

Customer Satisfaction as a Mediator Between Service Quality, CRM, and Customer Loyalty

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Abstract

Purpose – This study aims to examine the effects of service quality and customer relationship management (CRM) on customer loyalty, with customer satisfaction as a mediating variable, among Bank Permata customers in Bali. **Methodology/approach** – This research employed a quantitative approach using a survey method. Data were collected through questionnaires distributed to 115 Bank Permata customers in Bali. The analysis was conducted using Partial Least Squares (PLS) to test the direct and indirect relationships among variables.

Findings – The results reveal that service quality does not have a significant direct effect on customer loyalty, but it has a positive and significant influence on customer satisfaction. CRM has a positive and significant effect on both customer satisfaction and customer loyalty. Customer satisfaction also positively and significantly affects customer loyalty. Furthermore, mediation analysis indicates that customer satisfaction fully mediates the relationship between service quality and customer loyalty, while it partially mediates the relationship between CRM and customer loyalty. **Novelty/value** – This study provides empirical evidence that customer satisfaction plays a crucial bridging role in strengthening loyalty within the banking sector, particularly in the context of Bank Permata Bali. The findings highlight the importance of improving service performance and implementing sustainable, personalized CRM strategies to enhance long-term customer loyalty.

Keywords: service quality, customer relationship management, customer satisfaction, customer loyalty, banking.

INTRODUCTION

The development of globalization has led to fierce competition with increasing customer demand and expectations, so that banks have difficulty surviving and retaining their customers (Al-Dmour et al., 2019). The success of a bank is not only determined by the ability to identify public demand for financial services, then provide services efficiently, and sell at competitive prices. Based on information from the Financial Services Authority (OJK), Indonesia's banking sector is showing resilience amid global uncertainty and domestic economic challenges in 2024. There are several types of banks in Indonesia, including Central Banks, Conventional or Sharia Commercial Banks, and People's Credit Banks (BPR) or Sharia People's Financing Banks (BPRS). Commercial banks have a much wider scope of activities than BPRs, including fundraising and credit disbursement services in various forms, as well as the ability to operate nationally and internationally.

Currently, competition is not only between interbank banks but also with fintech, e-wallets, P2P lending, and super-apps (kompasiana, 2024). Many banks are building strategic partnerships to expand the digital financial services ecosystem. This can be seen in July 2025, Bank Indonesia (BI) recorded an increase in deposit interest rates, indicating increasing competition for banks to obtain funding in mid-2025 (infobanknews.com, 2025). Bank Permata is one of the national banks that is actively carrying out digital transformation, including in digital banking and mobile banking services. The bank has a positive financial performance that shows its ability to continue to grow strongly amid global economic

uncertainty and the dynamics of Indonesia's political, social, and economic situation. In early 2025, PT Bank Permata Tbk (BNNI) was also named a conventional bank with the best service for 20 consecutive years in the "22nd Infobank-MRI Banking Service Excellence Awards 2025" (Asianpost.id, 2025). Consistent awards reflect that the excellent service strategy is truly translated into practice and appreciated by customers. Services are very important in the sustainability and improvement of a business (Setini et al., 2025), of course this is also in line with the banking sector.

But on the other hand, there is a gap between Bank Permata's achievements and the perception of the people in Bali regarding Bank Permata itself. This difference shows that success at the national level is not necessarily entirely in line with the experience or views of customers in the region. This can be seen from the reviews submitted through google reviews related to services and the implementation of Customer Relationship Management (CRM) which has not been fully run consistently and oriented towards the principle of service equality for long-term investments. In general, the review reflects the existence of structural and operational constraints in services that need to be considered by the management of all Bank Permata branches in Bali which can lead to a decrease in customer loyalty.

Loyalty is the willingness of customers to use an organization's services continuously by showing loyalty, commitment, loyalty, and pride in using the service (Supriyanto et al., 2021). A person's loyal behavior occurs because it is driven by perceived benefits (Setini et al., 2020). A person can be loyal if consumers see unique value that is not found in other products or services (Wijayanti et al., 2019). Loyalty has also proven to be a very important competitive advantage in today's business environment, where customer bargaining power is increasing and at the same time banks have to face various challenges from competitors (Indiani et al., 2016). There are many factors that affect customer loyalty in the banking sector, including Patel & Desai (2023) who focus on the banking sector in Surat, India found that the service quality dimension is an important factor in increasing loyalty. Research by Kumar & Mokha (2022) in India shows that the implementation of CRM with indicators such as personalized products/services, transaction security, alternative payment methods, problem solving, online feedback, and FAQs has a positive effect on customer loyalty. In addition, Koay et al. (2022) revealed that satisfaction is one of the driving factors for increasing loyalty.

