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Effect of Satisfaction, Switching Barrier, and Customer Value on Customers Loyalty of Credit Repeated in BRI Bank of Pangian Batusangkar Branch

Novia Sari[1] , Idris[2] , Dina Patrisia[3]
[1]Universitas Negeri Padang, Padang, Indonesia
[2]Universitas Negeri Padang, Padang, Indonesia, ✉idris_unp@yahoo.co.id
[3]Universitas Negeri Padang, Padang, Indonesia, ✉patrisiadina@yahoo.com

Abstract

This research aims to know how much influence the Satisfaction, Switching Barriers, and Customer Value on customers loyalty of credit repeatin BRI Bank Pangian Batusangkar Branch. The number of respondents that will be investigated is 214 customers and they are customers who repeat their credit in the BRI Bank Pangian. The method of collecting data through surveys and distributing questionnaires, which have been tested for validity and reliability. Data analysis techniques used multiple regression analysis. From the results of multiple regression analysis shows that Satisfaction, Switching Barriers, and Customer Value have a partial effect on customer loyalty. Therefore the company must be able to increase satisfaction, switching barriers and customer value, so that it can generate loyalty as high as high.

Keywords: satisfaction, switching barriers, customer value, loyalty

Introduction

Globalization becomes a challenge for the rapid economic and business growth both in the world and in Indonesia. Including the banking business which is currently developing very rapidly, marked by the increasing number of banks or other financial institutions, thus driving competition in this industry. This brings a positive impact on customers where they have many choices of banking services to choose from. This phenomenon results in increasingly fierce competition between banks or financial institutions. The needs of the community for safe, easy and easy deposit funds as well as the distribution of credit quickly and precisely make people shift their views in the hope of being able to provide fresh funds with low interest rates, services good and uncomplicated process. With the fulfillment of the needs of the customer, it is expected to create loyalty from the customer towards the bank.

Loyalty is a commitment to persevere deeply to repurchase or subscribe to selected products or services consistently in the future (Schiffman, 2008). Many factors affect customer loyalty. Tjiptono (2012) states there are 5 (five) factors that affect customer loyalty, namely: satisfaction, switching barriers, customer value, customer characteristics and market competition. However, this research only discusses the factors of satisfaction, switching barriers and customer value. This is because satisfaction, switching barriers and customer value are factors that can be controlled and created by the company, while customer characteristics and market competition are external factors that are difficult to control by the company.

Bank Rakyat Indonesia (BRI) is one of the largest state-owned banks in Indonesia. Initially Bank Rakyat Indonesia (BRI) was established in Purwokerto, Central Java by Raden Bei Aria Wirjaatmadja under the name De Poerwokertosche Hulp en Spaarbank der Inlandsche Hoofden or "The Priyayi Assistance and Deposit Bank of Indonesian Nationality. The institution was established on December 16, 1895, which was then became as the birthday of BRI. During the war to maintain independence in 1948, BRI's activities had temporarily stopped and only reactivated after the Renville agreement in 1949 under the name of Bank Rakyat Indonesia. PT. BRI (Persero), which was founded in 1895, is based on service to small communities until now, which has remained consistent, with a focus on providing credit facilities to small and medium entrepreneurs. Along with the rapid development of the banking world, so far Bank Rakyat Indonesia has a Work Unit of 4,667 units from 1 BI Headquarters, 18 Regional Offices, 15 Inspection Offices / SPI, 409 Branch

Offices (Domestic), 439 Sub-Branch Offices , 1 Special Branch Office, 5 Sendik, 1 Pusdiklat, 31 Divisions and 2 Foreign Representatives.

Bank BRI also did not escape the influence of fierce competition. This is indicated by the phenomenon of the increasing number of loan customers who close their loans and move to other competitor banks. Therefore we need a breakthrough and innovation that needs to be done by Bank BRI to overcome this problem. Bank BRI must facilitate its credit so that it can compete, survive and develop. BRI must also be able to manage existing customers, therefore BRI must know each customer's problems to achieve every customer's wishes. It is expected that loyalty will arise from within the customer. In Table 1 we can see the loyalty of credit customers who have repeated more than once at the BRI Bank Pangian Batusangkar branch.

Table 1. The development of the number of BRI Bank Pangian Batusangkar branch

Years	Total customers (people)	Customers who repeat (people)	Proportion (%) Customers who repeat (people)
2014	652	422	65%
2015	679	371	55%
2016	691	484	70%
2017	704	519	74%
2018	662	454	68%

From the above phenomenon it can be seen that customers at the BRI Bank Pangian Unit have experienced fluctuations every year from 2014 to 2018. In 2014 the proportion of repeat customers was 65%, then in 2015 the proportion of repeat customers decreased. by 55%. After that in 2016 the total number of repeat customers increased from 70% last year and again increased in 2017 by 74%. But in 2018 the number of repeat customers decreased by 68%. Based on the phenomena that occur at BRI Pangian Unit it can be said that the level of customer loyalty looks low, because customers are said to be loyal when they have a strong commitment to use or repeat and there is an intention to always use the product in the future. If customer loyalty is low, it is important to know the factors that influence the low loyalty (Hasan, 2008).

