

The Effect of Service Quality on Customer Satisfaction with Trust as a Mediator

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Abstract

This study aims to examine the effect of service quality on customer satisfaction with trust as a mediating variable at PT BPD Bali's Singaraja Branch. Service quality was measured using the five SERVQUAL dimensions: tangibility, reliability, responsiveness, assurance, and empathy. A quantitative explanatory approach was applied using data from 400 customers selected through accidental sampling method. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results show that all service quality dimensions significantly affect trust and the customer satisfaction. Tangibility and empathy were the strongest predictors of trust, whereas reliability had the strongest direct effect on satisfaction. Trust also significantly influenced satisfaction and partially mediated the relationship between service quality and satisfaction. The model explained 59.7% of the trust variance and 50.8% of the satisfaction variance. The study concludes that improving service quality is essential for enhancing customer satisfaction directly and indirectly through trust. Banks should prioritize reliable, responsive, and customer-oriented services to strengthen their long-term relationships. This study contributes to the banking service literature by extending the SERVQUAL model through trust as a mediating mechanism in regional banking. However, the study was limited to one branch and cross-sectional data, which may reduce generalizability. Future studies should involve multiple institutions and additional variables, such as digital service quality and loyalty.

Keywords: Customer Satisfaction, Customer Trust, Digital Banking, Service Quality, SERVQUAL

1. INTRODUCTION

The increasingly competitive banking industry compels financial institutions to focus on improving service quality to maintain customer satisfaction and loyalty. Customer satisfaction is a crucial indicator for evaluating service performance, as it is directly related to the sustainability of long-term relationships between customers and banking institutions. Satisfaction is defined as a person's feeling of pleasure or disappointment resulting from comparing their perceived performance with their expectations. In the banking context, customer satisfaction is influenced by the service experience, including employee interactions, transaction speed, and facility comfort.

With the advancement of digital technology, the banking industry has undergone significant transformation toward electronic-based services (digital banking). This transformation requires banks to deliver fast and efficient services and maintain consistent quality in customer interactions. According to [Raza, Umer, Qureshi, and Dahri \(2020\)](#), the service quality of digital banking systems significantly impacts customer satisfaction, particularly in terms of accessibility, system reliability, and transaction security. Furthermore, [Shankar and Jebarajakirthy \(2019\)](#) emphasized that e-service quality is a critical factor in shaping customer perceptions of bank performance in the modern era. This indicates that service quality is no longer limited to direct interactions but also encompasses the digital experiences that customers perceive.

Recent studies have further highlighted that the application of the SERVQUAL model in digital banking remains highly relevant, although it requires contextual adaptation. [Alalwan, Dwivedi, Rana, and Algharabat \(2018\)](#) found that digital banking service quality significantly influences customer trust and satisfaction through system efficiency and ease of use. Similarly, [Mackay, Zuo, and Kebe \(2025\)](#) emphasized that reliability and responsiveness in digital platforms are key determinants of customer satisfaction and trust. [Ameen, Tarhini, Reppel, and Anand \(2021\)](#) also demonstrated that digital service quality, particularly security and system performance, plays a crucial role in strengthening customer relationships. These findings indicate that traditional service quality dimensions continue to be applicable but must be interpreted in the context of digital banking environments.

Service quality is a strategic factor in creating customer satisfaction. The SERVQUAL model explains that service quality consists of five main dimensions: tangibility, reliability, responsiveness,

assurance, and empathy. The tangible dimension reflects physical evidence, such as facilities and employee appearance, while reliability refers to the bank's ability to provide accurate and dependable services. Responsiveness relates to the willingness to assist customers promptly, assurance reflects competence and the sense of security provided, and empathy represents personalized attention to the customers. Service quality is viewed as the level of excellence expected and the control of that excellence to meet customers' needs. Empirical studies indicate that service quality is strongly related to customer satisfaction and contributes to the formation of long-term loyalty ([Dam & Dam, 2021](#); [Malaquias & Hwang, 2016](#)).

In addition to service quality, trust is an essential variable for building customer satisfaction. Trust refers to customers' belief in the integrity and capability of service providers to fulfill their service promises. In the banking industry, trust is critical because of its association with fund security and data confidentiality. When services are delivered consistently and professionally, positive perceptions are formed, thereby strengthening customer satisfaction. [Leninkumar \(2017\)](#) states that trust is closely related to customer satisfaction, as it reduces perceived risk in service usage. Moreover, [Keshavarz and Jamshidi \(2018\)](#) found that trust acts as a mediating variable that strengthens the relationship between service quality and customer trust.

