

A THEORITICAL EFFECT TEST OF THE BANKING SERVICE QUALITY DIMENSION ON CUSTOMER SATISFACTION

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ABSTRACT

This study aims to test the effects of Banking Service Quality (BSQ) dimensions, namely Effectiveness and Assurance, Access, Price, Tangible, Service Portfolio, and Reliability, on customer satisfaction. The study is a confirmatory research using primary data. The study population is the customers of *PT. Bank Rakyat Indonesia (BRI) (Ltd.)* branch of Jember, which includes the loan and the deposit customers. Convenience sampling technique is applied along with 105 customers as the samples. Multiple regression analysis with latent variables is used as the data analysis model. The result shows that four out of six Banking Service Quality dimensions consisting of: Effectiveness and Assurance, Access, Price, and Tangible give significant effects on customer satisfaction. Meanwhile, the other two, namely Service Portfolio, and Reliability do not show the same result. Next research should further expand the area of research is in East Java or even Indonesia in order to generalize the wider results of research.

Keywords: Banking Service Quality dimensions, Customer Satisfaction.

INTRODUCTION:

A company that wants to develop and receive competitive advantages in the tight business competition nowadays is highly required to be able to provide more qualified products with lower prices, faster delivery, and better services to customers than its competitors. Facing this condition, banking companies have to perform various ways in order to be able to survive. One way to implement it is to determine the right competitive strategy to keep surviving and developing. However, without the internal and external support, in this case their customers who have always demanded satisfaction from their service performances, the company will possibly fail to do it (Dimiyati, 2009).

To improve customer satisfaction in the banking industry, developing quality of service is very important to meet the customers' desire (Lovelock and Wirtz, 2004). Quality of service provides a positive effect on the improvement of bank customers' satisfaction (Dimiyati, 2011). When bank products are easily imitated, it is obviously difficult to keep the costumers' loyal. Thus, the aspect that distinguishes a bank from its competitors can be found in its service quality. An impressive service quality will enhance the costumers' satisfaction and loyalty (Yuliarti, 2008).

Bahia and Nantel (2000) developed Banking Service Quality (BSQ), because the existing ServQual concept and other concepts of service quality measurement are proven to have weaknesses. Based on their analysis, Bahia and Nantel (2000) formulated six dimensions of BSQ, which later are appointed as the study variables, namely: Effectiveness and Assurance, Access, Price, Tangible, Service Portfolio, and Reliability. This study uses the six dimensions of BSQ as the exogenous variables that affect customers' satisfaction of *PT. BRI* branch of Jember. *PT. BRI* branch of Jember (which will be hereafter called *PT. BRI* Jember branch) should take advantages of its competitiveness to improve the satisfaction of their customers and keep improving the weaknesses to avoid their competitors' attempts to lead. Their competitors mostly located in other national state-owned banks and/or private-owned banks within the same working area. Their competitors' products are also very diverse with various loan interest rate and deposit average. Currently, the branch still receive many criticism from their customer's related to the provided service quality. The increased number of critiques becomes an indicator of the customers' dissatisfaction toward the service performance provided by the company. The fact shows that there are still some quality gaps between the expected services and the services received by the customers. The criticism by the customers should be positively responded by taking corrective measures to the service quality provided for the customers. Customer criticism is a form of dissatisfaction from bank service users.

Service quality cannot be separated from customer satisfaction. A company that provides services in an optimal quality will automatically create self-satisfaction among its customers' minds. Conversely, if the company fails to provide qualified services as expected, the customers' disappointment or dissatisfaction will become a serious problem to face. Based on those few things, a research on the role and the influence of BSQ dimensions in the improvement of customer satisfaction is necessary to conduct. Thus, the customers of *PT. BRI* Jember branch became the object to observe.

Some problems which are the major concerns in the current study are 1) Do Effectiveness and Assurance affect the customers' satisfaction?; 2) Does Access affect the customers' satisfaction?; 3) Does Price give any influences to the customers' satisfaction?; 4) Is Tangible influential to the customers' satisfaction?; 5) Does Service Portfolio affect the customers' satisfaction?; and 6) Does Reliability affect the customers' satisfaction?. The purpose of the study conducted among the customers of *PT. BRI* Jember branch was to test: 1) the influence of Effectiveness and Assurance on the customers' satisfaction; 2) the influence of Access on the customer's satisfaction; 3) the influence of Price on the customers' satisfaction; 4) the influence of Tangible on the customers' satisfaction; 5) the influence of Service Portfolio on the customers' satisfaction; 6) the influence of Reliability on the customers' satisfaction.

REVIEW OF LITERATURE:

BANKING SERVICE QUALITY:

One way to make a service company become superior compared to its competitors in service marketing is to provide qualified services, which meet the customers' expectations. The quality level should be viewed from the customers' point of view. Therefore, in formulating strategies and service programs, the company must have an orientation toward their customers' expectations by taking service quality into account (Rangkuti, 2002).