Service quality is a focused evaluation that describes customer perception of certain service dimensions (Supriyanto et al., 2021). Service quality is described as the expectations or expectations of each individual when consuming or using a product or service (Dewi et al., 2024). Service quality is a key element in creating a positive customer experience, which ultimately plays an important role in shaping customer loyalty. Service quality has an impact on customer retention for a long time (Antika & Indiani, 2023). Loyal behavior is usually shown by behavior that always uses more often than others (Setini et al. 2020). This contributes significantly to the formation of loyalty, and in the banking industry is characterized by the tendency to keep using the same bank services in the long term, such as utilizing other products besides saving and even recommending to others. Several studies have shown a positive and significant correlation between perceptions of service quality and loyalty (Patel & Desai, 2023; Chen et al., 2023; Liana et al., 2023; Ragunanan et al., 2024; Sah et al., 2025). However, these results are not in line with the results of research by Supriyanto et al. (2021) and Lesmana et al. (2021) in the banking sector in Indonesia, which states that service quality does not have a significant influence on increasing loyalty.

In addition to service quality, customer relationship management (CRM) is present as a solution to strengthen relationships with customers through product personalization, increased transaction security, provision of various payment methods, effective problem solving, and facilitating online feedback. According to Kumar & Mokha (2022), CRM is the management of long-term relationships with effective, interactive, and relevant communication between customers and companies. The right CRM implementation is believed to be able to create a positive experience that drives satisfaction, and ultimately increases customer loyalty. Abdela et al. (2023) also explained that effective CRM implementation can increase loyalty by strengthening long-term relationships between banks and customers. In an increasingly competitive banking industry, customer loyalty is a crucial factor to maintain business continuity. This is as revealed by Kumar & Mokha (2022), Khan et al. (2022), Kariman et al. (2022), Abdela et al. (2023), Magatef et al. (2023), and Dwivedi et al. (2024) found that CRM has a significant effect on loyalty, as it is able to strengthen long-term relationships between banks and customers. However, these results are not

in line with the results of research by Oktapiani & Anggraini (2022), Naudi et al. (2022), and Nursaidah & Reskiputri (2024) who stated that CRM does not have a significant influence on increasing loyalty.

There is a research gap in previous research, so there needs to be another role to be able to create loyalty to Bank Permata in Bali from the relationship between service quality and CRM to loyalty. This explanation makes the broader fundamental issue how companies can satisfy customer wants and needs (Crick et al., 2022). According to Kotler & Keller (2016:90), satisfaction is a person's feeling of happiness or disappointment that arises after comparing the performance or results of a product that is thought of against the expected performance. Bank customer satisfaction is an absolute and important thing to face increasingly fierce competition, because customer satisfaction is the starting point for excellence and standard performance and is a business goal because businesses rely on customers (Chikazhe et al., 2021). Satisfaction is the emotion felt after consuming a product or service. Satisfaction refers to the results of a tourist's evaluation and comparison of perceived performance of a product or service with the expectation, if performance exceeds expectations, the result is satisfaction. However, when expectations are greater than performance, the result is dissatisfaction (Lesmana et al., 2021). Customers set expectations before using the service and customer satisfaction levels are assessed by comparing actual performance with those expectations (Chaudhary et al., 2025). Many studies such as Supriyanto et al. (2021), Chen et al. (2023), Ragunanan et al. (2024), Sah et al. (2025), and Wiratama et al. (2025) have concluded that satisfaction can increase loyalty.

A study by Chikazhe et al. (2021) underscores the importance of the role of mediators through satisfaction to create customer loyalty. The study found that while service quality has a positive impact on loyalty, the strength of this relationship can be attributed to other variables. Meanwhile, Mandal (2022) emphasized that organizational strategies in building customer satisfaction must be consistently directed to maintain loyalty in the long term. Meanwhile, research by Koay et al. (2022) in the context of online food delivery services shows that customer satisfaction serves as a crucial bridge between service quality and loyalty. Even without an adequate level of satisfaction, even a high quality of service will not be enough to create loyalty. Furthermore, Ghosh & Dey (2024) researched the electric vehicle (EV) industry in India, showing that customer satisfaction is a strong predictor of loyalty especially when customers feel that the brand is meeting expectations in terms of innovation and environmental responsibility. In the telecommunications sector, Chaudhary et al. (2025) found that service innovations that significantly increase customer satisfaction drive loyalty. In addition, Dwivedi et al. (2024) also emphasized that CRM not only distinguishes between customer loyalty and retention, but is also an important instrument in creating satisfaction that has a direct impact on loyalty.

Based on the background description, it can be concluded that in the face of fierce competition in the banking industry and increasing customer expectations, banks are required to be able to create superior value through service quality, long-term relationships and customer satisfaction.

