highlights the importance of customer satisfaction as a mediation between microbanking image, customer relationship, and customer loyalty. This study shows that the strength of microbanks lies in their ability to build an image and closeness with customers. Although previous studies have provided insights into the relationship between customer satisfaction, trust, and customer loyalty in the banking context, there are still knowledge gaps that need to be filled. For example, a study by Bisimwa et al. (2019) shows that research examining customer satisfaction as a mediator between trust and customer loyalty in the banking industry is still limited.

Basically, the source of bank funds comes from several sources. One of the sources of bank funds that play a role in the continuity of bank operations is savings and loans (micro flagship products). In banking liberalization has achieved several goals both in collecting sources of funds, increasing the efficiency of banking work and in improving better money market mechanisms. The collection of bank funds consisting of savings

and loans (micro superior products) does not always increase in the year-end period. Therefore, of course, satisfaction and trust are important factors that must be given to customers so that they can make repeated transactions.

In this case, of course, loyalty is a key success that must be achieved by the bank. To achieve this, banks must dare to take risks that are not small. Customer loyalty is a critical factor in the banking industry as it directly impacts the profitability and sustainability of banks. Loyal customers are more likely to continue using the products and services of a particular bank, leading to increased revenue and market share. Customer satisfaction is an important factor that influences customer loyalty in the banking sector. Numerous studies have shown a positive relationship between customer satisfaction and customer loyalty (Ishak & Azzahroh, 2017; Rofiqo et al., 2021; Octavia, 2019). When customers are satisfied with the services and experiences provided by a bank, they are more likely to remain loyal and continue using its products (Siadari & Lutfi, 2021; Rusyidi, 2021; Latifah & Dora, 2023). Factors that can influence customer satisfaction include the quality of service, convenience, responsiveness, and personalized attention.

Numerous studies have shown a positive relationship between customer satisfaction and customer loyalty. When customers are satisfied with the services and experiences provided by a bank, they are more likely to remain loyal and continue using its products. Trust is another important factor that influences customer loyalty. When customers trust a bank, they feel confident in its ability to fulfill its promises, protect their interests, and maintain the security of their financial transactions. Trust plays a crucial role in establishing long-term relationships with customers and fostering loyalty.

The relationship between customer satisfaction and trust is also important in understanding customer loyalty. Studies have shown that customer satisfaction mediates the relationship between service quality, trust, and customer loyalty. Furthermore, customer loyalty extends beyond repeat purchases and usage of bank products. Loyal customers are more likely to recommend the bank to others, contributing to positive word-of-mouth and attracting new customers. They also tend to be less sensitive to price changes and are more willing to tolerate occasional service failures. Therefore, customer loyalty not only enhances the financial performance of banks but also strengthens their reputation and competitive position in the market. In conclusion, customer satisfaction and trust are crucial factors that significantly influence customer loyalty in the banking industry.

Banks that prioritize customer satisfaction by delivering high-quality services and meeting customer expectations are more likely to foster loyalty. Similarly, banks that prioritize transparency, security, and ethical conduct are more likely to gain the trust of their customers. The relationship between customer satisfaction, trust, and loyalty is complex, with customer satisfaction mediating the relationship between trust and loyalty. Understanding these factors and their interplay is essential for banks to develop effective strategies to attract and retain loyal customers.

Consumer satisfaction and trust are two important factors that significantly influence customer loyalty in using micro bank flagship products. Understanding the relationship between these variables is crucial for micro banks to develop effective strategies to enhance customer loyalty and maintain a competitive edge in the market. Previous studies have explored the impact of consumer satisfaction and trust on customer loyalty in various contexts. For instance, Shankar & Jebarajakirthy (2019) examined the influence of e-banking service quality on customer loyalty. They found that high-involved consumers place less value on customer support teams compared to low-involved consumers. This study suggests that different customer segments may have varying perceptions of service quality and its impact on loyalty.

Giao et al. (2020) explored the influence of website quality on e-loyalty through the mediating role of e-trust and e-satisfaction in the context of online shopping. They found that trust and satisfaction mediate the relationship between website quality and customer loyalty. This study highlights the importance of trust and satisfaction in driving e-loyalty. Mansouri et al. (2022) investigated the influence of sellers' ethical behavior on customer loyalty, satisfaction, and trust. They found that ethical sales behavior positively affects customer satisfaction, trust, and loyalty. This study emphasizes the role of ethical behavior in building customer trust and loyalty.

Khasbulloh & Suparna (2022) examined the effect of perceived risk and perceived value on customer loyalty through customer satisfaction as intervening variables in the context of Bukalapak users. They found that customer satisfaction mediates the influence of perceived risk and perceived value on customer loyalty. This study highlights the mediating role of customer satisfaction in the relationship between perceived risk, perceived value, and loyalty. Asnawi et al. (2019) focused on the role of service quality within Indonesian customers' satisfaction and loyalty in Islamic banks. They found that behavioral loyalty, which reflects customers' positive response to repurchasing certain products or services, is important for customer loyalty. This study emphasizes the significance of behavioral loyalty in driving customer loyalty. Esmacili et al. (2021) evaluated customer

loyalty in mobile banking and examined the impact of perceived risk, relative advantages, and usability factors. They found that customer trust has a direct and positive impact on customer loyalty in mobile banking. This study highlights the role of trust in driving customer loyalty in the mobile banking context.

