

## Conference Paper

# Consumer Perception Toward Online Banking Services to Build Brand Loyalty: Evidence from Indonesia

Deni Danial Kesa

Finance and Banking Laboratory, Vocational Education Program, Universitas Indonesia, Indonesia

## Abstract

The competitiveness in banking sector makes bank put a serious effort to give the best service in order to have loyal customers. Forty respondents were contacted and used in this research through random sampling methods. The use of the Internet by banks provides a comfortable, simple and safe transaction. With the existence of internet banking, it helps the customers to have more efficient activity in banking transactions. In addition, internet banking also has a positive impact on the banks as a provider of this service. The *t*-test result showed that brand loyalty is variable with positive and significant effect on customer satisfaction. The quality service of internet banking variable does influence customer satisfaction positively but not significantly. Through internet banking, each bank hopes to be able to maintain the customers and even be able to increase the number of transactions.

Corresponding Author:

Deni Danial Kesa  
d.danial@ui.ac.id

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**Keywords:** brand loyalty service quality, Internet banking customer satisfaction

## 1. Introduction

Transactions via Internet Banking are believed to be able to deliver Maximum service quality to customers. Considering the competition Internet Banking media is getting tighter, then improving service quality Internet Banking in Bank is very important to note. Competition is happening not only from the technology side, but also from Quality of service and brand.Brands play a very important role in bridging Consumer expectations when the company promises something to the consumer. Thus can be known the existence of emotional bond created between Consumers with product manufacturers through brands. Given strength Competition is the competition between brands, then the brand loyalty of a company must be stronger.

According to Kotler (2001) service is the provision of services to customers according to their needs. It is also said that services may be defined as activities or benefits which may be provided by one party to another essentially intangible party and also not to

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result in the possession of something and its production may or may not be attributed to a physical product. The banking industry is a service industry that has the nature of labor (labor intensive) as well as knowledge intensive (knowledge intensive).

Nowadays banks are not only demanded to provide more friendly service and more competitive prices but also be required to take advantage of the ever-evolving technology today. The use of technology in the banking industry is one of the most appropriate alternatives in providing the best services in the modern way to the customers and also helping the Bank to remain competitive.

With a stronger brand loyalty than a product, back then Consumers will feel satisfied and more powerful attraction in the eye Consumers consume products, which will eventually become Bringing consumers to re-buy because Feel satisfied and ultimately bring benefits to the company. By realizing the importance of customer satisfaction to achieve goals The Company, Bank continues to strengthen its brand loyalty. UseIn-crease public awareness of Bank brand in Indonesia, the leading bank in Indonesia is increasingly aggressively marketing it Service model to customers to seize the market. Bank also realized that the value of product uniqueness And the services they offer are important to build the image in mind Customers of Bank itself has a vision to become a bank Leading commercials who always prioritize customer satisfaction. Remembering Satisfied customers will always make good comments Bank and tend to be more loyal to the Bank.

Internet Banking is the result of combining traditional banking technology and services. The internet banking service is provided by the bank with the primary objective of providing convenience to its customers. In general, in providing Internet Banking services, banks provide information about their products and services via portals on the internet, providing access to customers to transact and update their personal data. With Internet Banking, many advantages will be obtained by customers, especially when viewed from the amount of time and energy that can be saved because Internet Banking is clearly queue free and can be done from anywhere, using support facilities to perform the service. The customer will be provided with a code or pin to login in a transaction on the website where there is Internet Banking facility owned by the bank concerned, then, the customer can perform banking activities through the bank's website. Actually Internet Banking is not a new item, but in Indonesia itself only a few years recently rampantly applied by several top banks. The benefits of Internet Banking are not only perceived to benefit customers but also provide benefits for banks, namely increasing fee-based income or fee-based income.

The formulation of the problem in this research are: first, How is the influence of internet banking service quality consisting of Tangible, reliability, responsiveness, assurance, and empathy are influential To customer satisfaction of Bank?; Second, How influence of Brand loyalty which consist of; awareness Brand awareness, brand perceived quality, Brand association to the satisfaction of customers of Bank; Third, How does the quality of internet banking service and brand loyalty affect To customer satisfaction at Bank.

