The Role of Product and Service Quality in A Competitive Position: Depositors' Satisfaction

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Abstract

The study seeks how the Regional Development Banks operating in South and West Sulawesi maintain and attract depositors by evaluating the deposit products and banking service quality that have an impact on depositors' satisfaction. The study collected data using questionnaires distributed to 100 depositors owned by three Regional Development Banks. The data collected is then used to analyze the constructs of savings products, quality of banking services, and satisfaction using factor analysis to ensure that the five indicators proposed for each construct are eligible to be analyzed using the Structural Equation Model (SEM) method. The study found that the construction of deposit products and service quality have a positive impact on depositors' satisfaction with a dominant impact on deposit products. Banking service quality delivered by RDBs can attract deposit consumers as they have already convenience with the products and service quality

Keywords: Product Quality, Product Features, Service Quality, Depositors' Satisfaction

Peran Produk dan Kualitas Layanan dalam Daya Saing: Studi Kasus tentang Kepuasan Nasabah

Abstrak

Penelitian ini mengumpulkan data 100 simpanan pada tiga Bank Pembangunan Daerah. Data yang terkumpul kemudian digunakan untuk menganalisis konstruk produk tabungan, kualitas layanan perbankan, dan kepuasan menggunakan analisis faktor untuk memastikan bahwa kelima indikator yang diajukan untuk setiap konstruk memenuhi syarat untuk dianalisis menggunakan metode *Structural Equation Model (SEM)*. Temuan menunjukkan bahwa, kecuali daya tanggap untuk konstruk kualitas layanan perbankan, semua variabel terukur dikatakan dapat mendefinisikan konstruknya. Lebih lanjut, konstruksi produk simpanan dan kualitas layanan berpengaruh positif terhadap kepuasan nasabah dengan dampak dominan terhadap produk simpanan. Artinya, fitur-fitur yang ditawarkan dan kualitas layanan perbankan yang diberikan oleh BPD dapat menarik minat nasabah simpanan karena sudah memiliki kemudahan dengan kualitas produk dan layanan..

Kata kunci: Kualitas produk, fitur produk, kualitas pelayanan, kepuasan nasabah.

INTRODUCTION

The rapid progress of financial institutions and financial investment instruments provides a wide choice of financial investment variants for surplus societies and institutions. This allows the level of competition among banking institutions and other financial institutions in mobilizing funds from society (Widyastuti & Armanto, 2013). In response to fund-

collection rivalry, each bank is forced to offer excellent products and services fitting in with the need of customers in order to be able to attract new customers and maintain the existing ones (Ali & Raza, 2017; Kaura et al., 2015).

As a company engaged in services, a bank has a unique privilege different from non-bank institutions. They are allowed to collect funds directly from surplus units by offering deposit products. Despite this benefit, a bank still faces competition from other banks due to the number of banks operating in the market. This condition certainly forces them to compete not only at the product features level, but also at the service level. Fund collection is the main backbone for a bank to increase its competitive position (Bonner et al., 2014). The collected funds can be used to increase the ability of the bank to respond to credit demands and lending policy as well as a buffer for liquidity. To a wide extent, since fund collection is cheaper than other sources of funds, the bank has the possibility to book a high profit by lowering the lending rate (Khan et al., 2017). Conversely, when the collected funds are lower, the bank is more likely to have the inability to supply loans due to a shortage liquidity problem in turn affecting its profitability and decreasing its competitive position in the market (Sulieman Alshatti, 2014).

The liquidity owned by banks comes from various sources, one of them which is from deposits comprising demand, saving, and time deposits. Unlike other sources of funds, funds sourced from deposits are cheaper when compared to liquidity capital that promises a high rate of return to owners (Bonner et al., 2014). Further, it is favorable for banks since it is easier to be and easier to be obtained by offering saving features fitting with the need of depositors and providing service quality to attract them to save their funds (Sulieman Alshatti, 2014). Besides being cheaper and easier to collect than other sources of funds, it has also the advantage of low liquidity risk when a variety of deposit groups are formed as it can prevent sudden withdrawal from customers if the bank only has a limited number of customers (Bonner et al., 2014; Khan et al., 2017; Sulieman Alshatti, 2014).

