

The Impact of Service Quality to Customer Satisfaction at PT Bank Sumut Medan

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Abstract: The presence of banking today is very important in supporting various financial activities, especially in the financial system and payments made by finance. Banking, competition in the banking sector is very tight, first with a large number of banks which are the main challenges. The customer is the core of business competition in the service sector. In an effort to create retribution, satisfaction is needed in every service provided by financial parties. Bank Sumut as the holder of the Regional Bank Champion in North Sumatra in 2014 always provides the best service and strives to improve service in building satisfaction. This study suggests to improve the elements of quality service in shaping the Bank Sumut's customer satisfaction. A number of 100 regular customers who have experienced 10 years services at Bank Sumut participated in this study. Data on perceptions of service quality and satisfaction were collected through questionnaire and interview methods. The influence between variables was evaluated using linear multiple regression. The results of this study prove the fact of the five elements of service quality, two elements of positive and significant influence, namely reliability and responsiveness of services. In addition, responsiveness has a very dominant interest in service quality towards satisfaction. Therefore, in an effort to improve satisfaction through service improvements, it is very important to provide services that are responsive to challenges and convenience and provide the best solutions quickly for those customers. Bank Sumut employees must be able to provide benefits as needed. Inappropriate empathy can actually disrupt customer satisfaction.

1 INTRODUCTION

Banking is an important part of the financial and economic system that is inseparable from increasingly competitive business competition. This condition encourages companies to make various efforts to continue to exist and survive. Therefore, the policy in determining a tight competitive strategy greatly determines the success of the company. Companies that want to develop and gain competitive advantage must be able to provide products in the form of quality goods or services at low prices, fast delivery, and provide good service to their customers so that customer satisfaction will be optimized.

Customer satisfaction is one of the important elements that greatly determines the success of each company in facing increasingly competitive domestic and global competition. Customer satisfaction is a post-purchase response where alternatives are chosen at least equal to or exceed the customer's expectations, while dissatisfaction arises

if the results do not meet customer expectations. In other words, customer satisfaction is a level of state of one's feelings which is the result of a comparison between the performance / product end result in relation to customer expectations (Kotler, 2011). Satisfaction can be interpreted as an effort to fulfill something or make something adequate. Customer satisfaction is the result of customer assessment of the quality of products offered by the company. According to Mowen and Minor (2010) customer satisfaction is the overall attitude shown by consumers of goods and services after they obtain and use them. Customer satisfaction is a level where the needs, desires, and expectations of customers will be fulfilled or exceeded through a transaction that will result in a repeat purchase.

Customers in the banking world are increasingly selective in choosing banks to deposit their funds in order to avoid the risk of losing funds due to the poor performance of a bank. Therefore, customer satisfaction in the banking world is becoming increasingly important. Moreover, the banking

business is a service business that is based on the principle of trust with the mainstay of the quality of services provided so that the quality of service issues is a very decisive factor in the success of the banking business.

PT Bank Sumut, a regional bank with a motto to always provide the best service continuously strives to fulfill its promises to its customers by providing excellent service. The best service image is expected to be a separate promotion to build a mindset in encouraging community decisions to be interested in becoming prospective new customers at PT Bank Sumut. Providing the best service is a statement of the corporate culture that has been realized by implementing applicable service standards throughout the units of PT Bank Sumut. The aim is to optimize customer satisfaction at PT Bank Sumut.

This study aims to determine the effect of service quality on customer satisfaction at PT. Bank Sumut Medan Main Branch, by focusing on service quality in terms of reliability, responsiveness, assurance, empathy, and tangibility. Customer satisfaction is believed to be the key to the success of business development in the banking environment

2 LITERATURE REVIEW

2.1 Customer Satisfaction

Kotler and Keller (2011) states that customer satisfaction is the level of one's feelings after comparing performance or the results he receives compared to his expectations. New customers will be satisfied if the banking service performance that they get is the same or more than what they expect and the feeling of customer disappointment will arise if the performance obtained is not in accordance with what is expected.

Customer satisfaction given by the bank will have a very wide impact on increasing bank profits, customers will be loyal to the bank, repeat buying the product and promoting it to other people around it. In order for us to know that customers are satisfied or dissatisfied with the bank, it is necessary to have a measurement tool to determine customer satisfaction. In determining how much customer satisfaction with a bank can be done in various ways. There are 5 dimensions for measuring customer satisfaction, namely: (1) Buy again; (2) Saying good things about the company to others and recommending; (3) Less attention to brands and advertisement of competing products; (4) Buy other

products from the same company; and (5) Offering ideas for products or services to companies.

