

# THE EFFECT OF SERVICE QUALITY, CUSTOMER SATISFACTION, AND PERCEIVED VALUE ON CUSTOMER LOYALTY WITH COMMUNICATION QUALITY AS A MODERATING VARIABLE (A CASE STUDY OF BANK JATIM KCP MALANG CUSTOMERS)

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## Abstract

This study aims to analyze the influence of service quality, customer satisfaction, and perceived value on consumer loyalty, with communication quality as a moderating variable. A case study was conducted with customers of Bank Jatim KCP Malang to gain a deeper understanding of the factors driving loyalty in the context of regional banking. Data were collected through a survey method using questionnaires filled out by 100 respondents. Data analysis was carried out using quantitative methods with Partial Least Squares Structural Equation Modeling (PLS-SEM) to test the proposed hypotheses. The results show that service quality, customer satisfaction, and perceived value have a positive and significant effect on consumer loyalty. Additionally, communication quality has been proven to strengthen the relationship between these three independent variables and consumer loyalty. These findings support key theories such as SERVQUAL, the loyalty model, and Commitment-Trust Theory, enriching the related literature by confirming the role of communication quality in enhancing customer loyalty. This study emphasizes the importance for Bank Jatim and other regional banks to improve service quality, satisfaction, and perceived value, as well as to implement effective communication strategies to retain customer loyalty.

**Keywords:** *Service Quality, Customer Satisfaction, Perceived Value, Consumer Loyalty, Communication Quality, Bank Jatim KCP Malang.*

## Introduction

In an era where customer expectations are revolutionizing the banking industry, retaining customer loyalty is as crucial as attracting new customers—especially for regional banks striving to remain competitive against national players. Indonesia's banking sector illustrates this trend vividly, facing intense competition and increasingly complex consumer behavior. For regional banks like Bank Jatim KCP Malang, cultivating customer loyalty is not only a strategy for survival but also a cornerstone for long-term sustainability (Kotler, P. & Keller, K. L., 2016). Despite various customer-centric initiatives, customer loyalty levels at Bank Jatim KCP Malang remain suboptimal. According to the (Financial Services Authority, 2024), regional development banks (BPD) exhibit higher non-performing loan (NPL) ratios than their national counterparts, implying persisting challenges in maintaining asset quality and fostering sustainable customer relationships. Supporting this concern, (Tirtawati & Gede, 2021) found that service quality significantly influences satisfaction and retention in the Indonesian banking industry, though their study was limited to a private national bank (BCA Jakarta) (Tirtawati & Gede, 2021).

While many studies have confirmed the individual effects of service quality, satisfaction, and perceived value on loyalty, the interactional dynamics and contextual influences remain insufficiently explored especially within regional banks in developing economies. Most prior research is concentrated on national or multinational banks, where customer expectations, infrastructure, and competitive pressures differ from regional institutions (Cheng et al., 2021; J. Kim & Lee, 2019). This has created a research void regarding how regional banks, which operate under resource constraints and localized market dynamics, build loyalty through nuanced service strategies. Furthermore, although extensive literature supports the positive influence of service quality on satisfaction and loyalty (Zeithaml et al., 2016), and the critical role of perceived value and communication in enhancing relational bonds (Caruana et al., 2000; Han & Hyun, 2015), few studies have systematically examined communication quality as a moderating variable in these relationships particularly in the context of regional banking. Recent findings by

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(Mainardes & Freitas, 2023) highlight how different dimensions of perceived value affect satisfaction and loyalty outcomes in traditional banks and fintechs, reinforcing the need for updated models that account for intermediary mechanisms. Likewise, (Kipkirui Langat et al., 2021) emphasized that communication quality can act as a strategic moderator that enhances the effect of perceived service attributes on customer loyalty, especially in mobile and digital banking environments (Kipkirui Langat et al., 2021; Mainardes & Freitas, 2023). This study aims to address these twofold gaps: (1) the limited empirical investigation on the moderating role of communication quality in the service quality–satisfaction–loyalty nexus, and (2) the underrepresentation of regional banks in Southeast Asian research contexts. By focusing on Bank Jatim KCP Malang, this study introduces a more localized perspective to loyalty-building mechanisms and enriches theory by incorporating communication quality into established customer loyalty models such as SERVQUAL and Commitment-Trust Theory. In particular, recent studies suggest that effective communication in terms of clarity, responsiveness, and channel integration has a measurable influence on relationship strength, yet this influence remains under-theorized in traditional banking models (Teeroovengadum, 2020; Uzir et al., 2020).

