

CHAPTER I

INTRODUCTION

1.1. Background of Study

Globalization has marked this era and it brings vast improvements in many aspects including economic. For chance, banking sector which holds an important part in economic is accessible widely. In Indonesia, banking sector is a billion dollar industry with 187 banks registered in Bank Indonesia (Central bank). In a simple way, banking sector act as intermediate between the capital financial suppliers and those who needs it. There are two types of bank, which are commercial bank and investment bank.

Commercial banks can be classified by private bank which means private individuals own more than 51% of the capital share, public bank where government holds more than 51% of the shares then foreign bank is bank set up in foreign countries, and operate their branches in the home country. Commercial bank has several major functions, to obtain deposits and offer deposit access to customers through checking or savings accounts, also to lend money to businesses or individuals. The main income for commercial banks is the spread, the difference between bank pay and interest.

Investment bank is pledged to help big corporations or institutions managing their assets regardless by helping the companies to create capital, underwriting debt or equity securities, or assisting them with mergers and acquisitions. Investment banks can also assist costumers on issuing stock as well as other transactions that a companies need helpedwith (Sanders, 2018) and also trading securities. Bank investments are mostly privately own and the main income come from the charge of their services, trading commissions and sale of securities.

The difference between commercial and investment bank is, investment bank mainly deals with purchasing and selling bonds as well as stocks for companies, and helping issue IPOs. Meanwhile, commercial banks mainly deal with deposits or loans for individuals or businesses.

Any types of bank are service provider. As seen there are some growth on banking industry such as in Indonesia, there are 187 banks which in 1998, there was 147 banks. Therefore the competition to gain more customers is though. According to Infobank (2018), it is not the ability to put out loan or promotion but the customer satisfaction that becomes the focus of bank industry.

According to Day in *Citra, Kualitas Produk dan KepuasanPelanggan* (Rosniani, 2017,p.77):

“Bahwa kepuasan atau ketidakpuasan konsumen adalah respons konsumen terhadap evaluasi diskonfirmasi yang di rasakan antara harapan sebelumnya (atau norma kinerja lainnya dan kinerjaactual produk yang dirasakan setelah pemakaiannya” Transated to:

“That consumer satisfaction or dissatisfaction is the consumer's response to the evaluation of the perceived disconfirmation between previous expectations (or other performance norms) and the actual performance of the product felt after its use.”

Kotler says customer satisfaction is a feeling that felt by customers who experience the service that is in accordance with expectations. Then Kotler also said that, the point on maintaining customers is customer satisfaction. Indicators of costumer satisfaction are: re-purchase, creating word of mouth, creating a brand image, and create purchasing decisions at the same company. (Rosniani, 2017,p.76).Customers will feel satisfied when their expectations are met and satisfied customers tend to remain loyal.

As for banking industry and any services providers, service quality is considered as a tool to reach customers satisfaction. Service quality describes as an approach shaped by withstanding an overall evaluation of a corporation's performance. Service quality can be the key to achieve success. According to Wang et.al in Service Quality Perception on Customer Satisfaction in Islamic Banks of Pakistan(Ali et.al, 2015), many researches belief that service quality able to increase the performance of a corporation and stated that service quality is positively associated with customer satisfaction, especially ones conduct in banking sector and is an essential key for success.

According to Zeithaml et.al in Service Management (Fitzsimmons, 2018, p.4), “Services are deeds processes, and performances”. Then, according to Lovelock and Wright (Fitzsimmons, 201



8,p.4):


“Services are economic activities offered by one party to another, most commonly employing time based performances to bring about desired result in recipients themselves or in objects or other assets for which purchasers have responsibility. In exchange for their money, time and effort, service customers expect to obtain value from access to goods, labour, professionals skills, elements involved”.

According to Gilmore in Responsible Product Innovation: Putting Safety First (YunlongZhu, et.al, 2017) stated that “Quality is the degree to which a specific product satisfies the wants of a specific customer” and Gitlowsaid “Quality must be thought of as a customer-oriented philosophy. Quality should be defined as surpassing customer needs and expectations throughout the life of the product” (YunlongZhu, et.al, 2017).

Given that service is an intangible good, according to Zeithaml et.al “Service quality is equal to the difference between the perception and expectations” (Mulyawan, 2016). It is by measuring the expectations of customer before receiving the service and their thought after receiving it and the gap between is how service quality perceived. In their study, they established a model consisted of ten dimensions to determined service quality, then in 1988 reduced to five dimensions. The SERVQUAL model has been used in many research and these five dimensions are: reliability, tangibles, responsiveness, empathy, and assurance.