2.2 Service Quality

Service quality as a perception of company performance (perception of performance based) experienced by consumers, comes from a comparison between feelings that should be expected to be received by consumers from company services (expectation) with consumer perceptions about the performance of services obtained (perception). This means that service quality is seen as the degree and direction of differences between consumer perceptions and expectations (Bauk et al., 2013).

Tjiptono and Chandra (2012) has developed a service quality measurement tool called SERVQUAL (Service Quality), this SERVQUAL is a multi item scale consisting of 22 questions that can be used to measure customer perceptions of service quality. Further explained that service quality includes five dimensions:

a. Tangibles, including physical facilities, equipment, personnel and means of communication. This is related to physical facilities, employee appearance, equipment and technology used in providing services. Appearance of good employees will give a sense of respect for the customers being served while in the equipment and technology used in providing services will contribute to the speed and accuracy of services.

b. Reliability, namely the ability to produce promised service performance accurately and surely. This means that the service must be on time and in the same specifications, without errors, whenever the service is given.

c. Responsiveness, namely the ability of employees to help customers and provide responsive services. This is reflected in the speed, accuracy of services provided to customers, the desire of employees to help customers and the presence of employees at rush hour.

d. Assurance, namely ability, politeness, and the trustworthy nature of the staff, free from danger, risk and doubt. Regarding the ability of employees to instill trust in customers, the feeling of security for customers in conducting transactions, and the knowledge and manners of employees in providing services to consumers, knowledge, politeness and ability of employees will lead to trust and confidence in the company.

e. Empathy, namely ease of relationship, good communication, personal attention and

understanding of customer needs. This is related to the attention or concern of employees to customers. Employees care about the problems they face. The company has objectivity, namely: treating all customers equally. All customers have the right to obtain the same ease of service without being based on whether they have a special relationship with employees or not

3 RESEARCH FRAMEWORK

This study consists of 5 independent variables namely X1 (Tangibles), X2 (Reliability), X3 (Responsiveness), X4 (assurance) and X5 (empathy) and 1 dependent variable Y (customer satisfaction) so that the research conceptual framework can be described as follows:

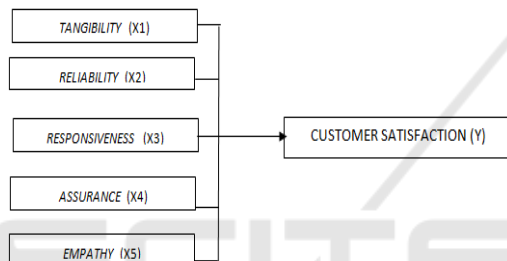


Figure1. Research Framework

4 HYPOTHESIS BUILDING

Anjalika and Priyanath (2018) conducted a study of the Effect of Service Quality on Banking Consumer Satisfaction where the results of the study prove that physical evidence, reliability, responsiveness, assurance, and empathy have a positive significant effect on customer satisfaction. Odhiambo (2015) conducted a research on the Effect of Service Quality On Customer Satisfaction In Banking Industry: A Casestudy of Kenya Commercial Bank (KCB) where the results of the research prove that physical evidence, reliability, responsiveness, assurance, and empathy have a positive influence on satisfaction consumer. Shah et al. (2015) conducted a study of the Impact of Service Quality on Customer Satisfaction of Banking Sector Employees: A Study of Lahore, Punjab where the results of the study proved that physical evidence, reliability, responsiveness, assurance, and empathy had a positive significant effect on customer satisfaction. Therefore, this study formulates the following hypothesis:

- a. Tangibility has a positive and significant effect on customer satisfaction at PT Bank Sumut Medan
- b. Reliability has a positive and significant effect on customer satisfaction at PT Bank Sumut Medan
- c. Responsiveness has a positive and significant effect on customer satisfaction at PT Bank Sumut Medan
- d. Assurance has a positive and significant effect on customer satisfaction at PT Bank Sumut Medan
- e. Empathy (empathy) has a positive and significant effect on customer satisfaction at PT Bank Sumut Medan

5 RESEARCH METHOD

5.1 Time and Location Research

The research was conducted at PT Bank Sumut Medan. The time of the study was carried out from June to July 2018.