Concerning the competition in mobilizing funds, based on bank categories, Regional Development Banks (RDBs) operating in Indonesia faces fiercer competition. Different from commercial banks, RDBs commonly have their office networks until regency-level on their head office operation province, but only a few of them operate in other provinces apart from their head office province location. With the limited operation area at most, they experience difficulties to raise funds from society. Besides, in their operating office network, they also compete with other commercial banks, especially the banks that have office networks in remote areas until regency-level operation. Further, a few rural banks have also been in business across their head province-level operation making competition become fierce for RDBs.

With the limited operational areas, a competitive strategy must be developed by RDBs to attract new depositors and at the same time retain the existing ones to support lending activity from cheap funding sources. One of the possible strategies is to offer competitive deposit-product features and provide excellent services. It is therefore that the study is intended to examine the competitive position of RDBs by analyzing their

depositors' satisfaction. Depositor satisfaction is believed to reflect the quality of deposit features and service quality offered by RDBs.

In a review of the literature, research on consumer satisfaction viewed from saving deposit activity in the context of a regional development bank is not widely discussed. It is found only but in a limited source at the country level (Boonlertvanich, 2019; Raza et al., 2020). Existing studies are also different since they discuss different categories of banks such as Islamic banks (Hati et al., 2021; Kartika et al., 2020), state banks (Murdifin et al., 2021), and rural banks (Parawansa, 2018).

Further, previous studies discussed product and service quality separately and they failed to ensure the contribution of each variable feature studied. Differently, this study explores an integrated model of product quality and banking service quality at once and relates them to deposit customers. To ensure each indicator studied contributes to the model, the study applies the structural equation model. This method has never been used by previous researchers when discussing customer deposit satisfaction.

Furthermore, it is not found any study investigating depositors' satisfaction in east Indonesia. This study explores consumer satisfaction in relation to saving deposits in regional development banks in two provinces, South and West Sulawesi. The study focuses on satisfaction by applying five features, namely conformity, satisfaction, buying decisions, happiness, and complaints. Those features have been examined by a number of researchers (Amron & Usman, 2016; Hsu, 2008; Kaura et al., 2015).

LITERATURE REVIEW
Customer Satisfaction
The bank's competitive position is inseparable from the ability of a bank to carry out its intermediation function, including the ability to mobilize deposits. The ability of a bank to collect deposits can be measured by the level of satisfaction perceived by depositors. When satisfaction is perceived as high, depositors would continue consuming or using the product and even recommend the product to others. This, in turn, would increase the number of deposits and depositors.

By definition, in general, consumer satisfaction is defined as the impression consumers have on a product and service that have been consumed. Satisfaction can also be interpreted as an effort to fulfill something or make something adequate. Satisfaction is a feeling that someone has towards something that could be in the form of a person's feelings of pleasure or disappointment after comparing the performance expected with the perceived performance or product performance with the desired expectations (Amron & Usman, 2016; Kotler, 2000). Consumer expectations of a product are a source of a large wide of factors, including past experiences, opinions of friends and relatives, information, and company promises (Akram et al., 2018; Chen et al., 2015; Karimi et al., 2015). It can also occur by self-esteem (Djafarova & Rushworth, 2017). Regardless of buying decision indicators, some studies note that satisfied customers are more likely to recommend the bank to others and are more likely to be loyal to the bank (Lee & Moghavvemi, 2015).

With respect to the satisfaction cluster, the literature recorded that satisfaction is grouped into transaction-specific satisfaction and cumulative satisfaction (Kaura et al., 2015; Olsen & Johnson, 2003). Transaction-specific satisfaction is the evaluation result of a particular service perceived by customers, while cumulative satisfaction is the overall experienced perceived by customers with a product over time (Olsen & Johnson, 2003). The previous can be said that customer satisfaction is a function of the performance of deposit features offered by a bank in association with expectations of the deposit features by depositors.

To measure, there is a wide range of measurements developed by researchers. The study considers applying five measures of satisfaction with deposit products offered by Bank Sulselbar. The features are conformity, satisfaction, buying decisions, happiness, and complaints (Amron & Usman, 2016; Hsu, 2008; Kaura et al., 2015).

Service Quality

The degree of customer satisfaction at service firms cannot be separated from the impression received from services delivered to consumers. In other words, if the service received or felt is as expected, the quality of the service delivered is perceived as good and satisfying (Paul et al., 2016). Satisfaction is clearly seen when consumers are happy with the products they use.