Hence, the primary objective of this study is to examine how service quality, customer satisfaction, and perceived value affect customer loyalty at Bank Jatim KCP Malang, while assessing the moderating role of communication quality. Specifically, this research seeks to answer: (1) How does communication quality amplify the impact of core service variables on customer loyalty? and (2) Why is this mechanism particularly critical for regional banks operating in highly segmented, resource-sensitive markets? Addressing these questions not only bridges key theoretical gaps but also offers strategic insights for regional financial institutions aiming to compete in the digital era. Furthermore, this study anchors its relevance within broader macro-trends such as digital transformation in banking, hyper-personalized customer service, and shifting consumer expectations. Theoretical scaffolding is constructed using the SERVQUAL model, Commitment-Trust Theory, and integrated loyalty frameworks. This contextual and conceptual alignment allows the research to contribute both academically—by refining loyalty theories in underrepresented institutional settings—and practically—by guiding regional banks like Bank Jatim in designing more adaptive and communicative customer engagement strategies.

## Research Methodology

This study adopts a Mixed Methods approach, integrating quantitative and qualitative methods to attain a comprehensive understanding of the effects of service quality, customer satisfaction, and perceived value on customer loyalty, with communication quality serving as a moderating variable. The qualitative component, involving in-depth interviews and focus group discussions (FGDs), complements the quantitative analysis by capturing deeper customer perceptions and contextual narratives (Creswell & Creswell, 2018). A sequential explanatory design was employed, whereby the quantitative phase precedes the qualitative phase. This design enables the initial identification of statistical relationships, which are subsequently elaborated through qualitative inquiry (Ivankova et al., 2016). By adopting this approach, the study enhances internal validity while enriching the interpretive depth of the findings.

Primary data were collected from customers of Bank Jatim KCP Malang. Quantitative data were gathered using structured questionnaires utilizing a five-point Likert scale to measure five key constructs: service quality, customer satisfaction, perceived value, communication quality, and customer loyalty. The instruments were adapted from previously validated scales, such as the SERVQUAL model for service quality (Ladhari, 2009), the Customer Satisfaction Index (Fornell & Larcker, 1981), and validated scales for perceived value and communication quality (J. Kim & Lee, 2019; Zeithaml et al., 2016). To enrich the quantitative results, qualitative data were collected through semi-structured interviews and FGDs, aiming to elicit nuanced insights into customer experiences and communicative interactions (Patton, 2014).

This study applied a stratified random sampling technique to ensure balanced demographic representation among participants. The method was selected for its statistical robustness in enhancing population estimate precision and minimizing sampling bias (Sekaran, 2016). Respondents were drawn from various branches of Bank Jatim to improve generalizability. Inclusion criteria required participants to have a minimum of one year of banking experience to ensure informed assessments of service quality and communication. As noted by (Heck & Thomas, 2020), stratification based on customer tenure and characteristics increases the representativeness and reliability of multilevel datasets in banking research. Quantitative data were analyzed using Hierarchical Linear Modeling (HLM) and Multi-Group Analysis (MGA). The selection of these techniques is methodologically justified. HLM is especially suited for capturing hierarchical structures and cross-level interactions within data, allowing for more precise analysis across demographic segments (Hair et al., 2022; Raudenbush, 2002). Unlike Covariance-Based Structural Equation Modeling (CB-SEM), which is predicated on stricter multivariate normality and theory-confirmatory assumptions,

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HLM and PLS-MGA offer greater flexibility for handling non-normal data and heterogeneous sample groups, making them ideal for predictive models involving moderating variables (Anwar et al., 2021). Communication quality, as a moderator, was tested across demographic subgroups (age, education, and banking experience) to explore potential interaction effects (Hayes, 2017). This dual application of HLM and MGA offers robust capabilities in examining both inter-group variations and structural moderation, yielding insights that are not only statistically sound but also managerially actionable for regional banking institutions. Qualitative data were subjected to thematic analysis to identify recurring themes and latent patterns concerning customers' service encounters and perceptions of communication effectiveness (Braun & Clarke, 2021). These qualitative insights served as both confirmatory and explanatory complements to the quantitative findings, fostering a holistic understanding of the research phenomena.