According to Hayzer and Render (2004), the service quality can be measured by looking at how effective the services can bridge the gap between the expected service quality by the customers and the service quality provided by the company. It is much hard to quantify service quality than product quality. The quality of service performance has a very important contribution in product and service marketing in general.

Parasuraman, A, Berry, L.L, Zeithaml, V.A, (1990) stated that service quality is a function of customer expectations on the pre-purchases, the provision process of the received quality, and the quality of the received outputs. The quality of service is invisible and unable to be evaluated accurately. Service quality includes the quality of service, delivery performance and the quality of service delivery process. The customers’ perception to service quality is the consumer’s thorough assessment toward the advantage of a service (Dimiyati, 2009). There have been many dimensions of service quality used, but many criticisms are also received. To overcome the weaknesses of service quality, Bahia and Nantel (2000) developed a new method to measure the quality of special services in banking industry, called Banking Service Quality (BSQ). Bahia and Nantel (2000) developed BSQ because the previous concepts in banking industry, such as ServQual and other concepts of service quality measurement are criticized and proven to have weaknesses. To form service quality measurement in banking services, Bahia and Nantel (2000) use a mixed-marketing framework developed by Payne (2000), which commonly refers to 7 Ps (Product, Price, Promotion, Place, Process, People, and Physical Evidence). BSQ is proven to be valid and better than the ServQual concept developed by Parasuraman, A, Berry, L.L, Zeithaml, V.A, (1990). Table 1 presents the comparison between the ServQual and BSQ concepts.

Table 1: The Comparison between the ServQual and BSQ Concepts

No.	Note	ServQual	BSQ
1.	Loading	< 0.50	0.570 until 0.890
2.	Variable Structure	5 dimensions	6 dimensions
3.	Aplication Domain	All Field Service	Banking Field
4.	Reliability	0.720 < α < 0.860	0,780 < α < 0,960

Source: Bahia dan Nantel, 2000.

This study uses the six dimensions of BSQ from Bahia and Natel (2000) as the study variables, which include: a) Effectiveness and Assurance – is a combination between competence and the level of good response from the employees, as well as the safety factor; b) Access – is the customer’s perception on modern equipment and essential elements which ensure an easy access to trade; c) Price – is a factor directly related to imposed costs; d) Tangible – refers to the atmosphere, the service equipment and the service displays; e) Service Portfolio – refers to the consistency and the completion of service that keep up with the banking world development; f) Reliability – is related to the filing system and the effort of minimizing errors in the process of service delivery. One way to improve the competitiveness of a service company is to improve the service quality. With good quality, the customer’s satisfaction can be achieved (Kotler and Keller, 2008). A qualified service provided by a banking company will be able to make the customers satisfied and willing to continue their transactions with the company. Moreover, the service quality is even able to distinguish a certain banking company with other competitors (Allred and Addams, 2000).

Service quality has a close relationship with customer satisfaction. To determine the level of customer satisfaction, it is essential to first know the quality of the services provided by a bank for the customers. Customer satisfaction will arise after a person’s experience with a service provided by a provider. Bloemer, Josee, et al., (1998) showed that service quality significantly affects the customer’s satisfaction and loyalty. The relationship between customer satisfaction and service quality is also discussed in Lassar, W.M., Winsor, Robert, D. (2000). It is stated that service quality significantly delivered a positive influence toward customer satisfaction. Furthermore, Dimiyati (2011) also shows that service quality is significantly influential for the improvement of bank customers’ satisfaction. Service quality in this study will be measured by using the dimensions of BSQ developed by the Bahia and Nantel (2000).

CUSTOMER SATISFACTION:

Customer satisfaction is an important factor for a service provider, because customers tend to disseminate the sense of satisfaction they experience to other prospective customers, so that it will raise the reputation of the service provider. Kotler and Keller (2008), state that customer satisfaction is the level of one's feeling, which is the result of comparison between the assessment of performance/products and the customer expectation. Based on the definitions above, it can be concluded that customer satisfaction or dissatisfaction is a difference/gap between the expectation before the purchase and the performance or results received after the purchase. Customer is a person who receives the results of one's or organization’s work, so that he/she can determine the quality according to what they need and he/she can also convey what and how his/her need is like. Everyone in a company has to deal with the internal and external customers to determine their needs and works together with the internal and external suppliers.

Kotler and Keller (2008) state that customer satisfaction can be improved through a service quality improvement with some approaches as follow: a) minimizing gaps between the management and the customers, for example conducting a research by using consumer-oriented method to know the perception of services according to the customers' perspective; b) building a shared commitment to create a vision in the improvement of service process, including improving the way of thinking, behavior, ability, and knowledge of all existing human resources there; c) providing an opportunity for customers to complain. It can be done by forming a suggestion/criticism media and a suggestion/criticism response system, for example providing a free hotline as a suggestion/criticism medium; d) being accountable and proactive, besides developing partnership marketing according to the marketing situations. The company contacts the customers after the service process occurs in order to know the customers' feelings and expectations (accountable). The company also contacts the customers from time to time to get to know more about the development of the service quality (proactive). To build a relationship with the customers is a useful approach to improve the company's image and position in the market (partnership marketing). Considering the problem statements and the research purposes as well as the literature review mentioned above, the research conceptual framework can be arranged and described as shown in figure 1.

