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The Impact of Service and Savings Product Quality on Customer Satisfaction at Bank Central Asia (BCA) Malang City

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ABSTRACT

Banks are financial institutions that guarantee the smooth circulation of money within society. As financial management entities, banks offer various services, such as credit, savings, and loans. In Indonesia, banking operations are protected by a legal framework. This research employs a quantitative methos with a causal relationship approach, analyzing the influence of Service Quality (X1) and Savings Product Quality (X2) on Customer Satisfaction (Y). Sampling was conducted through probability sampling using simple random sampling technique, involving 54 respondents. Data collection utilized questionnaires that underwent validity and reliability testing. Data analysis employed multiple linear regression to test the research hypothesis. The research findings indicate that: (1) service quality has a positive and significant impact on customer satisfaction, (2) savings product quality also positively and significantly influences customer satisfaction, (3) service quality and savings product quality simultaneously have a positive and significant effect on customer satisfaction levels.

Keywords: Bank, Service Quality, Product Quality, Savings Product Quality, Customer Satisfaction

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1. INTRODUCTION

The banking industry's evolution over recent decades reflects a broader transformation influenced by global economic integration and technological advancements. In this environment, BCA Malang's strategic focus on enhancing service quality and diversifying its savings product portfolio represents a critical response to these external pressures. Through adopting innovative financial technologies and reengineering traditional banking processes, BCA has positioned itself to meet the dynamic needs of a modern clientele. This adaptation is not merely an operational adjustment but a deliberate strategic shift that underscores the bank's commitment to maintaining relevance and competitive strength amid intensifying market competition.

Furthermore, the quantitative methodology with a causal-comparative approach employed in this study lends robustness to the analysis of complex interrelationships within the banking sector. By statistically examining the influence of service quality and savings product quality on customer satisfaction, the research provides empirical evidence that can guide managerial decision-making. Such an approach facilitates the identification of subtle nuances in customer behavior, revealing how specific service dimensions, such as staff responsiveness and clear communication, directly correlate with customer loyalty and overall satisfaction. These insights enable BCA to allocate resources more effectively and tailor its service delivery to align with evolving customer expectations.

The study also situates itself within the broader framework of regulatory reforms, highlighting the impact of legislative changes on banking practices in Indonesia. The evolution from Banking Law No.7 of 1992 through subsequent amendments in 1998 and 2008 illustrates a progressive effort by the government to not only stabilize but also modernize the financial sector. This regulatory evolution has contributed to establishing stricter compliance norms and higher service standards that banks are mandated to follow, thereby influencing how institutions like BCA design and implement their product and service strategies. The interplay between regulatory compliance and customer satisfaction is an important area of exploration that underscores the legal foundations supporting modern banking operations.

Moreover, the findings of this research have significant managerial implications. As customer satisfaction is increasingly recognized as both a competitive differentiator and a sustainable business strategy, the insights derived from this study can inform the development of more targeted customer relationship management programs. For instance, by understanding which specific elements of service quality and product features are most valued by customers, BCA can refine its training programs, invest in customer-centric technologies, and innovate its product designs to foster deeper customer engagement. This strategic refinement is essential for banks operating in a highly competitive landscape where every customer interaction counts.

Lastly, the research contributes to both academic literature and practical banking strategies by addressing empirical and managerial knowledge gaps. Its comprehensive analysis not only adds to the theoretical understanding of consumer behavior in the financial sector but also offers actionable recommendations for improving service delivery. By demonstrating the critical linkage between quality dimensions and customer satisfaction, this work encourages banking institutions to continuously innovate and improve their offerings, ensuring they remain agile and responsive to the shifting dynamics of customer needs and market conditions.

2. LITERATURE REVIEW

This study focuses on evaluating how service quality and product quality influence customer satisfaction in the context of banking, specifically at BCA in Malang City. In today's competitive banking industry, customer satisfaction plays a crucial role in customer retention and loyalty. Therefore, understanding the factors that significantly impact satisfaction, such as service and product quality, is essential for improving performance and maintaining a competitive edge.

The research underscores the importance of these two quality dimensions which are service and product, in cultivating customer loyalty. It finds that not only do these factors individually impact satisfaction, but they also exert a combined influence that can significantly affect customer perceptions and behavior. This dual impact signals to banking institutions the need to simultaneously invest in both customer service capabilities and product innovation.

