
The Economic Impact of Service Quality on Company Image, Customer Trust, and Loyalty: A Study on Savings Customers at Bank Syariah Indonesia (BSI)

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Abstract:

This study aims to investigate the influence of service quality variables on the company's image, customer trust and customer loyalty, as well as the influence of company image variables on customer trust and customer loyalty, and the influence of trust on customer loyalty. To achieve these objectives, accidental sampling selected 70 customers of Bank BSI as respondents. Selection of sample customers using the criteria: (a) have a minimum savings amount of Rp 5 million, and (b) have been saving at Bank BSI for at least one year when this research was conducted. To achieve the first objective, descriptive analysis was used and GSCA (Generalized Structured Component Analysis) was used to achieve objectives two to six. The results of the analysis show that customers perceive service quality and customer trust, including in the very high / very good category, while company image and customer loyalty are in the high / good category. While the results of GSCA analysis show: (a) service quality has a significant and positive effect on corporate image; (b) service quality has a significant and positive effect on customer trust; (c) service quality has a significant and positive effect on customer loyalty; (d) corporate image has a significant and positive effect on customer trust; (e) corporate image has a significant and positive effect on customer loyalty; and (f) customer trust has a significant and positive effect on customer loyalty. Further research (with the same object: BSI customers) by adding independent variables and expanding the research area, especially in areas where the majority of the population is non-Muslim, such as in the Maluku, Papua and North Sulawesi regions, needs to be carried out. The management of BSI Kupang Branch is advised to strategically strive to improve service quality, corporate image and customer trust on an ongoing basis, and at the same time, continue to improve customer loyalty, so that customers remain customers of BSI Kupang Branch.

Keywords: Service Quality, Company Image, Customer Trust, Customer Loyalty

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1. Introduction

The banking industry is one of the business sectors experiencing significant changes and challenges. The rise in competition, particularly from non-bank financial

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institutions and new entrants, has intensified the pressure on traditional banks. Technological advancements have also reshaped the competitive landscape, with innovations such as branchless banking enabling customers to conduct transactions anytime and anywhere without visiting a bank office. Financial technology (fintech) companies have also emerged as competitors by providing services similar to traditional banking, such as fund management and lending, all facilitated through digital platforms without requiring face-to-face interactions (Lay, 2018). These developments have created a challenging environment for banking institutions, including Bank Syariah Indonesia (BSI), as they face the dual challenge of retaining existing customers and attracting new ones in an increasingly competitive market.

Research conducted by Schaeck and Cihak (2008) in Hafidz, Rachmanira, and Octia (2013) revealed that in highly competitive banking structures, customer loyalty tends to decline, leading to less stable and short-term relationships between customers and banks. Furthermore, research by MarkPlus Insight (2013) identified a trend of customers maintaining multiple banking relationships, indicating a decline in loyalty. According to the study, only 55% of customers hold a single savings account, while 34% maintain two accounts, and 11% manage three or more accounts. Moenardy (2020) confirmed that this tendency reflects customers' reluctance to remain tied to a single bank, which poses a challenge for banks to develop effective strategies to retain their customer base. These trends underscore the importance of understanding factors influencing customer decisions, particularly loyalty, in order to develop strategies to address these challenges effectively.

In response to these challenges, this study focuses on how service quality, company image, and customer trust impact customer loyalty, particularly in the context of Islamic banking represented by Bank Syariah Indonesia (BSI) Kupang Branch. Previous studies have demonstrated that various factors, including service quality, relationship marketing, customer satisfaction, customer value, switching costs, company image, trust, and loyalty, significantly influence customers' decisions to stay with or leave a bank (Moenardy et al., 2020; Langga, 2018; Lay, 2018; Sutanta, 2013). However, while existing research has explored these factors in conventional banking contexts, limited studies have examined their interplay in Islamic banking, particularly in the face of emerging fintech competition and technological advancements.

