

CHAPTER I

INTRODUCTION

1.1 General Description of PT Bank Tabungan Pensiunan Nasional Tbk

Bank BTPN is a foreign exchange bank, which is a merger of PT Bank Tabungan Pensiunan Nasional Tbk (BTPN) and PT Bank Sumitomo Mitsui Indonesia (www.btpn.com).

TABLE 1.1
BANK BTPN COMPANY PROFILE

Company Name	PT Bank Tabungan Pensiunan Nasional Tbk (BTPN)
Company Address	Menara BTPN - CBD Mega Kuningan Jl. Dr. Ide Anak Agung Gde Agung Kav 5.5 - 5.6 Jakarta 12950
Telephone	1500300
Website	www.btpn.com
E-Mail	btpncare@btpn.com
Facebook	https://www.facebook.com/BankBTPNOfficial
Twitter	https://www.twitter.com/sahabatBTPN
Instagram	https://www.instagram.com/lifeatbtpn

Source: www.btpn.com, accessed on July, 2020

Bank BTPN is committed to provide the services for the mass-market, including micro, small and medium enterprises (MSME) and the mass market, consumer class segmentation, and corporate sector. This business supported by the bank's BTPN business unit, including BTPN Sinaya (financial business unit), BTPN Purna Bakti (business unit focused on retirees), BTPN Mitra Usaha Rakyat (business unit focused on micro-enterprises), and BTPN Mitra Bisnis (a business) department dedicated to SMEs, BTPN wow which focus on the financial inclusiveness of non-banking business, Jenius is a digital banking platform serving consumer customers; and a corporate business unit focused on providing services to national, multinational and Japanese companies. BTPN also has a subsidiary, BTPN Syariah, which is dedicated to serving mass market customers. Through the Daya Program, a sustainable and measurable authorization program for the mass market, BTPN Bank regularly provides training and information to improve the capabilities of customers so that they

can grow and have the opportunity to live better. Just like the two inseparable aspects of a coin, the authorization plan is an integral part of the BTPN business model. Through all its products and activities, BTPN always tries to create opportunities for customers to develop and live a more meaningful life.

BTPN established in 1958, Bandung, West Java, under the name of Bank Pegawai Pensiunan Militer (Bapemil), it serves veterans and obtained BTPN's commercial banking license in 1960. In 1986, the bank changed its name into Bank Tabungan Pensiunan Nasional (BTPN). In 2008, TPG Nusantara, a subsidiary of US global private equity, TPG Capital, acquired BTPN majority share (71.6%) through a public listing in Indonesian Stock Exchange. BTPN became a public listed company and was a 13.7 trillion Rupiah bank in assets. In 2009, BTPN released BTPN Mitra Usaha Rakyat, which serve micro-entrepreneurs in 539 branches. BTPN Mitra Usaha Rakyat has a credit improvement record that is IDR 2.3 trillion. BTPN announced its first the long-term debt of the Indonesian Rupiah is rated as A plus or country (regional) by Fitch International. This obtained a long-term loan in Indonesian rupiah from the International Finance Corporation, a subsidiary of the World Bank. BTPN ranked 10th in the 2010 market capitalization ranking, 5th among the banks with the most branches, and sixth among the banks with the most employees. BTPN managed to released two long-term obligations with a total of 2.4 trillion rupiah and solved the rights issue of 1.3 trillion rupiah in December. In 2011, BTPN released Daya, which a continuous mass market empowerment program as an integral part on BTPN business activity. In funding business, BTPN has introduced BTPN Sinaya which is integrated to Daya Initiative. In same year, BTPN finished the trial period of Sharia Community Banking which is BTPN Syariah-Tunas Usaha Rakyat. BTPN made new partnership with ATM Prima to expand its ATM services. Nowadays, BTPN has have more than 57.331 ATMs connected to ATM Prima and ATM Bersama network all over Indonesia. BTPN's Sharia Community Banking grew in significant. At the end of the year, BTPN Syariah-Tunas Usaha Rakyat served 28.927 community centers in Banten, West Java and East Java and empowered 44.000 customers in those community centers. BTPN finished the trial period of new mobile banking services, which is BTPN Wow, and this program released in 2013. BTPN Syariah-Tunas Usaha Rakyat made a breakthrough improvement, that is funding of more than IDR 1.4 trillion and contributed as much 3% of Bank's credit total. The Sharia Unit Network involved

69.500 Centers in all over Indonesia, and empowered 931.500 customers in some areas. BTPN took over Bank Sahabat to be addressed as Sharia Bank before BTPN detached its sharia unit to a new entity in 2014. The 24.3% of BTPN's shares from TGP Nusantara Sarl and other shareholders owned by Sumitomo Mitsui Banking Corporation (SMBC) from Japan through share purchase transaction. SMBC from Japan has increased their shares number became the main shareholder with the total of 40% shares.