Previous Studies

A number of empirical studies have examined the influence of service quality and product quality on customer satisfaction in the banking industry, yielding consistent evidence that these dimensions are critical to customer experience and loyalty.

a. Rizal et al. (2020) conducted a study at PT Bank Rakyat Indonesia and identified service quality as a key determinant of customer satisfaction. Their research utilized a quantitative method and confirmed that improvements in service delivery significantly enhance client satisfaction, underscoring the strategic importance of human interaction and operational efficiency in banking.
b. Wati et al. (2023) analyzed service quality within Islamic banking institutions and found a strong, positive, and statistically significant correlation between various service quality indicators and customer satisfaction. The study highlights the role of ethical standards, transparency, and trust in shaping satisfaction in a faith-based financial setting.
c. Engkur (2018) explored the multi-dimensional nature of service quality in Islamic banks in Jakarta. His findings revealed that some dimensions, such as responsiveness and empathy, had a significant positive impact on satisfaction, while others, like tangibility and assurance, showed no significant effect. This implies that not all service quality dimensions influence customer satisfaction equally, especially in culturally or religiously nuanced contexts.
d. Sujana (2020) confirmed that there is a substantial positive relationship between service quality and customer satisfaction in Baubau's banking sector. The study emphasized that consistent, reliable service and effective communication are pivotal in building a positive perception and long-term loyalty among customers.
e. Apsari and Siregar (2021) investigated the impact of service quality and customer trust on satisfaction at Bank Mandiri. Their findings revealed that both variables exert a significant influence, with trust acting as a reinforcing factor. This research supports the notion that customer satisfaction is multidimensional and affected by both tangible service experiences and intangible relational factors.

Service Quality

Service quality is a critical determinant of customer satisfaction, particularly in service-oriented industries such as banking. It reflects the level of excellence that customers anticipate and the degree to which an organization can consistently deliver services that meet or exceed those expectations. According to Wyckof (in Arief, 2018), service quality is defined as "the degree of excellence expected and the control over that level of excellence to meet customer desires." This definition emphasizes the dynamic nature of service delivery and the importance of aligning internal performance standards with external customer perceptions.

A widely recognized model for assessing service quality is the SERVQUAL framework, developed by Parasuraman, Zeithaml, and Berry. This model breaks down service quality into five core dimensions which are tangibility, reliability, responsiveness, assurance, and empathy, each representing an essential aspect of customer experience. Together, these dimensions serve as a robust analytical tool to measure how well service performance aligns with customer expectations. High service quality not only satisfies customers but also enhances trust, promotes loyalty, and positively influences the overall reputation of the financial institution. Therefore, evaluating these dimensions allows banks to identify service gaps, implement quality improvements, and create more customer-centric operational strategies.

Product Quality

Product quality refers to a product's overall ability to meet customer needs and expectations, ultimately influencing satisfaction and purchase decisions. As stated by Assauri (2014), "Product quality is a critical element that requires close attention from producers or companies, as it is closely linked to consumer satisfaction." In the context of banking, product quality encompasses the design, features, accessibility, and reliability of financial offerings, such as savings accounts, deposit options, and digital banking services, that are tailored to serve different customer segments.

A comprehensive framework for understanding product quality is provided by Garvin (in Gasperz, 1997), who outlines eight dimensions which are performance, features, reliability, conformance, durability, serviceability, aesthetics, and perceived quality. These dimensions collectively form a multidimensional perspective of product quality, particularly relevant in service industries where offerings are both tangible and intangible. For a bank like BCA, ensuring high quality across these areas can enhance consumer trust, encourage account usage, and foster long-term relationships. Evaluating product quality through this lens provides valuable insight into how financial products can be strategically improved to meet evolving consumer needs and expectations.

Customer Satisfaction

Customer satisfaction is a central concept in modern marketing and service management, representing a customer's overall evaluation of their experience with a product or service after use. According to Sudaryono (2016), customer satisfaction is a comprehensive attitude formed by customers based on the extent to which the actual performance of a product or service meets or exceeds their expectations. This assessment is inherently subjective and influenced by a variety of factors, including service delivery, product functionality, and prior expectations shaped by marketing communication or word-of-mouth. Kotler and Keller (in Sudaryono, 2016) describe customer satisfaction as the emotional reaction of consumers after comparing the actual performance of a product with their expectations.

