The Antecedent and Consequences of Customer Trust

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ABSTRACT

Purpose - The purpose of this research was analyzed the effect of Competence on Customer Trust, was analyzed the effect of Stability on Customer Trust; and was analyzed the effect of Integrity on Customer Trust, was analyzed the effect of Customer Orientation on Customer Trust, was analyzed the effect of Transparency on Customer Trust, was analyzed the effect of Customer Experience on Customer Trust, was analyzed the effect of Customer Trust on Customer Loyalty. Design/methodology/approach - The methodology of this research were collected from one hundred and seventy private banking consumer’s as respondent. Respondents were asked to answer a questionnaire about competence, stability, integrity, customer orientation, transparency, customer experience, customer trust, customer loyalty. Findings - Finding and contribution in this research was examined competence and transparency are the most important determinant of customer trust. Originality/Value - Research limitations/ implication in this research was indicated one hundred and seventy private banking consumer’s as respondent in this research. The data were collected from private banking consumer’s with purposive sampling.

Keywords: Competence; Stability, Integrity; Customer Orientation; Transparency; Customer Experience; Customer Trust, Customer Loyalty.
INTRODUCTION

The growth of banking companies in Indonesia has not been maximized. The distribution of bank funds must be balanced with the collection of funds in this banking sector. Measurement of banking financial performance is an assessment of profitability aspects. Customer loyalty can increase company profitability (Mariam, 2016; Wang and Wu, 2012; Ramli, 2010; Ramli & Sjahruddin, 2015). Marketers prefer to retain old customers rather than having to find new customers (Prentice, 2013; Ramli, 2012b; Ramli, 2013; Mariam & Ramli, 2019). For this reason, banking companies must be able to dominate market share and improve the features of their products or services. Customer loyalty as a way to win competition (Ramli, 2016a; Imran & Ramli, 2019) among banking companies (Mang’unyi et al., 2017).

Customer loyalty is characterized by positive attitudes and behaviors from within consumers towards products or services (Manstrly, 2016; Ramli, 2016b). Customer loyalty is characterized by close customer relations with companies that sell products or services (Tabrani et al., 2018; Ramli, 2017a). Kandampully et al. (2015) and Ramli (2017b) argues that customer loyalty is seen from behavioral loyalty and attitudinal loyalty. Behavioral loyalty is characterized by repeated buying behavior of products or services (Mariam & Ramli, 2017; Ramli, 2012a). Attitudinal loyalty is characterized by positive psychological conditions owned by consumers such as the desire to recommend products or services to others (Tabrani et al., 2018; Ramli, 2018).

LITERATURE REVIEW

Theoretical Findings and Study Findings

Competence

According to Plasmeijer and Raaij (2017), competence is a technical and managerial ability possessed by employees who work in banking companies to provide financial services such as the desire of employees to overcome problems within the company and resolve complaints that are owned by consumers.

Stability

Stability is a company action that can be predicted by consumers (Plasmeijer and Raaij (2017; Ramli & Maniagasi, 2018; Ramli & Yudhistira).
Integrity
According to Plasmeijer and Raaij (2017), integrity is the credibility and consistency of banking companies in delivering products and services.

Customer Orientation
Customer orientation is the good faith of a banking company to consumers and the desire of consumer companies to meet the wants and needs of consumers (Plasmeijer and Raaij, 2017; Ramli, 2019;).

Transparency
According to Plasmeijer and Raaij (2017), transparency is related to the desire of employees to be open to consumers, employees have good communication with consumers.

Customer Experience
Customer experience is all positive responses that encourage consumers to buy products or services (Ieva and Ziliani, 2018).

Customer Trust
Kharouf et al. (2014) provides understanding of customer trust is consumer confidence in all company reliability.

Customer Loyalty
Lee (2017) gives the meaning of customer loyalty is the desire of consumers to maintain business relationships with companies.

Conceptual Framework
Schumann et al. (2010) examined that the better competence, stability, integrity, customer orientation, transparency, and value congruence can increase customer loyalty. It has been stated in Figure 1 regarding the effect of competence, stability, integrity, customer orientation, transparency, and customer experience on customer loyalty mediated by customer trust as follows:
RESEARCH METHODS

This research was adapted from the scientific work of Plasmeijer and Raaij (2017). SEM (Structural Equation Modeling) is a statistical technique that is able to analyze the pattern of relationships between latent constructs and indicators, latent constructs with each other, and direct measurement errors. SEM allows analysis directly between several dependent and independent variables (Hair et al, 2010).

Population and Sample

The sample chosen was private bank customers in Jakarta. The sampling method used in this study was purposive sampling, which is sampling based on considerations where the selected sample is based on certain criteria (Sekaran, 2006). Referring to Hair et al. (2010) which states that the suitable sample size is 100 to 200. It is also explained that the minimum sample size is 5 indicators for all parameters. In this research, the number
of indicators was 29 items so that the minimum number of samples was 5 times the estimated number of indicators as much as \(5 \times 29 = 145\). The number of samples used was more than 180, so that if invalid data occurs then it would not reduce the number of respondents below the minimum sample suggested by Hair et al. (2010).

**RESULTS AND DISCUSSION**

**Hypothesis Testing**

Data analysis was obtained from the results of hypothesis testing. The purpose of hypothesis testing is to find out whether the hypotheses \(H_0\) and \(H_a\) tested are accepted or rejected, acceptance and rejection of the hypothesis is 5%. If \(p \alpha\)This can be known by looking at the significance value (p) of each hypothesis test result. The limit of error tolerance \(\alpha < 0.05\) then there is a significant effect of variable X on variable Y.