## 2. Literature Review

### 2.1. Customer satisfaction

Swan in Tjiptono (2005) states that consumer satisfaction As a conscious evaluation or cognitive research concerning whether performance The product is relatively good or bad or whether the product is suitable or not Match the purpose of its use. While Barney and Hesterley (2003) states That satisfaction as the overall attitude that consumers show up Goods or services after they obtain and use them. Next bernoff et al. (2008) states that satisfaction is indicated by quality The ministry they feel and characterized by a positive attitude toward Employees and resell buying desire. Al-Somali (2009) state that satisfaction in general Seen as a broader concept rather than an assessment of service quality. Satisfaction focuses more specifically on service dimensions. With this view, the quality of service received is a Components of customer satisfaction. In line with the aforementioned opinion Kotler (2001) that States that consumer satisfaction is a function of how close Between the buyer's expectations of a product with the perceived usefulness of The product. Meanwhile, according to Swan in Tjiptono (2005) satisfactionAs a conscious evaluation or cognitive assessment of whether performance The product is relatively good or bad or whether the product is suitable or not Match the purpose of its use.

### 2.2. Maintaining the integrity of the specifications

Service quality Kotler (2001) states that quality must be Starting from customer needs and ending on customer perception. Party Which assesses a service is qualified or not is the customer because of They are the ones who consume the services of the company. For that a service company Who want to stay ahead of the competition

must be able to provide services that have high quality on an ongoing basis. Parasuraman et al. [22] conducting special research of some types of services have identified ten major factors which determine the quality of services. The ten factors are reliability, Responsiveness, competence, access, courtesy, communication, credibility, Security, understanding/knowing the customer, tangibles. In progress Then Klauber (2000) summarized the ten factors into five basic dimensions as follows: Reliability, Responsiveness, Assurance, Empathy, Tangibles.

### 2.3. Internet banking

Internet banking is a long-distance banking service offered to personal bank customers to conduct routine banking transactions via the internet [1]. Suggests that internet banking allows users to do dial and using internet service provider bank software. This type of service allows customers to access bank accounts in available locations internet access [10]. Electronic Banking (English: E-Banking) also known as Internet Banking is one of the bank's services that enables customers to obtain information, communicate and conduct banking transactions through internet network. In the implementation of Internet Banking there are main things that must be given to customers, namely: Information Services Where the Bank must provide information on financial services in its electronic services, Communication Services Where in the Online Bank service, the customer may be able to communicate with the bank properly, Transaction Services Where customers are given facilities in performing all forms of banking transactions.

The application of information technology in Internet Banking will improve efficiency, effectiveness, and productivity while increasing revenue through a much more effective sales system. In general, in providing Internet Banking services, banks provide information about their products and services via portals on the internet, providing access to customers to transact and update their personal data.

### 2.4. Brand loyalty

According to Hair et al. (2003) Brand loyalty is a series of assets and liabilities (Liabilities) of brands relating to a brand, its name, and its symbol, which is increase or decrease the value provided by a good or service to the company and/or its customers. According to him there is four dimensional Brand loyalty, namely brand awareness (brand awareness), impression Brand quality or perceived quality (brand perceived

quality), association Brands (brand associations) and brand loyalty (brand loyalty). Meanwhile, according to Yiu et al. (2007) that brand loyalty (brand loyalty) Also called brand value, which describes the overall strength of the brand in market. Brand loyalty provides a competitive advantage for a Companies because people are more likely to buy products that carry names Famous and respected brand.

### 3. Methodology

Durianto et al. (2004) stated that brand loyalty will create Value, either to the consumer or to the producer, either directly Or indirectly. A brand can be said to have equity High, if the brand managed to make consumers satisfied and loyal. Meanwhile, according to Garven (2000) that the impression of quality, association, and a name that Famous can provide a reason to buy and can affect Satisfaction of use. Even if they are not important in the process Brand selection, all three can still reduce the stimulus to try Other brands. Based on this it can be described the conceptual framework as follows:

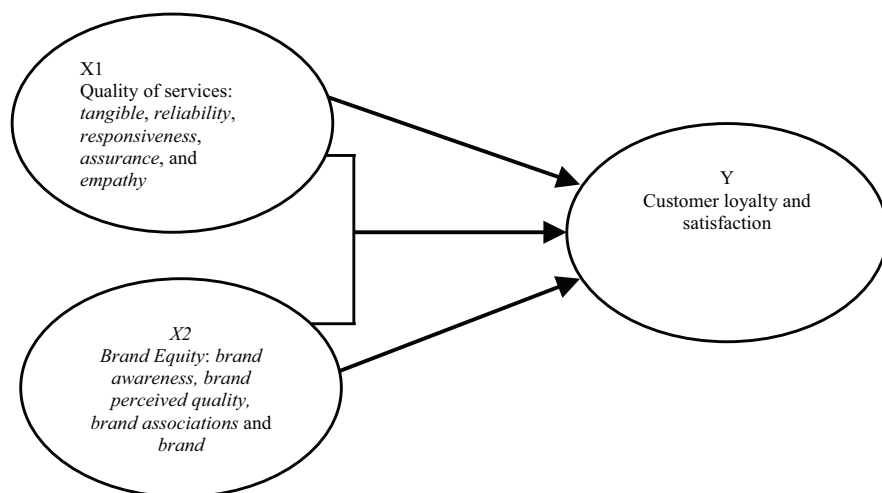


Figure 1: Research framework.

