



The effect of product innovation and service quality on customer loyalty is mediated by customer satisfaction at PT KB Finansia Multifinance (Kredit plus) Tasikmalaya

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ABSTRACT

Business competition in the field of non-bank financing services (multifinance) in Indonesia is increasing. The increasing economic and lifestyle needs of the Indonesian people have made businesses in this field grow and develop rapidly, the fintech market is already large, especially in Java, which is the largest market for traditional financial companies. The purpose of this study was to determine the effect of product innovation and service quality on customer loyalty mediated by customer satisfaction. The population in this study were all employees of PT KB Finansia Multifinance and were processed using Structural Equation Model (SEM) analysis with SEM PLS software. Based on the results of the study, empirical facts were obtained in the form of 1) There was a significant positive effect on product innovation variables on customer satisfaction 2) There is no positive influence of service quality variables on customer satisfaction 3) There is a significant positive effect on product innovation variables on Customer Loyalty 4) There is a significant positive effect of service quality variables on customer loyalty 5) There is no positive influence of customer satisfaction on customer loyalty 6) Customer satisfaction does not significantly mediate the positive effect of product innovation on customer loyalty 7) Customer satisfaction does not significantly mediate the positive effect of service quality on customer loyalty.

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INTRODUCTION

In the era of the Industrial Revolution 4.0, many online fintech applications have emerged to make it easier for consumers to use financial services, speed up the approval process and create a single technology handle for consumption and productivity. E-commerce has also emerged and penetrated online financial services such as shopee pay later, Tokopedia pay later and others. Various service products are offered to satisfy consumers, stimulate the market with ever-changing and very dynamic competition in line with the very rapid development of science and technology.

As a result of today's business competition, various companies are competing to win and maintain their market share. This will increase competition in the business world and give consumers more choices. In choosing a product that can meet their needs in general (Schiffman, et al., 2007).

PT KB Finansia Multi Finance is a finance company that was established on June 9, 1994 and has a business license from the Minister of Finance based on letter No.460/KMK.017/1994 dated September 14, 1994. In marketing its products and services to the public, the Company uses the brand " plus credit". Starting its business activities, the Company introduced to the public financing products for motor vehicles and heavy equipment. Then after going through the 2018 economic crisis that hit Indonesia, the Company continued to develop its financing products, so that the products financed increased to motorized vehicles (Motorcycles and Cars), Electronics, and Home Ownership Loans (KPR). During the course of its business activities, the Company continues to make improvements to its financing products and services,

The company also has business capital financing facilities and funding facilities that make it possible for the public to finance the needs of goods/services related to productive businesses and to finance consumptive needs. The company also develops its products so that they can be utilized by corporate consumers, namely through invoice financing to facilitate business continuity and accelerate corporate business growth. The company also expanded its branch office network, by placing branch offices spread across more than 200 points in Indonesia and expanding cooperation with more than 9,000 ATM networks of various banks (BRI, BNI, BCA and Permata), Post Offices, Indomaret and Alfamart outlets to provide ease of payment for consumers on July 3, 2020.

With all the advantages of infrastructure, product innovations and services owned by the Company and full support from KB Kookmin Card, the Company is determined to become the best financing company in Indonesia that provides product innovations and a variety of financing services to meet the needs of the Indonesian people, as well as support the improvement of the Indonesian economy. Competition between financial sectors is increasingly competitive and dynamic. The sustainability of a company is highly dependent on the use of resources and the environmental conditions of the business world. The activities of Indonesian finance or multi-finance companies were first introduced by the government in 1974, with the issuance of SKB of the Minister of Finance, Minister of Industry and Minister of Trade concerning licensing for leasing businesses (leasing).

Innovation is needed as a strategy in producing and creating new product innovations or carrying out revisions by applying innovative behavior to employees and product innovation in a company. The concept of implementing innovative behavior can help an organization to accelerate its success in achieving its goals. Researchers argue that innovative behavior is behavior that is displayed both directly and indirectly which can lead to the introduction and development of innovation in companies (De Spiegelaere, et al., 2014). Innovative behavior of employees is shown by the behavior of always being creative at work, always conveying creative ideas, looking for new techniques at work, having plans to develop new ideas, trying to innovate in the use of resources, and developing creativity in working teams (Banu-Melhem, et al., 2020).

Coupled with the emergence of financial technology companies (fintech), traditional financial business actors are wary of the company's sustainability. According to a report from Pricewaterhousecoopers, a multinational public accounting firm entitled 'Global Fintech Report 2017', 88% of business people in the financial industry surveyed said they were worried about the risk of fintech disrupting their business. According to a PwC report, revenue growth generated by fintech companies has accounted for around 24% of revenue in the global traditional finance industry. In Indonesia, the presence of fintech has also affected the country's financial industry, including the consumer finance business. In addition, more and more fintech companies are targeting consumer financing.

