

# The Determinant of Customer Retention on Rural Credit Banks: Evidence from Indonesia

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Customer retention in rural credit banks is key for a bank beating the competition for credit distribution. This study discusses how to improve customer retention performance by identifying the Customer Orientation of Service Employees, which is mediated by satisfaction and intention to act. The questionnaire was administered to 400 customers from rural bank offices in Jakarta, Lampung, and Banten for three months (January–March 2019). The result of the study indicates that to build and keep rural credit customers in Indonesia, the bank must be focused on the behaviour of customer-oriented employees because employee behaviour in delivering service has positive effects on customer satisfaction and behavioural intentions.

**Key words:** *Customer Orientation of Service Employee, Customer Satisfaction, Behavioural Intention, Customer Retention, Rural Bank. Financial Institutions.*

## Introduction

Business in the banking industry is not only focused on the interest rates or the superiority of the products but also personal aspects (customer-centric). One of these aspects is a relationship the bank must build and develop with its customers. Many studies have proven that customer loyalty affects the company's bottom line and will make improve the future development of the company.

In the banking industry in Indonesia, the increment in the number of rural credit banks will ease the customer in choosing a bank for a credit application. They have carried out various inventions in the marketing industry to attract customers, for example, by innovating digital-based banking

services and providing branchless banking. All these efforts are intended to ensure satisfaction and increase retention of the bank's customers. The rural credit bank faces the existence of fin-tech (financial technology) players. Until 2018, the Financial Services Authority (OJK) reported almost 25 trillion of the fin-tech players could share the credit. The rapid growth of fin-tech worries national banking members, so they look at services that can be linked digitally. In one effort to face competition with the fin-tech player in terms of credit distribution, the rural bank must focus on building customer retention by focusing on customer-oriented employee behaviour, so the customer feels satisfied, and positive behavioural intention arises towards the bank.

In explaining the phenomena, the preliminary study has been conducted concerning customer-oriented employee behaviour.

**Table 1:** Preliminary Study

Variable	Item	Frequency of Multiple Responses				Percentage		
		Good	Average	Poor	N	Good	Average	Poor
Cose	Technical Skill	0	48	102	150	0.0%	32.0%	68.0%
	Social Skill	4	80	66	150	2.7%	53.3%	44.0%
	Motivation	2	148	0	150	1.3%	98.7%	0.0%

**Source:** Primary Data. 2019

**Note:** COSE (Customer Orientation of Service Employee)

The results of the preliminary study showed that, in the average customer rural bank in Indonesia, 68.0% stated that the technical skills employees were poor, 53.3% said that the social skills of employees were mediocre, and 98.7% reported employees' enthusiasm in delivering services is average. This means that some customers believe that bank management has not been able to provide excellent services by their employees.

Sustaining customer satisfaction from employee behaviour is expected to create loyalty among customers who will re-purchase and provide positive recommendations to other customers, while being indifferent to the bank's competitors. Building and develop customer retention is an effective way to achieve the growth of bank profit consistently.

In some research, customer retention is consumer loyalty and is used interchangeably (Heskett, Jones, Loveman, Sasser, & Schlesinger, 1994). Customer retention is a link between customer loyalty and profitability (Anderson & Mittal, 2000). Customer retention is the same as behavioural loyalty and can be measured based on consumer buying behaviour, as shown by the high frequency of purchasing products. Loyalty refers to attitudinal loyalty and is estimated based on several components, such as attitudes, beliefs, feelings, and the willingness to make purchases (Buttle, 2004). Christine and Martin (1996) confirmed that loyalty and retention are uncommon

things. These researchers believed that loyalty is an attitudinal construct related to customer attitudes toward the company, while retention is a behavioural construct related to behaviour towards the company. Christine and Martin (1996) stated that although attitudes and behaviours are connected, a positive attitude does not always result in repeat purchase behaviour. Frederick (2003) noted that loyalty is essential, but they find it complicated to measure and monitor. Therefore, the authors need to measure loyalty in terms of behaviour through customer retention.

Lau, Hosea, and Diana (2013) researched consumer orientation, service orientation, service quality, and face-to-face service quality, perceived value, satisfaction, and behavioural intention. Satisfaction and behavioural intention become endogenous variables, while this research sees satisfaction and behavioural intention as mediating the customer orientation of service employees toward customer retention. Brady and Cronin (2001), and Cronin, Brady, and Hult (2000) researched the effect of customer orientation based on perceived service performance and behavioural outcomes with a focus on companies that have a customer orientation to form perceptions of customer quality, satisfaction, and value of services. This study investigates the customer's perceptions of the employee's behaviour who have a customer orientation, so it affects satisfaction, behavioural intention, and retention.

