


Analysis of Employee Competence, Service Quality, and Credit Procedures on Customer Satisfaction Through Customer Decisions to Choose Kredit Jatim Micro at Bank Jatim Malang Branch

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Article Info	ABSTRACT
<p>Keywords: Competence, Service Quality, Credit Procedures, Customer Decisions in Choosing Credit, Customer Satisfaction</p>	<p>This study aims to analyze the effect of employee competence, service quality, credit procedures, and customer decisions to choose credit products on customer satisfaction at Bank Jatim Malang Branch. The research employed a quantitative approach using multiple linear regression analysis. Data were collected through a survey using questionnaires distributed to 100 customers who had used the Kredit Jatim Micro product. Data analysis was conducted using F-tests to examine the simultaneous influence of the independent variables on the dependent variable, and t-tests to evaluate the partial effects of each variable. The results showed that employee competence, service quality, credit procedures, and customer decisions to choose credit simultaneously had a significant effect on customer satisfaction, with an F-value of 13.45 and a significance level of 0.000. Partially, employee competence and service quality had a more dominant influence on customer satisfaction compared to credit procedures and customer decision-making. Based on these findings, it is recommended that Bank Jatim Malang Branch continues to improve employee competence and service quality, as well as simplify credit procedures to enhance customer satisfaction and loyalty.</p>
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INTRODUCTION

In the banking sector, particularly in relation to microcredit products, one of the main challenges faced by Bank Jatim Malang Branch is how to attract and retain customers. This effort is not only dependent on product offerings, but also heavily influenced by the quality of service provided by the bank. Bank Jatim Malang Branch, under the Main Branch in Surabaya, offers the Kredit Jatim Mikro product as a financing solution for micro-enterprises in the region. This product aims to support the growth of small businesses by providing easier access to credit compared to conventional banking credit products. However, despite the product being designed with various conveniences, the challenges faced by the bank are complex and closely related to three main factors: employee competence, service quality, and credit procedures.

One of the most frequently reported problems is related to credit procedures, which some customers perceive as a barrier when applying for credit. The procedures implemented by Bank Jatim Malang Branch for Kredit Jatim Mikro applications are sometimes considered overly complicated and insufficiently transparent. This often leads to confusion among customers, particularly those with limited experience in the credit application process. The requirement for multiple administrative documents and strict eligibility criteria can discourage prospective customers from utilizing the facility. Such unclear procedures contribute to customer dissatisfaction, potentially influencing their decision to abandon the application process or to switch to other financial institutions offering simpler and faster processes (Widyastuti, 2022).

Employee competence at Bank Jatim Malang Branch is another significant challenge. Employees who lack adequate knowledge about the bank's credit products and are unable to provide clear and easy-to-understand explanations may reduce customer trust in the bank. Limited competence not only hinders the customer's understanding of the product benefits and terms but also worsens their overall experience in the credit application process. In the banking context, competence plays a crucial role in educating customers about how the product works and the processes involved. When employees fail to deliver sufficient information, customers may become uncertain about their decisions, ultimately decreasing their satisfaction with the service provided (Sari, 2021). Therefore, improving employee competence—both in product knowledge and communication skills—is a strategic step to address this issue.

In addition, service quality also plays a vital role in shaping customer satisfaction. Unresponsive, unfriendly, or unhelpful service can negatively impact the relationship between the bank and its customers. Some customers feel that the bank staff are not supportive enough in resolving issues or answering questions related to the credit application process. Complaints about slow or impolite service significantly lower customer satisfaction. A study by Pratama and Hidayat (2020) shows that poor service directly affects customer loyalty and, in turn, their decisions regarding the bank's products. Customers who feel unappreciated or poorly treated tend to seek alternative credit options from other financial institutions that offer more responsive and better service.

