

Analysis of Service Quality and Queue System on Banking Customer Loyalty in Medan City in the Era of the Digital Revolution

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ABSTRACT

The purpose of this study was to determine and analyze the effect of service quality and queuing systems on banking customer loyalty in the city of Medan. The sample selection in this study used non-probability sampling because it did not provide equal opportunities for each member of the population to be sampled. The sampling method in this study was purposive sampling of 150 respondents. The data analysis performed was multiple linear regression analysis. The results of data analysis show that service quality and queuing systems have a positive and significant effect on customer loyalty.

Keywords: service quality, queuing system, customer loyalty

RESEARCH BACKGROUND

The competitive situation in the banking business in the current era is increasing, making companies that can survive are companies that have the ability to increase customer loyalty on an ongoing basis. Companies that are able to develop and maintain customer loyalty will gain long-term success. The company's inability to respond appropriately to existing competition or market conditions can reduce loyalty and can even cause customers to switch brands. According to Kotler and Keller (2016: 138) customer loyalty is a deeply held commitment to buy or re-support a preferred product or service in the future, even though situational influences

and marketing efforts have the potential to cause customers to switch. So that in this case the company is required to create barriers that bind consumers so they do not switch to other brands.

There are several factors that influence consumers to continue using the same bank in the long term, including the quality of banking services and the queuing system. According to Tjiptono (2017: 180) defines service quality or service quality as a measure of how well the level of service provided is able to match customer expectations. Quality of Service applies to all types of services provided by companies including banking. This is also continuous with the queuing system that has been faced by banking customers so far.

The bank is a service company engaged in the financial sector. As is known, the transaction procedure at every bank in Indonesia is not much different where it always starts with writing data first, queuing, then proceeding with the transaction process and then face-to-face meetings occur between the customer and the teller. This process is quite time-consuming and causes inconvenience when customers have to queue for quite a long time. However, the use of advanced technology in the banking sector will certainly change transaction patterns. The performance of BUMN Banks in Indonesia in 2019 is as follows:

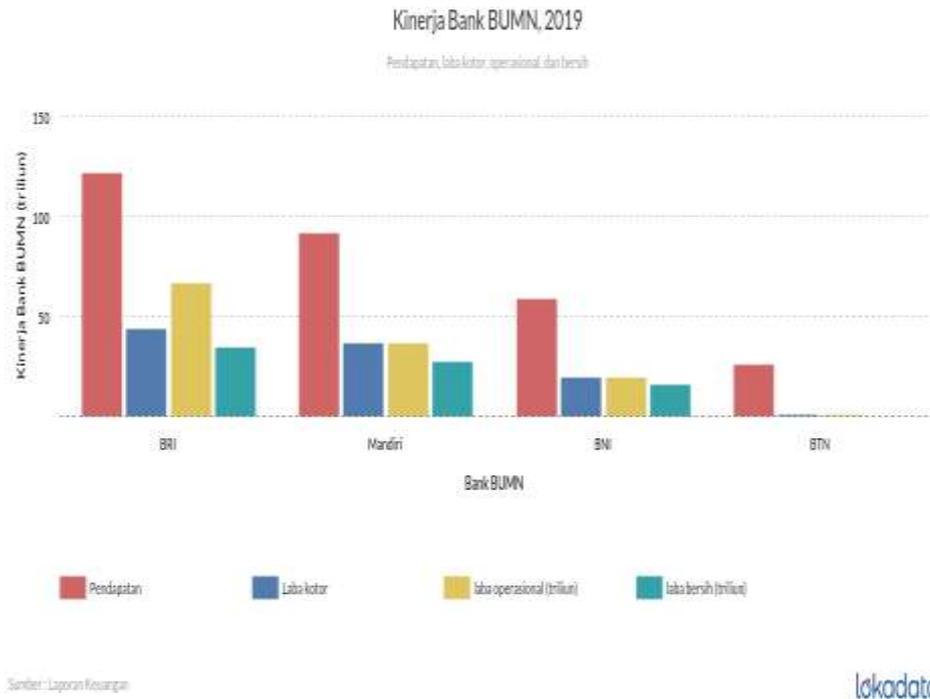


Figure 1 State-Owned Bank Performance 2019
Source: Lokadata, (2023)

