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From Quality to Profitability: The Link between Service, Product Quality, and Customer Satisfaction at PT Mandiri Utama Finance

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Abstract:

This study investigates the influence of service quality and product quality on customer satisfaction at PT Mandiri Utama Finance, Buleleng Regency, and explores the broader implication of customer satisfaction as a driver of business profitability. Employing a quantitative approach, data were collected through questionnaires distributed to customers and analyzed using SPSS version 21.0. The analysis involved validity and reliability tests, classical assumption testing, multiple linear regression, goodness-of-fit evaluation, and hypothesis testing. The findings reveal that both service quality and product quality have a positive and significant effect on customer satisfaction. Furthermore, the study highlights that enhancing these quality dimensions is not only essential for improving satisfaction but also contributes to the company's long-term financial performance by fostering stronger customer relationships and retention.

Keywords: *Service Quality, Product Quality, Customer Satisfaction, Profitability, Financial Services*

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1. Introduction

The rapid development of financial institutions has transformed them from merely offering credit guarantees to playing a pivotal role as economic drivers within a region. Financial service institutions, including multifinance companies, now serve as key contributors to regional economic development by offering accessible financial products to the public (Mahsyar & Surapati, 2023). PT Mandiri Utama Finance (PT MUF) in Buleleng Regency is one such institution striving to expand access to financial services through diverse offerings such as multipurpose loans, business credit, and motor vehicle financing.

Customer satisfaction is a central metric in evaluating the performance of financial institutions, as it directly affects consumer loyalty and, subsequently, company profitability (Armstrong et al., 2020). According to Kristiawan et al. (2021), customer satisfaction results from the degree to which services and products meet or exceed consumer expectations. Dissatisfaction can disrupt customer retention, leading to reduced income for financial service providers like PT MUF, whose

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income is largely derived from the willingness of customers to engage in repeat borrowing activities.

Recent data from PT MUF Buleleng shows an inconsistent achievement of revenue targets in 2024, with monthly revenues falling short in several periods—most notably in March, which only met 45.82% of its target. While the company achieved above-target income in April and December, the average annual revenue achievement was only 86.64% of the target (PT MUF, 2025). This inconsistency highlights a performance gap that may be linked to service quality and product clarity.

One recurring issue at PT MUF Buleleng is the ineffective communication between staff and customers regarding loan products. Employees often lack sufficient knowledge or are not proactive in conveying product information, leading to customer confusion and dissatisfaction (Kasih & Wijaya, 2022; Suwardi & Puspa, 2023). These service lapses can weaken trust and deter customers from returning, ultimately affecting company income.

Product quality also plays a vital role in shaping customer satisfaction. According to Lestari & Iskandar (2021), product quality encompasses the ability of services to meet explicit and implicit consumer needs. In PT MUF's case, customers have reported challenges with product suitability and unclear requirements during credit submissions, leading to dissatisfaction and delayed financial disbursements.

While Budiasni & Widiartana (2023) emphasized that a focus on product quality increases consumer satisfaction, Mariansyah & Syarif (2020) noted that insufficient employee knowledge about product details can hinder satisfaction. This inconsistency in findings suggests a research gap regarding how product quality interacts with employee service delivery to impact satisfaction within a multifinance context.

Several prior studies have examined the link between service quality, product quality, and customer satisfaction (Rachman, 2018; Aulia & Rofiaty, 2023; Tanjung et al., 2022). However, few have focused on the operational setting of regional finance institutions like PT MUF, where local economic, cultural, and infrastructural challenges may influence service outcomes. This research aims to fill that gap by evaluating the interplay between service quality, product quality, and customer satisfaction in a localized financial service environment.

The novelty of this study lies in its integration of economic impact analysis, linking customer satisfaction not just to service outcomes but to broader financial performance indicators such as revenue realization. By correlating satisfaction levels with monthly revenue patterns, the study provides a unique contribution to understanding how quality dimensions translate to profitability at the institutional level (Suparwo et al., 2025).

Given the importance of customer satisfaction for sustaining income flow in finance, it is essential to identify key determinants that influence satisfaction among loan applicants. This is particularly important for PT MUF, which serves as a financial bridge for many individuals and small businesses in Buleleng.

Therefore, the objective of this research is to empirically examine the effect of service quality and product quality on customer satisfaction at PT Mandiri Utama Finance in Buleleng Regency. By addressing the research gap and incorporating regional data, the findings aim to provide actionable insights for financial institutions seeking to improve service delivery and profitability in similar regional settings.