PT. Bank Central Asia (BCA) Tbk is one of the leading bank in Indonesia, third in rank with total asset of 857,677,023 million rupiah per

2019 (Kinerja bank, 2019). PT. Bank Central Asia was number one in Forbes and Statista, a market research firm, list of the World's Best Banks in Indonesia which rated on trust, fees, digital services and financial advice also customer satisfaction. These key factors and customer satisfaction are directly impacting the success of a business. Hereby bank has to concern on customer needs and wants and put effort to meet the target.




Peringkat Bank Umum
Berdasarkan Total Aset per Q3 2019

Filter: - Pilih Data - - Pilih Periode - - Pilih Tahun - **Filter** Bagikan

(Dalam juta rupiah)

PERINGKAT	BANK	TOTAL ASET
1	PT. BANK RAKYAT INDONESIA (PERSERO), TBK (BRI)	1,238,657,773
2	PT. BANK MANDIRI (PERSERO), TBK (MANDIRI)	1,097,658,366
3	PT. BANK CENTRAL ASIA, TBK (BCA)	875,677,023
4	PT. BANK NEGARA INDONESIA (PERSERO), TBK (BNI)	756,755,688
5	PT. BANK TABUNGAN NEGARA (PERSERO), TBK (BTN)	316,211,345
6	PT. BANK CIMB NIAGA, TBK (CIMB NIAGA)	260,881,792
7	PT. PAN INDONESIA BANK, TBK (PANIN)	192,939,358

Figure 1.1. Rank of Bank in Indonesia
Source : Kinerja Bank (2019)



The research subject is PT. Bank Central Asia Tbk Tanjungbalai. It is a branch office or known as *Kantor Cabang Pembantu* in Sisingamangaraja Street, 12-16 Tanjungbalai, North Sumatra, 21312. This branch office of BCA has been around for more than 50 years and has become one of the most trusted bank in Tanjungbalai, with around 8,000 customers. BCA has been the most popular with the largest number of customers. However, recently the customer is decreasing, seen in the remake diagram, as the original is prohibited to share.

There are talks among customers that they have to wait longer line in BCA rather than in any banks in Tanjungbalai. Writer has asked five customers of BCA and three of them aren't satisfied with the waiting line and one of them has recently moved to another bank. This matter falls on one of the dimensions of SERVQUAL. It is responsiveness in providing a fast response.

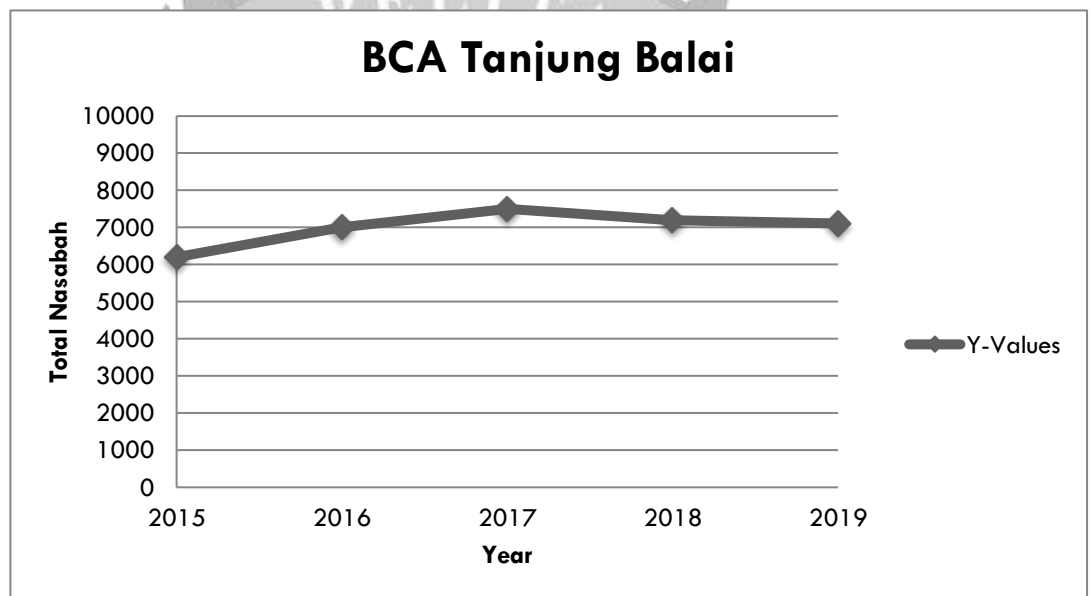


Figure 1.2. Chart of Customer in BCA Tanjungbalai

Source : Prepared by Writer (2020)

