

IMPLEMENTATION OF THE CONCEPT OF SERVICE EXCELLENCE IN BANKING SERVICES FOR THE IMPROVEMENT OF CUSTOMER SATISFACTION

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Abstract: The purpose of this study is to analyse the implementation of Service Excellence in banking services and its impact on increasing customer satisfaction. In an era of increasing competition, banks are required to provide services that not only meet but also exceed customer expectations. The concept of service excellence is one of the effective strategies to achieve this goal. The research method used is a literature review approach by collecting data from various secondary sources, including journals and academic articles. The variables studied include the dimensions of service excellence tangibility, reliability, responsiveness, assurance, empathy and the level of customer satisfaction.

Keywords: Service excellent, bank services, customer satisfaction.

Introduction

The growth of Islamic banking in Indonesia is very high as evidenced by the establishment of Islamic financial institutions. Based on Law No. 10 of 1998 on Banking, it is explained that one of the main functions of financial institutions is to be a means of collecting money from the public and giving it back to the public to be used in the business sector. As a financial institution that has an intermediary function, namely to collect and channel funds to customers. In intermediating with customers, Islamic banking has a strategy for customers to save in Islamic banks, namely by providing the best service to customers.

According Prasetyorini, quote by Handini (2013) Excellent service (service excellent) in a sense is very good service or the best service. Excellent service is a determining factor in the success of a company. Service excellent will usually be seen by customers through frontliners, namely Customer Service and Teller in providing direct service by customers.

Customer service plays a very important role in this. This is the most important service point for providing excellent service in banking, and the ability to provide fast and accurate service and good communication skills with customers is required to continue doing business. The availability of facilities and infrastructure to support the speed, accuracy and precision of work to provide the best service to customers (Kasmir, 2017). The application of the concept of service excellence in banking plays an important role in increasing customer satisfaction, therefore, in addition to Frootliner, all existing employees must be involved in providing excellent service, such as cleaning service, security guards to the board of directors of the bank must participate in helping.

Service Excellence involves the competence, attitude, behaviour, attention, action and responsibility of employees in providing the best service to customers. Providing the best service to customers by delivering friendly, courteous, prompt, accurate and ethical services that meet customer needs makes customers feel valued and cared for. Customers expect a certain level of service quality from the bank, which has a positive impact on the bank's operations. Customer satisfaction is a desired state that customers expect to be achieved through the products offered. Customers will be disappointed if the bank's performance does not meet their expectations; otherwise, if the bank's performance meets their expectations, the customer will be satisfied.

The success of service excellence is reflected in customer satisfaction. The higher the level of customer satisfaction, the better the service the bank provides to its customers. Criticism and complaints from customers when they do not receive excellent service will lead to negative customer perceptions. If this happens continuously, it will reduce customer confidence. This will give the bank a bad image and cause customers to move to other banks.

Literature Review

a. Service Excellent

Meeting and exceeding customer expectations is paramount to service excellence. By aligning the skills, attitudes and actions of employees with customer needs, organisations can create exceptional customer experiences and foster long-term customer loyalty. (Pratiwi, 2019).

b. Bank Services

Modern banks offer a wide range of services, from accessible digital banking to personalised financial advice. Using advanced technologies such as mobile apps and chatbots, banks are helping customers manage their finances more efficiently. Banks also provide financial education to help customers achieve their financial goals. (Ilahi & Arifuddin, 2022; Nasfi et al., 2020).

c. Customer Satisfaction

Customers are individuals or business entities that conduct banking transactions, be it to deposit funds, obtain credit, or utilise other banking services. Primary customers, who regularly utilise various banking services, are generally given priority in service. Primary customers' loyalty to banking institutions also tends to be higher (Hidayat, et.al 2023). As (Adhari, (2021) It also explains that customer satisfaction is the result of a strong emotional relationship between the customer and the company, beyond the mere quality aspects of the product or service. High customer loyalty and the tendency to recommend products or services to others are the consequences of customer satisfaction. Conversely, customer dissatisfaction can have a negative impact on the company's business continuity.