LITERATURE REVIEW

Theory of Reasoned Action

The Theory of Reasoned Action (TRA) model is used to study human behavior. Research in social psychologists shows that a person's behavioral intentions towards certain behaviors are a determining factor whether or not an individual agrees to perform the behavior (Ajzen & Fishbein, 1975). TRA explained that beliefs can affect attitudes and social norms which will change the form of the desire to behave either guided or just happens in an individual's behavior. Asih et al. (2020) explain that behavior control is divided into three categories. First, attitudes, which include cognitive components (perception/knowledge), affective (feelings/emotions), and conative (tendency to act). Attitudes towards behavior are born from a person's belief about the consequences of an action. Second, subjective norms, namely a person's normative belief in important social references and motivation to follow them. Third, the perception of behavioral control, which is the perception of the ease or difficulty of performing certain actions, which is influenced by supporting and inhibiting factors. In the context of consumers, this reflects the extent to which customers feel able to control the process of purchasing or using products, including environmentally friendly products.

Customer Loyalty

According to Kotler & Keller (2016:138) explains that loyalty is a commitment held to buy or reuse a preferred product or service in the future despite situational influences and marketing actions or efforts to switch. Customer loyalty has the same meaning as customer loyalty, namely customers are easily formed in a very fast time, must go through a learning process based on customer experience. This means that to increase customer satisfaction and loyalty, the focus of the company's management is on product quality that is in accordance with customer needs and desires so that purchases will be made repeatedly.

Quality of Service

Good service quality is the key to meeting customer expectations and increasing satisfaction (Wiratama et al., 2025). According to Tjiptono (2015:61), service quality is an effort to meet needs accompanied by customer desires and the determination of how to deliver them in order to meet customer expectations and satisfaction. Service quality refers to the level of service quality provided by an organization to customers. Service quality leads to a focused evaluation that describes the customer's perception of a particular service dimension.

Customer Relationship Management

Customer relationship management (CRM) is a business strategy that combines internal processes and functions with all external networks to create and deliver value to the target customer in a beneficial way. According to Tjiptono (2014: 424) CRM is not just a concept or design but a business strategy that aims to understand, manage, and manage customer needs, both current and potential in the future. Meanwhile, according to Kotler & Keller (2016: 148), CRM is the process of managing detailed information about customers and all customer starting points with the company to maximize customer loyalty.

Customer Satisfaction

According to Kotler & Keller (2016:90), satisfaction is a person's feeling of happiness or disappointment that arises after comparing the performance or results of a product that is thought of against the expected performance. Customer satisfaction is the most defining concept in marketing thinking and customer research. Meanwhile, according to Priansa (2017: 196), customer satisfaction is a person's feeling of happiness or disappointment that arises after comparing the expected performance (result) of a product to the expected performance (or result).

Research Concept Framework

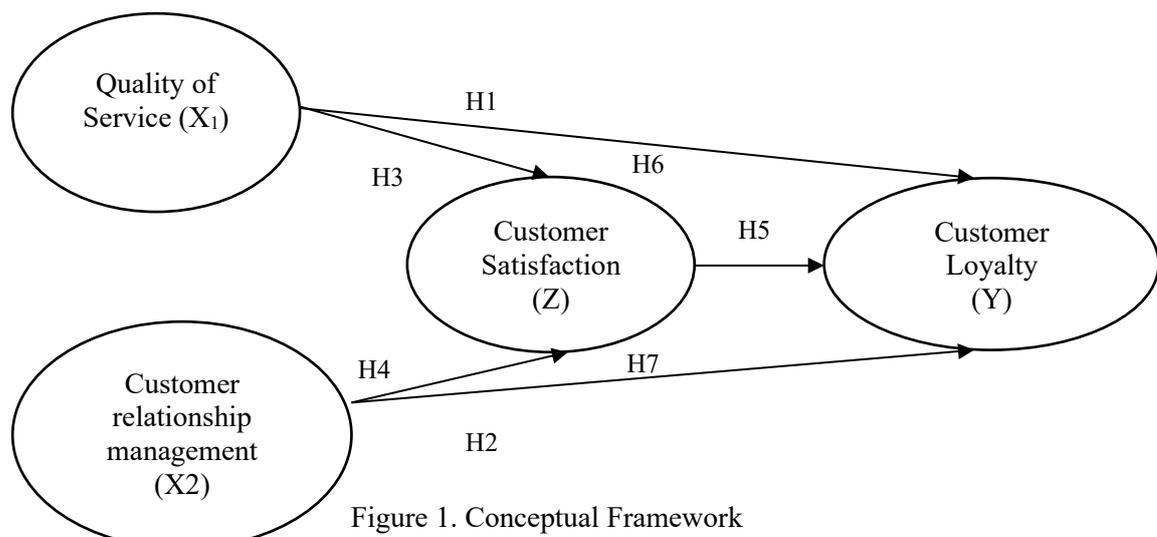


Figure 1. Conceptual Framework

Source: Author's Processing (2025)

Based on theoretical foundations and empirical findings from various previous studies, this study proposes that service quality and Customer Relationship Management (CRM) play an important role in shaping the satisfaction and loyalty of Bank Permata customers in Bali. The hypotheses proposed are as follows:

- H1: Service quality has a positive and significant effect on customer loyalty at Bank Permata in Bali
- H2: Customer relationship management has a positive and significant effect on customer loyalty at Bank Permata in Bali
- H3: The quality of service has a positive and significant effect on customer satisfaction at Bank Permata in Bali
- H4: Customer relationship management has a positive and significant effect on customer loyalty at Bank Permata in Bali
- H5: Customer satisfaction has a positive and significant effect on customer loyalty to Bank Permata in Bali
- H6: Customer satisfaction is able to mediate the influence of service quality on customer loyalty at Bank Permata in Bali
- H7: Customer satisfaction is able to mediate the influence of Customer relationship management on customer loyalty at Bank Permata in Bali

RESEARCH METHODOLOGY

This study uses a quantitative approach with an emphasis on explanatory research to explain the causal relationship between variables through hypothesis testing. The design of this study analyzes customer behavior with the influence between independent variables and dependent variables through mediation variables. The independent variables in this study are service quality (X1) and customer relationship management (X2), the mediation variable (Z) is customer satisfaction, and the bound variable in this study is customer loyalty (Y). The process of finding data using a survey method in the form of a questionnaire. The measuring tool used for the five-point likert scale. The population in this study is Bank Permata customers registered at Bank Permata Bali Branch, including Foreign Citizens. The sampling using the formula Hair et al. (2019) is at least 5 times the number of indicators, namely 23 indicators multiplied by 5 to 115 respondents. Furthermore, data analysis was carried out using Partial Least Square.

RESULTS AND DISCUSSION

Results

Respondent Characteristics

The details of the characteristics of respondents who participated in answering the questionnaire are as follows:

Table 1: Respondent Characteristics

Gender		
1	Male	36.5%
2	Women	63.5%
Age		
1	< 17 years old	0%
2	17 – 22 years old	1.7%
3	23 – 27 years old	20%
4	28 – 32 years old	32.2%
5	33 – 37 years old	20%
6	38 – 42 years old	5.2%
7	43 – 47 years old	11.3%
8	>47 years old	9.6%
Nationality		
1	Indonesia	96.7%
2	Others	4.3%
Marital Status		
1	Married	63.5%

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2	Unmarried	33%
3	Widow/Doubter	3.5%
Final Education		
1	Diploma (D1/D2/D3/D4)	13.9%
2	Bachelor (S1/S2/S3)	62.6%
3	No Degree	23.5%
Jobs		
1	Private Employees	77.4%
2	Self-employed	7%
3	Others	15.6%
Annual Revenue		
1	IDR < 12,000,000	30.4%
2	IDR >12,000,000 – 120,000,000	56.5%
3	IDR >120,000,000 – 1,200,000,000	12.2%
4	IDR >1,200,000,000	0.9%

Source: Author's Preparation (2025)

Distribution of Respondents' Answers

The description of the distribution of respondents' answers aims to provide an overview of the respondents' perception of each variable studied. The analysis was carried out by calculating the percentage of respondents' statements on each data score and the average score of the variables studied. The score interval for each indicator is between 1 and 5. The higher the average score of an indicator, the higher the indicator is perceived by the respondents. On the other hand, the smaller the average score value, the lower or poorer the respondents' perception of the indicator.

Table 2: Description of Respondents' Answers

Yes	Variable	Average	Remarks
1	Quality of Service	4.22	Excellent
2	Customer Relationship Management	4.27	Excellent
3	<i>Customer Satisfaction</i>	4.27	Very High
4	Customer Loyalty	4.13	Height

Source: Author's Preparation (2025)

Tests of Research Instrument

The loading factor value describes how strong the relationship between each indicator and the latent construct it is measuring is. The higher the loading factor value, the better the ability of the indicator to represent latent constructs. In general, the loading factor value is declared to meet the criteria if it reaches 0.7. In this study, all indicators had a loading factor value above 0.7.

Table 3: Outer Loadings (Measurement Model)

	Quality of Service	CRM	Customer Loyalty	Customer Satisfaction
X11 Waiting room at Bank Permata is convenient for customers	0.866			
X12 <i>Teller</i> Bank Permata has provided services with meticulous accuracy	0.903			
X13 <i>Teller</i> Bank Permata has provided services with meticulous accuracy	0.890			
X14 Bank Permata has provided a guarantee of timely service	0.889			
X15 Permata Bank Officers always serve in a non-discriminatory manner (discriminatory)	0.737			
X21 Bank Permata provides products or services according to customer preferences		0.860		