In addition to easy installments, the process of making a loan application approval decision is very fast in a day. It only takes 1-2 days compared to traditional companies. A fintech company called Awan Tunai even admits that it only takes 15 minutes. Awan Tunai is a fintech company that offers digital installment options. Only by making an e-KTP and waiting 15 minutes, prospective borrowers can get a credit limit of up to IDR 5-19 million. Various structural changes in the world, especially in Indonesia, have also occurred since the Global Financial Crisis, such as innovation and technology, penetration of foreign banks, regional market integration and liberalization (Qualified Association of Southeast Asian Nations Banks-QAB in 2025). Globalization in the financial system and the rapid development of information technology and financial product innovation have created a very complex and dynamic financial system among financial subsectors as well as between financial service institutions and financial groups that can encourage increased risk exposure. It is required to have the ability to face the challenges and demands of technology-based product and service innovations so that they have greater adaptability.

From Source: said data, <https://katadata.co.id/>, we can see that the fintech market is already large, especially in Java, which is the largest market for traditional financial companies. This certainly threatens PT KB Finansia Multifinance as a financial company engaged in multipurpose financing for the consumer and production sectors. Even more so if PT KB Finansia Multifinance does not quickly transform both in terms of product innovation, service quality and digital infrastructure. The presence of fintech will then erode financial markets and allow customers to switch to fintech.

Based on fintech development aimed at multipurpose consumer financing for both consumption and production, enabling digitalization and credit approval processes in just minutes, product innovation and digitization In the current industrial revolution 4.0 era, PT KB Finansia Multifinance must apply digitally to remain competitive in the global market. markets, conquering markets, and strengthening existing customer loyalty.

Basically, the Industrial Revolution 4.0 displays the Digital Revolution, which includes the use of robots, artificial intelligence and financial technology. One of the effects of the Industrial Revolution is competition between traditional financial institutions and fintech, which offer products and services that are simpler and superior in terms of customer satisfaction. This clearly threatens the business of traditional financial companies, and unless they change or innovate, there is no doubt that they will be outdone by the competition. The solution to this problem is to maintain customer loyalty by developing digital products to meet customer needs. Therefore, a survey needs to be conducted to find out whether the range of products or services offered at PT KB Finansia Multifinance Tasikmalaya and the quality of service can affect customer satisfaction and customer loyalty. KB Finansia Multifinance continues to innovate as a financial services company to improve its image in the eyes of its customers.

Following is an overview of repeat order data in 2022, only 26.36% PT KB Finansia Multifinance Repeat Orders mean repeat orders, and the average monthly rate is only 2.25%. The branch office sees that many customers have good tenor payments each month, so the branch office takes this opportunity to repeat orders so that these quality customers can take credit again with the benefits offered. This repeat order has increased the company's profit. However, with an average of only 2.25% of consumers making repeat purchases every month, this means that it does not reflect customer loyalty to PT KB Finansia Multifinance.

The advantage of this company is the form of service that is carried out by maintaining communication with employees and consumers. The quality of service at KB Finansia can be measured by the number of customer complaints that enter the Tasikmalaya branch's complaint report, this reflects the quality of service provided by PT KB Finansia Multifinance Tasikmalaya branch.

There has been a significant increase in the number of consumer complaints, this is a condition that must be addressed immediately through digital-based product innovation and

speed of processing. The ideal service quality is when the service received exceeds consumer expectations and vice versa if the service received is lower than expected, the service quality is considered poor.

RESEARCH METHOD

Sugiono (2003) explains that the type of research is divided into two, namely quantitative research which is research by obtaining data in the form of numbers or qualitative data that is calculated, and qualitative data is data in the form of words, schemes and pictures. In this study the authors used quantitative research. The survey method used in this survey is a quantitative approach. By conducting a questionnaire to the existing customers of PT KB Finansia Multifinance Tasikmalaya as the sample to be analyzed. Sources of data are divided into two, namely primary data and secondary data. Primary data is data collected directly by researchers through their sources by conducting research on the object under study (Umar, 2003), while secondary data is data that does not directly provide data to researchers, for example research has to go through other people or search through documents. This data was obtained using a literature study conducted on many books, obtained based on notes, obtained from the internet related to research (Sugiyono, 2005). In this study the authors used secondary data in the form of the company's annual report, the data obtained from PT KB Finansia Multifinance Tasikmalaya.

