

CHAPTER I

INTRODUCTION

1.1. Background of the Study

Any human being in everyday life will not be separated from transactions, whatever it is, transactions start buying goods, paying employee salaries, paying dues and so on. When transacting, what is needed is money as a medium of exchange or means of payment and when transacting both parties to the transaction must meet directly. But now it is very different than it used to be. Nowadays everyone can easily make any transaction using the name banking (Wulandari et al, 2022).

Banking is anything that has to do with banks, business activities, institutions, processes and ways of conducting business activities. While banks are business entities that collect funds from the public in the form of deposits and distribute them to the public in the form of credit and or other forms to improve the standard of living of many people (Wulandari et al, 2022).

With the internet banking and mobile banking service facilities provided by Islamic banks to their customers, it is very important so that customers can transact anytime and anywhere without having to visit the bank, the cheapest delivery system to perform banking services. Benefits for customers include cost and time savings as well as benefits obtained by customers. With the existence of smartphones and online banking services, it can make it easier for customers, banking transactions that are usually done manually, meaning that activities

previously carried out by customers by visiting the bank, can now be done without having to visit bank outlets, only by using a smartphone customers can save time and costs (Khumaini et al, 2022).

Based on data from Bank Indonesia (BI), throughout April 2023, the value of digital banking transactions in the country reached Rp4,264.8 trillion or almost Rp4.3 quadrillion. This value includes various digital banking transactions or digital banking according to the classification of the Financial Services Authority (OJK), namely internet banking, SMS or mobile banking, and phone banking (Katadata.co.id, 2023).

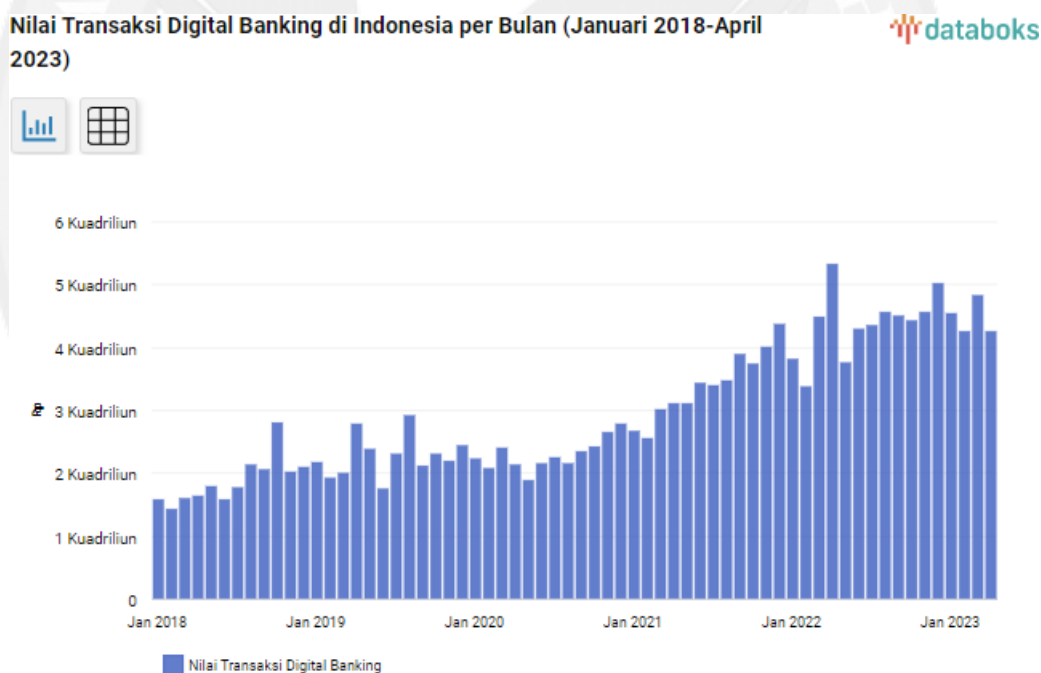


Figure 1.1 The Value of Digital Banking Transactions in Indonesia

Source: Katadata.co.id (2023)

Based on the data obtained in the graph above, it shows that the number of digital banking use transactions in Indonesia reaches an average of 5 quadrillion and is increasing. This shows that the role of digital banking is very important in people's lives.

