

**SERVICE QUALITY AND CONSUMER PROTECTION EFFECT ON  
LOYALTY: TRUST AS INTERVENING VARIABLE**

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**ABSTRACT**

*The database of PT.PNM Aceh, especially UlaMM has shown that in the period January - PT. PNM's investigation on the relationship between customer loyalty, trust, consumer protection, and service quality produced a number of key discoveries. The findings indicate that customer trust is greatly increased by service quality, and that consumer protection is also a key factor in building customer trust. In particular, it was shown that trust significantly improved consumer loyalty. However, this study also highlights that service quality does not have a direct impact on customer loyalty, and trust is not effective as a mediating variable in this context. These findings suggest that while consumer protection greatly influences customer loyalty, the mechanisms for building loyalty in the banking sector are complex and require further exploration. This study emphasizes the importance of effective consumer protection measures and high service quality in fostering customer trust and loyalty.*

**Keywords :** *Service Quality, Consumer Protection, Customer Loyalty, Trust*

**INTRODUCTION**

In the world of banking and financial services, customer loyalty is a crucial factor in maintaining business sustainability. Increasingly fierce competition requires financial institutions to provide the best service and ensure consumer protection in order to build long-term relationships with customers. It is believed that excellent service quality and optimal consumer protection can increase customer trust, which ultimately has an impact on their loyalty to a financial institution.

Service quality covers various aspects, such as speed, accuracy, friendliness, and ease of access to services. The better the quality of service provided, the higher customer satisfaction, which then has the potential to increase their loyalty. On the other hand, consumer protection in the financial services sector is related to information transparency, guaranteed transaction security, and the existence of an effective complaint mechanism. If this protection runs well, customers will feel

safe and have more confidence in the services provided.

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Research conducted by Hamid (2017) discusses the influence of service quality and consumer protection on customer loyalty with trust as an intervening variable at PT. PNM Aceh Branch, especially ULaMM. The research results show that good service quality and adequate consumer protection can increase customer trust. This trust then acts as a factor that strengthens customer loyalty to the company. In other words, the higher the quality of service and consumer protection provided, the greater the level of customer trust and loyalty towards PT. PNM. (Hamid, 2017).

Law Number 8 of 1999 concerning Consumer Protection regulates the rights and obligations of consumers and business actors in trade transactions. In the context of research regarding the influence of service quality and consumer protection on customer loyalty at PT. PNM Aceh Branch (ULaMM), this law emphasizes that consumers have the right to obtain clear information, security guarantees and fair treatment from business actors. The articles in this law emphasize the importance of trust in business relationships, where good consumer protection will increase their sense of security and satisfaction, which ultimately strengthens their loyalty to service providers.

PT. Permodalan Nasional Madani (PNM) is a state-owned company (BUMN) which was founded in 1999 with the main aim of providing financing and assistance to micro, small and medium enterprises (MSMEs) and cooperatives in Indonesia. PNM plays a role in increasing access to capital for business actors who have difficulty obtaining financing from conventional banking. One of the flagship programs is the Micro Capital Services Unit (ULaMM), which provides loans and business assistance for MSMEs so they can develop and be competitive.

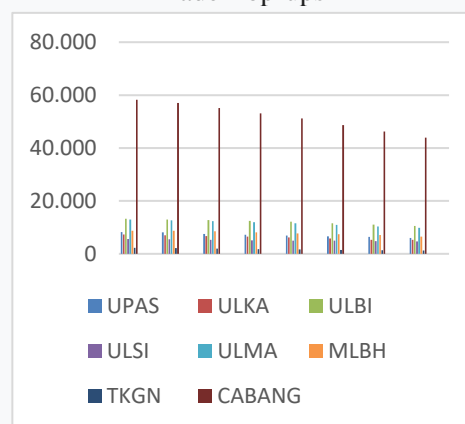
Through this service, PNM contributes to community economic empowerment, especially in the micro and small business sector.

PT. Permodalan Nasional Madani (PNM) was founded in 1999 as a State-Owned Enterprise (BUMN) with the aim of supporting the growth of micro, small and medium enterprises (MSMEs) and cooperatives in Indonesia. The establishment of PNM is part of the government's initiative to strengthen the MSME sector which plays an important role in the national economy.

By providing access to financing and business assistance, PNM helps small businesses who have difficulty getting capital from conventional banking, so that they can develop sustainably.

However, in the period January - June 2024 (Semester-1 2024) there was a decrease in the number of customers who made top-ups at PNM Aceh, especially ULaMM.