The novelty of this study lies in its focus on Islamic banking, specifically Bank Syariah Indonesia (BSI), within the context of heightened competition from fintech and branchless banking innovations. Unlike previous studies that predominantly focus on conventional banks, this research investigates how service quality, company image, and customer trust influence customer loyalty, considering the principles of Islamic banking. By studying the customers of BSI Kupang Branch, this research provides localized insights into customer behavior and preferences, contributing to the broader discourse on customer loyalty in Islamic banking.

The main objective of this research is to analyze the effects of service quality, company image, and customer trust on customer loyalty among savings customers of

Bank Syariah Indonesia (BSI) Kupang Branch. Specifically, the study aims to (1) analyze the influence of service quality on customer trust and loyalty in the context of Islamic banking, (2) evaluate the role of company image in shaping customer trust and loyalty, and (3) investigate the mediating role of customer trust in the relationship between service quality, company image, and customer loyalty. Through these objectives, the research seeks to provide actionable insights for Bank Syariah Indonesia (BSI) to enhance its strategies for customer retention and acquisition amidst increasing competition and technological disruption in the banking industry.

2. Theoretical Background

Customer Loyalty

Customer loyalty is a strategic goal for companies, aimed at fostering and maintaining long-term relationships with customers. The degree of customer loyalty largely depends on the company's efforts to implement various service programs. From the customer's perspective, the decision to remain loyal or switch to a competitor is influenced by multiple factors, including service quality, satisfaction level, customer value, customer experience, commitment, trust, company image, and reputation (Moenardy, 2016; Boohene et al., 2013; Danesh et al., 2012; Jeng & Bailey, 2012; Edward & Sahadev, 2011; Kassim & Abdullah, 2010; Rai & Medha, 2013).

Customer loyalty can be defined as a consumer's positive attitude toward a product or brand, which is demonstrated through repeat purchases. According to Sumarwan (2004), consistent repeat purchases of the same product or brand indicate strong brand loyalty. Sudyarto and Indah (2016) further define loyalty as a customer's favorable attitude toward a brand, reflected in consistent purchase behavior over time. Zeithaml, Berry, and Parasuraman (1996) argue that loyal customers exhibit (1) high purchase intention, (2) lower price sensitivity, (3) willingness to provide feedback, and (4) greater business engagement with the company, including avoiding competitors.

Empirical evidence supports the significance of service quality in influencing customer loyalty. Research by Sahid, Samsir, and Garnasih (2023); Fadli, Augustin, and Zahara (2023); Felsi, Welsa, and Cahyani (2022); and Salsabilah et al. (2021) highlights the positive relationship between service quality and customer loyalty. Similar findings by Lay (2018) on Bank Rakyat Indonesia (BRI) customers in East Nusa Tenggara further confirm that service quality significantly affects customer loyalty. Studies in Islamic banking contexts, such as Butt and Aftab (2013), also demonstrate the impact of service quality on customer loyalty. Research by El-Salam et al. (2013) on international service companies corroborates this relationship. Conversely, some studies, including Triandewo (2019), Purnama (2019), and

Triandewo and Yustine (2020), suggest that service quality does not significantly affect customer loyalty, indicating variability in research findings across contexts.

Trust is another critical factor influencing customer loyalty. Previous studies have consistently established this relationship. For instance, research by Tunastini and Telagawathi (2023); Suri (2023); Mada et al. (2021); Mardiana and Rahmidani (2020); and Lay (2018) supports the positive effect of trust on customer loyalty. However, contrasting findings by Salsabilah et al. (2021) suggest that trust does not always have a significant effect on loyalty, emphasizing the need for further investigation.

Company image also plays a vital role in shaping customer loyalty. Research by Fadli et al. (2023); Suri (2023); Diansyah and Yonatan (2022); and Mada et al. (2021) demonstrates that a strong and positive company image enhances customer loyalty. However, other studies, such as those by Sahid et al. (2023), Purnama (2019), and Triandewo (2019), show no significant relationship between company image and loyalty, indicating mixed results.