SMBC is the second of the biggest Bank in Japan based on their market value of asset that is USD 1.3 trillion. In this takeover BTPN was put in a firm position. Not only having a strong shareholder, BTPN now has the funding access to regional and international money market, if needed through SMBC. In 2015, BTPN officially released BTPN Wow, which a mobile digital platform. In 2016, BTPN released Jenius, that is mobile application designed and developed to serve the customers in managing their finance in easier, smarter, and safer way via their Android and IOS smartphone. Recent research shows that digital savy community needs an easier, smarter and safer banking service via their smartphone. BTPN has a purpose of making a difference in the lives of millions of Indonesian peoples, and fulfils their needs with Jenius. In 2019, PT Bank BTPN officially commences their operation as a new bank, with the result from the manager between PT Bank Tabungan Pensiunan Nasional Tbk and PT Bank Sumitomo Mitsui Indonesia. Bank BTPN will become a multinational bank that serves a full spectrum of Indonesia's customer segments, from the mass-market (retail) to corporate.

1.1.1 Company Logo



Figure 1.1 PT Bank Tabungan Pensiunan Nasional Tbk Logo

Source: www.btpn.com, accessed on July,2020

1.1.2 Company Vision & Mission

a. Vision

To become the first choices bank in Indonesia, and give a significant change in the life for millions of people, by the support of digital technology.

b. Mission

- To offer complete financial solution and service to various segments of retail, micro, SME and corporate business in Indonesia, and for Indonesian Nation and Country as a whole;
- To provide valuable opportunity for the professional growth of the Bank BTPN employees;
- To create significant and sustainable values for the stakeholders, including for Indonesian society;
- To use technology innovation as the main differentiator to provide the best quality and experience in its class to the Bank BTPN clients and partners.

1.1.3 Company Values

- Customer First: Focus on serving the customers
- Proactive and Innovative: Step up and continue to innovate
- Speed (Agile): Embrace change and move fast
- Quality: Maintain quality of the service
- Synergy: Collaborate as one team

1.2 Research Background

The amount of Internet users has been increased in this era of globalizations, and its influences all of aspects. At the same time the technology has developed significantly, and both of those things has influenced the era of globalization. Whereas the development of Internet and technology give benefits and those things related to the business field. According to Suprawoto's statement in kominfo.go.id (2014), the development of technology has brought many benefits, and those benefits have had a major impact on life, such as business, society, and information, there by promoting communication between societies. There is a significant increasing of internet users in Indonesia from time to time.

Based on the data in Figure 1.2 shows that the internet usage in Indonesia has been increased. It can be seen the growth of Internet users provides companies with opportunities to expand their target markets through the Internet.