Picture 1  
Frequency diagram of Customers who made Top-ups



Source: PT. PNM Aceh Branch ULaMM Unit

This indicates that there is something wrong with the performance of PNM Aceh, especially ULaMM, therefore the researcher wants to conduct research with the title "The Influence of Service Quality and Consumer Protection on Customer Loyalty with Trust as an Intervening Variable at PT. PNM Aceh Branch, Especially ULaMM"

**METHODS**

Research was conducted on 73 customers of PT. The ULaMM Unit of the PNM Aceh Branch was selected randomly (random sampling), using quantitative research methods by collecting data through questionnaires.

**Tabel 1**

Data of Research Respondents

Respondent Frequency			
Periode of joining customer		Genre	
1 year	2 years	Male	Female
30	43	30	43

Source: PT. PNM Aceh Branch ULaMM Unit

This research involved 73 customers of PT. PNM Aceh Branch, ULaMM Unit, consists of 30 male customers (42.4%) and 43 female customers (57.6%). These customers have been customers for 1-2 years. The research uses PLS analysis to test the relationship between variables, with a questionnaire that measures service quality, consumer protection, trust and customer loyalty using a Likert scale. The hypothesis is accepted if the p value <0.05 (Ananda Sabil Husein, 2015).

**RESULTS**

Based on the results of data analysis sourced from the answers of all research respondents, the researcher presents them in the table below.

**Table 2**

Hypothesis Test Results

	Original sample (O)	p values	Hasil
Service Quality → Customer Trust	0.469	0.000	Ha accepted Ho rejected
Consumer Protection → Trust	0.408	0.000	Ha accepted Ho rejected
Trust → Customer Loyalty	0.405	0.002	Ha accepted Ho rejected
Service Quality → Customer Loyalty	0.088	0.387	Ha rejected Ho accepted
Consumer Protection → Customer Loyalty	0.480	0.000	Ha accepted Ho rejected
Trust x Service Quality → Customer Loyalty	0.010	0.903	Ha rejected Ho accepted
Trust x Consumer Protection → Customer Loyalty	0.065	0.560	Ha rejected Ho accepted

Source: Data processed by researchers in 2024

**The Effect of Service Quality on Customer Trust**

Based on the analysis results, service quality has a positive and significant effect on customer trust at PT. PNM, as indicated by an estimated value of 0.469 and a p-value of 0.000 (< 0.05). This suggests that the higher the quality of service provided by PT. PNM, the higher the level of customer trust in the company.

These findings are supported by previous research from (Fajarini & Meria, 2020) and (Tezar Putra Nugraha, Ryna Parlyna, 2021), which also found that employee attitudes such as being polite, friendly, neat, and responsive in resolving customer issues are part of service quality that contributes to increasing customer trust, aligning with 'likeable' trust indicator (Kennedy, 2004).

**The Effect of Consumer Protection on Customer Trust**

The findings of this study highlight the significant and positive impact of consumer protection on customer trust. With an estimated value of 0.408 and a p value of 0.000, these results indicate that consumer protection is an important factor in fostering trust among customers. When customers feel safe, especially regarding transaction transparency and security, they tend to have more trust in the services provided by the company. This is in line with previous literature underlining the importance of consumer protection in building long-term trust between businesses and their clients.

For customers of PT. Permodalan Nasional Madani (PNM) Aceh Branch, consumer protection is an important element that directly influences customer trust in company services. Trust is defined as the level of customer confidence in the services provided by PNM without any feeling of threat. Effective consumer protection efforts ensure customers feel safe in transactions, thereby strengthening customer trust in the company as an honest and responsible institution. Therefore, PNM must prioritize

consumer protection efforts to increase customer trust, which will ultimately result in stronger and more sustainable relationships with customers.

#### **The Effect of Trust on Customer Loyalty**

The conclusion of this research is that trust has a significant and positive influence on customer loyalty. With an estimated value of 0.405 and a p-value of 0.002, these results indicate that the higher the level of customer trust in PT. PNM, they will most likely remain loyal and continue using the company's services in the long term. This is in line with previous research which also found a positive relationship between trust and customer loyalty.

Although there is other research by (Lutfiani & Musfiroh, 2022) which shows that trust has no significant effect on customer loyalty in a different context (BSI Bank KCP Weleri), the results of this research confirm that trust is a key element in building customer loyalty. Therefore, companies need to focus on building and maintaining customer trust as a strategy to increase their loyalty.

#### **The Effect of Service Quality on Customer Loyalty**

The research results show that service quality has an estimated value of 0.088 and a p value of 0.387 which is greater than 0.05. Thus, it can be concluded that service quality has no significant effect on customer loyalty, so H4 is rejected. This finding is in line with previous research conducted by (Agiesta et al., 2021) who also found that service quality does not have a significant effect on customer loyalty.