Service quality refers to customer evaluations of the core of the service delivered by the firms. In the banking industry, the quality of the service delivered is important to consider since it is crucial to attracting consumers and leveraging competitiveness (Paul et al., 2016). A bank that can provide better service quality will be in demand by its consumers and will, in turn, increase its market position against others.

To literature, in general, service quality is based on five dimensions, namely tangible, reliability, responsiveness, assurance, and empathy. This service quality can also be applied at the bank (Ali & Raza, 2017; Paul et al., 2016). Tangibles, or physical evidence that is the company's ability to demonstrate its existence to external parties. Reliability is the company's ability to provide services as promised accurately and reliably. Responsiveness is a willingness to help and provide fast and appropriate service to customers, by delivering clear information. Assurance can be said to be knowledge, politeness, and the ability of company employees to grow the trust of customers in the company. Empathy is giving sincerity to individuals or personal customers by trying to understand customer desires.

Product Quality

Apart from quality service, the quality of products can also retain and attract new consumers (Herrmann et al., 2000). Products delivered with better quality are products that have benefits for users or consumers (Dubrovski, 2001). Consumers who need a product will perceive the benefits that will be received from the product when used. An evaluation of the benefits to be received as part of the consequences expected by consumers when buying and using a product (Tingchi Liu et al., 2013). A product is

perceived to be delivered with high quality when features attached to the product are highly demanded and fit in with the desires. When the desires are fulfilled and fit in with the expectations, it will make consumers accept the product and become loyal (Kaura et al., 2015).

The measurement of quality for a product has been studied by a wide work of literature (Herrmann et al., 2000; Razak & Nirwanto, 2016; Wang et al., 2003). However, little literature ever discusses the quality of deposit products in the banking industry. One of the researchers that was conducted by Wang et al., (2003) in China noted that there are eight dimensions of quality products, that are performance, feature, conformance, reliability, durability, serviceability, aesthetics, and perceived quality. This study considers only five dimensions of product quality studied by Wang et al., (2003), which are performance, feature, conformance, serviceability, and perceived quality.

Theoretical Foundation of the Model

The competitive position of a company in the market can be inseparable from the attention given to its customers. In the banking industry, to attract deposits, the deposit products offered and services delivered are important concerns by depositors due to a highly competitive market. The higher quality of products and services delivered and fit in with or as expected by depositors, the higher the possibility that the products are demanded by depositors.

Works of literature have noted a positive relationship between service quality and depositors' satisfaction. Banks that provide more attention to the quality of services delivered by trying to understand their depositors' needs and meet the service needs they want will be in high demand(Zameer et al., 2015) and even the banks will have a good reputation in the eyes of depositors that in turn affect their competitive market position (Hossain et al., 2015; Widyastuti & Armanto, 2013). Literature noted that depositors who have experienced the services delivered will share their experiences with other consumers so they have the possibility to attract consumers from the mouths of existing ones (Quyet et al., 2015). Some researchers noted that consumers will be more loyal (Quyet et al., 2015; Sayani, 2015) and even will consume, with no doubt, new products and other existing products offered (Henrique & de Matos, 2015; Kaura et al., 2015).

H1: The better the product quality offered, the higher depositors' satisfaction perceived

Apart from service quality, consumers will give attention to products offered by banks. The ease of getting information now through the internet makes it easy for consumers to be able to compare banking products to one another. Before deciding to consume the product, depositors will compare the features or specifications of the products offered by a bank (Saleem et al., 2015). Fewer features can be a less desirable sign delivered by depositors (Wang et al., 2003) and even there is a possibility that the existing depositors will switch to other similar products offered by other banks (Mohd Suki, 2016). Conversely, a product with expected features increases loyalty and opens the possibility to attract new depositors through the existing ones (Sumadi & Soliha, 2015).

H2: The more service quality delivered, the higher depositors' satisfaction perceived

METHOD

The study applied quantitative approaches to examine the integrated structural equation model that indicates two relationships of three construct variables generated, which are product quality (QuaPro), service quality (QualServ), and customer satisfaction (Sati). With respect to constructing relationships, QuaPro is associated with customer satisfaction and QualServ is related also to customer satisfaction. Each construct proposed has five dimensions. The indicators of product quality are performance, features, serviceability, conformance, and perceived quality. The service quality is reflected by five measurable variables that are tangible, responsiveness, reliability, assurance, and empathy (Kaura et al., 2015). Satisfaction was measured by five. Three of them are using the list given by Kaura et al., (2015), which are conformity, satisfaction, and buying decision, while complaints given by Hsu, (2008), and buying decision (Amron & Usman, 2016). Lisrel version 9.2 was used to test the model.

