

THE EFFECT OF SERVICE QUALITY ON LOYALTY OF PRODUCTIVE CREDIT DEBITOR (A Study at Malang SKC BNI Branch Office)

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***Abstracts:** The objectives of this research are to know: (1) the situation of service quality (tangible, empathy, reliability, responsiveness, assurance) of the bank roomates perceived by customers of BNI productive credit and customer loyalty of BNI productive credit; (2) the influence of situation of service quality on the customer loyalty. The sources of the data are all customers of BNI productive credit at the branch offices of the Small BNI Credit Centre which Offered productive credit in the marketing area of Malang City. The election of 110 respondents that are planned uses simple random sampling technique and allocated proportionally, the methods of collecting the data are questionnaire, interview, and the slider of the document. The methods of analysis are: (1) descriptive analysis; and (2) hypothesis testing by Structural Equation Modeling (SEM) .The results of the descriptive analysis are: (1) Totally the level of situation of service quality (tangible, empathy, reliability, responsiveness, assurance) of the bank which perceived by customers of BNI productive credit is very high effectiveness category, but dissatisfied category; (2) Totally, the level of customer loyalty to BNI credit is high sufficient productive category. (3) The results of hypothesis testing are the situation of service quality (tangible, empathy, reliability, responsiveness, assurance) of the bank which influencing perceived by the customer are positively and significantly on the customer loyalty of BNI productive credit.*

***Keywords:** Service Quality, Debitur Loyalty*

INTRODUCTION

Banks have some functions in our society. One of the functions is to raise funds from the public and able to market the product in form of credit to prospective borrowers that will gain earnings and also able to survive. The more credit that can be marketed by a bank, then the profit that can be obtained will be greater as well. To increase lending, banks are trying to get new debtor and maintain and increase the loyalty of existing debtors in order not to run to the bank competitors or increase the amount of the loan. Banks face a debtor who is not loyal to the bank because it is very sensitive to

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the interest rate. Debtors who are sensitive to the interest rate tend to move to a competitor bank when they get a higher interest rate than the bank competitors (Rose and Hudgins, 2005). Today, banks and its closest competitor felt an increase in the interest rate because banks now face the educated debtors who are more sensitive to interest rates and loyalty debtor can more easily lured by a very aggressive competitor.

Commonly, the financial services company in the field of banking has the desire to have loyal debtors who do re-borrowing, increasing the amount of the loan, and tell about their satisfactory experience to the other parties and not switch to a competitor bank. BNI as a financial services company also expects to maintain and increase the loyalty of its debtors. The reality is not as expected due to the level of loyalty decreases from BNI bank debtors. It can be seen from one of the indicators of loyalty that BNI bank transfer rate debtor to another bank, measured by the debtor that is already more than 2 years, showing displacement debtors increased from 10.2 percent in 2000 to 23.2 percent in 2002. BNI need to make an effort to increase the level of debtors' loyalty, as debtors' loyalty associated with the rate of profit obtained by BNI. Displacement of individual debtors means loss of income individual debtor or the debtor's lifetime value which is the present value of a stream of income that can be realized by a bank if the debtor does not move early.

Debtors' decision in using and selecting a productive loan product is strongly influenced by the service quality. BNI is trying to satisfy the needs and wants of its debtors by improving service quality perceived by debtors. However, the results of research conducted by Market Research Indonesia (MRI) in 21 banks in Jakarta and Surabaya measured on each element of the debtor's satisfaction with service quality that BNI debtors increased from rank 19 to 15. The result has risen, but it has still less superior than the other bank (Infobank, March Edition 2002). The disadvantage quality service factor needs to be known by the BNI to improve the quality of its service. Kotler (2003) states: *"15 percent of customer switched because they found a better product; another 16 percent found a cheaper product; and 70 percent left because of poor or little attention from the firm."* The transfer of the debtor of a bank occurs due to poor product quality, high interest rates, lack of attention from the bank management. So that the debtor does not move to a competitor bank, bank service quality presented should be superior compared to a bank or other financial services firms. Parasuraman et al, (1998) mentions five dimensions of service quality include: (1) tangible, (2) empathy, (3) reliability, (4) responsiveness, (5) assurance that should be fixed as one of the foundations to build and maintain loyalty debtors. If problems that confronted the banking industry is not solved, then the people who have excess funds will not be productive and a lot of companies or individuals that lack of funds did not get credit as a source of funds for investment, and ultimately lead to unemployment and declining incomes.