In the banking environment, key drivers of satisfaction include ease of access to services, product diversity, staff professionalism, transparency of fees, responsiveness to complaints, and digital banking features. Ultimately, customer satisfaction acts as a barometer of organizational success in customer service, product innovation, and brand trust. For banks aiming to foster loyalty and sustainable growth, understanding and enhancing the factors that influence satisfaction is not just beneficial, but it is essential.

Relationship Among Variables

The relationship between service quality and customer satisfaction manifests through superior service delivery characterized by staff responsiveness, professional conduct, and customer-centric approaches, all contributing significantly to enhanced satisfaction levels. Concurrently. Product quality affects satisfaction through the provision of diverse savings products tailored to varied customer needs, incorporating essential attributes such as reliability, accessibility, and adaptability.

By investigating the causal relationships between these variables, this study aims to provide empirical validation of their significance and offer practical insights into how financial institutions can optimize service strategies and product development to enhance customer satisfaction.

Hypothesis of the Research

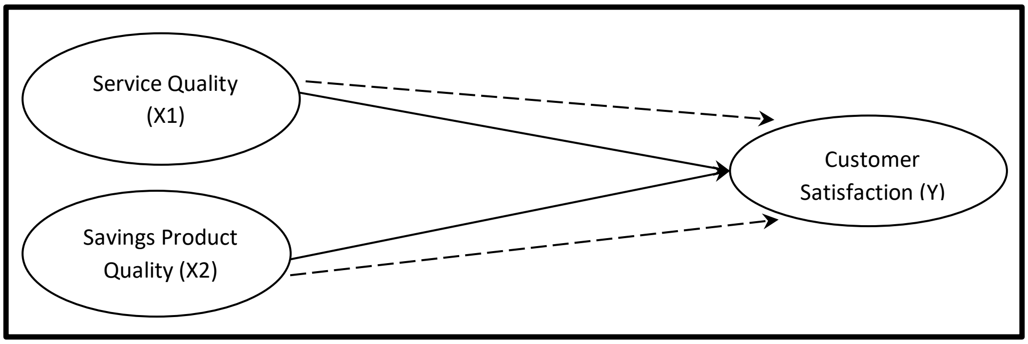

Figure 1. Proposed Conceptual Framework

3. METHODOLOGY

This study examined customers at BCA Malang branch. The population consisted of 119 priority customers who opened accounts between January-July 2024. Using the Slovin formula with a 10% margin of error, 54 respondents were selected through simple random sampling, ensuring each population member had equal selection probability.

Data collection utilized structure questionnaires measuring three key variables which underwent validity testing to confirm accurate representation of variables and reliability testing (to ensure response consistency) before implementation.

1. Service Quality (X1): Assessed using SERVQUAL dimensions (tangibility, reliability, responsiveness, assurance, and empathy).
2. Savings Product Quality (X2): Evaluated through Garvin's eight dimensions (performance, features, reliability, conformance, durability, serviceability, aesthetics, and perceived quality).
3. Customer Satisfaction (Y): Measured via expectation fulfillment, experience evaluation, and overall satisfaction indicators.

Researches distributed questionnaires directly to the selected respondents at BCA Malang. Primary data were collected through these questionnaires, while secondary data were gathered from organizational records and relevant literature. The data collection process was conducted with proper ethical considerations and respondent consent.

The analytical approach employed multiple linear regression to determine the influence of service quality and savings product quality on customer satisfaction. Prior to regression analysis, the data underwent classical assumption testing which consisted of:

1. Normality test: Ensured normal distribution of residuals.
2. Multicollinearity test: Confirmed independence among predictor variables.
3. Heteroscedasticity test: Verified consistent error variance.

Hypothesis testing utilized t-tests to examine individual variable effects and F-tests to determine simultaneous effects. The coefficient of determination (R^2) was calculated to quantify how much variation in customer satisfaction was explained by the independent variables.

4. RESULTS

This section presents the results of the data analysis conducted on 54 respondents who are customers of BCA in Malang City. The data collected includes respondent characteristics, frequency distributions for each research variable, instrument reliability, and correlation analysis. To support the findings, several tables are presented and explained within this section. All data presented are derived from original research instruments and are accompanied by relevant explanations on how to interpret them.

The analysis aims to understand the extent to which service quality and product quality influence customer satisfaction. By examining the demographic background of respondents, the study provides context for the behavioral patterns observed.