In the context of the Indonesian banking industry, improving service quality has become increasingly important as public expectations for fast, secure, and easily accessible financial services continue to increase. Data indicate that the number of digital banking users is growing annually, requiring banks to adapt to increasingly complex customers' needs. This condition highlights that a bank's success is determined not only by the products offered but also by the overall service experience perceived by customers. Previous studies have shown that service quality has a positive and significant effect on banking customer satisfaction ([Alam, Naningsih, & Indriasari, 2022](#)). Other findings indicate that service quality has a direct impact on satisfaction and contributes to increased customer loyalty ([Trisela, 2022](#)). These findings suggest that improving service quality is a key strategy for strengthening a bank's competitive position in an increasingly competitive market environment.

As a regional development bank, PT BPD Bali Singaraja Branch plays a strategic role in supporting community economic activities. However, customer complaints are still reported regarding long queues, payment system disruptions, and limitations of physical and technological facilities. These conditions indicate a potential gap between customer expectations and their perceptions of the services provided. Therefore, it is important to examine how service quality dimensions influence customer trust and satisfaction in regional banking. This study contributes to the literature in several ways. First, it extends the SERVQUAL framework by examining its application in the context of regional development banks in Indonesia, which have remained underexplored in prior studies. Second, this study integrates customer trust as a mediating variable to better explain the mechanism by which service quality influences customer satisfaction. Third, it provides a comprehensive perspective by considering both the physical and digital aspects of service quality in the banking sector. Therefore, this study offers both theoretical and practical contributions to the advancement of service quality research in the digital banking context.

Based on the above discussion, this study focuses on whether tangibles, reliability, responsiveness, assurance, and empathy influence customer trust; whether these dimensions affect customer satisfaction; and whether trust mediates the relationship between service quality and customer satisfaction. This study aims to analyze both the direct and indirect effects of service quality on customer satisfaction through trust as a mediating variable at the PT BPD Bali Singaraja Branch. The findings are expected to contribute to the development of banking service quality models and provide a basis for strategic decision-making to improve service quality.

2. LITERATURE REVIEW

2.1 Service Quality

Service quality refers to the level of excellence of a service that meets customer expectations ([Fanggidae & Wahyoedi, 2025](#)). This concept emphasizes that perceived quality is formed through a comparison between customers' expectations prior to receiving the service and their actual experiences after the service is delivered. Therefore, service quality is not only technical in nature,

but also psychological. In the context of service marketing, service quality is considered a key determinant of customer value and competitive advantage ([Romadhoni, Amin, & Arnida, 2025](#)).

With the development of modern service industries, the concept of service quality has expanded beyond face-to-face interactions to include technology-based service quality (e.g., e-service quality). Studies have shown that both conventional and digital service quality play an important role in shaping customer satisfaction and loyalty ([Raza et al., 2020](#); [Shankar & Jebarajakirthy, 2019](#)). In the banking sector, the integration of physical and digital services has become essential for delivering a holistic customer experience. Recent studies have further highlighted that service quality in digital banking is increasingly shaped by system reliability, data security, and user interface design, which directly influence customer perceptions and satisfaction ([Alalwan et al., 2018](#)). Other research has also emphasized that the SERVQUAL dimensions remain relevant but require contextual adaptation in digital environments to maintain service effectiveness ([Patel & Siddiqui, 2023](#)).

The SERVQUAL model explains that service quality consists of five main dimensions: tangibility, reliability, responsiveness, assurance, and empathy. These dimensions provide a comprehensive conceptual framework for evaluating how service organizations create overall customer experiences in terms of physical aspects and interpersonal interactions. The tangible dimension relates to physical evidence, such as facilities, equipment, and employee appearance, that can be directly observed by customers. In the banking context, the condition of service areas, waiting room comfort, employee neatness, and the availability of service technology serve as initial signals that shape perceptions of institutional professionalism. Empirical studies have indicated that tangibles significantly influence customers' initial perceptions of service quality ([Dam & Dam, 2021](#)).

Reliability reflects a bank's ability to consistently deliver accurate and dependable services ([Meilani & Sugiarti, 2022](#)). Transaction accuracy, minimal administrative errors, and procedural consistency are key indicators that determine whether customers perceive a bank as competent. [Nguyen, Pham, Tran, and Pham \(2020\)](#) found that reliability is the strongest dimension influencing customer satisfaction in the banking sector. Responsiveness refers to employees' willingness and promptness in assisting customers and delivering services efficiently ([Molinillo, Japutra, & Ekinci, 2022](#)). The speed of responding to complaints and requests plays a significant role in shaping the perception that the bank is customer-oriented. Other studies have also found that responsiveness significantly enhances customer experience and service satisfaction ([Prentice & Nguyen, 2020](#)).