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	Quality of Service	CRM	Customer Loyalty	Customer Satisfaction
X22 Transaction security guarantee from Bank Permata		0.866		
X23 Bank Permata has a high commitment to serving customers optimally		0.865		
X24 Bank Permata Staff is able to handle customer problems effectively		0.837		
X25 The information provided by Bank Permata can help customers find quick solutions		0.861		
X26 Bank Permata Staff Are Able to Establish Good Relationships with Customers		0.886		
Y11 Willing to increase transaction volume at Bank Permata			0.872	
Y12 Willing to use other products from Bank Permata			0.748	
Y13 Willing to recommend Bank Permata to relatives			0.887	
Y14 Willing to provide suggestions for service improvement from Bank Permata			0.777	
Y15 Always makes Bank Permata the first choice			0.870	
Y16 Will be loyal to Bank Permata			0.885	
Y17 Never considered any other bank other than Bank Permata			0.753	
Z11 Satisfied that Bank Permata was able to meet my expectations				0.885
Z12 Feel comfortable transacting at Bank Permata				0.864
Z13 Earn a commensurate profit from Bank Permata products				0.884
Z14 Feel the products from Bank Permata are in accordance with the needs				0.867
Z15 Has a good impression while using Bank Permata services				0.909

Source: Author's Preparation (2025)

AVE describes the extent to which all indicators in a construct are able to gather and explain the latent variables being measured. An AVE value that exceeds 0.5 indicates that the construct has a good degree of convergence.

Table 4: Composite Reliability Values

	Cronbach's Alpha	rho_A	Composite Reliability
Quality of Service	0.910	0.917	0.933
CRM	0.931	0.932	0.946
Customer Loyalty	0.923	0.930	0.939
Customer Satisfaction	0.928	0.929	0.946

Source: Author's Preparation (2025)

Test of Structural Model

Structural model testing is a measurement to evaluate the level of accuracy of the model in the overall study.

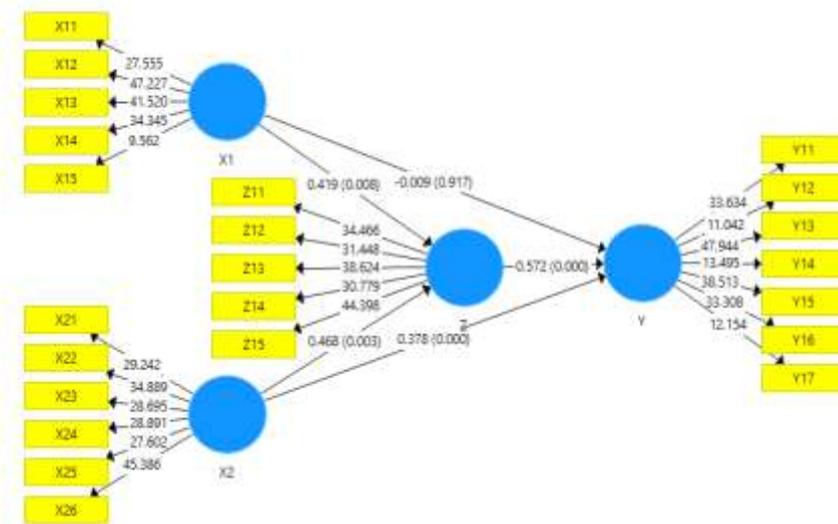


Figure 1: Testing the Structural Model (Inner Model)

Source: Author's Preparation (2025)

The R2 value of customer loyalty (Y) is 0.816 which means that 81.6% of service quality constructs and CRM are able to affect loyalty. Meanwhile, customer satisfaction (Z) has an R2 value of 0.737 which means that 73.7% of service quality and CRM are able to affect customer satisfaction.

Table 5: R Squared Value

	R-square
Customer Loyalty	0.816
Customer Satisfaction	0.737

Source: Author's Preparation (2025)

The structure of the path chart is used to describe the relationship between the latent variables, both exogenous latent variables and endogenous latent variables, including the indicators that make up the latent variables. In hypothesis testing, H0 is rejected at a level of error of 0.05 if the P value < 0.05.

Table 6: Hypothesis Test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Quality of Service - Customer >	-0.009	-0.012	0.091	0.105	0.917
Quality of Service -> Customer Satisfaction	0.419	0.420	0.157	2.675	0.008
CRM -> Customer	0.378	0.381	0.101	3.749	0.000
CRM -> Customer Satisfaction	0.468	0.467	0.156	3.003	0.003
Customer Satisfaction - Customer Loyalty >	0.572	0.572	0.067	8.509	0.000
Service Quality -> Customer Satisfaction -> Customer Loyalty	0.240	0.240	0.093	2.572	0.010
CRM -> Customer Satisfaction -> Customer Loyalty	0.268	0.267	0.094	2.860	0.004

Source: Author's Preparation (2025)

Based on Table 6, it can be explained as follows:

The test results showed that service quality (X1) had no significant effect on customer loyalty (Y). This is shown by a coefficient value of -0.009 with a p-value of 0.917 (> 0.05). This finding indicates that the improvement in service quality felt by customers has not been directly able to increase customer loyalty

of Bank Permata Bali, thus, the hypothesis that the quality of service has an effect on customer loyalty is rejected

Based on the test results, customer relationship management (X2) has a positive and significant effect on customer loyalty (Y). This is indicated by a coefficient value of 0.378 with a p-value of 0.000 (< 0.05). This result indicates that good customer relationship management is able to encourage an increase in customer loyalty of Bank Permata Bali. Therefore, the hypothesis related to the influence of customer relationship management on customer loyalty is accepted.

