

## THE EFFECT ANALYSIS OF SAVING AND SERVICE QUALITY TOWARD CUSTOMER SATISFACTION AND LOYALTY AT BANK JATIM

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### ABSTRACT

*Bank is a trusty industry or service that works as an intermediary between the surplus fund party and the lacking fund party. Besides collecting and distributing fund, bank can also has a function as motivator and innovation supporter in many economic activities in order to encourage economic growth and development to a more prosperous direction. The objectives of this study are: to measure customer level of satisfaction and loyalty toward saving and banking service in Bank Jatim. This research is classified as explanatory research with the descriptive analytic descriptive research using questionnaire as primary data collecting. Population in this research is the Bank Jatim's customers on 18 Branch Offices that have Assistant Branch Offices in East Java. The technique of sampling is using proportional random sampling. The results of analysis using Structural Equation Modeling (SEM) are: 1. Saving quality has significant effect and positive toward toward customer satisfaction. 2. Service quality has non-significant effect and positive toward customer satisfaction. 3. Saving quality has significant effect and positive toward customer loyalty. 4. Service quality has nonsignificant effect and positive toward customer loyalty. But, service quality has significant indirect effect and positive toward customer loyalty mediated by customer satisfaction. 5. Satisfaction has significant effect and positive toward customer loyalty. But, saving quality has significant indirect effect and positive toward customer loyalty mediated by customer satisfaction.*

**Field of Research:** *saving, service quality, satisfaction and loyalty customer*

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### 1. INTRODUCTION

The role of banking is strategic in order to reach national development goals, creating a national banking need to be given an opportunity to expand the range of services around the country in public services for the society. Along the experience of post monetary crisis in 1997, over all, Indonesia bank policy in 2004; focused on effort to improve the stability of banking and raise the roles of the banking in the economy with credits priority.

The steps have been taken to create it, including:

1. The stabilization of banking system tenacity and banking recovery program.
2. Stabilization of banking circumspection principle implementation.
3. Development of Micro Business Credit, Small, and Medium (UMKM).

The role of East Java society in the finance of development needs to be increased and encouraged the awareness, understanding, appreciation that development is a right and duty as well as the responsibility of all people. Society savings as a source of development financial needs to be improved through instruments that exist on monetary policy along with policies in other fields. According to Kotler in Tjiptono (2006:89 ) banking products deals identified as the main service categories completed with goods and services, which means that a minor service subject together with the additional services (supplementary) and supporting items, then the concept of banking services marketing emphasis on total of marketing concept, the purpose of the company is trying to gratify customers through understanding consumer behavior comprehensively that is expanded in marketing activities that integrates another functional activities ( Tjiptono,2006). Therefore marketing is not only involves person who conduct sales and marketing to the people, but also the hardware and software of banking. Marketing for banking products is a creation of product within a service to the customer that is appropriate to their expectations, being able to gratify the customers as the bank's profits. To find out the quality of banking products especially savings, according to The Banking law Act number 10 in 1998, in Kasmir (2003: 57) savings is the mistress of doing so can only be done according to certain conditions agreed, but cannot be taken by cheque, gyro ticket and other accounts that are equals. In other words, there are two important aspects in any marketing activities, namely banking: Customer oriented and active process. (Soedradjat, 1987:5)

Customer oriented marketing activities focus on bank customers. The principles that are used in each activity are what customers buy, not what we sell. All of the bank's activities is focused on what is needed and looked for by the customers. An active process is an activity that includes: element creation which is new product, new promotional ideas and others, including the provision of better services, so that giving satisfaction to the customer. One form of what customers buy, from the bank's activities are services offered in the form of savings. In order to find out the quality of banking services especially in savings. According Lovelock in Tjiptono ( 2005 : 96 ) stated that the quality of services is the expected level of excellence and control over the edge meets the desire of the customer. In other words, how far the banking services in the form of savings has an excellence level in accordance with the customer desire. Thus if the savings provided by a bank is able to meet the expectations of our customers satisfaction, and instead. If the customer is satisfied and what retrieved exceeded expectations in the long term, it will be created on customer loyalty.

BPD is a Bank owned by the provincial government, as well as County Government/cities throughout Indonesia, in other words, the policy Provence Government, district or city, has an important role to determine policies that made the management of the regional development banks, thus gives BPD performance success contributed towards the acceptance of the original Area (PAD) as well as expressed by Nazwar Nasir. Nevertheless, BPD in its operation should be performance-based, as do other public banks.

The financial performance of the Jatim Bank's appears that ranks first in Group 5 of the regional development banks. Financial performance indicators include, Total Assets increased by 28%, capital of 18.78%, Equity, amount of 23.34% and CAR registration of 21.66%. This condition may indicate increased public confidence in Jatim banks significantly. According to the February in the year of 1991 in Dendawijaya Lukman (2005: 40) that a CAR or Capital Bank Ratio of assets is according to the risk (RWA) of 8%. So that, CAR of Jatim Bank of 21.6%, it means that idle capital happens, and lending less than optimal.