Based on the problem statements, the purposes, the literature review, and the conceptual framework of the research conducted to the costumers of *PT. BRI* Jember branch, six research hypotheses are set as follows: 1) Effectiveness and Assurance are significantly influential to the customers' satisfaction; 2) Access is significantly influential to the customers' satisfaction; 3) Price is significantly influential to the customers' satisfaction; 4) Tangible is significantly influential to the customers' satisfaction; 5) Service Portfolio is significantly influential to the customers' satisfaction; 6) Reliability is significantly influential to the customers' satisfaction.

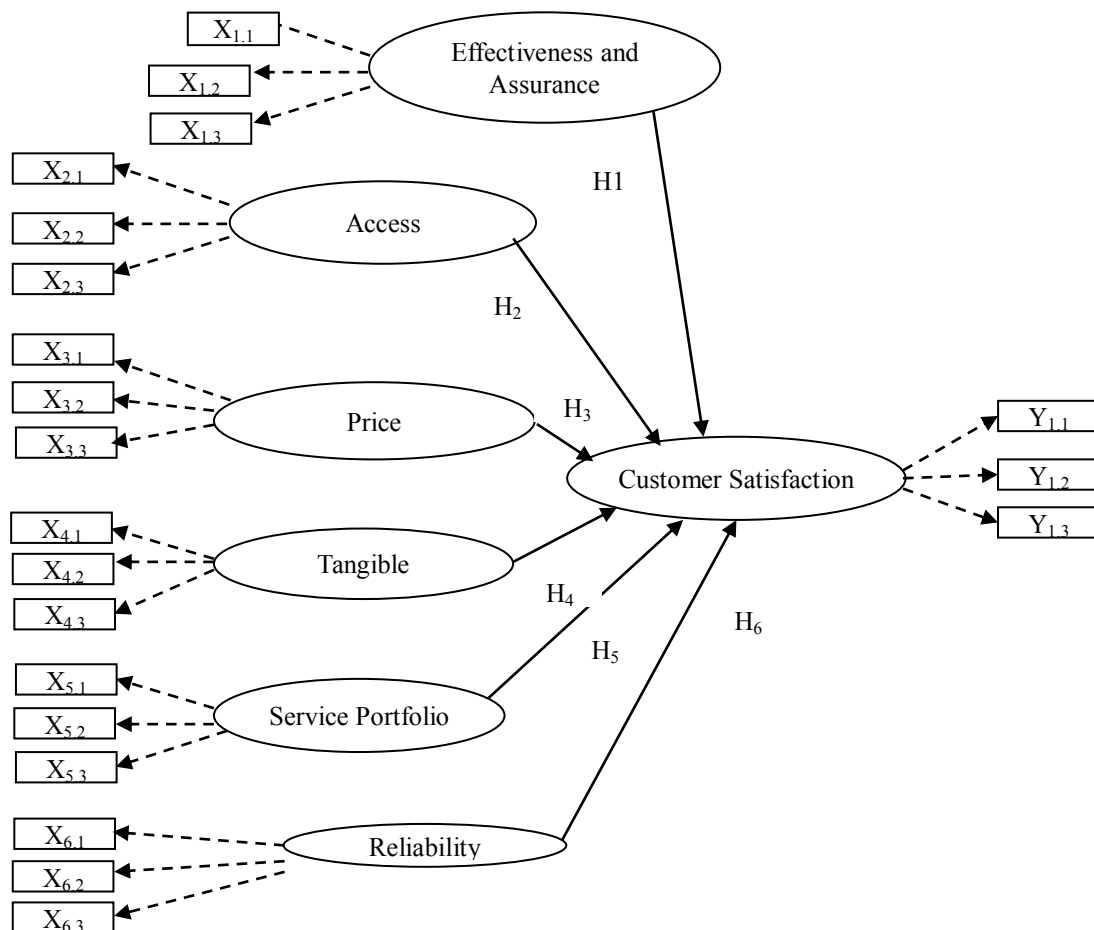


Figure 1: The Research Conceptual Framework

RESEARCH METODOLOGY:

The study is designed as a confirmatory research that aims to test/confirm the theoretical relationship among variables through hypotheses testing (Dimiyati, 2009). A questionnaire is used as the main data collecting tool. The study population is the Customers of *PT. BRI* Jember branch which servers for the loans and deposit customers.

Convenience sampling technique is applied with a disproportionate sample allocation by reason of the unknown number and list of the population members. The data analysis method uses multiple linear regression analysis with latent variables that has the same characteristics with SEM analysis. Thereby, to determine the number of samples it uses the similar basic analysis implemented in SEM, where the number of representative samples is five times as many as the indicators (Hair et al, 1995). Meanwhile, according to Ferdinand (2002) the number of samples in SEM analysis is 5 to 10 times as many as the number of indicators used. Based on both opinions, the sample size of this study is 105 respondents (21 indicators multiplied by 5) with a disproportionate allocation to each group of samples as follows: 53 for deposit customers and 52 for loan customers.

