The Influence of Service Quality toward Customer Satisfaction and Customer Loyalty of Bank Mandiri Syariah Ltd. Malang

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ABSTRACT

The research aims to analyse the Influence of Service Quality toward Customer Satisfaction and Customer Loyalty of Bank Mandiri Syariah Malang. The research method is quantitative with explanatory research which explains the causal relation between the variables through hypothesis testing. The data collection technique used questionnaires and literature research. This research used 110 samples of Bank Mandiri Syariah customers in Malang Those samples were taken using a purposive sampling technique. Test instrument that was used for testing the research instrument are validity test and reliability test. The analytical methods that were used are path model analysis using SPSS 20. The result in this research shows that there is a significant influence between the qualities of service to customer satisfaction, the customer satisfaction to customer loyalty shows significant result, which service quality has significant influence toward customer loyalty, neither indirectly to customer loyalty through customer satisfaction. And also Bank Syariah Mandiri Ltd. must remain active in research and development of quality services in the effort to give a consistent good impression.

Key Words: Service Quality, Customer Satisfaction, Customer Loyalty, Bank Mandiri Syariah Malang

I. INTRODUCTION

The emergence of Islamic banking in the Muslim world has remained the most inspiring financial and economic phenomenon of the 20th century (Ibrahim & Adewale 2011). Islamic banks are simply defined as banks carrying activities based on the principles of sharia. From the community perspective about the product, the Islamic banking system in Indonesia is still limited. Supported by the data published by Bank Indonesia, Islamic banking, moreover, has only 1.5% of the total market share of the national banking (The Point, 2006). Although the majority of Indonesia population is Muslim, the development of the Islamic products has been slow and has not developed as well as conventional banks.

In the last 5 years, sharia banks in Indonesia have experienced some difficulties in maintaining and improving customer loyalty. Bank Syariah Mandiri is reported as at the first ranked having the most loyal customers in Indonesian Bank Loyalty Index (IBLI) 2011 held by Mark Plus Insight corporate with Info Bank Magazine for customer loyalty index of sharia savings. In 2011, Bank Syariah Mandiri focuses on raising funds in the consumer segmentation. The strategy already implemented since 2009 and until 2017 has made Bank Syariah Mandiri achieve a Customer Loyalty Award in 2017 for the category of Islamic bank saving account (Mandiri, 2017).

Customer loyalty assures good relationship between banks and customers being mutually beneficial for both customers as service users and bank as a service provider wanting to increase profits from its customers (Info Bank, 2012). Issues related to sharia banking are: (1) decreasing customer loyalty, as the results of the analysis of Indonesian Bank Loyalty Index (IBLI) in 2012 showed that the overall average customer loyalty index of sharia banks in 2012 decreased as compared to 2011; and (2) maintaining the relationship and partnership to build customer loyalty to sharia banks.

Bank Mandiri Syariah has provided various efforts to establish total satisfaction for the customers which led Bank Mandiri Syariah gaining an appreciation of Banking Service Excellence award 2017 for the reward as the best customer service, best teller, best ATM, best phone, and best security.

The higher the level of quality is provided, the higher the level of customer satisfaction is generated. Hence, with the high satisfaction value, it could generate a strong and close relationship because of creating a loyal customer is the core of any business, and it is generally accepted as the

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key to successful long-term marketing (Kotler & Keller, 2012).

Based on the background described above, the researcher is interested in conducting a research entitled "**THE INFLUENCE OF SERVICE QUALITY TOWARD CUSTOMER SATISFACTION TO CUSTOMER LOYALTY OF BANK MANDIRI SYARIAH LTD. MALANG**"

II. LITERATURE REVIEW
2.1 Marketing
The perspective of marketing definition comes from the word "market" that consists of an individual and organization interested in buying particular products to obtain benefits that will satisfy a specific demand and the resources to engage in any transaction (J. W. Mullins, 2013). The identified social needs become profitable. In one hand, based on American Marketing Association (AMA), marketing is a function of an organization and a process to create a value to consumers giving both advantage from the organization and to consumers.