**Table 1: Hypothesis Testing Results**

| Hypothesis | \(p\)-value | Standardized Coefficient Beta | Result       |
|------------|-------------|------------------------------|--------------|
| H1: Competence \(\rightarrow\) Customer Trust | 0,011 | 0,255 | H1 Supported |
| H2: Stability \(\rightarrow\) Customer Trust | 0,014 | 0,183 | H2 Supported |
| H3: Integrity \(\rightarrow\) Customer Trust | 0,014 | 0,191 | H3 Supported |
| H4: Customer Orientation \(\rightarrow\) Customer Trust | 0,023 | 0,163 | H4 Supported |
| H5: Transparency \(\rightarrow\) Customer Trust | 0,002 | 0,272 | H5 Supported |
| H6: Customer Experience \(\rightarrow\) Customer Trust | 0,012 | 0,186 | H6 Supported |
| H7: Customer Trust \(\rightarrow\) Customer Loyalty | 0,000 | 0,215 | H7 Supported |

Source: Data processed using AMOS (attached)

Based on H1 testing based on Table 1 it is known that the \(p\)-value of 0.011 <0.05 (error rate \(\alpha = 5\%\)), then \(H_1\) is supported. The value of standardized coefficient beta obtained by 0.255 shows that the positive effect of competence on customer trust is truly
positive. This means that the Bank has the competence to create them with full confidence in the integrity of the banking company’s product or service brand.

Based on $H_2$ testing at Table 1 it is known that the p-value of $0.014 < 0.05$ (error rate $\alpha = 5\%$), then $H_2$ is supported. The standardized coefficient beta ($\beta$) value is $0.183$, it shows that the positive influence of stability on customer trust is positive. This means that the Bank will help you when you need it, creating me with full confidence in the integrity of this banking product or service brand.

Based on $H_3$ testing Based on Table 1 it is known that the p-value of $0.014 < 0.05$ (error rate $\alpha = 5\%$), then $H_3$ is supported. Standardized coefficient beta ($\beta$) value is $0.191$, it shows that the positive effect of integrity on the customer trust is really positive. This means that the Bank will not ignore you when you have problems can create an assessment that the Bank has credibility.

Based on $H_4$ testing Based on Table 1 it is known that the p-value of $0.023 < 0.05$ (error rate $\alpha = 5\%$), then $H_4$ is supported. Standardized coefficient beta ($\beta$) value obtained is $0.163$, it shows that the positive influence of customer orientation on customer trust is positive. This means that the Bank responds to the questions you give quickly so I really trust the integrity of the bank’s products and services.

Based on testing $H_5$ Based on Table 1 note that the p-value equal to $0.002 < 0.05$ (error rate $\alpha = 5\%$), then $H_5$ is supported. The value of standardized coefficient beta obtained by $0.272$ shows that the positive effect of transparency on customer trust is positive. This means that the Bank informs the costs and risks of the products and services provided can make the Bank honest about its products and services.

Based on testing $H_6$ Based on Table 1 note that the p-value of $0.012 < 0.05$ (error rate $\alpha = 5\%$), then $H_6$ is supported. The standardized coefficient beta ($\beta$) value is $0.186$, it shows that the positive influence of customer experience on customer trust is positive. This means that the design of the product or service can give a very good impression can create a promise made by the bank to be trusted.
Based on testing H7 Based on Table 1 note that the p-value of 0.000 < 0.05 (error rate \( \alpha = 5\% \)), then H7 is supported. The standardized coefficient beta (\( \beta \)) value obtained by 0.215 shows that the positive influence of customer trust on customer loyalty is positive. This means that the Bank has credibility so I am loyal to the bank.

**CONCLUSION**

With a total of 170 respondents who are customers at a Private Bank domiciled in Jakarta, it can be concluded that:

There is an effect of competence on customer trust. This means that the Bank has the competence to create I have full confidence in the integrity of this banking product or service brand.

There is an influence of stability on customer trust. This means that the Bank will help you when you need it, creating me with full confidence in the integrity of this banking product or service brand.

There is an influence of integrity on customer trust. This means that the Bank will not ignore you when you have problems can create an assessment that the Bank has credibility. There is an influence of customer orientation on customer trust. This means that the Bank responds to the questions you give quickly so I really trust the integrity of the bank’s products and services.

There is an effect of transparency on customer trust. This means that the Bank informs the costs and risks of the products and services provided can make the Bank honest about its products and services.

There is an influence of customer experience on customer trust. This means that the design of the product or service can give a very good impression can create the bank can be trusted.

There is an influence of customer trust on customer loyalty. This means that the Bank has credibility so I am loyal to the bank.

**Managerial Implications**

This research has several managerial implications, specifically to increase customer loyalty from customers. The implications of this research are:
Add new products or services to reach all existing market segments. For example, the existence of a Public Housing Credit program to reach the lower segments of society in order to get cheap credit with easy requirements.

Open 24-hour banking services so that customers can do banking transactions anytime and anywhere. For example, there is a mobile banking service that can be accessed via mobile phones anywhere.

Banks must comply with Bank Indonesia regulations. For example, the requirements for customers who want to use targeted credit services must be in accordance with Bank Indonesia regulations and the determination of loan interest rates must be in accordance with Bank Indonesia regulations.

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