These conditions, gives a positive overview for Jatim Bank Management, but realized it or not, with the publication of the ACT of the Republic of Indonesia No. 5 in the year of 1974 (Secretariat of State RI 1974) on 23 July in 1974 about the fine points of Government is very favorable for the regional development banks, mentioned "Financial regional is saved on cash area or regional development banks thus allocation of Central Government funds as well as other sources of reception area, compiled and channeled through regional development banks (BPD), including Jatim Bank." The cash component of the area of the province of East Java, including the salaries of employees of the provincial Government of East Java, the District Government /Town in East Java, where to do the melting/retrieval salaries, through the opening of a savings account.

Based on the description above, it needed a research related to **The analysis of Influences of Savings and Service to the Customer's Satisfaction and Loyalty of Jatim Bank.**

Based on the title and description in the background, then the problem research on the study was formulated as follows:

1. Is the quality savings effect significantly to the satisfaction of Jatim Bank customers?
2. Is the service quality has the significant influence to the satisfaction of Jatim Bank customers?
3. Is the customer satisfaction has a significant effect to Jatim Bank's customers loyalty?
4. Is it significant to the quality of influential loyalty Savings Bank Jatim?
5. Is it significant to the quality service our customers loyalty influential Bank Jatim?

## 2. LITERATURE REVIEW

### 2.1. Overview of the Savings

According to Kinnon Arief (1996: 219) describes the level of interest in developing countries. He assumes that financial institutions in developing countries have not been able to perform its functions well as intermediaries between savers and investors. Therefore, investors in developing countries have to save it first to be able to make an investment with the purchase of capital goods.

Different with the assumption of classic theory of capital goods in the theory of McKinnon can't share some in a small unit, thus relation between capital goods and money in McKinnon's theory is complementary and can not be changed as in classic theory.

Kinnon's theory states to stimulate the mobilization of savings, real interest rates must be positive. The real interest rate is the nominal interest rate with a rate of inflation after corrected. In order to create a positive real interest rate, nominal interest rate must be higher than the rate of inflation. Thus the problem of controlling the rate of inflation and price level stability is very important in the theory of

McKinnon as. This is in contrast to the teachings of the Structuralism which, if necessary, to finance the construction to change the structure of the economy in developing countries through the printing of money.

Classical economic theory as well as McKinnon suggested that developing countries raise interest rates as high as possible. Loanable Funds theory and McKinnon's think that high rates interest is needed to mobilize a national savings.

## 2.2. The quality of banking services

Quality banking services are much more difficult to define than with the quality of the goods. Services or services are intangible and is a process which is experienced subjectively customer production and consumption activities which take place at the same time. What happens during a customer interaction and service providers will greatly affect the quality of service that are perceived by the customer.

In the context of the quality of banking services, the following described some of the definitions of service quality. Cronin and Taylor (1992) stated that the quality of service delivery that is privileged or superior relative to customer expectations. Quality of service is a form of attitude and a thorough assessment of long-term. Objectives to be achieved are the effort to fulfill the needs and desires of customers and the precision of delivery to compensate the customer expectations. This definition leads to the achievement of the ideal expectation where the services provided by banks are the optimum or the best performance as expected customers.

There are two factors that affect the quality of service is a service that is expected and acceptable service. Parasuraman (1996) stated that quality service is how much the differences between reality and expectations of the customers for the services they have received or accepted. The greater the distance between the facts that it is said to be acceptable under the expectation that the services provided by a bank will be even less qualified. Conversely, if the fact that received equal or exceed customer expectations, the bank provided the service quality.

From a different perspective of service quality can also be seen from how big the benefits derived by customers from the banking transactions. Wyckoff in Yamit (2001:22) stated that service quality can be defined as a bunch of useful benefits either explicitly or implicitly on access to contraceptive services. The implication whether the poor quality of service depends on how service delivery can provide benefits to customers.

## 2.3. Customer satisfaction

In the hypercompetitive global marketplace, no single bank can survive in the absence of a satisfied and loyal customers. Customer dissatisfaction caused customers to switch to another bank. Banks that fail to satisfy its customers will face a big problem because the customer will tell another bad experience for customers. It can be imagined the impact arises when a bank customer has 10 people who told of a bank failure in satisfying its customers to their respective – 10 candidates for potential customers. The bad news will spread and grow exponentially then how big a loss due to failure to satisfy the customer 10.

Definition of customer satisfaction will be variable between the literature with other literatures. These variations lead to or cause trouble to look at the size of customer satisfaction. The word contentment or satisfaction derived from the Latin *satis* (meaning good enough or sufficient) and *facio* (meaning do or make). Satisfaction can be interpreted in a simple effort to fulfill something well enough or make something, or in accordance with customer wishes.

