

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

Money is always the sensitive topic, and it is everyone purpose in life which is to save as much money as they can. As a consequences, financial institution such as bank has been very popular over the time period. People prefer to save their income in bank because of this simple reasons: bank offers security and some banks even offer high interest rate. Therefore, the competition in bank sectors are rising. Both state and private banks are competing in increasing their assets and number of customers. Pandia (2017) in his book *Manajemen Dana dan Kesehatan Bank* believes that there are several instruments that motivate people to save their money in a bank, which are as following (p.16):

1. The guarantee of money security from LPS (*Lembaga Penjamin Simpanan*)
2. Competitive interest rate. This instrument is often become the consideration of people prior to settle money in a particular bank. People often compare the interest rate of every bank due to inflation that can affect money value.
3. The availability of information regarding to the banking industry.
4. The availability of excellent services offered by bank sectors' human resources.

In contrast, there are other financial institutions people should consider apart from bank. Horton (2021) stated that there are at least nine main types of financial institutions, such as, central banks, retail and commercial banks, internet banks, credit unions, savings and loan associations, investment banks, brokerage firms, insurance companies, mortgage companies. In general, it can be concluded that every financial institution offer the same products, and what differentiate them is their service, how they treat their customers.

**Table 1.1 Biggest Financial Institutions in the World by Market Value**

<b>Financial Institution</b>	<b>Type</b>	<b>Market Capitalization at the End of First Quarter of 2017</b>
JPMorgan Chase	Investment Bank	\$ 319 billion
Wells Fargo	Bank	\$ 282 billion
Bank of America	Bank	\$ 257 billion
Industrial & Commercial Bank of China	Bank	\$ 246 billion
China Construction Bank	Bank	\$ 202 billion
Citigroup	Investment bank and financial services corporation	\$ 165 billion
HSBC	Investment bank and financial services company	\$ 161 billion
Agricultural Bank of China	Bank	\$ 157 billion
Bank of China	Bank	\$ 155 billion
Commonwealth Bank of Australia	Bank	\$ 119 billion

Source: [Maxfield](#) (2017)

According to the table above, it can be seen that overall, bank is the most popular financial institution among the others. Bank is a licensed institution that allows them to receive deposits, give credit, as well as providing financial services such as exchanging currency, managing wealth, and renting safe deposit boxes to its customer (Barone, 2021).

Citizen who earn money, apparently do not fully spend their money in

cash. Therefore, as a financial institution, its main business is to collect temporary funds from the members of society that yet to be used for channeling the same funds for other citizen who need the funds for a particular time period. This act of business is also known as collecting funds as time deposit and lending funds as credit (Pandia, 2017, p. 16).

On the other hand, Sari et al. (2018) explain that service quality refers to a firm attitude of the superiority of services, even though the general scope of this attitude is no uniformity of opinion. As a consequence, services are products that need higher customer involvement in the process of consumption. For those reason, the service quality is usually depends on two variables such as perceived service and expected service (Gronroos, 1993, p.37). Similarly, according to Zeithaml et al. (1996) about service:

... is all economic activities whose output is not a physical product or construction is generally consumed at that time it is produced, and provides added value in forms such as convenience, amusement, comfort, or health. Service are produced not only by service business such as those just described but one also integral to the offering of many of manufactured – good producers. For an instance, car manufactures offer warranties and repair service for their cars.

Furthermore, Arief (2020) mentioned that *“Perkembangan sektor jasa khususnya dalam era high tech dan digital era telah memberikan tantangan di sektor jasa yang semakin intensif”* (p. 1).

Which is translated as: the development in service industry especially in the high tech and digital era is making the service industry more competitive than ever. Therefore, companies engaged in service sector such as airlines, banking,

hotels, tourism, restaurants, insurance, and professional services such as doctors, lawyers, teachers are now competing to have differentiation in their service quality in order to increase sales and profit through higher customer purchase intention and excellent services provided.

However, apart from its service quality, the writer also believes that marketing strategy plays an important role in increasing the customer intention to make transactions in a bank. For instance, it would be better so receive an offer of getting a new brand car with additional deposits interest by placing deposit in a bank rather than being convinced to place a deposits just because of its high bank interest.

Therefore, from the example, it can be concluded that marketing strategy refers to how a firm plans its operation related to the marketing to some target market. Furthermore, the aim of enhanced marketing strategy is to boost an organization's customer value and to maintain a healthy relationship with customer with the purpose of retaining its customer, of course because customer retention is way cheaper than to attract new customers (Wardhana, et al. 2015, p.70).