The results of the analysis showed that service quality (X1) had a positive and significant effect on customer satisfaction (Z). This is shown by a coefficient value of 0.419 with a p-value of 0.008 (< 0.05). These findings show that the better the quality of service provided, the higher the level of customer satisfaction will increase, thus the hypothesis that there is an influence of service quality on customer satisfaction is accepted.

The test results show that customer relationship management (X2) has a positive and significant effect on customer satisfaction (Z). This is shown by a coefficient value of 0.468 with a p-value of 0.003 (< 0.05). These findings indicate that the more effective the management of the relationship with the customer, the higher the level of satisfaction felt by the customer, thus this hypothesis is accepted.

The results of the analysis show that customer satisfaction (Z) has a positive and significant effect on customer loyalty (Y). This is shown by a coefficient value of 0.572 with a p-value of 0.000 (< 0.05). These findings indicate that customers who are satisfied with the services and relationships provided by banks tend to have higher loyalty. Therefore, the hypothesis that there is an influence of customer satisfaction on customer loyalty is accepted.

The test results showed that customer satisfaction mediated fully the relationship between service quality (X1) and customer loyalty (Y). This is shown by the insignificant direct influence of service quality on customer loyalty with a coefficient = -0.009 and p-value = $0.917 > 0.05$. Meanwhile, the indirect influence through customer satisfaction was proven to be positive and significant with a coefficient = 0.240 and a p-value = $0.010 < 0.05$. These findings indicate that service quality does not directly increase customer loyalty, but rather increases customer satisfaction, which further encourages the formation of customer loyalty

The results of the analysis show that customer satisfaction plays a role as a partial mediator in the relationship between customer relationship management (X2) and customer loyalty (Y). This is evidenced by the direct influence of customer relationship management on positive and significant customer loyalty with a coefficient = 0.378 and p-value = $0.000 < 0.05$. In addition, the indirect influence through customer satisfaction is also positive and significant with a coefficient = 0.268 and p-value = $0.004 < 0.05$. These findings show that relationship management with customers is able to increase customer loyalty both directly and through increasing customer satisfaction.

Discussion

Based on the results of the analysis that has been described earlier, it can be explained each relationship by implication which is explained as follows.

The Effect of Service Quality on Customer Loyalty at Bank Permata in Bali

The test results showed that the quality of service did not have a significant effect on the loyalty of Bank Permata customers in Bali. This finding is evidenced by the value of the line coefficient of -0.009 with a p-value of 0.917, which is greater than the significance level of 0.05, meaning that the hypothesis that the quality of service affects customer loyalty is unacceptable. These findings indicate that improving service quality, such as waiting room comfort, teller accuracy, speed of customer service solutions, punctuality of service, and non-discriminatory service, have not been able to directly encourage customers to be loyal. This can be caused by the homogeneous characteristics of the banking industry, where the service quality standards between banks are relatively similar, so that service quality is

perceived as a basic requirement that must be met by every bank. Customer satisfaction in this case acts as a bridge to the quality of services provided to be able to increase customer loyalty.

In such conditions, service quality has not yet become the main differentiating factor that directly determines customer loyalty. One of them is the indicator that Bank Permata's teller has provided services carefully and accurately has the highest value, which indicates that this aspect has met basic customer expectations. The high assessment of the accuracy and accuracy of tellers indicates that the attributes of the service have been perceived as the minimum standards that must be met by banks, so that they have not been able to directly form loyal behavior intentions. Based on the perspective of the Theory of Reasoned Action (TRA), the findings of this study show that the quality of service does not directly shape the loyalty behavior of Bank Permata customers in Bali, but works through the formation of attitudes first. The insignificance of the direct influence of service quality on loyalty indicates that service quality is perceived as a basic attribute that has not been able to directly shape customer behavior intentions, especially in the relatively homogeneous banking industry.

In line with TRA, external stimuli such as service quality do not automatically generate behavior, but must be mediated by individual attitudes, which in the context of this study are represented by customer satisfaction. Thus, service quality plays a role in forming a positive attitude in the form of satisfaction, which further encourages the formation of loyalty intentions and behaviors. These findings confirm the relevance of TRA in explaining the mechanism of customer loyalty formation and show that the difference in results with previous research can be understood through a theoretical approach that emphasizes the role of attitude as the main mediator between external stimuli and behavior. This does not support the findings of Patel & Desai (2023), Chen et al. (2023), and Liana et al. (2023) who concluded that service quality has a significant positive effect on customer loyalty.

