

# Determinant Factors of Satisfaction and the Implications to Customer Loyalty of Syariah Public Bank in Malang Indonesia

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## Abstract

Banking institution as a service company emphasizes more on marketing concept by doing approaches to customers by fulfilling customers' needs, desires, and expectations. Therefore it is important to pay attention on the customers' satisfaction and loyalty for the company's survival. This research aimed to: (1) analyze the influence of service quality, sales people and relational benefit to customer satisfaction of Syariah Public Banks in Malang; (2) analyze the effect of service quality, sales people and relational benefit to customer loyalty of Syariah Public Banks in Malang; (3) analyze the effect of customers' satisfaction to customer loyalty of Syariah Public Banks in Malang; (4) analyze the effect of service quality, sales people and relational benefit to loyalty through customers' satisfaction of Syariah Public Banks in Malang. The sample in this research was 190 customers of deposits and financing of Syariah Public Banks. The sampling technique used was purposive sampling method. Analysis Technique used was Structural Equation Model, which was to study the effect of service quality, sales people and relational benefit on loyalty through customers' satisfaction of Syariah Public Banks. The research result showed that the better quality of service, sales force and relational benefit on Syariah Public Banks would be able to increase customer satisfaction and had influence on the customer loyalty.

**Keywords:** Quality of service, sales people, relational benefit, satisfaction, customer loyalty, Syariah Public Banks.

## 1. Introduction

### 1.1 Background

The banking business is a service business. The main factor of business in service that must be considered is the consumers' trust on banking system. Syariah Banks are banks that conduct business based on Syariah (Islamic) principles. And based on the types, they consist of: Syariah Public Banks and Syariah Financing Banks (Article 1 (7) UURI no 21 year 2008 concerning Syariah Banking). According to the *Fatwa* (Islamic guidance) issued by the Indonesian Muslim Leader Council (MUI) in 2003, the bank interest is forbidden for Muslims (*haram*) because bank interest is usury.

According to the technical terms, usury means making addition from the main wealth or capital in wrong way. Based on *Fatwa* of MUI about the rightfulness (*halal*) and forbidden thing (*haram*) of bank interest, it becomes a challenge for Syariah banking to demonstrate the strong points of the products and services of Syariah banks. Indonesia, which 88% people are Muslims, is a potential as the growth of economic activities based on Syariah. Moreover, it is supported by the movement of Syariah economy. Syariah banking performance in Indonesia in 2013 showed a good performance. Gathering of third-party funds (DPK) of Syariah Public Banks (BUS) and Syariah Business Unit (UUS) in 2013 reached 156.96 trillion rupiahs. It showed an increase of Rp. 9.45 trillion (6.41%) compared in 2012 (Syariah Banking Statistic 2013). The performance of Syariah banking in Indonesia showed a positive growth. The growth was seen from the increase in assets, third-party funds and financing, but the growth in market share from year to year was still quite low. In 2013 the growth was 3.24% (Syariah Banking Statistics 2013).

Muslim population in East Java province is 36,113,396 people or 96.36% (BPS) and the community in East Java is known as a community of Islamic religious students (*santri*) who uphold religious values and practice them in all the activities of life, so it is potential as the development of Syariah banking. Syariah banking assets in East Java grew 43.81 per cent (yoy) and reached Rp. 17.27 trillion in March 2013. The increase of public funds grew 40.87 per cent (yoy) and reached Rp. 133.13 trillion, and *market share* of Syariah banking in East Java in 2013 increased 4.67% (Indonesian Bank of East Java, 2013). There is a positive growth performance of Syariah banking in Indonesia, in East Java province, and in Malang city. It can be seen from the increase of assets, third-party funds and financing, but the *market share* of Syariah public Banks as a whole is still below 5%. The company services emphasize more on marketing concept by approaching the consumer to fulfill the needs, desires and expectations of consumers. Companies must pay attention on the importance of customers' satisfaction and loyalty for the company's survival.

This research has been done to analyze how the influence of service quality and relational benefits to satisfaction and loyalty. In contrast to the previous studies, this study adds or includes other variables that are sales people in Syariah character that have an effect on loyalty through customer satisfaction in Syariah Public Banks.

## 1.2 Research Objectives

- a. Analyze the effect of quality of service, sales people and relational benefit to customer satisfaction of Syariah Public Banks in Malang city.
- b. Analyze the effect of quality of service, sales people and relational benefit to customer loyalty of Syariah Public Banks in Malang city.
- c. Analyze the effect of customer satisfaction to customer loyalty of Syariah Public Banks in Malang city.
- d. Analyze the effect of service quality, sales people and relational benefit to loyalty through customer satisfaction of Syariah Public Banks in Malang city.

