

The Influence of Service Quality and Price on Customer Satisfaction and Its Impact on Customer Loyalty at BRILink Agent PD.

Devisma

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Abstract– Agen BRILink PD. Devisma, operating in the area of Kantor Unit BRI Samarang Cabang Garut, provides various banking services through BRI mini ATM EDC or BRILink Mobile. The objective of this study is to analyze the effect of service quality and price on customer satisfaction and its impact on customer loyalty at Agen BRILink PD. Devisma. This study employs a quantitative research method using a questionnaire distributed via Google Form to 97 respondents who have conducted transactions at least twice at Agen BRILink PD. Devisma. Data analysis is performed using Structural Equation Modeling (SEM) with Partial Least Square (PLS) technique using SmartPLS 3.0 software. The results of the study indicate that the overall responses of respondents towards service quality, price, customer satisfaction, and customer loyalty fall into the good category. Hypothesis testing shows that service quality and price positively affect customer satisfaction, customer satisfaction positively affects customer loyalty, and service quality positively affects customer loyalty. However, price does not affect customer loyalty, as it is considered higher compared to its competitors. Price does not have a significant effect on Customer Loyalty at the BRILink PD.

Keywords: Service Quality; Price; Customer Satisfaction; Customer Loyalty

I. INTRODUCTION

Digital technology plays a pivotal role in the transformation of various industries, including Indonesia's banking sector. Banks in Indonesia have a critical role in supporting the country's economy, strengthening economic sectors, and assisting the public in addressing financial issues[1]. This digital transformation has become essential for organizations aiming to remain competitive in an increasingly tech-driven global economy. The adoption of digital technology has enabled banks in Indonesia to optimize operations and enhance the quality of services provided to customers. A few concrete examples of digital technology implementation in the banking industry include internet banking, mobile banking, and ATMs.

The banking sector has become more competitive in terms of the products and services it offers due to the increasing demand for banking services. Digital technology is a driving force behind the transformation of various industries, revolutionizing traditional processes, enhancing efficiency, and enabling innovation across sectors such as healthcare, finance, manufacturing, and

education [2]. To make a positive impact, bank management has become more creative in generating new business prospects, attracting new customers, and retaining existing ones[3]. PT Bank Rakyat Indonesia (Persero), Tbk., or BRI, is one of the banks in Indonesia that has introduced new innovations to expand its services. BRI, one of the largest state-owned enterprises (SOEs) in Indonesia, made a breakthrough by creating a digital business application to support its marketing activities. This innovation was launched on December 12, 2014, as part of the Laku Pandai program, which was a response to the Branchless Banking initiative released by the Financial Services Authority (OJK)[4]. The program operates in the form of BRILink agency services, which provide a solution to extend banking services to communities, especially in areas that are difficult to reach by conventional bank branches.

Financial services offered by banks in partnership with other entities (bank agents) are known as "branchless banking." Financial services and activities can be conducted using Electronic Data Capture (EDC) devices, reducing the need for bank offices in financial transactions[1]. BRILink aims to



meet customer needs and improve the quality of modern banking services while offering the convenience of real-time online transactions for customers, comparable to services received at bank branches.

BRILink Agent PD. Devisma is a BRILink agent under BRI Samarang Unit Branch in Garut, providing banking transactions using BRI mini ATM EDC or BRILink Mobile. The types of transactions that can be conducted at BRILink Agent PD. Devisma include cash withdrawals, BRI transfers, interbank transfers, deposit savings, mobile credit & data packages, BPJS health payments, BPJS employment payments, PLN payments, PDAM payments, BRIVA, BRIZZI top-ups, GOPAY top-ups, Linkaja top-ups, ShopeePay top-ups, installment payments, OVO balance top-ups, Dana balance top-ups, and many more.