The data measurement uses Likert's scale with five alternative answers, ranging from "very dissatisfied" which is given a score of 1 up to "very satisfied" given a score of 5. The variables are classified into two general categories: exogenous variable and endogenous variable. The exogenous variable is the six BSQ variables that consist: Effectiveness and Assurance (X_1), Access (X_2), Price (X_3), Tangible (X_4), Service Portfolio (X_5) and Reliability (X_6). Meanwhile, Customer Satisfaction is the endogenous variables (Y_1). This scale is an interval scale (Indriantoro and Supomo (2002); Sekaran (2003). Based on the conceptual model in Figure 1, a multiple linear regression model of latent variables can be constructed as follows:

$$Y_1 = \gamma_{1.1}X_1 + \gamma_{1.2}X_2 + \gamma_{1.3}X_3 + \gamma_{1.4}X_4 + \gamma_{1.5}X_5 + \gamma_{1.6}X_6 + \delta_1 \quad (1)$$

γ (gamma) = regression coefficient of exogenous to endogenous variables;

δ = error models

Effectiveness and Assurance (X_1) is defined as a combination of competence and a good response rate from the employees of *PT. BRI* Jember branch, as well as the safety factor. Effectiveness and Assurance dimension is formed by three indicators, namely: the speed of service ($X_{1.1}$); the absence of bureaucracy and procedure delays ($X_{1.2}$); and the security during transactions ($X_{1.3}$). Access (X_2) is the customer's perception toward the modern equipment and essential elements, which guarantee an easy access for a transaction. The dimension of Access is formed by three indicators, namely: the modern equipment used ($X_{2.1}$); the adequate number of tellers and customer service officers ($X_{2.2}$); and the fast, well-organized queues ($X_{2.3}$). Price (X_3) is a factor that is directly related to the costs charged to the customers of *PT. BRI* Jember branch. The dimension of Price consists of three indicators, namely: the administrative costs ($X_{3.1}$); the loan interest rates ($X_{3.2}$); and the saving/deposit interest rates ($X_{3.3}$). Tangible (X_4) refers to the atmosphere, service equipment and displays at *PT. BRI* Jember branch. Tangible dimension is formed by three indicators, namely: the clearness of transaction service instruction ($X_{4.1}$); the availability of supporting equipment ($X_{4.2}$); and the physical appearance and neatness of the employees ($X_{4.3}$). Service Portfolio (X_5) refers to the consistency and completion of services at *PT. BRI* Jember branch following the development of banking world. There are three indicators forming Service Portfolio dimension, namely: phone banking and SMS banking services ($X_{5.1}$); inter-bank ATM-transfer service ($X_{5.2}$); and payment services via ATM ($X_{5.3}$). Reliability (X_6) refers to two major components. They are the filing system and the effort of minimizing errors in the process of delivering services. Reliability is formed by the three dimensional indicators, namely: the ability of the employees to explain ($X_{6.1}$); the absence of errors in providing services ($X_{6.2}$); and the ability of employees to make quick corrections when wrong things occur ($X_{6.3}$). Customer Satisfaction (Y_1) is the response from the customers as an evaluation toward non-conformities/suitability felt after use. Customer Satisfaction is formed by three indicators, namely: the customer's confidence ($Y_{1.1}$); the customer's sense of proximity ($Y_{1.2}$); and the customer's satisfaction for the service assurance ($Y_{1.3}$).

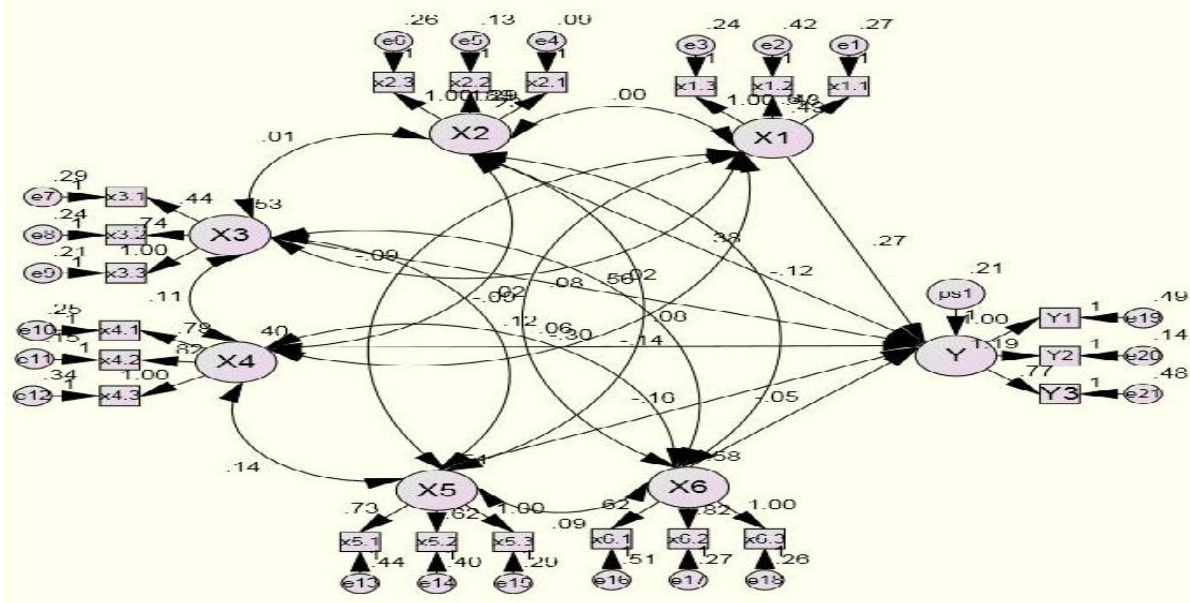
RESULTS AND DISCUSSION:

The result of instrument validity test with confirmatory factor analysis (CFA) (Table 2 in the appendix) shows that the indicators of all latent variables studied are valid. This is indicated by the value of t (CR value) for loading factor (λ) and for each indicator variable of all latent variables that has a value of ≥ 0.5 . At the significance level of 0.05, the value is greater than the critical value (>1.960) and the probability value is smaller than α (0.05).

The instrument reliability test applied Construct Reliability (CR). The reliability test result (Table 3 in the appendix) indicates that all indicators of the latent variables are reliable ($CR > 0.7$). The result of test on SEM assumption shows that all assumptions are met, namely: assessment of normality (CR) of -0.442 located between $-1.96 \leq CR \leq 1.96$ ($\alpha = 0.05$), so that it can be said that the data is multivariate normal. In addition, the

data is also univariate normal. It is shown by the fact that the critical ratio value of all indicators is located between $-1.96 \leq CR \leq 1.96$. Meanwhile, multi-collinearity test is not performed because there is only a single exogenous variable. Mahalanobis distance value based on the value of Chi squares at 21 degrees of freedom (the number of indicator variables) at the level of $\alpha = 0.05$ ($\chi^2_{0.05}$) is 199.244 (based on χ^2 distribution table). So the data, which has Mahalanobis distance that is greater than 199.244, is multivariate outlier. The outlier test result shows that none of the cases has a greater value of Mahalanobis distance than 199.244. The conclusion is that there is no multivariate outlier in the study.

The result of analysis with AMOS program can be shown in Figure 2.



Source: Data Analysis Results with the AMOS 5.0 Program.

Figure 2: The Results of SEM Analysis With AMOS 5.0

Based on Figure 2 shows a multiple linear regression model of latent variables that indicates the relationship between latent variables, which are the influences of BSQ dimensions consisting of: effectiveness and assurance (X₁), access (X₂), price (X₃), tangible (X₄), service portfolio (X₅), reliability (X₆) on customer’s satisfaction (Y₁) in PT. BRI Jember branch.

The model suitability test result (Table 5) shows that the multiple-linear regression model of latent variables in this study has met the eligibility criteria of six (out of eight models).

Table 5: The SEM Model Suitability Index

Criteria	Cut Off Value	Calculation Result	Note
Chi Square	Expected < 199.244 (Chi Square table, df = 18)	122.789	Fulfilled
Sig. Probability	≥ 0.05	0.300	Fulfilled
RMSEA	≤ 0.08	0.056	Fulfilled
GFI	≥ 0.90	0.853	Not Fulfilled
AGFI	≥ 0.90	0.798	Not Fulfilled
CMIN/DF	≤ 2 atau 3	1.326	Fulfilled
TLI	≥ 0.95	0.986	Fulfilled
CFI	≥ 0.95	0.974	Fulfilled

Source: Data Analysis Results with the AMOS 5.0 Program.

The result of hypothesis test developed in the research model (causality test) with AMOS program version 5.0 is presented in Table 6.

Table 6: Hypothesis Testing Results

	Estimte	S.E	C.R	P	Label
Y <--- X1	0.275	0.133	2.070	0.038	Significant
Y <--- X2	0.385	0.170	2.260	0.024	Significant
Y <--- X3	0.561	0.142	3.957	***	Significant
Y <--- X4	0.304	0.136	2.238	0.025	Significant
Y <--- X5	0.156	0.124	1.252	0.210	Insignificant
Y <--- X6	0.055	0.102	0.534	0.594	Insignificant

Source: Data Analysis Results with the AMOS 5.0 Program.