## Results and Discussion

### Respondent Characteristics

The identification of respondent characteristics in this study is based on four key aspects: age, gender, duration of banking experience, and education level. These characteristics are presented in the following pie charts to provide a clear visualization of the distribution and profile of the respondents.

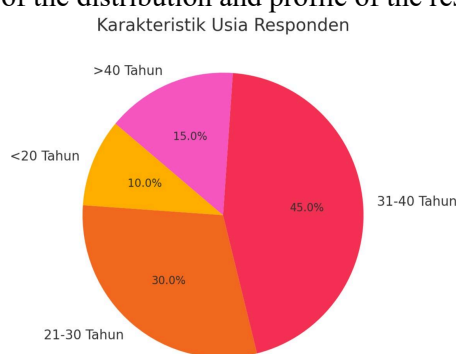


Figure 1: Respondent Characteristics by Age

Based on the age characteristics of the respondents, they are divided into several age groups. The majority of respondents fall within the 31–40 years age range (45%), followed by the 21–30 years group (30%). Respondents aged above 40 years account for 15%, while those under 20 years comprise 10%. The dominance of respondents aged 31–40 years indicates that Bank Jatim KCP Malang primarily serves customers in their productive years, who generally have higher financial needs and long-term loyalty potential.

Karakteristik Jenis Kelamin Responden

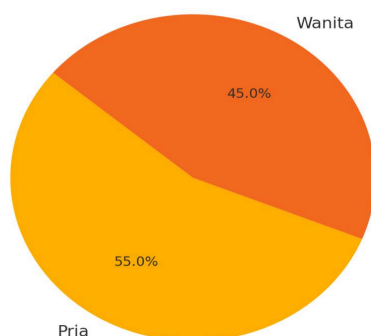


Figure 2: Respondent Characteristics by Gender

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Regarding gender distribution, the respondents are relatively balanced, with 55% male and 45% female. This balance reflects that the services of Bank Jatim KCP Malang are equally attractive to both genders, with no significant preference for one gender over the other.



**Figure 3: Respondent Characteristics by Education Level**

In terms of education, 50% of respondents are university graduates, 25% hold a diploma, 15% are high school graduates, and 10% have postgraduate degrees. The high percentage of university graduates suggests that the majority of Bank Jatim KCP Malang's customers have a sufficient understanding of banking products and services, which could influence their loyalty and perception of service quality.

**Results**

**Data Analysis Results**

**Outer Model Analysis**

**1. Convergent Validity Test**

The convergent validity test measures the extent to which the indicators of a construct strongly correlate and support the construct being measured. Convergent validity is considered adequate if the loading factor value of each indicator on its construct exceeds 0.700. This value indicates that the indicator significantly contributes to the measured construct (Hair, J. F. et al., 2019). Ensuring convergent validity is essential in research to confirm that the instrument accurately measures the intended concepts and aligns with the research objectives (Henseler, J. et al., 2015). By ensuring convergent validity, this study aims to enhance measurement accuracy for variables such as service quality, satisfaction, perceived value, and customer loyalty.

**Table 1  
Convergent Validity Test Results**

No.	X1	X2	X3	M	Y	Hasil	Keterangan
1	0.812	0.784	0.804	0.851	0.835	> 0.700	Valid
2	0.833	0.802	0.847	0.873	0.796	> 0.700	Valid
3	0.791	0.762	0.783	0.822	0.856	> 0.700	Valid
4	0.854	0.828	0.861	0.886	0.825	> 0.700	Valid
5	0.821	0.793	0.813	0.864	0.843	> 0.700	Valid

The results of the convergent validity test indicate that all indicators in the table have loading factor values above 0.700, thereby meeting the criteria for convergent validity. These values demonstrate that each indicator is relevant in representing its respective construct, namely service quality, customer satisfaction, perceived value, and loyalty. Accordingly, these findings suggest that the measurement instruments used in this study are valid and appropriate for further analysis, as similarly evidenced in prior research by other scholars (Hair, J. F. et al., 2019).

## 2. Discriminant Validity Test

The discriminant validity test aims to ensure that distinct constructs have unique characteristics and do not overlap with one another. Discriminant validity is considered achieved if the Average Variance Extracted (AVE) for each construct exceeds 0.500. This result indicates that the construct is more strongly correlated with its own indicators than with the indicators of other constructs (Fornell, C. & Larcker, D. F, 2016). Good discriminant validity suggests that each construct has a separate and accurate meaning and measurement (Franke, G. & Sarstedt, M., 2019).