Service Quality

The concept of quality is relative and depends on various perspectives to define its characteristics and specifications. Lupiyoadi (2013) identifies three orientations of quality: (1) customer perception, (2) product (service), and (3) process. For tangible products, these orientations are often clearly distinguishable. However, in services, products and processes are closely intertwined, with the product often being the process itself (Moenardy et al., 2020).

Parasuraman et al. (1985; 1988) identified five key dimensions of service quality: reliability, responsiveness, assurance, empathy, and tangibility (Tjiptono et al., 2011). These dimensions heavily depend on human resource performance, as interactions between companies and customers are a defining aspect of service delivery. While technology can assist in certain areas, human interaction remains crucial in building and maintaining relationships.

Lewis and Booms (1983) define service quality as the extent to which the provided service matches customer expectations. Lovelock, Wirtz, and Mussry (2011) further explain that perceived service quality is the outcome of a customer's evaluation of the service received versus what they expected. When the perceived service quality meets or exceeds expectations, it results in a positive evaluation; when it falls short, the perceived quality is deemed poor or negative.

Several studies in the banking sector confirm a strong relationship between service quality, trust, company image, and customer loyalty (Sahid et al., 2023; Fadli et al., 2023; Felsi et al., 2022; Salsabilah et al., 2021; Lay, 2018; Butt & Aftab, 2013; El-Salam et al., 2013).

Company Image

Worcester (1997) defines corporate image as the net result of all experiences, impressions, beliefs, feelings, and knowledge associated with a company. Aaker and Keller (1990) describe it as the perception of quality tied to the company name, while Nguyen and LeBlanc (1998) frame it as subjective attitudes, including company reputation, ideology, and service quality. Dowling (1988) offers a comprehensive definition, describing company image as an accumulated impression in customers' minds, formed through feelings, ideas, and experiences with the organization.

A positive company image fosters trust and loyalty among customers. Research by Salsabilah et al. (2021); Lay (2018); and Hoq et al. (2010) highlights the significant impact of company image on trust and loyalty. Similar findings are reported by Fadli et al. (2023); Mada et al. (2021); and Rai and Medha (2013). However, studies such as Sahid et al. (2023); Purnama (2019); and Triandewo and Yustine (2020) suggest that company image does not always significantly influence trust or loyalty.

Customer Trust

Trust is a fundamental element in building long-term relationships between companies and customers. Morgan and Hunt (1994) define trust as confidence in a partner's reliability and integrity. Moman (1992) emphasizes trust as a mutual belief in the alliance's reliability and positive outcomes. According to Peppers and Rogers (2004), trust involves the expectation that one party acts in the best interests of the other. Swan, Bowers, and Richardson (1999) identify three key elements of trust: (1) competence, which includes skill and expertise; (2) commitment to safeguarding customer interests; and (3) trust-building, which reduces risks over time. Aydin et al. (2005) argue that trust requires positive perceptions of outcomes and future consistency in delivering those results. Empirical studies, including those by Suri (2023), Mada et al. (2021), and Lay (2018), consistently highlight the critical role of trust in fostering customer loyalty.

Research Hypotheses

Based on the background, objectives, and literature review, the following hypotheses are proposed:

H1: Service quality affects company image.

H2: Service quality affects customer trust.

H3: Service quality affects customer loyalty.

H4: Company image affects customer trust.

H5: Company image affects customer loyalty.

H6: Trust affects customer loyalty.

