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EFFECT OF QUALITY OF SERVICE, QUALITY PRODUCTS, SECURITY AND SATISFACTION AS MODERATING VARIABLES TO LOYALTY ON E-BANKING

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ABSTRACT

Decades until now, manufacturing or service industry to invest in the improvement of the technology sector. This industrial behavior is also carried out massively by the banking industry sector. Technology development in the banking sector is expected to increase efficiency and effectiveness. Satisfaction is the main thing in the service sector. The results of this study indicate that the quality of the products, and the quality of e-banking services have a positive effect on customer satisfaction. Other results show that e-banking security has no effect, and moderating variable satisfaction has no influence on e-banking user loyalty.

KEY WORDS

E-banking service, customer behavioral, system, technologies.

Several business sectors in this time have reacted or responded to competitive business by implementing *E-Business* as part of their business strategy (Ooi, Lin & Tan, 2010). Progress in Information Technology becomes a very important factor for the development of financial services in the future especially in the banking industry (Kanabiran and Narayan, 2005).

One significant area in using technology is banking marketing where this technology can make customers transact and interact with the bank without going through or going to the bank (Hughes, 2003). Approach to customer is needed in improving good relationship between bank and customer, so in development or implementation of information technology based on customer side company to know requirement from customer. The use of technology in banking such as *Automated Teller Machines*, *telebanking* and *E-banking* can reduce operational costs and on the other hand "pamper" the customers.

Social psychology research and marketing indicate individual customer differences, Clark and Mills (1993) conclude that some of these individuals prefer a simpler, more personalized form, some of the other individuals want value from the efficiency of the service and prefer impersonal. The increasing growth of internet users in the past is believed to increase internet banking or e-banking users. In Indonesia the increase of e-banking users increased by 270%, from 13.6 million customers in 2012 to 50.4 million customers by the end of 2016 and this is also supported by the increasing frequency of e-banking transactions that have an increase of 169% from 150.8 million transactions in 2012 to 405, 4 million transactions in 2016 (infobanknews.com). In Sohail and Shanunggham (2003) study age and income levels are not significant with e-banking or conventional use in Malaysia.

Oruc and Tatar (2017) classifies the factors that make customers shift from conventional to user is the importance of E-banking needs, conformance, convenience, communication and e-banking customer adaptation. Agarwal et al. (2009) research resulted that in addition to convenience, users and the bank must pay attention to the security of data or customer / user information without eliminating the efficiency of e-banking.

The global business environment will affect the regional business environment. In the sense that when the global business environment is improving in terms of IT (Information Technology) innovation, the regional business in this case Indonesia will experience the same with the global business environment.

LITERATURE REVIEW

In the twentieth century, global business has increased towards the significant use of technology towards primarily e-commerce businesses, exchanges or transactions on products and services using the Internet and telecommunication networks (Kalakota and Winston, 1997). Social Cognitive Theory (SCT) is one of the strong theories that exist in Human Behavior (Bandura, 1986). SCT (Social Cognitive Theory) means that individual behavior will be influenced from the external environment. When linking e-banking customers with SCT is that the influence of external (Quality of Service, Product Quality and security) will affect consumer satisfaction on the use of e-banking.

Research Boateng et al (2016) found that e-banking system user satisfaction will be greatly influenced by web design (quality of service) and product quality and safety. Satisfaction is believed to increase the loyalty of e-banking users.

In the next section, we will explain further how the relationship of service quality, product quality and security to satisfaction and relationship satisfaction with e-banking user loyalty.

In line with SCT theory, we argue that users of e-banking system technology are influenced by the individual social environment and individual experience as users of this system, trust in the system, and the motivation of what benefits can be derived from this e-banking technology system.

In the previous section we argue that user satisfaction will be affected by service quality, product quality and security. Satisfaction or satisfaction variable becomes mediation of service quality variable, product quality and security to loyalty from users of this e-banking technology system.

Hypotheses Development. Product quality can be divided into 2 (two) elements ie visible (physical) and invisible (intangibles) (Toivonen, 2012). On product quality e-banking web design, platform design and integration between applications. Web design, platform design and integration into product quality factors can provide satisfaction to e-banking users.

H1a: Quality of e-banking products positively affects the satisfaction / satisfaction of e-banking users.

E-banking products such as internet banking, mobile banking, sms banking and other services related to electronic banking transactions. Quality of service according to Zavareh et al, (2012) mendimensikan service quality to 5 that is; efficient and reliable service, fulfillment, Security, aesthetic site, responsive and ease of use. On that basis we believe that the quality of the product will affect from the satisfaction of the users / satisfaction.

H1b: Quality of E-banking services positively affects the satisfaction / satisfaction of e-banking users.