On the other hand, (Setiadi, 2022) reported that there was a positive and significant influence of service quality on customer loyalty at the Bank Jabar Banten Syariah Depok Branch Office.

In contrast to the initial hypothesis, the results of the study showed that service quality did not have a direct effect on customer loyalty, especially repeat customers, advocates, and partner (Kotler & Keller, 2016). This shows that even though customers receive good service, they do not immediately become loyal without other factors that strengthen the relationship, such as trust and consumer protection.

#### **The Effect of Consumer Protection on Customer Loyalty**

First, this research determines that consumer protection has a significant and positive effect on customer loyalty, with an estimated value of 0.480 and a p value of 0.000. This shows that customers who feel safe and protected during transactions tend to show high loyalty to the company. Therefore, implementing effective consumer protection regulations and policies is critical to maintaining a loyal customer base.

Second, this research finds that service quality does not have a significant influence on customer loyalty when mediated by trust, as shown by the estimated value of 0.065 and p value of 0.560, which is greater than 0.05. These results contradict previous research which stated that there was a positive relationship between service quality and customer loyalty through trust. As a result, the hypothesis regarding the mediating role of trust in the relationship between service quality and customer loyalty (H6) is rejected. This highlights the need for further investigation into the factors influencing customer loyalty in different contexts.

MODEL FRAMEWORK

Picture 2  
Conceptual Framework of Research

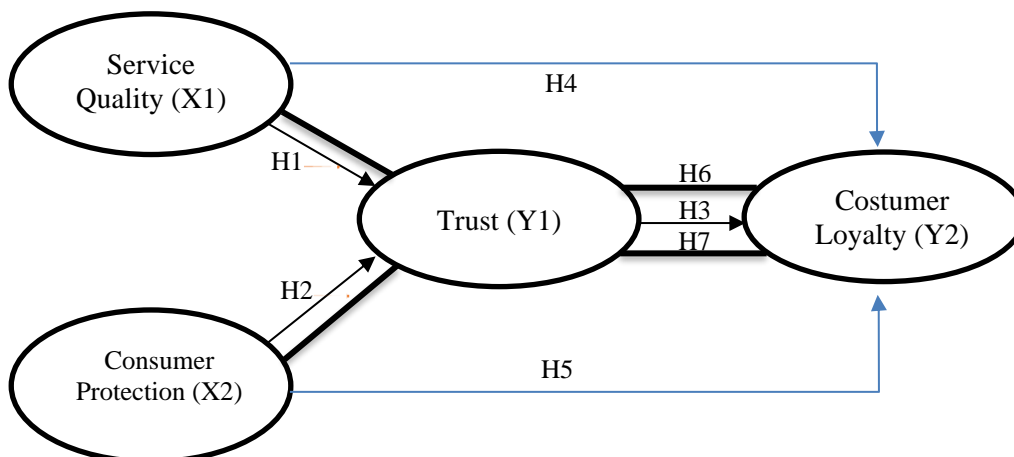


Table 3  
Operational Definition for Variables

Variabel	Operational Definition	Indicators	Scale
Service Quality	All activities to make it easier for customers to contact the right party and get service, answers and problem solving quickly and satisfactorily (Kotler & Keller, 2016)	<ol style="list-style-type: none"> <li>1. Tangibles</li> <li>2. Raliability</li> <li>3. Responsivenes</li> <li>4. Assurance</li> <li>5. Emphaty</li> </ol>	Likert Scale 1-5 with 1 (Very Bad) to 5 (Very Good)
Consumer Protection	All actions taken to ensure legal certainty and provide protection for consumers (Article 1 Paragraph 1 of Law Number 8 of 1999).	<ol style="list-style-type: none"> <li>1. Protection against the risk of receiving products that do not match the agreed specifications</li> <li>2. Protection against unfair terms and conditions imposed on consumers</li> </ol>	Likert Scale 1-5 with 1 (Very Bad) to 5 (Very Good)
Consumer Loyalty	The selected alternative at least provides the same results (outcomes) or exceeds customer expectations, while disloyalty arises when the results obtained do not meet consumer expectations (Tjiptono, 2012).	<ol style="list-style-type: none"> <li>1. Repeat Puchase</li> <li>2. Referalls</li> <li>3. Retention</li> </ol>	Likert Scale 1-5 with 1 (Very Bad) to 5 (Very Good)
Customer Trust	All the information customers have and the conclusions they draw regarding products, features and benefits (Sunarto, 2006).	<ol style="list-style-type: none"> <li>1. Dependability</li> <li>2. Honest</li> <li>3. Likeable</li> </ol>	Likert Scale 1-5 with 1 (Very Bad) to 5 (Very Good)

Source: Data processed by researcher in 2024



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