5.2 Research Participants

The total population of Bank Sumut Medan customers at the time of the study period which has saved more than 10 years as a customer is a total of 1475 Customers. Sampling by Slovin method at 10% error rate is as many as 94 customers. To avoid data errors, the number of respondents in this study was 100 customers. Respondents were taken by random sampling based on available customer data. The willingness of customers to participate in this research was requested previously.

5.3 Data Collecting Method

A self-administered questionnaires based on research framework was employed in this study. The questionnaires were through validity and reliability test to ensure our instruments. Instrument validity measurement we used in this study was using pearson correlation and reliability measurement was using Cronbach's alpha. Our pre-test using 30 sample has proved that the instrument were valid and reliable.

5.4 Data Processing Method

We employed multiple-linear regression to determine the cause and effect by determining

customer satisfaction as the dependent variable (Y) and physical evidence, reliability, responsiveness, assurance and empathy as independent variables. The model we used in this study was formulated as follow:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + e$$

Notes:

Y = Customer Loyalty

β_0 = Constant Value

β_1 - β_5 = Regression Variable

X1 = Tangibility

X2 = Reliability

X3 = Responsiveness

X4 = Assurance

X5 = Empathy

e = error

6 RESULT

The normality test in this regression model is done using Kolmogorov-Smirnov statistics according to the normality test criteria described in the previous chapter. The results of formal normality testing on the research model are summarized in Table 1:

Table 1: Kolmogorov-Smirnov Test Regression Model

One-Sample Kolmogorov-Smirnov Test		
	Standardized Residual	
N	100	
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	,97952001
Most Extreme Differences	Absolute	,092
	Positive	,061
	Negative	-,092
Test Statistic	,082	
Asymp. Sig. (2-tailed)	,300	

a. Test distribution is Normal.

Table 1 provides information that the significance value of normality testing using the Kolmogorov-Smirnov test is 0.300. The significance value of the

Kolmogorov-Smirnov test ≤ 0.05 indicates that the distribution of residual research data is normally distributed. Thus, based on normality testing of data, the assumption of normality of data has been fulfilled. The residual data of the model is normally distributed. This indicates that the regression model from the results of this study can be generalized well in the population with residual distribution (error estimation) that follows the normal distribution.

Table 2: Collinearity Statistics Regression Model

Model	Collinearity Statistics		
	Tolerance	VIF	
	(Constant)		
1	Tangibility	,940	1,063
	Reliability	,285	3,511
	Responsiveness	,379	2,636
	Assurance	,887	1,127
	Empathy	,320	3,127

a. Dependent Variable: Customer Satisfaction

Table 2 provide information that there is no multicollinearity problem between independent research variables with VIF values < 5.0 on each independent variable. Thus, there is no strong link between each element of service quality, be it physical evidence, reliability, responsiveness, assurance, and empathic attitudes that are able to bias the regression model in predicting the level of customer satisfaction of Bank Sumut. Thus, the research regression model is free from multicollinearity problems.

Table 3: Glesjer-Test

Model	ANOVA ^a					
	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	,418	5	,084	,978	,436 ^b
	Residual	8,038	94	,086		
	Total	8,456	99			

a. Dependent Variable: ABS_RES

b. Predictors: (Constant), Empathy, Assurance, Tangibility, Responsiveness, Reliability

Table 3 provide information which indicates that there are no heterocedasticity problems with Sig > 0.05 . Thus, it can be concluded that the research data is homocedastic.

The classical assumption of the regression model has been fulfilled with no obstacles. This indicates that the prediction model of the regression model meets the BLUE criteria (best, linear, unbiased

estimate). The model prediction is close to the actual state. The regression results from the research model were evaluated by looking at the magnitude of the influence of each independent variable on the bound through the regression coefficient. The regression coefficient of the research model is summarized in Table 4.