2.2 Marketing Concept
The marketing concept is the philosophy for firms to analyze the needs of their customers and then make decisions to satisfy those needs, being generally viewed as better than the competition. According to Kotler and Keller (2012), in order to understand the marketing function, it is necessary to understand the following core set of concepts:

- Needs, Wants, and Demands
- Target Markets, Positioning, and Segmentation
- Offerings and Brands
- Value and Satisfaction
- Marketing Channels
- Supply Chain
- Competition
- Marketing Environment

2.3 Service
According to (Kotler and Keller, 2012) services can be defined as actions or activities that can be offered from one party to another. Services are basically not tangible and do not produce any ownership. The production process may also not associate with a physical product

2.3.1 Service Quality
According to Wyckof in Tjptono (2008) argue that the quality of service is the level of excellence that expected in control of that excellence to complete the needs of customer. Service quality is defined as a continuous process of on-going interaction between customers and service providers comprising a number of intangible activities provided as effective solutions to the problems of customers and including the physical and financial resources of any other useful elements of the system involved in providing these service (Gronroos, 2004). A customer will form expectations of services from many sources, such as past experience, word of mouth, and advertising.

2.3.2 Service Quality Dimension
Dimensions of service quality can be identified through five determinants of service quality research that conducted by Parasurman et al that known as SERVQUAL (Kotler and Keller, 2012):

a. Tangibles
   Appeared as physical facilities, equipment, and various communication materials, appearance, structure and physical infrastructure of the companies as well as the state of surrounding environment of the service grantor deliver tangible proof of the services.

b. Reliability
   Reliability covers the ability to provide the expected services, reliability, accuracy, consistency, and expectation compliance. These should be in accordance with the customer expectations on time performance, service without errors, sympathetic attitude, and high accuracy.

c. Responsiveness
   Responsiveness is presented by the employee's willingness to help customers and provide services quickly and to hear and resolve complaints asked the customer, for example, the alertness of employees in serving customers, speed transaction processing, and handling customer complaints.

d. Assurance
   Assurance deals with the employee's ability to generate confidence and trust through the promises presented to the consumers.

e. Empathy
The employee willingness to provide in-depth attention and specialty to customers by striving to understand the customer's wishes. Therefore, a company is expected to have an understanding and knowledge about customers and their specific needs.

2.3.1 Standards for Good Service Quality
According to the Gronroos (1990), six standards or criteria considering good service quality are as follows:
1) Professionalism and skills
2) Accessibility and Flexibility
3) Attitudes and Behavior
4) Reliability and trustworthiness
5) Recovery
6) Reputation and Credibility

2.4 Customer Expectation
According to Tjiptono (2001), customer expectation takes form in the customer confidence before trying or buying a product, used as a standard or benchmark in assessing the performance of the product.

2.5 Customer Perception
Customer perception consists of the impression, awareness and consciousness of the service offered by a company. A customer will have perceptions of transaction in specific encounters, and the overall perceptions will be based on the experiences they received (Zeithaml at al: 2009).

2.6 Customer Satisfaction
Satisfaction can be considered as a feeling of happiness when a person achieves his or her goals, wants or motivation (Boonlertvanich, 2011). Customer satisfaction has been regarded as a fundamental determinant of long-term consumer behavior (Ndubisi, 2004).

2.6.1 Factors Determining Customer Satisfaction
According to Zeithaml et al (2009), customer satisfaction is influenced by certain factors coming from external or internal factors from customers, as describes as follows:
a) Product and Service Features
b) Consumer Emotions
c) Attributions for Service Success or Failure
d) Perception of Equity or Fairness
e) Other Consumers, Family Members, and Coworkers

2.7 Customer Loyalty
According to Ali Hasan (2008: 83), customer loyalty is defined as a person who buys, especially one who buys regularly and repeatedly. Customer loyalty is special type of customer behavior towards the organization. It is a kind of future prediction about the intentions of the customers to do business with the firm (Zeithaml, Berry, &Parasuraman, 1996).

2.7.1 Customer Loyalty Dimension
According to the Griffin (2005), a loyal customer can be identified from the characteristics of the customer that makes a repeating purchase decision, gives positive reference and recommendation to others, and demonstrates immunity from competitors. The characteristic of a loyal customer based on the characteristics above are:
a) Creating a repeat purchase to the products or services that has been chosen.
b) Not being easily effected or interested with other products or services.
c) Giving reference and recommendation to a new potential customer, creating a good prospect for the company.
d) Buying out product lines or services (reward).