## 1.3 Research Questions

- a. How is the effect of service quality, sales people and relational benefit to customer satisfaction of Syariah Public Banks in Malang city?
- b. How is the effect of banking service quality, sales people and relational benefit to customer loyalty of Syariah Public Banks in Malang city?
- c. How is the effect of customer satisfaction to customer loyalty of Syariah Public Banks in Malang city?
- d. How is the effect of service quality, sales people and relational benefit to loyalty through customer satisfaction of Syariah Public Banks in Malang city?

## 1.4 Hypothesis

- a. H1: Service quality, sales people, relational benefit have an effect on customer satisfaction of Syariah Public Banks.
- b. H2: Service quality, sales people, relational benefit influence customer loyalty of Syariah Public Banks.
- c. H3: Satisfaction has an effect on customer loyalty of Syariah Public Banks.
- d. H4: Service quality, sales people, relational benefit have an effect on loyalty through customer satisfaction of Syariah Public Banks.

## 2. Review Of Literature

### 2.1 The quality of service

The quality of service has an effect on customer satisfaction (Caruana, 2002). According to Zeithaml et al. (2002), the quality of service is the expected level of Excellence and control over the level of excellence to meet customer desires. Bahia and Nantel (2000) develop a new measuring method for measuring the quality of service especially for banking known as Banking Service Quality (BSQ), consisting of six dimensions: Effectiveness and Assurance is a combination of competence and level of good response of employees, as well as the safety factor; Access is a customer's perception on the modern equipment and the essential elements that ensure ease of transaction; Price is a factor directly related to the costs charged; Tangible refers to the atmosphere, the service equipment and service display; Service Portfolio leads to a complete service and consistent service to follow the development of the banking world; Reliability is formed from two indicators namely a good filing system and avoiding mistakes in the process of delivering services. Quality of service has an effect to customer satisfaction (Caruana, 2002). According to Angur et al. (1999), Alfred and Adam (2000), and Lassar et al. (2000) the better the quality of service is, the more satisfaction given to the customers. According to Ehigie (2006), Yu et al. (2005), (Shanka, 2012) and Ladhari et al. (2010) the quality of service has a positive and significant impact on customer satisfaction and loyalty. Zeithaml et al. (1996), Liang and Wang (2000) and Lewis (2005) argue that the quality of service has a direct effect of on customer loyalty.

### 2.2 Salespeople

In addition to the quality of service, it is very important for Syariah banking to pay attention to sales people/marketing personnel. According to Kotler (1993), salesperson is someone who looks for resources from others and wants to offer valuable things in exchange. In Hasan's opinion (2010), there are four (4) characters of marketing activities, namely: theistic (religious), a marketer of Syariah must fortify himself with spiritual values, have moral defense, is always close to God, and believe that his movements are watched by God; Ethical, a Syariah marketer must prioritize morals (ethics and morals), in order to color the marketing culture that is more moral, ethical, humane, uphold the dignity of women and not make women as accessories objects to popularize the product; Realistic (flexible), a marketer of Syariah must be professional, polite and neat in appearance and not rigid in the association; Humanities (human), a marketers must be aware that due to the nature of humanistic and universal Islamic law are the principles of *ukhuwwah Islamiyah* (brotherhood among people). Islam does not consider all the factors that differentiate humans, for example local origin, skin color, or social status. According to Hendriyanto (2012), personal approach of marketing personnel and significant has a positive effect on customer satisfaction. Personal approach of marketing personnel has a significant and positive effect on satisfaction, trust and customer loyalty (Roman, 2003). According to Reynold and Arnold (2000), personal approach of sales people

directly influences on customer loyalty.

### 2.3 Relational Benefit

In addition to the Banking Service Quality and marketing personnel, relationship between the customers and the bank is also required. It is a partnership relationship between the bank and the customers kept continuously in an effort to give satisfaction to the customers. Relation between the two parties, ie between customers and Syariah banks should benefit in the long term (relational benefit). Some of the things including in relational benefit, according to Gwinner et al. (1998), reveal that there are three (3) relational benefits, namely: Confidence benefits, it is a liaison perception that reduces anxiety and is comfortably aware of the services given, relational benefit as the trust that exists between companies and customers; Social benefit, emotional part of relationships and is characterized with a personal knowledge of the costumers by the employee, costumer habits that can be understood by employees, creating a relationship between customers and employees, the benefit form of a relationship in the form of intimacy between the company's customers; Special treatment benefit, it becomes a part of the costumers acceptance relationship on the price. Quick and precise service is a form of benefit in the form of special treatment received by customers. According to Molina et al. (2007), relational benefit has a positive and significant impact on consumer satisfaction. According to Kinard and Capella (2006), relational benefit, besides having a positive and significant impact on satisfaction, also affects customer loyalty, while according to Hennig-Thurau et al. (2002), relational benefit also directly affects customer loyalty.