The Influence of Customer Relationship Management on Customer Loyalty at Bank Permata in Bali

The test results show that the quality of service has a positive and significant effect on the satisfaction of Bank Permata customers in Bali. This is evidenced by the line coefficient value of 0.419 with a p-value of 0.008 which is smaller than the significance level of 0.05, meaning that the hypothesis that the quality of service affects customer satisfaction is acceptable.

This finding indicates that the better the quality of service felt by customers, the higher the level of customer satisfaction. The quality of service reflected through the comfort of the waiting room, the accuracy and accuracy of the teller, the speed of customer service in providing solutions, the timeliness of service, and non-discriminatory service are able to create a positive service experience for customers. This experience is the basis for customers to evaluate whether Bank Permata's services are in accordance with customer expectations. These results are in line with the research of Koay et al. (2022), AbouRokbah & Salam (2023), Sivapitak & Sangpikul (2024), Sah et al. (2025), and Chaudhary et al. (2025) which concluded that service quality has a significant positive effect on customer satisfaction.

The Effect of Customer Relationship Management on Customer Satisfaction at Bank Permata in Bali

The test results show that customer relationship management (CRM) has a positive and significant effect on the customer satisfaction of Bank Permata in Bali. This is evidenced by the path coefficient value of 0.468 with a p-value of 0.003 which is smaller than the significance level of 0.05, meaning that the hypothesis that customer relationship management affects customer satisfaction is acceptable.

These findings indicate that effective customer relationship management can improve customer satisfaction levels. Good CRM implementation, such as the provision of products and services according to customer preferences, transaction security guarantees, high commitment to service, the ability of staff to handle problems effectively, the provision of helpful information, and the ability of staff to establish good relationships, create a positive service experience for customers. This experience encourages customers to feel valued and cared for, thereby increasing satisfaction with Bank Permata. These results are in line with the research of Khan et al. (2022), Kariman et al. (2022), Fraihat et al. (2023), Dwivedi et al. (2024), and Malki et al. (2024) which concluded that customer relationship management has a significant positive effect on customer satisfaction.

The Influence of Customer Satisfaction on Customer Loyalty at Bank Permata in Bali

The test results show that customer satisfaction has a positive and significant effect on the loyalty of Bank Permata customers in Bali. This is evidenced by the path coefficient value of 0.572 with a p-value of 0.000 which is smaller than the significance level of 0.05, meaning that the hypothesis that customer satisfaction affects customer loyalty is acceptable.

This finding indicates that the higher the level of satisfaction felt by customers, the higher the customer loyalty to Bank Permata. Satisfied customers tend to have the desire to continue using bank services, increase transaction volume, try other products, and recommend banks to other parties. Consistent satisfaction also encourages customers to make Bank Permata the first choice and reduce the desire to move to another bank. These results are in line with the research of Kumar & Mokha (2021), Chikazhe et al. (2021), Mandal (2022), Koay et al. (2022), Ghosh & Dey (2024), and Chaudhary et al. (2025) who also concluded that customer satisfaction has a significant positive effect on customer loyalty.

The Role of Customer Satisfaction in Mediating the Influence of Service Quality on Customer Loyalty at Bank Permata in Bali

The results of the mediation test showed that customer satisfaction mediated fully (full mediation) the effect of service quality on Bank Permata's customer loyalty in Bali. This is shown by the insignificant direct influence of service quality on customer loyalty, while the indirect influence through customer satisfaction has proven to be positive and significant. These findings indicate that service quality does not directly shape customer loyalty, but rather increases customer satisfaction which in turn encourages the formation of loyalty.

These findings show that customers tend to evaluate the service experience they receive and form satisfaction as a psychological response before finally showing loyal behavior. When viewed from the descriptive analysis, it is known that the indicator of customer satisfaction that the feeling of comfort in transacting at Bank Permata has the highest value, which indicates the formation of a positive attitude of customers as a result of the evaluation of the service experience received. On the other hand, the service quality indicator with the lowest value, namely the indicator that provides a guarantee of punctuality in service which shows that the timeliness aspect has not fully met customer expectations. The difference in values between these indicators confirms that not all dimensions of service quality are evaluated equally by customers in shaping attitudes.

This proves that, even though the guarantee of punctuality of service gets the lowest value, customers still feel comfortable transacting at Bank Permata because other aspects of service are considered to have met basic customer expectations. This comfort forms a positive attitude in the form of satisfaction which is a prerequisite for the formation of loyal intentions and behavior. This means that the lack of service quality in one aspect does not directly reduce loyalty as long as the overall transaction experience is still considered comfortable and satisfactory by customers.