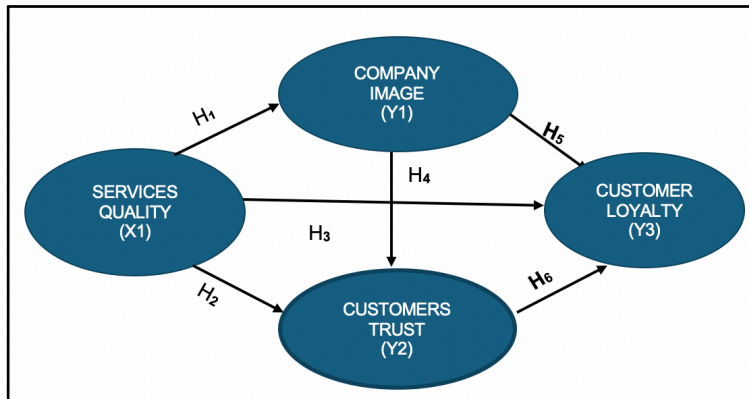


Figure 1. Research Hypothesis Model

3. Methodology

This study uses primary data collected from 70 customers of BSI Kupang Branch. Sampling using *accidental sampling* technique with the following criteria: (a) customers who have deposits of at least Rp 5 million; and (2) being a customer for at least two years. The research instruments used in this study were adopted and adapted from Lay (2018) which had been tested for validity and reliability. Question items for all research variables use a 5-point Likert scale. Data collection was conducted face-to-face during the period of late May 2024 to July 2024.

Hypothesis testing using *Generalized Structured Component Analysis* (GSCA), with the following stages of analysis: (a) evaluation of the measurement model, to determine whether the indicators are valid in measuring variables and reliability testing to determine whether all indicators used to measure research variables are reliable; (b) designing variable measurement models; (c) evaluating structural models; and (d) hypothesis testing.

4. Empirical Findings/Result

There were 70 customers selected as respondents (51.40% male and 48.60% female). The age of respondents ranged from 22 years to 68 years. Respondents aged 20 years - 50 years were 51 people (72.74%) and respondents aged over 50 years were 19 people (27.26%). Respondents who have a high school education are 25 people (41.43%), 7.14% have a Diploma education. Respondents who have a Bachelor's degree and a doctoral degree are 51.43% (one of them has a doctoral degree). The majority of respondents (74.29%) are office workers (PNS, TNI, POLRI, and BUMN and BUMS employees), and the rest (25.71%) are small business owners and students. Respondents' income ranged from IDR 2.5 million to above IDR 7.5 million per month. The majority of respondents (85.72%) have incomes between Rp 2.5 million and Rp 5 million. Meanwhile, respondents with incomes above Rp 5 million to Rp 7.5 million and respondents with incomes above Rp 7.5 million, each amounted to 7.14%.

Based on the results of descriptive statistical analysis, more than half of the respondents strongly agreed and agreed with the four research variables. Respondents who are neutral or mediocre are relatively large, ranging from 1.40% to 45.70%. Respondents who strongly agree and agree with the question items on the service quality variable range from 75.72% - 97.14%; company image variables range from 66.99% - 98.57%; customer trust variables range from 92.80% - 98.60%; and customer loyalty variables range from 37.10% - 90.00%.

Furthermore, based on the results of inferential statistical analysis (GSCA) are as follows: *the first stage, convergent validity 1st Order* testing is carried out (to determine whether the indicators and items are valid in measuring variables), *Convergent Validity 2nd Order* is intended to determine whether the indicators are valid in measuring variables. and *reliability test* (to determine whether the indicators are reliable in measuring the research variables).

Convergent Validity 1st Order *The order of* each indicator in measuring the variable is indicated by the size of the *loading factor*. An indicator and item are declared valid if the *loading factor* is positive and greater than 0.5. The results of testing *convergent validity 1st Order* (Appendix 1) show that all indicators and items that measure service quality variables, company image, customer trust and customer loyalty produce a *loading factor* value greater than 0.5. Thus the indicators and items are declared valid in measuring service quality, company image, customer trust and customer loyalty.

Convergent Validity 2st Order is indicated by the size of the *loading factor*. A dimension is declared valid if the *loading factor* is positive and greater than 0.5. The results of testing *convergent validity 2st Order* (Appendix 2) all indicators that measure service quality variables, company image, customer trust, and customer loyalty produce a *loading factor* greater than 0.5. Thus all indicators that measure the four variables are declared valid.