Based on the respective banking data reports, it can be seen that Bank BRI has the highest score compared to other banks such as Mandiri, BNI and BTN. So in this case it is important to improve banking strategies such as service quality and queuing systems in order to create financial performance that

is in line with company expectations. This is due to the dissatisfaction of banking service users as a result of the quality of service and queuing systems that do not meet customer expectations. The following are the results of a pre-survey conducted at one of the banks in the city of Medan, as follows:

Table 1 Service Quality Pre-survey

No	Statement	Respondent's answer		Total respondents
		Yes	No	
1	Banking parties can be relied upon in dealing with service problems	40	10	50
2	Banks always serve customers quickly	35	15	50
3	The bank keeps the documents without errors	40	10	50
4	The bank always provides clear information	35	15	50

Source: Preliminary survey results, (2023)

Based on the results of respondents' answers related to service quality, it can be seen that there are still respondents who say no to the quality of services provided. There is a gap between the Bank's performance and customer expectations. Often customers complain about the services provided by the bank. Customers complain and judge that the services provided by the bank are not fast enough, even though the banks themselves have tried their best. Of course, beyond that, it is still possible that there are other things in bank services that are not in

accordance with the expectations of their customers, so the bank needs to know. In addition, a phenomenon that often occurs in banking is a problem with the queuing system. The increasing number of banking customers has resulted in problems in queues, where queue levels are very high and make customers wait longer, especially at certain times such as the beginning of the month, and approaching holidays when customer visits increase. This results in frequent accumulation of quite a lot of queues so that customers need a long time to

wait for their turn to get service. Based on the background above, this study aims to further examine whether service quality and queuing systems can influence banking customer loyalty.

LITERATURE REVIEW

Service quality

According to Tjiptono (2008: 23), the notion of service is all activities, benefits/satisfaction offered for sale. Service is service, a word that is familiar but in practice the meaning of service is sometimes forgotten or ignored. This can be seen that there is still a lack of service elements carried out or carried out properly within the company. In fact, there are still many attitudes of employees or employees who are less sympathetic, even indifferent, and even tend to be a bit curt in the service process, even though the element of service is the most important element in the success of the company. A company must have the principles of service quality provided by the company that can be easily understood and provide separate satisfaction for consumers which has an impact on creating harmony between the two parties. The existence of the principle of service is very useful to maintain the market environment. According to Tjiptono (2008: 75), there are six main principles of service, which are as follows:

1. Leadership

The company's quality strategy must be an initiative and commitment from top management. Management should lead the company to improve its quality performance. Without leadership from top management, efforts to improve quality have little impact on the company.

2. Education

Aspects that need to be emphasized in this education include the concept of quality as a business strategy, tools and techniques for implementing quality strategies and the role of the executive in implementing quality strategies.

3. Planning

The strategic planning process must include quality measurements and objectives used to guide the company to achieve its vision.

4. Reviews

The review process is a mechanism that guarantees constant and continuous attention to achieving quality goals.

5. Communication

Communication is carried out with employees, customers and other company stakeholders, such as suppliers, shareholders, government, community, and others.

6. Awards and Recognition

Every employee who performs well needs to be rewarded and his achievements recognized so as to increase motivation, work morale, a sense of pride, and a sense of ownership for everyone in the organization which in turn can make a major contribution to the company and to the customers served."

According to Zeithaml and Bitner, the dimensions or indicators of service in Tjiptono (2008:70) are as follows:

1. Direct evidence

Physical facilities, employees, facilities and communication.

2. Reliability

The ability to provide the promised service promptly, accurately and satisfactorily.

3. responsiveness

The desire of the staff to help customers and provide responsive service.

4. Guarantee

Knowledge, ability, courtesy and trustworthiness of the staff; free from danger, risk.

5. Empathy

Easy to make contact, good communication, personal attention, understanding customer needs.