### 2.4 Satisfaction

Satisfaction is an important concept in marketing activities and related to the behavior of buyers. Customer satisfaction, according to Oliver (1997), the definition of customer satisfaction is: A judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under or over fulfillment". According to Oliver (1997), customer trust, a sense of customer propinquity, customer satisfaction for service assurance identify the satisfaction form. Floh and Treiblmaier (2006), argue that customer satisfaction is one of the important variables in growing customer loyalty, satisfaction as the basis of the loyalty emergence. Respati et al. (2013) said that customer satisfaction as employees effort in shaping customer through several approach such as maintaining good reputation of products, offering fair price and keep continuity of business.

### 2.5 Customer Loyalty

According to Kotler and Keller (2012), "Customers loyalty is strongly held commitment to buy again or subscribe to a particular product or service again in the future despite the influences of marketing and business situation that could potentially lead to switching behavior". Dick and Basu (1994) have an opinion that customer loyalty can be seen through three attributes, namely: search motivation, information search for alternative products dealing with the consequences of loyalty, a strong loyalty reducing search motivation of alternative brand; Resistance to competitors persuasion, customers having a strong commitment to the company so it shows a resistance increase to competitors persuasion; *Word of Mouth*, customers spread the positive experience about the company to other customers. A loyal customer is a positive story spreader that is reliable.

## 3. Methodology

The purpose of this research essentially was a theory development and problem solving on customer satisfaction and customer loyalty of Syariah public Banks in Malang. The results of the research specifically could be intended as a descriptive study and hypothesis testing. Descriptive study described the characteristics of a phenomenon that could be used as a basis for decision-making to solve problems. Hypothesis testing was a research that explained the phenomenon in the form of the relationship between variables. The population used in this research was the customers of Syariah banks categorized as Syariah public Banks and located in the city of Malang, namely: PT. Bank Muamalat Indonesia, PT. Bank Syariah Mandiri, PT. BNI Syariah, PT. BRI Syariah, Bank Mega Syariah Indonesia, PT. Bank Panin Syariah. The sample in this research was deposit customers and as financing customer on all Syariah public Banks in Malang. The sample size used was 190, based on the number of indicators multiplied by 10 ( $19 \times 10 = 190$ ).

The sampling technique used here was purposive sampling method. The sample was based on certain criteria, namely: active customers who became deposit customers and also as financing customers of Syariah public Banks for at least 1 (one) year. Analysis technique of *Structural Equation Model* was to study the effect of service quality, sales people and *relational benefit* on loyalty through customer satisfaction of Syariah public Banks, while the definition of operational variables used consisted of:

Quality of Service,

Quality of service is the output that meets the needs of customers. The indicators of the quality of service are: Effectiveness and Assurance; Access; Price; Tangible; Service Portfolio; Reliability.

Salespeople/salesperson,

Salesperson is someone who offers products and services of Syariah public Banks which have Syariah character. The indicators of the power of marketing are: theistic (religious); Ethical; Realistic (flexible); humanities (human).

Relational Benefit,

Relational Benefit is the long-term benefit built from the customer relationship with the bank. The indicators of relational benefit are: Confidence benefit; Social benefit; Special treatment benefit.

Customer Satisfaction,

Customer satisfaction is the impression shown by customers on the performance of services received. The indicators of satisfaction are: Customers Trust; Customers' sense of propinquity, a sense of customer satisfaction for service assurance.

Customer Loyalty,

Customer loyalty is a commitment that is held strongly by the customer to buy again or use the product or service that they like in the future. The indicators of loyalty are: alternative search Motivation; Resistance to competitor persuasion; Recommendations on other parties.