Based on the perspective of the Theory of Reasoned Action (TRA), the findings of this study confirm that customer satisfaction plays a role as an attitude construct that fully mediates the influence of service quality on Bank Permata's customer loyalty in Bali. The insignificance of the direct influence of service quality on loyalty, accompanied by the significant indirect influence through satisfaction, shows that external stimuli in the form of service quality do not automatically form loyal behavior, but are first evaluated by customers and internalized into positive attitudes in the form of satisfaction.

In line with TRA, this attitude then influences behavioral intentions which ultimately manifest in customer loyalty. Thus, improving service quality will only have an impact on loyalty if it is able to form a positive attitude of customers. These findings reinforce the relevance of TRA in explaining the psychological mechanisms of loyalty formation and support the view that satisfaction is a key mediator between service quality and loyal behavior in the context of banking services. This is in line with the research of Chen et al. (2023), Rangunanan et al. (2024), Sah et al. (2025), Chaudhary et al. (2025), Singh et al. (2023), and Wiratama et al. (2025) also mentioned that satisfaction can bridge the influence of service quality on loyalty.

The Role of Customer Satisfaction in Mediating the Influence of Customer Relationship Management on Customer Loyalty at Bank Permata in Bali

The results of the mediation test showed that customer satisfaction played a role as a partial mediator in the relationship between customer relationship management (CRM) and Bank Permata's customer loyalty in Bali. This is shown by the direct influence of CRM on positive and significant customer loyalty, as well as the indirect influence through customer satisfaction which has also been proven to be positive and significant. These findings indicate that CRM is able to increase customer loyalty both directly and through increased customer satisfaction.

These findings show that effective customer relationship management, such as the provision of products according to customer preferences, transaction security guarantees, high service commitment, staff ability to handle problems, clarity of information, and the ability to establish good relationships, not only increase customer satisfaction but also form customer attachment and commitment to the bank, meaning that customer loyalty is not entirely dependent on satisfaction. but it is also influenced by the quality of the relationship established between banks and customers.

Based on the Theory of Reasoned Action (TRA), the findings of this study show that customer relationship management (CRM) plays a role as an external stimulus that is able to influence the loyalty of Bank Permata customers in Bali both directly and through the formation of positive attitudes in the form of customer satisfaction. The role of partial mediation of satisfaction indicates that effective CRM practices not only shape customer attitudes through the evaluation of service experience, but also directly influence customer behavioral intentions through emotional attachment, trust, and commitment to the bank. In line with TRA, this condition shows that in the context of banking services, loyal behavior is not entirely formed through the path of attitude, but can also be directly influenced by the quality of the relationship felt by customers. Thus, these findings expand the application of TRA by showing that relational factors such as CRM can influence loyalty both through the mechanism of attitude (satisfaction) and through direct channels to customer behavioral intentions. These results support the research of Khan et al. (2022), Kariman et al. (2022), Abdela et al. (2023), Dwivedi et al. (2024), SERTA Chaudhary et al. (2025) who found that customer satisfaction is a key mechanism that channels the influence of CRM on loyalty

CONCLUSION

This study concludes that service quality does not have a significant effect directly on customer loyalty, but has a positive and significant effect on customer satisfaction. On the other hand, Customer Relationship Management (CRM) has been proven to have a positive and significant effect on both customer loyalty and satisfaction. Customer satisfaction itself has a positive and significant effect on loyalty, and acts as a full mediator in the relationship between service quality and loyalty, as well as as a partial mediator in the relationship between CRM and loyalty. This finding confirms that the increase in customer loyalty of Bank Permata Bali is not only determined by the quality of service and relationship management alone, but also depends on the level of satisfaction felt by customers as the main connecting mechanism.

The results of this study provide relevant theoretical implications in the development of the Theory of Reasoned Action (TRA), which explains that individual behavior, including customer loyalty, is the result of behavioral intentions that are influenced by attitudes towards these behaviors. These findings suggest that customer satisfaction plays a role as an attitudinal factor that bridges the influence of external stimuli, such as service quality and CRM, on loyalty behavior. Thus, the results of this study reinforce TRA's main assumption that behavior is not formed directly from external attributes or stimuli, but through the formation of attitudes first, and emphasizes that effective relationship management not only forms positive attitudes, but can also have a direct influence on customer loyal behavior.

Based on this conclusion, it is suggested that the management of Bank Permata Bali strengthen the consistency of service time standards and service ethics without discrimination, increase the use of customer data for more personalized product development, improve the effectiveness of complaint handling, and present product information in a simpler and more transparent manner to increase the perception of benefits and positive customer experiences. In addition, relevant cross-selling strategies as well as strengthening competitive advantage and emotional relationships need to be developed to prevent customer transfers to competing banks. For customers, it is expected to make optimal use of products and

facilities and provide constructive feedback, while for further researchers, it is recommended to add other variables, expand the object and number of research samples, so that the results obtained are more comprehensive and have a higher level of generalization.

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