THE INFLUENCE OF BRANCHLESS BANKING AND SERVICE QUALITY TOWARDS THE CUSTOMER LOYALTY BRILINK AGENT IN DISTRICT CONGGEANG, INDONESIA

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Abstract

This research aims to examine the effect of Branchless Banking and Service Quality on the loyalty of BRILink agent customers in Conggeang. The sample in this study is taken by using the data collection method called the purposive sampling. The number of samples used as much as 100 respondents. The data obtained were analyzed using linear multiple regression analysis using program SPSS v.22. The results showed that: the simultaneous Branchless Banking and service quality and significant effect against the loyalty of the customers. While partially Branchless Banking effect significantly to customers Loyalty. Service quality is not significant effect against the loyalty of the people. 68.6% of customers Loyalty in district Conggeang is influenced by the variation of the two independent variables were used, namely Branchless Banking and service quality, while the rest of 18.1% was affected by the research model.

Keywords: Agent BRILink, Branchless Banking, Service Quality, Customer Loyalty

INTRODUCTION

The Bank is one of the most important financial institutions and large role in public life. However, the population of Indonesia is still much is yet to know, use, and obtain banking services and other financial services, among other things because it resides in a location that is away from the Office and the bank charges or terms damning. The view of society towards banking is also seen as an obstacle because rural residents still consider everything related to banking needs a lot of money as well as the presence of high levels of complexity at each activity. Other obstacles faced by the party's own financial service providers i.e. limitations range from servicing the banking parties because of a very broad area of coverage. The banking parties surely would like to multiply its territory by creating new branches at each of these areas but to add in the remote office network the bank faced with the question of the cost of the establishment of the Office of the Ministry relatively expensive.

The constraints he demanding for a solution to overcome this problem because the survey results of third party Funds In quarter I-2018, is estimated to be growing slowed down compared to the previous quarter. This is reflected from the SBT growth DPK of 60.0%, lower than the previous quarter at 91.4%. Slowed growth of DPK estimated to occur on all types of deposits, especially affected the banking liquidity risk is estimated to be better than the previous quarter.

Table 1. The approximate third-party Funds in the quarterly I-2018.

Bank Group	Type of deposit	Quarterly		Year	
		IV-17	1-18	2017	2018
High Bank	Current Account	93,0	25,0	88,0	93,4
	Saving	96,6	30,1	89,4	66,4
	Deposit	88,9	18,5	56,6	96,5
	Total	91,2	27,1	90,8	95,7
Medium Bank	Current Account	69,5	65,6	77,3	87,7
	Saving	56,6	71,6	76,8	83,5
	Deposit	88,9	81,9	59,6	81,9
	Total	100	92,2	62,1	92,2
Small bank	Current Account	100,0	100,0	-100,0	100,0
	Saving	100,0	100,0	100,0	100,0
	Deposit	100,0	100,0	100,0	100,0
	Total	100,0	100,0	100,0	100,0
Combined	Current Account	92,5	25,5	87,7	93,1
	Saving	88,9	30,6	56,7	66,5
	Deposit	95,9	19,5	89,2	95,9
	Total	91,4	60,0	90,3	63,1

In order to improve access to financial services to communities in all regions of Indonesia. The Government has set up six pillars of the national strategy for Inclusive Finance (SNKI), which became the national commitment to develop a financial system that is accessible to every layer of society (*financial inclusion*). SNKI is one of the cornerstones of intermediary and distribution facilities, namely the program of *Branchless Banking.*

Branchless Banking expected to expand the range of financial services that are performed by the bank so that activities in the field of banking can be done not only through the physical offices of banks but with the services of a third party (agent) and the use of technological means information. The existence of the ease and use of the information technology Agency, Branchless Banking can improve the function of intermediary agencies for banks as the underprivileged communities and communities in remote areas that are not affordable bank branch offices.

BRILink is a banking service without an Office owned by BRI. These agents scattered across Indonesia from Aceh to Papua. This service aims to facilitate the community in getting access to banking.

Based on the above exposure, Conggeang Subdistrict was selected as the site of Sumedang research because the majority of the inhabitants of this village are farmers who have not been so know the benefits that can be gained through formal financial services. Distant places with Service Office bank also the reason researchers chose this Subdistrict as a place of research because it judged appropriate to the use of *Branchless Banking* methods. Based on the background which has been described, then the researchers feel interested to take the title "The Influence Of *Branchless Banking* And Loyalty Towards The Customer Quality Service Agent Brilink In Conggeang, Indonesia."

Hence the formulation of research problem is as follows:

1. Does *Branchless Banking* and service quality are partial (respectively) influence on loyalty Customer BRILink agent in Conggeang?
2. Does *Branchless Banking* and service quality simultaneously (together) to Customer loyalty agency BRILink in Conggeang?