Population is a group of people, events, or symptoms in the form of objects or subjects that show certain characteristics in a study. According to Sugiyono (2010) population is a field of generalization where there are subjects and subjects with the characteristics and characteristics of the researcher, and conclusions can be drawn. Therefore, the population is an object or subject that has certain conditions in the survey. The population that will be studied this time by the author is consumers or active customers PT KB Finansia Multifinance Tasikmalaya as a customer at PT KB Finansia Multifinance Tasikmalaya. The sample in this study are active customers PT KB Finansia Multifinance Tasikmalaya.

The sample is part of the population that can represent the entire population studied. If the population being studied is very large, then it is enough to take a sample from the existing population being studied (Saparso, et al. 2018). According to Now (2006), In general, for correlational research, the minimum sample size according to the Rules of the thumbs is 5-10 times the indicator so that if there are 20 indicators in the study, the sample range is 100-200 respondents (Anderson, et al., 2006). Meanwhile according to Ghazali (2015) and Anderson, et al., (2014), research methods with PLS do not require a lot of assumptions so that the sample size is not large (minimum 30-100). And for social research, the error rate is up to 10%.

Based on the theoretical studies above, the researchers in this study used 10 indicators and took samples using a questionnaire, which involved 164 respondents, namely active consumers of PT KB Finansia Multifinance Tasikmalaya who made repeat purchases from the total active consumer population of multipurpose cars PT KB Finansia Multifinance 622, the total population of active consumers. This is in accordance with the literature where there are 20 indicators in this study so that the required sample is 100-200 respondents.

Operational Variables

The operational definition is based on the type of variable being investigated. The operational definitions of variables are concrete, detailed, clear, and fixed to explain the characteristics of variables in research. The operational definition only applies to the research conducted, while the theoretical/conceptual definitions are taken from books and literature related to research that are widely recognized. This study uses independent variables (Independent Variable) ie variables that affect other variables. The independent variables in this study are product innovation & service quality. Intervening variable or mediating variable, variable Z (intervening variable or mediating variable) is an intervening variable that lies

between the independent variables and the dependent variable, so that the independent variable (independent variable) does not directly affect changes in the dependent variable (related variable). The mediating variable in this study is customer satisfaction. Dependent Variable (Dependent Variables), Variable Y (dependent variable) is a variable that is influenced by other variables. The dependent variable used in this research is customer loyalty. The description of the four operational research variables described above is revealed through indicators taken and adapted to several literatures. The variables and indicators of the research statement can be seen in the following table:

Table 1. Variables and Indicators

Variable	Definition	Indicator	Scale
X1 Product Innovation	Kotler and Keller (2007) Description of a process of market development, ideas and new discoveries.	<ol style="list-style-type: none"> 1. Improvements to existing products. 2. Cost reduction. 3. New product. 4. Convenience of consumers in getting the product. 	Ordinal
Quality of Service X2	(Parasuraman, et al., 1985) Service Quality is a measure of how well the services provided can meet customer expectations.	<ol style="list-style-type: none"> 1. Physical evidence (Tangible) 2. Empathy 3. Responsiveness 4. Reliability 5. Guarantee and certainty (Assurance) 	Ordinal
Y Customer Satisfaction	Kotler and Keller (2016: 46) define customer satisfaction as the level of one's feelings after comparing the performance or results he feels compared to his expectations. If the performance exceeds expectations, they will be satisfied and vice versa, if the performance does not meet expectations, they will be disappointed	<ol style="list-style-type: none"> 1. Conformity of expectations (Expected expectation) 2. Interest to visit again (Repeat visit) 3. Recommendation 	Ordinal
Z Customer Loyalty	According to Kotler and Keller (2016: 138), the meaning of loyalty is a deeply held commitment to buy or re-support a preferred product or service in the future even though situational influences and marketing efforts have the potential to cause customers to switch.	<ol style="list-style-type: none"> 1. repeat purchase (make repeat purchases regularly) 2. Purchase accross product (Purchase of other line products) 3. Refer Others (Recommend) 4. Immunity (immunity against competitors) 	Ordinal

Data collection technique

The data collection technique used is by distributing questionnaires about the effect of product innovation and service quality on customer loyalty with customer satisfaction as a mediating variable. Data collection techniques using questionnaires are intended to obtain the data needed to obtain information by providing a list of questions to respondents. With the hope

that respondents will provide responses to the questions in the questionnaire. In the measurement, each respondent was asked for his opinion on the question using a Likert scale. This scale gives a number or value to an object, so that the characteristics contained in the object can be measured. The measurement method using a Likert scale consists of five ranges of answers, namely: "strongly agree", "agree", "disagree", "disagree", "strongly disagree". The advantage of using a Likert scale is the ease in making it, and generally respondents are ready and understand to answer the Likert scale.

