

DOMINANT FACTORS OF CUSTOMER VALUE AFFECTING CUSTOMER LOYALTY

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ABSTRACT

Based on data from the financial services authority (OJK) shows that the growth rate of Islamic banking finance in Indonesia from 2005 - 2016 tends to stagnate. Several studies indicate that one of the factors affecting the profitability of sharia banks in Indonesia is due to the high number of non performing financing (NPF). Indonesian Banking Statistics 2016 publishes collectability of sharia bank financing from 2012 to 2016, which can be seen that the percentage of NPF from year to year always experienced a significant increase (for 5 years NPF increased by 2.48%). The percentage of NPF is always above 3% from year to year, coupled with the occurrence of NPF increase need to watch out and sought the solution for the growth of sharia banking can increase significantly.

There are still many credit customers who are late and or do not perform financing obligations is a reason why NPF in Indonesian sharia banks is quite high. The customer's lack of discipline in financing shows that there is a lack of customer loyalty to the bank, this problem must be immediately solved so that NPF can decrease. For that we need to find the dominant factor that most influence on customer loyalty, especially from customer value factor.

The study was conducted in syariah banks in West Java by taking a random sample in the city of Bekasi, Jakarta, Bandung, Tasikmalaya as many as 100 respondents. The lisrel method is used for data processing and analysis on the grounds that this method can best describe the dominant factor affecting customer loyalty. The conclusion of this research are (1) the dominant factor affecting the loyalty of syariah bank customers is the quality of human resources service. Profit sharing, diverse products, payment types, lending reasons, administrative costs, and fast processing are the next factors affecting loyalty. The lowest factor of customer value is the reason of lending for consumer needs and (2) Customer value significantly influence the loyalty of sharia bank customers (coefficient of determination = 14%)

Keyword: NPF, customer value, loyalty

INTRODUCTION

The giving of services commonly referred to by the term "interest" in Islam is classified into the form of usury, which in the Qur'an is explained that usury is not allowed in Islam. Controversy that emerged among the community and ulama is what led to the birth of sharia banking, where the financial management in Islamic banks all refer to the teachings of Islam. Syariah banking not only refers to the teachings of Islam, but also refers to the banking system in Indonesia. In the law no. 21 year 2008 Chapter I Article 7 paragraph 1 explained that Islamic banks are banks that run their business activities based on sharia principles and according to its type consists of

Islamic banks and sharia financing banks. The principle of sharia is the principle of Islamic law in banking activities based on fatwas issued by institutions that have authority in the determination of fatwa in the field of sharia (Law No. 21 of 2008 Article 1 verse 12).

Sharia banking rules in Indonesia are made based on sharia principles does not necessarily make people switch to sharia banks in financial management. Based on data from the financial services authority (OJK) shows that the growth rate of Islamic banking finance in Indonesia from 2005 - 2016 tends to stagnate.

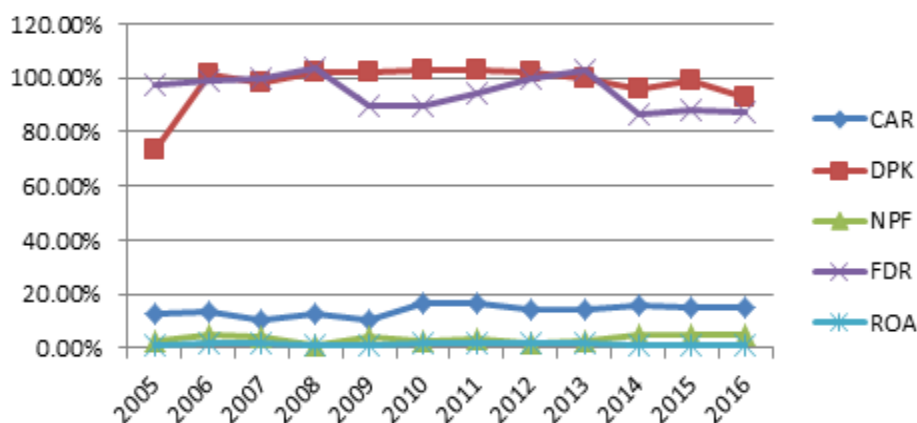


Figure 1. The Growth Rate of Islamic Banking Finance

Source: Indonesia Financial Services Authority, 2018

Indonesian Banking Statistics 2016 publishes collectability of sharia bank financing from 2012 to 2016, which can be seen that the percentage of NPF from year to year always experienced a significant increase (for 5 years NPF increased by 2.48%). The percentage of NPF is always above 3% from year to year, coupled with the occurrence of NPF increase need to watch out and sought the solution for the growth of sharia banking can increase significantly. There are three categories of non-current in financing in Islamic banks namely,

1. Less current (non-current financing between 90 and 180 days)
2. Doubtful (non-current financing between 181 to 270 days)
3. Loss (financing is not lancer more than 270 days).