As the number of banking services that the public can access increases, the number of customers conducting transactions at BRILink Agent PD. Devisma also grows. However, within the scope of banking services at BRILink Agent PD. Devisma, various challenges arise, such as customer dissatisfaction and a decline in customer loyalty, which may result from factors related to service quality and pricing [5]. Preliminary research from a survey conducted among customers at BRILink Agent PD. Devisma revealed low levels of customer satisfaction, which in turn affected the decline in customer loyalty [6]. These results highlighted that certain aspects of the service quality provided did not meet customer expectations, and the fees charged were perceived as too high. The combination of inadequate service quality and perceived high pricing has created a negative perception among customers, impacting their loyalty.

II. LITERATURE REVIEW

2.1 Service Quality

Service quality is a fundamental element influencing customer satisfaction and loyalty, with extensive research highlighting its importance. Service quality as being shaped by customer expectations formed through previous interactions, word-of-mouth, and advertising. Customers assess service quality based on how well their experiences meet these expectations [7]. According [8], [9] defines service quality as a dynamic interplay of tangible goods, service delivery, personnel, procedures, and the environment, all aimed at meeting customer

expectations. This perspective underscores that the quality of service affects not only a company's reputation but also customer satisfaction and loyalty.

Empirical studies have identified several dimensions of service quality. [7] SERVQUAL model outlines five key dimensions: tangibles, empathy, reliability, responsiveness, and assurance.

2.2 Price

Pricing is another crucial factor influencing consumer behavior and perceptions. [7] note that price is a key determinant in consumer purchasing decisions, particularly in competitive markets. [10] emphasizes the importance of setting competitive prices to attract customers and ensure market relevance. Price is often seen as a reflection of quality, especially when customers face difficulties in objectively assessing products or services [11]. Competitive pricing can enhance attractiveness by offering similar value at lower costs compared to rivals.

Several dimensions of pricing according to [7] have been explored in the literature. Affordability refers to how accessible the price is to customers, influencing market reach and acceptance. Price-quality alignment examines how well the price reflects the quality of the product or service, impacting customer perceptions of value and trust. Price competitiveness involves setting prices that attract customers from competitors, affecting market success. Price-benefit consistency highlights the need for pricing to align with the benefits provided, ensuring customers perceive good value.

2.3 Customer Satisfaction

Customer satisfaction is a vital component of business strategy, with a significant body of research emphasizing its role in competitive success. Citing [12] explains that satisfaction derives from the Latin words "satis" (enough) and "facere" (to do), indicating that a product or service is satisfactory if it meets the buyer's needs adequately. According [7], [13] describes customer satisfaction as the result of comparing outcomes with expectations, where satisfaction occurs when expectations are met and dissatisfaction arises when they are not.

Customer satisfaction can be assessed through various dimensions. Satisfaction toward quality relates to how pleased customers are with the service quality [14]. Satisfaction toward value involves the



pleasure derived from the price paid. Perceived best refers to the belief that a brand offers superior quality compared to competitors [12].

2.4 Customer Loyalty

Customer loyalty is closely tied to satisfaction and is critical for business success. [15] describes customer loyalty as a manifestation of a customer's attachment to a product or service, with the intention of continued use. [7] defines customer loyalty as a strong desire to return to a company that provides excellent products or services, coupled with a positive attitude towards the company. Social capital also has a significant impact on the economy [16], [17]. Loyalty is reflected in repeat purchases, where customers consistently choose the same brand or company, and referrals, where satisfied customers recommend the service to others. Retention signifies strong loyalty and resistance to negative perceptions about the company.

This literature review integrates findings from various sources to provide a comprehensive understanding of the relationships between service quality, pricing, customer satisfaction, and loyalty. By examining these dimensions, businesses can better address factors influencing customer experiences and improve their strategies for enhancing satisfaction and loyalty [7], [18].

III. RESEARCH METHODS

This study employs a quantitative research method, utilizing both descriptive and associative approaches. The quantitative methodology focuses on analyzing hard data related to samples and populations. In this research, the population consists of customers who have transacted at BRILink PD. Devisma. However, due to the lack of precise data regarding the number of customers meeting specific criteria, such as transacting at least twice a week, this population is categorized as an unknown population.