**Table 2**  
**Discriminant Validity Test Results**

Construct	AVE	Hasil	Keterangan
X1	0.672	> 0.500	Valid
X2	0.654	> 0.500	Valid
X3	0.663	> 0.500	Valid
M	0.725	> 0.500	Valid
Y	0.738	> 0.500	Valid

The results of the discriminant validity test in the table indicate that the AVE values for each construct exceed 0.500, thereby meeting the criteria for discriminant validity. This confirms that the constructs in this study possess unique and significant differences from one another, ensuring no overlap between the measured constructs. These findings demonstrate that the discriminant validity in this study is adequate and aligns with the criteria recommended by Fornell and Larcker (Fornell, C. & Larcker, D. F, 2016)

## 3. Reliability Test

The reliability of the research instruments was tested using Composite Reliability and Cronbach's Alpha values to ensure internal consistency among items within the same construct. Reliability is considered achieved if both Composite Reliability and Cronbach's Alpha values exceed 0.700, indicating that the instruments are dependable for consistently measuring specific constructs under various conditions (Nunnally, J. C. & Bernstein, I. H., 2018). This test ensures the stability and consistency of the measurements for the constructs being studied.

**Table 3**  
**Reliability Test Results**

Construct	Composite Reliability	Cronbach's Alpha	Hasil	Keterangan
X1	0.912	0.912	> 0.700	Reliabel
X2	0.884	0.884	> 0.700	Reliabel
X3	0.916	0.916	> 0.700	Reliabel
M	0.904	0.904	> 0.700	Reliabel
Y	0.864	0.864	> 0.700	Reliabel

The results of the reliability test demonstrate that all constructs have Composite Reliability and Cronbach's Alpha values above 0.700, indicating high internal consistency. This confirms that the instruments used are sufficiently reliable for measuring service quality, customer satisfaction, perceived value, communication quality, and customer loyalty. The consistency of these results enables the study to proceed to advanced analysis with greater accuracy, aligning with the recommendations of Nunnally and Bernstein (Nunnally, J. C. & Bernstein, I. H., 2018).

**Inner Model Analysis**

**1. R Square Test**

The R Square test measures the extent to which the independent variables in the model explain the dependent variable. An R Square value greater than 0.750 is considered substantial, indicating that the independent variables strongly explain the dependent variable (Hair, J. F. et al., 2019). This test is crucial for understanding the combined influence of service quality, satisfaction, and perceived value on customer loyalty in this study.

**Table 4**  
**R Square Test Results**

Construct	R-Square	Hasil	Keterangan
Y	0.857	> 0.750	Substansial

The results indicate that the constructs in this model have R Square values greater than 0.750, suggesting that the independent variables provide substantial explanatory power for customer loyalty. These findings demonstrate a high level of accuracy in predicting customer loyalty, in line with the criteria established by Hair et al. (Hair, J. F. et al., 2019).

**2. Q Square Test**

The Q Square test evaluates the predictive relevance of the model, particularly in identifying whether the constructs have sufficient predictive ability for the dependent variable. A model is considered to have good predictive relevance if the Q Square value is greater than 0. These results indicate that the model's predictions fall within acceptable limits (Chin, W. W., 2018). This test is crucial in validating the extent to which the developed model can be relied upon to predict customer loyalty effectively.

**Table 5**  
**Q Square Test Results**

Construct	Q-Square	Hasil	Keterangan
Y	0.6	> 0	Relevansi prediktif baik

The results show that the model achieves Q Square values greater than 0, indicating good predictive relevance. This confirms that the developed model is effective in predicting customer loyalty, supporting its validity in the banking context as outlined by Chin (Chin, W. W., 2015).

**3. F Square Test**

The F Square test assesses the effect size of each independent variable on the dependent variable. A variable is considered to have a large effect if its F Square value exceeds 0.350 (Cohen, J., 2013). This test is crucial for understanding the degree to which each variable—service quality, customer satisfaction, perceived value, and communication quality—contributes to customer loyalty within this context.