There are several reasons why customers use mobile banking applications to conduct financial transactions. The main reason expressed by respondents is because using mobile banking applications is considered practical with an achievement of 87% (GoodStats.id, 2022).



Figure 1.2 Reasons of Using Mobile Banking
Source: Goodstats.id (2022)

The next main reason is because digital banking services through mobile banking are time efficient with a gain of 80 percent. Easy to use was the next reason expressed by 77 percent of respondents. The 4th reason is because the use of mobile banking facilitates tracking financial transactions with an achievement of 76 percent, followed by a more convenient reason with a percentage of 63 percent. Some other reasons behind the large number of mobile banking application users include having many features, integrated with eCommerce,

integrated with eWallet, more secure, to be recommended by family and friends (GoodStats.id, 2022).

Based on the results of the Populix survey, BCA Mobile managed to rank first in the most used mobile banking application by respondents. The percentage will reach 60 percent in 2022 (GoodStats.id, 2022).

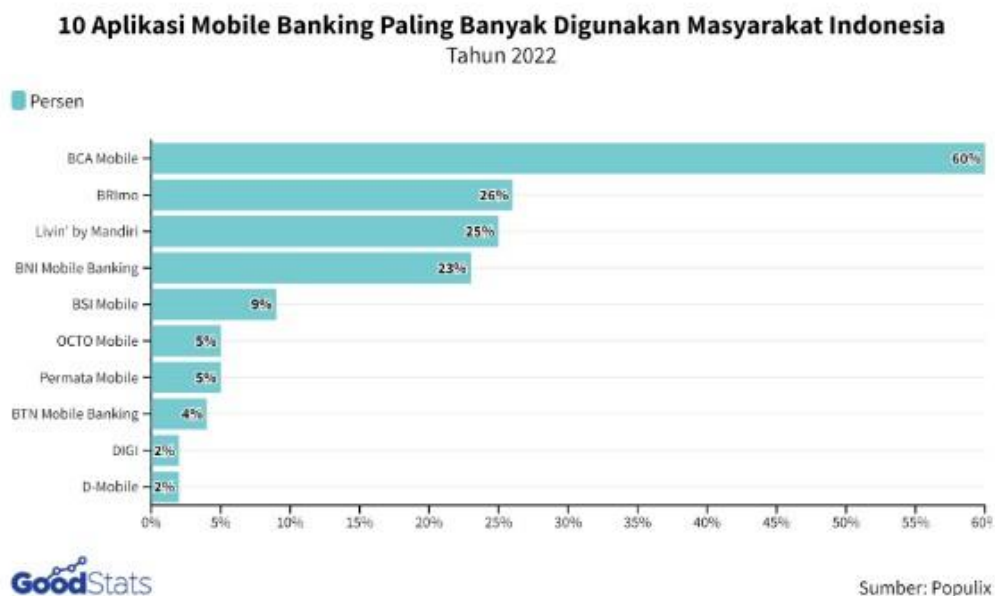


Figure 1.3 Reasons of Using Mobile Banking

Source: Goodstats.id (2022)

Meanwhile, BRImo, a mobile banking application owned by Bank Rakyat Indonesia (BRI), won the 2nd position with a total of 26 percent of respondents. Followed by Livin' by Mandiri in 3rd position which is slightly different with 25 percent. The 4th position was achieved by BNI Mobile Banking with an achievement of 23 percent, followed by BSI Mobile in 5th position with a total user of 9 percent of respondents in 2022. In addition, sequentially in the 6th to 10th positions achieved by Octo Mobile owned by CIMB Niaga and Permata Mobile with a percentage of 5 percent, BTN Mobile Banking with 4 percent, DIGI from Bank BJB, and D-Mobile from Bank Danamon with the same

achievement of 2 percent each (GoodStats.id, 2022).