Table 2.Range Score

NO	RANGE	CATEGORY
1	1.00 – 1.79	STRONGLY DISAGREE
2	1.80 – 2.59	DON'T AGREE
3	2.60 – 3.39	ENOUGH
4	3.40 – 4.19	AGREE
5	4.20 – 5.00	STRONGLY AGREE

Source: (Sugiyono, 2014)

Data analysis method

Data analysis that will be used in this study is to use Structural Equation Model (SEM) analysis with smart PLS software by looking at convergent validity, discriminant validity, and construct reliability tests. To see the structural model testing will use the goodness-fit test and t test.

RESULTS AND DISCUSSIONS

In this study, respondents were taken on the basis of criteria that had been determined by the researchers, namely consumers who made repeat purchases at PT. KB FINANSIA MULTIFINANCE (CREDIT PLUS) TASIKMALAYA by using the minimum sample calculation. On the basis of the results of distributing the questionnaires, it can be seen the characteristic values possessed by the respondents on the basis of gender, age, and last education.

Characteristics Based on Gender

Table 3.Distribution of Respondents by Gender

Gender	Amount	Percentage (%)
Man	115	70%
Woman	49	30%
Total	164	100%

Source: Primary data processed by the author (2022)

Based on table 3 above, that Gender is male with 115 respondents, or a percentage of 70%, and women with 49, or a percentage of 30%. This shows that the majority of PT. Kb Finansia with male gender.

Characteristics Based on Age

Table 4.Distribution of Respondents by Age

Age	Amount	Percentage (%)
17 – 20 Years	10	6%
21 – 30 Years	53	32%
31 – 40 Years	45	28%
41 – 50 Years	39	24%
>50 Years	17	10%
Total	164	100%

Source: Primary data processed by the author (2022)

As can be seen in table 4, there are a total of 10 respondents (or 6%) aged 17-20 years, 53 respondents (or 32%) aged between 21 to 30, 45 respondents (or 28%) aged between 31 to 40 years, 39 respondents (or 24%) aged between 41 – 50 years. And 17 respondents (or 10%) aged between > 50 years. This shows that employees of PT. The highest Kb Finansia is aged 21-30 years with 53 respondents with a percentage of 32%.

Characteristics Based on Last Education

Table 5. Distribution of Respondents Based on Last Education

Last education	Amount	Percentage (%)
SMA/SMK	13	8%
D3	52	32%
S1	68	41%
S2	31	19%
Total	164	100%

Source: Primary data processed by the author (2022)

Table 5 shows that 13 respondents with high school education or a percentage of 8%, 52 D3 respondents or a percentage of 32%, Strata I/equivalent 68 respondents or a percentage of 41%, and Strata II/equivalent 31 respondents or percentage of 19%. This shows that the most respondents are employees of PT. Kb Finansia with the last Strata I/equivalent education were 68 respondents or a percentage of 41%.

Data analysis

Descriptive Analysis

Customer Loyalty as the dependent variable, while Product Innovation and Service Quality as independent variables, and Customer Satisfaction as a moderating variable. The results of distributing questionnaires are used to collect data on these factors. Respondents' answers regarding Product Innovation variable (X1)

The following is the result of recalculating the response of the Product Innovation variable (X1):

Table 6. Total Average Product Innovation Score

No	Statement	Total Average Score
	Creation of a product	
1	Providing innovation and creation to customers	3.02
	Continuation of change, improvement of a product	
2	This product has changes and improvements that are good for customers	3.23
	Imitation of a product	
3	The form of packaging in the product is different from the others	2.49
	Total Average Product Innovation Score	8.74
	Average Product Innovation Score	2.91

Source: Data processed by the author in 2022

Based on table 6, the overall average score of Product Innovation (X1) is 2.91. These results identify that Product Innovation gets a good score. From the largest score, the second statement is obtained where respondents agree that this product has changes or improvements that are good for customers and the smallest score is obtained from the third statement where respondents agree that the form of packaging in the product is different from the others.

Respondents' answers regarding the variable Service Quality (X2)

The following is the result of recalculating the response to the Quality of Service variable (X2):

Table 7. Total Average Service Quality Score

No	Statement	Total Average Score
Service Provider		
1	Provide good service to customers	3.05
Performance of Goods, Services		
2	Can measure, analyze and manage the performance of value providers and customer operations in reducing risk	3.20
The Attractiveness of Service Delivery		
3	Can make a starting point for customers to purchase service product transactions	2.98
Total Average Service Quality Score		9.23
Average Service Quality Score		3.07

Source: Data processed 2022

Based on the table7, the overall mean of Service Quality (X2) is 3.07. These results identify that Service Quality gets a good score. From the largest mean, the second statement is obtained where respondents agree that they can measure, analyze and manage the performance of value providers and customer operations in reducing risk and the smallest mean is obtained from the third statement where respondents agree that they can make a starting point for customers to purchase service product transactions. Respondents' answers regarding the variable Customer Satisfaction (Z).