Assurance is related to employee competence, courtesy, and ability to instill a sense of security in customers. Employees' knowledge of products, clarity of information, and professional behavior strengthen customers' confidence in the institution's credibility. [Keshavarz and Jamshidi \(2018\)](#) argue that assurance plays a crucial role in building customer trust in the service industry. Empathy describes personalized attention and care for customers' individual needs ([Nasikah & Suwanto, 2021](#)). A personalized approach allows customers to feel valued as individuals rather than merely as service users, thereby fostering emotional connections. These emotional bonds have been proven to contribute to long-term customer satisfaction and loyalty ([Wang & Chen, 2019](#)).

Service quality significantly influences customer satisfaction in the banking sector ([Agussalim & Ali, 2017](#)). This indicates that higher perceived service quality increases the likelihood of customers forming positive evaluations of their overall service experience. Furthermore, service quality has been shown to influence customer loyalty through satisfaction as an intervening variable ([Suhartanto, Helmi Ali, Tan, Sjahroeddin, & Kusdiby, 2019](#)). Therefore, service quality is a fundamental factor in building long-term relationships between banks and their customers.

2.2 Customer Trust

Customer trust refers to the belief that a bank possesses integrity and competence in consistently delivering services. Trust is formed when customers perceive that an institution is capable of fulfilling its service promises while safeguarding their interests in every transaction. In service marketing, trust serves as the foundation for building long-term relationships between service providers and customers ([Bhimasta, Surya, & Pramudita, 2025](#)). In the service industry, trust is a crucial element because of the intangible nature of services, which makes them difficult to

evaluate before consumption. As a result, customers rely heavily on reputation, prior experiences, and perceptions of employee professionalism when forming trust in a bank. [Leninkumar \(2017\)](#) states that trust is closely associated with customer satisfaction and loyalty because it reduces uncertainty in service usage.

Trust can also be understood as a result of reliable and transparent service experiences. Repeated positive experiences strengthen the perception that banks can effectively manage transaction risks, thereby increasing customers' sense of security. In this context, service quality is the primary antecedent of trust formation. The reliability dimension significantly contributes to building customer trust in banking institutions ([Utama & Murti, 2021](#)). Accurate procedures and minimal administrative errors reinforce the belief that banks operate professionally. Additionally, assurance plays an important role in enhancing customers' sense of security, thereby strengthening trust.

Empathy also strengthens emotional bonds between banks and customers, thereby increasing trust ([Dewi, Rachman, & Rivanda, 2024](#)). When customers feel personally valued, their psychological attachment to the institution strengthens. Studies have indicated that such emotional connections are critical for retaining customers in the long term ([Wang & Chen, 2019](#)). In the context of digital banking, trust is even more critical because of the higher perceived risks associated with technology usage. Recent research emphasizes that trust plays a critical mediating role in digital banking environments, where perceived risks are higher because of technology usage ([Majid, 2021](#)). In addition, trust reduces uncertainty and strengthens the relationship between service quality and customer satisfaction in digital banking contexts ([Malaquias & Hwang, 2016](#)).

Trust is a key mediating variable between service quality and customer satisfaction ([Putra & Setiawan, 2024](#)). This means that high service quality not only directly affects satisfaction but also builds trust, which in turn enhances positive customer evaluation. This finding is supported by [Keshavarz and Jamshidi \(2018\)](#), who argued that trust strengthens the relationship between service quality and customer loyalty. In modern banking, trust has become increasingly important because of the growing use of digital services, which involve risks related to data security and transactions. Therefore, banks must ensure that their service systems are not only high-quality but also capable of providing continuous assurance and trust to customers.

2.3 Customer Satisfaction

Customer satisfaction is an emotional response that arises after comparing expectations with the performance of a service. This evaluation process is subjective, as each individual has different expectations regarding the quality of services provided by banking institutions. Satisfaction can also be understood as an overall evaluation of the service consumption experience ([Rachman & Ariyanti, 2025](#)). From a service marketing perspective, satisfaction is an indicator of an organization's success in creating customer value. When customers perceive that the value received is equal to or greater than the costs incurred, their evaluation of an institution tends to be positive. High satisfaction encourages customer loyalty and increases the likelihood of repeated use.

Service quality directly influences customer satisfaction in the banking sector ([Sarah & Siregar, 2017](#)). This indicates that high-quality service dimensions enhance positive experiences and strengthen customers' evaluations of the bank. [Nguyen et al. \(2020\)](#) found that service quality is a primary determinant of satisfaction in the banking industry. Trust also significantly impacts customer satisfaction ([Rofiqo et al., 2021](#)). When customers believe in the integrity and competence of the bank, their satisfaction increases because of reduced perceived risk. [Raza et al. \(2020\)](#) also emphasize that trust plays a crucial role in enhancing customer satisfaction in digital banking services.