Table 1. Respondents by Gender

Gender	Frequency	Percentage
Male	33	61%
Female	21	39%

This table presents the gender distribution of the respondents involved in the study. Out of 54 respondents, 33 respondents (61%) were male, while 21 respondents (39%) were female. This indicates the majority of the participants in the study were male, suggesting a higher male customer presence in BCA Malang during the data collection period.

Table 2. Respondents by Occupation

Occupation	Frequency	Percentage
Private Employee	16	30%
Entrepreneur	16	30%
Civil Servant	18	33%
Others	4	7%

This table categorizes the respondents based on their occupation. The largest group of responders were civil servants, accounting for 18 respondents (33%). A small portion with 4 respondents (7%), fell into the "Others" category. The distribution reflects a diverse professional background among the customers of BCA, which adds depth to the analysis of satisfaction based on employment status.

Table 3. Respondents by Income

Income (IDR)	Frequency	Percentage
< 1.000.000	6	11%
1.000.000 – 5.000.000	15	28%
5.000.000 – 10.000.000	19	35%
10.000.000 – 15.000.000	10	29%
> 15.000.000	4	7%

This table illustrates the income range of the respondents. The majority with 19 respondents (35%), reported earning between IDR 5.000.000 and 10.000.000. A small portion of 4 respondents (7%) earned more than IDR 15.000.000. This spread highlights that the customer base spans multiple economic levels, which is useful for analyzing perceptions of service and product quality across income groups.

Table 4. Frequency Distribution of Variables

Variable	Interpretation of Responses
X1 – Service Quality	Majority responses in categories 4 and 5, reflecting high perceived service quality.
X2 – Product Quality	Responses skewed toward higher scores, indicates positive product evaluation.
Y – Customer Satisfaction	Most responses rated 4 or 5, shows strong customer satisfaction levels

This table summarizes the distribution of responses for each research variable, which are Service Quality (X1), Product Quality (X2), and Customer Satisfaction (Y), based on a 5-point Likert scale. The data shows that most respondents rated items with a 4 or 5, indicating positive perceptions across all variables.

Table 5. Reliability Test Result

Test Type	Value	Interpretation
Cronbach's Alpha	0.874	High reliability, indicates strong internal consistency of the scale.

This table presents the reliability result of the research instrument using Cronbach's Alpha. The alpha value of 0.874 was calculated based on responses to 8 items related to service quality, product quality, and customer satisfaction. A Cronbach's Alpha value above 0.7 is generally accepted as indicating good reliability.

Table 6. Correlation Analysis

Variables Correlated	Correlation Coefficient (r)	Significance Level (p)	Interpretation
X1.1 & Y	0.692	p < 0.01	Strong, significant positive correlation.

This table presents the result of the Pearson correlation test conducted between the variable X1.1 (a specific indicator of Service Quality) and the dependent variable Y (Customer Satisfaction). The correlation coefficient (r) of 0.692 indicates a strong positive relationship between service quality and customer satisfaction. The significance value ($p < 0.01$) confirms that the result is statistically significant at the 1% level, meaning there is a less than 1% chance that this relationship occurred by random chance.

5. DISCUSSION

The findings of this study clearly demonstrate that both service quality and savings product quality have a positive and significant influence on customer satisfaction at Bank Central Asia (BCA) in Malang. These results confirm the central assumption in modern service marketing theory that customer satisfaction is not an isolated event, but rather a cumulative outcome of consistent, quality-driven interactions between customers and service providers. Specifically, this study highlights how customers' perceptions of service excellence, characterized by responsiveness, reliability, empathy, and the presence of well-maintained tangible facilities which directly shape their levels of satisfaction. When service is delivered efficiently and empathetically by knowledgeable staff in a welcoming environment, customers feel valued, which significantly enhances their overall experience.

In parallel, product quality, particularly the perceived value of savings account types, also plays a critical role. When savings products are reliable, feature-rich, and aligned with customer needs. For example, through flexible terms, digital accessibility, or tiered benefits, customers feel that the financial institution is attuned to their personal or business goals. This alignment fosters a sense of trust and satisfaction, leading to a stronger emotional and behavioral commitment to the bank.

From a theoretical standpoint, these findings reinforce the relevance of the SERVQUAL model developed by Parasuraman, Zeithaml, and Berry, which positions five dimensions of service quality (tangibles, reliability, responsiveness, assurance, and empathy) as key determinants of perceived value and satisfaction. The results also support Garvin's eight dimensions of product quality, particularly performance, reliability, features, and perceived quality that were found to be essential in shaping positive customer attitudes toward BCA's savings products. Together, these frameworks provide a robust lens through which the study's outcomes can be interpreted, validated, and applied.

