

**FACTORS INFLUENCING  
CUSTOMER LOYALTY IN THE INDONESIAN  
BANKING INDUSTRY: AN APPLICATION OF  
THE INVESTMENT MODEL**

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**UNIVERSITI SAINS MALAYSIA  
2014**

**FACTORS INFLUENCING CUSTOMER  
LOYALTY IN THE INDONESIAN BANKING  
INDUSTRY: AN APPLICATION OF  
THE INVESTMENT MODEL**

**by**

**KENI**

**Thesis Submitted in Fullfillment of the Requirements  
for the Degree of Doctor of Business Administration**

**AUGUST 2014**

## ACKNOWLEDGEMENTS

Namo Tassa Bhagavato Arahato Samma Sambuddhassa

My highest respect to the Buddha, the Blessed One, the Exalted One, the Fully Enlightened one. This study would never have been completed without the help of some people and for that I would like to express my gratitude to all people who give me strength and contribution throughout this research.

I wish to express my deepest gratitude to my supervisor, Professor Dato' Dr. Hasnah Haji Haron and my co-supervisor Professor Dato' Ishak Ismail, for their efforts, comments and encouragement throughout my study period. They have imparted not only a great deal of knowledge but also gave me inspiration. They are always available for consultation. I truly feel greatly indebted to them. Without their guidance and patient perseverance, this dissertation would never have been completed. They have assisted me greatly and for that I am really thankful.

I would like to express my sincere appreciation to my internal examiner, Prof. Datin Ruhani Ali, Dr. Salmi Mohd. Isa and Dr. Goh Yen Nee, for their valuable comments which resulted in shaping and revising of the study.

I am also deeply grateful to Associate Professor Dr. Sofri Yahya, Dean of Graduate School of Business, Associate Professor Dr. Siti Nabiha Abdul Khalid and Dr. Elisha, DBA Programme Manager and to all lecturers and academic staff of Graduate School of Business, especially Dr. Teoh Ai Ping and Dr. Rajendran Muthuveloo who had shared their knowledge expertise in seminars and consultancy.

The journey of completing this study has been so inspiring and fulfilling and for that, I would like to thank few distinguished individuals who have dedicated their time and effort in supporting this study. Their unwavering support has been tested

through good and bad times of which I will be forever grateful. Mr. Lerbin Aritonang, Marketing Professor of Tarumanagara University who always pushes myself to the limit and gives me support especially on the research techniques. Ms. Feny, Assistant of Economic and Industry Researcher in Bank Central Asia and Mr. Yusi Yusianto, banking practitioner and academic. Your insights and inputs on the banking industry in Indonesia have proven to be beneficial in this study. Mr. William Tan and Mr. Ferdian Bonar, marketing research professionals. Thank you for your encouragement and support through all those discussion sessions that we had. You have contributed significant part and this study would never have been completed without your help and guidance. I also would like to extend my deepest gratitude to all friends in UIB group especially Mulia Pamadi and Agustina, all my colleagues and friends in Tarumanagara University who are always there for me when I need help.

Most importantly, my highest respect and gratitude go to my parents, my brothers and my sisters for their support and encouragement that had given me the strength and endurance throughout this study and provided me with all possible opportunities for a good education.

Last but not least, all other individuals whom I have worked with that I can not possibly mention one by one in this acknowledgement. Thank you very much for making one of my dreams comes true.

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## LIST OF ABBREVIATIONS

1.0	GDP	Gross Domestic Product
1.1	PP	Peraturan Pemerintah
1.2	ASEAN	Association of South East Asia Nations
1.3	AEC	ASEAN Economic Community
1.4	MITI	Ministry of International Trade and Industry
1.5	DBS	The Development Bank of Singapore
1.6	YLKI	Yayasan Lembaga Konsumen Indonesia
1.7	IBLI	Indonesian Bank Loyalty Index
1.8	SEM	Structural Equation Modeling
1.9	BCA	Bank Central Asia
2.0	BRI	Bank Rakyat Indonesia
2.1	BNI	Bank Negara Indonesia
2.2	BII	Bank Internasional Indonesia
2.3	BTN	Bank Tabungan Negara
2.4	CIMB	Commerce International Merchant Bankers
2.5	MRI	Marketing Research Indonesia
2.6	SERVQUAL	Service Quality
2.7	UU	Undang-Undang
2.8	CAR	Capital Adequacy Ratio
2.9	NLPs	Non-Performing Loans
3.0	IMF	International Monetary Fund
3.1	ABIF	ASEAN Banking Integration Framework
3.2	QAB	Qualified ASEAN Bank