Table 4: Regression Analysis

Model	Coefficients ^a			t	Sig.
	Unstandardized Coefficients		Standardized		
	B	Std. Error	Beta		
(Constant)	-.244	,263		-.930	,355
Tangibility	,030	,051	,019	,575	,567
Reliability	,179	,062	,177	2,883	,005
Responsiveness	,911	,057	,846	15,937	,000
Assurance	,010	,035	,010	,282	,779
Empathy	-.067	,073	-.053	-.916	,362

a. Dependent Variable: Customer Satisfaction

Table 4 summarizes the regression coefficients for the research model. Based on Table 4, regression equation models to predict customer satisfaction are formulated as:

$$Y = -0,244 + 0,03X_1 + 0,179X_2 + 0,911X_3 + 0,01 X_4 - 0,067 X_5$$

7 DISCUSSION

The hypothesis in this study will be tested using the t-test significance test. Hypothesis testing is summarized in Table 5.

Table 5: Hypothesis Testing

No	Hypothesis	Regression Coefficient	P-value	Conclusion
H ₁	Tangibility has a positive and significant effect on customer satisfaction at PT Bank Sumut Medan	0,030	0,567	Reject
H ₂	Reliability has a positive and significant effect on customer satisfaction at PT Bank Sumut Medan	0,179	0,005	Accept
H ₃	Responsiveness has a positive and significant effect on customer satisfaction at PT Bank Sumut Medan	0,911	0,000	Accept
H ₄	Assurance has a positive and significant effect on customer satisfaction at PT Bank Sumut Medan	0,010	0,779	Reject
H ₅	Empathy (empathy) has a positive and significant effect on customer satisfaction at PT Bank Sumut Medan	-0,067	0,362	Reject

The results of this study are in line with the theoretical study which states that there is a positive effect of physical evidence on customer satisfaction. However, statistically this effect did not prove significant, unlike the findings of Istiyanto and Tyra (2011) before. In this study the context that occurs is banking services where the interaction between frontliners and customers is a moment of truth from the provision of services provided. Physical evidence serves as a supporter in providing good service, but physical evidence only contributes little influence in the context of banking services. Today good physical evidence has been provided by each of the banking business operators so that the influence of physical evidence tends to be indifferent in the minds of customers. Even good physical evidence will not affect satisfaction if the customer does not directly feel the benefits.

Research conducted takes the context of service to Bank Sumut customers. In service to customers, it is important for banks to build services based on service accuracy, handling customer complaints, and service quality. Customers as customers need accuracy in the services they receive. In the service encounter that occurs, the customer may have other complaints about the services provided. Bank Sumut's ability to resolve these complaints is key in building service reliability. Besides that, it is also necessary to pay attention to the quality of services where services are provided appropriately and carefully. The suitability of this service will realize the fulfillment of customer expectations of Bank Sumut services and deliver customer satisfaction. Employees who are able to demonstrate their capacity by carrying out their responsibilities carefully and instilling a strong sense of belonging to their customers will make employees satisfied with the services provided.

This research takes the context of banking services. In banking services, employees must be able to provide customer needs according to service and resolve complaints that may occur from customers. The results of this study confirm the literature study which states that responsiveness has a positive and significant effect on customer satisfaction. The results of this study indicate that from the aspect of service quality, this responsiveness variable is a variable that has a dominant influence. The formation of customer satisfaction is strongly influenced by the responsiveness of services provided to customers. Customers who are given fast service, able to provide the right solutions to customer needs and complaints will encourage customer satisfaction.

The faster the customer's expectations of the services provided are met, the more satisfied the customer is. This element is the dominant variable in shaping customer satisfaction. Employees who are able to respond quickly to customer needs and provide them in good service will encourage customer satisfaction.

The results of the study confirm that there is only a small positive effect of the guarantee of Bank Sumut's services on customer satisfaction. This influence is not significant in building customer satisfaction. This is because Bank Sumut itself is an organization that is trusted by the public and guaranteed by the state. Standardization of services makes the products provided can always be accounted for and provide guarantees to customers. This encourages the small role of guarantees in building customer satisfaction. Customers feel secure about the services provided so that this guarantee does not have a significant influence in building customer satisfaction.

The results of this study contrast with theoretical studies in general. An empathetic attitude will generally encourage customer satisfaction because customers feel more valued. In the context of this study, it was identified that an excessive attitude of empathy would disturb customers' comfort. Erroneous identification of needs and character of customers will have a negative impact on giving inappropriate empathy. Therefore, in this study it is recommended to give empathy carefully. Customers have various characters where each individual is unique. Thus, giving empathy will not always have a negative influence, but also does not always provide positive influence. This condition encourages insignificant results from this study. In banking services that have high work intensity, excessive empathy will make customers feel hampered and seem less independent. This indicates that empathy must be applied carefully, especially for customers of the Bank Sumut Medan.