2. Theoretical Background

Service Quality

Service quality has become a crucial factor in the success of an organization and is a key aspect of marketing management. According to Suwardi and Puspa (2023), providing good service involves prioritizing customers' needs and interests, ensuring the accuracy of services delivered, and ultimately receiving positive responses from customers. Kasih and Wijaya (2022) state that service quality refers to the ability or advantage of an organization to fulfill customer needs according to their expectations. Wianti, Yuniarti, and Susanto (2021) explain that service quality is a dynamic condition that relates to products, services, staff, procedures, and arrangements with the potential to fulfill or exceed anticipated service quality. Moreover, Sagala, Zebua, and Halim (2021) note that customers comprehensively evaluate the quality of service, which reflects their overall assessment of the services provided. Hadi, Sulaeman, and Komarudin (2023) also find that high service quality significantly contributes to increasing customer satisfaction.

Product Quality

Product quality is an important dimension that determines consumer decisions in selecting and using certain products. Krismantara, Suartina, and Mahayasa (2023) state that consumers prefer products that demonstrate superiority and quality compared to others. Lestari and Iskandar (2021) explain that product quality reflects the ability of a product to meet specific customer needs. Suhairi (2019) defines product quality as the harmony between consumers' desires and product performance, ensuring that their needs are fulfilled. Fauziah, Sumantyo, and Ali (2023) add that product quality involves a multi-stage process focused on delivering defect-free products that meet high market standards. Similar findings by Budiasni and Widiartana (2023) show that product quality significantly influences customer satisfaction in the food and beverage service sector.

Customer Satisfaction

Customer satisfaction is the emotional response customers experience after comparing their expectations with the reality of the product or service received. According to Tjiptono (2019, cited in Suwardi & Puspa, 2023), customer satisfaction occurs when products or services meet or exceed customer expectations.

Dewi and Sari (2024, cited in Suparwo et al., 2025) define customer satisfaction as the level of happiness or dissatisfaction felt by customers after evaluating the quality of products or services received relative to their expectations. Ardiansyah, Zailani, and Widodo (2023) emphasize that product quality and service quality simultaneously influence customer satisfaction, which in turn strengthens customer trust in the brand. Similarly, Aulia and Rofiaty (2023) identify that in the banking sector, customer satisfaction is formed through a combination of product and service quality. Mahsyar and Surapati (2023) reinforce this by stating that customer satisfaction acts as a mediating variable between service quality and customer loyalty.

Rita and Davidson (2022) also show that customer satisfaction has a downstream impact on loyalty, making satisfaction key to maintaining long-term relationships between companies and customers. Kristiawan, Hartoyo, and Suharjo (2021), in a study of fast-food restaurants, conclude that both product and service quality play vital roles in creating customer satisfaction. In the retail and SME context, Mariansyah and Syarif (2020) reveal that customer satisfaction is influenced not only by products and services but also by pricing. Magister Management et al. (2023) further state that customer satisfaction functions as a mediating variable that strengthens repurchase intention based on perceptions of service and product quality.

Based on these various findings, it can be concluded that product quality and service quality are the two main determinants in creating customer satisfaction, which ultimately plays a role in enhancing loyalty and the sustainability of business relationships (Ambarita, Sekarningsih, & Lestari, 2023; Rachman, 2018; Tanjung et al., 2022).

3. Methodology

This research uses a quantitative approach, involving observations related to the number of customers who took loans at PT Mandiri Utama Finance, Buleleng Regency, based on their decisions prior to taking credit. In addition, documentary studies were conducted to serve as the basis for data collection, supported by statistical results obtained from questionnaires distributed during the study.

The population consists of 620 customers who took loans at PT Mandiri Utama Finance, Buleleng Regency. The sample size was determined using Slovin's formula, considering the known population of 620 customers. This formula allows for an accurate calculation of the sample size. For this research, a sample of 86 customers was selected from the total population, with a margin of error of 10% based on Slovin's formula. This method ensures that the selected samples have direct and relevant experience related to the research topic, thereby generating more comprehensive and significant data for analyzing relationships between research variables.

The data collection techniques in this research consist of three types: direct observation at the study site, documentation collected during the research, and questionnaires distributed during data collection.

4. Empirical Findings/Result

Validity Test

The research results show that the instruments used in this study are valid if all indicators meet the validity criteria. The minimum acceptable value for each indicator is an r-value greater than 0.212. This cutoff is based on the r-table value for a sample size of 86 minus 2 (N-2 = 84), where the valid standard is r = 0.212.

The validity test results for the service quality variable, which has 5 indicators, show correlation coefficients of 0.696, 0.684, 0.583, 0.707, and 0.728, respectively. For the product quality variable with 4 indicators, the correlation coefficients are 0.544, 0.587, 0.634, and 0.791. The customer decision variable with 5 indicators has correlation coefficients of 0.579, 0.706, 0.618, 0.644, and 0.676. Since all these values exceed 0.212, the indicators are considered valid.