The study uses a non-probability sampling method, specifically purposive sampling, which is suitable for the research objectives. The sampling criteria include customers who have used the services at BRILink PD. Devisma at least twice. Given that the population exceeds 100 individuals, the sample size is determined using Slovin's formula. As a result, the sample size for this study is 97 respondents. The data analysis technique employed in this research is Partial Least Square (PLS), using the SmartPLS 3.0 software. The purpose of PLS is to help researchers

assess the impact of independent variables on dependent variables and to explore the theoretical correlations between variables. To apply Partial Least Square, several steps are necessary, including measurement model testing, structural model testing, and hypothesis testing.

Based on the problem formulation, conceptual framework, and previous research described above, the hypotheses for this study are formulated as follows for the significance testing:

- H1: Service Quality has an impact on Customer Satisfaction at BRILink PD. Devisma.
- H2: Price has an impact on Customer Satisfaction at BRILink PD. Devisma.
- H3: Service Quality has an impact on Customer Loyalty at BRILink PD. Devisma.
- H4: Price has an impact on Customer Loyalty at BRILink PD. Devisma.
- H5: Customer Satisfaction has an impact on Customer Loyalty at BRILink PD. Devisma.

IV. RESULT AND DISCUSSION

4.1 Outer Model

The outer model testing is conducted using two methods: reliability testing and construct validity testing. Construct validity is comprised of two components: convergent validity and discriminant validity. The outer model testing provides an analysis of reliability and validity to determine how well the indicators explain the latent variables. The SmartPLS software is utilized to perform the reliability and validity tests with a sample size of 97 respondents. The results and findings from the structural outer model testing are presented here.

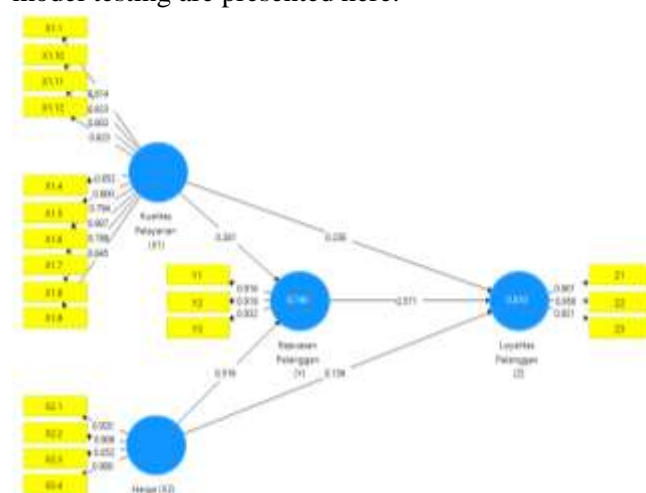


Figure 1. Algorithm Analysis Result



All variable indicators have a loading factor value greater than 0.7, as shown in Figure 1. This indicates that all the indicators exhibit a high level of validity, thus meeting the requirements for convergent validity. For the discriminant validity test, the cross-loading results show that each research variable indicator has the highest cross-loading value among the variables it forms. Therefore, it can be concluded that each construct used in this study demonstrates good discriminant validity.

Table 1. Average Variance Extracted

Variabel	AVE
Price (X2)	0,802
Customer Satisfaction (Y)	0,851
Service Quality (X1)	0,682
Customer Loyalty (Z)	0,858

Source: [6]

The Average Variance Extracted (AVE) values for each construct or variable in the table above are all greater than 0.5, indicating that these constructs or variables can explain more than half of the variance of their indicators. This demonstrates good discriminant validity and meets the necessary requirements.