Method

This research uses a literature review approach, collecting data from a variety of secondary sources including journals and scientific articles. The main objective of this research is to analyse the role of service quality in improving customer satisfaction. According to Sugiyono (2014), literature includes reading, recording, and analysing information obtained from various sources in the library. An extensive literature search was conducted by utilising the Google Scholar database to identify scholarly articles relevant to the topics of service quality and customer satisfaction. The selected articles were then critically analysed to assess their suitability to the theoretical framework of the study, the research methodology used, as well as the contribution to the development of knowledge in this field.

Result and Discussion

Service excellence in the banking sector is a strategic approach aimed at delivering the best customer experience. In an era of increasing business competition, this application has become very important to ensure business continuity and increase customer satisfaction and loyalty.

Service excellence is an effort to provide the best service that not only meets, but also exceeds customer expectations. In the context of banking services, service excellence includes the bank's ability to establish good relationships, provide a positive customer experience, and build customer loyalty (Kasmir, 2008). In this service excellence, it involves core aspects such as service

speed and customer satisfaction level in an optimal way. In banking services, the level of customer satisfaction is one of the main indicators of service success, especially in an era of increasingly fierce competition.

This service is important because the banking sector is a service-based industry, where customer satisfaction is one of the keys to operational success and company competitiveness. By improving service quality, banks are not only able to maintain the existence of old customers but also attract new customers.

Service quality will certainly create satisfaction for service users, which in turn can provide several benefits including establishing a harmonious relationship between service providers and customers, providing a good basis for the creation of customer loyalty and forming a word of mouth recommendation that is beneficial to the service provider.

Various studies related to the application of the service excellent concept in banking services show that certain aspects have a significant influence on customer satisfaction. According to Ode Kamaruddin (2021), it shows that the application of service excellent standards by customer service, including responsibility, action, attention, appearance, attitude, and ability, can increase customer loyalty. Fiky Pratiwi Ratno Putri (2018) adds that the quality of service that is fast, precise and friendly has a significant effect on customer satisfaction. In addition, according to Balanca, cited by Alif Arfian Syah (2020), it is revealed that the application of service excellent at BMT Bismillah Sukorejo, that customer service must have the ability to serve quickly and precisely, as well as good communication skills, supported by facilities and infrastructure that support the efficiency and accuracy of work. Therefore, banks need to improve service quality through staff training, service system improvements, and adjustments to customer needs to achieve optimal satisfaction.

Service Quality

Service is considered an indispensable part of a service provider, banking service quality has a great influence on customer satisfaction and the long-term success of a bank. A bank that is able to provide excellent service will gain higher customer loyalty, which in turn can drive growth and positive reputation. Customer satisfaction in the banking context depends not only on the products offered, but also on their experience in interacting with the bank. Parasuraman et al. (1988) define service quality as a comparison between customer expectations and the service they receive. The dimensions of Service Quality (SERVQUAL) proposed by Parasuraman et al. (1988) consists of five dimensions, namely:

a. Tangibles

Physical evidence refers to the ability of a company to demonstrate its existence to outsiders. The appearance and quality of the company's physical facilities and infrastructure, along with the condition of the surrounding environment, is a clear indication of the services provided by the service provider. This includes physical facilities such as buildings and warehouses, equipment and technology used, and the appearance of employees.

b. Reliability

Reliability is the company's ability to deliver services as promised, accurately and reliably. Performance must meet customer expectations, which include timeliness, consistent and error-free service to all customers, a friendly attitude and a high level of accuracy.

c. Responsiveness

Responsiveness refers to the willingness to help and provide fast and precise service to customers, accompanied by clear information delivery.

d. Assurance

Assurance is the knowledge, politeness, and skills of the company's employees in building customer trust in the company. It includes several components, such as communication, credibility, security, competence, and ethics.

e. Empathy

Empathy is the genuine and personalised attention given to customers with the aim of understanding their wishes. Companies are expected to have a deep understanding and knowledge of customers, recognise their specific needs, and provide time for interaction that is convenient for customers.