Subsequently, following research objectives are formulated:

1. 1. To find out whether Branchless Banking and service quality are partial respectively) effect on Customer loyalty agency BRILink in Conggeang.
2. To find out whether *Branchless Banking* and service quality simultaneously (together) to Customer loyalty agency BRILink in Conggeang.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Consumer Behavior

According to Ariely and Zauberman, consumer behavior is actions carried out by individuals, groups, or organizations related to the decision-making process for obtaining, using items, or economical services that can be influenced by the environment. From the notion expressed above, then it can be inferred the consumer behavior is a scientific discipline that studies the behavior of individuals, groups, or organizations and the processes that are used to select the consumer to use the product, service, experiences (idea) in order to satisfy the needs and desires of consumers, and the impact of those processes on consumers and communities.

Banking

According to law Number 10, Year 1998 RI on November 10 on banking, as follows:

1. The Bank is a business gain benefit from the people of savings and distributes to the public in order to improve the standard of living of the people,
2. Commercial banks are banks that can provide services in payment traffic,
3. Rural credit banks are banks that carry out conventional business activities and or based on sharia principles which in their activities do not provide services in payment traffic.

Financial Inclusion

The terms financial inclusion or financial inclusion became a trend after the 2008 crisis mainly based on the impact of the crisis on the bottom of the pyramid (irregular low income, living in remote areas, disabled people, workers who do not have legal identity documents, and peripheral communities) which are generally unbanked which are recorded very high outside developed countries. Even though they are classified as the bottom of the pyramid and have no savings, they can still be trusted to have non-productive movable objects (holding) which are used daily such as rings / necklaces etc. that can be cashed and used for productive things such as non-formal micro business capital or farming and raising livestock, etc. Arriving at this thought sometimes they forget. By cashing in the holding, it is expected that the bias can be one way to solve the problem. Especially if they are assisted and fostered. Financial inclusion is a form of an inclusive national financial strategy, namely the right of every person to have full access and service from financial institutions in a timely, convenient, informative and affordable manner, with full respect for dignity and dignity.

Branchless Banking

In the Bank Indonesia Preliminary Study (2011) it was stated that branchless banking in general is a strategy to serve the public for financial services without dependence on bank branch offices physically or outsourcing banking transaction service processes to third parties. This strategy is a complement to the existing office network to reach wider consumers efficiently. The presence of agents spread across several locations serves as a substitute for branch offices to reach people who have not been touched by banking services.

Officeless financial services in the context of financial inclusion, namely the program of providing banking services and / or other financial services through collaboration with other parties (bank agents) and supported by the use of information technology facilities. This is needed because: 1). There are still many community members who do not know, use, and / or obtain banking services, 2). The Financial Services Authority (OJK), the banking industry, and other financial service industries are committed to supporting the realization of inclusive finance, 3) The Indonesian government has launched a National Strategy for Inclusive Finance (SNKI) in June 2012, one of which is branchless banking.

The existing branchless banking needs to be developed to enable banking services and other financial services to reach all levels of society throughout Indonesia.

Quality of Service

Quality of service focuses on efforts to meet the needs and desires of consumers as well as the accuracy of delivery to offset consumer expectations. Service quality is formed from 2 (two) concepts, namely service and quality, the definition of service quality focuses on efforts to meet customer needs and desires and the accuracy of delivery to offset customer expectations. Service quality depends on three things, namely systems, technology and people.

In industrial service, especially the banking industry, the quality of products measured is the quality of service. Management must understand the overall services offered from the customer's perspective. Services that are formed from the customer's point of view can provide more value to the products offered. The company must realize the quality in accordance with the requirements demanded by the customer.

Customer loyalty

Customer loyalty can be defined as the customer's commitment to a brand, store, or supplier, based on a very positive attitude and reflected in consistent purchases. Loyalty is a situation where consumers are positive about the product or manufacturer (service provider) followed by consistent repurchases.

Customer loyalty can be defined as a positive buying behavior, which is shown by customers to companies or brands that are carried out regularly. Getting satisfied and loyal customers is a great opportunity for companies to expand their marketing network, although on the one hand maintaining existing customers is far more profitable compared to new customer changes because the cost is much greater. In other words, maintaining customers is the same as maintaining the survival of the company.

Based on the research problem background and problem formulation that has been presented, the author summarizes the hypothesis as follows:

1. Partless Banking and Service Quality Partially (each) influence the loyalty of BRILink agent customers in Conggeang District.
2. Branchless Banking and Sumultan's quality of services (together) influence the loyalty of BRILink agent customers in Conggeang District.