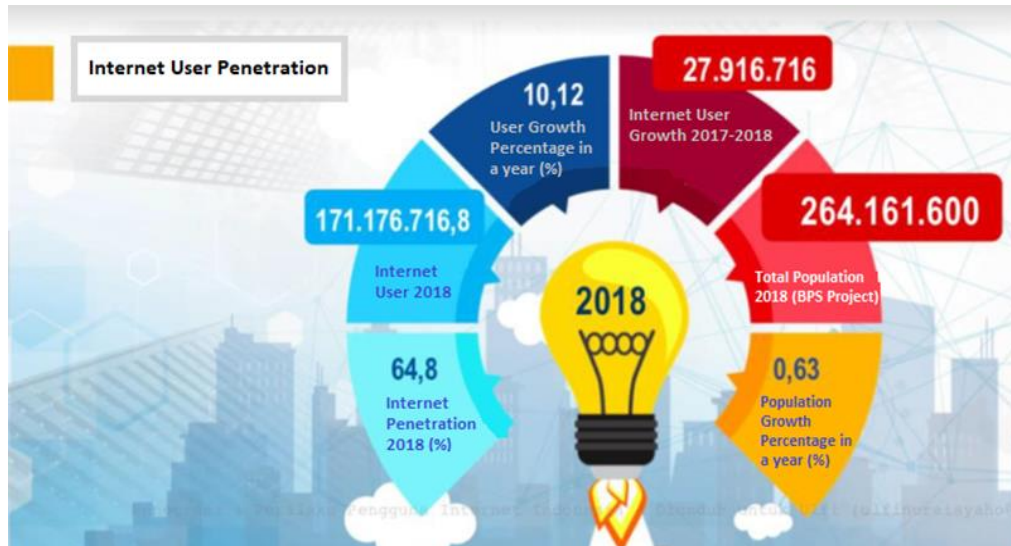


Figure 1.2 Internet Users Penetration in Indonesia, 2018

Source: (www.apjii.or.id, accessed on July, 2020)

. This is one of the reasons why enterprises have transformed from traditional enterprises to modern enterprises. According to data obtained from the survey results of the Indonesian Internet Service Providers Association (APJII, 2018), the largest contribution of Internet users is Java, which accounts for approximately 55.7% of the 171 billion Internet users.

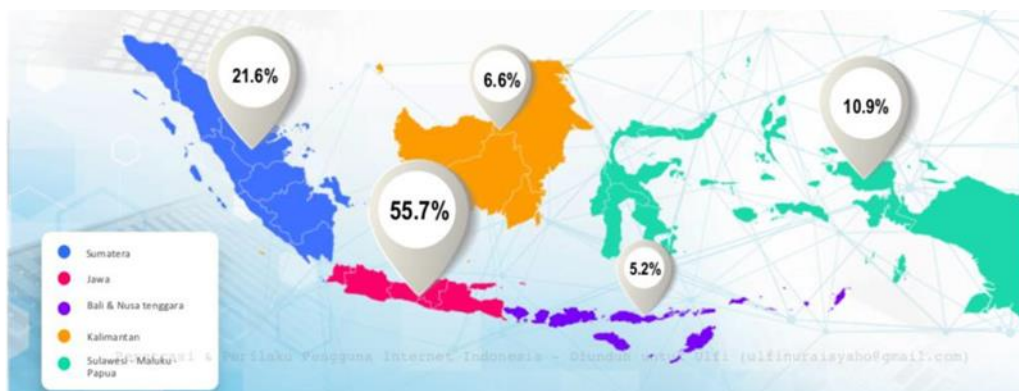


Figure 1.3 Contribution of Internet Users per Region of all Internet Users

Source: (www.apjii.or.id, were accessed on July, 2020)

As can be seen from the figure above, in Java, West Java Province has become the region with the most Internet users, that is reaching 16.6%. Central Java Province amounted for 14.3%, East Java Province amounted for 13.5%, followed by Jakarta and

Banten DKI with 4.7%, and Yogyakarta City with 1.5%. (www.kompas.com, accessed on Augustus 2020).

The application of information technology in the banking field is very helpful for the banks to provide the banking services for customers, such as ATM machines. ATM or Automated Teller Machine was discovered in 1968 by Donald C. Wetzel from United States. The application of information technology in its development includes not only ATM, but also the other services such as mobile banking. Meanwhile, the mobile banking already exists in Indonesia, it had become an additional channel for those who already have bank accounts. This is also disproportionately concentrated in larger areas to developed in urban areas such as Jakarta, Bandung, Surabaya and Denpasar. The question to be solved here is whether to those who do not have a bank account or those with limited access to financial institutions have a demand, which means it different from the services provided by banks and financial service providers, and whether it can be provided through the mobile phone network. Initially, mobile banking refers to the use of mobile devices to conduct financial transactions on bank accounts that can be accessed from the device. However, traditional mobile banking is just one aspect of a wider range of payment and financial transactions that can be enabled across mobile networks. The other services of mobile banking can be defined as follows:

- 1) M-Payment: point of sale or remote payments made through a mobile device.
- 2) Mobile Money Transfers: the ability to move stored value from one account to another account using a mobile device.
- 3) M-Wallets: an electronic store of value linked to the mobile number of their holder.