There are still loans that can not be used for Indonesian sharia banks are quite high. The lack of discipline in spending, there is no loyalan to the bank, this problem should be immediately solved so that NPF can be decreased, for that it is necessary to conduct research to find out what factors dominantly affect the decrease in loyalty.

RESEARCH METHODS

The population of this research is bank syariah bank of West Java, entitled 8 (eight) bank, while data from bank exist in big city as much 100 credit customers. The data used in this study is the primary data in the form of questionnaires. Questionnaires were made in 2 (two) sections: about employee identity and core consultation. There are 5 (five) experiences that must be answered by respondent in employee identity that is about (1) gender, (2) time, (3) last education, (4) income

per month, (5) Although in the core is divided into 3 (three) statement variables that is,
1) Customer value variables are 9 (nine) statements, consisting of 3 (three) dimensions, namely (a) reason of borrowing customer, (b) offered product, and (3) service.
2) Customer loyalty variables 12 (fourteen) statements consisting of 6 (six) dimensions, namely (a) security, (b) openness to receive advice, (c) ease of transactions, (d) timely financing, (e) award , and (f) attention to customers. Total questionnaires amounted to 21 statements.
Independent variable in this research is customer value variable (X) while the dependent variable in this research is customer loyalty (Y). The analysis done in this research by using descriptive statistics (for employee identity), and because the variables measured simultaneously more or more with two variables then used also multivariate analysis (for core question). Data analysis method used is by using Equation Model Structure (SEM) by using software program aid LISREL.

RESEARCH RESULT

Test validity is a trustworthy data of truth in accordance with reality. The validity test in this research used item analysis that correlates the score of each item with the total score which is the sum of each score of grain, if the correlation coefficient (rhitung) is greater or equal to the critical point 0,30 then the statement is valid. The method used is pearson product moment with the help of SPSS v21 software.

Path (Path Analysis)

Analysis of verification in this research is to know the factors of customer loyalty to sharia bank, by using path analysis statistic method (path analysis). Due to the scale of the data is likert ordinal so for the purposes of research data in the transformation first using the Method of Succesive Interval (MSI) with the help of Software Stat 97 in Microsoft Excel 2007. Visually the overall path diagram of the research variables can be seen in the following figure:



Figure 2. Path Diagram

Source: Data processed by researchers, 2018

In accordance with the research hypothesis proposed, then the data will be tested by using path analysis (path analysis) with the help of SPSS v21 software. The first step is to calculate the correlation coefficient then calculate the path coefficient.

Model Conformity Test

Goodness of fit model aims to test whether the resulting model describes the actual condition.

The hypothesis is:

Ho: The model of goodness of fit (the resulting model describes the actual condition)

Ha: The model is not goodness of fit (the resulting model does not describe the actual condition)

In this section will be discussed the results of hypothesis testing using Structural Equation Modeling (SEM). Before the discussion is done, the hypothesis will be analyzed for the model suitability test results.

Measurement Model

The validity of the construct shows how far the indicator is able to reflect its theoretical latent construct. There are several measures to measure the validity of constructs, such as convergent validity. Convergent validity can be seen from its loading factor value. Standardize loading (λ) of 0.50 or more is considered to have strong enough validation to explain latent constructs (Hair et al., 2010; Ghazali, 2008). Another requirement is that loading factor must be significant where $t_{count} > t_{table}$, and or loading factor > 0.5 and more ideal if > 0.7 .