## **Literature Review**

### ***Customer Orientation of Service Employee (Cose)***

Marketing experts believe that companies that focus their activities on customer needs, through customer-oriented behaviour, will run better than companies that are not customer-oriented (Donavan, Brown, & Mowen, 2004). Jaworski and Kohli (1993), and Narver and Slater (1990) researched the potential economic strength of customer-oriented companies. Some studies have looked into the concept of overall customer orientation and analysed customer orientation in terms of processes, policies, and use. Because of the intangibility of services and the top level of customer interaction and integration, customer orientation was expected to play an essential role in the economic success of service companies. In addition, the researchers analysed the role of service workers as a dimension of service quality (Dabholkar, Shepherd, & Thorpe, 2000; Parasuraman, Zeithaml, & Berry, 1988). There are studies that discuss the concept of COSE (Brown, Mowen, Donovan, & Licata, 2002; Donovan et al., 2004; Hennig-Thurau & Thurau, 2003; Kelley, 1992).

In a service quality study, they have shown that service employee behaviour influences customer perceptions of service (Bitner, Booms, & Tetreault, 1990). Dabholkar et al. (2000) identified personal attention and the comfort provided by service provider employees as a component of service quality. However, because service quality is represented from the customer's view, the natural consequence is that no researcher uses a company perspective when showing a unique aspect of employee behaviour that affects service quality. Therefore, service providers get limited

information about the managerial style needed to choose and train their employees. Kelley (1992) was one of the first researchers to study customer orientation from a service employee. COSE in service companies is essential for business success. Kelley (1992) proposed and tested the conceptual framework of COSE, including organisational construction such as organisational climate and personal socialisation and building, such as motivational efforts and direction.

Brown et al. (2002) defined COSE as an individual tendency or predisposition to meet customer needs and conceptualised it as two dimensions. According to their thought, COSE comprises a) the proportion of demand, which includes the worker's belief that he can meet the expectations of the customers, and b) the aspects of enjoyment which represent the extent to which workers enjoy the interaction with customers and consumers.

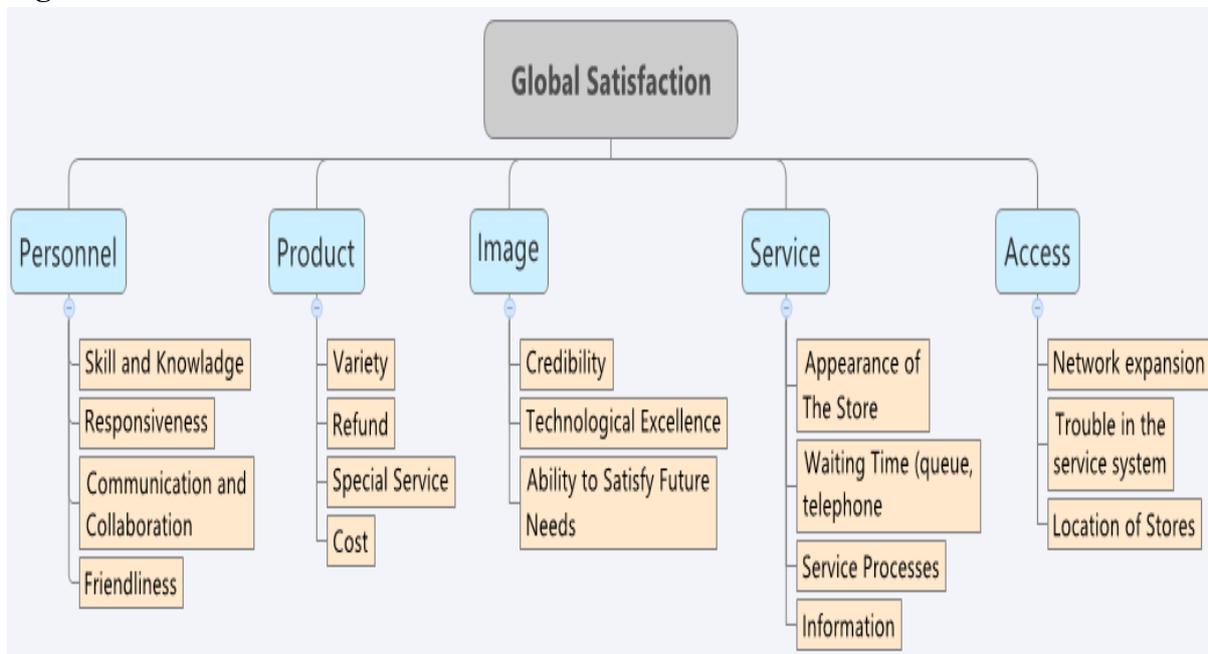
Based on the theoretical study of COSE, Hennig-Thurau (2004) became a reference in selecting dimensions and indicators for employee skills in customer orientation, and employee motivation to serve customers. Employed authority was not taken as following the conditions in Indonesia. Based on all this, these dimensions in measuring customer orientation, as measured by the service provider themselves (how perceptions of employees who have customer orientation), research in Indonesia rarely measures customer orientation from a service provider (customers respond to employee behaviour who have customer-oriented and confirmation of customer perceptions). COSE in this study can contribute to explaining, or supporting, how COSE affects customer satisfaction and retention.