Customer Satisfaction

Satisfaction is a key component in creating value for customers. With customer satisfaction, banks get benefits such as a harmonious relationship between the bank and its customers, an increase in the trust base, and the development of positive word-of-mouth recommendations that are beneficial to the bank. This also increases customer interest in making transactions or using banking facilities. According to Talunohi (2023) profitability and productivity perspectives only involve activities that create value for customers that need to be done. Companies must recognise and understand customers better than ever before. They must also be able to build trust with customers in order to easily get feedback. Customer satisfaction is dynamic and relative. Customer-centric concepts and slogans are considered to help companies increase customer satisfaction and maintain existing customer loyalty, especially in the banking sector. According to Bessie & Boimau (2022) several indicators of customer satisfaction are as follows:

- a. Appropriate Expectations: This means that there is an alignment between the product used and the customer's expectations.
- b. Desire to Reuse: This indicates that customers are willing to reuse the same product.
- c. Desire to Promote: This means that customers are willing to recommend the products they use to others.

Customer Loyalty

In the banking world, the sustainability of this sector's business is highly dependent on customer loyalty. Customer loyalty to the bank can be seen as a form of protection provided to customers on an ongoing basis within a certain period of time. According to Massora (2021) Customer loyalty can generally be defined as a person's loyalty to a product, both in the form of goods and certain services. This loyalty is a continuation of consumer satisfaction in using the facilities and services provided by the company, as well as the desire to remain a customer of the company. Loyalty shows that consumers continue to choose to transact with the company, and have a positive attitude and attachment to it. From this explanation, it can be concluded that each customer has different reasons for loyalty, which depend on the objectivity of each individual.





Figure 1. Conceptual Framework

The Impact of Service Excellence on Customer Satisfaction

In the banking sector, service excellence is essential to create a positive experience for customers and support customer loyalty. Some of the impacts of implementing service excellence on customer satisfaction:

- a. Increase customer trust
Service excellence builds trust between the customer and the organisation. When customers feel valued and well served, they will have more confidence in the organisation's ability to meet their needs. This is in line with Kamarudin's research (2021) that customers tend to have more trust in financial institutions that implement excellent service, where Bank Syariah Mandiri Ambon Branch shows that the implementation of excellent service standards, including friendliness, speed of response and accuracy of service, directly improves customer satisfaction. As many as 82% of customers reported higher satisfaction after special training for staff on service excellence, which had a significant impact on customer satisfaction.
- b. Increase customer loyalty
Customers who are satisfied with the quality of service will usually return to use the same product or service. According to Balanca (2020), customer loyalty can increase by up to 30% in organisations that consistently deliver excellent service. This shows that service quality not only has a direct impact on customer satisfaction, but also fosters long-term relationships between customers and companies.
- c. Improve customer reputation
Quality service not only has a direct impact on today's customers, but also plays an important role in creating a positive image that strengthens a company's reputation. In the banking industry, for example, a good reputation is a valuable asset. Satisfied customers often share their positive experiences with family, friends and business associates. This has a ripple effect that not only helps attract new customers, but also strengthens the company's competitive position in the marketplace. Consistent and responsive service is the foundation for maintaining a company's reputation over the long term.
- d. Operational efficiency and problem solving
Excellent service also includes the organisation's ability to handle customer complaints or problems quickly and efficiently. Pratiwi's study (2018) shows that customers are more satisfied when the problems encountered are immediately resolved without a convoluted process. Customer service that is swift in providing solutions creates a strong relationship between customers and financial institutions, even increasing customer loyalty by 70%.
- e. Increase overall satisfaction levels
- f. Excellent service not only includes aspects of friendliness and speed in serving, but also the organisation's ability to deal effectively with customer complaints or problems. According to Ahanani & Santoso (2022) that variables such as ability, attitude, appearance, attention, action, and responsibility have a significant influence on customer satisfaction. This indicates that customer satisfaction can be seen from the extent to which the company is able

to meet customer needs holistically, both through direct interaction and handling of their complaints.