Thus, this research aims to identify the influence as well as the level of service quality and customer satisfaction at PT. Bank Central Asia Tanjungbalai by adapting SERVQUAL model by Parasuraman et.al, to identify and determine the influence between those two variables. Thus, this research aims the writing of final paper with the title “The

Influence of Service Quality towards Customers Satisfaction at PT. Bank Central Asia Tanjungbalai”.

1.2. Problem Limitation

This research will be conducted in PT Bank Central Asia Tbk Tanjungbalai which is one of the top banks in Tanjungbalai. The aim of this research is to know the influence of service quality towards customer satisfaction at PT. Bank Central Asia Tanjungbalai, which will be limited to some variables that writer considers relevant.

The indicators of variable service quality are tangibles, reliability, responsiveness, assurance, and empathy according to Parasuraman et al (Mulyawan, 2016). The indicators of variable customer satisfaction according to Kotler (Rosniani, 2017) are re-purchasing, creating word-of-mouth, creating brand image, and create purchasing decisions at the same company.

1.3. Problem Formulation

In order to specify the problems, hereby are the problem formulations for this research:

1. How is the service quality at PT. Bank Central Asia Tanjungbalai?
2. How is the customer satisfaction at PT. Bank Central Asia Tanjungbalai?

3. Does service quality influence the customer satisfaction at PT. Bank Central Asia Tanjungbalai?

1.4. Objectives of the Research

The writer did this research with the objectives as follows:

1. To identify the service quality at PT. Bank Central Asia Tanjungbalai.
2. To identify the customer satisfaction at PT. Bank Central Asia Tanjungbalai.
3. To identify the influence of service quality towards customer satisfaction at PT. Bank Central Asia Tanjungbalai.

1.5. Benefit of the Research

There are two types of benefit from this research, which is divided into theoretical benefit and practical benefit. Hence, those benefits will be elaborated as follows:

1.5.1. Theoretical Benefit

The theoretical benefit of performing this research is in order to find out whether there is any relation between service quality and customer satisfaction at PT Bank Central Asia Tanjungbalai or not. Also, the other benefit will be to gain knowledge of applying the theory learned in class to the actual field.

1.5.2. Practical Benefit

The practical benefit from this research is that it can be additional informations for the readers and might be able to be the references for other researchers. Also, can be use as a source of knowing the customer satisfaction at PT. Bank Central Asia Tanjungbalai.

As to other banking businesses this research will be able to allow to paying more attention toward the influence of service quality.

1.6. Systems of Writing

The writing of this research will be divided in five chapters in which each of them is divided to several sub-chapters according to the requirements. The systematic outline of writing this final paper should be as follows:

Chapter I – Introduction

In this chapter, writer evaluates on background of the study which explains on the reason of the writer to choose and conduct “The influence of service quality towards customer satisfaction at PT Bank Central Asia Tanjungbalai” as the topic, problem limitation, problem formulation, the objectives of the research, benefit of the research which is divided into two, theoretical benefit and practical benefit and system of writing.

Chapter II – Literature Review and Hypothesis Development

In this chapter, writer elaborates the theoretical background of the definition found in the topic which is service, quality, service quality,

service quality dimensions, customer satisfaction, dimensions of customer satisfaction, relation between service quality and customer satisfaction. This chapter also includes data of previous research, hypothesis development, research model and framework of thinking.

Chapter III – Research Methodology

The third chapter, discusses on the quantitative method chosen by the writer for the research including the research design used, population and sample, data collection method, operational variable definition and variable measurement along with data analysis method.

Chapter IV – Data Analysis and Discussion

This chapter explains on the service quality performed, vision and mission, organization structure, demonstration of data analysis in descriptive statistic, result of data quality testing and result of hypothesis testing and discussions.

Chapter V – Conclusion

In the last chapter of this study, writer will give a brief conclusion of this research result, implication, recommendation as well as suggestion regarding this study in the future.