### **Customer Satisfaction**

One of the most important goals to be achieved in every business is customer satisfaction (Maryanti, Andriani, Fatmasari, Widyawati, & Santoso, 2019). Spreng, MacKenzie, and Olshavsky (1996) explained that customers feel satisfied when customers have compared perceptions about a product or service with expectations. Tse and Wilton (1988) stated satisfaction and dissatisfaction is the customer's response to the perceived mismatch between previous expectation (or other norms performance) and the actual performance of the product after its use.

Mihelis, Grigoroudis, Siskos, Politis, and Malandrakis (2001) created a hierarchical structure of customer satisfaction dimensions, which was tested in the banking industry in Greece.

**Figure 1.** Structure of Customer Satisfaction Dimension



**Source:** Mihelis et al. (2001)

Mihelis et al. (2001), who examined the customer satisfaction hierarchy, became a reference in choosing dimensions such as bank personnel, products, bank image, service, and access. It bases the preference to measure customer satisfaction on the similarity of the unit of analysis, bank customers in Greece, while this study was conducted on customers in Indonesia. The similarity in condition encourages the writers to adapt the dimensions of the bank customer satisfaction hierarchy so it can explain and support customer satisfaction theory and become one of the marketing strategies in the banking industry to create customers who have optimal satisfaction.

### **Customer Behavioural Intention**

The behavioural intention in this study is interpreted as the behaviour of customer intention on banking products and services, which resulted in customer satisfaction in the banking products and services provided by banking institutions. The pleasure felt by the customer for banking products or services can affect the behaviour of high or low intention, depending on how much their satisfaction is to be perceived.

The forming of intention to behave occurs with high involvement (Mowen & Minor, 1998). Cronin et al. (2000) stated that customers like service providers to tell their customers about 1) said positive things about them (service providers); 2) contact them (service providers) for other customers; 3) remain loyal to them (or buy more items from them); 4) spend more time with them; 5) pay premium prices. Zeithaml, Berry, and Parasuraman (1996) explained the dimensions of behavioural intention, such as loyalty, switching, the willingness to pay extra,

comment, and responses to the company. To pick out these dimensions in this study is to enrich or contribute to the banking industry because of the different units of analysis used in the research of Zeithaml et al. (1996), such as customers from computer manufacturers, retail customers, and insurance customers. This research was conducted on bank customers in Indonesia.

## **Customer Retention**

Customer retention spotlights the activities of marketers in maintaining customers. Customer retention focused on developing marketing activities that cause repeat purchase behaviour on managerial aspects of marketers and consumers (Hennig-Thurau & Klee, 1997). According to Chatura and Jaideep (2003), customer retention is defined as the tendency of customers to stay with service providers in the future. Customer retention is one of the essential factors in determining a company's success. The satisfied customer does not always mean a profitable customer based on short-term transactions.

The direct benefit of retaining customers or maintaining customers is the reduction in marketing and advertisement costs. Some studies show that customers who are satisfied with a service will provide word-of-mouth communication (Cranage, 2004). A customer who has a long relationship with the companies will make more purchases (Peterson, 1995). Loyal customers will be more responsive to buy each type of products and services provided by the company, will often pay more to the company, make demands (Cranage, 2004; Peterson, 1995) and be cheaper when serving. The customer will not be too sensitive to price so the company will gain a higher margin.