Furthermore, to determine the reliability of variables, *Proportion of Variance Extracted* (PVE), *Cronbach's Alpha*, and *Composite Reliability* (*Dillon-Goldstein's Rho*) are used. The criteria used are, if the *Proportion of Variance Extracted* (PVE) value is greater than 0.5; *Cronbach's Alpha* value is greater than 0.6; and the *Composite Reliability* value is greater than 0.7, then all research indicators are declared reliable in measuring their latent variables. The results of the calculation of *Proportion of Variance Extracted* (PVE), *Cronbach's Alpha*, and *Composite Reliability* (*Dillon-Goldstein's Rho*) are shown in Table 1 below.

Table 1: Variable Reliability Testing Results

Variables	Indicator	PVE	Cronbach's Alpha	Composite Reliability (Rho)
Service Quality	Reliability	0.605	0.668	0.820
	Responsiveness	0.594	0.656	0.814

	Guarantee	0.759	0.840	0.904
	Empathy	0.592	0.655	0.813
	Physical Evidence	0.755	0.836	0.902
Company Image	Attributes	0.744	0.657	0.853
	Functional	0.801	0.752	0.890
	Psychological	0.735	0.818	0.892
	Holistic	0.748	0.830	0.899
Customer Trust	Credibility	0.857	0.834	0.923
	Benevolence	0.869	0.852	0.930
Customer Loyalty	Positive attitude	0.571	0.623	0.799
	Emotional bond	0.808	0.768	0.894

Table 1 shows that the PVE value is greater than 0.5, the *Cronbach's Alpha* value is greater than 0.6 and the *Composite Reliability (Dillon-Goldstein's Rho)* value is greater than 0.7. This shows that the indicators used to measure latent variables are reliable.

The next stage, or the second and third stages, is to *design the* measurement model and equation of each research variable. The results of measuring the service quality variable (X_1) show that the five indicators used contribute to the service quality variable with a *loading factor* value ranging from 0.721 - 0.939. This implies that the diversity of the Service Quality variable can be represented by the five indicators ranging from 72.10% - 93.90%. The amount of contribution of the five indicators to the service quality variable can be followed in Appendix 3.

The measurement results of the Company Image variable (Y_1) show that the four indicators used contribute to the company image variable with a loading factor value ranging from 0.781 - 0.928. This implies that the diversity of company image variables can be represented by the four indicators ranging from 78.10% - 92.80%. The amount of contribution of the four indicators to the company image variable can be followed in Appendix 4.

The results of measuring the Customer Trust variable (Y_2) show that the two indicators used contribute to the customer trust variable with a loading factor value ranging from 0.911 - 0.949. This implies that the diversity of the Customer Trust variable can be represented by the two indicators ranging from 91.10% - 94.40%. The amount of contribution of the two indicators to the customer trust variable can be followed in Appendix 5.

The results of measuring the Customer Loyalty variable (Y_3) show that the two indicators used contribute to the customer loyalty variable with a *loading factor* value ranging from 0.789 - 0.933. This implies that the diversity of customer loyalty variables can be represented by the two indicators ranging from 78.90% - 93.30%.

The amount of contribution of the two indicators to the customer loyalty variable can be followed in Appendix 6.

In the fourth stage, a structural model evaluation is carried out, aiming to determine whether the model used is good or feasible to use in predicting the effect of exogenous variables on endogenous variables. Model feasibility testing is carried out using GFI (*Goodness of Fit Index*) and SRMR (*Standardized Root Mean Squared Residual*). The test criteria state that for samples < 100 then $GFI \geq 0.89$ or $SRMR \leq 0.09$ then the GSCA model is declared feasible.