Philip Kotler and Kevin Lane Keller, (2006: 36) defines satisfaction (satisfaction) as a person's feelings of pleasure or disappointment resulting from a product's perceived company performance (or outcome) in relation to his or her expectation. That is, satisfaction is a form of feeling happy or upset someone who is the result of comparison between the performances of the products received with what was expected.

Customer satisfaction is a measure of the customer after comparing the performance (results) that he felt compared to his expectations. Spreng et al. (1996) suggest that feelings of satisfaction arise when customers compare their perceptions about the performance of products or services to their expectations. So customer satisfaction is formed after the perception of the bid or in other words the level of customer satisfaction is a function of the difference between perceived performance with expectations. Happen if the customer satisfaction ratings and banking products that are used at least equal or exceed customer expectations, while dissatisfaction occurs if the assessment does not meet or are below the expectations of customers.

Tse and Wilson (1988) noted with satisfaction and dissatisfaction is customer response to the evaluation of the perceived discrepancy between prior satisfaction and perceived performance of the actual product after use. In other words, customer satisfaction will arise after the purchase or consumption process in which customers provide after-purchase evaluative judgments. There are two main variables that determine customer satisfaction and perceptions of the expectations of product performance. When expectations exceed perceptions of performance, it will be satisfaction, but if it happened in contrary, the customers will be dissatisfied.

The ultimate goal of customer satisfaction is creating perceptions and expectations of customers for products that are marketed to customers as a customer is satisfied and are fanatical about banking products and services are produced. Oliver (1981) suggested that customer satisfaction is an evaluation of the surprise inherent or attached to the acquisition of products and consumption experiences. But it is needed to know that customer's expectations are formed as it is influenced also by the experience of previous purchases, comments of friends and acquaintances as well as the promise of information and rival marketers. The customer will decide satisfied or not satisfied by the consumption experience.

#### **2.4. Customer loyalty**

At this time there has been a shift in the orientation of the marketing of banking products from conventional approaches to contemporary approaches. The conventional approach emphasizes customer satisfaction, while the contemporary approach focuses on customer loyalty. Actually there is nothing wrong with the conventional approach, but what it does is not enough to win the competition in the future.

Bank customers generally want to maintain forever. Accordingly, in the context of banking services, Sheth and Mettal in Tjiptono (2004:387) stated that customer loyalty is customer commitment to a bank based on a very positive attitude and is reflected in a consistent repeat purchase. Repeat purchase could be the result of market dominance of a bank that managed to make its products as the only product available. Consequences of what happened is the customer does not have any other options to look for another product. Besides, it can repeat the continuous promotion in order to persuade and entice customers to use the product. If there is no market dominance and intensive promotional efforts, only the loyal customers who have a commitment to make repeat purchases.

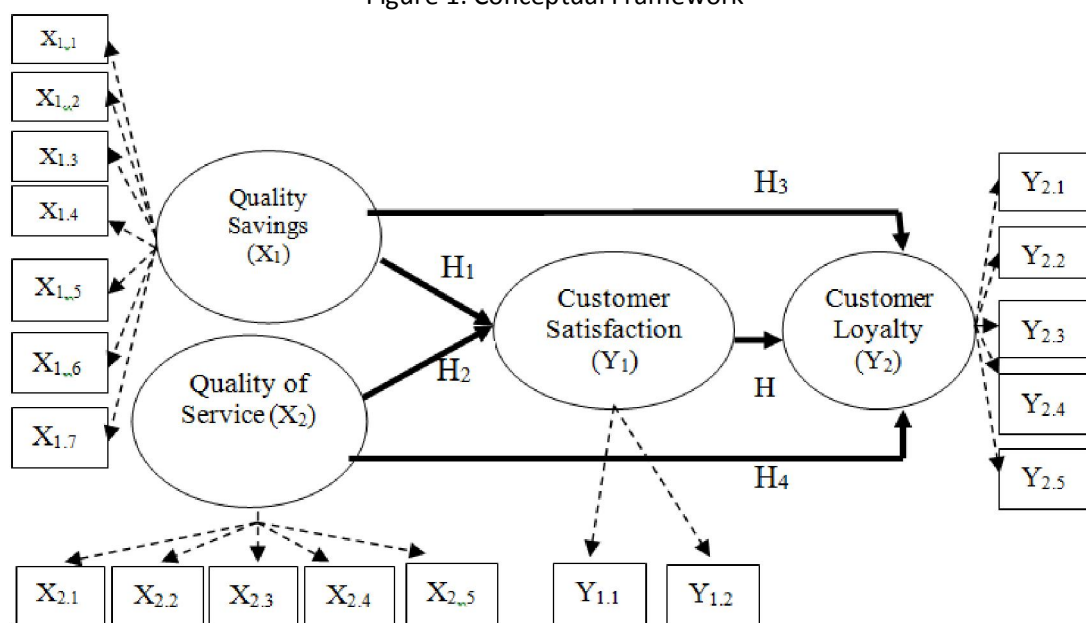
Loyalty will be formed because of the long history of consumption habits and banking products. Boulding et al. (1993) suggested that customer loyalty is caused by the influence of satisfaction or dissatisfaction that accumulates on an ongoing basis in addition to the perception of product quality. Bank is able to provide satisfaction to its customers in the long run create loyal customers and make repeat purchases. Besides, the perception of the appropriateness of performance is influenced by the quality of bank services in question. So that in addition to customer satisfaction, service quality also affect customer loyalty bank directly or indirectly.