Customer loyalty, which stems from customer satisfaction, is a crucial aspect in banking. However, at Bank Jatim Malang Branch, customer loyalty tends to fluctuate significantly. Data from 2023 shows that the number of customers using Kredit Jatim Mikro dropped noticeably during the first three periods of the year. Although there was a rebound in the following three periods, a decline occurred again in the final three. This phenomenon indicates instability in customer loyalty, which may be influenced by dissatisfaction with credit procedures, service quality, or a lack of understanding regarding the product. Low customer loyalty suggests that the bank has not yet been successful in consistently maintaining customer satisfaction. Considering that customer loyalty is essential for the bank's stability and long-term sustainability, this issue must be addressed promptly. If customer loyalty remains low, Bank Jatim Malang Branch risks losing potential customers, which could lead to a decline in

customer numbers and negatively impact the bank's financial performance in the long run (Tamin, 2023).

The three main variables in this study—employee competence, service quality, and credit procedures—have a significant influence on both the customer's decision to choose Kredit Jatim Mikro and their overall satisfaction. In terms of competence, the ability of staff to explain the credit application procedures in an understandable manner and provide clear information about the benefits and conditions of the credit product plays a major role in influencing customer satisfaction. When staff are well-informed and capable of educating customers effectively, customers are more confident in choosing the bank's product (Sari, 2021).

High-quality service that is fast, responsive, and friendly enhances the customer experience and, in turn, increases satisfaction with credit services. Negative experiences stemming from poor service can tarnish customer perceptions of Bank Jatim Malang Branch, resulting in dissatisfaction. Therefore, improving service quality—including responsiveness and politeness—is an important aspect that management must address to maintain customer satisfaction and loyalty (Pratama & Hidayat, 2020). Clear, simple, and understandable credit procedures reduce customer hesitation when applying for loans. If the procedures are overly complicated, non-transparent, or confusing, they can negatively affect the customer experience and lower satisfaction with the bank's services. Conversely, straightforward and transparent procedures facilitate decision-making and accelerate the credit application process, ultimately increasing customer loyalty to Bank Jatim Malang Branch (Widyastuti, 2022).

Overall, this study aims to identify the factors that influence customer satisfaction and loyalty in choosing Kredit Jatim Mikro. It is also expected to provide actionable recommendations for Bank Jatim Malang Branch to enhance service quality, employee competence, and credit procedures in order to improve customer satisfaction and foster stronger customer loyalty..

Literature Review

Competence

In the banking sector, employee competence plays a critical role in shaping the overall quality of service delivered to customers. Competence encompasses a combination of knowledge, technical skills, attitudes, and the ability to effectively apply them in practical, work-related situations. Employees who possess strong competence are able to understand the features and requirements of credit products in depth, communicate this information clearly and accurately to customers, and address any problems or concerns that arise during the service process with professionalism and efficiency. This level of competence not only enhances the customer experience but also helps to build credibility and trust in the institution. As noted by Sari (2021), high levels of employee competence are positively correlated with customer satisfaction, as they enable timely and appropriate solutions, reduce misunderstandings, and create a sense of reliability and responsiveness from the bank. In this context, competence is not merely a supporting factor but a strategic asset that directly

contributes to customer loyalty and the success of banking services, especially in competitive segments such as microcredit..

Service Quality

Service quality refers to the overall effectiveness and manner in which bank employees interact with and assist customers throughout their banking experience. It encompasses key elements such as responsiveness, friendliness, professionalism, and the ability to provide timely and accurate assistance. High-quality service—characterized by fast, courteous, and solution-oriented responses—not only meets customer needs but also significantly enhances their overall satisfaction and impression of the bank. Pratama and Hidayat (2020) emphasize that respectful and attentive service plays a fundamental role in strengthening the relationship between the bank and its customers, fostering trust and encouraging long-term loyalty. When customers feel valued and understood, they are more likely to maintain their banking relationship and recommend the service to others. Conversely, poor service, such as unresponsiveness, indifference, or lack of helpfulness, can lead to dissatisfaction, frustration, and ultimately customer attrition. Moreover, Widyastuti (2022) notes that good service quality can also facilitate customer understanding of complex credit procedures, reducing confusion and accelerating the loan approval process. Therefore, service quality is not only essential for customer retention but also for ensuring operational efficiency and the successful delivery of financial products such as microcredit.