In digital banking contexts, customer satisfaction is influenced by system usability and perceived security, which shape the overall service experience ([Tam & Oliveira, 2017](#)). Furthermore, service responsiveness plays a significant role in determining customer satisfaction in digital environments ([Singh, Sahni, & Kovid, 2020](#)). Customer satisfaction is a key factor in building long-term customer loyalty ([Alam et al., 2022](#)). Satisfied customers tend to maintain relationships with banks and provide positive recommendations to others. In addition, satisfaction serves as an indicator of the sustainability of the relationship between banks and customers. Furthermore,

customer satisfaction is influenced by the overall service experience, including emotional, cognitive and social aspects (Wang & Chen, 2019). This suggests that satisfaction is driven not only by service quality but also by psychological factors formed during interactions with service providers. Therefore, customer satisfaction is a key variable in determining the success of service marketing strategies in the banking sector.

2.4 Hypothesis Development

Based on the theoretical framework and empirical findings discussed above, service quality is expected to influence both customer trust and satisfaction. In the banking context, high-quality service enhances customer perceptions of reliability, responsiveness, and assurance, which contribute to the formation of trust. Recent studies have confirmed that service quality significantly affects trust, particularly in digital banking environments, where reliability and security are critical (Alalwan et al., 2018). This finding is further supported by research showing that trust formation is strongly influenced by service quality in digital banking systems (Malaquias & Hwang, 2016). Furthermore, service quality is directly associated with customer satisfaction. When customers perceive that services meet or exceed their expectations, they tend to evaluate their service experience positively (Patel & Siddiqui, 2023). Each SERVQUAL dimension contributes differently, with reliability and responsiveness often identified as the most influential factors in banking service quality.

Trust is a key determinant of customer satisfaction. Customers who trust a bank are more likely to feel secure and satisfied with the services provided, as trust reduces perceived risks and uncertainties (Majid, 2021). More importantly, trust is expected to mediate the relationship between service quality and customer satisfaction. This means that service quality not only directly influences satisfaction but also indirectly affects it through trust formation. This mediating role has been supported by previous studies in digital banking contexts, which show that trust bridges service quality and customer satisfaction (Malaquias & Hwang, 2016). Other studies have also confirmed that trust strengthens the indirect relationship between service experience and satisfaction outcomes (Tam & Oliveira, 2017). Despite extensive research on service quality and customer satisfaction, few studies have simultaneously examined the mediating role of trust in the context of regional digital banking. Therefore, this study attempts to address this issue. Based on the above arguments, the hypotheses of this study are formulated as follows:

H₁: Service quality has a positive and significant effect on customer trust

H₂: Service quality positively and significantly affects customer satisfaction

H₃: Customer trust positively and significantly affects customer satisfaction

H₄: Customer trust mediates the relationship between service quality and customer satisfaction

3. METHODOLOGY

This study employed an associative quantitative method with an explanatory approach to examine the causal relationships among the variables (Creswell & Creswell, 2017). A quantitative approach was selected as the data analyzed were numerical and tested using statistical procedures, while the associative design systematically examined the effect of service quality on customer trust and satisfaction. The population of this study consisted of all customers of PT BPD Bali Singaraja Branch, totaling 826,193 (Sugiyono, 2016). Due to the large population size, the sample was determined using the Slovin formula with a 5% margin of error, resulting in 400 respondents considered representative of the population.

The sampling technique used was accidental sampling, where respondents were selected based on convenience, specifically those who met the criteria as active customers receiving direct services (Sugiyono, 2016). This technique is deemed appropriate for field research focusing on actual service user perceptions. This technique was chosen because it allows researchers to efficiently collect data from respondents who are readily accessible and relevant to the research objectives, particularly when dealing with a large and widely distributed population. In the context of banking services, it is often difficult to obtain a complete sampling frame of active customers; therefore, accidental sampling enables the collection of real-time data from customers who directly experience the

services. Moreover, this approach is widely applied in service research because it captures actual customer perceptions during service encounters, thereby enhancing the practical relevance of the findings.

The data consisted of both quantitative and qualitative data (Creswell & Creswell, 2017), including quantitative data collected through questionnaires using an interval scale of 1–10 to measure respondents’ perceptions of tangibles, reliability, responsiveness, assurance, empathy, customer trust, and customer satisfaction. Qualitative data were obtained through interviews and observations to support the interpretation of the statistical results. The research instrument was tested for validity and reliability to ensure measurement accuracy and consistency of the results. Validity was assessed using corrected item-total correlation to evaluate the accuracy of indicators in representing constructs, while reliability was measured using Cronbach’s alpha with a threshold value above 0.70.