Queue System

Larry and Manoj (2010) state that a queue is the presence of one or more consumers waiting to get service, thereby creating a waiting line. Another opinion states that queues can help an agency or company provide its services on a regular basis. Queuing is a social phenomenon that is beneficial to society if managed properly, so that those served and those serving get the same benefits. Queuing is an activity that often occurs in every agency that provides services. Queuing occurs because the service capacity cannot meet the demand from consumers. According to Heizer and Render (2016) queuing is an important part of the operational activities of an agency or company, where queues are a common situation in a service caused by an unlimited population, but a small service capacity. A queue can occur when a request exceeds the service capacity of a server, this occurs because the server is busy so that consumers who come cannot get service directly, which causes an accumulation of consumer requests. It can be concluded that queuing theory is a theory that discusses how an agency or company overcomes problems from queues that occur in their agencies. this happens because the server is busy so that consumers who come cannot get service directly, which causes an accumulation of consumer demand. It can be concluded that queuing theory is a theory that discusses how an agency or company overcomes problems from queues that occur in their agencies. this happens because the server is busy so that consumers who come cannot get service directly, which causes an accumulation of consumer demand. It can be concluded that queuing theory is a theory that discusses how an agency or company overcomes problems from queues that occur in their agencies.

According to Thomas J. kakiay (2004: 36) indicators of the queuing system are:

1. **Arrival pattern** Arrival pattern is the way in which individuals from the population enter the system. The arrival pattern

uses the assumption of a Poisson probability distribution, which is one of the most common arrival patterns when arrivals are distributed randomly. This is because the Poisson distribution describes the number of arrivals per unit of time when a large number of random variables affect the arrival rate.

2. Consumer behavior

Individual actions that involve purchasing, using goods and services, including the decision-making process that precedes and determines these actions as experiences with products and services from other sources.

3. Queuing rules

Decision rules that explain how to serve queues, for example, early arrivals are served first, last comers are served first, based on priority, and randomly.

4. Service system

Services or service mechanisms may consist of one or more servers, or one or more service facilities. Services can only consist of one waiter in one service facility found at the counter.

5. Orderly

The rules by which customers are served, or the service discipline that prescribes the order in which customers receive service. From some of the definitions above, it can be concluded that the queuing system is the arrival of customers to get service, waiting to be served, if the service has been provided and then the consumer leaves the system after being served.

Customer Loyalty

According to Kotler (2011: 18) states that "customer loyalty is a repeat purchase made by a customer because of a commitment to a brand or company". At the beginning of its development, customer loyalty was more associated with behavior. This can be seen from traditional learning theory which tends to see loyalty from the behavioral aspect. A customer is considered loyal to a particular

brand if he has bought the same brand three times in a row.

Customer loyalty is dynamic and can change due to various factors, such as health conditions, changes in stages in the life cycle, company promotional activities, changes in income, subjective norms (Tjiptono, 2012: 84). There are four types of customer loyalty as follows:

1. No Loyalty

Customers like this rarely shop at the same place for the second time. Generally, they are always changing places.

2. Spurious Loyalty

This type of customer buys something out of habit. Usually use certain products or already feel suitable. Customers do not want to move to buy elsewhere.

3. Latent Loyalty

These customers have a low repurchase rate. Situational factors cause a person to make a purchase or not at all.

4. Loyalty

Customers are very proud of the products used. They even refer them to their friends and family. The level of loyalty is no longer in doubt.

Meanwhile Kartajaya (2003: 126) states that loyal customers are willing to buy even at a slightly expensive price and always make repeat purchases and recommend the product or service to others. There are several dimensions of customer loyalty, including:

1. Loyalty to product purchases, make regular repurchases.
2. Buying outside the product or service line.
3. Not affected by the attractiveness of competitors or rejecting competitors' products.
4. Referring products or services to others

In the next stage these loyal customers will expand their loyalty with products made by the same manufacturer which will eventually form loyal customers to a particular manufacturer.

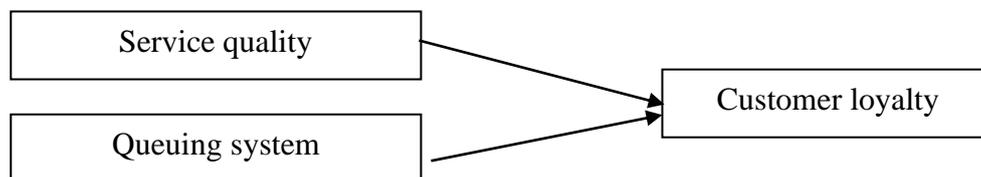


Figure 2 Conceptual Framework

RESEARCH METHODS

The quantitative research approach used is associative research. With this associative research, a theory can be built that can function to explain, predict and control a symptom (Sugiyono 2012: 59). The sample in this study amounted to 150 respondents using the purposive sampling technique by determining the research sample with

certain considerations that aim to make the data obtained later be more representative (Sugiyono, 2012: 85). The data analysis used was multiple linear regression with the SPSS program.