Given the important role of the BNI in the national economy, the problems faced in marketing BNI productive loans are loan investment and working capital loans should be addressed immediately. Debtors earning very sensitive to interest rates,

and act rationally and less loyal, quality of service that is not superior to the bank's competitors, as well as decreased levels of customer loyalty needs to be addressed. To find a solution, BNI requires empirical information about the problem fully and directly from the debtor as a material consideration in the preparation of strategies and marketing programs to maintain and increase the loyalty of the debtor so as to increase BNI profits.

Based on the relevance of the problem as described earlier, there were selected quality of service as the independent variable and the loyalty of the debtor as the dependent variable. The rationale underlying the election service quality variable as the independent variable is the empirical study that has been done is the relationship of service quality with customer loyalty, while the empirical evidence of the service quality with loyalty debtors (borrowers) relationship is still rarely done by researchers. Empirical evidence of linkage quality of service with loyalty debtor in a model or construct becomes originality of this research. Researchers wanted to prove empirically about the truth of the theoretical propositions of Zeithaml and Bitner (2000) states: "The foundations needs to begin focusing on customer retention programs: (1) offered in core service quality, (2) careful market segmentation and targeting"

Based on description of the above problems, marketing activities undertaken by BNI SKC (Small Credit Center) Malang to compete in the marketing of credit products productive with improved quality of service to maintain and increase the loyalty of bank debtors BNI SKC Malang is something interesting to be answered empirically through a research.

The goal of this research is to determine: (1) description of the service quality (tangible, empathy, reliability, responsiveness, assurance) condition perceived by bank debtors and loyal debtors of BNI SKC Malang; (2) the magnitude of the service quality effect (tangible, empathy, reliability, responsiveness, assurance) perceived loyalty bank debtors. Loyalty is used to describe a customer or debtor wishes to subscribe continuously at a bank for a longer period of time, the purchase and use of a product over and over, the product is relatively preferred over competitor products, voluntarily recommend it to friends and march. Banks that have loyal customer or debtor and give effect on the performance of a bank such as marketing and profit growth rate of the companies as stated by Frederick Reichheld in his article "The Loyalty Effect" (in Lovelock and Wright, 2002) states: "*Loyal customer can mean to a firm: a consistent source of revenues over a period of many years. It will only continue as long as the customer feels that he or she is receiving better value (including the superior quality relative to price) than could be Obtained by switching to another supplier.*" Loyal Customer or debtor can mean for a bank that is as a source of revenue and consistent over a several year periods. However, customer or the debtor loyalty cannot be pledged as collateral for a bank as a source of revenue for customer loyalty only lasts as long as the customer feels that he received a better value (including the relative superior service quality on price) compared to its competitors.

THEORETICAL FRAMEWORK

Loyal debtors are: (1) doing repeated borrowing regularly, (2) use other bank product line, (3) show to others, and (4) show resistance to the pull of competition. Griffin (1997) states: *“A loyal customer is one who: (1) makes regular repeat purchases; (2) purchases across product and service lines; (3) refer others; and (4) demonstrates an immunity to the pull of the competition.”* Another opinion about the loyalty of the debtor proposed by Hill and Alexander (2003) which states: *“Loyalty is not a simple concept but a complex one involving varying levels of customer commitment to your organization. The levels of customer loyalty or commitment: customer retention, share of wallet, recommendation, accessibility of alternatives, attraction of alternatives.”* From some understanding of loyalty above, loyal debtor can be grouped into two: the behavior of the debtor (consumer behavior) and the attitude of the debtor (customer attitude). Loyal debtor behavior reflected in: (1) make a purchase repetition (repeat purchases), (2) make a purchase for other product lines or services (purchases across product and service lines), (3) the allocation or distribution of the proportion of funds (share of wallet) customers. Attitude debtors include (1) a positive talking about the bank to others (words of mouth), (2) to invite others (refers others), (3) showed resistance to the pull of competition. (demonstrate an immunity to the pull of the competition), (4) provide feedback to the company as a business partner (partner). By making adjustments, the seventh loyalty indicators used in this study to measure the level of loyalty productive debtor's credit products marketed by BNI SKC Malang.

Quality of service is often associated with the relevant perspectives because there are many different notions of quality, such as quality based on products, quality based on the use, or quality based on the value of jobs. However, the definition of quality of service required as a reference in this study. American National Standards Institute (ANSI) along with the American Society for Quality (ASQ) (in Haksever et al, 2000) defines: *“Quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy given needs.”* Quality is the overall features and characteristics of a product or service which results in the ability to satisfy certain needs “. While Zeithaml et al (1996) defines: *“Service quality is excellent or superior service delivery are comprised with customer's expectation”*. Quality of service is the delivery of services as 'excellent' or "superior" compared to the expectations of the debtor. If the debtor services perceived as expected, the perceived service quality is good / satisfactory, and if the service received exceeded the expectations of the debtor, the perceived service quality is very good / ideal, and vice versa if the perceived service is lower than the expected debtor then the quality of service will be perceived very bad / less than ideal so that they will feel dissatisfied. Thus, it can be concluded that there are two main factors that determine the quality of service, which is expected service (service expected) and perceived service (service perceived) by the customer (customer). Lovelock and Wright (2002) states: *“Service quality is the degree to which a service satisfies customers by meeting Reviews their needs, wants, and expectations.”* Quality of service is the rate at which the debtor with a satisfactory service to meet the needs, desires, and expectations of a

debtor. Quality of service is defined by the debtor is essential for product differentiation and to build loyal debtors.