2.8 Relationship between Service Quality And Customer Satisfaction
The satisfaction of products or services, (not the manufacturer or service provider) assessing the level of service quality of a company. The challenge is the consumer rating given to the accepted service quality is highly subjective because it depends on the perception of each individual (Tjiptono, 2001).

2.9 Relationship between Service Quality And Customer Loyalty
Bloemer and De Ruyter (1999) have stated that service quality results in customer loyalty; whereas if level of customers' is also tends to be relatively high, it may also act as a vital promoter of customer loyalty. However in today highly dynamic and competitive environment attaining higher levels of customer satisfaction and customer loyalty, especially in the services sector, may be a tough task for many organizations.

2.10 Relationship between Customer Satisfaction And Customer Loyalty
Zafar et al (2012) found positive relationship between customer satisfaction and customer loyalty.

Research indicates that customer satisfaction plays a very important role in customer loyalty and retention although it does not ensure repeat purchase (Mohsan et al., 2011). Likewise, Patterson & Spreng (1997) declared that a contended customer exhibits greater retention and expresses significantly positive impact of customer satisfaction on customer loyalty.

2.11 Relationship between Service Quality, Customer Satisfaction, and Customer Loyalty

The higher level of service quality leads to higher level of customer satisfaction as well as higher level of customer loyalty. Customer satisfaction plays an important role in the competitive industry because there is a big difference in loyalty between customers that are only satisfied and customers that are really satisfied or happy (Lovelock & Wright, 2007). By providing high product or service value and improving the satisfaction level of customer, customer loyalty can easily be achieved (Yang et al., 2004). In short, if a customer is satisfied, the customer's loyalty will increase leading to the lower customer's intention to switch banks (Hoq et al., 2010).

Conceptual Framework

———————➤ : Dominant Effect
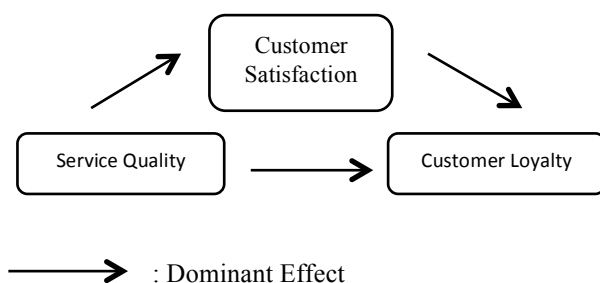
H1: Service Quality Positively Affected to Customer Satisfaction.

H2: Service Quality Positively Affected to Customer Loyalty.

H3: Customer Satisfaction affected to Customer Loyalty.

H4: Service Quality has significant indirect effect toward Customer Loyalty through Customer Satisfaction.

III. RESEARCH METHODOLOGY
3.1 Types of Research
According to Maxwell et al (2008), explanatory research with survey technique, a research describing causal relationships between variables through hypothesis testing research, is used to test hypotheses about the relationship between variables. This research measures the relationship between independent variable, which is service quality (X) toward customer satisfaction (Y) as dependent variable and intermediate variable, customer loyalty (Z).

3.2 Research Location
The research location is also a real condition of object research aimed to obtaining additional data related with the research taken in PT Bank Mandiri Syariah Malang city, East Java.

3.3 Populations and Sample
The population employed in this research is Bank Syariah Mandiri Ltd. Malang customers, and the number of respondents in this research is 100 respondents with increasing 10% for margin error respondent from population sample that are developed by Isaac and Michael with level mistakes 1%, 5%, or 10% in (Kusmayadi.2000). Consequently, the total respondents are 110 respondents, the number of respondents including on the sample size proposed by Roscoe stating the number of sample ranging from 30 up to 500.

3.4 Research Instrument
Research instruments used to collect data in this research are as follows:

1. Questionnaire
   In this method, the researcher uses a printout questionnaire, and conducts a direct interview with the aim of saving the data collection time and ensuring that the respondents voluntarily fill out a questionnaire that is expected to provide an objective data.
   Research, the answer of the question uses the column or checklist method.

3.5 Test Research Instrument
The research instrument is otherwise valid or invalid if the question item in questionnaire is able to express what will be measured. Meanwhile, questionnaire is declared as reliable if the respondent's feedback toward the question is consistent or stable over time (Sugiyono, 2014).

3.5.1 Validity Test
According to Bungin (2009), "the validity of the measurement tool is the accuracy of measuring instruments to the measured results although done many times and in various places.