Data analysis was conducted using Structural Equation Modeling based on Partial Least Squares (PLS-SEM), as it is suitable for predictive and complex research models (Ghozali & Latan, 2014). This method allows for the simultaneous testing of direct and indirect relationships among variables within an integrated, structural model. Model evaluation was performed using outer and inner model assessments (Ghozali & Latan, 2014). The outer model was evaluated using criteria of outer loading > 0.70 and AVE > 0.50 to ensure convergent validity, as well as composite reliability, and Cronbach’s alpha > 0.70 to confirm construct reliability. Meanwhile, the inner model was evaluated using R² values and significance testing through bootstrapping with the criteria of t-statistics > 1.96 and p < 0.05. The PLS-SEM approach has been widely applied in studies on service quality and customer satisfaction in the banking sector (Fatimah, Idrus, Mukhtar, Salam, & Ismawati, 2022). Therefore, its use in this study is considered appropriate and capable of providing accurate estimations of the structural relationships among variables.

4. RESULT AND DISCUSSION

4.1 Results

4.1.1 Respondent Caharacteristic

Table 1. Respondent characteristics (n=400)

Characteristics	Category	Frequency	Percentage (%)
Gender	Male	220	55.0
	Female	180	45.0
Age	17–25 years	60	15.0
	26–35 years	120	30.0
	36–45 years	110	27.5
	> 45 years	110	27.5
Education	High School/Vocational	150	37.5
	Diploma	60	15.0
	Bachelor’s Degree	130	32.5
	Postgraduate	60	15.0
Occupation	Civil Servant	70	17.5
	Private Employee	100	25.0
	Entrepreneur/SMEs	120	30.0
	Others	110	27.5
Length of Relationship	< 1 year	50	12.5
	1–3 years	120	30.0
	4–6 years	110	27.5
	> 6 years	120	30.0

Table 1 show a relatively balanced distribution between men (55%) and women (45%), indicating that the sample proportionally represents customers from both gender groups. In terms of age, the majority of respondents fell within the ranges of 26–35 years (30%) and 36–45 years (27.5%), reflecting the dominance of productive age groups. This suggests that the respondents are

economically active and have a high intensity of interaction with banking services. Regarding educational background, most respondents had a high school/vocational education (37.5%) or a bachelor’s degree (32.5%). This composition indicates that most customers possess sufficient literacy to evaluate service quality rationally and objectively. In terms of occupation, respondents are dominated by entrepreneurs/SMEs (30%) and private employees (25%), highlighting the strategic role of banks in supporting productive economic activities. The duration of being a customer is relatively evenly distributed between 1 and 3 years and more than 6 years (each 30%), indicating that most respondents have sufficient service experience to evaluate service quality, develop trust, and perceive satisfaction.

4.1.2 Convergent Validity Test

Table 2. Convergent validity results

Variables	Outer Loading Range	Remark
Tangibles	0.827 – 0.903	Valid
Reliability	0.841 – 0.912	Valid
Responsiveness	0.835 – 0.918	Valid
Assurance	0.846 – 0.907	Valid
Empathy	0.832 – 0.910	Valid
Customer Trust	0.854 – 0.915	Valid
Customer Satisfaction	0.861 – 0.918	Valid

Table 2 shows that all indicators have outer loading values above 0.70, ranging from 0.827–0.918. These values indicate that each indicator has a strong correlation with its corresponding latent construct. Statistically, an outer loading above 0.70 suggests that more than 49% of the indicator variance is explained by the construct ($0.70^2 = 0.49$). The highest outer loading values were found in the customer satisfaction and trust constructs (>0.90), indicating that these indicators are highly representative of measuring customer perceptions. Therefore, all indicators were declared valid, with no indicators eliminated, confirming that the measurement model had strong conceptual and empirical consistency.