Linkage of debtors' satisfaction happens regularly because one of the foundations of maintaining loyal debtor is satisfaction with service quality. Debtors who feel very satisfied are more likely to be loyal to the bank. Lovelock and Wirt (2004) states: *"The foundation for true loyalty lies in customer satisfaction. Highly satisfied or even delighted customers are more Likely to become loyal apostles of a firm, consolidate Reviews their buying with one supplier, and spread positive word of mouth."* Therefore, in a competitive market like today, the level of satisfaction is higher debtors and consistently required to encourage loyalty debtor. Donaldson and O'Toole (2002) states: *"In today's competitive markets, consistently higher levels of satisfaction are required to drive customer loyalty"*. Satisfaction or dissatisfaction of debtors to service quality will affect the loyalty of the debtor. If the customer is satisfied, he will show a higher tendency to buy the product again. Debtors are satisfied also tend to express things that are good about the product to others. If the perceived quality of the waiters consistently and banks are trying hard to improve its service quality continuously, debtors tend to be more loyal and banks will be more successful (success) in the long term as suggested by Davis and Heineke (2003) which states: *"If the produced quality is consistent and the service organization Strives for continued product / service improvements, customer tends to be more loyal and the organization will be more successful in the long-term. "The same opinion was also expressed by Barnes (2003) states:"* Maintaining debtor can be achieved through satisfaction with service quality. When the debtor is receiving something of valuable, then the debtor will give appreciation bank with loyalty. ". Essential elements of superior service quality ensure the achievement of higher satisfaction, and subsequent higher satisfaction loyalty ensure achievement of the debtor, and the debtor subsequently loyalty ensures the achievement of profit and higher growth company. Most banks realize that by improving the performance of the attributes of the service, the debtor can increase satisfaction and loyalty can further enlarge the debtor and the bank's profit. Lovelock and Wright (2002) states: *"Most companies Realize that by improving performance on service attributes, should increase of customer satisfaction. This should, in turn, leads to greater customer loyalty and improved profitability. "Banks that have a good image in terms of the delivery of professional services (high quality) and at a competitive price level, then the bank is likely to be awarded in the form of loyalty and positive news. If the products cannot meet the expectations, promises, or if the ability to fix problems in products that is not perfect, then the bank will suffer a loss. Lucas (2005) states: "If customers perceive that you offer reputable products and services in a professional manner and at a competitive price, your organization will reap the rewards of Likely loyalty and positive press."*

A very high satisfaction from the debtors cause longer loyalty, buy more when the bank introduced a new product or update existing products, talking to other people who benefit the bank and its products, less interested in buying a competitor's brand, and is less sensitive to price, offer opinions to the people about the bank's products

and services, and reduce costs for existing borrowers services rather than services to new borrowers because the transaction has been held regularly. Kotler (2003) states: *“A highly customer satisfaction stays loyal longer, buy more as the company introduces new products, and upgrades of existing products, talks favorably about the company and its products, pays less attention to competing brands and is less sensitive to price, offers product or service ideas to the company, and costs less to serve than new customers Because transactions are routine.”*

Superior service quality also ensures borrowers higher loyalty, higher market share, returns on investment is higher, lower cost, sensitivity to lower price competitors. Haksever et al (2000) states: *“Superior quality leads to higher Also customer loyalty, higher market share, higher returns to investors, lower costs, and lower sensitivity to price competition.”* Bank of the individual has been found that an increase in the level of satisfaction on the quality of the debtor service can be attributed to the debtor loyalty and profits. Zeithaml and Bitner (2000) states: *“Individual firms have discovered that increasing levels of customer satisfaction can be linked to customer loyalty and profits.”* There is an important relationship between service quality and loyalty of the debtor. This relationship is particularly strong at all if the debtor is very satisfied. Thus, banks are really aiming to satisfy the debtor may not be enough to generate loyalty debtor, therefore, the bank aims to be more than satisfactory is very pleasing to the debtor.

