

# CHAPTER I

## INTRODUCTION

### 1.1 Background

According to Act No.10 of 1998 concerning Amendments to Law Number 7 of 1992 concerning Banking: Number 1 Article 1 Number 1, "Banking is everything that concerns a bank, including institutions, business activities, and methods and processes in carry out its business activities ". According to A, Abdurrachman (2014: 6) "A bank is a type of financial institution that carries out various services, such as providing loans, circulating currency, monitoring currency, acting as a storage place for valuable objects, financing companies' businesses" .

So if we understand the meaning of the definition of a bank or banking, of course the role of banking is very decisive for economic growth in a country.

Because these institutions have touched all levels of society without discrimination. In addition, the activities of the bank also greatly assist the community in fulfilling their needs and wants. In other words, the progress of a bank in a country can be used as a benchmark for assessing the progress of that country. Because the more developed a country is, the greater the role of banks in controlling the country. This means that the existence of the banking sector is increasingly needed by the government and society.

In its application, banks are divided into two types, namely Islamic Banks and Conventional / Commercial Banks. According to Law No.21 of 2008 concerning Sharia Banking), "Sharia banks are banks that carry out business activities based on sharia principles, or Islamic legal principles as stipulated in the fatwas of the Indonesian Ulema Council, such as principles of justice and balance ('adl wa tawazun), benefit (maslahah), universalism (alamyah), and not containing gharar, maysir, usury, zalim and haram objects. Meanwhile, Conventional Banks are banks that carry out conventional business activities which in their activities

provide services in payment traffic in general based on the procedures and provisions stipulated by the state. However, in this study it only focuses on conventional banks, because the object of this research is a bank which in its operational activities still applies a conventional system. The bank which is the object of this research is the Riau Regional Development Bank.

The Riau Regional Development Bank is a Regional Owned Enterprise (BUMD) bank owned by the Riau Province and Riau Islands government which is headquartered in Pekanbaru. Riau Kepri Regional Development Bank was established in accordance with Law No.13 of 1962 concerning Regional Development Banks. In 1966, the activities of the Riau Regional Development Bank officially began with the status of a Bank owned by the Riau Regional Government. The Riau Regional Development Bank was approved to change its status from a Regional company (PD) to a Limited Liability Company (PT) according to the resolution of the GMS on June 26, 2002.

Like banks in general, the Riau Regional Development Bank has a vision and mission to carry out banking activities to achieve the desired results. The vision of the Riau Regional Development Bank is: "To become a leading, trusted, and competitive bank in driving the regional economy". Meanwhile, the missions of the Riau Regional Development Bank are: 1. To promote sustainable regional economic growth; 2. Providing excellent financial service solutions; 3. Manage regional funds optimally and in a professional manner.

To achieve this vision and mission, the Riau Regional Development Bank has branch offices in every regency and city in Riau Province and Riau Islands. One of them is Bank Riau Kepri Bengkalis Branch. Bank Riau Kepri, Bengkalis Branch, is located at Jl. Hero No. 15A Bengkalis. Each branch office has an important role to play in achieving the vision and mission of the Riau Regional Development Bank.

In carrying out its functions and operations to achieve the vision and mission, the survival of a bank is determined by the level of its customers, as well as the level of growth and development. Customers are the bank's main source of income (Wijaya in Maulana, 2017). This is because customers are consumers of

services offered by banks. Customer can be said to be the breath of a bank. Therefore, getting and keeping customers is a must. Banks have an obligation to provide the best service for customers, so that customers feel happy and give good perceptions because good perceptions can create comfort in using the services offered by the bank.

Nowadays, the competition in the banking world is getting more intense, banks need hard efforts to get and increase the number of customers. Stakeholders in each bank must think hard to choose several approaches to be implemented in their strategic set. One of the most widely used approaches is through the provision of quality services. They believe that the role of service can form perceptions and images that can influence prospective customers to become customers. Good service will provide a positive image, as well as bad service will also give a negative image (Tjiptono in Maulana, 2017).

Kasmir in Maulana (2017) states that the customer is a king, which means that a king must be fulfilled all his wants and needs. The services provided must be like serving a king in the sense that they are still within the boundaries of ethics and morals without undermining the status of the bank or the degree of people in the internal organization itself.

Kasmir in Maulana (2017) also argues that there are characteristics inherent in customers so they feel they need to get good service, namely: wanting to be considered like a king, having their needs and desires met, not wanting to be debated and offended, and also wanting to be noticed. The arrival of a customer to the bank is to fulfill their desire or desire to be fulfilled, including in the form of information, filling out applications or filing complaints. Therefore, the role of service in banking services is to try to meet the wants and needs of customers. In addition, the quality of services provided can be used as a standard in assessing the performance of a bank.

The customer has several considerations before finally deciding to use the services of a bank. One of the factors that influence customers in deciding to use services is service quality. According to Gerson in Maharani (2019), quality is everything that consumers perceive as quality. Meanwhile, according to Kotler

and Keller in Maharani (2019) quality is the totality of features and characteristics of a product or service that depends on its ability to satisfy stated or implied needs.