Empirically, the effectiveness of BCA Malang's approach to customer service and product development is evidenced by the high frequency distribution scores across all indicators. Customers consistently rated both the service and product attributes favorably, indicating that the bank's operational and marketing strategies are aligned with customer expectations. Furthermore, the research instrument used in the study demonstrated high internal consistency and reliability, as verified through statistical tests, thereby enhancing the credibility of the results and establishing a strong foundation for future replication or comparative studies in similar service environments.

The economic implications of these findings are equally significant. In an industry where competition is intense and switching costs are low, customer satisfaction becomes a strategic asset. Satisfied customers are not only more likely to maintain long-term relationships, but they are also more inclined to engage in cross-product usage, such as investing in time deposits, applying for loans, or using digital banking platforms. This increased engagement contributes to higher customer lifetime value, reduces churn, and ultimately enhances the bank's profitability and market share. Additionally, satisfied customers often become informal brand ambassadors, offering positive word-of-mouth referrals that support organic growth.

One of the notable contributions of this research is the identification of a synergistic relationship between service quality and product quality. While each factor independently contributes to customer satisfaction, the study found that their combined presence amplifies the overall customer experience. In other words, the simultaneous delivery of high-quality services and well-designed financial products creates a multiplier effect that strengthens customer loyalty more effectively than when each element is optimized in isolation. This dual-effect phenomenon provides actionable insight for banking managers and strategists, suggesting that a holistic approach, where service and product strategies are integrated, is essential to achieving sustained customer satisfaction.

Despite these strengths, the study acknowledges several limitations. The sample size was relatively small (54 respondents) and confined to a single branch location in Malang, which may limit the generalizability of the results across different customer demographics and regional contexts. Additionally, the study focused exclusively on new priority customers, whose expectations, usage behavior, and perceptions may differ significantly from regular or long-term customers. The reliance on self-reported questionnaires also introduces the risk of response bias, particularly social desirability bias, wherein respondents may answer in ways they perceive as favorable rather than strictly truthful.

In light of these limitations, future research should aim to broaden the scope of investigation. Conducting similar studies across multiple BCA branches and including diverse customer groups (e.g., retail, SME, digital banking users) would provide a more comprehensive and representative understanding of satisfaction drivers. Furthermore, incorporating additional variables such as digital service quality, mobile banking usability, trust, brand perception, and emotional engagement could deepen the explanatory power of the research model. Employing mixed-methods approaches, including in-depth interviews, focus groups, or longitudinal surveys, would also allow for more nuanced insights that complement the statistical findings.

6. CONCLUSION

This study examined the influence of service quality and savings product quality on customer satisfaction at BCA branches in Malang. The findings reveal that both service quality and the quality of savings products significantly and positively impact customer satisfaction. Key service quality indicators such as responsiveness, reliability, and assurance emerged as critical drivers of satisfaction. Similarly, product quality attributes, particularly performance and reliability, were found to play an essential role in shaping customers' overall satisfaction with BCA's savings offerings.

The research employed a reliable measurement instrument, ensuring the validity and consistency of the collected data. Statistical analysis indicated a strong positive correlation between service quality and customer satisfaction, underscoring the importance of maintaining high standards in service delivery. These results align closely with established theoretical frameworks, notably the SERVQUAL model for service quality and Garvin's dimensions of product quality, lending further credibility to the study's conclusions.

However, this research is not without limitations. The relatively small sample size and its confinement to a single geographic location in Malang, restricts the generalizability of the findings. To address these constraints, future research should consider expanding the sample size and incorporating multiple branch locations across different regions. Additionally, exploring other influential factors such as customers' digital banking experience, perceived trust, and brand reputation could provide a more comprehensive understanding of the drivers behind customer satisfaction in the banking sector.

In conclusion, the study underscores the crucial role that high-quality service delivery and competitive savings products play in fostering customer satisfaction at BCA. By prioritizing these areas, banking institutions can strengthen customer loyalty, enhance their brand reputation, and maintain a competitive edge in an increasingly dynamic financial market. These findings offer practical implications for bank managers and policymakers aiming to improve customer experience and business performance in the banking industry.

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