Most of the customers like banking product after using these banking products. Repetition of consumption led to customer loyalty. In his research Caruana (2002) says that loyalty is seen as a final effect of repeat purchases made by consumers. Repeat purchases can be caused by the presence of a match after repeatedly using banking products or customers are conditioned to use only one banking products only. The ultimate impact arising from these conditions is the customer will be loyal to a banking product by repeated consumption in the long term.

### 3. CONCEPTUAL FRAMEWORK FOR RESEARCH

Conceptual framework of this study are shown in Figure 1.

Figure 1: Conceptual Framework



Description of variables:

X1: Quality Savings

X1.1: Initial Deposit / First Minimum

X1.2: Administration

X1.3: Interest rates

X1.4: Security

X1.5: Image

X1.6: Ease

X1.7: Balance creep

X2: Quality of Service

X2.1: physical evidence (Tangible)

X2.2: reliability (realibility)

X2.3: Empathy (Empathy)

X2.4: Responsiveness (Responsiveness)

X2.5: Security and certainty (Assurance)

Y1: Customer Satisfaction

Y1.1: Confirmation of hope (Confirmation of expectation)

Y1.2: Comparison with ideal conditions (Comparison of ideal)

Y2: Customer Loyalty

Y2.1: Trust (Trust)

Y2.2: emotional commitment (EmotionComitmen)

Y2.3: Load change (Switching Cost)

Y2.4: Publication verbal (Word of mouth)

Y2.5: Cooperation (Cooperation)

Based on the Formulation of the problem and literature review, research - past research and thought process, then compiled the following research hypothesis:

1. Saving significant effect on the quality of customer satisfaction Bank of East Java.
2. Significant effect on service quality customer satisfaction Bank of East Java.
3. Significant effect on customer satisfaction customer loyalty Bank of East Java.
4. Saving significant effect on the quality of customer loyalty Bank of East Java.
5. Significant effect on the quality of service customer loyalty Bank of East Java.

#### **4. RESEARCH METHODS**

##### **4.1. Questionnaire Research**

The main tool in this study is a questionnaire submitted to Bank customers in East Java, East Java is chosen as the study sample. For it is necessary for the analysis of items with Structural Equation



Modeling (SEM). It holds the validity and reliability. Validity is how much accuracy and precision of a measuring instrument, perform the functions of measuring.

In this study validity regarding the level of accuracy achieved by an indicator in measuring something or accurate measurement of what should be measured. While reliability is a measure of internal consistency of the indicators of a construct that indicates the degree to which each indicator indicates a common constructs (Ferdinand, 2000:60). Scale used was Likert scale with intervals of 1 to 5.

#### **4.2 Research Location**

This study is planned to take the location of the 18 (eighteen) branches of East Java offices in various districts / municipalities includes: Main, Silver, Banyuwangi, Jember, Malang, Madison, Lumajang, Ngawi, Jombang, Probolinggo, Blitar, Tulungagung, Mojokerto, Pasuruan, Nganjuk, Roxburgh, Situbondo and Lamongan.

#### **4.3. Data Analysis Techniques**

In the offered hypothesis, the data obtained will then be processed by the needs analysis. For the sake of discussion, the data is processed and presented based on the principles of descriptive statistics. Meanwhile, for the sake of analysis and offered hypothesis, the approach used inferential statistics. The analysis used to answer the Structural Equation Model hypotheses are (Structural Equation Modeling or SEM) using AMOS 4.0 and SPSS program version 11.0.

#### **4.4. Analysis of Structural Equation Modeling (SEM)**

This study is a multi-dimensional study by describing the phenomenon observed practically in various dimensions or indicators. To test hypotheses 1-7 in this study using Structural Equation Modeling (SEM) as a model multi relitian causality (more than 1 (one) equation) and tiered. Diguriakan variables including the nature of research and research models are unobservable resiplok. SEM analyzes the causal relationship between exogenous and endogenous variables that indicate a change in the value of a variable will result in changes in other variables as well as to check the validity and reliability of research instruments (Solimun, 2003:72).

### **5. RESULTS AND DISCUSSION**

#### **5.1 Research Results**

There are several testing of assumptions have been done in the SEM, the normality and linearity.



