

A STUDY THE EFFECT OF CUSTOMER VALUE, SERVICE QUALITY, AND CUSTOMER SATISFACTION TO TRUST AND THEIR IMPLICATIONS TO CUSTOMER LOYALTY ON MILLENNIAL GENERATION WHO USE E-BANKING

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Abstract

Banking services are the most affected by information technology development, therefore, this research will examine the effect of changing technology on customer trust and its implications on customer loyalty. The researcher examines the implications through customer value, service quality, and customer satisfaction. Hypothesis test results show that customer value, customer services, and customer satisfaction provide significant and positive influence on customer trust and do not directly affect customer loyalty. To get customer loyalty, a bank must go through customer trust. This conclusion means that if a bank wants to get customer loyalty from the users (millennial generation) of electronic banking, the bank should provide appropriate added value and services provided by electronic banking should be appropriate with the movement or position of the user without any interference, the impact of these three variables is that customer trust is directly affected by these three variables. Whereas to get customer loyalty, a bank has to go through the customer trust first, the bank can't go directly to the customer loyalty. This study used hypothesis verification approach to prove the hypothesis and a descriptive approach to judge on the results of the study. The main objective is to find out and identify whether customer service, customer satisfaction, customer value has an influence on the customer's trust in using Electronic Banking. If it is true then whether trust as the impact of the interaction of these variables will result in loyalty. The research instrument was made by using a 5 scale of Likert's method and questionnaire survey method distributed to 200 respondents and the responses obtained by using cluster sampling method. Respondents who were asked must meet certain criteria, their age between 20-35, have job, use gadgets (phone) to interact with banks. This criterion makes the research different from other similar studies that have been done. After going through a series of statistical tests, Structural Equation Model (SEM) used to process data and to identify the objective of the study.

Keywords: *Electronic Banking, Service Quality, Customer Satisfaction, Customer Value, Customer Trust And Customer Loyalty.*

INTRODUCTION

Background of study

Service Quality, Customer Satisfaction, and Customer Value have always been a barometer of measuring the success of a product or service. Many companies rely on these for decision-making.

The Banking Industries are the most affected by technological progress and they are most quickly adapt to technological progress. The consequence of changes in technology used in the banking industry is a change in services that affects customer

satisfaction. Will a satisfied customer certainly get added value? The problem is whether customers are satisfied. The Old model measurements focus on banking services served by humans, currently this service is performed by machines. The questions that need answer are whether the machine service really can increase customer satisfaction and customers get value or benefits?

Seeing the phenomena that occur in the banking industry today, machine service is the dominant influence or technology support in providing services to bank customers. The phenomenon that occurs is Information and Communication Technology (ICT) has blurred the boundaries between banks and customers, and this will increase or change the customer experience in interacting with banks.

A prominent phenomenon in banking services is using electronic-banking services, ICT-based banking services where electronic services replace all manual system. Electronic Banking is the development of bank products and services that have traditionally been marketed/used by all banks. ICT has given rise to various developments in bank products and services, among others, known as e-Banking services. The types of e-Banking services include Automatic Teller Machine (ATM), Internet Banking, mobile banking, and Phone Banking.

With the progress of the ICT, the existence of the customer cannot be controlled, because the customer moves according to his/her wishes and his/her will depends on the customer's situation/position at a certain time. This is an indication that the customer wants to be pleased wherever the customer is and leads to satisfaction with the service.

The existence of e-banking has brought changes in determining customer satisfaction. In almost all types of companies, customer satisfaction has become a reference (index or barometer) for the development of products or services produced by the organization. Measuring Customer satisfaction by the quality of goods and services that customers feel and consume are important.

Customer satisfaction with the services of a bank will be a benchmark for banks to take action in the future. In line with the development of ICTs that have resulted in various changes in service impact on the level of customer satisfaction.

ICT development has changed to the level of satisfaction with electronic services desired by bank customers; will their expectations for e banking services improve their satisfaction? The amount of customer expectations give its own perception of the

existence of e-banking, including the perception of the quality of e-banking services, the perception of satisfaction with these services and the meaning or value that customers get. With the change of variables linked to e-banking products, customers have their own assessment of these services and have brought/changed the perception of the value of bank service quality and changes in the level of satisfaction with electronic-based bank services. Are the customer really royal?

Problems

The phenomena described in the background can indicate the core problems that are happening in the banking industry, namely changes in attitudes, perceptions of banking electronic services. In marketing science these problems can be categorized as in the following table.

Table 1
Problem Identified

Variables	The Problems
Customer Value (CV)	Customers get the meaning of CV of e-banking services and change the perception of what is happening to the customer, and whether the service really gives a big meaning to customer.
Customer Satisfaction (CS)	The customer is served by the machine, in line with that the customer is required to follow the changes. Can these changes satisfy customers?
Service Quality (SQ)	Customers served by the machine will get value or perception to the services obtained from the machine. Does the service really provide satisfaction.?
Customer Trust (CT)	If QS, SQ, and QV are in line with the expectation of customer, it will generate trust in e-banking, so is it true that QS, SQ and CV can affect customer CT of using e-banking.
Customer Loyalty (CL)	The end of all (QS, SQ, CV and T) is a change in attitude in the form of higher customer loyalty and will be very profitable for the bank.

Objectives

To analyze and identify Customer Value effects on Customer Trust.

To analyze and identify Customer Value effects on Customer Loyalty

To analyze and identify Service Quality effects on Customer Trust.