The test results show a GFI value of 0.960, or greater than the GFI value (≥ 0.89). Thus the GSCA model formed is declared feasible to use to predict the influence of the variables of Service Quality, Company Image, Customer Trust, and Customer Loyalty. While the test results on the SRMR value are 0.080, or smaller than the SRMR value (≤ 0.090), so the GSCA model formed is declared feasible to use to predict the effect of service quality, company image, customer trust, and customer loyalty.

The last stage or the fifth stage in GSCA is testing the research hypothesis. The criteria used in testing the hypothesis are if the *path coefficient* is *positive or negative and the 95% Confidence Interval (CI)* does not contain the value 0 (zero), it is stated that there is a positive or negative and significant effect of exogenous variables on endogenous variables. Table 2 presents the GSCA analysis results of the hypothesized model, while the structural model test results are presented in Figure 2 below. Table 2 shows a total of 6 (six) research hypotheses proposed, and all hypotheses are declared significant.

Table 2: Research Hypothesis Testing Results

Research Hypothesis	Path	Path Coefficient	SE	95%CI		Significant	
						Yes	No
H ₁	KL → CP	0.603	0.079	0.451	0.743	√	-
H ₂	KL → KP	0.378	0.116	0.181	0.607	√	-
H ₃	KL → LP	0.278	0.064	0.163	0.414	√	-
H ₄	CP → KP	0.410	0.131	0.174	0.631	√	-
H ₅	CP → LP	0.480	0.056	0.345	0.572	√	-
H ₆	KP → LP	0.283	0.059	0.167	0.392	√	-

Source: Appendix 12

Description: KL = Service Quality
CP = Company Image

KP = Customer Trust
LP = Customer Loyalty

Table 2 shows a total of 6 (six) research hypotheses proposed, and the results of the analysis have proven that all hypotheses are significant. Furthermore, based on the results of the proof, it can be explained as follows:

1. Testing the *first* hypothesis, the effect of service quality on company image produces a *95% Confidence Interval (CI)* of 0.451 - 0.743. This shows that the

- 95% Confidence Interval (CI) does not contain the value Zero (0). Therefore, it can be interpreted that there is a significant effect of service quality on company image. The path coefficient of the effect of service quality on company image of 0.603 shows that the path coefficient is positive. This means that service quality has a unidirectional (positive) influence on company image. Thus, the higher the quality of service will improve the company's image.
2. Testing the *second* hypothesis, the effect of service quality on customer trust results in a 95% Confidence Interval (CI) of 0.181 - 0.607. This shows that the 95% Confidence Interval (CI) does not contain the value Zero (0). Therefore, it can be interpreted that there is a significant effect of service quality on customer trust. The path coefficient of the effect of service quality on customer trust of 0.378 shows that the path coefficient is positive. This means that service quality has a unidirectional (positive) influence on customer trust. Thus, the higher the quality of service will increase customer trust.
 3. Testing the *third* hypothesis, the effect of service quality on customer loyalty results in a 95% Confidence Interval (CI) of 0.163 - 0.414. This shows that the 95% Confidence Interval (CI) does not contain the value Zero (0). Therefore, it can be interpreted that there is a significant effect of service quality on customer loyalty. The path coefficient of the effect of service quality on customer loyalty of 0.278 shows that the path coefficient is positive. This means that service quality has a unidirectional (positive) influence on customer loyalty. Thus, the higher the quality of service will increase customer loyalty.
 4. Testing the *fourth* hypothesis, the effect of company image on customer trust produces a 95% Confidence Interval (CI) of 0.174 - 0.631. This shows that the 95% Confidence Interval (CI) does not contain the value Zero (0). Therefore, it can be interpreted that there is a significant effect of company image on customer trust. The path coefficient of the effect of company image on customer trust of 0.410 shows that the path coefficient is positive. This means that the company's image has a unidirectional (positive) influence on customer trust. Thus, the better the company image will increase customer trust.
 5. Testing the *fifth* hypothesis, the effect of company image on customer loyalty resulted in a 95% Confidence Interval (CI) of 0.345 - 0.572. This shows that the 95% Confidence Interval (CI) does not contain the value of zero (0). Therefore, it can be interpreted that there is a significant effect of company image on customer loyalty. The path coefficient of the effect of company image on customer loyalty of 0.480 shows that the path coefficient is positive. This means that the company's image has a unidirectional (positive) influence on customer loyalty. Thus, the better the company image will increase customer loyalty.
 6. Testing the *sixth* hypothesis, the effect of customer trust on customer loyalty resulted in a 95% Confidence Interval (CI) of 0.167 - 0.392. This shows that the 95% Confidence Interval (CI) does not contain the value of zero (0). Therefore, it can be interpreted that there is a significant effect of customer trust on customer loyalty. The path coefficient of the effect of customer trust on customer loyalty of 0.283 shows that the path coefficient is positive. This means that customer trust has a unidirectional (positive) influence on customer loyalty. Thus, the higher customer trust will increase customer loyalty.