Dwyer and Tanner (2002) find that customer retention behaviour has a substantial impact on profits. Increased customer retention will result from increased benefits for an excellent relationship between the company and consumers, and not because of customer coercion from using alternative providers or the amount of switching costs. Desai and Mahajan (1998) agreed that customer retention is the key to profitability. Therefore, developing and maintaining long-term customer retention (active) is the key to company sustainability and the growth of the company. Passive customer retention involves those who remain loyal, but have a low level of concern for the company and offer only a small profit.

There are three unique approaches to measuring retention, such as behavioural actions, attitude measurement, and composite measurement (John & Chen, 2001). The research of Zeithaml et al. (1996) has been adopted from the study of Mohammad, Tony, and Leonce (2009) to operationalize customer retention. Mohammad et al. (2009) promote a group of antecedents that painted a broader range of behavioural, attitudinal, and cognitive intention to service providers. The four dimensions are word-of-mouth communications, purchase intention, price sensitivity, and complaining behaviour. The research conducted by Mohammad et al. (2009) became a reference to pick out dimensions. The choice of these dimensions in this study is to enrich and contribute to the banking

industry because of the similarity of unit analysis used. The research of Mohammad et al. (2009) focused on a bank customer of Australia, while this research was conducted on banking customers in Indonesia.

### **COSE to Customer Satisfaction**

The bank that focuses its activities on customer needs, with customer-oriented behaviour, will run better than the bank which is not customer-oriented (Donavan et al., 2004). The customers will assess employee behaviour in providing services, and if the result exceeds their expectations, it will satisfy the customer—customer assessment of bank employees as determined by the attitude and behaviour of the employees themselves in providing services. Hennig-Thurau and Thurau (2003) stated COSE is informed by employee behaviour in the interaction between customers, so customer satisfaction will be determined by the behaviour of employees in serving customers. Higher positive reaction in providing service by a bank employee will affect customer satisfaction.

**H1:** COSE has a significant impact on customer satisfaction

### **COSE to Behavioural Intention**

In service quality study, it has been shown that the behaviour of service employees influences customer perceptions of a service (Bitner et al., 1990). This means customers will assess the attitude of employees in providing services. This refers to the intention of consumers to act in a certain way in the future. The customer has a positive perception of the services provided by employees, and it will lead to positive behavioural intention, which impacts loyalty and the willingness to recommend the product or service to others.

**H2:** COSE has a significant impact on behavioural intention.

### **Customer Satisfaction to Customer Behavioural**

Customer satisfaction is the key to the success of the bank in carrying out its business activities. The banks that can provide comfort to customers will be perceived and willing to submit information to related people. It is in line with the results of the research by Gounaris, Vlassis, and Antreas (2003), which successfully revealed that increasing customer satisfaction has a significant effect on increasing the intention to behave, while the results of research by Belanche, Casalo, Flavian, and Guinaliu (2010) stated that customer satisfaction through loyalty has a significant effect on behavioural intention (communication by word of mouth).

**H3:** Customer satisfaction has a significant impact on behavioural intention

### **Customer Satisfaction to Customer Retention**

One of the essential goals of the customer satisfaction program is to increase customer retention (Anderson, Fornell, & Lehmann, 1994). Customer satisfaction can increase retention among existing customers. That means that more customers will re-purchase (Anderson et al., 1994; Anderson & Sullivan, 1993)

The marketing construct in the banking industry with a customer approach has forced banks to focus on creating higher customer satisfaction. They can be done if the bank has better value than its competitors. Customer satisfaction is interpreted as a continuous evaluation of experience that cannot be separate from gaining experience in using a service. Thus, customer satisfaction is a determinant to last longer using a banking service.

**H4:** Customer satisfaction has a significant impact on customer retention

### **Behavioural Intention to Customer Retention**

The experience of customers in using banking services has a relationship with behavioural intention. Behavioural intention can see when the customer decided to re-think and switch to another bank, so this behaviour affects the customer's resilience towards the bank. Cronin et al. (2000) mentioned one trend in consumer behaviour is related to the ability of service providers to tell their customers to remain loyal to them (or buy more goods from them).