Based on the framework that describes the relationship between the variables in the above study, it can be prepared a research paradigm that describes the relationship of independent variables with the dependent variable like in Figure 1 below.

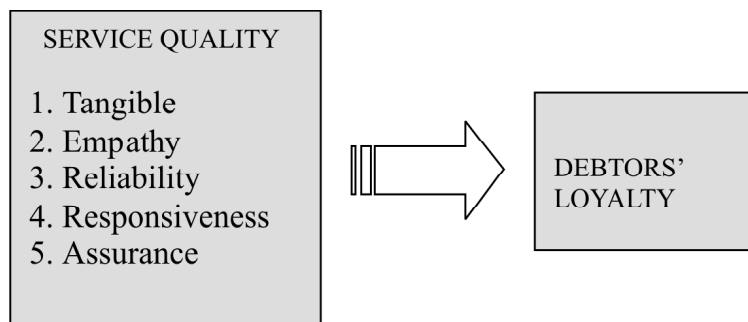


Figure 1: Research Paradigm

METHODS

The research design used in this study is a descriptive survey and explanatory research. This study uses survey method because the data collected is derived from samples taken from the debtor population at BNI SKC Malang in East Java. The descriptive survey research design used in this study is only to discover the state of the variable quality of service perceived by the debtor and the debtor loyalty. While the explanatory

survey research methods are used to explain the relationship between the study variables by means of a hypothesis based on the data in the field (empirical). In other words, explanatory research survey is used to describe: (1) the effect of service quality variable perceived by loyal debtor. This study uses a survey method, which means it uses a representative sample of the population earning credit borrowers at BNI SKC Malang as respondents as sources of data or information. In this study, the sample number is 110 respondents consisting of: (1) WCL (Working Capital Loan) of 43 debtors, (2) KI (Investment Loan) as much as 12 debtors, and TERM LOAN (Credit for Financial Institutions) of 55 debtors. The sampling technique is done through simple random sampling proportional allocation according to the types of loans that are marketed by the branch office of Bank BNI SKC Malang. In addition, data collection in this study is done by using the document search method, questionnaires and interviews. The analysis method used in the study is: (1) descriptive analysis and (2) structural Equation Modeling (SEM).

FINDINGS

Assessment of service quality perceived by the debtor of bank credit products earning BNI SKC Malang used five dimensions of service quality: tangible, empathy, reliability, responsiveness, and assurance. Measurement of perceived service quality from bank debtors was done by determining the magnitude of the gap that is the difference between perceptions (P) of the service quality perceived by the expectation (E) of the debtor from credit products earning at BNI SKC Malang. The result of the perceived service quality by bank debtors as a whole or by individual dimensions of service quality is presented in Table 1 below.

Table 1
The Condition of Service Quality Perceived by Debtors

Service Quality Dimension	Perceived Expected Service (P) Service (E)		Service Quality (P-E)			Conclusion	
	Score	Score	Score (Gap)	Percentage	Satisfaction	Effectiveness	Category
Tangible	1714	1898	-184	- 9,69	Less Satisfied	90,31	Very High
Empathy	1160	1371	-211	- 15,39	Less Satisfied	84.61	Very High
Reliability	1441	1895	-454	- 23,96	Less Satisfied	76.04	High
Responsiveness	1131	1466	-335	- 22,85	Less Satisfied	77.15	High
Assurance	1545	1839	-294	- 15,99	Less Satisfied	84.01	Very High
Total	6991	8469	-1478	- 17,58	Less Satisfied	82,42	Very High

Source: Processed from the ordinal data attachment (n = 110)

Based on Table 1 above, we can see the level of perceived service quality by borrowers of earning credit products at BNI SKC Malang. In general, (total), the achieved score is 6991 and the expected customers reach a score of 8469. The quality of service perceived by the debtor is smaller than customer expectation, means that there is a gap of -1478 or by -17.58% so it can be said that the service quality to the

debtor of BNI SKC Malang productive credit products including unsatisfactory because the value of the gap (PE) is smaller than zero ($PE < 0$). Despite the perceived service quality bank debtors less than satisfactory, but BNI has been able to provide service quality perceived effectiveness of the debtor at the very high category level that is indicated by the ratio value of bank service quality perceived by the expected debtor of productive credit products at BNI SKC Malang for 82.42%.

Debtor loyalty on credit products at BNI SKC Malang is the behavior and attitude of a debtor to service felt. To assess the state of the debtor loyalty credit product productive in Malang used by BNI SKC following seven indicators of loyalty.