X_1	*Branchless Banking*
X_2	Service Quality

X_2	Customer Loyalty
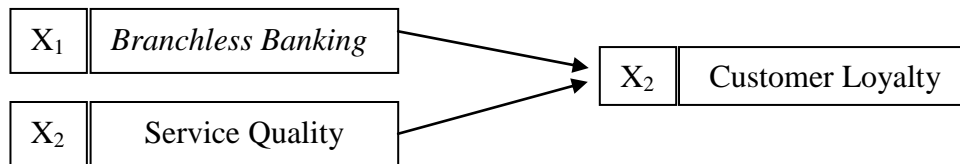
RESEARCH METHOD

The object of this research is the Branchless Banking product, BRILink in Conggeang District. The population in this study is customers who transact using Branchless Banking products, namely BRILink in Conggeang District. While the sampling technique is carried out with a simple random sample that aims to get samples that fit the research needs. then the sample set for searching data through filling in the questionnaire in this study was 10 agents, and the data of the selected Conggeang work unit agents were 10 agents, so the number of research samples was 100 people.

The method used is primary data obtained using research instruments, in the form of questionnaire and secondary data which is data obtained from outside parties of research objects derived from library research journals, magazines and newspapers and literature others related to the topic. The type of research data is quantitative by survey. The statistical analysis used in this study is multiple regression analysis using the SPSS 22 program. The forms of multiple linear regression equations used in this study are: $Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + €$

Where:

Y   =   Predicted value of the dependent variable (Loyalty)

α =   Interception constant

b₁, b₂ = Regression coefficients, namely the average value and decrease in the Y variable before the variables X_1 and X_2.

X_1 = Independent Variables (*Branchless banking*)

X_2 = Service quality

X_3 = *Emotional Satisfaction*

€ = *error term.*

RESEARCH RESULTS AND DISCUSSION

Characteristics of Respondents

Questionnaires were prepared and circulated for data collection of 100 copies. The flow of questionnaire filling begins with giving questionnaires to 10 customers in 10 agents who have been selected. Each Customer fills in the statement section relating to Branchless Banking products, namely BRILink and the Service Quality perceived by the customer.

The first part of the questionnaire contains information about the characteristics of the respondents. The intended characteristics include gender, age, occupation, the background of the last level of education and the duration of being a customer of BRI Bank. For more details about the characteristics of respondents can be seen in the following Table.

Table 2. Customer Characteristics

No	Information	Frequency	Percentage
1	**Gender**		
	- Men	14	14
	- Women	86	86
2	**Age**		
	< 20 year	8	8
	21-25 year	17	17
	26-30 year	19	19
	> 30 year	56	56
3	**Last Education**		
	- Junior High School	47	47
	- Senior High School	43	43
	- Akademi/Diploma	7	7
	- S1	3	3
	- S2	0	0
4	**Work**		
	- PNS	4	4
	- Employee	17	17
	- Entrepreneurs	8	8
	- Student	20	20
	- Housewife	37	37
	- Others ………	14	14

5	The length of being a BRI customer		
	<1 tahun	34	34
	1-2 tahun	19	19
	3-4 tahun	19	19
	>5 tahun	28	28

Based on the table above, most of the respondents were women with a frequency of 86 people and men only 14 people or 14%. As for the age criteria, the age group is more than 30 years old with frequency of 56 people or 56%. For criteria. recent education was dominated by junior high schools with a frequency of 47 people or 47%. The job criteria are dominated while the criteria for the length of time being a customer of Bank BRI are dominated by customers who are less and 1 year old, with a frequency of 34 people or 34%. And housewife with a frequency of 37 people or 37%.

Hypothesis Testing

1. Test the coefficient of determination (R^2)

The coefficient of determination is between zero and one. The value of R2 is small (close to the number 0) means that the ability of independent variables in explaining the dependent variable is very limited, while the value that is close to 1, the ability of independent variables to explain the dependent variable is very strong.

Table 3. Test the coefficient of determination R^2

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.828[a]	.686	.679	1.249

a. Predictors: (Constant), KL, BB

Based on the table above the test results above, it is known that the value of R square is 0,828, meaning that it is 82.8%, of the loyalty from 100 respondents the customers of Branchless banking in Conggeang above is influenced by variations of the two independent variable used, namely Branchless Banking and service quality while the remaining 18.1% is influenced by other factors outside the research model, thus the relationship of the two variables is said to be quite strong because the value of R square is close to number 1.

2. Test F (Test Together / Simultaneous)

Test F is used to find out whether the independent variables jointly influence the dependent variable, Rejection or accepted of the hypothesis is based on the level of significance (A) of 5%

if f count F$_{count}$ more than F $_{Table}$, then H$_1$ accepted or jointly independent variables can explain the dependent variable simultaneously.