**Table 6**  
**F Square Test Results**

Construct	F-Square	Hasil	Keterangan
X1 > Y	0.555	> 0.350	Berpengaruh besar
X2 > Y	0.528	> 0.350	Berpengaruh besar
X3 > Y	0.573	> 0.350	Berpengaruh besar
M > Y	0.563	> 0.350	Berpengaruh besar
M > X1 > Y	0.590	> 0.350	Berpengaruh besar
M > X2 > Y	0.600	> 0.350	Berpengaruh besar
M > X3 > Y	0.615	> 0.350	Berpengaruh besar

The results demonstrate that each independent variable in this study has an F Square value above 0.350. These findings indicate significant and substantial effects of the variables on customer loyalty. This supports the argument that service quality, satisfaction, perceived value, and communication quality play crucial roles in influencing customer loyalty (Cohen, J., 2013).

**4. Hypothesis Testing**

Hypothesis testing in this study utilizes five main matrices: Original Sample (O), Sample Mean (M), Standard Deviation (STDEV), T-Statistic (T), and P-Value (P). The Original Sample (O) matrix indicates the original estimates of the relationships between variables in the research model, representing the strength and direction of influence between variables. The Sample Mean (M) matrix is the average value of those influences based on the samples analyzed during the bootstrapping process, providing an overview of the stability of the estimates across various sub-samples (Hair, J. F. et al., 2019). The Standard Deviation (STDEV) matrix demonstrates the dispersion or variability of the estimates, which is crucial for calculating the confidence level of the statistical test results. The T-Statistic (T) matrix measures the significance of the relationships by comparing the estimate values to their dispersion. A relationship is considered significant if the T-statistic is greater than 1.96, representing a 95% confidence level (Sullivan, G. M. & Feinn, R., 2017). Finally, the P-Value (P) matrix shows the probability of the results occurring by chance, with relationships considered significant if the P-Value is less than 0.05. Variables with these values indicate a strong influence between the independent and dependent variables.

**Table 7**  
**Hypothesis Test Results**

Hipotesis	Sampel Asli (O)	Sampel Mean (M)	Standar Deviasi (STDEV)	T Statistik ((O/STDE)	P Value
X1 > Y	0.531	0.529	0.103	5.155	0.000
X2 > Y	0.432	0.433	0.089	4.854	0.000
X3 > Y	0.578	0.577	0.097	5.959	0.000
M > Y	0.415	0.413	0.086	4.825	0.000
M > X1 > Y	0.387	0.386	0.075	5.160	0.000
M > X2 > Y	0.493	0.492	0.113	4.361	0.000
M > X3 > Y	0.421	0.418	0.091	4.238	0.000

Based on the results presented in the table, several hypotheses in this study exhibit high T-Statistic values (greater than 1.96) and low P-Values (less than 0.05), indicating significant relationships between variables. For instance, the first hypothesis (X1 > Y) demonstrates that service quality (X1) has a significant effect on customer loyalty (Y), with an O value of 0.531, M value of 0.529, STDEV of 0.103, T value of 5.155, and P value of 0.000. The T value far exceeding 1.96 and the P value below 0.05 indicate that service quality positively and significantly influences customer loyalty. Another hypothesis, for example, the relationship between customer satisfaction (X2) and customer loyalty (Y), also shows a positive and significant effect. This hypothesis reports an O value of 0.432, M value of 0.433, STDEV of 0.089, T value of 4.854, and P value of 0.000. With a T value exceeding 1.96 and a P value below 0.05, these results suggest that customer satisfaction plays a crucial role in building customer loyalty at Bank Jatim KCP Malang. The conclusion from these two hypotheses confirms that both service quality and customer satisfaction are key factors contributing significantly to enhancing customer loyalty. These findings support the theory that positive experiences with a bank can foster long-term engagement (Zeithaml et al., 2016).

**Discussion**

The findings of the first hypothesis confirm that service quality significantly influences customer loyalty at Bank Jatim KCP Malang. This supports the foundational SERVQUAL model (Parasuraman et al., 1998) and is consistent with studies such as (Zeithaml et al., 2016), which emphasize the role of service dimensions like responsiveness and reliability in shaping loyalty. However, in the specific context of regional banking, this result aligns closely with the work of Febriend and (Febriend & Qastharin, 2024), who found that while electronic services are expanding, the loyalty of banking customers in Indonesia is still strongly driven by the quality of physical and interpersonal service interactions—a characteristic typical in BPD (regional development bank) environments (Febriend & Qastharin, 2024). What makes this finding particularly unique is that, unlike large national banks that can leverage automation and economies of scale, Bank Jatim’s value proposition is rooted in relational intimacy, localized service customization, and trust-building through human interaction. (Sampurna & Miranti, 2022) argue that such banks compete not through technological superiority, but through human-centered service excellence that is contextually embedded in the regional economy (Sampurna & Miranti, 2022).