The study also indicates validity test and Construct Reliability (CR) and Average Variance Extracted (AVE). To validity test, measure variables within each construct were tested with confirmatory factor analysis in the first place and the cut off for standardized loading factor is 0.50 (Hair et al., 2010; Igbaria et al., 2006). Goodness-of-fit for construction was also evaluated to follow cut off values recommended by some scholars (Hair et al., 2010). To converge the validity test, cut off for CR is 0.70 and AVE is 0.50 (Hair et al., 2010). The integrated model is then run to test the hypothesis proposed on the basis of structural coefficient parameters and goodness-of-fit indices.

Respondents and Data Collection

Data were collected by a self-administered questionnaire distributed to 100 depositors. Research with SEM using less than 100 samples is acceptable when it has at least three indicators for each construct studied with data normally distributed (Hoyle & Gottfredson, 2015). Respondents were selected randomly with the criteria that they have already owned deposits in Bank Sulselbar, Bank Papua, and Bank Jabar operating in the South and West Sulawesi Province.

FINDING AND DISCUSSION

Descriptive Statistic of Respondents

The descriptive statistic of saving deposit respondents is elaborated based on the bank, sex, age, and educational background. Viewed based on sex, the questionnaire distributed consists of 54 percent male and 46 percent female. Of the RDB banks, 68 percent are from Bank Sulselbar, 21 percent from Bank Jabar, and Bank Papua makes up the remaining 11%. . Viewed from age, 35 percent of respondents were aged between 30 to 39 years old, 20 percent between 40 to 49, 19 percent between 50 to 59, and the younger booked 21 percent. The rest of the respondents are in the age above 60. With respect to educational background, saving customers mostly already hold bachelor's degrees (51 percent) and senior high school (41 percent). The rest (8 percent) is already obtained diplomas and master's degrees.

Factor Analysis

Evaluation of the loading weight parameter with the use of confirmatory factor analysis indicates that, with exception of X2 in the construct of service quality (0.48), all loading weights scores in acceptable values ranging from 0.54 to 0.89 as given in Table 1,2, and 3 (Hair et al., 2010; Igbaria et al., 2006). In detail, the construct of customer satisfaction evaluated five measurable variables showing acceptable loading weight parameters as all indicators are above 0.50. This means that the five indicators (conformity, satisfaction, happiness, buying decision, and complaints) can be used to define the construct of customer satisfaction.

Table 1. *Measurement Model for Consumer Satisfaction*

Indicators	λ	t-Value	R^2	Error Var**
Conformity (Y_1)	0.89*	10.99	0.80	0.20
Satisfaction (Y_2)	0.84*	10.00	0.71	0.29
Happiness (Y_3)	0.60*	6.39	0.37	0.63
Buying Decision(Y_4)	0.81*	9.43	0.65	0.35
Complaints (Y_5)	0.54*	5.61	0.29	0.71
$\sum$	3.68			
$\sum$ Error Variance				2.18
CR				0.861
AVE				0.562

*t value > 1.96
** validity cut off (0.50 > loading weight (λ)) drop it in the model
Source: Statistical Results Processed by Lisrel 9.2, 2022

With respect to the construct of product quality, five measurable variables were evaluated, it shows that all of the loading weight scores have a value greater than 0.50, which are acceptable cut off. It indicates that all five indicators (quality, features, convenience, preference, image) can be used to define the construct of product quality.

The last, is the construct of service quality. With the exception of responsiveness (0.48), the four-loading-weight scores are in acceptable cut off, 0.59 to 0.84. It means that viewed from the loading score rank, the indicators of tangible, reliability, empathy, and assurance can be used to define the construct of service quality.

Aside from the evaluation of loading weight, the study also evaluates Convergent Reliability (CR). On the basis of the findings, all CR scores are in the acceptable range since the three constructs have CR scores above 0.70 with the construct of satisfaction scored 0.861. The other two constructs score 0.78 and 0.795 for service quality and product quality respectively (see Table 3).