The result of hypothesis test (table 6) suggests that Effectiveness and Assurance significantly affect consumer satisfaction with a positive relationship direction indicated by positive regression-coefficient value of 0.275 with CR up to 2.070 and probability (p) of 0.038 ($\alpha = 0.05$). Thus, the first hypothesis stating that Effectiveness and Assurance affect consumer satisfaction is proven. This means that if the Effectiveness and Assurance of *PT. BRI Jember* branch becomes better or improved, it will also increase their consumers' satisfaction. This means that the dimension of Effectiveness and Assurance measured by the fast service and the absence of delays (due to bureaucracy, security, and procedures during transactions) will potentially lead to consumer satisfaction. This finding can be explained through the fact that the employees of *PT. BRI Jember* branch serve the customers in an effectively fast way, besides applying the standard-based bureaucracy and procedures that have been ruled by the management. Therefore, delays caused by bureaucracy and procedures can be avoided, and security during transactions is perceived by the customers. This leads to the costumers' feeling of satisfaction with the services provided by *PT. BRI Jember* branch.

According to Payne (2000), Assurance is the knowledge, manners, and ability of the employees to build a sense of trust from the customers to the company. It includes several components, namely: communication, credibility, security, competence, and courtesy. While Kotler and Keller (2008) argued that Assurance is the knowledge and courtesy of employees and their ability to generate trust and confidence. The consumer's trust and confidence are shown by the level of service used. Assurance can also be said how much a company creates a sense of security to the customers, so that they give credence to the company. A good Assurance to the customer will increase the customer's satisfaction in using the services.

The results and findings of the study supported Lassar, W.M., Winsor, Robert, D. (2000) who stated that Effectiveness and Assurance have a positive effect on customer satisfaction. The influence of Effectiveness and Assurance dimension to the customers reveals the fact that being effective and able to give assurance in a service is very important for the costumers. Customers will always demand a rapid service and even want the bank to keep maintaining its confidentiality. This dimension is very important for banking industry, because as an industry that is fully focused on customer confidence, any bank must be able to provide collateral for funds deposited by their customers. The more effective and more assuring a service is, the more customer satisfaction will increase.

The hypothesis test results indicate that Access is significantly influential to customer satisfaction with a positive relationship direction. It is indicated by the positive value of regression coefficient (0.385) with CR up to 2.260 and probability (p) of 0.024 ($\alpha = 0.05$). Thus, the second hypothesis which states that Access gives a significant influence on customer satisfaction is proven right. This means that if Access rises or increases, it will also increase customer satisfaction. Access dimension, which is measured by the use of modern equipment, is the adequacy of tellers and customer service officers and the well-organized customer queues leads to the improvement of customer satisfaction. *PT. BRI Jember* branch has been able to meet all the criteria. It is shown by some Access Indicators that can be found and be involved in the effort of customer satisfaction improvement in the company, namely: the use of modern equipment, the adequate number of tellers and customer service officers, and the fast prompted customer lines that is perceived by the customers. Those factors definitely make the customers content with the services provided by the company.

The finding of the study supported Lassar, W.M., Winsor, Robert, D. (2000) who stated that Access has a positive effect on customer satisfaction. The influence of Access dimension to customer satisfaction can be explained as follows: customers tend to choose a bank which is located nearby, easily accessible and has a guaranteed security. Allred and Addams (2000) suggested that the ease and convenience offered by a bank is very important for their customers, because in general people do not want to travel too far and too long for their banking matters. Therefore, an easy access to banking services will increase customer satisfaction.

The next hypothesis test result shows that Price is also significantly influential to the improvement of customer satisfaction. It is revealed that Price has a positive relationship direction shown by the fact that it has positive regression coefficient value of 0.561 with CR of 3,957 and probability (p) of 0.000 ($\alpha = 0.05$). In another word, it is said that the third hypothesis is proven right. This means that a better/more affordable Price will increase customer satisfaction. Price is a factor that is directly related to the charged costs. It is seen through how cheap the administrative costs are charged, how low the loan interest rates are given, and how profitable the deposit interest rates are provided. Those beneficial factors will lead to creating the customer satisfaction. The argument to explain the findings is the fact that *PT. BRI* Jember branch has implemented affordable administrative costs, low loan interest rates, and promising deposit interest rates that make the customers satisfied with the services provided.

The finding is in line with Lassar, W.M., Winsor, Robert, D. (2000), who stated that Price is a factor that is directly related to the imposed costs. The influence of Price dimension to customer satisfaction can be explained as follows: the dimension is generally similar to the perceived value. The more the charged cost is worth the service provided, then the more satisfied the customers will feel and the less they object to pay.

The hypothesis test dealing with Tangible shows that the variable also has a significant effect on customer satisfaction. The fact shows that it has a positive relationship direction indicated by the positive value of regression coefficient (0, 304) with CR of 2.238, and probability (p) of 0, 025 ($\alpha = 0, 05$). It can be said that the fourth hypothesis is proven right. A better Tangible will increase customer satisfaction. Tangible refers to the atmosphere, the service equipment and the service displays provided by the company. It is measured and seen through the clearness of transaction service instructions, the availability of supporting equipment and the appropriateness and tidiness of the employees' physical appearances. *PT. BRI* Jember branch has been able to meet the criteria. The company has been able to conduct a clear transaction service instruction that is performed by the employees in good manners and with good physical appearances. Besides, an adequate number of supporting equipment is also available in the company. In conclusion, relating to Tangible, *PT. BRI* Jember branch has the potentials to increase their costumers' satisfaction. Tangible is an important factor in the improvement of service quality, especially in banking industry. Banking industry which focuses on customer's trustworthy factor needs to build a bona fide impression through things, such as: hygiene and facility decorations, a pleasant environment and the presence of correct and accurate account report. The higher the customers appreciate the Tangible dimension, the more satisfied they will feel.