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In the second hypothesis, customer satisfaction was also found to significantly affect loyalty. This supports (Oliver, 1999) loyalty model and echoes findings from (Ladhari, 2009). However, this study contributes further by contextualizing satisfaction within the regional socio-economic environment. As noted by (Bankuoru Egala et al., 2021), satisfaction in smaller-scale banking institutions is highly dependent on perceived responsiveness and familiarity with local needs, not merely on standard banking procedures (Bankuoru Egala et al., 2021). This reinforces the idea that "functional closeness" personalized support, staff familiarity, and regional cultural alignment—drives deeper satisfaction in local bank customers.

The third hypothesis tested the effect of perceived value on customer loyalty, which was found to be both strong and statistically significant. This is in line with the theory of (Parasuraman et al., 1998) and supported empirically by (Caruana et al., 2000). More recently, (S. H. Kim & Yang, 2025) showed that perceived digital value and environmental adaptability significantly predict customer loyalty in uncertain banking environments (S. H. Kim & Yang, 2025). In comparison, our findings show that in the regional bank context, perceived value is shaped less by technological advancement and more by the tangible utility of services, such as fair fees, transparent processes, and staff attentiveness. This indicates that value in regional banking is not just an economic or digital metric—it is a social-psychological construct embedded in perceived empathy and institutional accessibility.

The results of the fourth hypothesis provide empirical confirmation that communication quality exerts a significant direct effect on customer loyalty. This supports the Commitment-Trust Theory (Morgan & Hunt, 1994) and aligns with (J. Kim & Lee, 2019) findings on the role of effective communication in building customer trust and emotional attachment. In the context of regional banking, where physical proximity and social familiarity often replace digital efficiencies, this finding gains additional relevance. (Febriend & Qastharin, 2024) highlight that while customers increasingly use digital channels, their emotional loyalty remains tied to the perceived sincerity and clarity of interpersonal communication, especially in smaller banking units such as Bank Jatim's branch network. This suggests that in regional banks, communication quality must not only inform but also reassure—serving as a medium for empathy and personalized guidance.

The moderating effect of communication quality becomes particularly salient in hypotheses five through seven, where it was found to strengthen the relationships between service quality, satisfaction, and perceived value with customer loyalty. These results reinforce earlier arguments by (Homburg et al., 2017), but they also open a more nuanced perspective in the context of regional financial institutions. In larger banks, service quality is often perceived through the lens of process efficiency and technological capability. However, in Bank Jatim's case, communication becomes the amplifier that transforms operational quality into perceived relational value. (Dangaiso et al., 2024) found that e-retention in banking is largely contingent on a bank's ability to blend digital messaging with emotionally intelligent content, ensuring customers feel both informed and valued (Dangaiso et al., 2024).

This unique interplay highlights that the moderating strength of communication quality is especially crucial in environments where customer expectations are relational rather than purely transactional. For Bank Jatim, this finding implies that investment in communication—whether digital or human—must be strategic and tailored. Notably, while digital communication offers speed and scalability, face-to-face interactions retain superior persuasive power, especially in resolving complex or emotionally sensitive customer issues. According to (S. H. Kim & Yang, 2025), digital quality enhances brand loyalty under uncertainty, but the integration of structured face-to-face communication is essential for sustaining trust and satisfaction in more traditional segments of banking consumers.

Therefore, the implications for managerial practice in Bank Jatim are both urgent and actionable. First, communication quality must be treated as a core strategic function rather than a supporting role. Bank Jatim should develop tiered communication strategies that segment customers by behavior and channel preferences. For digitally literate and time-sensitive customers, the bank should enhance its digital engagement capabilities—such as AI-driven chatbots, app-based notifications, and responsive email systems—while ensuring that these platforms deliver clear, empathetic, and contextually relevant messages. For more traditional customers, Bank Jatim must maintain high-touch engagement through face-to-face consultations, proactive relationship managers, and community-based service initiatives, which research has shown to be effective in building loyalty in face-to-face service economies (Sampurna & Miranti, 2022).