Table 2. *Measurement Model for Product Quality*

Indicators	λ	t-Value	R^2	Error Var**
Conformity (Y_1)	0.89*	10.99	0.80	0.20
Satisfaction (Y_2)	0.84*	10.00	0.71	0.29
Happiness (Y_3)	0.60*	6.39	0.37	0.63
Buying Decision(Y_4)	0.81*	9.43	0.65	0.35
Complaints (Y_5)	0.54*	5.61	0.29	0.71
∑	3.68			
∑ Error Variance				2.18
CR				0.861
AVE				0.562

*t value > 1.96
** validity cut off (0.50 > loading weight (λ)) drop it in the model
Source: Statistical Results Processed by Lisrel 9.2, 2022

Table 3. *Measurement Model for Service Quality*

Indicators	λ	t-Value	R2	Error Var**
Tangible (X2.1)	0.59*	5.94*	0.35	0.65
Responsiveness (X2.2)	0.48**	4.65	0.23	0.77**
Reliability (X2.3)	0.66*	6.74	0.43	0.57
Assurance (X2.4)	0.84*	9.14	0.70	0.30
Empathy (X2.5)	0.71*	7.44	0.50	0.49
∑	3.21			
∑ Error Variance				2.01
CR				0.795
AVE				0.50

*t value > 1.96
** validity cut off (0.50 > loading weight **(λ))** drop it in the model
Source: Statistical Results Processed by Lisrel 9.2, 2022

To goodness-of-fit indices, overall constructs have the rate of fit indices in the range of recommended cut-off, only a marginal and poor rate (see table 4), particularly on the construct of service quality. On the basis of statistical findings, three constructs have a chi-square score in the acceptable range since the p-value is higher than the alpha (p-value>0.05). To GFI and AGFI, they show a good rate of fit for the construct of product quality and satisfaction since the score is above 0.90 and a marginal rate of fit for the construct of service quality in AGFI indicated by the score of 0.855. SRMRM and RMSEA show a good rate of fit, with the exception of RMSEA for the construct of service quality as the score above 0.10 (0.141>0.10). NFI and NNFI also show a good rate of fit, with only showing the marginal rate for NNFI on service quality indicated by its score

obtained less than 0.90 (0.899<0.90). RFI showed a good score on the construct of product quality and satisfaction, but on service was not, since its score is less than 0.90 (0.855<0.90). With respect to IFI, all constructs record a good rate of fit, while critical N was only good in the construct of product quality since it has a value higher than 200 (751.988>200).

Table 4. *Fit Indices for Confirmatory Factor*

Quality-of-Fit Measure	Recommended Value	Confirmatory Factor		
		QuaPro (X1)	QualServ (X2)	Sati (Y)
Chi-Square/Degree of Freedom	P value >0.05	8.507*	0.05068*	0.1362*
Goodness-of-fit Index (GFI)	≥ 0.90	0.992*	0.971*	0.971*
Adjusted GFI (AGFI)	≥ 0.90	0.976*	0.855**	0.912*
Standardised RMR (SRMR)	< 0.05	0.0224*	0.0469*	0.0418*
Root-mean-square error of approximation (RMSEA)	≤ 0.10	0.0957*	0.141**	0.0823*
Normed fit index (NFI)	≥ 0.95	0.984*	0.952*	0.966*
Tucker-Lewis index (TLI) / Non-Normed fit index (NNFI)	≥ 0.90	1.054*	0.899**	0.971*
Relative fit index (RFI)	≥ 0.95	0.968*	0.855***	0.931*
Incremental fit index (IFI)	≥ 0.95	1.026*	0.967*	0.986*
Critical N (CN)	≥ 200	751.998*	153.887***	179.133**

* Good
** Marginal
*** Poor
Source: Statistical Results Processed by Lisrel 9.2, 2022

The Evaluation of Structural Equation Model
Structural Model Test
Evaluation of goodness-of-fit in the structural equation model (SEM) is in the first place before discussing the coefficient relationship parameter. On the basis of the findings, the model is said to be feasible since more than four indices indicate a good rate of fit and seven indices are in marginal rate and only two are in poor rate. The details of the indices are given in Table 5 indicating that NCP, RMSEA, TLI/NNFI, IFI, and CFI shows a good rate of fit as indicated by (Hu & Bentler, 1999; McDonald & Ho, 2002; Saunders et al., 2007). Other fit indices that are GFI, AGFI, SRMR, NFI, RFI, PNFI, and PGFI score in marginal rate (Hu & Bentler, 1999; McDonald & Ho, 2002; Saunders et al., 2007). Only two indices show poor chi-square and critical N.