The next hypothesis test shows a different result. Unlike the previous variables, Service Portfolio does not give a significant effect on customer's satisfaction. It is indicated by the fact that it has positive regression coefficient value of 0.156 with CR of 1.252 and probability (p) of 0, 210 ($\alpha = 0.05$). Thus, the fifth hypothesis is not proven right. This means Service Portfolio of *PT. BRI* Jember branch is still unable to affect their customers' satisfaction. Service portfolio refers to how complete the service is provided and how consistent the service keeps up with the development of banking world. Service Portfolio is measured and seen through the availability of phone banking and SMS banking services, the availability of inter-bank transfer service through ATM and the provision of payment service through ATM. Dealing with these factors, *PT. BRI* Jember branch has not been able to meet the customers' expectation. Therefore, they have not been able to affect the improvement of their customers' satisfaction either.

The finding is not in line with Lassar, W.M., Winsor, Robert, D. (2000), who stated that Service Portfolio provides a positive effect on customer satisfaction. It means that the Service Portfolio of *PT. BRI* Jember branch is still underrated by the respondents. The analysis result of the open question provided evidence regarding the customers' assessment toward the low Service Portfolio. Even though leaflets or x-banners containing information about phone banking service, SMS banking service and other services in *PT. BRI* Jember branch have been provided, there is still lack of socialization.

Reliability does not affect customer satisfaction. It is indicated by the fact that it has positive regression coefficient value of 0.055, with CR of 0.534 and probability (p) of 0.594 ($\alpha = 0.05$). It means that the sixth hypothesis was not proven right. Reliability refers to the good filing system and the absence of errors in the service delivery process, as well as the ability of employees to make quick corrections at errors that occurs. Reliability in this study is measured and seen through how often errors happen in the service deliveries, how fast the employees are able to make corrections at any errors that occur, and provide an explanation. The findings show that the reliability of *PT. BRI* Jember branch has still not able to meet the customers' expectations. Thereby, it has not been able to affect the customer's satisfaction either.

The result does not support Lassar, W.M., Winsor, Robert, D. (2000), who stated that Reliability positively affects customer's satisfaction. The dimensions of reliability consist of two indicators, namely: the good filing

system and the absence of errors during service delivery. A good filing system will be able to provide accurate information to the customers about the position of funds in the bank. Furthermore, the customers of a bank tend to be very critical with the problem of funds kept in a banking company, that they will not relatively tolerate any errors on banking service delivery, especially if it deals with their savings. It can be said that the more reliable a bank serves the customers, thus the more the customer's satisfaction will improve. Based on the findings dealing with this factor, it is shown that the employees of *PT. BRI* Jember branch have not been able to meet the costumers' expectations.

RESEARCH CONCLUSION AND LIMITATION: CONCLUSION:

- a. Effectiveness and Assurance are significantly influential to the customers' satisfaction in *PT. BRI* branch of Jember branch, with a positive relationship direction. This means that if the Effectiveness and Assurance provided by *PT. BRI* Jember branch increases, then the customers' satisfaction will also rise. The finding is supported by the fact that the company employees are able to serve the customers quickly and effectively, besides the appropriate bureaucracy and procedures set by *PT. BRI* Jember branch. It effectively minimizes delays caused by the bureaucracy and procedures, and also ensures the security during transactions, so that the customers are satisfied with the provided services.
- b. Access also has a significant effect on customer satisfaction with a positive relationship direction. It means that the development of Access is directly proportional with the increase of customer satisfaction. Access is measured and seen through the availability of modern equipment, the adequate number of tellers, customer services and a well-organized queue of customers. *PT. BRI* Jember branch has been able to meet the criteria by using modern equipment, providing an adequate number of tellers and customer services, and organizing costumer lines very well. Certainly, those efforts effectively make the customers satisfied with the services provided by *PT. BRI* Jember branch.
- c. Price is significantly influential to customer satisfaction with a positive relationship direction. This means if Price is low, customer satisfaction will increase. It is seen through how low the administrative costs are charged, how low the loan interest rates are given, and how much profitable the deposit interest rates are provided. Those beneficial factors will lead to customer satisfaction building. The argument to explain the findings is the fact that *PT. BRI* Jember branch has implemented affordable administrative costs, low loan interest rates, and promising deposit interest rates that make the customers satisfied with the provided services.
- d. Tangible also has a significant effect on customer satisfaction with a positive relationship direction. A better Tangible will increase customer satisfaction. It is measured and seen through the clearness of transaction service instructions, the availability of supporting equipment, and the appropriateness and tidiness of the employees' physical appearances. *PT. BRI* Jember branch has been able to meet the criteria. The company has been able to conduct clear transaction service instructions performed by the employees in good manners and with good physical appearances. Besides, adequate supporting equipments are also available in the company. In conclusion relating to Tangible, *PT. BRI* Jember branch has the potential to increase the costumers' satisfaction.
- e. Service Portfolio does not have a significant effect on customer satisfaction, so that the fifth hypothesis was not proven right. This means that dealing with Portfolio, *PT. BRI* Jember branch is still unable to affect the customers' satisfaction. The availability of phone banking and SMS banking services, the availability of inter-bank transfer service through ATM and the provision of payment service through ATM in *PT. BRI* Jember branch have not been able to meet the customers' expectation. Therefore, it has not been unable to affect the formation of customer satisfaction either.
- f. Reliability does not have a significant effect on customer satisfaction either, so that the sixth hypothesis was not proven right. This means The Reliability of *PT. BRI* Jember branch is still unable to affect their customers' satisfaction. Reliability includes some aspects, namely: the absence of errors during service delivery, the employee's ability to make quick corrections at any errors and the employee's ability to provide an explanation. However, *PT. BRI* Jember branch shows that dealing with this factor, it failed to meet the customers' expectation.