3.5.2 Reliability Test

According to Singarimbun and Effendy (2006: 88), reliability is the "level of stability of a measuring instrument." Reliability means it can be 'reliable' (dependability), and the result is 'predictable' (predictability). Reliability refers to an understanding that an instrument is trustworthy enough to be used as a means of collecting data.

3.6 Classical Assumption Test

Path analysis is equivalent with multiple regression analysis; thus, the equation which is relative can be made valid or not by testing the classical assumption in path models.

3.6.1 Normality Test

According to Ghozali (2013), the normality test aims to test whether the regression model or residual confounding variables have a normal distribution. Normality can be detected by looking at the spread of the data (points) on the diagonal axis of the graph or to view the histogram of the residual, on the basis of decision-making.

3.6.2 Linearity Test

Hair et al., 2012) Linearity test is an implicit assumption of all multivariate techniques based on correlational measures of association, including multiple regressions, logistic regression, factor analysis, and structural equation modeling. The way to assess linearity is mainly to examine scatterplots of the variables and to identify any nonlinear pattern on the data. Making scatter diagram or curve fit approach using SPSS software can be executed using linearity test. The assumption of the test will show if the significance value of linear models < 0.05. Conclusively, the linearity assumptions are met.

3.7 Data Analysis Technique
3.7.1 Descriptive Analysis

According to Sekaran and Bougie (2013), the purpose of descriptive studies is to provide researchers a history or to describe the relevant aspects of the phenomenon from the perspective of a person's attention, organization, industry or other orientations.

3.7.2 Path analysis

Path Analysis model is a tool for testing the existence of statistical analysis of the relationship between variables X and Y variables (Bungin, 2009). Path analysis provides a framework for the researcher to think more carefully about how the X variable is related to the Y as well as the X variable is related to each other. Moreover, to recognize the relationship between X variable to Y variable with or without Z variable which becomes a mediator.

IV. RESULT AND DISCUSSION
4.1 Descriptive Analysis of Respondents Characteristics

There are four characteristics which determine respondent's identity which are sex, age, Education occupation, and income. There are 69 male respondents (62.72%) and 41 female respondents (37.28%). The respondents are dominated by male assuming that male have a higher risk than female in terms of jobs, household, and habit. Male tend to covered the expense of their family dependents, thus it is very necessary for them to insure their life or their family. This happens because most of Indonesian family is characterized by women who serve as housewives and husbands who work for a living. The age range of respondents is between 31 to 40 which is about 47 respondents or 42.72%. It is then followed by the respondents aged between 41-50 years for 31 respondents or 28.18%. Undergraduates becomes the most preferable education group to save their money to the bank especially in Mandiri Syariah depicted by 74 people or 67.28%. The majority of respondents of this research are those who work as private employees and civil servants. Those having income for most income for more than > Rp.7.000.000 are 6 persons or 5.45% followed by an income range of Rp.1.000.000 – Rp.3.000.000 and Rp.5.000.000 – Rp.7.000.000 for 104 persons.

4.2 Descriptive Analysis of Variables

Description on the distribution of the question items are used to determine the frequency and variation of the respondents answers to the questions items in the questionnaire.

On the first variable named Service Quality, respondents give positive answer with the mean score 4.12 which is categorized as adequate to high. It means that most respondent agreed about this variable. The second variable named Customer Satisfaction, respondents give positive answer with the mean score 4.22, which is categorized as adequate to high. It means that most respondent agreed about this variable. On the last variable named Customer Loyalty, respondents give positive answer with the mean score 4.22, which is categorized as adequate to high. It means that most respondent agreed about this variable.

4.3 The Result of Test of Research Instrument

In this study, questionnaire was used as a tool of the analysis. Therefore, the analysis is carried out more reliant on the score of respondents in each observation. As for whether or not the score of the response depends on the collection of data, good data collection instruments must meet two critical requirements being valid and reliable.

4.3.1 Result of Validity Test

Sig. r indicator questions items of each variables are less than 0.05 (5%). Then, the r test or r count of each item of each variable are more than 0.300, which means that each variable item is valid. Therefore, it can be concluded that these items can be used to measure the research variables.