In general, every bank sells and offers similar products to its customer, whereas what differentiate them are the services they offer and the marketing strategy they conduct. This statement also applies for PT. Bank Mayapada International. The company is established back in 1989 by Indonesian conglomerate, Dato Sri Tahir. With their slogan "*Melayani dengan Komitmen*",

the institution has more than 160 branches spread in all over Indonesia today. Like its competitor who aimed for higher assets, Bank Mayapada has successfully increase their assets every year, yet still failed to hold the title of the best bank in Indonesia.

**Table 1.2 The Assets of Bank Mayapada**

Year	Asset (in millions of rupiah)
2016	60.839.102
2017	74.745.570
2018	86.971.893
2019	93.408.831

Source: *Laporan posisi keuangan Bank Mayapada* (n.d)

Therefore, the banking industry is very competitive in terms of their products deposits rate, safe deposit boxes fee, accounts fee, as well as their services to improve their overall assets. But then, in today market competition, it is still their competitor, Bank Central Asia which also a public company that won the title of best bank in Indonesia (*Again, BCA Wins the Best Bank in Indonesia and Asia*, 2018), while BRI as a state bank won in terms of assets. As for comparison, below is the comparison table of the assets of the biggest banks in Indonesia of 2019:

**Table 1.3 The Assets of Biggest Banks in Indonesia per 2019**

Bank	Year	Asset (in trillion of rupiah)
BRI	2019	1.416,76
Bank Mandiri	2019	1.318,24
BCA	2019	918,99
BNI	2019	845,60
BTN	2019	311,77

Source: Richard (2020)

From the table above, it can be seen that in terms of assets, Bank Mayapada's is considered low in comparison with the other five banks which assets have hit as much as trillion of rupiah. Furthermore, established since 1989,

Bank Mayapada today has been running for approximately thirty two years. Yet, the bank is still falling behind in many aspects in comparison with the other banks such as BCA, BRI, or Bank Mandiri. As an instance, while a lot of people might be aware of banks such as BCA, BNI, Mandiri, the brand recognition of Bank Mayapada itself is considered low as there are people out there still yet to heard anything about Bank Mayapada.

Moreover, in terms of service quality, Bank BCA has been known as the bank which offer the best service quality in comparison with their competitor. It is well known that even the security of Bank BCA is very kind to its customers. However, it is not impossible for Bank Mayapada to compete with its competitor in terms of service quality if only the bank knows their internal condition of both service quality and marketing strategy as well as seeking for ways to improve those.

Therefore, in order to help Bank Mayapada to increase its assets as well as service quality and marketing strategy and points out whether those variables are correlated with the customer purchase intention, the writer will conduct a research in PT. Bank Mayapada International, Tbk in the form of thesis entitled **“The Influence of Service Quality and Marketing Strategy towards Customer Purchase Intention at PT. Bank Mayapada International, Tbk.”**

## **1.2 Problem Limitation**

Although the writer has gained the access to conduct a research about the

organization's service quality and marketing strategy, this study is limited to some aspects such as research object and its variables. The objects of this research is limited to only Bank Mayapada existing customers, therefore the data might slightly inaccurate because the questionnaire data result might be biased.

Moreover, the writer believes that apart from service quality and marketing strategy as the independent variable, in fact there are a lot more variables that can affect customer purchase intention as dependent variable such as brand recognition, brand image, company value, product quality, and many more.

### **1.3 Problem Formulation**

Based on the research background, the problem formulations are as following:

1. How is the condition of service quality at PT. Bank Mayapada International, Tbk.?
2. How is the condition of marketing strategy at PT. Bank Mayapada International, Tbk.?
3. Does service quality affect customer purchase intention at PT. Bank Mayapada International, Tbk.?
4. Does marketing strategy influence customer purchase intention at PT. Bank Mayapada International, Tbk.?



#### **1.4 Objective of the Research**

Based on the problem formulation, the objectives of the research are as following:

1. To explore in what way service quality can affects customer purchase intention at PT. Bank Mayapada International, Tbk.
2. To examine how marketing strategy can affect customer purchase intention at PT. Bank Mayapada International, Tbk.
3. To analyze if there is any relationship between service quality and marketing strategy towards customer purchase intention at PT. Bank Mayapada International, Tbk.

#### **1.5 Benefit of the Research**

There are two types of benefits from this research, which as follows:

##### **1.5.1 Theoretical Benefit**

This research could give advantages to the company, PT. Bank Mayapada International, Tbk. to discover and to improve their marketing strategy as well as their service quality that can leads to an increase in customer purchase intention which affects overall sales performance.

##### **1.5.2 Practical Benefit**



1. For Company

To provide informations needed to improve the company's service quality and marketing strategy.

2. For Students

Firstly, this research could give more knowledge about service quality and marketing strategy to students. Secondly, this study results are expected to be the reference for students who wish to conduct researches with same variables.