By understanding the relationship between consumer satisfaction, trust, and customer loyalty in using micro bank flagship products, this research aims to provide valuable insights for micro banks in developing effective marketing strategies and enhancing customer loyalty. The findings of this study can contribute to the existing literature on customer loyalty and provide practical implications for micro banks to improve their customer retention and satisfaction.

2. RESEARCH METHODS

Independent / Free variables are variables that affect or cause changes or the emergence of dependent variables. The independent variables in this study are Satisfaction (X1) and Trust (X2). Dependent / Bound Variables are variables that are affected or that are the result of the existence of independent variables. In this study, the dependent variable is Customer Loyalty (Y).

The population in this study is micro superior product customers (Kupedes) who are registered and still active in various banks in Makassar City. While the sample in this study were customers who used the Bank's micro superior products. Then the accidental sampling approach is used by researchers to take samples based on the coincidence of the person there or anyone who happens to meet with researchers who match the criteria determined by the researcher, namely: 1) Customers who use the Bank's micro superior products. 2. Customers who are registered and still active. 3) Willing to be a respondent and 4) Domiciled in Makassar.

The formula used to determine the number of samples is the paul leedy formula, namely (Sangadji and sopiah, 2013):

$$N = \left(\frac{Z}{e}\right)^2 (P)(1 - P)$$

Notes:

n = sample size

P = proportion must be in the population

e = sampling error (10%)

z = standard score for the selected error

The total population in this study is known, so the value of P (1-P) with a maximum = 0.25. When using a confidence level of 95% with an error rate of 10%, then the amount, namely:

$$N = \left(\frac{1,96}{0.1}\right)^2 (0,25)$$

$$N = 96,04 \approx 100$$

The number of samples in this study amounted to 100 respondents.

The validity test is used to determine the feasibility of the items of each question in defining a variable. The validity test is used to measure whether a questionnaire is valid or not. A question item is said to be valid if the r-count value which the value of the corrected item-total correlation is greater than the r-table obtained through DF (Degree of Freedom). To test whether a question is valid or not, it can be done through a computer program (Excel Statistical Analysis & SPSS).

Reliability test is a test of research instruments used to determine the level of accuracy, accuracy or accuracy shown by the measurement instrument. The measuring tool to be used is Cronbach alpha through the Excel Statistical Analysis & SPSS computer program. The reliability of a variable construct is said to be good if it has a cronbachalpha value greater than 0.60.

This study uses Path analysis which is part of the Regression model which can be used to analyze the causal relationship between one variable and another. The causal relationship system involves two types of variables, namely independent variables or better known as independent variables which are usually symbolized by the letters X1, X2, and so on and dependent variables or variables that are affected or dependent variables which are usually symbolized by the letters Y1, Y2, and so on. In Path Analysis, the influence of independent variables on dependent variables can be in the form of direct and indirect effects. The indirect effect of the independent variable on the dependent variable is through another variable called the intervening variable.

In model path analysis, the diagram used is usually called a path diagram. Path diagram is a tool to describe graphically, the structure of the causal relationship between independent variables, intervening variables and dependent variables.

3. RESULTS AND DISCUSSION

This study aims to determine the effect of satisfaction and trust on customer loyalty in using Bank micro unggulan products. The following is the description:

3.1 The Effect of Satisfaction on Customer Trust in Using Bank Micro Unggulan Products

From the results of the research conducted, it can be seen that satisfaction has a positive and significant effect on customer trust in using the Bank's micro flagship product. This is evidenced by looking at the probability value of the satisfaction variable (X1) on customer trust (X2) which is $0.0001 < 0.05$. So it can be concluded that directly there is a significant effect of X1 on X2. This means that the higher the level of satisfaction of a customer with a company, the more customer trust will increase. This is in line with what was stated by Cullen et al. (2014) which defines satisfaction as a function of perceptions or impressions of performance and expectations. If product performance is lower than consumer expectations, then consumers are not satisfied, if performance matches or exceeds consumer expectations, then consumers are satisfied. So it can be concluded that satisfaction will be achieved when consumer expectations match the reality they get which can be good for the growth of customer trust.

Trust and in particular confidence should be a fundamental component of a marketing strategy aimed at leading to a true customer relationship in using the micro flagship product. The customer must be able to feel that he or she can rely on the Bank, that the company is trustworthy. However, building trust takes a long time and can only develop after repeated meetings with the customer.

3.2 The Effect of Satisfaction on Customer Loyalty in Using Micro Bank Featured Products

From the results of the research conducted, it can be seen that satisfaction does not have a positive and significant effect on customer loyalty in using the Bank's micro flagship product, this is evidenced by looking at the probability value of the satisfaction variable (X1) on customer loyalty (X2) which above obtained a significance value of X1 of $0.232 > 0.05$. So it can be concluded that there is no significant effect of X1 on Y. This means that the level of satisfaction of a customer with a company does not directly or significantly affect the loyalty of a customer. The results showed that the direct effect between the satisfaction variable (X1) on the customer loyalty variable (Y) was smaller than if there was a trust variable (X2) as an intervening variable.