**H5:** Behavioural intention has a significant impact on customer retention

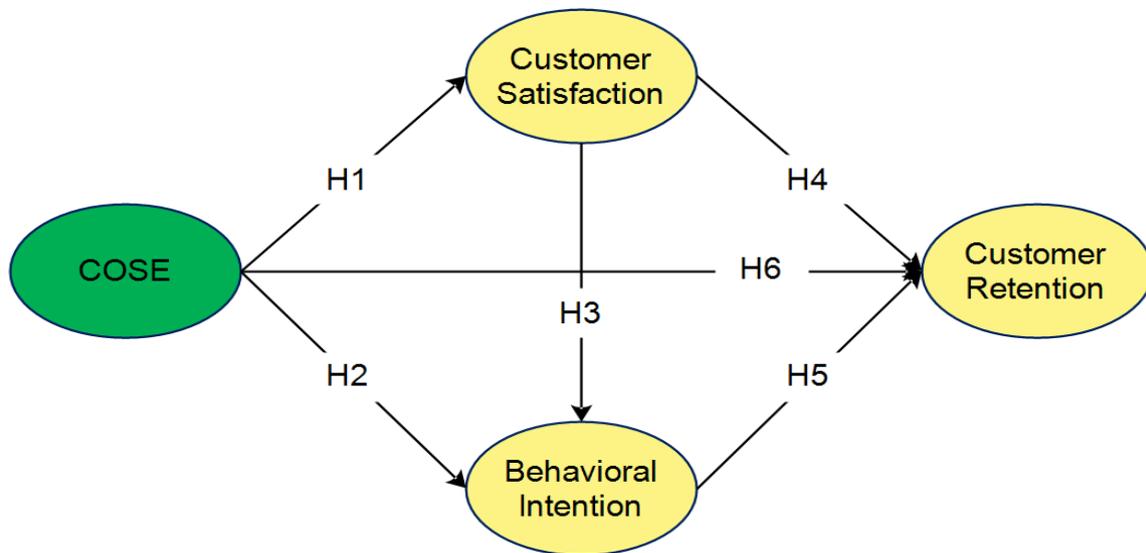
### **COSE to Customer Retention**

COSE is essential for success in running a business. Customer factors relate to winning the competition. More employees who have customer-oriented behaviour and treat the customer well can believe that the customer will feel satisfied and intend to be loyal in using banking services. Gruen (1995) explained that more satisfied customers would direct them to repeat purchase. Hennig-Thurau (2004) described in the customer-orientation model of service employees that COSE has a direct influence on customer retention.

**H6:** COSE has a significant impact on customer retention

Based on the literature review, the construct of research framework and hypothesis:

**Figure 2.** Research Framework



### Method and Measurement

This study uses a questionnaire as a data collection tool that was developed from several previous studies using a semantic five scale, ranging from strongly disagree (1) to strongly agreed (5). The unit analysis in this study is the customer of rural credit banks in Jakarta, Lampung, and Banten, with 400 customers who have cooperated with the bank for credit applications. Customers by focus on the proportional samples' distribution.

Measures of all variables, dimensions, and indicators refers to previous research. COSE refers to the research conducted by Hennig-Thurau (2004). Customer satisfaction refers to a study conducted by Mihelis et al. (2001). Behavioural intention relates to research conducted by Zeithaml et al. (1996), and customer retentions refer to a study conducted by Mohammad et al. (2009).

Measure dimensions and indicators using confirmatory factor analysis with the second-order approach. The hypothesis examined Structural Equation Modeling (SEM) and continued with mediation analysis.

### Result and Discussions

The demographics of the respondents comprise level of education, principal occupation, and income. Statistically, there is a significant relationship between customer education and the prime job. This relationship can explain that the higher the level of education of the customer, the more positive contribution to the work that is a source of family income. Besides, the level of education can affect customer knowledge in the banking industry. Customers with

postgraduate, graduate and diploma levels have selective behaviour in choosing a bank for credit applications.

**Table 2:** Relation Between the Level of Education and Occupation

<b>Chi-Square Tests</b>			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	40.043 <sup>a</sup>	9	.000
Likelihood Ratio	35.267	9	.000
Linear-by-Linear Association	2.955	1	.086
N of Valid Cases	400		

a. 10 cells (62.5%) have expected count less than 5. The minimum expected count is .35.

**Source:** Primary Data. 2019

The average income value of an active customer is Rp. 5,500,000/ month and is more than the value of the Regional Minimum Wages (UMR) in Jakarta, Lampung, and Banten. Besides having an active income, customers also have a passive income, which is Rp. 2,600,000/ month, so in total active and passive incomes of customers are Rp. 8,100,000/ month.

Based on the results of the questionnaire, customers who get information about the bank from the families is 37.6%, 38.6% from friends, and the rest are from banners, newspapers and local TV. In the concept of customer behaviour, friends and family are included in the reference group, as well as all the people who have a direct or indirect influence on the changes in attitudes and behaviour of customers in deciding to use banking services. 79.2% customers believe that they never moved banks since their first credit account, and 20.8% of customers have switched to another bank since the repayment of credit is done in order to look for banks that apply small loan interest rates.