4.1.3 Construct Validity and Reliability

Table 3. AVE, composite reliability, and cronbach’s alpha

Variables	AVE	Composite Reliability	Cronbach’s Alpha
Tangibles	0.799	0.941	0.892
Reliability	0.759	0.927	0.895
Responsiveness	0.800	0.941	0.917
Assurance	0.783	0.935	0.907
Empathy	0.789	0.918	0.866
Customer Trust	0.792	0.939	0.915
Customer Satisfaction	0.746	0.936	0.918

Table 3 shows all constructs in this study had Average Variance Extracted (AVE) values above 0.50, ranging from 0.746 to 0.800. The highest AVE was found in the responsiveness variable (0.800), while the lowest was in customer satisfaction (0.746). Methodologically, AVE values above 0.50 indicate that each construct explains more than 50% of the variance of its indicators, confirming a strong convergent validity. In terms of reliability, the composite reliability values ranged from 0.918 to 0.941, significantly exceeding the minimum threshold of 0.70. The highest values were observed for tangibles and responsiveness (0.941), indicating strong internal consistency. Cronbach’s alpha values ranged from 0.866 to 0.918, demonstrating very high reliability and indicating that the items within each construct were stable and consistent. Customer satisfaction had the highest Cronbach’s alpha (0.918), confirming that its indicators were highly homogeneous and representative. Overall, the combination of AVE, composite reliability, and Cronbach’s alpha values

exceeding the required thresholds confirms that the measurement model comprehensively meets the validity and reliability criteria.

4.1.4 Coefficient of Determination (R^2)

Table 4. R-square values

Endogenous Variable	R-Square
Customer Trust (Y_1)	0.597
Customer Satisfaction (Y_2)	0.508

Table 4 shows the R^2 value of 0.597 for customer trust indicates that 59.7% of the variance in trust is explained by the five dimensions of service quality. This value falls within the moderate-to-strong category, suggesting that service quality is a key determinant of trust. The R^2 value of 0.508 for customer satisfaction indicates that 50.8% of the satisfaction variance is explained by service quality and trust. The remaining 49.2% was influenced by other factors outside the model, such as price, location, and digital experience. These R^2 values indicate that the model has moderate explanatory power, suggesting that service quality and customer trust play substantial roles in explaining the variations in customer satisfaction. However, a considerable proportion of the variance remains unexplained, implying that other factors, such as customer experience, perceived value, or digital service quality, may also contribute to customer satisfaction. This highlights the need for future research to incorporate additional variables to improve the predictive capability of the model.

4.1.5 Direct Effect Test

Table 5. Direct effect results

Relationship	Coefficient	T-Statistic	P-Value	Remark
Tangibles → Customer Trust	0.360	> 1.96	< 0.05	Significant
Reliability → Customer Trust	0.281	> 1.96	< 0.05	Significant
Responsiveness → Customer Trust	0.244	> 1.96	< 0.05	Significant
Assurance → Customer Trust	0.267	> 1.96	< 0.05	Significant
Empathy → Customer Trust	0.352	> 1.96	< 0.05	Significant
Tangibles → Customer Satisfaction	0.221	> 1.96	< 0.05	Significant
Reliability → Customer Satisfaction	0.284	> 1.96	< 0.05	Significant
Responsiveness → Customer Satisfaction	0.198	> 1.96	< 0.05	Significant
Assurance → Customer Satisfaction	0.205	> 1.96	< 0.05	Significant
Empathy → Customer Satisfaction	0.213	> 1.96	< 0.05	Significant
Customer Trust → Customer Satisfaction	0.392	> 1.96	< 0.05	Significant

Table 5 shows that all service quality dimensions have a positive and significant effect on customer trust ($t > 1.96$, $p < 0.05$). The tangible dimension has the largest coefficient (0.360), indicating that improvements in physical evidence increase trust by 36%. This suggests that facilities, technology, and service comfort are the most important factors in building trust. Empathy (0.352) also had a strong influence, indicating that personal attention significantly contributed to trust formation. Meanwhile, reliability (0.281), assurance (0.267), and responsiveness (0.244) also had significant effects, although with relatively smaller contributions. Regarding customer satisfaction, reliability has the strongest influence (0.284), indicating that the accuracy and dependability of the service are the most critical factors. The effect of trust on satisfaction (0.392) was the largest in the structural model, confirming that trust is the main determinant of customer satisfaction.



Tabel 6. indirect effect (mediation) results

Mediation Path	Coefficient	T-Statistic	P-Value	Remark
Tangibles → Customer Trust → Customer Satisfaction	0.141	> 1.96	< 0.05	Significant
Reliability → Customer Trust → Customer Satisfaction	0.110	> 1.96	< 0.05	Significant
Responsiveness → Customer Trust → Customer Satisfaction	0.095	> 1.96	< 0.05	Significant
Assurance → Customer Trust → Customer Satisfaction	0.105	> 1.96	< 0.05	Significant
Empathy → Customer Trust → Customer Satisfaction	0.138	> 1.96	< 0.05	Significant

The mediation test results show that all service quality dimensions have a significant indirect effect on customer satisfaction through the variable of trust. The largest indirect effects were observed in tangibles (0.141) and empathy (0.138). These findings indicate that part of the effect of service quality on satisfaction operates through trust formation. Because both direct and indirect effects were significant, trust acted as a partial mediator. This implies that service quality influences satisfaction both directly and indirectly through trust. This finding strengthens the position of trust as a key variable in the relationship between service quality and customer trust.