Customer satisfaction is the relationship between consumers and service providers and products. Where the crucial requirements in providing consumer satisfaction and maintaining consumer value are products and quality of mobile banking services. About the banking business, consumers have their own criteria related to satisfaction with the quality of mobile banking services provided by banks. Key factors that significantly affect customer satisfaction are efficient and fast, transaction speed, bank confidentiality, billing timeliness, bill accuracy, access fees, billing clarity, and service quality (Novitasari et al, 2021). From the rating data taken from Playstore, it shows that m-BCA has a high rating with a value of 4.2. This is also supported by several reviews from consumers about their satisfaction in using the m-BCA application as follows:

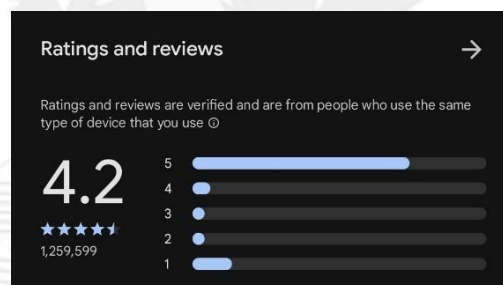


Figure 1.4 Ratings from m-BCA in Playstore

Source: Prepared by writer (2023)

From the rating number obtained of 4.2, it shows that m-BCA has high customer satisfaction. This can be seen from the predominantly positive comments from customers who use the application, and this shows that m-BCA is able to maintain customer satisfaction. In the comments given on the review results also show that there are comments with positive and negative responses as follows. On customer satisfaction at BCA currently has high satisfaction as seen

from the interest of consumers who reuse the m-BCA application, give good ratings on Google Play, continue to use m-BCA, use other BCA products and provide criticism and suggestions to BCA through reviews for the development of m-BCA features in the future. Here are the review results on Google Play.