The customer's decision in repeating credit at the BRI Pangian Unit concerns what is disclosed by the customer about their perceptions and expectations to achieve customer satisfaction and bring loyalty to the customer, therefore the Bank BRI Pangian Unit must be able to convey information properly in marketing its products so that customers understand about product given. If loyalty meets expectations, the customer is satisfied. If loyalty is below expectations, the customer is not satisfied. If loyalty exceeds expectations, the customer is very satisfied and happy.In general, every business will always focus on customers, which is reflected in the location of closeness and closeness of the relationship. Thus the company can increase the giving and delivery of customer satisfaction, while at the same time forming customer loyalty (Assauri, 2018).

Satisfaction is a feeling of pleasure or disappointment someone who arises after comparing the loyalty (results) of the product thought to the loyalty (or results) that expectations Kotler and Keller (2018). for repeat purchases, creating customer loyalty, and word of mouth recommendations that benefit the company.Satisfaction problems also occur at BRI Bank Pangian Unit, where customers submit both in writing, orally and through social media about dissatisfaction with employees who are considered slow in the process of credit disbursement, employees who are unfriendly and sometimes network damage, this is likely to decrease loyalty to the bank and make customers move to other competitor banks. In addition to provide satisfaction to customers and impact customer loyalty, BRI must also strive to retain old customers by implementing Switching Barries.

Bank BRI Unit Pangian customer loyalty, in addition to being determined by innovations that can satisfy its customers, is also determined by the existence of a switching barrier or barriers to moving. Switching barriers to moving are the company's efforts to form transfer barriers so that consumers feel reluctant, suffer

losses, or need to incur large costs to replace suppliers (Tjiptono, 2000). Barrier switching is an obstacle that arises because the customer chooses an alternative. Barrier switching is not only based on economic considerations, but also relates to psychological, social and functional factors. Switching barriers are no less important in contributing to banking. The obstacle phenomenon shifts to the BRI Pangian Unit in the form of light interest for repeating loan customers and also giving souvenier or present for loan customers of more than Rp. 100 million. If the customer switches to another bank, the provision of fines or finalties for loan customers who will repay their loans, in addition to customers who have paid off their loans, is given a maximum of 1 week to take the loan collateral. With the Switching Barriers, the customer will cancel his intention to move to another bank and will remain loyal to the BRI Bank Pangian Unit.

According to (Kasali: 2000), in achieving profit, it no longer relies on revenue volume only, but must develop company policies that cover marketing, sales, service and technology which are all integrated in a harmonious work unit for the realization of customer value. To be able to have loyal customers, a company needs to create more value for the products produced, namely through customer value. According to Schiffman and Kanuk (2004: 14) defines customer value as the ratio between the benefits obtained by consumers both economically, functionally and psychologically used to obtain these benefits. Customer needs need to be clearly identified, as part of the development of banking products. The purpose of this approach is to exceed customer expectations and not just fulfill them. At Bank BRI's Pangian Unit, the application of customer value is not well created, it can be seen in the frequent complaints of customers about BRI Bank's e-channel facilities, such as failed transactions, not sending or sending notification of customers' money.

From the above explanation it can be described as follows:
H1: Satisfaction influences loyalty
H2: Switching Barriers affect loyalty
H3: Customer Value influences loyalty
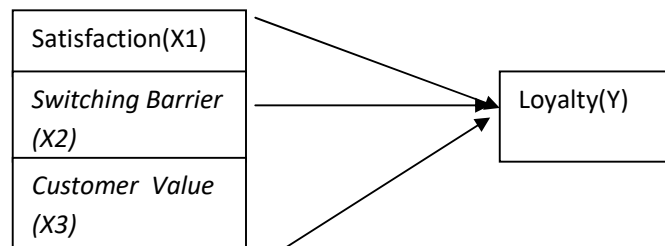
Figure 1: Conceptual Framework

Effect of Customer Satisfaction, Switching Barriers and Customer Value on Customer Loyalty at PT Bank BRI Pangian Unit.

Methods

The object of this research was conducted at the BRI Bank Pangian Unit with offices in Balai Jumat Market Lintau Buo District, Tanah Datar District. The population in this study is the total number of loans of Bank BRI Pangian Unit in 2018 as many as 454 customers. Then the sample taken as this study using the Slovin formula at a 95% confidence level and an error rate of 5% is as follows:

$$n = \frac{454}{1 + 454(0.05)2}$$

n = 214

Then the sample in this study were 214 customers, the data collection method used a questionnaire and multiple regression was used for data testing.

