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**THE ROLE OF CUSTOMER SATISFACTION AND COOPERATION  
IMAGE IN MEDIATING THE EFFECT OF SERVICE QUALITY ON  
CUSTOMER LOYALTY**

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**Abstract:**

The use of credit cards by PT Bank "X" in Bali and Nusa Tenggara, Indonesia, in 2018 and 2019 was not optimal, which can be seen from the number of first transactions which was only around 50 percent. Thus, it is necessary to look at the factors that hinder each customer in using a credit card. The purpose of this study is to determine the factors that affect the customer loyalty of PT Bank "X" credit card. A cross-sectional survey of 145 bank customers was conducted in Bali and Nusa Tenggara, Indonesia. Questionnaire used to collect data. The survey was conducted using a google form to support the paperless movement carried out by PT Bank "X" in facing the era of digitalization and anticipating the COVID-19 pandemic while the research was being carried out. Data analysis employed the PLS-SEM. Results showed that service quality and customer satisfaction, has not significant effect on customer loyalty, but corporate image has significant effect on customer loyalty. Only corporate image is able to mediate positive and significant effect on service quality on customer loyalty, while customer satisfaction is unable to mediate positively and significantly the effect of service quality on customer loyalty.

## 1. Introduction:

The technology of using non-cash payment instruments, both domestically and internationally, has developed rapidly with various innovations that lead to more efficient, safe, convenient and fast benefits. These changes, among others, were supported by developments in infrastructure and payment technology systems with chips in card-based instruments such as credit cards. From a customer perspective, credit cards are now a necessity because transactions can be carried out practically, recorded, have promotional programs, help in emergencies, simplify online transactions, and can be used all over the world. All of this was done without having to come to the bank. For banks, credit cards are undeniably one of the moves to increase bank competitiveness, expand the market, increase fee-based income and provide added value to customers. One of the banks in Indonesia that has developed a credit card is PT Bank "X".

PT Bank "X" strives to make credit card products the first choice for customers in transactions by always trying to improve the quality of credit card products and services. Improving the quality of products and services makes the image of credit cards also increase so that PT Bank "X" can choose customers who meet the requirements to become target credit card customers, namely customers with the criteria not to have a credit card. and don't have a bad credit history. Prospective customer credit card applications that meet the requirements will be served with an SLA of 14 working days. Approved credit card applications (new cards) are known in three terms, namely delivery, activation, and first transaction (DAF). Delivery is a credit card application that has been approved and sent to the customer's address, activation is a credit card that has been activated through the PT Bank "X" channel (SMS Banking, ATM, Call Center), while the first transaction is a credit card that has been used for at least one transaction by customer. This time, customers will get additional features/benefits in the form of power cash, power buy, automatic installments, electricity bills, insurance, limit increases, and cash points if they have made the first transaction. After. To get these features/benefits, customers are expected to make repurchase transactions with PT Bank "X" credit cards and become loyal customers

Credit card transactions in 2018 and 2019 were not what PT Bank "X" would expect, the number of first transactions was only around 50 percent of the number of new cards in Bali and Nusa Tenggara. Credit cards are a non-cash payment instrument not only for the benefit of PT Bank "X" in increasing profits through technology services with chip payment systems, but also for encouraging the formation of a less cash society in the payment system while still paying attention to the aspect of prudence and as much as possible for the benefit of society. In addition, the process of procuring payment system technology with chips will certainly cause PT Bank "X" to incur high costs, so it is unfortunate if the technology provided by PT Bank "X" is not fully utilized. From the explanation above, it is important to know the factors that influence the first transaction, such as credit card customer loyalty.

Investigations into the nature and drivers of customer loyalty have received increasing attention in the field of marketing and customer relations by academia and promotion. The increased understanding of the relationship between customer loyalty and company profitability has shown a shift from the conventional one-time interaction between the company and the customer to a long-term relationship (Omorieg et al., 2019; Yu Sheng and Ibrahim, 2019). The factors that affect customer loyalty are known to have a significant direct relationship between service quality and loyalty in many studies (Omorieg et al., 2019; Makanyeza and Chikazhe, 2017; Boonlertvanich, 2019; Fusva et al., 2020).