3.3	LISREL	Linear Structural Relationship
3.4	EBCs	Established Bank Customers
3.5	UK	United Kingdom
3.6	ECSI	European Customer Satisfaction Index
3.7	PLS	Partial Least Square
3.8	ANOVA	Analysis of Variance
3.9	MBA	Master of Business Administration
4.0	USA	United State of America
4.1	MANOVA	Multivariate Analysis of Variance
4.2	SOW	Share of Wallet
4.3	CS	Customer Satisfaction
4.4	IBM SPSS	International Business Machines Corporation- Statistical Product and Service Solutions
4.5	AMOS	Analysis of Moment Structure
4.6	CFA	Confirmatory Factor Analysis
4.7	CR	Construct Reliability
4.8	AVE	Average Variance Extracted
4.9	GFI	Goodness-of-fit index
5.0	RMSEA	Root Mean Square Error of Approximation
5.1	RMR	Root Mean Square Residual
5.2	NFI	Normed Fit Index
5.3	TLI	Tucker-Lewis Index
5.4	CFI	Comparative Fit Index
5.5	RNI	Relative Noncentrality Index
5.6	AGFI	Adjusted Goodness of Fit Index

5.7	PNFI	Parsimony Normed Fit Index
5.8	NNFI	Non-Normed Fit Index
5.9	IFI	Incremental Fit Index
6.0	SRMR	Standard Root Mean Square Residual
6.1	AIC	Akaike Information Criterion
6.2	BCC	Browne-Cudeck Criterion
6.3	BIC	Bayes Information Criterion
6.4	CAIC	Consistent AIC
6.5	ECVI	Expected Cross-Validation Index
6.6	PNFI	Parsimony-adjusted NFI
6.7	PCFI	Parsimony-adjusted CFI
6.8	PGFI	Parsimony-adjusted GFI
6.9	AGFI	Adjusted GFI
7.0	WRMR	Weighted Root Mean Residual
7.1	ATM	Automated Teller Machine
7.2	MS	Mean Score
7.3	SD	Standard deviation
7.4	TANG	Tangible
7.5	REL	Reliability
7.6	RES	Responsiveness
7.7	ASS	Assurance
7.8	EMP	Empathy
7.9	QA	Quality of Alternatives
8.0	IS	Investment Size
8.1	CA	Affective Commitment

8.2	CC	Continuance Commitment
8.3	CN	Normative Commitment
8.4	CLB	Behavioral Customer Loyalty
8.5	CLA	Attitudinal Customer Loyalty
8.6	CLC	Cognitive Customer Loyalty
8.7	GOF	Goodness of Fit

# **FAKTOR MEMPENGARUHI KESETIAAN PELANGGAN DALAM INDUSTRI PERBANKAN INDONESIA: APLIKASI MODEL PELABURAN**

## **ABSTRAK**

Indonesia sebagai salah satu daripada negara-negara membangun Asia memerlukan industri perbankan yang kukuh bagi memastikan pertumbuhan ekonomi dan masa depan Indonesia. Untuk kekal kompetitif, salah satu faktor adalah untuk menjaga pelanggan yang sedia ada. Walau bagaimanapun, mengekalkan pelanggan adalah satu tugas yang lebih sukar untuk dicapai hari ini kerana terdapat persaingan yang semakin meningkat dari kedua-dua tempatan dan luar negara. Kadar beralih Bank telah meningkat sejak beberapa tahun dan aduan mengenai perkhidmatan yang ditawarkan oleh bank-bank telah meningkat. Pengekalan pelanggan telah menjadi isu penting yang perlu diselesaikan dan dengan itu lebih banyak pengetahuan dan pemahaman kepada faktor-faktor yang mempengaruhi kesetiaan pelanggan diperlukan.