### Testing of Research Instruments

Confirmatory factor analysis was used for validity and reliability tests. A 50-item battery constructed the research model. All the indicators in every construct have a loading factor more significant than 0.5, which means there is no indicator excluded from the model (see table 3).

**Table 3:** Results of CFA

Variable	Dimension	Indicator	$\lambda$	$\lambda^2$	e	CR	VE
COSE	Technical Skill	COSE1.1	0.820	0.672	0.340	0.948	0.672
		COSE1.2	0.800	0.640	0.370		
		COSE1.3	0.770	0.593	0.410		
	Social Skill	COSE1.4	0.870	0.757	0.250		
		COSE1.5	0.860	0.740	0.260		
		COSE1.6	0.820	0.672	0.340		
	Motivation	COSE1.7	0.830	0.689	0.310		
		COSE1.8	0.820	0.672	0.330		
		COSE1.9	0.800	0.640	0.360		
Customer Satisfaction	Bank Personnel	CS1.1	0.820	0.672	0.320	0.965	0.608
		CS1.2	0.880	0.774	0.230		
		CS1.3	0.780	0.608	0.400		
		CS1.4	0.840	0.706	0.250		
	Product	CS1.5	0.870	0.757	0.250		
		CS1.6	0.860	0.740	0.260		
		CS1.7	0.740	0.548	0.450		
		CS1.8	0.800	0.640	0.350		
	Bank Image	CS1.9	0.760	0.578	0.430		
		CS1.10	0.770	0.593	0.400		
		CS1.11	0.700	0.490	0.510		
	Services	CS1.12	0.700	0.490	0.510		
		CS1.13	0.770	0.593	0.410		
		CS1.14	0.760	0.578	0.420		
		CS1.15	0.740	0.548	0.460		
	Access	CS1.16	0.650	0.423	0.580		
		CS1.17	0.760	0.578	0.420		
		CS1.18	0.780	0.608	0.400		
Behavioural Intention	Loyalty	BI1.1	0.750	0.563	0.440	0.948	0.606
		BI1.2	0.810	0.656	0.350		
		BI1.3	0.730	0.533	0.470		
		BI1.4	0.720	0.518	0.480		
	Tendency to switch	BI1.5	0.860	0.740	0.260		
		BI1.6	0.860	0.740	0.260		
	Willing to pay extra	BI1.7	0.740	0.548	0.450		
		BI1.8	0.810	0.656	0.350		
	Outward Responses	BI1.9	0.710	0.504	0.490		
		BI1.10	0.790	0.624	0.370		

Variable	Dimension	Indicator	$\lambda$	$\lambda^2$	e	CR	VE
	Response to the bank	BI1.11	0.770	0.593	0.400		
		BI1.12	0.770	0.593	0.410		
Customer Retention	Word of Mouth	CRe1.1	0.840	0.706	0.290	0.956	0.664
		CRe1.2	0.740	0.548	0.450		
		CRe1.3	0.870	0.757	0.250		
	Buy Intention	CRe1.4	0.760	0.578	0.42		
		CRe1.5	0.800	0.640	0.36		
	Complaint Behaviour	CRe1.6	0.820	0.672	0.33		
		CRe1.7	0.750	0.563	0.43		
		CRe1.8	0.860	0.740	0.26		
	Price Sensitivity	CRe1.9	0.770	0.593	0.41		
		CRe1.10	0.860	0.740	0.27		
		CRe1.11	0.880	0.774	0.23		

Source: Primary Data. 2019

### Testing of Research Hypotheses

Testing the reliability of the structural model uses 11 index criteria. From the results of the 11 index criteria tested, only one does not meet the requirements. The Sig, probability value, and this result is useful for assessing the quality of the model.