Service quality has been proposed as the main determinant of customer loyalty, but a different matter (Amin, 2016; Solimun and Fernandes, 2018; Lie et al., 2019; Abror et al., 2019); where service quality has a direct influence which is not significant for customer loyalty, the phenomenon of customers having many simultaneous relationships with different providers presents a challenge in building customer loyalty. Previous research results also show that customer satisfaction can create more customer loyalty, and customer satisfaction is one of the main drivers of loyalty (Omoregie et al., 2019; Makanyeza and Chikazhe, 2017; Fusva et al., 2020; Chang and Hung, 2018; Özkan et al., 2019), however, differ from Pereira et al. (2016), Kartika et al. (2019), Hoang (2019), Zietsman et al. (2020), who argue that customer satisfaction does not have a significant effect on customer loyalty. Although the company may be able to satisfy customer desires, this may not be sufficient reason for customers to arrange visits as it is possible for customers to get the same or higher level of satisfaction than other banks. Therefore, it is entirely possible for customers who were satisfied on previous visits not to come back again. Corporate image has a positive and significant effect on customer loyalty (Makanyeza and Chikazhe, 2017; Akroush et al., 2016; Özkan et al., 2019; Abd Aziz, 2018). Thus, customers who perceive the corporate image tend to be loyal to the company and its services. But interestingly, in the study of Omoregie et al. (2019), Fusva et al. (2020), Kartika et al. (2019), Ofori et al. (2018) found that the corporate image has no significant effect on customer loyalty.

Makanyeza and Chikazhe (2017), Hapsari et al. (2017), Dileep Kumar et al. (2019) stated that service quality has an indirect effect on customer loyalty through customers satisfaction. The role of customer satisfaction significantly mediates service quality towards customer loyalty, higher service quality also leads to higher customer satisfaction and ultimately to customer loyalty [Asnawi et al. \(2019\)](#). Another study also examined the relationship between service quality and customer loyalty through corporate image ([Makanyeza and Chikazhe, 2017](#); [Akroush et al., 2016](#)), find and support corporate image plays an important role in the relationship between service quality and customer loyalty. Therefore, customer satisfaction and corporate image are able to positively and significantly mediate service quality on customer loyalty. Different results by Slack and Singh (2020), find that customer satisfaction mediates service quality to customer loyalty, leading to lower customer loyalty when compared to the direct effect of service quality on customer loyalty. [Nyan et al. \(2020\)](#) stated that customers are positive but not significant in mediating the effect of service quality on customer loyalty. Likewise, [Hapsari et al. \(2017\)](#) stated that although the service quality model has made a significant contribution to the service sector, the impact of service quality on corporate image management does not significantly contribute to a better understanding of customer loyalty.

The number of studies that have been conducted has proven that various factors can illustrate the importance of a direct or indirect relationship with related variables. To obtain certainty about the relationship needed to serve each factor that affects the main customer loyalty variables, namely the quality factor, customer satisfaction and corporate image and the influence of service quality on customer loyalty with the mediation factor of customer satisfaction and corporate image (Makanyeza and Chikazhe, 2017), which aims to assist management in determining the strategies that will be used to increase market competition in the increasingly competitive competition during the current Corona Virus Disease-2019 (COVID-19) pandemic. The purpose of this study is to determine the factors that affect the loyalty of PT Bank “X” credit card in Bali and Nusa Tenggara.

## 2. Materials and Methods

### Literature Review:

Service quality has been the focus of many studies since the initial conceptualization, because providing a positive level of service quality can create a competitive advantage for the company. Services quality is the result of an evaluation process in which perceived and expected services are compared (Hapsari et al., 2017), whereas Makanyeza and Chikazhe (2017) state that service quality refers to the impression made by customers regarding the services provided by the company. Özkan et al. (2019) stated that customers achieve performance, and the results are then compared with expectations that existed before purchase or consumption. According to Bello et al. (2020), quality is largely considered as an individual's overall service attributes arising from the comparison between the expected performance level and the increased level of performance.

According to Schiffman and Wisenblit (2015), the most widely accepted framework for examining service quality comes from the premise that customer evaluation of service quality is a function of the magnitude and direction of the gap between customer expectations of services and consumer assessments (perceptions) of the services actually delivered. The servqual scale measures the ratio between customer expectations of services purchased and customer perceptions of services actually received. Measure the difference or gap include two factors: (1) results, which focus on whether the service purchased is delivered reliably; and (2)

Process, which focuses on how the core service is delivered. It is the responsiveness, reassurance and empathy of employees in dealing with customers. The process allows service companies to exceed, not only meet customer expectations. Based on the above definition, it can be stated that service quality is the expectation of the customer compared to the actual product and or service received.