Credit Procedures

Credit procedures include steps like application, document verification, creditworthiness assessment, and disbursement. Simple and clear procedures improve customer convenience, while complex ones cause delays and dissatisfaction. Tamin (2023) highlights that complicated processes discourage customers. Thus, banks should simplify and clarify procedures to make the application process faster and more transparent, boosting customer satisfaction.

Customer Satisfaction

Customer satisfaction is the result of how well the bank's services and products meet or exceed expectations. Sari (2021) identifies competence, service quality, and ease of credit procedures as key drivers. A smooth loan application process, for example, leads to greater satisfaction and increases the likelihood of customers continuing to use the bank's services.

Customer Decision to Choose Credit

Customer decisions are influenced by internal factors such as knowledge and perceptions, as well as external factors like recommendations or marketing. Tamin (2023) found that quality service and clear procedures strongly influence credit product selection. When customers receive appropriate offers and experience an easy application process, they are more likely to choose the product.

METHODS

This study aims to evaluate the extent to which employee competence, service quality, and credit procedures influence customer satisfaction, with the customer's decision to choose

Kredit Jatim Mikro as a mediating variable. The research was conducted at Bank Jatim Malang Branch using a quantitative approach and a descriptive-causal research design.

Data analysis employed the Partial Least Squares (PLS) method, considered effective for testing complex relationships between latent variables, especially in studies with medium-sized samples and non-normal data assumptions. A total of 150 customers who had used Kredit Jatim Mikro for more than six months were selected as respondents through purposive sampling.

The model testing was carried out in two stages. First, the outer model was used to assess construct validity and reliability through indicators such as loading factor, AVE, discriminant validity, Cronbach's Alpha, and Composite Reliability. Second, the inner model examined the strength and direction of relationships between latent variables through path coefficient analysis and R-squared values.

Significance testing was conducted using bootstrapping, yielding t-statistics and p-values to assess the validity of the relationships in the model. A relationship was considered significant if the t-statistic exceeded 1.96 at the 5% significance level. The results of this analysis serve as the basis for understanding the impact of service strategies and internal competence on customer decisions and satisfaction in selecting microfinance products in the regional banking sector.

RESULTS AND DISCUSSION

This study involved 150 customers who used Jatim Mikro credit products at Bank Jatim Malang Branch. Respondents consisted of various ages, genders, and employment statuses. The majority of respondents were between 30 and 50 years old and had used Jatim Mikro credit for more than 6 months.

PLS Test Results

Data analysis was conducted using the Partial Least Squares (PLS) method to test the relationship model between competence, service quality, credit procedures, customer decisions to choose credit, and customer satisfaction. This study involved two stages of testing: testing the measurement model (outer model) and testing the structural model (inner model).

Outer Model Test: Validity and Reliability

Validity and reliability tests were conducted to measure the extent to which the indicators in this study can represent the latent variables studied.

Discriminant Validity

Discriminant validity is tested by seeing whether the root of the Average Variance Extracted (AVE) value is greater than the correlation between latent variables. If the AVE value is greater, then the latent variables can be clearly distinguished from each other.

Reliability

Reliability is tested using Cronbach's Alpha and Composite Reliability. Cronbach's Alpha values greater than 0.7 and Composite Reliability values greater than 0.7 indicate good reliability.

Table 1: Results of Validity and Reliability Tests (Outer Model)

Variables	Indicator	AVE	Cronbach's Alpha	Composite Reliability
Competence	K1, K2, K3	0.68	0.85	0.89
Quality of service	P1, P2, P3	0.71	0.87	0.90
Credit Procedures	Pr1, Pr2, Pr3	0.72	0.83	0.87
Customer Decisions in Choosing Credit	Z1, Z2, Z3	0.74	0.86	0.88
Customer Satisfaction	Kn1, Kn2, Kn3	0.80	0.90	0.92

Source: Processed data, 2025

From the table above, it can be seen that all indicators have a loading factor greater than 0.7, which indicates that all indicators can be used to measure the intended latent variables. In addition, the Cronbach's Alpha and Composite Reliability values also indicate that the reliability of each variable is quite good, which is greater than 0.7.

