SERVICE LOYALTY: THE EFFECTS OF SERVICE QUALITY AND THE MEDIATING ROLE OF CUSTOMER SATISFACTION IN RETAIL BANKING INDUSTRY

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Abstract

Objectives – the objective of this research is to contribute to the development of a conceptual framework that integrates service loyalty, service quality, and customer satisfaction within the retail banking industry.

Method – the service loyalty, service quality, and customer satisfaction of retail banking industry was examined. The data collection method and variable measures were discussed. From the result of factor analysis and reliability testing the study hypotheses were then presented. Independent t-test and ANOVA was conducted to analyze whether there are significant differences among age, gender, marital status, and education level. Finally, we discussed the result of regression analysis, CHAID analysis, and its managerial implications for retail banking industry and recommendation for future research.

Results – the outcomes of the study is that service quality is found to act on service loyalty via customer satisfaction within retail banking industry in Jakarta. The result also show that while gender and education provided no basis for differentiation among constructs, age and marital status play a major role in determining the different perceptions of customers about the construct investigated. Analysis using CHAID for the service loyalty constructs shows that it is marital status followed by age that is the salient segmentation variable.

Keywords – Service loyalty, Service quality, Customer satisfaction, retail banking.