Table 2. Composite Reability

Variabel	Cronbach's Alpha	Composite Reliability
Price (X2)	0,917	0,942
Customer Satisfaction (Y)	0,912	0,945
Service Quality (X1)	0,948	0,955
Customer Loyalty (Z)	0,917	0,948

Source: [7]

The composite reliability values in the table are all greater than 0.7, and Cronbach's alpha values are above 0.6. This indicates that all constructs exhibit good reliability, meeting the minimum threshold required for reliable measurement.

4.2 Inner Model

Table 3. F-Square

	X2	Y	X1	Z
Price (X2)		0,292		0,021
Customer Satisfaction (Y)				0,436
Service Quality (X1)		0,159		0,072
Customer Loyalty (Z)				

Source: [8]

Table 3 shows that price has a moderate influence on customer satisfaction, with a value of

0.292, and a weak influence on customer loyalty, with a value of 0.021. Customer satisfaction has a strong influence on customer loyalty, with a value of 0.436. Meanwhile, service quality has a moderate impact on customer satisfaction, with a value of 0.159, and a weak influence on customer loyalty, with a value of 0.072.

4.3 Hypothesis Test

Considering a p-value of less than 0.05, the bootstrapped data can be used to determine whether the research hypotheses are accepted or rejected. If the p-value for a particular hypothesis is below this threshold, the hypothesis is considered statistically significant and is accepted. Conversely, if the p-value exceeds 0.05, the hypothesis is rejected.

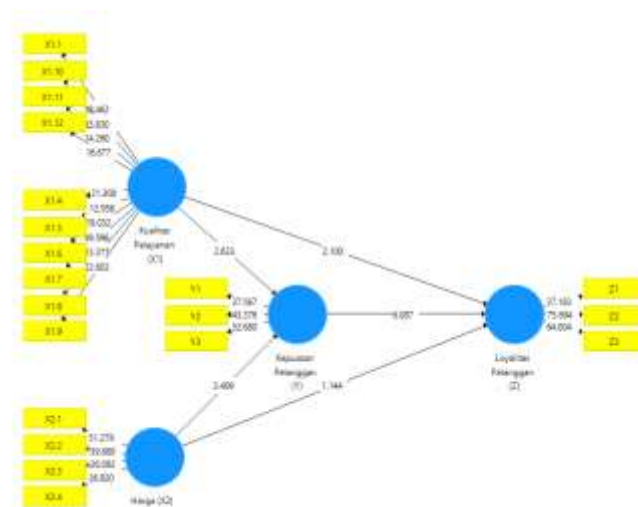


Figure 3. Bootstrapping Model

Table 4. Hypothesis Testing 1

	O	M	STDEV	T Statistics	P Values
SQ -> CS	0,381	0,363	0,140	2,723	0,007

Source: [9]

The data results in the table above show a path coefficient (original sample) value of 0.381, indicating a positive relationship between Service Quality and Customer Satisfaction. This means that when X1 increases, the value of Y also tends to increase. The p-value is $0.007 < 0.05$, which means this result is significant. Therefore, it can be concluded that H0 is rejected, and H1 is accepted, meaning that Service Quality has a positive and significant effect on Customer Satisfaction at BRILink PD. Devisma.



Table 5. Hypothesis Testing 2

	<i>O</i>	<i>M</i>	<i>STDEV</i>	<i>T Statistics</i>	<i>P Values</i>
CS -> CL	0,238	0,243	0,120	1,979	0,048

Source: [10]

The output data above shows a path coefficient (original sample) value of 0.238, meaning that X1 and Z have a positive relationship, and when X1 increases, Z also increases. The p-value is $0.048 < 0.05$, meaning this result is significant. Therefore, it can be concluded that H0 is rejected, and H1 is accepted, indicating that Service Quality has a positive and significant effect on Customer Loyalty at BRILink PD. Devisma.

Table 6. Hypothesis Testing 3

	<i>O</i>	<i>M</i>	<i>STDEV</i>	<i>T Statistics</i>	<i>P Values</i>
P -> CS	0,516	0,533	0,147	3,512	0,000

Source: [11]

The data in the table above shows a path coefficient (original sample) value of 0.516, indicating a positive relationship between X2 and Y. If X2 increases, Y also increases. The p-value is $0.000 < 0.05$, meaning this result is significant. Therefore, it can be concluded that H0 is rejected, and H1 is accepted, meaning that Price has a positive and significant effect on Customer Satisfaction.