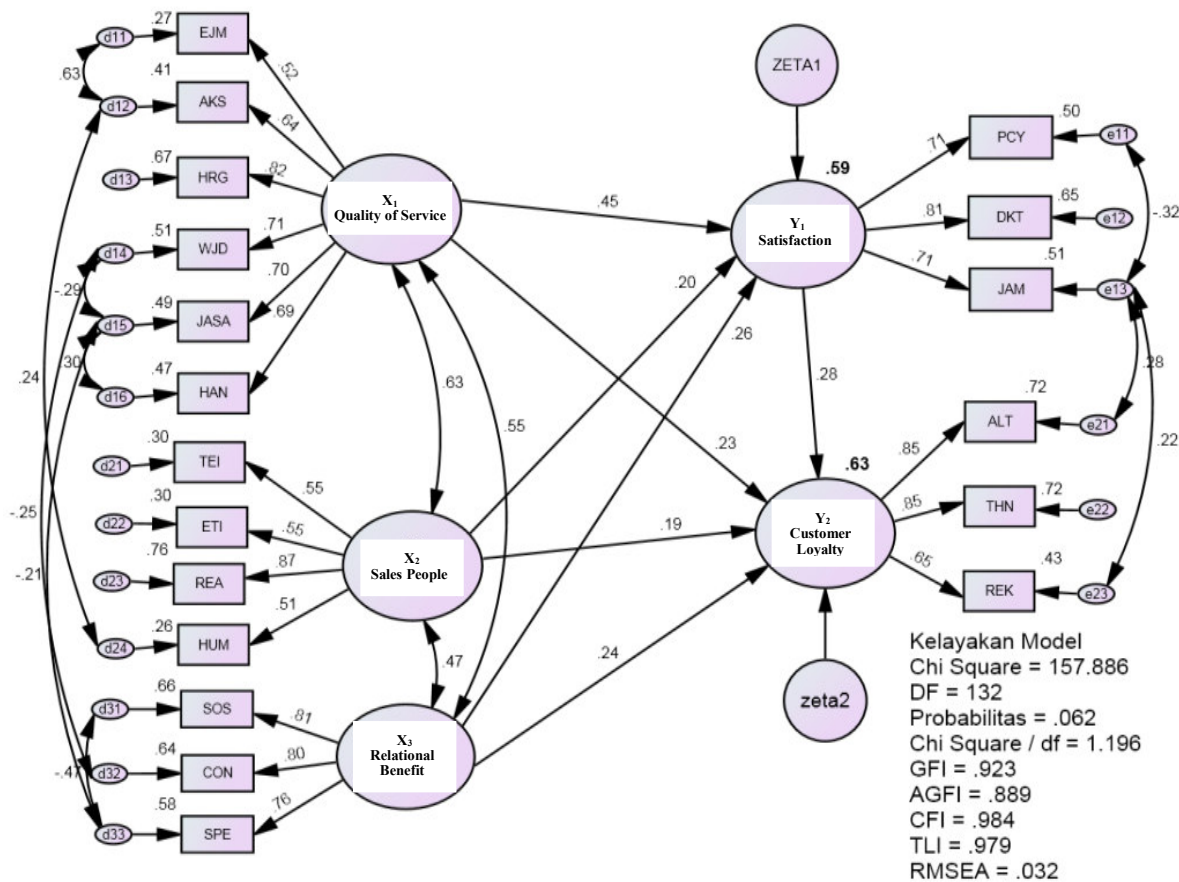
The constructs built in this study consisted of two variables: exogenous variables consisted of service quality variable (X1), sales people variable (X2) and relational benefit variable (X3), and endogenous variables consisted of satisfaction variable (Y1) and variable loyalty (Y2). Exogenous variable (independent variable) were the variables that were not predicted by other variables in the model.

#### 4. Analysis and Discussion

##### 4.1 Analysis

This Empirical Research model was made to examine the influence of service quality, marketing personnel, relational benefit to customer satisfaction, examine the influence of service ability, marketing personnel, relational benefit to customer loyalty and satisfaction influence on customer loyalty. The result of the structural model evaluation is presented in Figure 1.

Figure 1. The Result of Structural Model Evaluation



Evaluation of Index criteria of structural model suitability is presented in Table 1.

Table1. Evaluation of Index criteria of structural model suitability

Criteria		Result	Critical Value	Model Evaluation
Absolute fit	Chi-square ( $\chi^2$ )	157.886	$\leq 159,814$	Good
	Probability	0.062	$\geq 0.05$	Good
	GFI	0.923	$\geq 0.90$	Good
	RMSEA	0.032	$\leq 0.08$	Good
Parsimony fit	CMIN / DF	1.196	$\leq 2.00$	Good
	AGFI	0.889	$\geq 0.90$	Marginal
Incremental fit	CFI	0.984	$\geq 0.95$	Good
	TLI	0.979	$\geq 0.95$	Good

Source: Primary data, processed in 2015

Table 1 showed a summary of the results obtained in the analysis and the recommended value to gauge the expediency of the model. The expediency of the model had met all eligibility requirements including the Chi Square test results. The Model would be accepted if the model fitted the data, namely p-value of chi -Square was greater than 0.05 at 0.05 significant level. The model in this study could be accepted as the model to do the interpretation and hypothesis testing.

Measurement Model related to five latent variables in the research model. The following is the test result associated with the measurement model.