1. Perform an extension or increase the loan repeatedly (repeat borrowing).
2. Using other types of services offered by BNI SKC Malang (purchases across product and service lines).
3. Allocation of the amount of productive loan facility (the share of wallets)
4. Inform others about the positive image of productive credit products at BNI (words of mouth).
5. Inviting others to use credit products earning BNI (referring to others).
6. Demonstrate immunity from BNI competing banks (demonstrated an immunity to the pull of the competition).
7. Provide feedback on BNI SKC Malang as a business partner.

The scoring results on the level of debtor loyalty on credit products from BNI SKC productive in Malang in general and per indicators presented in Table 2.

Table 2
State of the Borrower Loyalty Level Earning Credit Products at BNI SKC Malang

Loyalty Indicator	Very High		High		Fine		Low		Very Low		Total score	Category
	f	%	f	%	f	%	f	%	f	%		
Extending the loan	0	0	8	7	24	22	76	69	2	2	402	High
Using other bank services	0	0	21	19	30	27	56	51	3	3	371	High
The loan amount	0	0	2	2	17	15	81	74	10	9	429	High
Referring others	0	0	50	45	28	25	31	28	1	1	313	Fine
Inviting others	0	0	23	21	42	38	43	39	2	2	354	High
Immune to another banks' offer	6	5	10	9	8	7	83	75	3	3	397	High
Giving feedback	4	4	40	36	45	41	21	19	0	0	303	Fine
Total											2569	High

Source: Processed from ordinal data (n = 110).

Table 2 shows the results of overall (total) scoring level of debtor loyalty on productive products credit at BNI SKC in Malang that is the high category, with a

score of 2569 which is in the range of classification criteria between 2311-3080, but there are four important indicators of the seven indicators that show high category, the loan extending indicators or increase the loan (credit) prior to maturity, using other types of bank services, the amount of bank loan facilities than others, and do not want to move to a bank competitor.

Latent Variable Model Analysis Measurements conducted to determine how the latent variables or factors or hypothetical constructs described and measured by the indicators that were observed (measured) and describe the nature of the measurement (reliability and validity). The purpose of this measurement model analysis is to determine the value of each indicator in explaining and measuring each latent variable. To find out the results of the measurement model, it was conducted confirmatory factor analysis. In this study, there are four latent variables: one latent variable exogenous and one endogenous latent variable.

The results of parameter estimation or measurement of indicators of perceived service quality variables debtor credit products at BNI SKC productive in Malang (ξ_1) is shown in Figure 2 below.

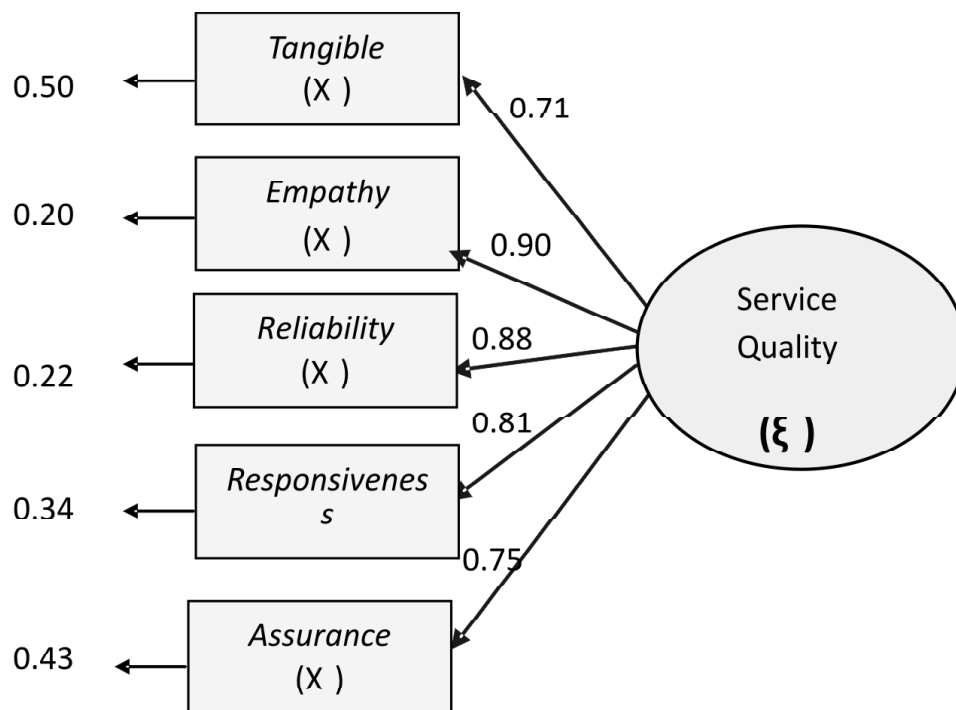


Figure 4.1: Diagram Model of Laten Exogen from the measurement variable result: Service Quality