Based on the two expert interpretations above, it can be concluded that quality will greatly affect customer satisfaction in using a banking service. The customer will consider the quality of service at each banking service provider to determine which banking services to use. Cronin and Taylor in Maharani (2019) state that "Customers are the key evaluator that plays a significant role in measuring the quality of service or product".

Based on the above statement, it can be described that each banking service must provide good service quality to customers, so that customers choose to use these services and continue to use these banking services to recommend these services to other consumers as a form of post-purchase behavior.

From the above factors, namely service quality, it can be concluded that basic psychological processes have an important role in understanding how consumers actually make their purchase decisions, including service purchase decisions. According to Abdurrahman in Maharani (2019) there are 5 stages in the purchase decision process, namely recognition of needs, information search, evaluation of alternatives, purchasing decisions, and post-purchase behavior. Meanwhile, according to Abdullah and Tantri in Maharani (2019), there are five roles that people play in purchasing decisions, namely initiators of ideas, influencers, decision makers, buyers, and users. The conclusion is that banking services must understand the decision process for the use of services by customers, including the five roles in it, so that they can provide what customers really need.

Based on the description above, the authors are interested in conducting research with the title **“The Effect of Quality Service on Decision to Use Banking Services”**.

## **1.2 Formulation of the Problem**

Based on the background described above, the problem formulations of the problem to be carried out are:

1. Does service quality have a positive and significant effect on the decision to use banking services at Bank Riau Kepri Bengkalis Branch?
2. How much influence is the service quality on the decision to use the banking services of Bank Riau Kepri Bengkalis Branch?

## **1.3 Purpose of the Study**

Based on the background described above, the purpose of the study to be carried out are:

The objectives to be achieved in this research are as follows:

1. To determine the effect of service quality on the decision to use banking services at Bank Riau Kepri Bengkalis Branch.
2. To find out how much influence the service quality on the decision to use services at Bank Riau Kepri Bengkalis Branch.

## **1.4 Significance of the Study**

Based on the background described above, the significance of the study to be carried out are:

### **1.4.1 For Students**

This research is expected to provide positive benefits for students in particular. As for the expected benefits are as follows:

1. Apply the knowledge gained during college in everyday life.
2. Can know the effect of service quality on decisions to use services at Bank Riau Kepri Bengkalis Branch.
3. As a reference or reference for further research.

### **1.4.2 For Service Providers (Bank Riau Kepri, Bengkalis Branch)**

This research is expected to provide positive benefits for service providers in particular. As for the expected benefits are as follows:

1. As input for companies to determine whether service quality affects customer decisions in using banking services at Bank Riau Kepri, Bengkalis Branch.
2. Can be used as a guide in improving the quality of service to satisfy the community.
3. Can be used as a guide in improving the quality of a bank to maintain its appreciation as a role model for good banking services and to increase appreciation as a role model for banking services with a very good predicate.

### **1.5 Scope and Limitation of the Problem**

Scope is an explanation of the limits of a subject that is in a problem. When interpreted broadly the scope is the limit. The limitations referred to in scope can be in the form of factors under study such as material, place and material.

1. The scope of this research is focused on the influence of service quality on the decision to use banking services at Bank Riau Kepri Bengkalis Branch.
2. This study focused only on the Bengkalis community who were registered as customers at Bank Riau Kepri, Bengkalis Branch.

### **1.6 Writing System**

In order for the writing of this thesis report to be systematic and neatly structured, systematic report writing is required. The following is the systematics of writing a thesis report:

#### **CHAPTER 1 : INTRODUCTION**

Chapter 1 explains the background of the problem, the formulation of the problem, the objectives and benefits of the research, the scope and limitations of the problem and the systematics of writing in the final report.

#### **CHAPTER 2: TINJAUAN PUSTAKA**

Chapter 2 explains the theoretical basis that will be used in the completion of research, both general and specific theories

consisting of previous research, theoretical basis, and framework of thought.

### **CHAPTER 3 : METHOD AND ACCOMPLISHMENT PROCESS**

Chapter 3 describes the research implementation method, which consists of location, time and object of research, types and sources of data, population and samples, sampling techniques, data collection techniques, data processing techniques, scale measurement, validity and reliability testing, data analysis methods , research hypothesis, research model, research type, concept definition and operational variables and research budget schedule.

### **CHAPTER 4 : RESULT AND DISCUSSION**

This chapter contains the results of testing, discussion and limitations of research results. Thesis results are made in the form of Tables, graphs, photos / images or other forms so that it is easier to follow the discussion description. The discussion about the results obtained is made in the form of a theoretical explanation, either qualitatively, quantitatively or statistically.

### **CHAPTER 5 : CONCLUSION AND SUGGESTION**

This chapter is the last chapter, in which conclusions will be presented from the results of the research conducted, then the author will provide suggestions that may be useful.

### **REFERENCES**

### **APPENDICES**

### **WRITER BIOGRAPHY**