Inner Model Test: Testing Direct and Indirect Relationships

After conducting the outer model test, the next step is to test the structural model or inner model to analyze the relationship between latent variables. This test aims to see the direct and indirect influence between independent variables (competence, service quality, and credit procedures) on the dependent variable (customer satisfaction), with the customer's decision to choose credit as an intervening variable.

Direct Influence

- The influence of competence on customer satisfaction has a path coefficient of 0.24 with a t-statistic of 2.89 (significant at 5%).
- The influence of service quality on customer satisfaction has a path coefficient of 0.35 with a t-statistic of 3.42 (significant at 5%).
- The influence of credit procedures on customer satisfaction has a path coefficient of 0.21 with a t-statistic of 2.12 (significant at 5%).

Indirect Effect (Mediating Effect)

- Competence has a significant effect on customer satisfaction through customer decisions in choosing credit with a path coefficient value of 0.15 and a t-statistic of 2.56 (significant at 5%).
- Service quality has a significant effect on customer satisfaction through customer decisions in choosing credit with a path coefficient value of 0.18 and a t-statistic of 2.34 (significant at 5%).
- Credit procedures have a significant effect on customer satisfaction through customer decisions in choosing credit with a path coefficient value of 0.12 and a t-statistic of 2.11 (significant at 5%).

Table 2: Path Coefficients Test Results (Inner Model)

Connection	Path Coefficient	t-Statistics	P-Value	Significance
Competence → Customer Satisfaction	0.24	2.89	0.004	Significant
Service Quality → Customer Satisfaction	0.35	3.42	0.000	Significant

Connection	Path Coefficient	t- Statistics	P- Value	Significance
Credit Procedure → Customer Satisfaction	0.21	2.12	0.034	Significant
Competence → Credit Decision → Customer Satisfaction	0.15	2.56	0.012	Significant
Service Quality → Credit Decision → Customer Satisfaction	0.18	2.34	0.020	Significant
Credit Procedure → Credit Selection Decision → Customer Satisfaction	0.12	2.11	0.036	Significant

Source: Processed data, 2025

Discussion

This study aims to identify the influence of competence, service quality, and credit procedures on customer satisfaction, with customer decisions to choose credit as an intervening variable at Bank Jatim Malang Branch. The results of the analysis using Partial Least Squares (PLS) provide a more detailed picture of how each of these factors plays a role in influencing customer satisfaction, as well as how customer decisions in choosing credit can strengthen or moderate these influences. The following is a further discussion of the research results obtained, which will be discussed in the context of existing theories and their comparison with previous research results.

The Influence of Competence on Customer Satisfaction

Competence in this study showed a significant influence on customer satisfaction. High competence is directly related to their ability to provide quality service, which includes product knowledge, skills in interacting with customers, and the ability to solve problems faced by customers quickly and accurately. Customers feel satisfied when they are served by employees who are not only friendly, but also have adequate skills in explaining the products and services available.

This finding is in line with the research results of Sari and Fitria (2020) who found that competence is closely related to the level of customer satisfaction. Their research confirms that customers feel more confident and trust in banks that have employees with adequate professional skills, who are able to provide clear and comprehensive explanations of the financial products offered. This increases the level of customer trust, which in turn drives higher satisfaction with the services provided by the bank.

High competence also increases the credibility of the bank in the eyes of customers. When employees can provide clear information about product requirements, application processes, and applicable provisions, this can increase customer perceptions of transparency and trust in the institution. Customers who feel confident in competence tend to be more loyal and have the intention to continue long-term business relationships with the bank.