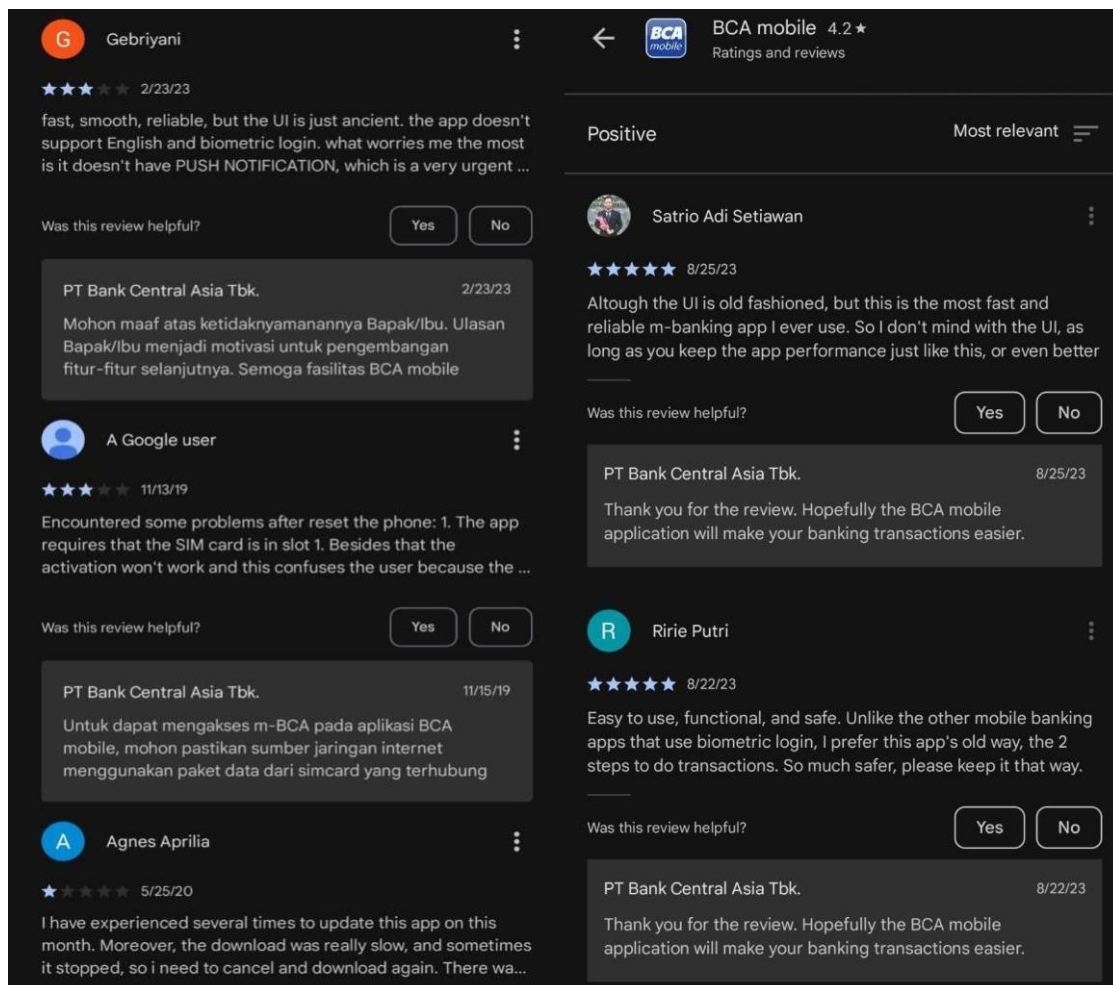


Figure 1.5 Reviews from Playstore

Source: Prepared by Writer (2023)

From the review given to m-BCA on Playstore, it shows that respondents are still found to give positive and negative responses to the application display that is easy to understand, fast in transactions, and also respondents who complain about slow transactions, the need to use SIM cards. This shows that the satisfaction of m-BCA customers is not fully in line with the expectations of

customers who use m-BCA. The problems that consumers complain about are the absence of biometric login in the BCA application, the problem of SIM cards needed for each login, and the difficulties experienced by consumers when updating the BCA mobile application, UI appearance is still unattractive, in addition to the green, blue or red colour indicators that indicate allowing transactions that often change when not continued for some time, there are difficulties in opening bank accounts online because they are stuck in video calls, verification difficulties when changing new devices, do not have notifications of incoming funds received or transfers, only support opening mutations within 7 days, no support in English, no backup facility for stored messages if the application is deleted, complaints that the application often crashes when in use, difficulty adding account numbers to transfer to other banks, unavailability of security in the form of one time passwords or biometric logins, difficulty Top Up Flazz cards. This is a problem that is noticed and complained about by consumers.

Brand image is people's perception of a company or its products. The image of a company which includes the company's good name, reputation or expertise is a factor that often influences consumer decisions from the service sector rather than the product sector (Nawangasari and Putri, 2020). The following is data from TopBrand regarding the comparison between m-BCA compared to similar competitors as follows:

Nama Brand	2019	2020	2021	2022	2023
BNI Mobile	12.30	11.30	14.00	11.20	11.30
BRI Mobile	17.00	20.50	17.00	19.40	19.80
CIMB Niaga Mobile	3.40	4.00	4.10	3.80	4.20
m-Banking Mandiri	16.60	13.80	12.90	12.90	13.00
m-BCA	44.50	45.50	47.50	47.40	47.90

Figure 1.6 Ratings Top Brand M-Banking

Source: TopBrand (2023)

Data from Top Brand shows that m-BCA has the highest rating and shows an increase from 2019 to 2023. This shows that m-BCA has a brand image that is known by consumers. The high rating compared to other competitors also shows that customers know more and actively use m-BCA compared to other competitor brands. In brand image, customers tend to believe in the good name of BCA as one of the largest banks in Indonesia that has m-BCA products and complete customer service and BCA Bank which actively maintains good relations with customers. This shows that BCA has a good brand image in the eyes of consumers. Bank Central Asia (BCA) have recently experienced a decline in its brand image among younger demographics in Indonesia. Despite being a trusted and longstanding financial institution, there is a perception among millennials that BCA is not as technologically innovative as newer, digital-native banks. Develop a strategic plan to rejuvenate BCA's brand image, particularly focusing on enhancing its appeal to the younger generation and addressing any perceived technological gaps.

Mobile banking is a banking service that can be accessed directly by customers via mobile phone using the menu that is already available on the Subscriber Identity Module Card (SIM Card) or commonly known as the data service menu or SIM Toolkit (Khumaini et al, 2022). The following is how m-BCA looks on the application as follows.