Therefore, they do not require customers to have a bank account and can also be used as payment tools and transfer tools. This is consistent with Indonesia's International Finance Corporation (IFC), where most of the population in Indonesia has little or no access to financial services due to geographical, infrastructure and cost barriers. Out of a total population of 250 million, only 50-60 million Indonesians have bank accounts. According to their estimates, among the 96-114 million actual mobile users, mobile phone networks have huge potential to provide and provide expanded financial services. (www.ifc.org, accessed on Augustus, 2020).

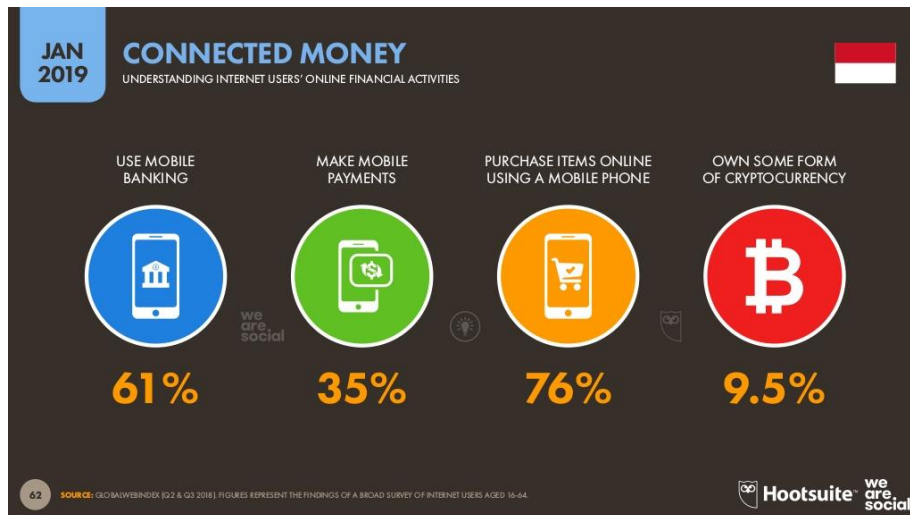


Figure 1.4 Internet Users Online Financial Activities in Indonesia, 2019

Source: (www.wearesocial.com, accessed on August 2020)

Figure 1.4 shows the percentage of mobile finance users' activities in 2019, which for the uses of mobile banking, this proportion is as high as 61%, while for the uses of mobile payments, this proportion is as high as 35%. The percentage of purchasing goods online using mobile phones is about 76%. The 9.5% of internet users have some form of cryptocurrency that is equal 9.5% of transactions. The development of digital transformation in various of fields affects people's daily lives. One of them is related to banking activities. In response, the Bureau of Financial Services (OJK) officially issued the OJK Regulations (POJK) on the implementation of digital banking services by commercial banks in the middle of 2018. More specifically, this regulation is included in POJK No.12/POJK.03/2018. Generally, this thing has regulated the Digital Banking Services, which is defined as a banking services or activities through bank offices by using electronic bank account or digital, Meanwhile, through digital media that are carried out individually by customers that allow prospective customers or bank customers to obtain the information, conducting communications, registering, opening accounts, banking transactions and closing accounts, including obtaining other information and transactions outside of banking products, including financial advisory (financial advice and opinions), investment, e-commerce transactions and other necessities.

Many banks provided mobile banking services based on the development of financial technology. One of them is Bank Tabungan Pensiunan Nasional (BTPN). However, BTPN has made new breakthroughs in mobile banking applications in Indo-

nesia. BTPN Bank launched a financial application called "Jenius". With the help of the application and the debit card, Jenius will restore the user's bank access. In this case, users can easily conduct financial transactions without having to go through the various stages that usually have to go through. For example, you can open a bank account anywhere without having to line up at the branch. With digital platform services, and only smartphones and stable Internet connections, Jenius makes many things in daily life easy. Customers can actually top up an e-wallet, pay bills, and transfer money from the applications.