Source: Data Analysis Result

Parameter estimation result shown on figure 2 above can be shown in table 3 below:

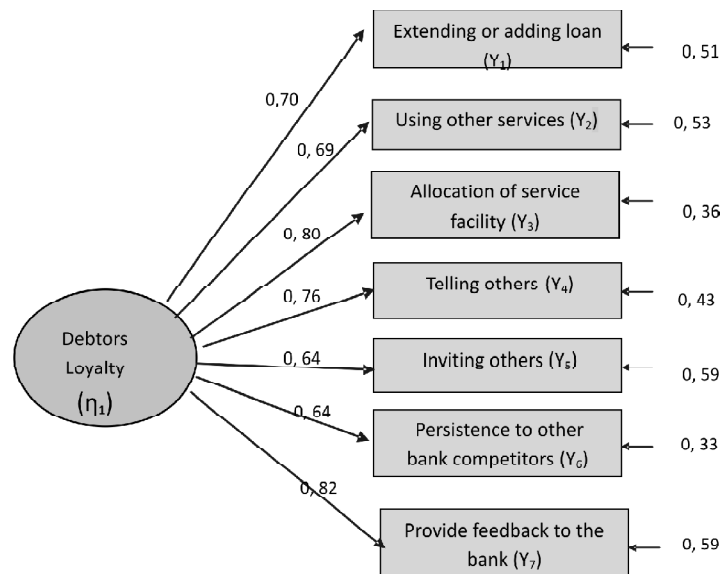
Table 3
The Result of Estimation Parameter Variable on Service Quality

Parameter	LoadingFactor	R ²	Error Variance	t- count	Note
Tangible (X ₁)	0.7080	0.4987	0.5013	8.2971	Significant
Empathy (X ₂)	0.8958	0.8024	0.1976	11.7979	Significant
Reliability (X ₃)	0.8829	0.7796	0.2204	11.5198	Significant
Responsiveness (X ₄)	0.8102	0.6565	0.3435	10.0611	Significant
Assurance (X ₅)	0.7543	0.5690	0.4310	9.0597	Significant
Σ (total)	4.0512	3.3062	1.6938		

Source: Data Analysis Result

Table 3 above shows that the five dimensions of the service quality variable perceived by the debtor's productive bank credit products at BNI SKC in Malang has a positive coefficient and the t-test of each dimension shows significant results (meaningful) so that the five dimensions of service quality can be used to explain the latent variable perceived by service quality bank debtors earning credit products in at BNI SKC Malang.

The results of parameter estimation or measurement of indicators of variable product loyalty debtor earning credits at BNI SKC Malang (ζ_1) which consists of seven indicators which are: (1) extending or adding to the loan, (2) using other types of banking services, (3) allocation of magnitude loan facilities, (4) notifying to others, (5) inviting others, (6) do not want to move to a competitor bank, and (7) provide feedback on banks, shown in Figure 4.



The estimation parameter result shown in figure 4 above can be shown as well in table below:

Table 4
The Result of Estimation Parameter for Debtors' Loyalty Variable

Parameter	Loading Factor	R ²	Error Variance	t- count	Note
Extending or adding the loan (Y ₁)	0.7008	0.4911	0.5089	7.3453	Significant
Using other bank services (Y ₂)	0.6889	0.4746	0.5254	7.2084	Significant
Allocation of the loan (Y ₃)	0.7987	0.6380	0.3620	8.4944	Significant
Telling others (Y ₄)	0.7579	0.5744	0.4256	8.0130	Significant
Inviting others (Y ₅)	0.6368	0.4055	0.5945	6.6129	Significant
Persistent to move to their banks (Y ₆)	0.6431	0.4136	0.5864	6.6847	Significant
Providing feedback to the bank (Y ₇)	0.8212	0.6744	0.3256	8.7576	Significant
Σ (total)	5.0474	3.6716	3.3284		

Source: Processed from ordinal data attachment (n = 110).

It can be seen that the seven indicators of loyalty variable of productive debtor credit products at BNI SKC in Malang has a positive coefficient and the t-test every indicator of loyalty debtor variables showed significant results (meaningful) so that the seven indicators of debtor loyalty can be used to explain the latent debtor loyalty variable of BNI SKC Malang.

Hypothesis testing service quality (tangible, empathy, reliability, responsiveness, and assurance) perceived has effect on the debtor loyalty that is shown in Figure 4 below.