4.3.2 The Result of Reliability Test

The value of Cronbach alpha for all of the variables is more than 0.6. It can be concluded that all items of each of the variables are reliable. Based on the theory, all items in the advertising variable is considered as reliable and consistent if it has a strong reliability.

4.4 Path Assumption

These classic assumptions must be tested to meet the use of test path analysis. After the multiple regression calculation by using SPSS version 20.0 for Windows, the path assumption test was held. The test results are presented below:

4.5.1 Normality Test Result

This test was performed to determine whether the value of the residual spread is normal or not. The test procedure is executed by using Kolmogorov-Smirnov test, with the following provisions:

Hypotheses used:

H0: Residual normal spread

H1: Residual not normal spread

If **sig**. (P-value)> H0 then it will be accepted, which means the normality is fulfilled. This assumption could be tested by using Kolmogorov-Smirnov, where the

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,759[a]	,577	,569	1,00130

Source: Primary Data Processed (September, 2016)
a. Predictors: (Constant), Y, X
b. Dependent Variable, Z

zero hypothesis is rejected if the p-value <0.05.

4.6 Path Analysis Test Result

After test the data using SPSS 20.The result will show in the table below:

Relationship Variable	Standardized Coefficients		Total Effect	t	Information
	Direct Effect	Indirect Effect			
X - Y	0.674	-	0.674	9.477	Significant
X - Z	0.582	-	0.740 (0.582+0.158)	6.835	Significant
Y - Z	0.234	-	0.234	2.751	Significant
X - Y - Z	-	0.158 (0.674x0.234)			Significant

Based on the Table the path structure coefficients are as follow:

$Y = Py1x\ X$ (Substructure 1)

$Y = 0.674X$

$Z_2 = P_{zx}\ X +\ P_{y2y1}Y$ (Substructure 2)

$Z_2 = 0.582X + 0.234Y$

Indirect effect will be :

$[PXY \times PYZ] = 0.674 \times 0.234 = 0.158$

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,674[a]	,454	,449	1,19021

Source : Primary Data Processed (September,2016)
a. Predictors: (Constant), X

Total Indirect Effect will be
$PXZ + [PXY \times PYZ] = 0.582 + 0.158 = 0.740$

4.6.1 Determination Test

The level accuracy of line can be determined from the size of the coefficient of determinatioms (R Square). If Adj. R^2 is bigger, the ability of path models is stronger to explain the actual condition

The Result of Determination Test (Y Variable)

According to Table the path model has a coefficient of determination (R^2) of 0.454 or 45.4%. This means that the Customer Satisfaction (Y) variable is described by 45.4 % by Service Quality (X) variable. Meanwhile, the rest of 54.6 % is explained by other variables outside the path equation or variables, which are not examined in this research.

The Result of Determination Test (Z Variable)

Based on Table, the regression model has a coefficient of determination (Adj. R^2) of 0.577 or 57.7%. This means that the Customer Loyalty (Z) variable is described by 57.7% by Service Quality (X) and Customer Satisfaction (Y) variable. Meanwhile, the rest of 42.3 % is explained by other variables outside

the path equation or variables, which are not examined in this research.

4.7 Hypothesis Test Result

The hypothesis testing is used to evaluate the relationship among latent variables whether they are significant or not. To test the causal relationship, then path test is employed by comparing the value of t_{count} with t_{table} and the significance value is smaller than α = 0.05. The independent and intermediate variables of this path model is examined to have a significant effect if $t_{count} > t_{table}$ or significant <α = 0.05. t_{table} value with n = 110 and α = 0.05 is equal to 1.658.

H1: Service Quality Positively Affected Customer Satisfaction.

For the second hypothesis, t_{count} obtained is 9.477 with significance of 0.000 (p <0.05). Thus, the decision of H_0 is rejected. t_{count} Value is higher than t_{table} (9.477> 1.658) and the significance is smaller than α (0 < 0.05). The hypothesis stated that Service Quality having positive effects on Customer Satisfaction is accepted.

H2: Service Quality Positively Affected Customer Loyalty.

The third hypothesis, t_{count} obtained is 6.583 with significance of 0.000 (p <0.05), the decision of H_0 is rejected. t_{count} value is higher than t_{table} (6.835> 1.658), and the significance is smaller than α (0 < 0.05). The hypothesis stated that Service Quality has positive effect on Customer Loyalty is accepted.