### 5.1.1. Normality test

Assumption of multivariable normality was tested with the help of software AMOS 6, shows that the multivariate normal distribution of data. It is indicated on the critical ratio of 1.469, the critical value  $Z_{\alpha}$  – count for 5% is equal to 1.96. Because the CR value <1.96 then the assumption of multivariate normality is met. Similarly, based on the central limit theorem if sample statistics will be greater than the normal distribution. With a sample size  $n = 190$ , then the data in this dissertation study is considered the central limit theorem has to meet, so the assumption of normality of the data is not critical and can be ignored.

### 5.1.2. Linearity test

Assumption of linearity testing was conducted by Curve Fit, calculated with the help of SPSS software, linearity results are presented in table 5.1. Reference used is the principle of parsimony, ie when all the models used as the basis of testing means significant or nonsignificant linear model of say. Model specifications are used as the basis for testing the model of linear, quadratic, cubic, inverse, logarithmic, power, compound, growth, and exponential. While in briefly, will be presented in Table 5.1, that the whole relationship is linear.

**Tabel 5.1**  
**Assumption Test of linearity**

Independent Variable	Dependent Variable	Test Result ( $\alpha = 0,05$ )	Decision
Quality of savings ( $X_1$ )	Customer satisfaction ( $Y_1$ )	significant	Linear
Quality of service ( $X_2$ )	Customer satisfaction ( $Y_1$ )	nonsignificant	Linear
Quality of savings ( $X_1$ )	Customer loyalty ( $Y_2$ )	significant	Linear
Quality of service ( $X_2$ )	Customer loyalty ( $Y_2$ )	nonsignificant	Linear
Customer satisfaction ( $Y_1$ )	Customer loyalty ( $Y_2$ )	Model linear significant	Linear

### 5.1.3. The results of SEM Analysis and Hypothesis Testing

Theoretical models on the conceptual framework of the study, said to be fit if they are supported by empirical data. Test results overall goodness of fit model, to determine whether the hypothetical models supported by empirical data, are given in Table 5.2 below.

**Table 5.2**  
**Goodness of Fit Overall Model**

Kriteria	Cut-of value	Model Result	Description
Khi Kuadrat	kecil	167,315	Good
p-value	≥ 0,05	0,120	
CMIN/DF	≤ 2,00	1,138	Good
GFI	≥ 0,90	0,918	Good
AGFI	≥ 0,90	0,894	Not Good
TLI	≥ 0,95	0,971	Good
CFI	≥ 0,95	0,966	Good
RMSEA	≤ 0,08	0,027	Good

Goodness of Fit Test results based on Table 5.2 Overall, it can be concluded that nearly all of the seven criteria showed good models, especially the views of Cmin / DF and RMSEA. It is therefore appropriate models to be used as a basis for hypothesis testing.

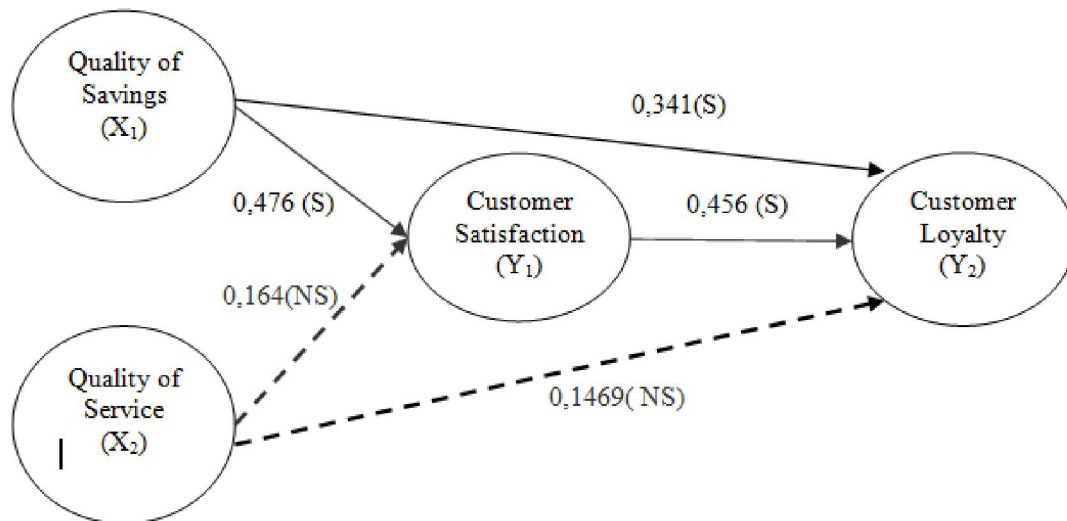
Hypothesis testing is done by t test (t test) on each of the direct influence of the partial path. Table 5.3, presents the results of hypothesis testing the influence between variables.