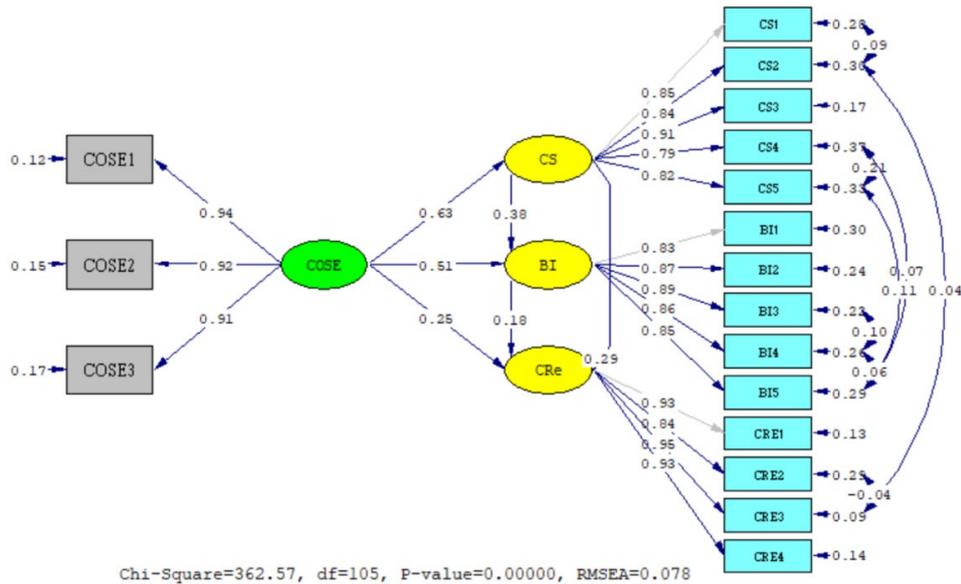
**Table 4:** The Goodness of Fit Statistics.

The goodness of Fit Index	Cut of Value	Result	Information
<b>Chi-Square</b>			
Chi-Square	$X^2 < X^2$ table (447.632)	379,38	Good
Sig. Probability	$P > 0,05$	0,00	Poorly
<b>Absolute Fit Measures</b>			
GFI	$\geq 0,90$	0.90	Good
RMSEA	$\leq 0,08$	0.078	Good
Normed Chi-Square	$< 2$ or $< 5$	3,613	Good
<b>Incremental Fit Indices</b>			
NFI	0,90	0.98	Good
NNFI	0.90	0.98	Good
CFI	0.90	0.98	Good
RFI	0.90	0.97	Good
<b>Parsimony Fit Indices</b>			
AGFI	0–1	0.86	Properly
PNFI	0–1	0.76	Properly

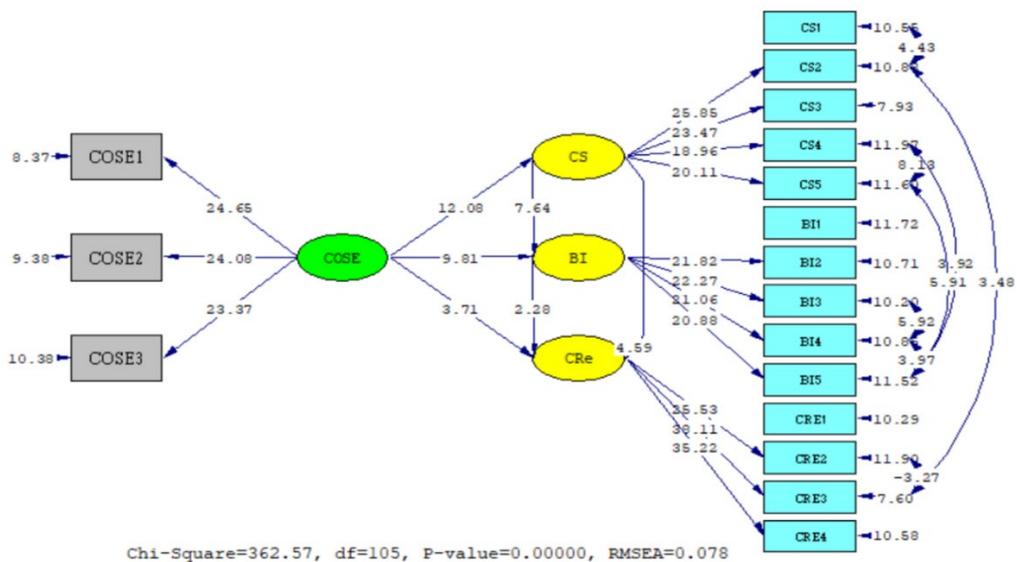
**Source:** Primary Data. 2019

After the model is showing excellent results, the hypothesis is tested by looking at the standardised coefficient and t-count values.

**Figure 3. Final Model**



**Standardised Value**



### t-value

From the last model (see figure 3), all the hypotheses are accepted. COSE influences customer satisfaction with the coefficient value of 0.63 and t-value of 12.08. COSE influences behavioural intention with the coefficient value of 0.51 and t-value of 9.81. COSE influences customer retention with the coefficient value of 0.51 and t-value of 3.71. Customer satisfaction influences behavioural intention with the coefficient value of 0.38 and t-value of 7.64. Behavioural intention influences customer retention with the coefficient value of 0.18 and t-value of 2.28. It means all the inter-variable relationships are significant because the t-value is bigger than the cut off of 1.96.