8 MANAGERIAL IMPLICATION

The results of this study show empirically that there are positive and significant influences on aspects of service reliability and responsiveness to the satisfaction of Sumut Bank customers. This indicates that efforts to improve service quality in enhancing customer satisfaction should be focused on improving service reliability and employee responsiveness in providing services to these customers. Every employee must be given debriefing to be able to accurately service customer

requests and complaints related to his Bank Sumut products and services. Employees must also be able to adjust the time of service or improve the queue system in the event of a long queue. In the case of difficult work colleagues, it is better for employees to work together to support optimal services. In addition, employees must be equipped with the ability to identify customer problems that appear confused or have problems in utilizing the Bank Sumut services. Employees must at least have a simple record of common problems faced by customers and solutions that are effective in solving these problems. This behavior will encourage responsiveness from employees in providing Bank Sumut services. Optimal implementation of both aspects of the quality of this service will be very important in creating customer satisfaction.

Physical evidence and service guarantees have a positive but not significant effect on the satisfaction of Bank Sumut customers. Service quality can be improved by applying physical evidence and service guarantees, but has little effect on current customer satisfaction. The customer's assessment of the physical evidence of Bank Sumut's services is perceived to be the lowest is the problem of data security systems from the Bank Sumut. This indicates the importance of delivering and proving the security of Bank Sumut's data system to customers. The introduction of data security systems and back-up data from Bank Sumut needs to be conveyed to the public / customers to improve the perception of good service from the Bank Sumut. In addition, customers also consider it important to provide self-identification or introduce themselves when providing services to customers. Regarding service guarantees, Sumut Bank customers perceive that private documents submitted to Bank Sumut do not yet fully secure their security. Although on average (the majority) feel secure, there are still those who doubt the security. In this case, Bank Sumut needs to emphasize and account for the security of the customer's personal documents. In addition, Bank Sumut needs to improve its services by providing timely settlement of customer affairs. For example, the completion of an ATM card has only been promised to take one month, so when that time arrives, the new ATM card service must also be provided. This is one of the keys to improving customer service quality.

In empathy in providing Bank Sumut services, this must be implemented carefully. An empathetic attitude can be a double-edged sword which can lead to dissatisfaction or a decrease in customer satisfaction if it is not implemented carefully. Bank

Sumut employees must be able to empathize with customers, but the empathy attitude must be adjusted before being delivered to the customer. This should be avoided when the customer feels uncomfortable with the employee's interference with the personal problems of the customer. In terms of increasing employee empathy, employees must be able to always provide convenience in customer transactions and provide the best solutions to customers. However, it also needs to be understood that employees must not interfere with customer problems that do not seem to want to be interfered with by employees.

9 CONCLUSION AND RECOMMENDATION

Medan Bank Sumut needs to improve the aspects of responsiveness and reliability of services provided to customers. Although the current conditions have been well assessed by customers, this can still be further improved, especially relating to customer complaints. Bank Sumut must be able to provide effective and efficient services, right in meeting customer requests and complaints, as well as being able to handle customer queue problems. In addition, in terms of responsiveness, the Bank Sumut must be able to respond quickly to every problem and solve it quickly too.

Empathy to customers must be done carefully. Empathy must be tailored to the customer who is the object of service. Every individual is unique which makes giving empathy and its impact unique. For this reason, especially in the Bank Sumut Medan this needs to be carried out carefully. An attitude of empathy that is not in accordance with the customer's self can be a double-edged sword, where empathy is actually valued as something that upsets the customer or helps the customer depends on the perception of the customer. Employees must be able to see the momentum to offer convenience and offer solutions to customers, especially in transaction activities.

Physical evidence and guaranteed services need to be improved but not the top priority in improving the quality of services to customers. The most important increase in physical evidence is the delivery of perceptions of the security of the banking system and the back-up of data from Bank Sumut to customers, for example by introducing the system used to customers. In terms of service guarantees, it is important to be able to provide service certainty

by fulfilling the service promises of Bank Sumut, for example the completion of card repairs that are in accordance with information from the service side.

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