**Table 5.3**  
**Test Hipotesis of influence among variable**

Independent variable	Dependent variable	Path coefficient	p-value	Description
1. Quality of savings (X <sub>1</sub> )	Customer satisfaction (Y <sub>1</sub> )	0,476	***	Significant
2. Quality of service (X <sub>2</sub> )	Customer satisfaction (Y <sub>1</sub> )	0,164	0,103	Nonsignificant
3. Quality of savings (X <sub>1</sub> )	Customer loyalty (Y <sub>2</sub> )	0,341	0,005	Significant
4. Quality of service (X <sub>2</sub> )	Customer loyalty (Y <sub>2</sub> )	0,146	0,104	Nonsignificant
5. Customer satisfaction (Y <sub>1</sub> )	Customer loyalty (Y <sub>2</sub> )	0,456	0,002	Significant

The result of path analysis of hipotesis testing shown in figure 2,

Figure 2: Path Analysis of Hipotesis Testing



Description:

Hypothesis 1: Quality of Savings (X<sub>1</sub>) effect on Customer Satisfaction (Y<sub>1</sub>)

The results of path coefficient analysis of the influence of the variable quality of Savings (X<sub>1</sub>) to the Customer Satisfaction (Y<sub>1</sub>) obtained the value of 0.476 with a p-value <0.001. So there is enough evidence to accept the hypothesis or the hypothesis is accepted as true, that "Quality Savings (X<sub>1</sub>) effect on the Customer Satisfaction (Y<sub>1</sub>)".

Hypothesis 2: Quality of Service (X<sub>2</sub>) effect on Customer Satisfaction (Y<sub>1</sub>)

The results of path coefficient analysis of the influence of the variable quality of service (X<sub>2</sub>) on Customer Satisfaction (Y<sub>1</sub>) obtained the value of 0.164 with a p-value of 0.103. So there is not enough evidence to accept the hypothesis.

Hypothesis 3: Quality of Savings (X<sub>1</sub>) effect on Customer Loyalty (Y<sub>2</sub>)

The results of path coefficient analysis of the influence of the variable quality of Savings (X<sub>1</sub>) to the Customer Loyalty (Y<sub>2</sub>) obtained the value 0.341 with p-value of 0.005. So there is enough empirical evidence to accept the hypothesis, that the "Quality Savings (X<sub>1</sub>) affects the Customer Loyalty (Y<sub>2</sub>)".

Hypothesis 4: Quality of Service (X<sub>2</sub>) effect on Customer Loyalty (Y<sub>2</sub>)

The results of path coefficient analysis of the influence of the variable quality of service (X<sub>2</sub>) to the Customer Loyalty (Y<sub>2</sub>) obtained the value 0.146 with p-value of 0.104. So there is not enough empirical evidence to accept the hypothesis.

Hypothesis 5: Customer Satisfaction (Y<sub>1</sub>) effect on Customer Loyalty (Y<sub>2</sub>)

The results of path coefficient analysis of the influence of the variable Customer Satisfaction (Y<sub>1</sub>) to the Customer Loyalty (Y<sub>2</sub>) obtained the value 0.456 with p-value of 0.002. So there is enough empirical evidence to accept the hypothesis, that "Customer Satisfaction (Y<sub>1</sub>) directly influence customer loyalty (Y<sub>2</sub>)".

## 5.2. Discussions

Based on the analysis of the results of research that has been presented in Chapter 5, further discussion of the analytical results. Discussion by looking at causal relationships that occur as a proof of the hypothesis raised in this study. Theory - the theory or the results of empirical studies that support or reject the results of research conducted in this study. In addition, the discussion will be presented limitations - limitations that exist in this study, further research will be the basis for other similar studies.

### 5.2.1. Effects of Savings on Quality of Customer Satisfaction

Based on the analysis of the structural model (structural model), the value of tersandarisasi path coefficients (standardized coefficient) to test the model fit and path diagram and the probability of the hypothesis testing results show that the influence of the variable quality of the savings to the customer satisfaction variable is significant and positive direction. Thus the hypothesis that savings significantly influence the quality of customer satisfaction is received or attested

These results mean that the quality of mempunyai influence savings, customer satisfaction significantly. Besides the positive direction, means increasing the quality of the savings, the satisfaction increased as well. Furthermore, causality savings with variable quality indicators, such as:

1. Account beginning,
2. Administration,
3. Interest Rate,
4. Security,
5. Image,
6. Ease,
7. Balance creep,

The variable Satisfaction, with indicator:

1. Confirmation of expectations and
2. Comparing the ideal, will increase as well and vice versa.

Results of this study support the study of Holm (2000) and Bei and Chian (2001) stated that customer satisfaction affects the quality of the product. Customer consumes banking products provide value in proportion to the product's ability to meet its needs. The value associated with a given customer benefit or benefits to be received. The quality of banking products obtained by finding the overall customer expectations, improve the product or service in order to meet the customer expectations.