Figure 1.5 Jenius Logo

Source: www.jenius.com, accessed on August, 2020

The convenience of the payment process also includes practical financial arrangements. Customers can divide regular expense items into different debit cards. In this way, the customer can promise to allocate a budget for certain expenses by the customer. For example, budget for transportation, meal budget, monthly shopping budget, etc. In addition, customers can also choose to save in Jenius based on customer needs and competing interests of Flexi Saver or Dream Saver. Customers can also make, manage and withdraw fixed deposits through the Maxi Saver function. No matter what their savings goals are, retirement funds, child education expenses, buying new products, traveling to dream places, emergency funds and other necessities, customers can choose the appropriate saving features. Everything is easy to manage from a smartphone (jenius.com). Jenius was awarded 'The best Digital Bank In Indonesia 2018' from the Asian Banker For Indonesia Country Award 2018. Several points considered by Asian Banker that made Jenius deserve the award as product innovation that strengthens the consumer experience in using Jenius; the collaborations with several business partners who offer added value to their users, which has now reached as much 2,8 million (<https://www.cnbcindonesia.com/>). The number of Jenius's customers has been increased from time to time. The increasing number of Jenius's customers can be seen in the following table as follows:

TABLE 1.2
THE INCREASING NUMBER OF JENIUS'S USERS

2017		350.000
2018	July	700.000
	November	900.000
2019	August	1.6 million
	November	2 million
2020	March	2.4 million
	August	2.7 million
	November	2.8 million

Source: Author's Processed Data

In 2020 Jenius provides and updated new features for the customers to make the simple transaction process and manage the financial such as:

- 1) Payment scan QR code as a contactless transaction at offline store in this pandemic, so the QR payments are more practical and safer with Jenius QR,
- 2) Monetary as personal financial diary helps customers organize the cash flow in easier. Thus, the customers can see the summary of their financial status,
- 3) Flexi Saver is used to let the customers have more than 1 of Flexi Saver, and create their purpose of saving the money in Flexi Saver.

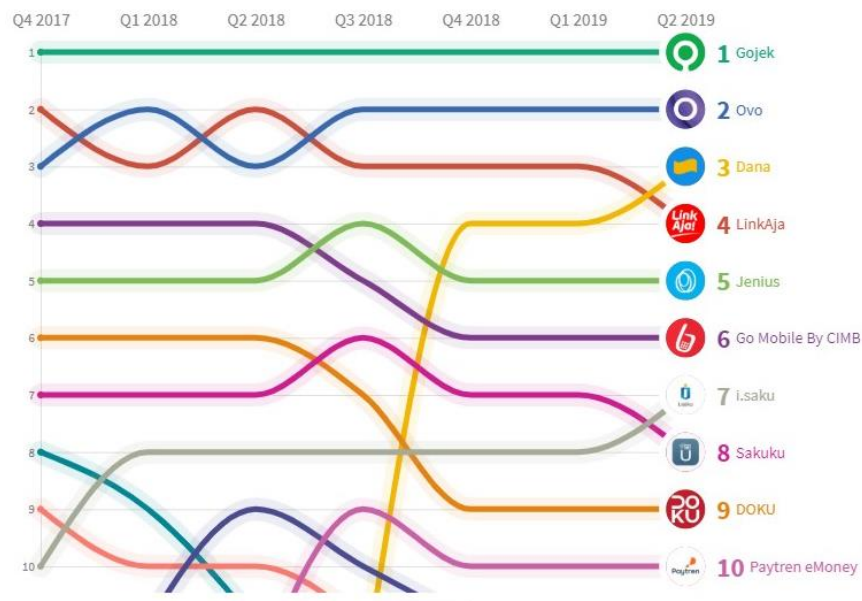


Figure 1.6 E-Wallet Data in Indonesia, 2019

Source: (www.databoks.katadata.co.id, accessed on January 2021)

In Figure 1.6 shows that Jenius application is in the fifth rank of 10 other e-wallet account. It can be concluded that from Q4 in 2017, Jenius is in the fifth rank until Q2 in 2018. In Q3 in 2018 Jenius has improved and got the fourth rank, in Q4 in 2018 Jenius has decreased and got the fifth rank and it stable until Q2 in 2019.

According to Parasuraman et al. (2005) stated that E-Service Quality is a way to see the extent of websites capable to facilitate the customers' activities, starts from purchase until delivery of product efficiently and effectively. E-Service Quality is different from the traditional services system, which offered is a convenience to get the information between the customers and service providers of electronic-based (Laurent dan Felicia, 2016). Service quality is the key to measure customer satisfaction. If the performance is not what's customer expected, the customer will dissatisfy. . If the performance is good, then the customer will be satisfied. If the performance exceeds customer expectations, the customer will be very happy and satisfied (Kotler & Keller, 2009).