Figure 1.7 Logo of m-BCA application

Source: Prepared by Writer (2023)

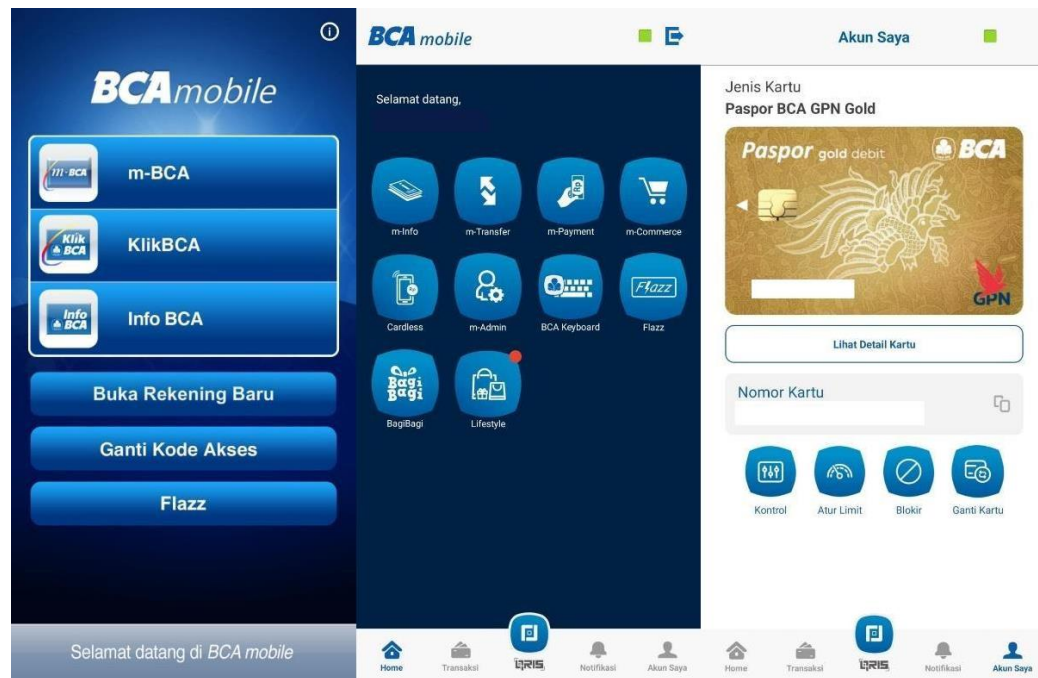


Figure 1.8 Display of the m-BCA app

Source: Prepared by Writer (2023)

From the appearance m-BCA has an application with a simple appearance, is easy to use and has a fast application. This is also in line with some consumer reviews about the m-BCA application at Plasytore as follows.

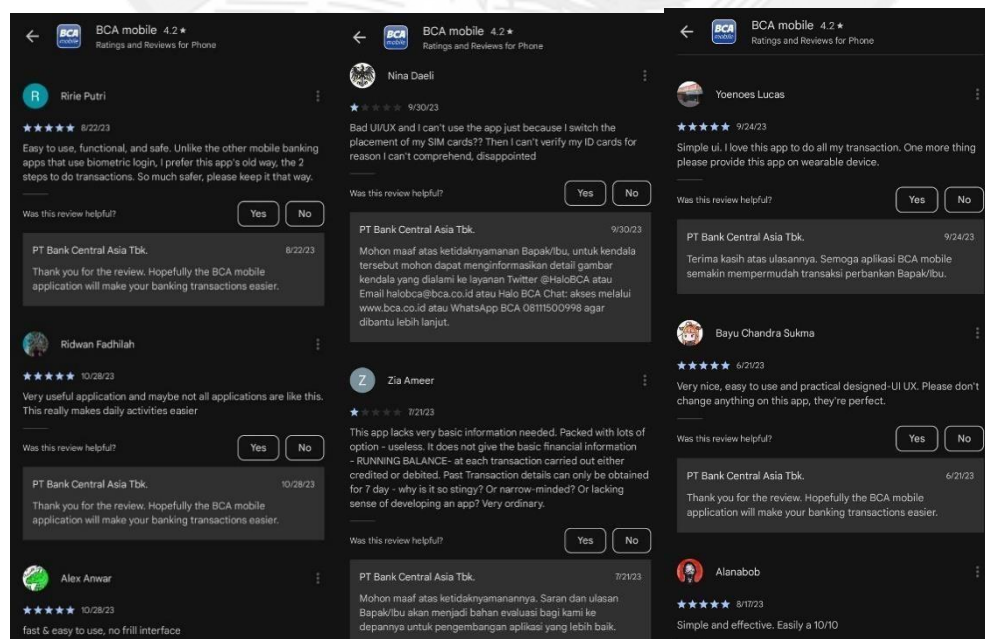


Figure 1.9 Reviews about m-BCA app

Source: Prepared by Writer (2023)