The research hypothesis is formulated as follows: Quality of service affects customer satisfaction, Brand loyalty effect on customer satisfaction, Quality of service and brand loyalty affect customer satisfaction.

### 4. Discussion

The use of regression analysis tools to determine the effect of independent variables of service quality Internet banking (X1) and brand loyalty (X2) to the dependent variable

that is customer satisfaction (Y). The equations of multiple linear regression analysis in this study are:

$$Y = 2.154 + 0.249X_1 + 0.189X_2 + e,$$

where:

Y: Customer Satisfaction

A: intercept/Constants

X<sub>1</sub>: Quality of Internet Banking Service

X<sub>2</sub>: Brand loyalty

B<sub>1</sub>: Regression coefficient for Service Quality variable

B<sub>2</sub>: Regression coefficient for Brand loyalty variable

E: Error

To measure how far the model's ability to explain dependent variable (customer satisfaction) can be seen coefficient of determination (R<sup>2</sup>) in the following table:

TABLE 1: Summary of model.

Model	R	R Square	Adjusted R Square	Std. Error of the estimate	Change statistic				
					R Square change	F Change	df1	df2	Sig. F Change
1	0.431 <sup>a</sup>	0.186	0.135	0.514	0.185	3.661	2	32	0.037

From Table 1, it can be seen that the magnitude of the coefficient of determination or R square is 0.186, it shows that the dependent variable is satisfaction Customers are able to be explained by independent variables (internet service quality Banking and brand loyalty) at 18.60%. While the rest of 81.40Percent is explained by other unrelated free variables.

Test the influence of internet banking service quality variable (X<sub>1</sub>) and variable Brand loyalty (X<sub>2</sub>) to customer satisfaction (Y) in Bank Field Script can be seen in the following table:

According to the table can be known F-test of 3.66, with the level Significance of 0.037 where the significance value is smaller than α 0.05. This matter It can be concluded that the independent variables of Internet banking (X<sub>1</sub>) and Brand loyalty (X<sub>2</sub>) variables simultaneously affect positively and Significant to Customer Satisfaction (Y).

TABLE 2: F-test.

Model	Sum of squares	Df	Mean Square	F	Sig
Regression	1,936	2	0.968	3,661	.037
Residual	8,464	32	0.264		
Total	10,400	34			

The significance of this partial coefficient has a *t* distribution with degrees Freedom of  $n-k-1$ , and significant at  $\alpha = 0.05$ , Partial Test or *t*-test is performed To test partially (individually or individually) whether the Quality variable Internet Banking (X1) and Brand loyalty (X2) services are influential Significant to Customer Satisfaction (Y), which can be seen in the following table:

TABLE 3: t-test.

Model	Unstandardized coefficient		Standardized Coefficient	<i>t</i>	Sig
	B	Std. Error	Beta		
(constant)	2.154	0.546		3.946	0.000
Internet Banking	0.249	0.183	0.275	1.357	0.184
Brand Loyalty	0.189	0.187	204	1.007	0.032

Based on Table 3, it can be seen that the partial variable Internet banking service quality (X1) affects customer satisfaction (Y) which has a significance value of 0.184. This value is greater than  $\alpha 0.05$ . This Means that there is influence of internet banking service quality against Customer satisfaction of Banks performance but not significant.

While Variable Brand loyalty (X2) on customer satisfaction (Y) Has a significance value of 0.032. This value is less than 0.05. This means that There is a significant influence of Brand loyalty variable perceived to satisfaction Customers of Banks in Indonesia.

### 5. Conclusion

Based on the results of previous research and explanation, then it can be Concluded that: The first hypothesis of research is the quality of internet banking services (dimensions Tangible, reliability, responsiveness, assurance and empathy) do not have Influence on customer satisfaction. The second hypothesis is brand loyalty consisting of

brand awareness (brand Awareness), brand quality impression (brand perceived quality), brand association (Brand association) significantly affect the satisfaction of the Customer. Internet banking (X1) variables and brand loyalty (X2) variables have an effect Positively and significantly to customer satisfaction (Y). Further research should considering bigger sample to representing Indonesian internet banking user.

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