According to Schiffman and Wisenblit (2015), satisfaction refers to customer perceptions of product or service performance related to their expectations, customers who are very satisfied or happy continue to buy the same products and brands, provide positive information and encourage word of mouth to others, and often become a "customer for life." Kotler and Armstrong (2018) state that a satisfied customer buys a product again, speaks positively to others about the product, pay less attention to participant brands and advertisements, and buy other products from companies. Customer satisfaction can be described as a total emotional response to customer experience after purchasing and consuming a product or service (Makanyeza and Chikazhe, 2017). Repeated satisfaction creates long-term satisfaction with the product or service (Boonlertvanich, 2019), whereas Özkan et al. (2019) stated that customer satisfaction point is an evaluation of customers based on their overall experience and customer satisfaction as someone's happy feeling resulting from the performance or results that a product feels is expected. Based on the above definition, it is stated that a customer customer is a summary of the customer's positive response regarding the performance of a product or service after the customer has purchased and consumed the product or service.

According to Schiffman and Wisenblit (2015), the desired result of effective positioning is a different "position" (or image) the company occupies in the minds of customers. This "position" must be unique and represent the core benefits that the company provides. Most new products fail because they serve as a "me too" offering that doesn't offer the customer any advantage or uniqueness over competitive products. Unique image that leads to loyalty, which customer buys consistently and doesn't try or switch to competitive products. A corporate image is a company

portrait created in the minds of customers, therefore the corporate image is seen as a critical aspect of a company's ability to maintain its market position (Hapsari et al., 2017). Saleh et al. (2017) stated that corporate image as a function of purchasing experience or consistency which has real attributes and components of emotions, feelings and organizational attitudes. Whereas Özkan et al. (2019) stated that awards or good corporate image development will provide a sustainable competitive advantage. Omoregie et al. (2019) stated that corporate image is an intangible form for a unique company so that it can be easily identified but difficult to imitate. While Fusva et al. (2020) stated that the image of a bank is from all the beliefs, feelings, and understandings that a person has about the bank. As a consequence of a satisfying experience and high perceived value, a good image leads to a positive assessment of the service and influences the customer's future behavioral intentions. Based on the above definitions, corporate image plays an important role in ensuring the success of any organization. It is considered an asset that enables the company to differentiate itself from its competitors in achieving a competitive advantage.

Customer loyalty is a firmly held commitment to repurchasing selected products or services consistently in the future. Izogo et al., 2017; Chang and Hung, 2018 state that customer loyalty is the result of customer attitudes towards company performance, and it doesn't just refer to the tendency to repurchase the same company's products or services, but also a tendency to share positive experiences related to that company with friends and relatives. Other researchers state that customers display loyalty by repurchasing products even though there are attractive competitive alternatives from other companies (Omoregie et al., 2019). The same thing is also underlined by Hamouda (2019), stating that customer loyalty is defined as behavior that reflects customers repeatedly buying the same product or service from the same company, even if other alternatives in the market are available. Based on the above definition, it can be stated that customer loyalty is a customer commitment to repurchasing a product or service consistently in the future and sharing positive experiences related to that product or service with others.

### **Research Hypothesis:**

Research conducted in the Malaysian banking sector, found that the quality of internet banking services does not have a positive relationship with customer loyalty Amin (2016). Research on Islamic banks in Indonesia, also found that service quality does not have a significant effect on customer loyalty (Abror et al., 2019). Likewise, research on mobile phone providers in Indonesia found that service quality has a direct and insignificant effect on customer loyalty (Solimun and Fernandes, 2018). Different results were found in the Zimbabwe banking sector which found that service quality directly had a positive and significant effect on customer loyalty (Makanyeza and Chikazhe, 2017). Research in the Ghana retail banking industry also found that service quality was found to have a significant effect on customer loyalty (Omoregie et al., 2019). Research in Malaysia by Dileep Kumar et al. (2019), found that higher service quality will increase customer loyalty. Likewise research on Turkish banking by Özkan et al. (2019), and research on Indonesian Islamic banks by Fusva et al. (2020) found that service quality has a positive and significant relationship with customer loyalty, From the results of previous studies, the following hypothesis is formulated:

H1: Service quality has a positive and significant effect on customer loyalty.

Based on research in the Greek banking sector by Keisidou et al. (2013) measure two different aspects of service quality. The measure of functional quality shows that the efficient operation of the bank is found to have no effect on customer satisfaction, Meanwhile, relational quality

measures the level of intimacy received by customers from the bank and its employees were found to have a positive effect on customer satisfaction. Research in the Malaysian banking sector by Amin (2016) found that the quality of internet banking services has a positive and significant relationship to customer satisfaction. Research at major commercial banks in Thailand, found that higher service quality of commercial bank customer leads to higher customer satisfaction (Boonlertvanich, 2019). Likewise research on the Turkish banking industry by Özkan et al. (2019) and in Indonesian Islamic banks by Fusva et al. (2020) also found that service quality has a significant effect on customer satisfaction, From the results of previous studies, the following hypothesis is formulated:

H2: Service quality has a positive and significant effect on customer satisfaction.