H3: Customer Satisfaction Positively Affected Customer Loyalty

The fourth hypothesis, t_{count} obtained is 2.751 with significance of 0.007 (p <0.05), the decision is H_0 is rejected. t_{count} Value is higher than t_{table} (2.751> 1.658) and the significance is smaller than α (0.007 < 0.05). The hypothesis stated that Customer Satisfaction has positive effect on Customer Loyalty is accepted.

H4: Service Quality has significant indirect effect toward Customer Loyalty through Customer Satisfaction

Research path diagram model shows that Service Quality has significant effect. It can be regarded to have a significant effect if it is mediated by Customer Satisfaction (Y) with 0.158. Finally, the total of this effect is 0.740

Indirect Effect : PZ_1 x PZ_2Z_1

: 0.674 x 0.234

: 0.158

Total Effect : PYX + (PZX x PYZ_1)

: 0.582 + 0.157

: 0.740

4.8 Path Diagram Result

Path diagram analysis result has the following equation as follow:

Substructure I : Y = 0.674 X

Substructure II : Z = 0.582 X +0.234Y

Recovery Satisfaction as mediator the equation as follow:

Substructure : Y = 0.77 ZX + (0.688 YX x 0.824 ZY)

4.9 Discussion

The analysis that is obtained in this research has met the path analysis requirement test. The data that have been collected through the questioners are tested for validity and reliability. Afterwards, the data will be processed into classical assumption test as a condition before performing the test model of path analysis test to determine the effect of independent (exogenous) variable toward dependent (endogenous) variable with or without intermediate (mediator) variable and the hypothesis testing with the t test. In this subchapter, the comparison result between the finding of this research and the previous research and literature reviews will be explained deeply based on the hypothesis of each constructed latent variable. The explanation is as follows:

4.9.1 The Influence of Service Quality toward Customer Satisfaction

The first hypothesis test result in this study proves the existence of a significant direct effect of

service quality dimensions from tangibles, reliability, responsiveness, assurance, and empathy to customer satisfaction. It could be described that service quality has an ideal quality, and if the service quality are worse than customers' expectations, it could be described that it has bad service quality. In general, based on the assumption of customers comparing services with services expectation, if these services are below the assumption from the expected service, it will trigger customers' disappointment (Gronroos, 2004). Bank Syariah Mandiri Ltd. possessed good feedbacks from the customers ranging from its tangibles, reliability, responsiveness, assurance, and empathy as the assessment's tools showing that out of 110 customers are mostly agree to strongly agree as their perspective. In conclusion, the customer expectation may be fulfilled and trigger satisfaction. By increasing service quality, Bank Mandiri Syariah creates training programs for its employees related with providing excellent service (Marketeers.com 2015).

4.9.2 The Influence of Service Quality toward Customer Loyalty

The result of second hypothesis test in this study found that there is a positive and significant direct effect on service quality dimensions from tangibles, reliability, responsiveness, assurance, and empathy toward customer loyalty. This study shows that the customer of Bank Syariah Mandiri Ltd. will be loyal if the services rendered have high quality performance. This is due to the loyalty of the company expecting to benefit over long term relationship mutualism, and a loyal customer will show purchasing behavior that can be interpreted as a regular purchasing patterns performed by units or decision makers (Griffin, 2005). By training the employee's performance in order to offer better services to the customers, being able to exert a mutual long-term relationship. Encouraging the problem solving skills will exemplify this case. Based on the survey, the ability of Mandiri's employees to look after their customer problems is considered as a good feedback.

4.9.3 The Influence of Customer Satisfaction toward Customer Loyalty

The third hypothesis test results in this study prove the existence of significant direct influence between the customer satisfactions on customer loyalty of Bank Syariah Mandiri Ltd. This study finds that customer satisfaction has significant and positive direct effect on customer loyalty.

Anton in Singh (2006) stated that satisfaction will have positive relationship associated with the intention of repurchasing, possibly recommending the product or service, loyalty, and profitability.

By satisfying the customers, some of them may give positive comment on the bank. Moreover, they will spread positive values of the bank and recommend others to use Bank Mandiri Syariah. The customer satisfaction plays important role because there is a big difference in loyalty between customers that are only satisfied and the customers that are really satisfied or happy (Lovelock & Wright 2007).