The following is the result of recalculating the response to the Customer Satisfaction variable (Z):

Table 8.Total Average Customer Satisfaction Score

No	Statement	Total Average Score
Customer Satisfaction Program		
1	Performing friendly, swift and satisfying services for customers	3.46
2	Give happiness to customers when obtaining goods or services from the company.	3.18
Bonuses, Discounts, Vouchers, Gifts		
3	Prepare several Bonuses and Discount Vouchers for customers	2.31
4	Hold a Prize Draw for customers	3.14
Total Average Customer Satisfaction Score		12.09
Average Customer Satisfaction Score		3.02

Source: Data processed 2022

Based on table 8, the results show that the overall mean Customer Satisfaction (Z) is 3.02. These results identify that Customer Satisfaction gets a good score. From the largest mean, the first statement is obtained where respondents agree that providing friendly, swift and satisfying services for customers and the smallest mean is obtained from the third statement where respondents agree that preparing several Bonuses and Discount Vouchers for customers. Respondents' answers regarding the variable Customer Loyalty (Y)

The following is the result of recalculating the response to the Customer Loyalty (Y) variable:

Table 9.Total Average Customer Loyalty Score

No	Statement	Total Average Score
Highest level of preference		
1	Providing consistently high product quality references to customers	2.61

2	Encouraging many references so that customers are loyal to the company	2.79
Action Loyalty		
3	Encourage repeat purchases and encourage existing customers to choose the goods or services offered	2.64
4	Provide loyal support to customers in order to maintain their confidence in choosing a product	3.21
Total Average Customer Loyalty Score		11.25
Average Customer Loyalty Score		2.81

Source: Data processed 2022

Based on table 9, the results show that the overall mean Customer Loyalty (Y) is 2.81. These results identify that Customer Loyalty gets a good score. From the largest mean, the fourth statement is obtained where respondents agree that provide loyal support to customers so that they maintain their confidence in choosing a product and the smallest mean is obtained from the first statement where respondents agree that provide consistently high product quality references to customers.

Data analysis

Evaluation of the Measurement (Outer) Model

The measurement model for validity and reliability tests, the coefficient of determination of the model and the path coefficient for the equation model, can be seen in Figure 4.1 below:

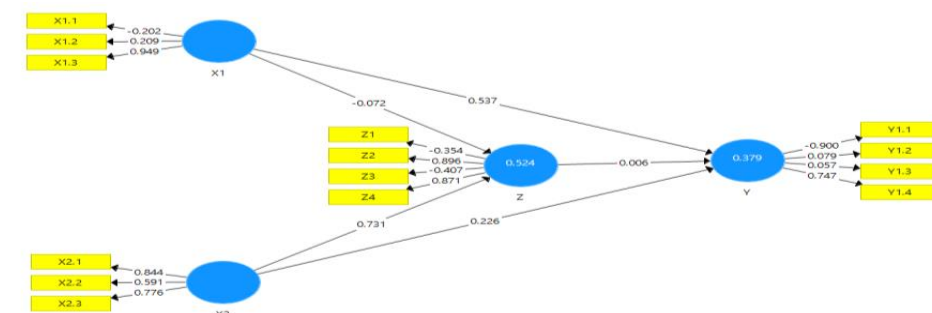


Figure 1.PLS Algorithm Results Display

Figure 4.1 display of the measurement model output, 2023

Convergent validity

Table 9.AVE and communality

Indicator	Loading Factor	Information
X1.1	0.502	Valid
X1.2	0.509	Valid
X1.3	0.949	Valid
X2.1	0.844	Valid
X2.2	0.591	Valid
X2.3	0.776	Valid
Y1.1	0.900	Valid
Y1.2	0.579	Valid
Y1.3	0.557	Valid
Y1.4	0.747	Valid
Z1	0.554	Valid
Z2	0.896	Valid
Z3	0.507	Valid
Z4	0.871	Valid

Source: Data processing with PLS, 2023

The convergent validity of the measurement model using reflective indicators is assessed based on the loading factor of the indicators that measure the construct. Based on the results of the factor loading above, it can be concluded that the construct has good convergent validity.