Research in the Greek banking sector, measuring service quality from the functional and relational dimensions found that the two dimensions of service quality do not have an impact on the image of a bank which indicates that the overall performance of a financial institution does not help in creating and maintaining its image (Keisidou et al., 2013), whereas Omoregie et al. (2019) in the Ghana retail banking industry revealed that there is a significant positive effect on service quality on corporate image. This shows the fact that bank customers' perceptions of service quality provided have a significant effect on corporate image in Ghana retail banking. Research on the retail banking industry in Malaysia by Bakar et al. (2017), research on internet banking in Malaysia by Hamzah et al. (2017), and research on Islamic banks in Indonesia by Fusva et al. (2020) also found that service quality significantly affects corporate image. From the results of previous studies, the following hypothesis was formulated:

H3: Service quality has a positive and significant effect on corporate image.

Research in the Indonesian banking sector found that customer satisfaction did not significantly affect customer loyalty (Pereira et al., 2016; Kartika et al., 2019). Research in the Vietnamese banking industry by Hoang (2019) and research in the South African banking industry by Zietsman et al. (2020) also found that customer satisfaction does not significantly lead to customer loyalty. Different research results were found by Amin (2016) in Malaysia, providing empirical evidence that customer satisfaction has a positive relationship with customer loyalty. Research in the Zimbabwean banking sector, also found that customer satisfaction positively affects customer loyalty (Makanyeza and Chikazhe, 2017). Likewise research in the Turkish banking industry, found that customer satisfaction is an indicator of a company's past, present and future performance, and there is ample evidence for its positive effect on customer loyalty (Özkan et al., 2019). This is also reinforced by the results of research by Hamouda (2019) in Tunisia, which also found that increasing customer satisfaction will increase customer loyalty. From the results of previous studies, the following hypothesis was formulated:

H4: Customer satisfaction has a positive and significant effect on customer loyalty.

Research on the Ghana banking industry by Omoregie et al. (2019) examined the factors that influence retail banking customer loyalty, found that the relationship between corporate image and customer loyalty was not significant. Research on Islamic banks in Indonesia by Fusva et al. (2020) and Kartika et al. (2019) which aims to determine the driving factors for customer loyalty, also found that corporate image does not have a significant effect on customer loyalty. Different results were found in the Zimbabwe banking sector which found that corporate image directly has a positive and significant effect on customer loyalty (Makanyeza and Chikazhe, 2017). Likewise research in Malaysian Islamic banking by Abd Aziz (2018) and in the Turkish banking industry by Özkan et al. (2019), found that corporate image has a positive and significant effect on customer loyalty. From the results of previous studies, the following hypothesis was formulated:

H5: Corporate image has a positive and significant effect on customer loyalty.

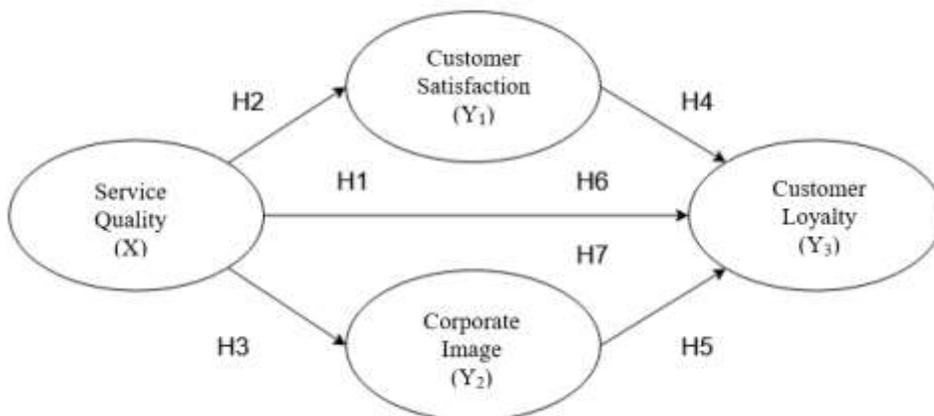
In research conducted by Slack and Singh (2020), it was found that the role of customer satisfaction mediates service quality on customer loyalty, leading to lower customer loyalty when compared to the direct effect of service quality on customer loyalty. Nyan et al. (2020) also stated that customer satisfaction is positive but does not significantly mediate the effect of service quality on customer loyalty. Research by Makanyeza and Chikazhe (2017) in the Zimbabwe banking sector found that customer satisfaction mediates the effect of service quality on customer loyalty. Research in Indonesia by Hapsari et al. (2017) and research in Malaysia by Dileep Kumar et al. (2019) also found that service quality has an indirect effect on customer loyalty through customer satisfaction. The role of customer satisfaction significantly mediates service quality towards customer loyalty, higher service quality also leads to higher customer satisfaction and ultimately to customer loyalty (Asnawi et al., 2019). From the results of previous studies, the following hypothesis was formulated:

H6: Customer satisfaction is able to positively and significantly mediate service quality on customer loyalty.