Based on the structural equation, the customer satisfaction value of r-square found 0.39, meaning that COSE contributes 39% to increasing customer satisfaction. Regarding behavioural intention, the value of r-square found 0.65, meaning that COSE and customer satisfaction provide 65% to create behavioural intention. Whereas from the structural equation of customer satisfaction, the value of r-square found 0.42, meaning that COSE, customer satisfaction, and behavioural intention contribute 42% to building customer retention. The other factors that impact customer retention in the rural bank include service quality, marketing relationship, etc. Customer satisfaction becomes mediates the ties of COSE toward behavioural intention, then customer satisfaction becomes a mediating factor in the relations of COSE toward customer retention. Behavioural intention also becomes a mediating factor in the relationship of customer satisfaction and customer retention because the value of direct connection is initially significant, and the amount is still substantial. It decreases, however, after adding customer satisfaction. See Table 5.

**Table 5:** Mediation Test

Path	Direct		Indirect	
	Coefficient	t-value	Coefficient	t-value
COSE → Customer Satisfaction → Behavioural Intention	0.63	12.08	0.24	6.83
COSE → Customer Satisfaction → Customer Retention	0.63	12.08	0.32	5.67
Customer Satisfaction → Behavioural Intention → Customer Retention	0.38	7.64	0.07	2.21

**Source:** Primary Data. 2019

### Discussion

State COSE influences customer satisfaction. It is a created model testing of COSE by Hennig-Thurau (2004). The results of COSE as employee behaviour in interacting with customers will

determine the attitude and behaviour of an employee in providing services. The mood and state of a bank employee in delivering services to customers will affect customer satisfaction, so the result of the study is in line with Hennig-Thurau (2004).

COSE in providing service is a strength to direct positive behavioural intention towards customers. Positive behavioural intention arising from customers can influence others to behave in the same manner and to have defensive behaviour from competitors' exposure. Behavioural intention correlates with actual expression, as stated by Ajzen and Fishbein (1980), because perceived behavioural controls influence one's behavioural intention. Perceived behavioral control is a condition where the customer believes that the action is easy or difficult to do and includes experiences. The success of the orientation of service employees (COSE) can be a controller of customer behaviour to accept or reject any activities carried out by banking institutions in Indonesia. Customer satisfaction affects customer behavioural intention in line with the research by Gounaris and Venetis (2002), which revealed that increasing customer satisfaction has a significant effect on increasing positive behavioural intention, while the results of Belanche et al. (2010) stated that satisfaction through loyalty has a substantial impact on behavioural intention (communication by word of mouth). Satisfaction will lead to customer behaviour in using bank services. This means changes in behavioural intention will occur if the customer felt satisfaction with the services provided by the bank.

Customer satisfaction influences customer retention in line with Fornell, Johnson, Anderson, Cha, and Bryant (1996), who revealed that one of the critical objectives of the customers satisfaction program is to increase customer retention. Anderson and Sullivan (1993); Fornell et al. (1996) stated that high customer satisfaction could show an increase in retention for existing customers. This is the attitude of customer retention caused by customers who felt joy before.

For customers to reach the retention level, a lengthy process is required where customers will continue to carry out assessments and evaluations of all bank activities (including customer orientation of service employee). If the customer passes the process with no "defect", the customer will feel satisfied, and the satisfaction that the customer felt has consequences for attitudes and behaviour as complaints or retention. If the banking institution can focus on all things that can result from customer satisfaction, delight may be felt by a customer.

### **Conclusions, Limitation and Future Research**

From the studies, it can be concluded that COSE influences customer satisfaction and behavioural intention and impacts customer retention in a rural bank. Customer satisfaction is a mediating function between customer orientation of service employee (COSE) to behavioural intention. Customer satisfaction is a mediating function between customer orientation of a



service employee (COSE) to customer retention, and behavioural intention is a mediating function between behavioural intention to customer retention.

This study has limitations from the number of independent variables to build customer retention behaviour in the banking industry. Rural credit banks, and other input variables are needed, such as product excellence and consumer characteristics. Besides, for study in the banking industry, it can expand the unit analysis to Syariah bank customers throughout Indonesia so it can provide a broader contribution bank customer retention in Indonesia.



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