5. Discussion

The results of this study support previous research that has been empirically studied by other researchers - in the same or different contexts - on the relationship between service quality and corporate image, customer trust, and customer loyalty. The important role of service quality in improving company image has been carried out by many previous researchers (Sahid, et al (2023); Salsabila, et al (2021); Safitri, et al (2021); Lay (2018); Alireza, et al (2011) and Wang, et al (2003) which state that Service Quality has a significant effect on Company Image. This finding also confirms that BSI Kupang Branch has succeeded in providing the best service to customers and has instilled a positive impression in the minds of customers. This positive impression further shapes the perception of BSI Image. In other words, BSI Kupang Branch has successfully implemented the views of experts, including Bitner (1991); Gummesson and Gronross (1988) which state, that Company Image is one of the important factors of the overall service that customers evaluate (Lay, 2018), therefore all factors that can improve Company Image must be implemented properly. One of the factors is service quality, as said by Fazio and Zanna (1978) in Lay (2018), that evaluation of service quality is the main cause of Company Image.

The impact of service quality on customer loyalty also supports previous research conducted by Sahid, et al (2023); I Gde Nyoman, et al (2022); Triandewo, et al (2020); Purnama, et al (2019); Lay (2018); and Zeithaml, et al (1996) which state that service quality has a significant effect on Customer Loyalty. This finding also supports the theory that states that good service quality for customers will lead to a loyal customer attitude towards service provider companies (Lay, 2018). The findings of this study are also in line with Parasuraman's research (1988) which maps the path of *service quality - satisfaction - loyalty*, which states that loyalty is influenced by how much customers assess that service quality can meet their expectations. The results of this study support and confirm the results of previous research conducted by Zeithaml, et al (1996) which proves that service quality affects customer loyalty.

The results of this study also support and confirm the results of previous research conducted by Salsabila, et al (2021); and Lay (2018) which state that Service Quality has a significant effect on customer trust. The findings of this study are also in line with the opinion that trust is a customer assessment that a service provider can be trusted (Gronross, 1990; and Gefen, 2000). Morgan and Hunt (1994) also argue that trust exists when two groups are involved in an honest and trustworthy relationship. In relation to the relationship between service providers and customers, service quality is the result of service provider activities that are enjoyed and evaluated by customers. Therefore, quality services provided by service providers will increase customer trust in service providers, or vice versa (Lay, 2018).

The findings of this study also show the important role of company image on customer trust and customer loyalty. The better the company image will have an impact on increasing customer trust has been proven by several previous research results, including research conducted by Salsabila, et al (2021); Purnama, et al (2019); Lay

(2018); and Flavian et al. (2005). Company Image has a significant effect on Customer Trust. This finding also supports the theory which states that Company Image is a good impression of customers towards service providers. Therefore, customers who have a good impression of service providers will generate or increase customer trust in service providers (Gronroos, 1990). The results of this study also support the findings of Flavian et al (2005) which state that Company Image affects trust, because the positive experiences and impressions that customers get while interacting with service providers are believed to generate trust in the service provider organization.