Table 5. *Fit Indices for Structural Model*

Quality-of-Fit Measure	Estimate Results	Rate of Fits
Chi-Square/Degree of Freedom	98.003 or P = 0.0225 <0.05	Poor
Non-Centrality Parameter (NCP)	26.003 (26.003 close to 4.057 than to 56.007)	Good
Goodness-of-fit Index (GFI)	0.889 (0.889 $\geq$ 0.90)	Marginal
Adjusted GFI (AGFI)	0.838 (0.838 $\geq$ 0.90)	Marginal
Standardised RMR (SRMR)	0.0654 (0.0654 > 0.05)	Marginal
Root-mean-square error of approximation (RMSEA)	0.0263 (0.0263 < 0.10)	Good
Normed fit index (NFI)	0.850 (0.850 < 0.95)	Marginal
Tucker-Lewis index (TLI) / Non Normed fit index (NNFI)	0.942 (0.942 > 0.90)	Good
Relative fit index (RFI)	0.810 (0.810 < 0.95)	Marginal
Incremental fit index (IFI)	0.955 (0.955 > 0.95)	Good
Comparative fit index (CFI)	0.954 (0.954 > 0.95)	Good
Parsimonious normed fit index (PNFI)	0.672 (0.672 far from to perfect model 1.0)	Marginal
Parsimonious goodness-of-fit index (PGFI)	0.610 (0.610 far from perfect model 1.0)	Marginal
Critical N (CN)	104.863 (104.863 $\geq$ 200)	Poor

Source : Statistical Results Processed by Lisrel 9.2, 2022

Structural Equation Model

To test the hypothesis, the structural equation model is applied. With respect to the findings, the relationship between product quality (QuaPro) and satisfaction (Sati) indicates a standardized coefficient path of 0.62 with a t-value of 5.45 (5.45>1.96). It could be said that the relationship is positive and considered medium since the value 0f 0.62 lies in between 0.50 to 0.79 (Cohen, 1988; Wassertheil & Cohen, 2006). The relationship between service quality (QualServ) and satisfaction (Sati) is said to have a small size path coefficient (0.24). This relationship is also significant since the t-value (2.16) exceeds the critical value (1.96).

To test the hypothesis said in the study, it can be said that hypothesis H1 is accepted in that the better the service quality delivered, the higher depositors' satisfaction will be. The result of H2 is also accepted in that the higher the service quality delivered, the higher depositors' satisfaction will be.

Discussion and Implications

This study intends to test the effect of deposit products and service quality offered by RDBs and their impact on customer satisfaction. The study discovered that product quality has a positive effect on satisfaction. The findings suggest that the products owned by RDBs banks operating in South and West Sulawesi are adequate and can meet consumer needs. This is in line with the fact that consumers are not worried about the