### 5.2.2. Effects of Service Quality on Customer Satisfaction

Based on the analysis of the structural model (structural model) is the value of path standardization of coefficients (standardized coefficient) to test the model fit and path diagram and the probability of the

hypothesis testing results show that the influence of the variable quality of the savings to the customer satisfaction variable is a variable effect on the variable quality of service customer satisfaction is not significant and positive direction. Thus the hypothesis that service quality has positive and significant impact on customer satisfaction is proven true.

These results mean that the influence of service quality with customer satisfaction, not significant. The study results contradict studies of Bloemer et al., (1998) which stated that there is a causal relationship between service quality Taylor (2002) stated that service quality had a significant influence on customer loyalty. Significantly affect customer satisfaction in mediating the relationship between service quality and customer loyalty. Customer satisfaction is significantly also serves as moderator for the effects that occur between service quality and customer loyalty.

Caruana (2002) stated that service quality had a significant influence on customer loyalty, either directly or indirectly by customer's satisfaction. Furthermore, Said (2004) which states that the perception of service quality directly affects customer loyalty.

### 5.2.3. Effect of Savings on Quality of Customer Loyalty

Based on the analysis of the structural model (structural model) is the value of tersandarisi path coefficients (standardized coefficient) to test the model fit and path diagram of the results of hypothesis testing and probability and critical value ratio, shows the influence of variable quality suggest that savings to the customer satisfaction variable is significant and the direction positive. Thus the hypothesis that savings significantly influence the quality of customer satisfaction is received or attested.

The results of this study support the results of the study Bei and Chian (2001) which states that the quality of the product directly or indirectly affected by mediated by customer satisfaction to customer loyalty. Furthermore Boulding et al. (1993) suggested that the occurrence! Oyalitas on customers caused by the influence of satisfaction / dissatisfaction is continuously accumulated in addition to the quality of the product. The results of this study are also contrary to the study by Holm (2000) which states that the quality of work probabilitas affect the reputation and demand in the future.

### 5.2.4. Effects of Service Quality on Customer Loyalty

Based on the analysis of the structural model (structural model) is the value of tersandarisi path coefficients (standardized coefficient) to test the model fit and path diagrams as well as the probability of the hypothesis testing results and the critical ratio (CR) shows that the influence of the variable quality of service to the customer loyalty variables are positive but not significant. Thus this hypothesis states that the quality of service no significant effect on customer loyalty.

These results mean that the increase in service quality provided by Bank of East Java to increase customer loyalty, though relatively small, but insignificant or meaningless. This means that customer loyalty is owned by the influence of the variable quality of service due to regulation. Therefore, dtingkatkannya or absence of an increase in facilities provided by Bank of East Java, is not a problem, that is the attitude of loyal customers because of regulations that encourage them to save money or

perform other transactions at the Bank of East Java, with proven long been a customer of more than 2 years 55%, although the majority of respondents have accounts with other banks.

The results of this study conflict with studies Caruana (2002) stated that service quality had a significant influence on customer loyalty, either directly or indirectly by mediated by customer satisfaction. Furthermore Said (2004) which states that the perception of service quality directly affects customer loyalty. Parasuraman et al. (1996) customers who do not experience service problems have a high level of loyalty intentions and the intentions of the external response and switch to another product of the lowest. Among customers who experience service problems, proved to be significant that the customer receives a satisfactory settlement has the loyalty, the intention to pay a higher intention to switch to another product and the external response is lower than customers who did not receive a service problem resolution.

### 5.2.5. Effects of Customer Satisfaction (Y1) to Customer Loyalty

Based on the analysis of the structural model (structural model) is the value of tersandarisi path coefficients (standardized coefficient) to test the model fit and path diagrams as well as the probability of the hypothesis testing results and the critical ratio (CR) shows that the influence of variable customer satisfaction to customer loyalty is a significant variable . positive and thus the hypothesis that customer satisfaction is a significant effect on customer loyalty accepted or proven true.

This study supports the study by Boulding et al. (1993) states that the loyalitas on customers caused by the influence of satisfaction / dissatisfaction is continuously accumulated in addition to the quality of the product. Loyalty will be formed because of the long history of consumption habits and banking products. Bank is able to provide satisfaction in the long run create loyal customers and make repeat purchases. While Blomer et al. (1998) states that there is a relationship between the quality! Ayanan and satisfaction to customer loyalty.

Cronin and Taylor (1992) stated that customer satisfaction significantly influence the willingness to buy and service quality mempunyai low impact / small compared to the repurchase of customer satisfaction. This study provides an explanation that affect customer satisfaction to customer loyalty is defined as a willingness to repurchase. Butz and Goodstein (1996) which states that if customers rate the product or banking service can provide added value to the customer, the customer will be satisfied with the services or products offered. Conditions like this will create a relationship or emotional bond between customer and bank.