To find out whether or not the significant impact of the independent variable on the dependent variable together, a probability of 5% is used (α= 0,05).

If sig > á (0.05), then Ho is accepted HA is rejected,

If sig < á (0.05), then Ho rejected HA accepted.

Ho: There is no significant effect between variable Branchless Banking and quality on customer loyalty

Ha: There is a significant influence between Branchless Banking variables and quality on customer loyalty

Following are the test results from 100 Branchless Banking customers in Conggeang District.

Table 4. Uji F (Together)

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	330.588	2	165.294	105.921	.000^b
	Residual	151.372	97	1.561		
	Total	481.960	99			

a. Dependent Variable: L
b. Predictors: (Constant), KL, BB

The table above shows the number of F test results resulting in F count of 105,921 while the value in the table of distribution of F values at the significance level is 0,000, a significance level of 0,000 (less than 0.05) means that between Branchless Banking and Service Excellence has an effect on Loyalty, in other words, these independent variables simultaneously influence the dependent variable, or HO rejected HA is accepted

3. T Test (Partial Test)

The t test is used to determine whether the independent variables partially (individually) affect the dependent variable with other independent assumptions constant, Rejection and acceptance of hypotheses are based on the level of significance (ƒÉ) of 5%, if sig> ά (0.05), then H0 is accepted as HA is rejected and if sig < ά (0.05), then HO is rejected HA is accepted.

Ho: There is no influence of Branchless Banking and service quality on customer loyalty.

Ha: There is the influence of Branchless Banking and service quality on customer loyalty.

Table 5. Uji T (Uji Partially)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.090	1.966		1.063	.290
BB	.437	.067	.413	6.565	.000
KL	-.054	.097	-.047	-.559	.578

Based on the SPSS processed data above, an explanation is obtained as follows:

1. BB variable or Branchless Banking gets t test statistics of 5.576 with a significance of 0,000. The coefficient of the t test results from Branchless Banking shows a significance level of 0,000 which is smaller than 0.05 (> 5%), it can be concluded that Branchless Banking has an effect on customer loyalty in Conggeang District.

2. KL variable or Service Quality get t test statistics 5,275 with a significance of 0,000. The coefficient of t test results from Service Quality shows a significance level of 0,000 which is smaller than 0.05 (> 5%), so it can be concluded that Service Quality has an effect on customer loyalty in Conggeang District.

So Multiple Linear Results The form of multiple linear regression equations in this study are:

$Y = 2.090 + 0.437X_1 - 0.54X_2$

Where: Y   =   Prediction value of the dependent variable (Loyalty)

      X1   =   Branchless banking

      X2   =   Quality of service.

Based on the results and discussion above, it can be seen through a summary of the research results presented in the table 6. It can be concluded that independent Variables (Branchless Banking, and quality of service) simultaneously influence.

Table 6. Summary of Research Results

Independent Variables	Uji F		Uji T		Hypothesis	Conclusion
	Sig	A	Sig	α		
Simultaneous	0,000	< 0,05	-	- -	Ha Accepted	Independent Variables (Branchless Banking, and quality of service) simultaneously influence
Partially						
Branchless Banking (X₁)	-	- -	0,000	< 0,05	Ha Accepted	Branchless Banking Influence on Customer Loyalty
Quality of service (X₂)	-	- -	0,000	> 0,05	Ha Accepted	Quality of service Influence on Customer Loyalty

CONCLUSION AND SUGGESTIONS

This study tries to examine whether Branchless Banking and service quality can affect the loyalty of BRILink agent customers in Conggeang sub-district with the limitation of the problem is that the peoples selected in this study is Bank BRI Customers who transact using Branchless Banking services, the intended Branchless Banking product is BRILink, which is a program of PT Bank Rakyat Indonesia (Persero), Tbk., the data used to measure the loyalty of Branchless Banking Customers is Primary Data obtained from spread questionnaires.

The results of hypothesis testing using multiple regression analysis with two independent variables (Branchless Banking and service quality) and one dependent variable (customer loyalty BRILink Agent in Conggeang District) shows that:

1. Independent Branchless Banking variables and simultaneous quality of services (together) affect 100 BRILink Agent customers in Conggeang District. This is evidenced by the results of the F test, the independent variables simultaneously affect the dependent variable with a significance level below 0.05, and the results of the F test in this study indicate a significance level of 0,000.

2. Partially, the Branchless Banking variable affects the loyalty of BRILink Agent customers by 100 respondents in Conggeang District. While the Service Quality variable did not affect the loyalty of BRILink Agent customers by 100 respondents in Conggeang District.

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