Research in Indonesia conducted by Hapsari et al. (2017) stated that the effect of service quality on corporate image creation does not significantly contribute to a better understanding of customer loyalty. Omoregie et al. (2019) in the Ghana retail banking industry also found that service quality has a significant positive effect on corporate image, but corporate image does not affect customer loyalty. A different result was found by Makanyeza and Chikazhe (2017) in the Zimbabwe banking sector, that the perception of service quality has a strong effect on customer perceptions of corporate image, which in turn results in customer loyalty. Research conducted by Özkan et al. (2019) in the Turkish banking industry found that service quality and corporate image are positively and directly related to customer loyalty and one important finding is that corporate image has a mediating effect between service quality and customer loyalty. Fusva et al. (2020) also confirm that among the determinants of customer loyalty in Indonesian Islamic banks, it is found that the direct impact of service quality is on customer loyalty and a significant indirect impact through the corporate image. From the results of previous studies, the following hypothesis was formulated:

H7: Corporate image is able to positively and significantly mediate service quality towards customer loyalty.

**Research Framework:**



**Figure 1. Conceptual Framework**

## Method:

The questionnaire consists of five parts, namely the demographic characteristics of the respondents, service quality, customer satisfaction, corporate image, and customer loyalty. Demographic characteristics measured include age, gender, marital status, education and occupation of the respondent. Five dimensions and fifteen indicators adapted from Boonlertvanich (2019) were used to measure service quality, three indicators were adapted from Omoregie et al. (2019) were used to measure customer satisfaction and five indicators were adapted from Omoregie et al. (2019) is used to measure corporate image, and six indicators adapted from Makanyeza and Chikazhe (2017) are used to measure customer loyalty. These indicators are modified to be consistent with this research as can be seen in Appendix 1. All indicators are measured on a Likert scale of one to five, where the value of one shows the size of the strongly disagree statement, the value of two shows the size of the statement of disagreement, the value of three shows the size of the doubtful/neutral statement, the value four indicates a statement of agreement and a value of five point indicates a statement of strongly agree.

Determination of samples and data collection of 145 customers of PT Bank "X" in Bali and Nusa Tenggara related to the variables studied, were carried out online using google form to support the paperless movement that is being carried out by PT Bank "X" in the face of the digitalization era and anticipating the COVID-19 pandemic while the research was being carried out. The age of respondents is mostly dominated by customers aged  $\leq 30$  years (43%), while at least  $> 50$  years old (8%). In terms of gender, it shows that the number of male respondents is 61% and female respondents are 39%, seen in terms of the percentage of more male respondents than women, and for marital status, the majority of respondents are married, which is 63%. Respondent profiles seen from the level of education, are grouped into three levels, namely: senior high school, diploma, bachelor. From 145 respondents, most has a bachelor's degree (82%) compared to those with senior high school education (10%), and diploma was in the third place (8%). The results of the tabulation of the questionnaire data based on occupation, most of them work as civil servants/state company (59%), but there are also respondents who work as private employees (26%), self-employed (12%), and housewives (1%). The majority of respondents who are highly educated and have worked or are married are an indication that their perceptions in answering the questionnaire have become more objective. Furthermore, the profiles of respondents based on their behavior in using credit cards are presented, such as the number of transactions and types of transactions that have been carried out. The majority of users are respondents who use credit card transactions for more than two types of transactions, which is 58%, which indicates that respondents are able to better describe the perceptions of the questionnaire so that the respondent's reasons for using credit cards can be seen. Types of transactions that have been done with a credit card are grouped into six, namely offline retail transactions, online retail transactions, power buy, power cash, auto installments, and power bills. The data presented reflects that the majority of respondents have made more than one transaction, where 97% of respondents have conducted offline retail transactions. The choice of the type of transaction used can be the basis for the company, to be able to determine the next policy or strategy in developing favorite choices for credit card users, and also to find out why other types of transactions have not been used by credit card users. One type of transaction that has not been utilized by credit card users is bill payments, which is only 14% of the 145 respondents who have ever made such transactions.