g. Encourage competitive differentiation

In an industry with fierce competition, service excellence is an added value that is very valuable and difficult to imitate by competitors. Exceptional service that not only meets customer expectations but also exceeds them, helps companies differentiate themselves from competitors, especially in sectors that offer similar products. When a bank or financial institution is able to provide an exceptional and memorable customer experience, it creates stronger loyalty and strengthens long-term relationships with customers.

The Challenge of Service Excellence to Customer Satisfaction

a. Consistency in service

Maintaining service consistency across all points of interaction with customers is an important challenge. Inconsistency can damage the company's reputation and reduce customer satisfaction. Tjiptono (2008) adds that if the perceived service is in accordance with the expected service, then the quality of the service concerned will be considered good and positive. If the perceived service exceeds the expected service, then the service quality is perceived as ideal quality. Whether or not service quality depends on the ability of the company and its staff to consistently meet customer expectations.

b. Managing customer expectations

Evolving customer expectations require companies to always adapt, because the inability to meet these expectations can lead to dissatisfaction. So changes in consumer behaviour and high competition force companies to adapt quickly and find effective strategies in meeting customer expectations.

c. Adaptation to new technology

The rapid development of technology requires companies to adapt quickly, because delays in adopting new technologies can make companies lag behind competitors. In the digital era, companies must be able to adapt quickly to technological changes to maintain customer loyalty.

d. Limited resources and budget

Limited budgets and resources can save efforts to improve services and responses to customer needs. Challenges in public services are often related to limited resources that can affect the quality of services provided to the public.

e. Ineffective internal communication

Poor communication between departments can lead to disagreements and inconsistencies in customer service. Ineffective internal communication can hinder responsiveness and flexibility in services, especially in organisations with long processes.

f. Lack of employee training and development

Without adequate training, employees may not have the necessary skills in service excellence. Service excellence training is an important effort in improving service quality and equipping employees with the skills needed to face challenges in public service.

g. Handling customer complaints

Managing customer complaints well requires good communication skills and the ability to remain calm under pressure. In achieving successful handling of customer complaints, companies are required to be able to anticipate them with the right strategy.

Strategi Service Excellent on Customer Satisfaction

To achieve optimal levels of customer satisfaction, companies need to implement Service Excellence, which focuses on delivering high quality services. Some strategies that can be implemented:

1. Employee training and development: Enhancing employees' capabilities and skills through regular training ensures they are able to deliver services that meet or exceed customer expectations.
2. Technology utilisation: Integrating technology in services, such as the use of efficient information systems, can improve the speed and quality of service to customers.
3. Effective communication: Establishing good communication between employees and customers helps in understanding customer needs and providing appropriate solutions.
4. Service personalisation: Customising services according to customers' individual needs can increase satisfaction and build long-term relationships.
5. Evaluation and feedback: Regularly evaluating services and soliciting feedback from customers helps organisations make continuous improvements.
6. Employee empowerment: Giving employees the authority to make decisions in certain situations can improve responsiveness and customer satisfaction.
7. Complaint management: Handling complaints quickly and effectively demonstrates the organisation's commitment to customer satisfaction and can increase loyalty.

Conclusion

The implementation of the service excellence concept in banking services is the main key to achieving optimal customer satisfaction. By putting customers at the centre of attention, banks can build strong and sustainable relationships. Through intensive employee training, innovative technology utilisation, and quick response to customer needs, banks are able to provide a seamless and satisfying banking experience. In addition, consistency in providing high-quality services across all channels (both physical and digital) is a critical success factor in implementing service excellence. Success in implementing service excellence not only has an impact on increasing customer satisfaction, but also provides long-term benefits for the bank.

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