RESEARCH LIMITATIONS:

The study samples are disproportionately allocated to each sample group (sub-population) by not paying attention to the proportion of the number of elements in each sub-population. The sampling technique is

convenience sampling, regardless of the characteristics of the population elements, the deposits and loans types, so that each population element does not have the same probability.

Referring to the limitations of the study, the next researchers are expected to perform random sampling and the sample allocation should be carried out in proportion by taking into account the characteristics of population elements, as well as the deposits and loans types. In addition, next research should further expand the area of research is in East Java or even Indonesia in order to generalize the wider results of research.

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APPENDIX

Table 2: The Result of Instrument Validity Test

Latent Variable	Indicator Variable	Estimate (Loading Factor)	Note
Effectiveness and Assurance (X ₁)	X _{1.1}	0.506	Valid
	X _{1.2}	0.589	Valid
	X _{1.3}	0.818	Valid
Access (X ₂)	X _{2.1}	0.897	Valid
	X _{2.2}	0.761	Valid
	X _{2.2}	0.686	Valid
Price (X ₃)	X _{3.1}	0.509	Valid
	X _{3.2}	0.735	Valid
	X _{3.3}	0.844	Valid
Tangible (X ₄)	X _{4.1}	0.701	Valid
	X _{4.2}	0.803	Valid
	X _{4.3}	0.735	Valid
Service Portofolio (X ₅)	X _{5.1}	0.619	Valid
	X _{5.2}	0.575	Valid
	X _{5.3}	0.800	Valid
Reliability (X ₆)	X _{6.1}	0.554	Valid
	X _{6.2}	0.771	Valid
	X _{6.3}	0.830	Valid
Customer Satisfaction (Y ₁)	Y ₁	0.660	Valid
	Y ₂	0.895	Valid
	Y ₃	0.567	Valid

Source: Data Confirmatory Factor Analysis Results With the AMOS 5.0 Program.

Table 3: The Reliability Test Result

Latent Variable	Indicator Variable	Loading Factor (λ)	λ ²	1-λ ²	Construct Reliability
Effectiveness and Assurance (X ₁)	X1.1	0.506	0.256	0.744	0.7
	X1.2	0.589	0.346	0.654	
	X1.3	0.818	0.669	0.331	
	Jumlah	1.952		1.729	
Access (X ₂)	X2.1	0.897	0.804	0.196	0.8
	X2.2	0.761	0.579	0.421	
	X2.3	0.686	0.471	0.529	
	Jumlah	2.344		1.146	
Price (X ₃)	X3.1	0.509	0.259	0.741	0.7
	X3.2	0.735	0.540	0.460	
	X3.3	0.844	0.712	0.288	
	Jumlah	2.156		1.489	
Tangible (X ₄)	X4.1	0.701	0.491	0.509	0.8
	X4.2	0.803	0.644	0.356	
	X4.3	0.735	0.541	0.459	
	Jumlah	2.238		1.324	
Service Portofolio (X ₅)	X5.1	0.619	0.383	0.617	0.7
	X5.2	0.575	0.331	0.669	
	X5.3	0.800	0.641	0.359	
	Jumlah	1.806		1.645	
Reliability (X ₆)	X6.1	0.554	0.307	0.693	0.8
	X6.2	0.771	0.595	0.405	
	X6.3	0.830	0.689	0.311	
	Jumlah	2.234		1.409	
Customer Satisfaction (Y ₁)	Y1	0.660	0.435	0.565	0.8
	Y2	0.895	0.800	0.200	
	Y3	0.567	0.322	0.678	
	Jumlah	2.128		1.443	

Source: Data Confirmatory Factor Analysis Results With the AMOS 5.0 Program.