Model pelaburan telah digunakan dalam kajian ini untuk meneliti kesetiaan pelanggan. Model ini terdiri daripada tiga pembolehubah - kepuasan, kualiti alternatif, dan saiz pelaburan. Objektif utama kajian ini adalah untuk mengkaji kesan kepuasan perkhidmatan, kualiti alternatif, saiz pelaburan kepada komitmen pelanggan dan kesetiaan pelanggan dan untuk meneliti sama ada komitmen pelanggan menjadi pengantara kesan kepuasan perkhidmatan, kualiti alternatif, saiz pelaburan dan kesetiaan pelanggan. Daripada 1,400 soal selidik diedarkan kepada pelanggan daripada sepuluh Bank Indonesia berdasarkan aset tertinggi, 403 soal



selidik telah diterima dan boleh digunakan. Pemodelan persamaan berstruktur (SEM) digunakan untuk menguji hipotesis kajian.

Keputusan kajian menunjukkan bahawa komitmen pelanggan mempunyai kesan yang positif dan signifikan kepada kesetiaan pelanggan. Ketiga-tiga pemboleh ubah dalam model pelaburan, iaitu, kepuasan perkhidmatan, kualiti alternatif dan saiz pelaburan didapati mempunyai kesan yang signifikan kepada komitmen pelanggan. Di samping itu, kedua-dua kepuasan perkhidmatan dan saiz pelaburan didapati mempunyai kesan signifikan dengan kesetiaan pelanggan. Kualiti alternatif bagaimanapun, didapati tidak signifikan kepada kesetiaan pelanggan. Kajian juga mendapati kesetiaan pelanggan diperkukuhkan apabila komitmen pelanggan memainkan peranan sebagai pemboleh ubah pengantara. Kajian ini mencadangkan pengurus bank untuk mengadakan aktiviti pemasaran yang dapat meningkatkan kesetiaan pelanggan, membangunkan kad skor prestasi untuk mengukur prestasi bank dan membina hubungan yang lebih kukuh dengan pelanggan untuk menghadapi persekitaran persaingan yang lebih sengit pada masa hadapan.

**Kata Kunci: kesetiaan pelanggan, model pelaburan, industri perbankan, Indonesia**

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**ABSTRACT**

Indonesia, as one of the developing Asian countries requires a strong banking industry to ensure the economic and future growth of Indonesia. In order to remain competitive, one of the important factors for the banks is to maintain its existing customers. However, maintaining customer is a task more difficult to achieve these days as there is growing competition both from the local and outside the country. Bank switching rate has increased over the years as complaints about the services offered by the banks have increased. Customer retention has become an important issue to be resolved and thus more knowledge and understanding on factors affecting customer loyalty is needed.

An investment model approach has been applied to examine customer loyalty. The model consists of three variables - satisfaction, quality of alternatives, and investment size. The main objectives of the study are to examine the effect of service satisfaction, quality of alternatives, investment size to customer commitment and customer loyalty, and to examine whether customer commitment mediates the effect of service satisfaction, quality of alternatives, investment size and customer loyalty. Out of 1,400 questionnaires were distributed to the customers of the top ten Indonesian banks based on the highest assets, 403 questionnaires were received and usable. Structural Equation Modeling (SEM) was used to test the hypotheses of the study.

The results of this study showed that customer commitment has a positive and significant effect on customer loyalty. All the three variables in the investment model: service satisfaction, quality of alternatives, and investment size, were found to have a significant effect on customer commitment. In addition, both service satisfaction and investment size were found to have a significant effect on customer loyalty. Quality of alternatives however, was not found to be significant to customer loyalty. The study also found customer loyalty is strengthened whenever customer commitment plays the role as a mediating variable. The study suggests that bank managers to have marketing activities that would increase customer loyalty, developing performance scorecard to measure bank performance and build stronger relationships with customers to face stiffer competitive environment in the future.

**Keywords: customer loyalty, investment model, banking industry, Indonesia.**

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