The results of this study have proven that, company image has a significant effect on customer loyalty. These findings support previous research conducted by Sahid, et al (2023); I Gde Nyoman, et al (2022) Salsabila, et al (2021); Sumartini, et al (2021); Lay (2018); and Safitri (2016). These results also support the results of research by Alireza, et al. (2011) on telecommunication service customers in Iran which states that Company Image affects Customer Loyalty. These findings also support the theory put forward by Gronroos (1990) and Nguyen and LeBlanc (2001) which state that Company Image is a good impression of customers towards service providers. Customers who have a positive image tend to be loyal to their service provider (Lay, 2018).

Finally, the results of the study have proven that customer trust has a significant effect on customer loyalty. This finding supports previous research that has been conducted by Sahid, et al (2023); I Gde Nyoman, et al (2022); Mardiana, et al (2020); Triandewo, et al (2020); and Lay (2018). These results also support the results of research conducted by Hoq, et al. (2020) who examined banking customers in Malaysia, found that trust is an important factor for bank customers. Research conducted by Butt *and* Aftab (2013) on Islamic bank customers, also found that trust affects Customer Loyalty (Lay, 2018). The results of this study also support the theory put forward by Morgan and Hunt (1994) which states that trust and commitment are determining factors for the success of building relationships with customers, including building customer loyalty. Customers who believe in service providers that can sustainably fulfill their wishes and expectations, tend to be loyal to these service providers.

The results of this study can be said to be very important from a practitioner's point of view, especially for the management of BSI Branch, as well as the management of other banks. Although the findings of this study and a number of previous studies have proven that service quality, corporate image, and customer trust have a significant effect on customer loyalty, the results of descriptive statistical analysis show that the average score perceived by customers on customer loyalty is in the high category, and is the lowest when compared to the average score of service quality variables (very high), customer trust (very high), and corporate image (high). This fact shows that BSI Kupang Branch's customer loyalty must be improved, and it is not enough to improve service quality, company image, and customer trust. At the same time, BSI management must improve other variables that have a real impact on customer loyalty and retention, including satisfaction, relationship marketing, switching costs, promotion mix, and others.

Efforts to improve customer loyalty and retention are seen as very important, and must be addressed strategically. In addition to the findings of this study which have proven that customers tend to be disloyal, the findings of Schaeck and Cihak (2008) have also confirmed, that in banking structures with a high level of competition, customer loyalty tends to decrease, so that the relationship between customers and banks becomes less stable and more short-term. The results of *MarkPlus Insight* research (2013) also found that one *trend* that began to be seen in recent years is the tendency of customers to have more than one savings account, even more than one active credit card account. Facts also show that the threat of competition not only comes from conventional banks and Islamic banks, but also the increasingly strong credit creation and other financial institutions that target the same market or customers.

6. Conclusions

Based on the analysis, this study concludes that service quality, company image, and customer trust have a significant and positive impact on customer loyalty at BSI Kupang Branch. Improved service quality not only enhances the company's image but also builds stronger customer trust, which in turn fosters higher customer loyalty. A positive company image contributes significantly to increasing both trust and loyalty, while customer trust plays a vital role in ensuring long-term customer commitment. These findings emphasize the importance of delivering high-quality services, maintaining a strong and positive corporate image, and nurturing trust as strategic efforts to retain loyal customers and attract new ones.

It is recommended that BSI Kupang Branch continuously improve its service quality, strengthen its corporate image, and actively build customer trust as part of its long-term strategic goals. Additionally, future studies should explore broader and more diverse customer segments, such as depositors and borrowers, and expand the geographical scope to include regions with diverse religious demographics. Such efforts will provide a more comprehensive understanding of customer perceptions and loyalty factors across different contexts.

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