Satisfaction will never stop at one point, it moves dynamically following the level of product or service quality that matches the expectations that develop in the mind of a customer. Therefore, to get the loyalty of a customer, of course, according to Rumiya and Syafarudin (2021) banks must pay attention to several factors which certainly do not focus on how the company provides a sense of satisfaction to customers in using micro superior products. Because the results of this study indicate that the higher the level of satisfaction does not necessarily increase the loyalty of a customer significantly. This means that even though the service in using micro superior products provided by the Bank is good, it is not necessarily able to bind a customer to continue using the Bank's micro superior products to use them in the future and provide recommendations to others.

3.3 The Effect of Trust on Customer Loyalty in Using Micro Featured Products

From the results of the research conducted, it can be seen that trust has a positive and significant effect on customer loyalty in using superior micro bank products. This is evidenced by looking at the probability value of the trust variable (X2) on customer loyalty (Y) which is $0.0001 < 0.05$. So it can be concluded that there is a significant effect of X2 on. This means that the higher the level of trust of a customer in a company, the more customer loyalty will increase. This is in line with what was stated by Akrou et al. (2016) states that trust is a willingness or belief of exchange partners to establish long-term relationships to produce positive work. This aims to gain the trust of consumers which of course will have an impact on the attitude of customer loyalty in using company products.

If trust can meet the needs and desires of a customer, then of course it will encourage a very deep loyal attitude to use micro superior products consistently (Nora, 2019). Even further, customers who are satisfied will certainly convey their satisfaction to others or even provide recommendations to use the Bank's micro superior products. This shows that when customers believe that micro superior products are able to provide what they expect, of course, it will have a very good impact on generating a loyal attitude towards the Bank.

3.4 The Effect of Satisfaction and Trust on Customer Loyalty in Using Micro Bank Featured Products

From the results of the research conducted, it can be seen that indirectly satisfaction through trust has a positive and significant effect on customer loyalty in using superior micro bank products. The direct effect given by X1 on X2 is 0.735. While the indirect effect of X1 through X2 on Y is the multiplication of the beta value of X1 against X2 with the beta value of X2 against Y, namely: $0.735 \times 0.620 = 0.455$. Then the total effect given by X1 on Y is the direct effect plus the indirect effect, namely: $0.126 + 0.455 = 0.581$. Based on the results of

the above calculations, it is known that the direct effect value is 0.126 and the indirect effect is 0.581, which means that the indirect effect value is greater than the direct effect value. These results indicate that indirectly X1 through X2 has a significant influence on Y. This means that the higher the level of satisfaction with a company to foster a sense of trust in a customer, the more customer loyalty will increase. This is in line with what was stated by Castaldo et al. (2016) argue that the first step in building a consumer loyalty system is trying to recognize the terminology and variables that determine and encourage loyalty. So it can be concluded that satisfaction and trust are variables that can determine and encourage the growth of a customer's loyalty attitude towards a company.

Good satisfaction is one thing that is very important to reach customers, in order to reveal customer reactions to the services provided by the Bank in using micro superior products with the level of trust and loyalty related to these services which are certainly very relevant and needed by customer-oriented companies. A satisfied customer is a customer who feels he is getting value or quality service (Fernandes, 2018), so satisfaction occurs if the customer gets quality service and trust. This value for customers can be created through customer trust which can be a stimuli element for the Bank to influence customers in future repeat use. If trust is able to fulfill the needs and desires of a customer, then of course it will encourage a very deep loyal attitude to use micro superior products (Kupedes) consistently. Even further, satisfied customers will certainly convey their satisfaction to others or even provide recommendations to use the Bank's micro flagship products.

4. CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the research conducted, the conclusions of this study are: 1) Satisfaction has a positive and significant effect on customer trust in using superior micro bank products. A high level of satisfaction will have an impact on the growth of a customer's trust in a company. Thus, the first hypothesis can be accepted. 2) Satisfaction does not have a positive and significant effect on customer loyalty in using the Bank's superior micro products because customer loyalty occurs due to customer trust. Thus, the second hypothesis is rejected. 3) Trust has a positive and significant effect on customers in using the Bank's micro superior products. Trust is an important variable for a company as large as BRI to encourage the growth of customer loyalty attitudes. Thus, the third hypothesis can be accepted. 4) Satisfaction through trust indirectly has a significant effect on customer loyalty in using micro superior products at the Bank. Satisfaction and trust are variables that can determine and encourage the growth of a customer's loyalty attitude towards a company. Thus, the fourth hypothesis can be accepted.

Based on the conclusions of this study, in order to increase customer loyalty, banks need to continuously improve the quality of their products and services. This could include developing micro flagship products that better suit customer needs and improving efficiency in delivering services. Banks can educate customers about their products and services. This can help in improving customers' understanding of the benefits they get from the bank's micro flagship products and how to use them effectively. Active communication with customers is key. Banks need to keep communication channels open, respond quickly to customer queries and feedback, and provide information on improvements or changes in their products and services.

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