Composite Reliability and Cronbach's Alpha

In addition to the construct validity test, a construct reliability test was also carried out as measured by composite reliability and Cronbach's alpha from the indicator block that measures the construct. The following are the results of composite reliability and cronbach's alpha testing from Smart PLS:

Table 10. Composite Reliability and Cronbach's Alpha

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
X1	1,000	1,000	1,000
X2	0.601	0.789	0.556
Y	1,000	1,000	1,000
Z	0.770	0896	0811

Source: Data processing with PLS, 2023

A construct is declared reliable if it has a composite reliability value above 0.70 and Cronbach's alpha above 0.60. From the SmartPLS output above, all constructs have composite reliability values above 0.70 and Cronbach's alpha above 0.60. So it can be concluded that the construct has good reliability.

Structural Model Testing (Inner Model)

The structural model in PLS is evaluated using R2 for the dependent variable and the path coefficient value for the independent variable which is then assessed for its significance based on the t-statistic value of each path. R2 is obtained from calculating the PLS algorithm in the SmartPLS software. R-square is only found in latent variables that are influenced by other latent variables. Affected latent variables are also called endogenous latent variables (Hussein, 2015). The structural model of this research can be seen in the following figure:

Table 11. R Square

	R Square	R Square Adjusted
Y	0.287	0.274
Z	0.514	0.508

Source: SmartsPLS 23 data processing

From the R Square test results obtained a Y score of 0.287 and a Z score of 0.514. This means that 28.7% of the proportion of the variable Y can be explained by the variation of the independent variables. Likewise, 51.4% of the proportion of the Z variable can be explained by the variation of the independent variables. The rest is explained by other factors outside the regression model.

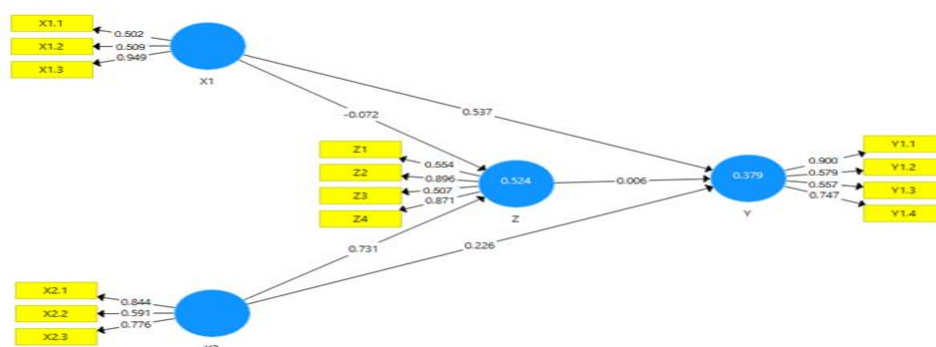


Figure 2.PLS Boothstrapping Result Display

Source: structural model output view, 2023

To assess the significance of the prediction model in testing the structural model, it can be seen from the t-statistic value between the independent variables and the dependent variable in the Path Coefficient table in the SmartPLS output below:

Table 12.Path Coefficients (Mean, STDEV, t-Value)

	Original Sample (O)	T Statistics (O/STDEV)	P Values
X1 -> Z	0.200	3,425	0.001
X1 -> Y	-0.077	1,529	0.127
X2 -> Z	0.509	4,465	0.000
X2 -> Y	0.721	17,916	0.000
Z -> Y	-0.051	0.572	0.568

Source: Data processing with PLS, 2023

Direct Hypothesis Testing**Hypothesis Testing H1**

From table 12 above it can be seen that the original H1 value is 0.200 with a significance below 5% which is indicated by the t-statistic value of 3,425 which is greater than the t-table value of 1.962. The positive original sample estimate value indicates that product innovation has a positive and significant effect on customer satisfaction (P value <0.05). Based on the regression results it can be concluded that the first hypothesis is accepted.

H2 Hypothesis Testing

From table 12 above it can be seen that the original H2 value is -0.077 with a significance below 5% which is indicated by the t-statistic value of 1.529 which is smaller than the t-table value of 1.962. The positive original sample estimate value indicates that service quality has no positive effect on customer satisfaction (P value > 0.05). Based on the regression results it can be concluded that the second hypothesis is rejected.

H3 Hypothesis Testing

From table 12 above it can be seen that the original H3 value is 0.509 with a significance below 5% which is indicated by the t-statistic value of 4.465 which is smaller than the t-table value of 1.962. The positive original sample estimate value indicates that product innovation has a positive and significant effect on customer loyalty (P value <0.05). Based on the regression results it can be concluded that the third hypothesis is accepted.

H4 Hypothesis Testing

From table 12 above it can be seen that the original H4 value is 0.721 with a significance below 5% which is indicated by the t-statistic value of 17.916 which is greater than the t-table value of 1.962. The positive original sample estimate value indicates that service quality has a positive and significant effect on customer loyalty (P value <0.05). Based on the results of the regression it can be concluded that the fourth hypothesis is accepted.