### 3. Results and Discussions:

#### Research Instrument Test:

Before being distributed, the research instrument was first tested for validity and reliability to 30 respondents. Based on the analysis it can be concluded that all research instruments (service quality, customer satisfaction, corporate image and customer loyalty) have a correlation coefficient of more than 0.3 so that all items in the instrument are said to be valid. The Cronbach's alpha of all instruments is greater than 0.6. This shows that these measurements can provide consistent results when re-measured on the same subject. Thus, the instrument is reliable so that it can be used and continued.

#### Research Model Test:

Inferential statistical analysis uses a variance based or component based approach with the Partial Least Square (PLS) method. There are four values that must be considered at this stage, the goodness of fit of the outer model, namely the value of convergent validity, discriminant validity, composite reliability and cronbach's alpha. The convergent validity test shows that the service quality variable, all of the indicators have a factor loading value above 0.5 with the highest indicator value found in the assurance indicator, the customer feels safe when making transactions (X5) with the respondent's perception value of 0.950. All indicators of customer satisfaction variables have a factor loading value above 0.5 with the highest indicator value found in the best service indicator (Y1.2), with a respondent's perception value of 9.53. All values of the corporate image variable have a value greater than 0.5. The positive image indicator (Y2.4) has the highest factor loading value, with the respondent's perception value of 0.939. All values of customer loyalty variables have a value greater than 0.5. The indicator speaks positive things about the bank (Y3.3) which is the indicator that has the highest factor loading, with a perceived value of 0.932. The validity test is also carried out by the test method comparing the square root of average variance extract (AVE) value for each construct with the correlation between the other constructs contained in the model. The results of discriminant validity testing explains that the AVE value in the research variable has a value above 0.5 so that this measurement can be explained as meeting the requirements for measuring discriminant validity. The results of testing composite reliability are good, because all latent variables have been reliable where they have a composite reliability value greater than 0.7. This shows that all indicators have become a measuring tool for their respective constructs. It shows that all latent variables have Cronbach's alpha values above 0.7, so it can be concluded that this study has met reliability.

The structural goodness of fit in the inner model can see the relationship between constructs by comparing the significance value and the R-square of the research model. The R<sup>2</sup> value of the loyalty variable is 0.828, which means that 82.8% of the variation in the customer loyalty variable is explained by the variables or factors of service quality, customer satisfaction, corporate image, and customer loyalty. other outside the model. The goodness of fit of the structural model in the inner model is tested using the value predictive-relevance (Q<sup>2</sup>), to measure how well the observed value is generated by the model and also its parameter estimates, meaning how much influence exogenous variables have on endogenous variables, so that only endogenous variables have a Q<sup>2</sup> value. The predictive value-relevance is obtained by the formula:

$$Q^2 = 1 - (1-R_1^2) (1-R_2^2) (1-R_3^2)$$

$$Q^2 = 1 - (1-0.818) (1-0.767) (1-0.828)$$

$$Q^2 = 0.9927$$

Thus the value is more than null ( $>0$ ). The value of  $Q^2$  is close to the value of 1, which means that the model has a predictive value-relevance, and it can be stated that this structural model is fit with the data.

**Research Hypothesis Test:**

Hypothesis testing is done by using the p-test (p-value) on each path of influence between the variables. In PLS, statistical testing of each hypothesized relationship is carried out using a simulation. Bootstrapping testing is also intended to minimize the problem of abnormal research data. The test results with bootstrapping from the PLS analysis can be seen in Table 1.

**Table 1: Inner Loading Results**

Construct	coefficient	t-statistics	p-value
service quality→customer loyalty	0.151	1.110	0.267
service quality→customer satisfaction	0.905	33.440	0.000
service quality→corporate image	0.876	27.583	0.000
customer satisfaction→customer loyalty	0.167	1.074	0.283
corporate image→customer loyalty	0.619	5.121	0.000
service quality→customer satisfaction→customer loyalty	0.151	1.075	0.283
service quality→corporate image→customer loyalty	0.542	5.166	0.000

The results in Table 1 provide information that service quality (path coefficient 0.151 with t-statistic 1.110) has a positive and insignificant direct effect on customer loyalty, therefore, H1 is supported. Service quality has a positive and significant direct effect on customer satisfaction (path coefficient 0.905 with t-statistic value 33.440) and corporate image (path coefficient 0.876 with t-statistic 27.583), therefore H2 and H3 are supported. Customer satisfaction (path coefficient 0.167 with t-statistic 1.074) has a direct positive and insignificant direct effect on customer loyalty, therefore H4 is not supported. Corporate image has a positive and significant direct effect on customer loyalty (path coefficient 0.619 with t-statistic 5.121), therefore H5 is supported. Customer satisfaction is able to positively and insignificantly mediate service quality on customer loyalty (coefficient 0.151 with t-statistic 1.075), therefore H6 is not supported. Corporate image is able to positively and significantly mediate service quality towards customer loyalty (coefficient 0.542 with t-statistic 5.166), therefore H7 is supported.