Reliability Test

The reliability test results show that all variables in the study are reliable, with Cronbach's alpha values above 0.60. Specifically, the service quality variable has a reliability coefficient of 0.860, the product quality variable 0.816, and the customer decision variable 0.838. These results indicate good internal consistency for all constructs.

Classical Assumption Test

Normality Test

The normality test is considered good if the significance value from the one-sample test is greater than 0.05 (5%). In this study, the variables showed a significance value of 0.352, indicating that the data are normally distributed.

Multicollinearity Test

A multicollinearity test is considered free of problems if the tolerance value is greater than 0.10 and the Variance Inflation Factor (VIF) is less than 10. In this study, the two independent variables—service quality and product quality—show tolerance values of 0.292 and VIF values of 3.428 each. These values indicate that there is no multicollinearity issue among the variables used.

Heteroscedasticity Test

The heteroscedasticity test results show no problems, as evidenced by the even distribution of points in the scatterplot. This confirms that the variance of residuals is consistent across the range of independent variables.

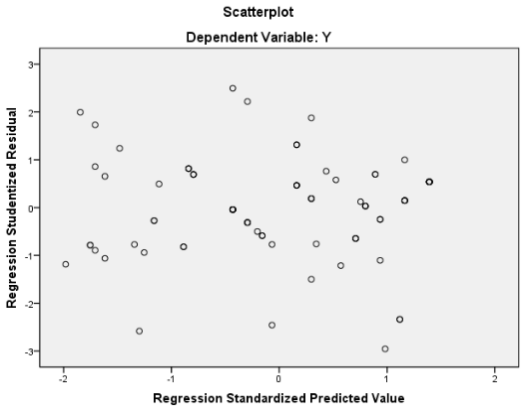


Figure 1. Heteroscedasticity Test

Analysis Multiple Linear Regression

Table 1. Results of Multiple Linear Regression Analysis

Model		*Unstandardized Coefficients*		*Standardized Coefficients*	t	Sig.
		B	*Std. Error*	*Beta*		
1	(Constant)	4,379	0.924		4,736	0,000
	Quality Service	0.540	0.080	0.608	6,716	0,000
	Quality Product	0.324	0.091	0.322	3,555	0.001

Source : 2025 Data Processing Results

Based on output results from SPSS with analysis regression , shows variables used in the study This that is quality service and quality product marked positive and with value of two variables that is quality service and quality product what is seen from mark *Unstandardized Coefficients B* , known that every variable study This show influence towards the positive and the magnitude influence variable own different values . Constant values for decision Customer from influence quality service and quality product is 4.379, variable quality service namely 0.540 and the variable quality product which is 0.324. The regression results study from every variable free show impact positive on improvement decision customers at PT Mandiri Utama Finance, Buleleng Regency with improvement as big as one and a constant value of 4.379.

Results of Determination

Table 2. Results of Determination Analysis

Model	R	*R Square*	*Adjusted R Square*	*Std. Error of the Estimate*
1	0.895a	0.802	0.797	1,19264

Source : 2025 Data Processing Results

Based on Table 2, it can be explained that the combined influence of the two independent variables—service quality and product quality—on customer decision is reflected by an R Square value of 0.802. This means that 80.2% of the variation in customer decision can be explained by these two variables, while the remaining 19.8% is influenced by other factors not examined in this study, such as customer loyalty, consumer behavior, competitive advantage strategies, interest, company image, brand image, and others.

F-test

The results of the simultaneous significance test, as shown by the F-test, indicate that all the research variables—namely service quality and product quality—together have a significant influence on customer decisions. The F-test value is 167.858 with a significance level (p-value) of 0.000. Based on these results, it is evident that the F-test value exceeds the critical value. Using the formula for degrees of freedom, where K - 1 = 3 - 1 = 2 and sample n - k = 86 - 2 = 83, the critical F-value is 3.11. Since 167.858 > 3.11, the influence of the independent variables on customer decisions is statistically significant.

T-test Analysis

Table 3. T-test

Model		*Unstandardized Coefficients*		*Standardized Coefficients*	t	Sig.
		B	*Std. Error*	*Beta*		
1	(Constant)	4,379	0.924		4,736	0,000
	Quality Service	0.540	0.080	0.608	6,716	0,000
	Quality Product	0.324	0.091	0.322	3,555	0.001

Source : 2025 Data Processing Results

Based on the results of the hypothesis test, it is known that with the results of the partial test, the values of the research variables used exceed 1.663 or the standard t table 83 with the formula of the number of samples, namely 86 minus the number of research variables, namely 3, so that the standard r table 83 is obtained with a value of 1.663. From the results of the t-test that has been carried out, it is known that each variable obtains a significant value on the influence of customer decisions, such as the first independent variable, service quality, obtaining a large t value of 6.716 and a significant value lower than 0.05, namely 0.000, the second independent variable, product quality, obtaining a large t value of 3.555 and a significant value lower than 0.05, namely 0.001. From the results of the test, it can be said that all research hypotheses can be accepted in their entirety because all sig values of the research variables are below 0.050.