Hypothesis Testing H5

From table 12 above it can be seen that the original H5 value is -0.051 with a significance below 5% which is indicated by the t-statistic value of 0.572 which is smaller than the t-table value of 1.962. The positive original sample estimate value indicates that customer satisfaction has no positive and significant effect on customer loyalty (P value > 0.05). Based on the regression results it can be concluded that the fifth hypothesis is rejected.

Indirect effect test.

To test the significance of the indirect effect of the independent variable on the dependent variable.

Table 13.Indirect Effect Test

	Original Sample (O)	T Statistics (O/STDEV)	P Values
X1 -> Z -> Y	0.004	0.415	0.678

X2 -> Z -> Y	-0.037	0.562	0.574
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Source: SmartPLS 23 data processing

1. Effect of Product Innovation variable on Customer Loyalty through Customer Satisfaction as an intervening variable ($X1 \rightarrow Z \rightarrow Y$). X1 through Z did not significantly mediate the positive effect of X1 on Y with a P value of $0.678 > 0.05$. Thus customer satisfaction does not significantly mediate the positive effect of product innovation on customer loyalty. The sixth hypothesis is rejected.
2. The influence of Service Quality variable on Customer Loyalty through Customer Satisfaction as an intervening variable ($X2 \rightarrow Z \rightarrow Y$). X2 through Z did not significantly mediate the positive effect of X2 on Y with a P value of $0.574 > 0.05$. Thus customer satisfaction does not significantly mediate the positive effect of service quality on customer loyalty. The seventh hypothesis is rejected.

Discussion

Effect of product innovation on customer satisfaction

In this study the results show that there is a positive influence between product innovation variables on customer satisfaction. This means that the increasing product innovation carried out by PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya will be directly proportional and affect customer satisfaction in using the services of PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya. The results of this study support the results of research from Sukarmen, (2013) and Sujadi & Wahyono, (2015) which also state the results of the study that product innovation has a positive and significant effect on customer satisfaction. These results can be used as a reference as well as an opportunity for PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya to continue to read the market and innovate products in order to become a market leader.

Effect of service quality on customer satisfaction

In this study the results showed that there was no positive influence between service quality variables on customer satisfaction. This means that the increasing quality of services provided by PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya is not directly proportional to the increase in customer satisfaction. The results of this study are not in line with the results of research from F, Diza., S Moniharapon, (2016) which states that service quality has a positive and significant effect on customer satisfaction. In this result, PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya needs to re-evaluate the reasons why service quality does not affect customer satisfaction in using services or buying PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya products.

Effect of Product Innovation on Customer Loyalty

The results of this study show that there is a positive and significant influence between product innovation variables on customer loyalty. This means that the increasing innovation carried out by PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya will make loyal customers or increase customer loyalty. The results of this study support the results of research from Roring et al. (2014) which show the results of the study that product innovation has a positive and significant effect on customer loyalty. This result was able to be used as strength by PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya to continue to maintain good products and continue to innovate so that consumers will be more loyal and not run to competitors.

Effect of service quality on customer loyalty

The results of this study show that service quality has a positive effect on customer loyalty. This means that the better the quality of service provided by PT KB Finansia Multifinance (Kredit

Plus) Tasikmalaya, the more customer loyalty will increase or make customers loyal. The results of this study support the results of research from Dwi Aryani & Febrina Rosinta, (2010) which state the results of the study that service quality has a positive effect on customer loyalty. These results can also be used by PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya to always maintain the quality of service to consumers so that it is better so that consumers can become loyal and continue to choose PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya for consumer financial solutions.

Effect of customer satisfaction on customer loyalty

In this study the results showed that there was no positive and significant influence between the variables of customer satisfaction on customer loyalty. This means that the increasing customer satisfaction at PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya is not directly proportional to the increase in customer loyalty. The results of this study are not in line with the results of research from Harumi & Sasha Dwi, (2016) which state the results of the study that customer satisfaction has a positive and significant effect on customer loyalty. In this result, PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya needs to re-evaluate the reasons why customer satisfaction has no positive and significant effect on customer loyalty in using services or buying PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya products. This evaluation will be useful for PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya to continue to improve service quality very well so that consumer loyalty can be formed in the future.

Effect of product innovation on customer loyalty mediated by customer satisfaction

The results of this study show that customer satisfaction is not significantly mediating the positive effect of product innovation on customer loyalty. This means that the customer satisfaction variable cannot change the value of the influence between product innovation variables on customer loyalty at PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya. This result means that the perception of product innovation that has been carried out by PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya for its consumers can be improved so that customer satisfaction can be created and can form customer loyalty for PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya in the future.