Table 2. Test Result of Loading Factor Significance on Measurement Model

Indicators	Variables		Loading	CR	p value
Quality of service (X1)					
X 1.1	<---	Service	0.52	Fixed	Fixed
X 1.2	<---	Service	0.6 4	9.984	***
X 1.3	<---	Service	0.82	7.045	***
X 1.4	<---	Service	0.71	6.572	***
X 1.5	<---	Service	0.7 0	6 .459	***
X 1.6	<---	Service	0.79	6.433	***
Sales people (X2)					
X 2.1	<---	Marketing	0.55	5 761	***
X 2.2	<---	Marketing	0.55	Fixed	Fixed
X 2.3	<---	Marketing	0.87	7.009	***
X 2.4	<---	Marketing	0.51	5.561	***
Relational benefit (X3)					
X 3.1	<---	Relation	0.81	9.258	***
X 3.2	<---	Relation	0.80	Fixed	Fixed
X 3.3	<---	Relation	0.76	8.737	***
Customer satisfaction (Y1)					
Y 1.1	<---	Satisfaction	0.71	Fixed	Fixed
Y 1.2	<---	Satisfaction	0.81	8.979	***
Y 1.3	<---	Satisfaction	0.71	7.490	***
Customer loyalty (Y2)					
Y 2.1	<---	Loyalty	0.85	12.870	***
Y 2.2	<---	Loyalty	0.85	Fixed	Fixed
Y 2.3	<---	Loyalty	0.65	9.417	***

Source: Primary data, processed in 2015

Table 2 showed that the indicator loading factor of the quality of service was from 0.52 to 0.82. It gave a decision that all the indicators were significant to measure the quality of service. Substantially the biggest factor loading of the service quality was explained by the price indicator. Factor loading of marketing personnel ranged from 0.51 to 0.87. It gave a decision that all relational benefit indicators were significant to measure sales people. Substantially the biggest factor loading from marketing personnel was described by realistic indicator. Loading factor of relational benefit ranged from 0.76 to 0.81. It gave a decision that all indicators were significant for measuring relational benefit. Substantially the biggest factor loading of relational benefit was described by the indicators of social benefit. Factor loading of customer satisfaction ranged from 0.7 to 0.81. It gave a decision that all indicators were significant to measure the customer satisfaction. Substantially the biggest factor loading of customer satisfaction was explained by the customer propinquity indicator. Loyalty Factor loading ranged from 0.65 to 0.85. It gave the decision that all indicators were significant to measure loyalty. Substantially the biggest loading factor of customer loyalty was described by indicators of retention on competitor persuasion. The hypothesis testing on the structural model relates to the regression coefficient test results on each line generated



described in Table 3.

Table 3. Test Results of Effect Regression Coefficients of Inter-Variable

Independent Variables	Dependent Variables	b	CR	p value	Result
Service	Satisfaction	0.447	3.741	0.001	Significant
Marketing	Satisfaction	0.196	2.011	0.044	Significant
Relation	Satisfaction	0.257	3.034	0.002	Significant
Service	Loyalty	0.235	2.115	0.034	Significant
Marketing	Loyalty	0.195	2.116	0.034	Significant
Relation	Loyalty	0.239	2.951	0.003	Significant
Satisfaction	Loyalty	0.278	2.404	0.016	Significant

Source: Primary data, processed in 2015

Note:  $\alpha$  is 5%

Result of structural model of each research variable is as follows:

$$Y1 = 0.447 X1 + 0.196 X2 + 0.257 X3$$

$$Y2 = 0.235 X1 + 0.195 X2 + 0.239 X3 + 0.278 Y1$$

Table 4. Result of Direct, Indirect and Total Effect

Exogenous	Endogenous	Direct Effect	Mediation	Indirect Effect	Total Effect
Service	Satisfaction	0.447	-	-	0.447
Marketing	Satisfaction	0.196	-	-	0.196
Relation	Satisfaction	0.257	-	-	0.257
Service	Loyalty	0.235	Satisfaction	0.124	0.359
Marketing	Loyalty	0.195	Satisfaction	0.054	0.249
Relation	Loyalty	0.239	Satisfaction	0.071	0.311
Satisfaction	Loyalty	0.278	-	-	0.278

Source: Primary data, processed in 2015

The biggest total effect on the relation path towards customer satisfaction came from the quality of service, so that it could be interpreted that the exogenous variables of service quality had a greater role than the sales personnel and relational benefit. Next, the biggest total influence on relation line to the customer loyalty was also derived from the quality of service, so that it could be interpreted that the exogenous variable of quality service had a greater role than on customer satisfaction because it had the direct and indirect effect in increasing customer loyalty.