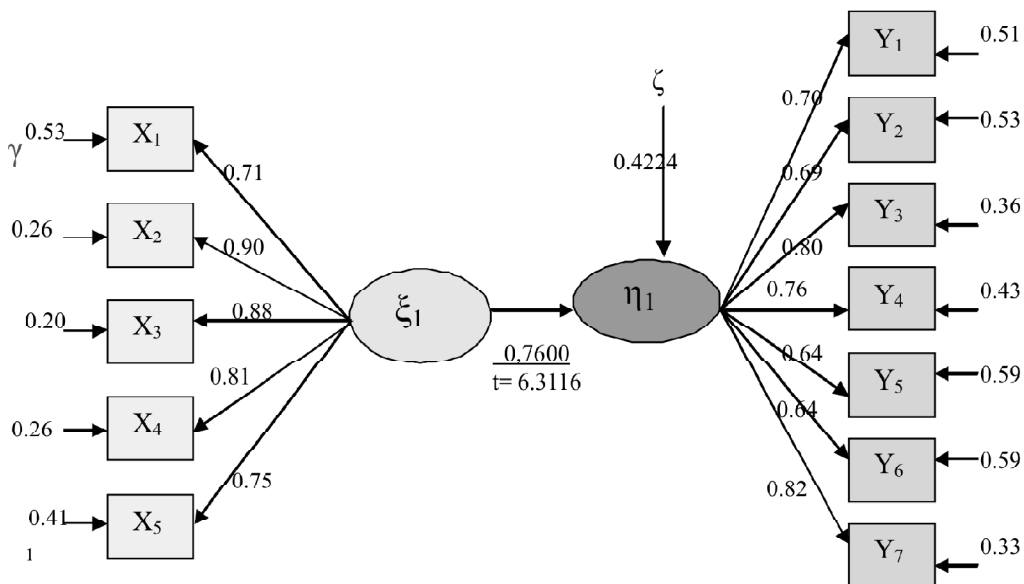


Figure 4: Estimation result and part diagram of the hypothesis testing

Figure 4 shows the effect of quality of service (ξ_1) which include: tangible, empathy, reliability, responsiveness, assurance perceived loyalty (η_1) by debtor productive credit products at BNI SKC in Malang at 0.7600 or 76% in order to obtain the magnitude of the direct influence of service quality variables perceived loyalty of $R^2 = 0.5756$ debtor or 57.76%. This means that the quality of service perceived debtor can stimulate (push) the debtor loyalty optimization productive credit products in BNI SKC Malang. Thus, the hypothesis proposed in this study can be accepted.

DISCUSSION

Service quality that is perceived by debtor can be determined by comparing the perceptions of borrowers (perceived service) on perceived service with expected service. Assessment of service quality perceived by the debtor bank credit products earning at BNI SKC Malang using five dimensions of service quality: tangible, empathy, reliability, responsiveness, assurance. Measurement of perceived service quality for bank debtors was done by determining the magnitude of the gap that is the difference between perceptions (P) in the form of service quality perceived by the expectation (E) of the debtor credit products earning at BNI SKC Malang.

The unsatisfying service quality perceived by the debtor that is smaller than expected means that there is a gap of -1478 or by -17.58% so it can be said that the quality of service to the debtor productive credit products at BNI SKC Malang is unsatisfactory because the value of the gap (PE) is less than zero ($PE < 0$). Despite the perceived service quality bank debtors less than satisfactory, but BNI has been able to provide the quality of service perceived effectiveness of the debtor at the level of very high category indicated by the value of the ratio of bank service quality perceived by the expected debtor productive credit products BNI SKC Malang for 82.42%.

This unsatisfactory service quality condition above is in accordance with the opinion of Rust and Oliver (2000) who stated that once the debtor has become very excited / happy (delighted), the debtor will increase expectations / hopes. Thus, the debtor will always feel dissatisfied if the level of service quality as perceived at the level previously. Therefore, banks need to know the level of effectiveness of the quality of service is achieved because there is a tendency banks are not always able to satisfy its debtors. However, banks are always trying to improve the quality of service to improve very pleasant feeling debtors in the future. Zeithaml and Bitner (2000) and Grönroos (2001) defines that quality of service is the delivery of services as "excellent" or "superior" compared to the expectations of the debtor. If the services received by the debtor is as expected, then the bank service quality perceived good / satisfactory, if the perceived service beyond the expectations of the debtor, then the perceived service quality is very good / ideal, and vice versa if the perceived service is lower than the expected debtor, then the quality of service will be perceived very ugly / less than ideal so that they will feel dissatisfied. Therefore, whether good or not, the service quality depends on the ability of providers' service if they are being able to consistently meet the expectations of its debtors.