4.9.4 The Influence of Service Quality toward Customer Loyalty through Customer Satisfaction

The fourth hypothesis test results in this research proves the existence of positive indirect effect, between the dimensions of Bank Syariah Mandiri Ltd.

It means by improving the service quality, it will create a loyal customer by satisfying the customer himself. The theory has been proven with the previous study by Khan & Fasih (2014), which described the impact of service quality on customer satisfaction and customer loyalty in banking sector.

The result has proven that service quality has positive direct effect to customer loyalty. Service quality is an excellent technique for enhancing customer satisfaction level and loyalty to the organization in today's competitive environment. A competitive weapon which differentiates the organization from its rivals in a much positive way by enabling the service organizations to delight the customers through the provision of premium quality services on consistent basis and subsequently enhance their satisfaction and loyalty to the organization (Naik et al, 2010).

4.10 Managerial Implication

This study provides a proven conceptual model illustrating the consistent role of service quality. Additionally, it also creates a level of customer satisfaction and loyalty. Based on the previous research conducted by Khan & Fasih (2014), it is found that evidences require that service quality is an excellent technique for improving customer satisfaction and loyalty to organizations in today's competitive environment.

According to Ali Hasan (2008: 83), customer loyalty is defined as people who buy, especially those who buy regularly and repeatedly. Therefore, as much as possible Bank Syariah Mandiri Ltd. must be able to make its customers feel satisfied with the establishment of customer loyalty. According to Tjiptono (2001), the quality of service should be started from customer

needs and ended with customer satisfaction and positive perceptions of service quality by creating a more subjective consumer rating. Bank Syariah Mandiri Ltd. is required to pay attention to service quality by continuing to conduct research to improve the quality of its services, especially for new services and products. In the sharia banking industry, customers have provided customer satisfaction.

The results of path analysis in this study also prove that there is an indirect influence of service quality dimension to customer loyalty through satisfaction. The results of this study generally argue that to generate loyal customers is to provide high quality service and satisfaction becoming key loyalty itself

4.11 Research Limitation

In this study, the researcher has some limitations that may affect the condition of the research conducted. These limitations are as follows:

1. The object in this research was limited. The research only obtains from Bank Syariah Mandiri Ltd. customers, without knowing the real results of service quality of Bank Syariah Mandiri Ltd.
2. This study tends to discuss the influence of Service Quality. Therefore, this study does not cover other factors, which may affect customer satisfaction and customer loyalty.
3. When fulfilling the questionnaires, the respondents use self-completed forms to answer all questions. This type of technique is lack of control, being possible to affect the result validity. The negative side of using this technique is the respondents' answers not representing their actual feeling. In addition, sometimes they also do not fully understand about the questions. The answers might not be accurate when it is processed.

CONCLUSION AND SUGGESTION

5.1 Conclusion

According to the formulated problems, the analysis and hypothesis test that have been completed in the previous chapter, the research conducted can be concluded as follows:

1. The results show that the Service Quality (X) variable has direct influence on the Customer Satisfaction (Y), which means Service Quality (X) is an effective tool for maintaining Customer Satisfaction (Y).

2. The results show that the Service Quality (X) variable has positive influence on Customer Loyalty (Z) which means Service Quality (X) is an effective tool for maintaining Customer Loyalty (Z).
3. The results show that the Customer Satisfaction (Y) variable has positive effect on customer loyalty (Z) which means Customer Satisfaction (Y) is an effective tool for maintaining Customer Loyalty (Z).
4. The results show that the Service Quality (X) variable has indirect influence on the Customer loyalty (Z) Through Customer Satisfaction (Y)

5.2 Suggestion

Based on the research results and conclusions, there are some suggestions for those who are interested in this research. The suggestions are elaborated as follows:

1. It is suggested Bank Mandiri Syariah Ltd. to mainntain their performance and improve their Service Quality. The research shows that Service Quality variable has a significant impact to the Customer Satisfaction and Customer Loyalty. The customers are mostly rating the service quality from the appearance of the office at the first sight and then how well the employees serve the customers to satisfy them. Thus, the customers will become loyal to have transaction in Bank Mandiri Syariah Ltd.
2. The hypothesis in this research becomes undoubtedly important for creating loyal customers as the bank expected. This research can be employed to measure the customer perception about the company quality service to create a loyal customer. Moreover, this research can be used as a reference for future related research by developing this research in considering other variables that are included in this study.

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