Table 4 showed that the regression coefficient of service quality variable and customer satisfaction was 0.447 with CR at 3.741 and p-value 0.001 (less than 0.05). It gave a decision that there was a positive significant correlation of service quality variable on customer satisfaction. Regression coefficient of sales people variable and customer satisfaction was 0.196 with CR at 2.011 and p-value = 0.044 (less than 0.05). It gave a decision there was a positive significant correlation of sales personnel variable to customer satisfaction. Regression coefficient of relational benefit variable and customer satisfaction was 0.257 with CR at 3.034 and p-value = 0.002 (less than 0.05). It gave a decision there was a positive significant correlation of relational benefit variable on customer satisfaction.

Table 4 showed that the regression coefficient of the service quality variable and customer loyalty was 0.235 with CR at 2.115 and p-value 0.034 (less than 0.05). It gave a decision there was a positive significant correlation of service quality variable on customer loyalty. Regression coefficient of marketing personnel variable and customer loyalty is 0.195 with CR at 2.116 and p-value = 0.034 (less than 0.05). It gave a decision there was a significant relationship of marketing personnel variable on customer loyalty. Regression coefficient of relational benefit variable with customer loyalty was 0.239 with CR at 2.951 and p-value = 0.003 (less than 0.05). It gave a decision there was a significant relationship of relational benefit variable on customer loyalty.

Table 4 showed that the regression coefficient of customer satisfaction variable and customer loyalty was 0.278 with CR at 2.404 and p-value of 0.016 (less than 0.05). It gave the decision to reject  $H_0$ . In other words there was a positive and significant correlation of customer satisfaction variable on customer loyalty.

In Table 4 regression coefficient of service quality variables and customer satisfaction was 0.447 with CR at 3.741 and p-value <0.001 (less than 0.05). It gave a decision there was a positive significant correlation of service quality variable on customer satisfaction. Regression coefficient of marketing personnel variable and customer satisfaction was 0.196 with CR at 2.011 and p-value 0.044 (less than 0.05). It gave a decision there was a positive significant correlation of marketing personnel variable to customer satisfaction. Regression coefficient

of relational benefit variable and customer satisfaction was 0.257 with CR at 3.034 and p-value 0.002 (less than 0.05). It gave a decision there was a positive significant correlation of relational benefit variable on customer satisfaction. Regression coefficient of customer satisfaction variable and customer loyalty was 0.278 with CR at 2.404 and p-value of 0.016 (less than 0.05). It gave a decision there was a positive significant correlation of customer satisfaction variable on customer loyalty. Effect of total quality of service was greater than the direct effect ( $0.359 > 0.235$ ), so customer satisfaction was proven as the variable that mediated the effect of service quality on customer loyalty. Effect of total marketing personnel was greater than the direct effect ( $0.249 > 0.195$ ), so customer satisfaction was proven as the variable that mediated the effect of marketing personnel on customer loyalty. The total effect of relational benefit was greater than the direct effect ( $0.311 > 0.239$ ), so customer satisfaction was proven as the variable that mediated the effect of relational benefit on customer loyalty.

## 4.2 Discussion

### 4.2.1 Effect of Service Quality, Marketing personnel, and Relational Benefit on Customer Satisfaction of Syariah public Banks

Service quality influenced customer satisfaction. It showed that the effectiveness and assurance, access, price, realization, a portfolio of services and reliability could create customer satisfaction of Syariah public Banks in Malang. The customer perception on the quality of service was able to make customers satisfied. Service quality in service companies (banking) was important because service could not be separated from its source (a service company that produced). Service was produced and consumed at the same time. If costumers bought a service, the costumers would be dealing directly with the source or provider. Therefore, in an effort to gain customer satisfaction in increasingly strict competition in banking industry, Syariah public Banks in Malang should give customers service quality that met the needs, desires and expectations of customers. Customer satisfaction could be used as a success indicator of Syariah banking development. Therefore the condition of the banking sector competition was stricter. Syariah banks should improve banking service quality (Okumus, 2005). Syariah public Banks would gain benefit if the quality of service provided to the customer was able to meet customer expectations. Therefore, Syariah public Banks still needed to maintain the quality of services, namely effectiveness and assurance (employees were skillful to serve customers, delivering solutions in detail to customers, customers felt safe when doing transactions), access (ATM machines and office networks were available, equipments used were modern, the number of tellers were adequate), price (administrative cost was reasonable, ATM fee was cheap, the administrative costs of financing was reasonable), realization (room cleanliness, appearance of employees were clean and tidy), a portfolio of services (full-service, facility of electronic banking), reliability (delivery of services properly, good filing system). Qualified services on Syariah public Banks led customer satisfaction, so that customers believed, felt close and felt satisfied with the service assurance. This research was in line with the results of researches conducted by Misbach et al. (2010) and Sumardiningsih (2012), which stated that the quality of service had a positive and significant impact on customer satisfaction.