Figure 1.7 Jenius's App Rating on Play Store

Source: Google Play, 2020

Based on Figure 1.7 it can be seen that the rating of Jenius application is about 4.0 on a scale of five in Play Store. The rating or values symbolized by the star indicates that most of the customers give a rate as much as 5 for Jenius in Play Store. While some of the customers feel dissatisfied for the technical and give bad reviews.

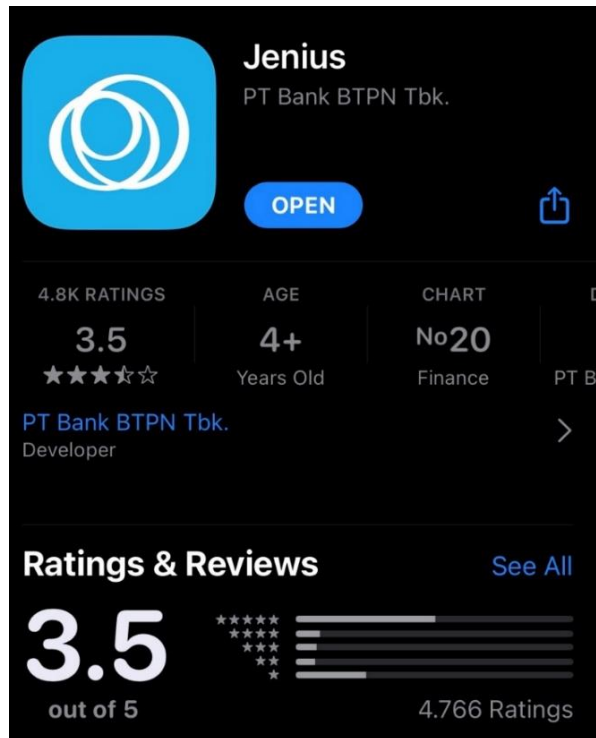


Figure 1.8 Jenius's App Rating on App Store

Source: App Store, 2020

However, if its' comparing to figure 1.8, which is Jenius rating in-app store, it shows that Jenius rates in App Store is lower than Play Store, where the rating in-app store is about 3.5 of scale of five, which means some of the Jenius users give rating 5 for this digital banking application and the rest is the low rating and bad reviews. There are some customers who said that the application is working well, and some of the customers complain regarding technical problems. This indicates that the Jenius application has aroused the enthusiasm of people in Indonesia. Some customers have welcomed the emergence of this banking application, but others compared it with other mobile banking. Technical issues and safety factors are the main considerations, and other factors have become unbalanced.

To obtain a general description in this study, the author has distributed a questionnaire using Google form to 30 respondents which contain several areas in Indonesia includes West Java, Jakarta, North Sumatera, West Sumatera, and Yogyakarta regarding the e-satisfaction in Jenius application. The questions given by the author to respondents through the questionnaire can be seen in appendix 1, and the results of the question can be seen in Figure 1.9 below.

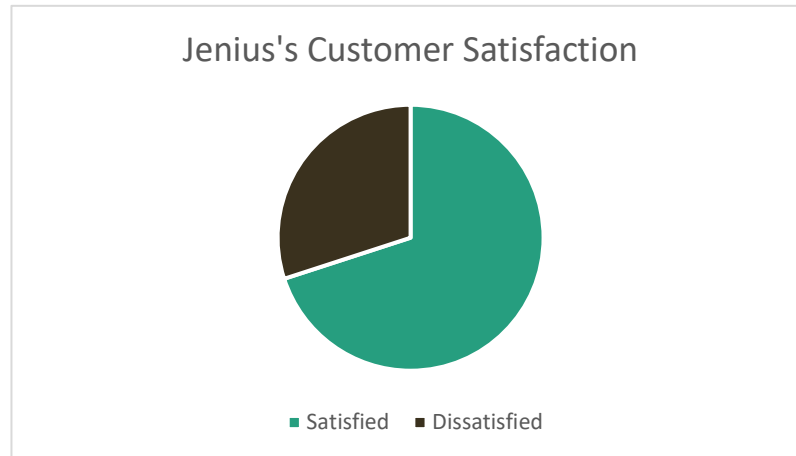


Figure 1.9 Proportion of Jenius's Customer Satisfaction

Source: Data Processed by Author, 2021

Based on the Figure 1.9, that obtained through google form questionnaire with 30 respondents, 20 respondents said that they are satisfied with Jenius application while 10 respondents are not satisfied with Jenius application.