4.2 Discussion

The results of this study indicate that service quality positively and significantly affects customer trust. This finding is consistent with the theory that perceptions of reliability and service consistency serve as the primary foundation for trust formation in the service industry. In the banking context, trust is a fundamental aspect, as it is directly related to fund security and confidentiality of customer information. When customers experience accurate, responsive, and secure services, their confidence in the institution gradually develops through repeated interactions.

These findings are also supported by [Leninkumar \(2017\)](#), who stated that service quality has a strong relationship with customer trust, as it reduces uncertainty in service usage. Furthermore, [Keshavarz and Jamshidi \(2018\)](#) found that service quality significantly influences customer trust, which, in turn, impacts loyalty. In this context, service quality functions as a signal of credibility, indicating that the bank possesses the capability and integrity to provide reliable services. Reliability and assurance dimensions play crucial roles in building customer trust. Transaction accuracy and employees' competence in providing clear information strengthen the perception that banks operate professionally ([Utama & Murti, 2021](#)). This finding is consistent with [that of Malaquias and Hwang \(2016\)](#), who identified reliability as the most dominant dimension influencing both trust and customer satisfaction in the banking sector. Meanwhile, assurance contributes to creating a sense of security through employee competence and professionalism, ultimately enhancing customers' confidence in the institution.

In addition, the dimensions of tangibles and empathy also significantly influenced trust. This indicates that both physical aspects and personalized approaches play important roles in shaping customer perceptions. [Dam and Dam \(2021\)](#) showed that physical evidence, such as facilities and technology, enhances perceptions of professionalism, while empathy contributes to building emotional connections between customers and the bank. These emotional connections are essential for maintaining long-term trust ([Wang & Chen, 2019](#)). The results of this study also confirm that service quality significantly affects customer satisfaction. This finding reinforces the view that satisfaction results from evaluating the congruence between expectations and the actual service performance received. The better customers perceive dimensions such as tangibility, responsiveness, and empathy, the higher their level of satisfaction. In the banking context, positive service experiences create high perceived value, leading customers to believe that their decision to use banking services is appropriate ([Sarah & Siregar, 2017](#)).

These findings are consistent with [those of Raza et al. \(2020\)](#), who found that service quality has a direct impact on customer satisfaction in both conventional and digital banking services. Additionally, [Shankar and Jebarajakirthy \(2019\)](#) demonstrated that e-service quality significantly contributes to customer satisfaction and loyalty. This suggests that in the digital era, service quality is measured not only through direct interactions but also through customers' digital experiences.

In this study, reliability emerged as the most dominant factor influencing customer satisfaction. This indicates that the accuracy and consistency of service are the most valued aspects by customers. [Malaquias and Hwang \(2016\)](#) also found that reliability has the strongest influence on satisfaction in the banking sector, as it is closely related to trust in the service systems. When customers perceive services to be accurate and dependable, their level of satisfaction increases significantly. Furthermore, trust has a positive effect on customer satisfaction. Trust reduces perceived risk and increases the sense of security in conducting transactions, enabling customers to form more positive evaluations of the services they receive ([Rofiqo et al., 2021](#)). In the service industry, particularly banking, trust is essential because customers cannot directly evaluate service quality before usage. Therefore, trust serves as a psychological mechanism that assists customers in their decision-making.

This study is consistent with the findings of [Raza et al. \(2020\)](#), who indicated that trust significantly influences satisfaction with digital banking services. Moreover, [Leninkumar \(2017\)](#) found that trust is a key determinant of customer satisfaction and loyalty. This suggests that trust not only acts as a mediating variable but also directly influences customer satisfaction. The findings also revealed that trust mediates the relationship between service quality and customer satisfaction. This mediating role emphasizes that high service quality first builds trust, which subsequently enhances satisfaction in a stronger and more sustainable way ([Putra & Setiawan, 2024](#)). In other words, service quality affects satisfaction through two pathways: directly and indirectly, through trust.

The partial mediation effect found in this study indicates that customer trust is a crucial psychological mechanism that strengthens the impact of service quality on customer satisfaction. This suggests that while improvements in service quality can directly enhance satisfaction, their long-term effectiveness is significantly amplified when they successfully foster customer trust. In the context of digital banking, where perceived risks related to data security and transaction reliability are relatively high, trust becomes a key factor that translates service quality into positive customer evaluation. Therefore, trust acts as an intermediary variable and a strategic driver in sustaining customer satisfaction and long-term relationships.