Marketing personnel influenced customer satisfaction of Syariah public Banks. It showed that the Marketing personnel who were theistic, ethical, realistic and humanistic could create customer satisfaction at Syariah public Banks. Hasan (2010), argued that the marketing personnel was someone who was looking for one or more prospective buyers who would be involved in the exchange of value. To make a marketer did not get a trap in all permissive activities, a sales person in Syariah banking had to have a guide in conducting marketing activities. Marketing personnel at Syariah public Banks was theistic (had to be honest in marketing the product, did the transaction as promised), ethical (behaved politely, friendly, humble in solving the problem), realistic (understood well the products offered, looked clean and tidy, outgoing), humanistic (not discriminate the customers and willing to help the customer difficulty). Marketing personnel having Syariah characters in Syariah public Banks led the customer feel satisfied, so that customers believed, felt close and felt satisfied with the service assurance. Marketing personnel affected the change of customer satisfaction, so that he was one of the important factors that influenced customer satisfaction. This research was in line with the researches conducted by Hendriyanato (2012), and Humpreys and Williams (1996) that found marketing personnel had a positive and significant impact on customer satisfaction. This research was in line with researches conducted by Hendriyanato (2012), and Humpreys and Williams (1996) that argued the sales people had a positive and significant effect on customer satisfaction.

Relational benefit had an effect on satisfaction. It showed that social benefit, confident benefit and special treatment benefit could create customer satisfaction. Therefore, Syariah public Banks needed to establish a long-term relationship that was beneficial to the customer (relational benefit), the beneficial relationship was through social benefit (social benefit), in which customers were familiar with employees, customers developed friendship with employees; confident benefit (customers were sure/believe in the service done properly, the customers believe in employees); special treatment benefit (customers received special offers, got a better price than the other customers, and got faster service). Customer satisfaction depended on whether the bank kept a relationship that is beneficial to the customer. Relationships between the two parties, namely between customers and Syariah banks,

each of them, had to get benefit (relational benefit). The existence of relational benefit received by customers, customers believed in the employees and Syariah public Banks. Customers also felt close to the employees and the employees were also willing to help the customers if there was a problem, and the customers were satisfied with the service assurance either service procedures or service standards. This research was in line with the other researches conducted by Marzo and Navarro (2004) and Molina et al. (2007), arguing that the dimension of relational benefit consisting of social benefit, confidence benefit, special treatment benefit had a positive and significant impact on satisfaction.

The Effect of Service Quality, Marketing personnel and Relational Benefit to Customer Loyalty of Syariah public Banks.

Service quality had an effect on customer loyalty of Syariah public Banks in Malang. It showed that the effectiveness and assurance, access, price, realization, a portfolio of services and reliability could create customer loyalty of Syariah public Banks in Malang. The perception on quality of service was capable of making customers loyal and willing to continue transactions with the banking party. The quality of banking services needed to continue to get the attention because besides sensitive to the satisfaction change, it was also sensitive to changes of customer loyalty. Quality of service encouraged customer behavior (customer), and it was expected by the company, so that customers did not have a motivation to search for an alternative, were resistant to the competitor persuasion and recommended to the other party. This study was in line with the results of researches conducted by Zeithaml et al. (1996) and Liang and Wang (2000) that found Quality of service had a positive and significant impact on customer loyalty. Marketing personnel had an effect on customer loyalty. It showed that the sales people of Syariah consisting of theistic, ethical, realistic and humanistic could create customer loyalty. Syariah public banks in Malang city needed to have marketing personnel having Syariah character: the salespeople who marketed products honestly, did the transaction as promised, behaved politely, friendly, humble, mastering the products offered, looked clean and tidy, sociable, did not discriminate the customers and was willing to help the customers difficulty, were able to create customer loyalty in Syariah public Banks. If the customers were loyal, customers did not have a motivation to search for an alternative, resistant to competitor persuasion and were willing to recommend to others. The performance of marketing personnel gave a major contribution to a company because salespeople were the ones that played an important role as a link between a company and costumers. Behavior of marketing personnel could provide the basis to influence customer loyalty. This research was in line with the research conducted by Reynolds and Arnold (2000). Loyalty was also influenced by relational benefit. It showed that social benefit, confident benefit and special treatment benefit could create customer loyalty of Syariah public Banks in Malang. Therefore, Syariah public Banks needed to establish a long-term relationship that was beneficial for the customers, namely the employees were familiar with the customers, so that customers were familiar with the employees, developed friendship with employees, believing in employees and receiving special offers, the better price and faster service. The beneficial relationship could create customer loyalty, so customers did not have a motivation to search for an alternative, were resistant to the competitor persuasion and were willing to recommend to others. The results of this research was in line with the researches conducted by John (2003), and Stricker (2008), stating that the dimension of relational benefits consisted of social benefit, confidence benefit, special treatment benefit had a positive and significant effect on loyalty. The results showed that relational benefit had a larger role.