The models in this study are:

$$Y = \alpha + \beta 1 X1 + \beta 2 X2 + \beta 3 X3 + \in$$

Note: Y = Loyalty   X2 = Switching Barir
α = Intercept Coefficient (constant) X3 = Customer Value
β = Regression coefficient
X1 = Satisfaction

Table 2 Operational Definitions of each Research variable

Variabel	Indikator	Sumber
Loyality (Y)	1. The first choice for future transactions 2. Recommend to friends, family and others 3. Remain a customer at the bank 4. Intend to transact repeatedly 5. Prefer the bank over other banks	Lewis dan Soureli (2006)
Customer Satisfaction (X1)	1. The achievement of expectations from customers 2. expectations of an ideal bank 3. Speed in service 4. Clear information 5. Friendly employees 6. Reliability 7. Competence of employees 8. Trust 9. Competitive interest rates 10. Variation	Lewis and Soureli (2006)
Switching Barriers (X2)	1. Moving to another product is expensive or less efficient. 2. Moving to another product requires a lot of effort. 3. Moving to another product as long as it is not troublesome	Base on Danesh, Nasab dan Nasrin (2012)
Customer Value (X3)	1. Emotion Value 2. Social Value 3. Value of money 4. quality / performance value	Sweeny, et.al (2001)

Results and Discussion

The validity of the questionnaire was tested in which the results of all item questions were declared valid by comparing r arithmetic> r table for n-2 = 28 with a value of 0.361. Instrument reliability has also been tested in which the results of the test are all stated reliable variables by comparing the value of Alpha Cronbach's> Rule of Thumb. From the results of multiple linear regression analysis models:

Table 3. Resultmultiple linear regression analysis models

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	7.988	1.202		6.646	.000		
Satisfaction	.050	.022	.124	2.308	.022	.944	1.059
Switching barrier	.502	.056	.467	8.963	.000	.999	1.001
Customer value	.158	.021	.399	7.437	.000	.944	1.060

a. Dependent Variable: LOYALTYCUSTOMERS

Based on Table 3 above, then the equation Y = 7,988 + 0,050 X1 + 0, 502 X2 + 0,158 X3, and can be explained:

1. From table 3 above it can be seen that satisfaction, switching barriers and customer value have a significant effect on loyalty.
2. Satisfaction (X1) has a coefficient of 0.050 with an alpha level or a significant level of 5%. Satisfaction has a positive and significant effect on the loyalty of Bank BRI Pangian Unit. This result is consistent with the description of the theories and hypotheses proposed previously, where satisfaction affects loyalty. This means that by increasing satisfaction, the loyalty of the BRI Bank Pangian Unit will increase. This research is in accordance with the concept found by (Chen 2008, Hartoyo 2015) which states that Satisfaction has a positive and significant effect on loyalty.
3. Switching barrier (X2) has a coefficient of 0.502 with an alpha level or a significance level of 1%, Switching barrirers has a positive and significant effect on BRI Bank Pangian loyalty. This is consistent with the description of theories and hypotheses proposed previously where switching barriers affect loyalty. This means that by increasing the switching barrier, the loyalty of the BRI Bank Pangian Unit will increase. This study is in accordance with the concept put forward by (Danesh et al al, 2012) which states the switching barrier has a positive and significant effect on loyalty.
4. Customer value (X3) has a coefficient of 0.158 with an alpha level or significance level of 1%. Customer value has a positive and significant effect on the loyalty of the BRI Bank Pangian Unit. These results are consistent with the description of the theories and hypotheses proposed previously, where Customer value influences loyalty. This research is in accordance with the concept found by (Mardikawati et al 2017) which states that Customer value influences loyalty.

From Table 3 above, it can be seen from the three independent variables that the most dominant influence on customer loyalty Bank BRI Pangian Batusangkar Branch Unit is Switching Barrier because it provides a greater influence than the other two variables shown by the coefficient of 0.502. The adjusted R2 value indicates 0.422, which means the contribution of the dependent variable to the independent is equal to 0.422 or 42.3%, the remaining 57.8% is influenced by other variables not examined in this study. Furthermore, to see the partial effect between the dependent and independent variables can be compared with the value of t test and t table.

Conclusion

In an effort to achieve higher customer loyalty for BRI Bank customers in the future Batusangkar Branch Pangian Unit, suggestions that can be conveyed from the results of this study are as follows:

1. For the satisfaction variable so that the BRI Bank of the Batusangkar Branch Pangian Unit does:Increase customer satisfaction by involving customers in each program / event that will be implemented
2. Creating friendly service to every customer; a) For switching barrier variables, it is expected that Bank BRI of the Batusangkar Branch Pangian Unit will, b) Improve service so that customers do not move, c) Creates obstacles in order to maintain customers
3. For the customer value variable, the BRI Bank of the Batusangkar Branch Pangian Unit should do it; a) Promising other items that include marketing, sales, services and integrated technology, b) Provide stimulus in the form of promos in order to increase the value of the customer
4. In an effort to increase customer loyalty Bank BRI Batusangkar Branch Pangian Unit is expected to increase satisfaction, switching barriers, and customer value. This is because these three variables have a positive and significant effect on customer loyalty at the BRI Bank Pangian Batusangkar Branch Unit.

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