**Discussion and Implications:**

This study investigates the factors that influence customer loyalty of PT Bank “X”s credit card in Bali and Nusa Tenggara, Indonesia. This study seeks to determine the effect of service quality, customer satisfaction and corporate image on customer loyalty, to determine the mediating effect of customer satisfaction and corporate image on the relationship between service quality and customer loyalty. This study finds that service quality and customer satisfaction, all have a positive and insignificant direct effect on customer loyalty. This implies that improving service quality and customer satisfaction cannot significantly increase customer loyalty. These findings

reinforce the current understanding in the literature that service quality positively and insignificantly affects customer loyalty (Amin, 2016; Solimun and Fernandes, 2018; Abror et al., 2019) and customer satisfaction positively and insignificantly affects customer loyalty (Pereira et al., 2016; Kartika et al., 2019; Hoang, 2019; Zietsman et al., 2020). This study also found that service quality has a positive and significant direct effect on customer satisfaction and corporate image and corporate image have a positive and significant direct effect on customer loyalty. These findings reinforce the current understanding in the literature that service quality positively and significantly affects customer satisfaction (Amin, 2016; Boonlertvanich, 2019; Özkan et al., 2019; Fusva et al., 2020) and corporate image (Omorieg et al., 2019; Fusva et al., 2020; Bakar et al., 2017; Hamzah et al., 2017) and corporate image positively and significantly influences customer loyalty (Makanyeza and Chikazhe, 2017; Abd Aziz, 2018; Özkan et al., 2019). This study found that the mediation of customer satisfaction is positive and insignificant mediate the effect of service quality on customer loyalty. The results of this test mean that mediating customer satisfaction does not necessarily increase the effect of quality on customer loyalty. These findings reinforce the current understanding in the literature of Slack and Singh (2020), stating that the role of customer satisfaction mediates service quality on customer loyalty, leading to lower customer loyalty when compared to the direct effect of service quality on customer loyalty (Nyan et al., 2020), also stated that customer satisfaction is positive and insignificant mediate the effect of service quality on customer loyalty. This study also found that corporate image positively and significantly mediates the effect of service quality on customer loyalty. The results of this test mean that the mediation of corporate image has an impact on the increasing effect of service quality on customer loyalty significantly. These findings reinforce the current understanding in the literature of Makanyeza and Chikazhe (2017), Fusva et al. (2020), Özkan et al. (2019), found that corporate image plays an important role in the relationship between service quality and customer loyalty. Therefore, corporate image is able to positively and significantly mediate service quality towards customer loyalty.

The results of the study provide an explanation that service quality is an important variable that can be integrated with payment system technology using a credit card which will have a positive and significant effect on customer loyalty if there is a mediating variable in corporate image. Thus, these results can be used as material for consideration and input for strategic policy makers in determining the appropriate promotional model for marketing credit cards during the current COVID-19 pandemic. In terms of corporate image, both directly and indirectly have become antecedents of credit card customer loyalty during the COVID-19 pandemic. This can be a consideration for company management to emphasize the positive corporate image in marketing products or services to credit card users or target markets. The target market for credit cards, based on the demographic profile of customers, will be more effectively offered to customers whose educational background is a bachelor's degree and type of work as civil servant/state corporate. This can be a consideration for company management considering the modern mindset requires ease, effectiveness and efficiency in transactions. This can be a consideration for company management bank considering the modern mindset requires ease, effectiveness and efficiency in transactions. This segment is also more likely to survive in terms of income, especially during the current COVID-19 pandemic. Some credit card features have not been utilized properly by users, such as power bills, which is caused by several factors. One of these factors is that the majority of credit card customers in Bali and Nusa Tenggara do not have monthly bills or bills that the customer wants to register are not available, so company management can consider expanding partnerships with providers such as CBN and BIZnet to

offer internet packages with cable TV. increased rapidly during the COVID-19 pandemic, especially when customers work from home and restrictions on community activities by the government. In addition, socialization of credit card transactions is easy and safe to use because companies also need to use OTP (one time password). This will have an impact on better service quality and a more positive corporate image, which in turn will increase credit card customer loyalty.