#### 4.2.2 Customer Satisfaction to Customer Loyalty of Syariah Public Banks.

Satisfaction had an effect on loyalty. It showed that trust, a sense of closeness and customer satisfaction on the service assurance could create customer loyalty. If the customers of Syariah Banks believed, they finally feel satisfied with the information provided by employees and customers felt that the Syariah public Banks served as a place to perform financial transactions at the moment was a trusted bank. Besides customers trust, customers felt closer to employees, so that the customers were satisfied with the familiar attitude of employees and employees were willing to help if there was a problem and the customers were satisfied with service assurance either service procedure or the standards one. If all the satisfaction indicators met customers expectations of Syariah public Banks in Malang, then it could increase customer loyalty. According to Oliver (1997), Customer loyalty is deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, thereby causing repetitive same-brand or same brand-sed purchasing despite situational influences and marketing Efforts having the potential to cause switching behavior. If the customer felt satisfied, then they finally became loyal customers. The loyal customers did not have a motivation to search for an alternative, were resistant to competitor persuasion and customers were also willing to recommend to others. Indirectly, the customers had done marketing for Syariah public Banks. Customer remained the customers of Syariah public Banks and Syariah public Banks were the first choice when requiring financial services. Therefore, Syariah public Banks as the service providers needed to know the needs, desires and expectations of consumers. They were intended to create the customer satisfaction. Customer satisfaction was an important power that needed to be done because customer satisfaction would create customer loyalty. To increase loyalty, customer satisfaction should be increased and the banks needed to maintain the long-term satisfaction. The results of this research were in line with the researches conducted by Kinard and Capella



(2006), and Yacout et al. (2010).

#### 4.2.3 The Effect of Service Quality, Marketing Personnel and Relational Benefit to Loyalty through Customer Satisfaction of Syariah Public Banks.

The research results on Syariah Public Banks in Malang showed that the quality of service, Marketing Personnel and relational benefit influenced the loyalty through customer satisfaction. Customer satisfaction was able to mediate the effect of service quality, Marketing Personnel and relational benefit on customer loyalty. Customer satisfaction was influenced by the quality of service, Marketing Personnel and relational benefit. Customer satisfaction was one of the important factors for Syariah public Banks because it had an effect that customers would purchase again and keep using the products and services of Syariah banks. This was in accordance with the opinion of Foster and Cadogan (2000) that loyalty was the attitude of customer in determining the option to keep using a product or service from the company. The attitude was to determine the choice, to make a commitment and to purchase again at the company. It showed that the better quality of service, marketing personnel and relational benefit on Syariah public Banks would be able to increase customer satisfaction and had an impact on customer loyalty. This research was in line with the results of researches conducted by Roman (2003).

The positive experience of customers would not only improve the customer satisfaction but also result in the formation of loyalty which was getting stronger. Customer loyalty was not formed within a short time but through the learning process and based on the experience of the customers themselves in many things. If the things were obtained already in line with the expectations, the desire to recommend would be even greater.

## 5. Conclusion

Quality of service, marketing personnel, and relational benefit had a positive and significant impact on customer satisfaction. Quality of service had a greater influence on customer satisfaction compared to the marketing personnel and relational benefit. It meant that the service quality was needed much in providing satisfaction and supported by the effectiveness and assurance, access, price, realization, a portfolio of services and reliability. Quality of service, marketing personnel and relational benefits influenced customer loyalty. Relational benefit had a greater influence on customer loyalty compared to the quality of service and marketing personnel. It meant that relational benefit was needed much in providing loyalty and supported by social benefit, confident benefit and special treatment benefit. Customer satisfaction had a positive significant effect on customer loyalty. It showed that trust, a sense of closeness and satisfaction on service assurance would be able to increase customer loyalty. Loyal customers could reduce a motivation to search for an alternative, be resistant to competitor persuasion and recommend to the others. Quality of service, marketing personnel and relational benefit influenced customer loyalty through satisfaction. Customer satisfaction was an intervening variable which could mediate the effect of service quality, marketing personnel and relational benefit on customer loyalty. If Syariah Public Banks provided qualified services, marketing personnel having Syariah character and gave relational benefit would be able to create satisfaction and loyalty.

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