To analyze and identify Service Quality effects on Customer Loyalty.

To analyze and identify Customer Satisfaction effects on Customer Trust.

To analyze and identify Customer Satisfaction effects on Customer Loyalty.

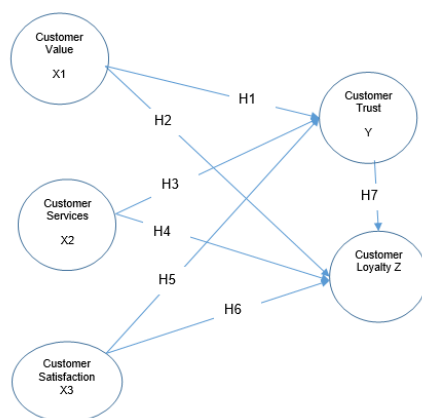
To analyze and identify Customer Trust effects Customer Loyalty

RESEARCH METHODOLOGY

This study used a hypothesis verification approach to prove the hypothesis and a descriptive approach to judge on the results of the study. The research instrument was made using a Likert scale (5 scales) and using the questionnaire survey method distributed to 200 respondents obtained by using cluster sampling method. Respondents who were asked must meet certain criteria, for example age between 20-35, have worked, use gadgets to interact with banks. This criterion makes research different from other similar studies that have been conducted. After going through a series of statistical tests, Structural Equation Model (SEM) used to process data and to identify the objective of the study. (Ghozali, I 2013), Haryono, S, Wardoyo. P(2013)

RESEARCH FRAME WORK AND HYPOTHESES

The researched frameworks used in this research can illustrate the structure of research and formulate research question. This frames uses as a basis to develop the relationship among the variables.



Picture 1. Research Framework

RESULT AND DISCUSSION

After processing data using Structural Equation Model (SEM) which used LISREL 8.7 to answer the hypotheses. The following table for goodness of fit shows the result.

Table 2
Goodness of Fit

Goodness-of-Fit	Cut-off-Value	Result	Description
RMR(Root Mean Square Residual)	$\leq 0,05$ or $\leq 0,1$	0.054	Good Fit
RMSEA(Root Mean square Error of Approximation)	$\leq 0,08$	0.032	Good Fit
GFI(Goodness of Fit)	$\geq 0,90$	1.00	Good Fit
AGFI(Adjusted Goodness of Fit Index)	$\geq 0,90$	0.99	Good Fit
CFI (Comparative Fit Index)	$\geq 0,90$	1.00	Good Fit
Normed Fit Index (NFI)	$\geq 0,90$	1.00	Good Fit
Non-Normed Fit Index (NNFI)	$\geq 0,90$	1.00	Good Fit
Incremental Fit Index (IFI)	$\geq 0,90$	1.00	Good Fit
Relative Fit Index (RFI)	$\geq 0,90$	0.99	Good Fit

The above table shows that all indicators of good fit are fit to the criteria, this means the research model is accepted and the data used in this research fit to the theory developed in the research framework.

Table 3
Hypotheses Description Of Research Finding

Hypotheses	SLF	T Count	T Table	Result
Effect of customer value on customer trust (H1)	0.63	16.08	1,96	Accepted
Effect of customer services on customer trust (H3)	0.77	33.58	1,96	Accepted
Effect of customer satisfaction on customer trust (H5)	0.82	32.88	1,96	Accepted
Effect of Customer value on loyalty (H2)	0.06	1.67	1,96	Rejected
Effect of customer services on customer loyalty (H4)	0.09	2.39	1,96	Accepted
Effect of customer satisfaction on customer loyalty (H6)	-0.07	-1.63	1,96	Rejected
Effect of customer trust on customer loyalty (H7)	0.34	4.92	1,96	Accepted

Customer Value, Customer Services, Customer Satisfaction can influence customer loyalty through the Customer trust as an intermediary. Moreover, the conclusion shows that Customer Loyalty will be more strongly influenced by Customer Value, Customer Services, and Customer Satisfaction after going through Customer Trust.

The results of the hypothesis has proven that Customer Value, Customer Services, Customer Satisfaction have a positive and significant effect on customer trust, and do

not significantly influence customer loyalty. Loyalty will get a positive and significant influence after passing the customer trust.

Bank customer (age between 30-35) is in the weak side regarding the e-electronic banking services. The only thing to do is to believe all the bank product offered to them. This research proven that all bank activities (customer value, customer satisfaction and customer services) have to go through customer trust to get customer loyalty.

CONCLUSION

The general conclusion of this study is that customer value, customer services and customer satisfaction directly affect on customer trust and influence customer loyalty *indirectly* and they will affect loyalty after going through customer trust.

IMPLICATION OF THE RESEARCH TO BANK INDUSTRIES

Banks industry can use this research to develop a bank-marketing plan to increase their customer loyalty. The plan should consider that the customer loyalty could be reached through the customer trust. This means that Customer Value, Customer Services, Customer Satisfaction should be put in to consideration to reach customer trust first then customer loyalty.

Millennial generation, age between 20-35 as the respondent of this research have shown a significant aspect that need to be analyzed by bank industries. The existence of them cannot be controlled, because they moves according to his/her wishes and his/her will depends on the customer's situation/position at a certain time while their gadget on their hand. Their movement should be consider to satisfy them.

LIMITATION

This research assume that customer have more than one bank account, and we also assume that only on bank account used in main bank transaction. What if the customer used more than one bank for daily transaction? The question, how is the level of the bank customer loyalty toward the bank.

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