The term of security has many perspectives. Cheung and Lee (2006) and Yousafzai et al (2009) identify the 3 being: (1) social psychological perspective (2) The personality Theories (3) sociological and economical perspectives. The research model of Bhattacharjee (2012), the model used is the psychological social model because it is believed that this model is more suitable or competent and focus on transaction and contextual with how individu is influenced from interaction with situation. In Miguenz and Gonzales (2017) studies E-trust becomes the antecedent variable of e-satisfaction towards loyalty. In this case security becomes one of the factors of this e-trust. Therefore we believe that security will affect satisfaction or satisfaction.

H1c: E-banking security positively affects the satisfaction / satisfaction of e-banking users.

The satisfaction / satisfaction of e-banking users in other literature satisfaction is grouped into 2 (two) classifications, namely (1) cognitive approach (2) emotional or affective approach (Miguenz & Gonzalez, 2017). According to Oliver (2010) said consumer satisfaction is the average assessment of the customer that the product or service available is a level of enjoyment with regard to the fulfillment of consumption. There are two assessments of consumer satisfaction namely average satisfaction and cumulative satisfaction. Heat research et al (2005) that the average consumer satisfaction directly affects repurchase.

H2: consumer satisfaction will affect the loyalty of e-banking users.

METHODS OF RESEARCH

Target of the population are individuals aged 16-60 years, East Java and e-banking users. The sampling procedure uses snowball. Data using questionnaires that are distributed online or directly. There are 2 (two) types of questions: (1) Questions about the profile of the correspondent and (2) questions about variables related to e-banking.

RESULTS OF STUDY

The result of regression test yield R^2 is 17,6%, this explains that simultaneously variable of product quality, service quality and security have influence to satisfaction equal to 17,6% while 82,4% influenced by other variable. We suspect this condition occurs because to measure the satisfaction is not simple as of our model. this is in accordance with research in bandura (1991) where in SCT will be greatly influenced by the social environment. According Narayan (2013), social environment is closely related to the virtual world. Website features are important in eliminating the use of the website.

Another variable that is not less important in e-banking satisfaction is trust. Social relationships are an important part of the social environment in SCT (Bandura, 1991). Todd's (1998) study found that one of the important keys of internet users is trust to service providers and trusts to the internet service itself. Trust is a vital concept in internet banking adoption (Lee et al, 2011; Bhashir & Madhaviah, 2015).

Ease of use or ease of use is key to e-banking satisfaction. The function of infrastructure is an important element of social environment elements (Barnett & Casper, 2001). In the case of e-banking platform can be said one of the key elements. Based on the Technology Acceptance Model, several studies or studies have found ease of you as a human predictor in adopting technology (Jaruwachiratthanakul & Fink, 2005; Yu Balaji & Khong, 2015)

Some characteristics of the website may affect the adoption of the use of technology and may affect the use of e-banking (Liang & Chen, 2009; Aldas Manzano et al., 2011; Alhudaity & Kitchen, 2009). Based on research Aladwani & Palvia (2002) and Chang & Chen (2008) recognize the uncertainty in conceptual framework. Research Fernandez et al (2006), found empirical evidence of web quality.

Partially, the quality of service has a significant effect on satisfaction. Blut et al (2015) states the same thing and is proved by a conceptual framework that consumer satisfaction results from an assessment of service quality. Product quality has a significant effect on customer satisfaction. But security has no significant effect because of the large alpha leib of 0.05%. this is in accordance with the research of Miguenz & gonzales (2017) who found that trusts in which there is security have an influence on satisfaction. Based on the above we found that H1a is accepted, H1b is accepted and H1c is not accepted.

Satisfaction has no effect on loyalty, this is not compatible with most of the studies of satisfaction with loyalty. This can happen we suspect because the data we get less. We also suspect that the variable satisfaction here is less explained by questions from the questionnaire.

CONCLUSION

In the end we come to the conclusion, this study shows that Quality of service, product quality and security simultaneously have significant to satisfaction. Then it was found that the satisfaction level of significance was greater than 0.05.

In this study concluded that satisfaction cannot be a liaison or moderator variable of service quality, product quality and security to Loyalty. This result is not in accordance with research from previous studies. Ribbink (2004) research resulted in the relation of e-quality, e-trust, e-satisfaction and e-loyalty, this model yielded 53.6% variation. In another study, based on our research, Chang & Chen (2008) produced Switching Barriers, Customer

Interface quality and satisfaction, this model resulted in 66% variation of e-loyalty in the context of online banking.

Limitation in this study is the satisfaction as an intervening to loyalty is not significant. This result occurs because we suspect the lack of correspondence so that we cannot explain the relationship of satisfaction to loyalty.

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