Table 1. Loading Factor of Latent Variable – Indikator

Variable-Dimension	Indicator-Dimension	λ	t-value
VALUE IN CUSTOMER'S VIEW			
	X1.1	0,59	7,40
	X1.2	0,60	7,47
	X1.3	0,56	6,91
	X1.4	0,61	7,64
	X1.5	0,58	7,26
	X1.6	0,61	7,60
	X1.7	0,68	8,86
	X1.8	0,61	7,74
	X1.9	0,59	7,30
CUSTOMER LOYALTY			
	Y1.1	0,64	-
	Y1.2	0,59	6,37
	Y1.3	0,57	6,13
	Y1.4	0,64	6,77

Variable-Dimension	Indicator-Dimension	λ	t-value
	Y1.5	0,62	6,62
	Y1.6	0,58	6,28
	Y1.7	0,59	6,32
	Y1.8	0,61	6,53
	Y1.9	0,62	6,57
	Y1.10	0,60	6,46
	Y1.11	0,63	6,73
	Y1.12	0,64	6,76

*valid for $\alpha=0.05$

Source: Data processed by researchers, 2018

Above shows the research variables have a valid indicator with the value of Standardize loading (λ) > 0.50 with t arithmetic > 1.96 (t table at $\alpha = 0.05$).

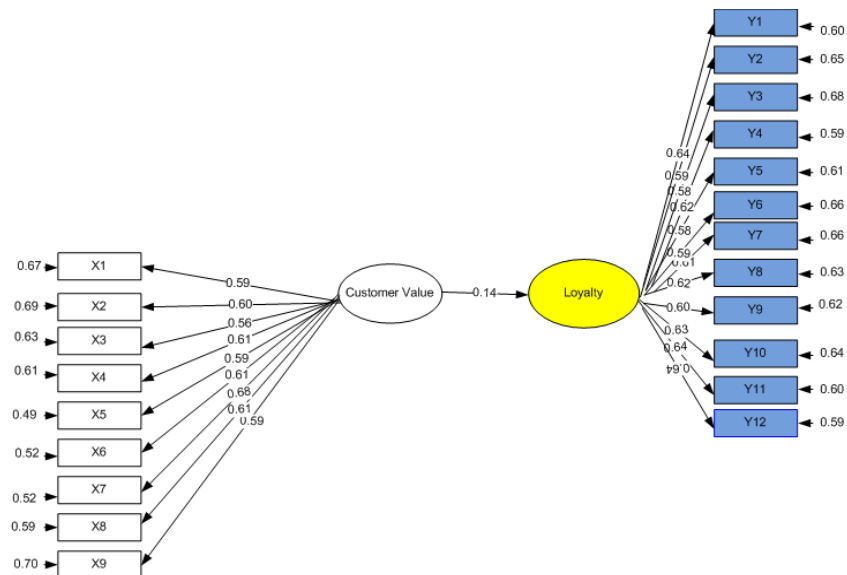


Figure 3. Complete Path Diagram of Research Model

Source: Data processed by researchers, 2018

DISCUSSION

The Dominant Factor of Customer Value Affecting Loyalty

Nine factors measured in customer value divided into 3 (three) dimensions that is about,

1. reasons borrowers borrow (working capital, investment, consumptive)

2. service (profit sharing, administrative costs, quality of HR services, ease of payment method, fast process)
3. products in sharia bank (products vary)

From the dimension of "borrowers' reason" the highest factor is for working capital, while the investment requirement is 2nd and consumptive requirement is ranked 3rd. This illustrates that customers in Islamic banks borrow because they want to improve their standard of living through the efforts it undertakes. Based on the dimension of "service" the main factors that most influence loyalty are the quality of HR services, profit sharing, ease of payment, administrative costs, and quick process. Meanwhile, based on the dimensions of "product" of loyal customers because of existing products in various Islamic banks.

From the observed factor, it can be concluded that the highest factor that makes the customer loyal to syariah bank is due to the quality factor of human resources service, while the lowest factor affecting the loyalty is the lending reason factor for consumptive needs.

The effect of Value in Customer's View on Customer Loyalty

Table 2. Hypothesis testing

	Hypothesis	γ	t	R²	Result
1	Value in Customer's View →Customer Loyalty	0.27	3,49*	0.14	Signifikan

* significant pada $\alpha=0.05$ (t table =1.98)

Source: Data processed by researchers, 2018

In the above table it is known that partially Value in Customer's View variable has significant effect on Customer Loyalty where t count > t table and coefficient of determination equal to 14%.

CONCLUSIONS

1. The dominant factor affecting the loyalty of sharia bank customers is the quality of human resources services. Profit sharing, diverse products, payment types, lending reasons, administrative costs, and fast processing are the next factors affecting loyalty. The lowest factor of customer value is the reason for lending to consumptive needs.
2. Customer value significantly influence the loyalty of sharia bank customers (coefficient of determination = 14%)

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