In terms of Interface Design, Doni (27) one of the government employees in Bandung said that Jenius application is creative and has an attractive appearance. The same thing expressed by Monica (23) one of the private employees in Jakarta stated that Jenius has a good appearance.

Ade Erna (30) one of the private employees in Jakarta admitted in terms of reliability, she had a problem with technical service when sent money and always facing an error and Jenius already fixed the problem. Vano (28) one of the entrepreneurs in Yogyakarta said that Jenius offers the promotion through Jenius application, such as to get cashback of Rp 6,500 with a minimum top up Rp 1,000,000.

In terms of responsiveness, Angga (26) one of the students in North Sumatera said that Jenius admin gives fast response through customer chat in Jenius application when he asked about the card center. Rahdya (23) one of the private employees stated that Jenius admin responds to her question through e-mail when she had a problem with the technical.

In terms of trust, most of the respondents answered quite agree. Latisha (22) said that she doubts saving money in Jenius because there are some reviews in app store about lost money.

In terms of personalization, Atrid (30) one of the private employees in West Sumatera said that Jenius share the information through e-mail. In other things Amira

(24) said Jenius provides personal websites, so the customers can log in to the account through the website.

In terms of convenience, Retsi (23) one of the private employees in Jakarta stated that she always facing bugs in the Jenius application while using save its features. In other ways expressed by Firas (23) one of the entrepreneurs in West Sumatera said that Jenius has an easy feature and has a monetary to monitor monthly in and out.

Atika (25) stated the merchandising of Jenius in service quality, she felt satisfied when ordered x-card in Jenius application. The products can be ordered through the card center in the application and then the card shipped to the house. Rizka (23) one of the students in Bandung, felt satisfied when registered as a new customer in Jenius, she doesn't need to come to the bank, and the debit card shipped to her house. Irham (19) one of the students in Yogyakarta, felt dissatisfied in changing Rupiah to USD. He said that the currency cannot be changed at any time, only on Monday until Friday, to change the currency he faced an error registered over time.

In terms of site design, Auliya (20) one of the students in Bandung felt satisfied with the availability of information in the Jenius application. In other things, Suberkah (26) said that Jenius do not have any information about the virtual account so he felt dissatisfied in this term.

Farah Alfinura (22) one of the private employees in North Sumatera admitted the security of Jenius's application, she felt satisfied with the security, Jenius always ask for the pin or password when she wanted to send money. The same thing expressed by Bryan Sinaga (27) one of the entrepreneurs in North Sumatera stated that Jenius application has strong security when he wants to top up OVO or Go-Pay in e-wallet center, he felt satisfied because Jenius always ask the password.

In terms of serviceability, Yussi (25) one of the entrepreneurs in North Sumatera said that she felt satisfied with Jenius's features performance. In other ways, Pratito (23) one of the students in Yogyakarta said that Jenius did not provide the virtual account features and it makes him felt dissatisfied.

In terms of cognitive, Muthia Heka (22) one of the entrepreneurs in West Sumatera said that she strongly disagreed to used Save It features because she always facing bugs when used Save It features. Farhan (27) one of the government employees

in West Sumatera said that he does not already do all the transaction in Jenius because sometimes he facing the bugs when logging in to his account.

In terms of affective, Ilham Akbar (24) one of the private employees in Bandung said that he likes to recommend Jenius as the application to save money because Jenius Save It features has 3% interest. The same thing expressed by Silsabilla (20) one of the students in West Sumatera she would like to recommend Jenius to her friends for saving money.

In terms of conative, Yogi Dwi (23) one of the students in North Sumatera said that he doesn't use Jenius as the first choice to make a transaction, it is depended on his needs. The same thing expressed by Vinna Agus (22) one of the students in Jakarta said that she does not make Jenius as the first choice to make a transaction because Jenius has a big fee when transfers money to the other bank. The other thing expressed by Nurul Octa (23) one of the private employees in West Sumatera said that Jenius is her first choice when she wants to make a transaction. She likes the features of the e-wallet center, and the fee is very cheap to top up Go-Pay or OVO.