## 6. CONCLUSIONS AND SUGGESTIONS

In this chapter will be explained about the conclusions and recommendations derived from the analysis in previous chapters. Conclusion The study results are based on the hypothesis of the study to determine the effect of savings and service quality on customer satisfaction and loyalty Bank of East Java.

Conclusions and suggestions are as follows:

### 6.1. Conclusion

Based on the analysis and discussion of studies that have demonstrated both qualitative and quantitative conclusions can be drawn as follows:

1. Savings quality has positive and significant impact on customer satisfaction. This means that the better the quality of the savings provided or offered by the Bank of East Java, the customer will feel more satisfied with the savings Bank of East Java. Customer gives a good assessment of the savings provided by the Bank of East Java as evidenced by the high appreciation or assessment of good customers for each indicator variable quality of the savings Bank of East Java. Saving the good quality affects customer perceptions and expectations of Bank of East Java. The results of this study support and strengthen the results of studies conducted by previous researchers Tse and Wilson (1988), Zeithaml and Bitner (1996: 123), Holm (2000), and Bei and Chian (2001)., Stating that product quality has a positive effect significant impact on satisfaction.
2. Quality of service and non-significant positive effect on customer satisfaction. This means that increasing the quality of services provided by the Bank of East Java, can increase customer satisfaction, meskipun relatively small effect, decreasing the quality of services provided by the Bank of East Java, making customers less satisfied, and not meaningful. The situation is reflected by the characteristics of clients who are relatively high income customers down. Poor service quality, the effect on the perceptions and expectations of customers of Bank of East Java. The results of these studies are conflicting and not supported by the results of a study conducted by previous researchers Cronin and Taylor (1992) Zeithaml and Bitner (1996), Lassar et al., (2000), Holm (2000), Natalisa (2000), Bei and Chian (2001) and Said (2004), Hidayat (2005), stated that service quality has positive and significant impact on customer satisfaction or customer.
3. Savings quality has positive and significant impact on customer loyalty. This means that the better the quality of the savings provided or offered by the Bank of East Java to become loyal customers, because the attitude of loyal customers to the Bank of East Java, is a media campaign, a positive assessment of other potential customers will save money in the Bank of East Java. The results of this study support the results of the study Bei and Chian (2001) and Boulding et al., (1993), stated that the quality of products and a significant positive effect on customer loyalty or customer.
4. Quality of service and non-significant positive effect on customer loyalty. It means that increasing the quality of services provided by the Bank of East Java, to increase customer's loyalty, although relatively low / small or insignificant, because the regulation or keterpksaan that make customers loyal to the Bank of East Java. The results of this study contradict the study of Cronin and Taylor (1992) and studies conducted Bei and Chian (2001). and study of Bloemer et al. (1998), Fullerton and Taylor (2002), Caruana (2002) and Said (2004), stated that service quality has positive and significant impact on customer loyalty or customer.
5. Customer satisfaction has positive and significant impact on customer loyalty. This means that the more satisfied customer of Bank of East Java service, the customer will feel more loyal to the quality of service and Bank of East Java. Loyal customer attitudes are influenced by beliefs, emotions and feelings of satisfaction and saving innovations. Savings and quality improvement of service in order to attract customer to be loyal to a product that is offered by Bank of East Java. Besides, the bank should be able to change the sense of satisfaction in order to be feeling happy. For the bank, it was a challenge to



create a special relationship between the customer and the bank in the long run will benefit the bank. The results of this study support the study by Boulding et al., (1993), Cronin and Taylor (1992), Bei and Chian (2001), Fullerton and Taylor (2002), Caruana (2002), Said (2004), Jiang and Rosenbloom (2005), Kapferer and Laurent in Tjiptono (2004:387), states that have a significant effect on satisfaction or customer loyalty.

## 6.2. Suggestions

Based on the results and conclusion of this study it can be formulated as the following suggestions:

1. Bank of East Java should still continuing commitment to improve the quality of savings for customers that have been shown to affect the customer satisfaction as well as to attract customers to remain loyal to the Bank of East Java. Transactions through a savings account is limited, can be improved more or types of transactions do customers, as well as a variety of advantages over other banks.
2. Bank of East Java should improve the quality of service for customers that have been shown to affect the customer satisfaction as well as to attract customers to remain loyal to the Bank of East Java. Efforts made to improve the quality of services, including: Improved electronic means of transactions, at least match the facilities provided by other banks, or the Bank of East Java can be more proactive in serving the customer, through the collection / payment and delivery of withdrawals / disbursement accounts to customers, in the amount of deposit / withdrawal specified.
3. For the purposes of the study is expected to expand further object of research is on the whole kind of savings or other products of Bank of East Java. For the purposes of further research are expected to be more selective in determining customer loyalty variable data sample by considering long been a customer, whether a customer of another bank, employment status of customers, so customers really - really know and be able to compare between the Bank and Bank of East Java with others to be more objective.

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