deposit products offered by RDBs as they are already familiar with the products and believe that the products have their own reputation. Moreover, they perceive that the types of products and their features between one bank and another are likely the same. The difference sometimes occurs in the deposit interest rate or/and the bonus offered only due to different policies in response to liquidity positions. If a bank experiences a liquidity shortage, it is very likely that the bank will offer a higher deposit interest rate to attract depositors. In fact, banks can also offer various additional incentives, bonuses, and lucky draws to attract big consumers. Besides, the difference might occur in deposit interest for rural banks and Islamic banks as they often face difficulty to attract deposit customers. These findings are in line with Kartika et al., (2020) who studied Indonesian Islamic banks and found that depositors relied on image to increase customer satisfaction and even the combination of both, image and customer satisfaction, can play an important role to increase customer loyalty. Still in Islamic Bank in Indonesia, but with different views, Hati et al., (2021) also found that the perceived product convenience could make depositors stay in conventional banks and prevent them from switching their savings accounts in Islamic banks in Indonesia. In a different country in Southeast Asia, Lamichhane, (2020) in Vietnam also found that interest saving as part of product features could attract depositors to have saving ownership on a bank.
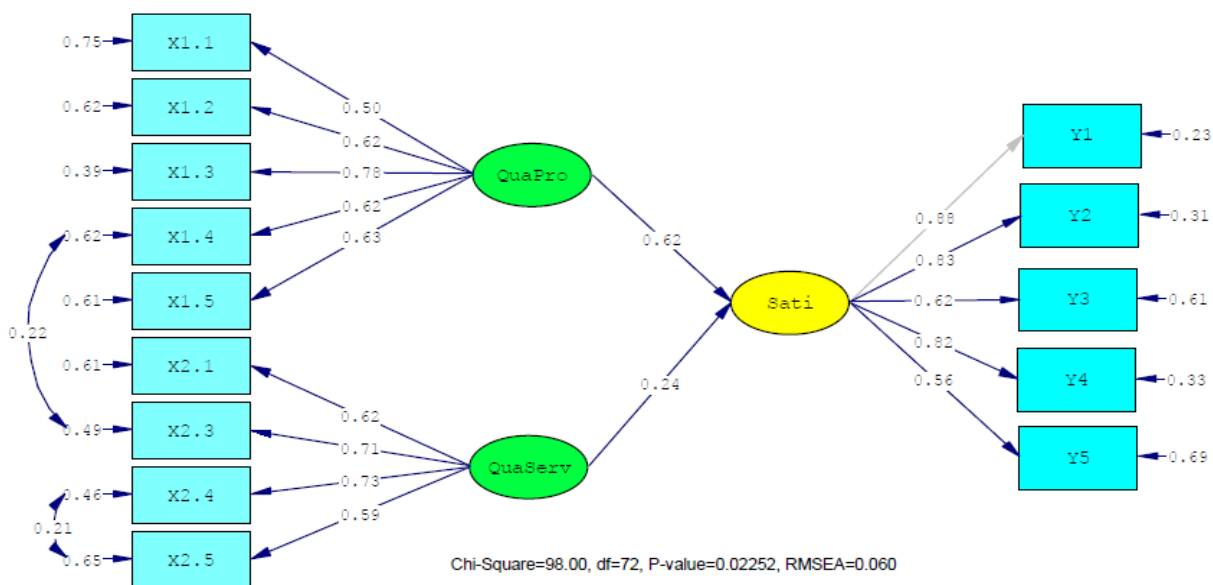

Figure 1. Full Model of Structural Equation Model (SEM)

With respect to service quality, the study found that it contributes to having a positive impact on the depositor's satisfaction. It is a fact that customers perceive facilities in the waiting room and product information are adequate enough. They also perceive that bank staff will respond quickly with friendly and polite behavior. However, it does not seem to happen during the whole month since some customers perceive that bank staff

are slightly unresponsive and a bit slow to respond to certain conditions. This situation could be more likely to occur when there are quite long queues in the office, mainly in the first week of every month. Since most of the saving consumers are civil servants of local government, on that date a peak time for making withdrawals occurred. This might cause consumers to have a longer waiting time before getting service. This condition might also make employees unable to respond quickly to problems faced by consumers. The findings are echoed by Boonlertvanich, (2019) who found that the banking ServQual, which is defined by reliability, assurance, tangibility, and empathy responsiveness, has a great impact on satisfaction and loyalty in the context of the main bank in Thailand. Still in Asia, Islam et al., (2021) in Bangladesh in the context of a private bank study found that responsiveness reflecting an inclination to assist customers could affect customer satisfaction. It is also found the same result found by Raza et al., (2020) using the modified e-ServQual model in Pakistan.

CONCLUSION

Studies related to product and service quality in relation to customer satisfaction have been conducted in various companies. This study established again the relationship in the context of Regional Development Banks that face tough competition with other commercial banks in obtaining cheap funding sources through saving deposits from society. The study explores depositors' satisfaction in association with the quality of deposit products and services delivered by Regional Development Banks operating in the South and West Sulawesi Provinces. Evidently, product and service quality plays an important role to attract depositors to allocate their funds to RDBs. The study concludes that product quality offered, which is defined by five indicators, can positively affect depositors' satisfaction indicating product features offered by RDBs met customer needs. It also concluded that service quality, which is also defined by five indicators, delivered by front-office employees has satisfied the consumers with the exception of low response, particularly in the first week of each month.

On the basis of the results, the implication of the study can be used as input to formulate policy for RDBs operating in Eastern Indonesia, particularly in South Sulawesi and West Sulawesi, in attracting depositors. In addition, this study is also useful for commercial banks and financial institutions to attract customers to deposit or buy financial products.

This study has some limitations and they can be used as a consideration in future research. Firstly, since the sample is only collected in 2 provinces, the result of the study could be different if it is carried out in other provinces within Sulawesi Island considering the sensitivity of depositors to saving-interest rates. Second, the results may be different when examined for commercial banks as they have relatively varied consumer structures.

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