The effect of service quality on customer loyalty mediated by customer satisfaction

The results of this study show that customer satisfaction is not a significant positive mediating effect of service quality on customer loyalty. The results of this study are not in line with the results conducted by Singh & Thakur, (2012) which state that customer satisfaction has a significant positive influence in mediating the relationship between service quality variables and loyalty. This result means that the perception of service quality that has been carried out by PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya for its consumers can be improved so that customer satisfaction can be created and can form customer loyalty for PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya in the future.

CONCLUSION

The results of this study provide several conclusions in response to the formulation of the problem of this study, as follows, there is a significant positive effect of product innovation on customer satisfaction. This means that if there is an increase in product innovation, it will have an impact on increasing customer loyalty PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya, there is no positive effect of service quality variables on customer satisfaction. This means that if there is an increase in product innovation, it will not have an impact on increasing customer satisfaction at PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya, there is a significant positive effect on product innovation variables on customer loyalty. This means that if there is an increase in product innovation carried out by PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya, it will

have an impact on increasing customer loyalty PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya, there is a significant positive effect on service quality variables on customer loyalty, meaning The higher or better the quality of service provided by PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya, the more loyal consumers will be to PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya, there is no positive effect on customer satisfaction variables on customer loyalty. This means that if there is an increase in customer satisfaction at PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya, then it will not have an impact on customer loyalty, customer satisfaction is not significant positive mediating effect of product innovation on customer loyalty. This means that the correlation between perceptions of product innovation by PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya and perceptions of customer loyalty is not influenced by customer satisfaction at PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya, customer satisfaction is not significantly mediating the positive effect of service quality on customer loyalty. This means that the correlation between perceptions of service quality performed by PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya and perceptions of customer loyalty is not influenced by customer satisfaction at PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya. This means that the correlation between perceptions of product innovation by PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya and perceptions of customer loyalty is not influenced by customer satisfaction at PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya, customer satisfaction is not significantly mediating the positive effect of service quality on customer loyalty. This means that the correlation between perceptions of service quality performed by PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya and perceptions of customer loyalty is not influenced by customer satisfaction at PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya. This means that the correlation between perceptions of product innovation by PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya and perceptions of customer loyalty is not influenced by customer satisfaction at PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya, customer satisfaction is not significantly mediating the positive effect of service quality on customer loyalty. This means that the correlation between perceptions of service quality performed by PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya and perceptions of customer loyalty is not influenced by customer satisfaction at PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya. This means that the correlation between perceptions of product innovation by PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya and perceptions of customer loyalty is not influenced by customer satisfaction at PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya, customer satisfaction is not significantly mediating the positive effect of service quality on customer loyalty. This means that the correlation between perceptions of service quality performed by PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya and perceptions of customer loyalty is not influenced by customer satisfaction at PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya. customer satisfaction is not significant positive mediating effect of service quality on customer loyalty. This means that the correlation between perceptions of service quality performed by PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya and perceptions of customer loyalty is not influenced by customer satisfaction at PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya. customer satisfaction is not significant positive mediating effect of service quality on customer loyalty. This means that the correlation between perceptions of service quality performed by PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya and perceptions of customer loyalty is not influenced by customer satisfaction at PT KB Finansia Multifinance (Kredit Plus) Tasikmalaya.

The limitations of this study are based on the direct experience of researchers in the research process, there are several things that are limitations and can be several factors to be more considered for further researchers in the realm of further refinement of their research, Because this research itself is certainly inseparable from the shortcomings that need to continue to be improved in future research. Some limitations in this study, among others: the number of respondents is only 164 samples, this is certainly still insufficient to describe the real situation, the object of research is only focused on consumers who make repurchases at PT KB Finansia Multifinance, in the process of data collection, the information provided by respondents through questionnaires sometimes does not show the true opinion of respondents, this happens because sometimes differences in thinking, assumptions and understanding are different from each respondent, as well as other factors such as factors honesty in filling in respondents' opinions in their questionnaires.

For future research opportunities, there are inconsistencies in research results that show there is no positive and significant influence between service quality variables on customer loyalty, and both indirect effects show that customer satisfaction does not mediate a positive and significant influence on the influence of product innovation & service quality on customer loyalty. So it is recommended that further research can take research samples with the object of research of PT KB Finansia Multifinance other branches so that the research results can be compared. Future research is expected to test with more developed models, so that the results of the study can provide a better picture.

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