Table 7. Hypothesis Testing 4

	<i>O</i>	<i>M</i>	<i>STDEV</i>	<i>T Statistics</i>	<i>P Values</i>
P -> CL	0,136	0,138	0,114	1,196	0,232

Source: [12]

The data results in the table above show a positive path coefficient (original sample) value of 0.316, indicating a positive relationship between Price (X2) and Customer Loyalty (Z). In other words, an increase in Price (X2) tends to be followed by an increase in Customer Loyalty (Z). The p-value is $0.232 > 0.05$, which is considered insignificant because the p-value is larger. Even though there is a positive relationship, it cannot be concluded that there is a significant positive effect.

Table 8. Hypothesis Testing 5

	<i>O</i>	<i>M</i>	<i>STDEV</i>	<i>T Statistics</i>	<i>P Values</i>
CS -> CL	0,571	0,563	0,100	5,715	0,000

Source: [13]

The path coefficient data in the table above shows an original sample value of 0.571, meaning there is a positive relationship between Customer Satisfaction (Y) and Customer Loyalty (Z). This can be explained as when Y increases, Z also increases. With a p-value of $0.000 < 0.05$, this indicates that the result is significant. Therefore, it can be concluded that H0 is rejected, and H1 is accepted, meaning that Customer Satisfaction has a positive and significant effect on Customer Loyalty.

Table 9. Indirect Effect Value 1

	<i>O</i>	<i>M</i>	<i>STDEV</i>	<i>T Statistics</i>	<i>P Values</i>
CS -> SQ -> CL	0,217	0,205	0,090	2,418	0,016

Source:[14]

The results of the indirect effect above prove that customer loyalty plays an important role in mediating the effect of service quality on customer satisfaction. This is indicated by the p-value of $0.016 < 0.05$. This means that service quality has a positive and significant effect on customer satisfaction, and its impact on customer loyalty.

Table 10. Indirect Effect Value 2

	<i>O</i>	<i>M</i>	<i>STDEV</i>	<i>T Statistics</i>	<i>P Values</i>
P -> CS -> CL	0,295	0,299	0,096	3,065	0,002

Source: [15]

In the analysis of the indirect effect above, it is found that price has a significant influence on customer loyalty through customer satisfaction. This is evidenced by a p-value of $0.002 < 0.05$. This means that customer satisfaction plays an important role in the relationship between price and customer loyalty. In other words, competitive pricing can enhance customer satisfaction and tends to increase their loyalty. This is in line with the research results of Sueni & Loebis (2019) and Sudjatmoko et al. (2023), which show that price has a positive and significant effect on customer loyalty through customer satisfaction.

V. CONCLUSION

Based on the research results above, it can be concluded that Service Quality has a positive and significant effect on Customer Satisfaction at the BRILink PD. Devisma agent, thus H1 is accepted. Price also has a positive and significant effect on Customer Satisfaction at the BRILink PD. Devisma agent, so H1 is accepted. Service Quality has a



positive and significant effect on Customer Loyalty at the BRILink PD. Devisma agent, so H1 is accepted. Price does not have a significant effect on Customer Loyalty at the BRILink PD. Devisma agent, thus H1 is rejected. Customer Satisfaction has a positive and significant effect on Customer Loyalty at the BRILink PD. Devisma agent, so H1 is accepted.

Recommendations for the company regarding Service Quality: PD. Devisma is advised to always provide enough seating so that customers feel comfortable while waiting for services, as well as to maintain cleanliness and ensure the availability of parking spaces. Regarding price, it is recommended that PD. Devisma consider offering more discount programs, especially for loyal customers. This can help increase the company's competitiveness and attract more customers.

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