Yuni Rizki (23) one of the private employees in North Sumatera said that she already uses Jenius as the main m-banking because Jenius gives the promo and rewards every month, such as free to send money to other bank accounts. Siti Hasnah (23) one of the students in Yogyakarta said that she always uses Jenius to top up Go-Pay and OVO because it very easy to uses and the appearance is attractive. In other ways Suhardin (32) one of the private employees in Jakarta said that he doesn't use Jenius as the main m-banking because most of his transactions in Jenius always facing an error.

As we can see from the customers' perception of the Jenius application, there are many complaints and suggestions to improve Jenius e-service quality in the field of technical services and features. The improvement of e-service quality is very important to be considered, understood, and must be immediately corrected by the company because fix the technical problems is closely related to e-customers satisfaction. If the performance (results) of e-service quality provided are in accordance with customers expected it means that customers satisfaction will be achieved. Conversely, if the e-service quality is not in accordance with customers' expectations, customer satisfaction will not be achieved and give a bad impact on e-customer loyalty.

Customer satisfaction is one of the defining factors for the company's success, therefore the company must give attention to the customer expectations about the services and facilities provided. If the number of customers complaint, criticizing is very high it means that the services and facilities provided are not fit with customers expectation. To reduce those things, the company must improve their service quality that fit with customers expectation. Because service quality is the most important factor to achieving customer satisfaction.

Customer loyalty refers to consumer behaviors that make purchases through repeated use of certain brands (Tjiptono, 2011:481). According to Nuraini in Putri and Santoso (2018), loyalty arises because customers are satisfied with the products or services the company provides to consumers. Therefore, consumers are passionate about providing advice to anyone they know.

This research is supported by a previous research by Puriwat and Tripopsakul (2017:183) entitled "*The Impact of E-Service Quality on Customer Satisfaction and Loyalty in Mobile Banking Usage: Case Study of Thailand*", that is, high-quality electronic services will produce the significant impact of customer satisfaction and therefore will lead to electronic customer loyalty.

By looking the importance of a study to understanding the factors of e-service quality that can influence e-customer loyalty through e-customer satisfaction in Jenius application. Based on the background above, the author is interested to do the research with a title of "*The Effect of E-Service Quality to E-Customer Loyalty Through E-Customer Satisfaction in Jenius Application*".

1.3 Problem Statement

Based on the background that has been explained, then the formulation of the problem raised by the author is as follows:

1. How are the effects of E-Service Quality to E-Customer Satisfaction in Jenius application?
2. How are the effects of E-Service Quality to E-Customer Loyalty in Jenius application?
3. How are the effects of E-Customer Satisfaction to E-Customer Loyalty in Jenius application?

4. How are the effects of E-Service Quality to E-Customer Loyalty through E-Customer Satisfaction?

1.4 Research Objectives

The objectives of this research are to answer the formulation of the problem that has been explained:

1. To find out the effect of E-Service Quality to E-Customer Satisfaction on Jenius application.
2. To find out the effect of E-Service Quality to E-Customer Loyalty on Jenius application.
3. To find out the effect of E-Customer Satisfaction to E-Customer Loyalty on Jenius application.
4. To find out the effect between E-Service Quality to E-Customer Loyalty through E-Customer Satisfaction.

1.5 Research Benefits

The expected benefit of this study are as follows:

1. Theoretical Uses

The results of this study can add insight and can be used as a reference for further research, so the results of this study are expected to be useful to strengthen theories related to e-service quality to e-satisfaction and e-loyalty of customers.

2. Practical Uses

The practical use of this research is expected to be beneficial for the company as an input in developing the application, especially those related application namely Jenius and as an input as well as additional information that can be considered to develop better strategies to improve and maintain the level of e-service quality.

1.6 Writing Structure

This systematics is made to provide a general overview of research systematics writing as follows:

Chapter I Introduction

In chapter I contains an overview of the research object, research background, problem

statement, research objectives, research benefit, and the writing structure of the thesis.

Chapter II Literature Review

In chapter II contains the literature review of research, previous research and research framework.

Chapter III Research Methods

In chapter III contains the types of research, operational variables, stages of research, population and samples, data collection, data analysis techniques, and Hypothesis.

Chapter IV Research and Discussions

Chapter IV describes the characteristics of respondents, the results of research and discussion of research.

Chapter V Conclusion and Suggestions

Chapter V describes the conclusions and suggestions regarding the results of research.