Debtors' loyalty on productive credit products at BNI SKC Malang is the behavior and attitude of a debtor to know the level of service perceived. Finding out the debtor loyalty level is the purpose of BNI SKC Malang because debtor loyalty can ensure the survival of banks in the long run. Robinette *et al.* (2001) states that *"to achieve sustainable profitability, a company must earn customer loyalty"* to achieve sustainable profits, banks must gain the loyalty of the debtor. Performance debtor loyalty credit product productive at BNI SKC Malang is in high category, according to the concept proposed by Oliver (1997) describes the customer loyalty as a deep commitment to repurchase or subscribe return a product or service bank preferred consistently in the future, despite situational influences and marketing efforts potential to cause switching behavior. Kotler (2003) also states that companies that achieve high customer satisfaction ratings can be sure that the company knows its target market and are able to create customer loyalty. Likewise, Storbacka and Lehtinen (2001) which states *"Customer loyalty is the result of the combined effect of two factors: the customer is either committed emotionally to a company or brand, or his behavior during encounters is guided by a script (it is easy for him to buy from an on certain company or to buy an on certain brand)."* Based on the combined knowledge of our customers by offering quality and value of service, a company can engage in retention strategies to keep (retain) customer loyalty. Also in accordance with the opinion of Oliver (1997) states that the debtor has a loyal fanaticism relatively conserved in the long term for a product or service at a bank that has to be chosen.

The research findings show that the service quality perceived has positive effect on debtor loyalty that is consistent (as appropriate) with the statement: Barner (2003) and Haksever *et al* (2000) states that the services quality provided by ensuring achievement of higher satisfaction, and subsequent higher satisfaction ensure the achievement of the debtor loyalty, loyalty debtor ensure the achievement of profit and growth of banks higher. Another opinion is also expressed by Storbacka and Lehtinen (2001) states that the superior performance of service generated by a debtor who buys more, more loyal, positive talk from mouth to mouth (word of mouth) is faster.

The results of testing this hypothesis also supports the results of empirical research conducted by: (1) Tam (2000) who found that the service quality and value received positive effect on customer satisfaction, service quality and value received positive effect on the desire to behave, quality of service and value and customer satisfaction has positive effect on the behavior intention; (2) Sivadas, Eugene; Baker, Jamie L; Prewitt, (2000), quality of care has positive effect on satisfaction, service quality has positive influence on the recommendation, the positive effect of service quality on repeat purchase, satisfaction has positive influence on the positive recommendations and significant impact on customer loyalty; (3) knowing the level of debtor loyalty is the purpose of BNI SKC Malang because debtor loyalty can ensure the survival of banks in the long run. Robinette *et al* (2001) stated that *"to achieve sustainable profitability, a company must earn customer loyalty"* that to achieve sustainable profits, banks must

gain the loyalty of the debtor. In addition, in accordance with the opinion of Oliver (1997) who states that the debtor has a loyal fanaticism relatively conserved in the long term for a product or service at a bank that has become the choice.

CONCLUSIONS AND SUGGESTIONS

Based on the results of the data analysis and discussion of this research results, it can be formulated some conclusions as follows: (1) the service quality condition perceived by debtors on productive earning credit products at BNI SKC Malang is in unsatisfactory category, but it reached a very high level of effectiveness category; (2) the level of achievement of the service quality condition perceived by debtors on productive earning credit products at BNI SKC Malang is in the high category; (3) service quality perceived by debtors has positive and significant effect on debtor loyalty for productive credit products at BNI SKC Malang. In this case, the perceived service quality has significant role in influencing debtor loyalty.

Based on the discussion of this research results and conclusions, there is some suggestions which can be given such as: (1) improving the service quality of products earning credits at BNI SKC Malang that satisfy the customers with improved operational systems as follows: (a) improve the completeness and sophistication *on line system* equipment; (b) increase the readiness and responsiveness of customer service office; and (c) improving the knowledge, skills, and abilities of employees in completing tasks, provide services, and handle transactions conducted by the debtor; (2) improving the services performance in order to give better satisfaction for the debtor through: (a) providing loans or loan interest rate that is more attractive than the bank competitors; (b) improving the knowledge and skills of employees of service providers (teller) about products services other than bank loans and other forms of savings offered by BNI to improve the use of the product by the debtor bank; (3) providing a representative room to ensure privacy for the debtor; (e) increase the employee's ability to recognize and service providers better understand the problems and needs of each debtor; (4) the head office of BNI SKC Malang needs to provide support to employees of service providers in dealing with complaints quickly faced by the debtor and seek the best alternative solution to facilitate the debtor group membership (gathering) that have the same interests and the interests of the anniversary of BNI; and lastly with regard to the limited number of variables used to predict customer loyalty, and theoretically, there are several independent variables that can be used to predict customer loyalty such as customer value, brand equity, corporate reputation, and complaint handling and service recovery.

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