The Influence of Service Quality on Customer Satisfaction

Service quality is a factor that greatly influences customer satisfaction at Bank Jatim Malang Branch. Good and quality service increases customer perception of the quality of

service provided by the bank. Fast, responsive, and friendly service quality is very important to create a positive experience for customers. When employees are able to handle customer needs efficiently and attentively, this increases the level of customer satisfaction with the products and services offered.

This is consistent with research by Fitriani and Indriani (2020) which found that good service quality is directly related to customer satisfaction levels. They showed that the quality of service provided by employees affects customers' perceptions of their overall experience at the bank. Friendly and responsive service not only increases customer satisfaction but also encourages them to recommend the service to others, which in turn can increase the bank's customer base.

In the context of Bank Jatim Malang Branch, good service quality can strengthen the relationship between the bank and customers, creating a positive impression that encourages customers to continue transacting and choosing other products offered by the bank. The services provided also play a role in creating customer loyalty, which is a key factor in the sustainability of the relationship between the bank and customers in the future.

The Influence of Credit Procedures on Customer Satisfaction

Credit procedures are a very important aspect in influencing customer satisfaction, although their influence is slightly smaller compared to service quality and competence. Transparent, easy-to-understand, and not too complicated procedures will create a sense of confidence in customers, which in turn increases their satisfaction. On the other hand, procedures that are too long, difficult to understand, and unclear can cause frustration in customers, so that they feel dissatisfied with the ongoing process.

Research conducted by Sari and Pratama (2021) also emphasizes the importance of simple and clear procedures in increasing customer satisfaction. They explain that complicated credit procedures can make customers feel constrained and unappreciated. In this case, Bank Jatim Malang Branch must ensure that the credit application process is easy for customers to follow, with sufficient and clear information regarding the steps to be taken. This will increase customer satisfaction and ultimately support their loyalty to the bank.

By simplifying the credit procedure, Bank Jatim Malang Branch can reduce customer confusion in applying for credit. The simple process also helps customers to get the information they need quickly, thus reducing frustration that may arise due to uncertainty or delays in getting credit decisions.

The Influence of Customer Decisions on Choosing Credit as an Intervening Variable

Customers' decision to choose credit serves as an intervening variable that strengthens the relationship between competence, service quality, and credit procedures on customer satisfaction. Customers' decisions to choose credit products are influenced by how well employees provide information about the product, the quality of service provided, and the ease and transparency of credit procedures. When customers are satisfied with the services and products offered, they are more likely to choose credit products that suit their needs, which in turn increases customer satisfaction with the bank.

Research conducted by Kusumawati and Sari (2020) supports this finding, where they concluded that customer decisions in choosing credit products are influenced by how they are treated by bank employees and how clear the procedures are. Customers who feel treated well, given transparent explanations, and feel that credit procedures are easy to follow, will feel more comfortable in choosing credit products and ultimately feel satisfied with the services provided by the bank.

The decision to choose credit is also greatly influenced by the level of customer trust in the bank. If customers feel that the credit products offered are in accordance with their needs and are processed in an efficient and transparent manner, the decision to choose credit will be easier to do, which ultimately increases customer satisfaction..

CONCLUSION

Based on the results of the analysis conducted in this study, several conclusions can be drawn as follows: Competence has a significant influence on customer satisfaction at Bank Jatim Malang Branch. Employees with strong competence—such as adequate product knowledge and effective communication skills—can enhance customers' confidence in using the bank's products and services, which in turn increases their satisfaction. Service quality is the most dominant factor in improving customer satisfaction. Fast, friendly, and responsive service can create a positive experience for customers. High-quality service not only enhances satisfaction but also fosters greater customer loyalty toward the bank. Credit procedures also affect customer satisfaction, although their impact is less substantial compared to service quality. Clear, easy-to-understand, and straightforward credit procedures can improve customer satisfaction, whereas complex and non-transparent procedures may reduce it. Customer Decision to Choose Credit functions as an intervening variable that strengthens the relationship between competence, service quality, and credit procedures with customer satisfaction. Customers' decisions to select credit products are influenced by how employees provide service and how the credit procedures are implemented.

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