This study is one of the few that investigates the factors that affect customer loyalty during the current COVID-19 pandemic, such as service quality, customer satisfaction and corporate image. Further research is expected to examine other variables associated with customer loyalty, or add dimensions of service quality and customer satisfaction to other dimensions such as online transactions that have changed customer behavior in transactions during the COVID-19 pandemic, which significantly affected customer loyalty to system technology payment.

#### **4. Conclusion:**

Results from the PLS–SEM analysis indicated that service quality and customer satisfaction, has not significant effect on customer loyalty, but corporate image has significant effect on customer loyalty. Only corporate image is able to mediate positive and has a significant effect on service quality on customer loyalty, while customer satisfaction is unable to mediate positively and significantly the effect of service quality on customer loyalty.

This research was conducted in Bali and Nusa Tenggara, Indonesia using variables of service quality, customer customers and corporate image. Further research is expected to examine other variables that serve with customer loyalty, or add dimensions of quality and customer satisfaction to other dimensions such as online transactions that have changed customer behavior in transactions during the COVID-19 pandemic, which significantly affected customer loyalty in the payment technology system.

This study can serve as a basic model for evaluating PT Bank “X” strategy on service quality, customer satisfaction, corporate image and customer loyalty. Based on the results of statistical analysis, that the corporate image directly or indirectly affects customer loyalty during the current COVID-19 pandemic. This can be a reference for the management of PT Bank “X” in making strategies to increase customer loyalty by maintaining a positive corporate image of the company.

#### **Conflict of interest statement**

The author(s) declared that (s)he/they have no competing interests.

#### **Statement of authorship**

The author(s) have a responsibility for the conception and design of the study. The author(s) have approved the final article.

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**Appendix:**

**Appendix 1. Variables, Dimensions, and Indicators**

Constructs / Variables	Dimension	Indicator
Service Quality (X)	Reliability (X <sub>1</sub> )	Clear and reliable credit card service protocol (X <sub>1.1</sub> ).
		Procedures and systems for storing credit card customer data (X <sub>1.2</sub> ).
		Correct end to end credit card service process (X <sub>1.3</sub> ).
	Assurance (X <sub>2</sub> )	Credit card knowledge and can do their job well (X <sub>2.1</sub> ).
		Credit card services properly and make customers feel safe when making transactions (X <sub>2.2</sub> ).
		Provide credit card services politely and in the right way (X <sub>2.3</sub> ).
	Tangibility(X <sub>3</sub> )	Modern credit card service equipment (X <sub>3.1</sub> ).
		Credit card website is visually appealing (X <sub>3.1</sub> ).
		Credit card can be accessed from mobile banking for self-service transactions (X <sub>3.3</sub> ).
	Empathy (X <sub>4</sub> )	Employees help credit card customers well (X <sub>4.1</sub> ).
		Employees know the needs of credit card customers and provide information accordingly (X <sub>4.2</sub> ).
		Employee clearly explained every credit card problem situation (X <sub>4.3</sub> ).
	Responsiveness (X <sub>5</sub> )	Employees immediately meet the needs of credit card customers (X <sub>5.1</sub> ).
		Employees provide easy credit card services without a burdensome process (X <sub>5.2</sub> ).
		Employees are responsive and able to complete credit card customer requests (X <sub>5.3</sub> ).
Customer Satisfaction (Y <sub>1</sub> )	Customer impressed with the credit card service(Y <sub>1.1</sub> ).	
	Customer received the best service of the credit card issuer(Y <sub>1.2</sub> ).	
	Customer satisfied with the credit card issuer (Y <sub>1.3</sub> ).	
Corporate Image (Y <sub>2</sub> )	Credit card issuer can be trusted in what it says and does(Y <sub>2.1</sub> ).	
	Credit card issuer is a stable and well established credit card issuer (Y <sub>2.2</sub> ).	
	Credit card issuer has a social contribution to society(Y <sub>2.3</sub> ).	
	Credit card issuer, has a positive image with its customers(Y <sub>2.4</sub> ).	
	Credit card issuer were innovative and forward-looking credit card issuer (Y <sub>2.5</sub> ).	

Constructs / Variables	Dimension	Indicator
Customer Loyalty (Y <sub>3</sub> )		Customer recommend this credit card to my colleagues and friends (Y <sub>3.1</sub> ).
		Customer prefer this bank credit card over any other bank (Y <sub>3.2</sub> ).
		Customer speak positive things about this bank credit card (Y <sub>3.3</sub> ).
		Customer have encouraged others to make credit card transactions with this bank(Y <sub>3.4</sub> ).
		Customer consider this bank credit card as my first choice (Y <sub>3.5</sub> ).
		Customer will continue to use this bank credit card for future transactions(Y <sub>3.6</sub> ).