RESULTS OF ANALYSIS AND DISCUSSION

Coefficient of Determination

Table 2. The coefficient of determination

Summary modelb					
Model	R	R Square	Adjusted R Square	std. Error of the Estimate	
dimension0	1	.904a	.818	.815	.99106
a. Predictors: (Constant), Queuing system, Quality of service					
b. Dependent Variable: Customer loyalty					

Source: Results of SPSS data processing Version 23, (2023)

Based on Table 2, it is known that the Adjusted R Square value is 0.815. This value can be interpreted as the ability of the independent variable to influence the dependent variable of 0.815.

Simultaneous Test (Test F)

The simultaneous influence of service quality variables (X1) and queuing systems (X2) on customer loyalty (Y) can be seen in Table 3:

Table 3 F Test (Simultaneously)

ANOVA b						
Model		Sum of Squares	Df	MeanSquare	F	Sig.
1	Regression	648,075	2	324,038	329,907	.000a
	residual	144,385	147	.982		
	Total	792,460	149			
a. Predictors: (Constant), Queuing system, Quality of service						
b. Dependent Variable: Customer loyalty						

Source: Results of SPSS data processing Version 23, (2023)

Based on Table 3, it was found that the Fcount value was 329,907 with a significant level of 0.000, less than an alpha of 0.05 (5%).

t test

Table 4 presents the regression coefficient values, as well as statistical values for partial effect testing.

Table 4 (Partial) t test

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	.756	.573		1,319	.189
	Service quality	.147	.036	.191	4,095	.000
	Queuing system	.623	.038	.768	16,509	.000
a. Dependent Variable: Customer loyalty						

Source: Results of SPSS data processing Version 23, (2022)

Based on Table 4, the regression equation is obtained as follows.

$$Y = 0.756 + 0.147X_1 + 0.628X_2$$

DISCUSSION

1. The Effect of Service Quality on Customer Loyalty

Service quality is a form of assessment, of the level of service provided by a company. The decline in customer loyalty to the bank does not rule out the possibility that this is caused by the poor quality of service to customers. The decline in customer loyalty as a result of the lack of quality service to customers has resulted in many customers transferring their funds to other banks that are better in terms of service quality. The existence of good service quality will make customers become customers loyal to company if the company delivers quality maximum service. Customers who are dissatisfied with the product or service received, by comparing the expected quality based on the information received before

buying a product so that the customer will make a response in the form of a complaint or suggestion for improvement. This is in line with research conducted by (Clara K et al., 2022; Naini et al., 2022; Pradnyadewi & Giantari, 2022; Saraswati, 2021; Taufik et al., 2022; Titin Herawaty et al., 2022; Ulusoy & Akyürek, 2022) that service quality has a positive and significant effect on loyalty.

2. The Effect of Queuing Systems on Customer Loyalty

Queue is a waiting line from customers who require services from one or more services. In general, queuing systems can be classified into different systems where queuing theory and simulation are often widely applied. The existence of a good queue implementation system can influence customer loyalty. A good and well-organized queuing system is an indicator of customer satisfaction because if the queues at a bank are not long and long, the bank

can serve customers effectively and quickly so that customers don't have to wait long. SystemQueuing management is useful for helping companies manage customer queues more effectively and efficiently so as to enable every customer who comes to the bank to get the services they need easily. This is in line with research conducted by(Aisyah, 2018; Kim et al., 2013; Tanisah & Maftukhah, 2015)that a good system can increase loyalty.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Service quality has a positive and significant effect on banking customer loyalty in Medan City.

The queuing system has a positive and significant effect on banking customer loyalty in Medan City.

SUGGESTION

1. Improving the quality of banking services can be improved in a number of ways assisting customers in obtaining the needs they want, providing solutions to customer complaints, accepting criticism and suggestions from customers and serving customers quickly.
2. Queuing system improvement can be done by creating an e-system that is more sophisticated than before so customers don't queue too long and the system provided is easy for people of all circles to learn.
3. For further researchers, they can examine by adding other variables that can increase customer loyalty.

Declaration by Authors

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