From the results of customer reviews in Playstore, it shows that customers state that the UI / UX display of the m-BCA application is simple and easy to use and fast in making transactions. However, it was also found that there were customers who complained that the appearance of the application was too simple and less attractive in terms of design. In the m-BCA application, consumers state that applications tend to be easy to use anywhere, have low costs, are safe to use for transactions and are available when needed at any time by consumers. However, problems complained about by consumers such as unattractive UI appearance, no clear balance display when opening the application, unable to verify consumer identity and can only check account mutations limited to 7 days, UI appearance is still unattractive, in addition to the green, blue or red colour indicators that indicate allowing transactions that often change when not continued for some time, there are difficulties in opening bank accounts online because they are stuck in video calls, verification difficulties when changing new devices, do not have notifications of incoming funds received or transfers, no support in English, no backup facility for stored messages if the application is deleted, complaints that the application often crashes when in use, difficulty adding account numbers to transfer to other banks, unavailability of security in the form of one time passwords or biometric logins, difficulty Top Up Flazz cards. The existence of various complaints from consumers shows that the m-BCA application still needs development and improvement so that consumers have a

better experience.

Based on the background phenomenon found by the writer and the importance of brand image and BCA Mobile application in influencing pur on Customer Satisfaction then the writer conducted research with the title “**THE IMPACT OF BRAND IMAGE AND BCA MOBILE APPLICATION ON CUSTOMER SATISFACTION AT BCA IN MEDAN**”

1.2. Problem Limitation

This research focus on m-BCA user customers in Medan city, Indonesia even though it aims to assess the effects of brand image and the BCA mobile application on customer satisfaction. The population and sample in this study were all customers who used the m-BCA application in Medan.

Indicators of brand image are the name of the bank, bank products, bank services and interactions between banks and their customers (Syaiffudin, 2018).

Indicators of mobile banking applications, namely applications that are easy to use, services can be reached from anywhere, are cheap, safe and reliable (Badaruddin and Risma, 2021).

Indicators of customer satisfaction are reuse, say good things and recommend, do not pay attention to competitors, use products from the same company, offer product ideas to companies (Mundir et al, 2022).

1.3. Problem Formulation

This study aims to investigate how customer satisfaction at BCA in Medan

is affected by brand image and the BCA mobile application. This study will answer the following research questions

1. Does brand image influence customer satisfaction at BCA in Medan?
2. Does BCA mobile application influence customer satisfaction at BCA in Medan?
3. Do brand image and BCA mobile application influence on customer satisfaction at BCA in Medan?

1.4. Objective of Research

Examining the relationship between brand image, BCA mobile application, and customer happiness at BCA in Medan is the aim of the study "The impact of brand image and BCA mobile application on customer satisfaction at BCA in Medan." The research seeks explicitly to accomplish the following goals:

1. To assess the impact of brand image on customer satisfaction at BCA in Medan.
2. To determine the impact of the BCA mobile application on customer satisfaction at BCA in Medan.
3. To analyze the combined effect of brand image and BCA mobile application on customer satisfaction at BCA in Medan.

1.5. Benefit of Research

Benefits of this research can be listed as follow:

1.5.1 Theoretical Benefit

The results of this research are expected to contribute to the existing

theories relevant with brand image and BCA mobile application on customer satisfaction at BCA in Medan.

1.5.2 Practical Benefit

The practical benefit of this research as follow:

- a. For the writer, the result of this research is expected to know the influence of brand image and BCA mobile application and Customer Satisfaction.
- b. For BCA, this research as results will be useful to improve the company performance, especially customer satisfaction.
- c. For other researchers, to be a guide and reference in leading the researcher to do other research that is compatible with this research.