5. Discussion

The findings of this study indicate that service quality has a significant and positive influence on customer satisfaction at PT Mandiri Utama Finance, Buleleng Regency.

When customers receive prompt, attentive, and professional service—whether during the loan application process or while waiting for their credit to be approved—they are more likely to feel valued and respected. High service quality creates a favorable impression that can lead to increased customer loyalty and repeated use of the company's services.

Quality service provided by staff plays a vital role in shaping the customer experience. When the employees demonstrate strong interpersonal skills, responsiveness, and reliability, it enhances the customer's confidence in the institution. As suggested by Lestari & Iskandar (2021), service quality significantly contributes to customer satisfaction by meeting or even exceeding customer expectations. Similarly, Suhairi (2019) emphasized that consistently prioritizing excellent service delivery helps strengthen the connection between a company and its customers. This reinforces the idea that service quality is a fundamental factor in achieving high customer satisfaction.

The Influence of Product Quality on Customer Satisfaction

Product quality also has a notable positive impact on customer satisfaction. In the context of financial services, this includes factors such as competitive interest rates, flexible loan terms, and clarity in credit policies. When the products offered meet the needs and expectations of customers, they are more likely to feel satisfied with their decision to borrow from the company.

Up-to-date and well-designed financial products, supported by relevant incentives or bonuses for loyal customers, can enhance perceived value. As stated by Aulia & Rofiaty (2023), customers are more satisfied when financial institutions consistently offer quality products that align with their financial goals. Hadi et al. (2023) further confirmed that high-quality products in the financial sector can encourage customers to maintain their relationship with a company, even in the presence of similar offers from competitors. Therefore, maintaining strong product quality is essential for reinforcing customer satisfaction and retention.

The Combined Influence of Service Quality and Product Quality on Customer Satisfaction

Together, service quality and product quality significantly influence customer satisfaction. These two elements are interrelated and must be managed simultaneously to build a strong customer base. A company that provides superior products but lacks in service delivery may still face challenges in retaining customers. Conversely, excellent service without reliable products may result in short-lived customer relationships.

In today's competitive financial landscape, companies must balance both aspects to ensure long-term success. Managers at PT Mandiri Utama Finance are encouraged to continue improving their service and product offerings to meet evolving customer expectations. According to research by Ambarita et al. (2023), customer satisfaction is maximized when both service and product quality are given equal priority.

Ardiansyah et al. (2023) support this view by stating that trust and satisfaction arise when customers consistently receive both high-quality service and products.

When companies focus on these two variables, they can achieve not only higher satisfaction levels but also increased customer loyalty. As highlighted by Mahsyar & Surapati (2023), product and service quality are strategic assets that enhance competitive advantage by reinforcing the emotional and rational satisfaction of customers. Kristiawan et al. (2021) also emphasize that both factors are critical in shaping customer satisfaction, particularly in competitive markets.

In conclusion, service and product quality are key determinants of customer satisfaction. Their consistent improvement can help companies maintain customer trust, foster loyalty, and achieve sustainable growth. These findings align with the conclusions of several studies (e.g., Rita & Davidson, 2022; Tanjung et al., 2022; Suparwo et al., 2025), which affirm that companies that effectively integrate high-quality service and product strategies are better positioned to satisfy and retain their customers.

6. Conclusion

This study concludes that both service quality and product quality have a significant and positive influence on customer satisfaction at PT Mandiri Utama Finance, Buleleng Regency. High service quality, characterized by responsiveness, professionalism, and excellent communication, plays a crucial role in helping customers navigate the loan process, ultimately enhancing their satisfaction with the company's services. Likewise, superior product quality—marked by competitive offerings, transparent terms, and relevant financial solutions—significantly increases customer satisfaction and encourages repeat borrowing behavior.

Moreover, when service quality and product quality are combined, they jointly contribute to a substantial improvement in customer satisfaction. The synergy between well-delivered services and well-designed financial products creates a comprehensive customer experience that meets both emotional and rational expectations. Thus, maintaining high standards in these two areas is essential for sustaining customer trust, satisfaction, and loyalty in a competitive financial environment.

Future studies are encouraged to expand the scope of this research by incorporating additional variables that may influence customer satisfaction, such as brand image, customer loyalty, pricing transparency, digital service innovation, or customer trust. Comparative studies involving other financial institutions or regions could also provide broader insights into the generalizability of the findings. Furthermore, adopting a longitudinal approach would help capture changes in customer satisfaction over time and the long-term effects of service and product quality on customer behavior. Mixed-method research could also be considered to explore deeper qualitative insights into customer perceptions and experiences.

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