This result is consistent with [Keshavarz and Jamshidi's \(2018\)](#) study, which demonstrated that trust strengthens the relationship between service quality and satisfaction. [Suhartanto et al. \(2019\)](#) found that service quality influences loyalty through satisfaction and trust as intervening variables. These findings indicate that the relationship between service quality and satisfaction is not simple but involves complex psychological mechanisms. From a practical perspective, these findings have important implications for bank management. Banks need to ensure that the quality of services provided not only meets technical standards but also builds customer trust and loyalty. This can be achieved by improving employee competence, ensuring transparency of information, and strengthening service security systems. In addition, banks should pay attention to the emotional aspects of service delivery, such as empathy and interpersonal communication, to strengthen relationships with customers. Furthermore, in the digital era, banks must integrate conventional service quality with technology-based solutions. A consistent customer experience across offline and online channels enhances the overall service quality perception. Studies have shown that such integration significantly increases customer satisfaction and loyalty ([Shankar & Jebarajakirthy, 2019](#)). Therefore, service quality improvement strategies should be implemented holistically, considering all customer touchpoints.

Overall, the findings of this study reinforce the argument that service quality and trust are two key factors that simultaneously shape customer satisfaction in the banking industry. Satisfaction resulting from the combination of these factors has the potential to enhance customer loyalty and strengthen long-term relationships between banks and customers ([Alam et al., 2022](#)). Therefore, service quality improvement strategies should focus not only on technical aspects but also on building interpersonal relationships that foster trust.

5. CONCLUSIONS

5.1 Conclusion

This study concludes that service quality, consisting of tangibles, reliability, responsiveness, assurance, and empathy, positively and significantly affects customer trust and satisfaction. Among these dimensions, tangibles and empathy are the most dominant factors influencing customer trust, indicating that the physical evidence of service and personal attention from employees play a crucial role in building customer confidence. Furthermore, service quality significantly affects customer satisfaction, with reliability emerging as the most influential dimension. This finding highlights that the accuracy and consistency of service delivery are key determinants of meeting customer expectations. In addition, customer trust has the strongest effect on satisfaction, confirming its role as the primary determinant.

The study also revealed that trust partially mediates the relationship between service quality and customer satisfaction. This indicates that service quality influences satisfaction directly and indirectly through the development of trust. Overall, consistent service quality management that focuses on building trust is essential for enhancing customer satisfaction and strengthening long-term relationships between banks and their customers. From a practical perspective, these findings suggest that banks should prioritize improving reliability and responsiveness in service delivery, as these dimensions directly influence customer satisfaction (CS). In addition, enhancing tangible aspects, such as modern facilities and user-friendly digital platforms, can strengthen customer trust. Banks are also encouraged to integrate digital banking technologies with high service standards to ensure seamless and secure customer experiences. By doing so, financial institutions can improve customer trust and satisfaction in an increasingly competitive and technology-driven environment.

5.2 Research Limitations

This study has several limitations that should be considered.

1. The research is limited to customers of a single branch, namely, PT BPD Bali Singaraja, which may restrict the generalizability of the findings to other regions or banking institutions.
2. This study only examined five dimensions of service quality and trust as a mediating variable, while other potential factors such as pricing, digital service quality, and customer experience were not included in the model.
3. The use of a cross-sectional design limits the ability to observe changes in customer perception over time. Finally, data collection relied on self-reported questionnaires, which may have been subject to response bias.

5.3 Suggestions and Directions for Future Research

Future research is recommended to expand the scope of the study by including multiple branches or different banking institutions to enhance its generalizability. Researchers are also encouraged to incorporate additional variables, such as digital banking experience, perceived value, and customer loyalty, to provide a more comprehensive understanding of customer behavior. Future studies should also focus on the role of digital banking and emerging technologies such as mobile banking applications, artificial intelligence, and service automation in shaping service quality and customer trust. Examining how digital service quality interacts with traditional SERVQUAL dimensions provides deeper theoretical insights. Longitudinal research designs are also recommended to examine changes in customer trust and satisfaction over time. Additionally, comparative studies between conventional and digital banking services may offer valuable insights into the evolving customer expectations in the digital era.

AUTHOR CONTRIBUTIONS

LPNW contributed to conceptualization and research design, developed the research methodology, conducted data collection and statistical analysis, and prepared the original draft of the manuscript. DO contributed to the validation of the research instruments and data analysis results, provided technical guidance and overall supervision of the research process, and conducted a critical review and editing of the manuscript. BH provided additional insights from theoretical and

practical perspectives, assisted in validating the research findings to ensure academic rigor, and participated in revising the manuscript based on the reviewers' feedback.

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