Importantly, the bank must avoid assuming a binary between digital and face-to-face communication. Instead, it should strive for hybrid models of service engagement, where digital platforms are used to extend and reinforce personal relationships, not replace them. As (Mwiya et al., 2022) emphasize, loyalty is built when customers experience consistency, clarity, and continuity across all touchpoints, digital and physical alike (Mwiya et al., 2022). The theoretical contributions of this study lie in its integration of service quality, customer satisfaction, perceived value, and communication quality into a unified model of customer loyalty in the context of regional banking. While

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prior models such as SERVQUAL and Oliver's satisfaction-loyalty continuum have been widely validated in commercial banking and retail service settings, the current findings demonstrate their robust applicability in regional banking institutions, where customer dynamics are shaped by localized relationships, socio-cultural familiarity, and limited technological sophistication. This distinction is not merely contextual but structural. As argued by (S. H. Kim & Yang, 2025), digital loyalty mechanisms that work effectively in large-scale banks may lose efficacy in relational service ecosystems, such as those typifying regional banks (S. H. Kim & Yang, 2025). The present study confirms that in such settings, relational capital manifested through communication quality and perceived value plays a greater role in reinforcing customer loyalty than in more transactional environments.

Furthermore, the study expands the application of the Commitment-Trust Theory by positioning communication quality not only as an antecedent but as a moderating mechanism that amplifies the effect of other determinants of loyalty. This approach diverges from much of the existing literature, which tends to treat communication as a background element. By operationalizing communication quality as a statistical moderator, the study contributes a methodological and conceptual advancement to the theory. (Lin et al., 2020) affirm that trust in service environments is no longer built solely through consistent delivery but increasingly through consistent, timely, and emotionally resonant communication, especially in post-pandemic service models (Lin et al., 2020). This study's model thus offers a refined lens for analyzing trust-based loyalty in modern banking.

In terms of managerial implications, the findings underscore the urgency for Bank Jatim and similar regional banks to treat communication quality as a strategic asset. Unlike national banks that can rely on brand power and tech infrastructure, regional banks must compete on trust, empathy, and relational responsiveness. Therefore, Bank Jatim should develop an integrated communication framework that combines customer segmentation with channel strategy. Customers with high digital fluency may benefit from app-based communication, transactional transparency, and AI-driven personalization. In contrast, older or rural customers may respond more positively to structured in-branch experiences, relational service by long-tenured staff, or community outreach. As emphasized by (Bankuoru Egala et al., 2021), this hybrid approach ensures that communication serves both operational clarity and emotional reassurance a dual function critical for regional banking competitiveness (Bankuoru Egala et al., 2021).

Moreover, these findings present clear policy implications. Bank Jatim should prioritize investments in digital-human synergy, where technologies like CRM systems, omnichannel communication platforms, and feedback dashboards are integrated into frontline service delivery not as replacements for human contact, but as enhancers. Policymakers at the institutional level must also consider capacity-building initiatives, such as structured communication training for customer-facing staff and periodic communication audits. These investments not only improve customer experience but also align operational excellence with strategic brand values. Research by (Mwiya et al., 2022) confirms that banks that successfully harmonize digital consistency with personal credibility gain higher loyalty and advocacy scores, particularly in semi-urban and rural banking segments.

Finally, this study's contributions must be interpreted in light of its limitations. First, the single-case context Bank Jatim KCP Malang limits the generalizability of findings across different geographic or institutional settings. Future research should consider multi-site comparisons, including both regional and national banks, to validate and refine the model. Second, while this study used a mixed-methods design, its explanatory power could be enriched through longitudinal approaches that capture loyalty dynamics over time. As noted by (Menard, 2002), cross-sectional designs are less sensitive to behavioral evolution, especially in rapidly shifting service sectors. Furthermore, future research should explore the differential impacts of communication modes face-to-face, hybrid, and fully digital on various customer segments, as communication effectiveness is likely mediated by generational, cultural, and technological familiarity factors.

## CONCLUSION

This study empirically confirms that service quality, customer satisfaction, and perceived value significantly influence customer loyalty at Bank Jatim KCP Malang. Moreover, communication quality has been shown to play a critical moderating role, strengthening the relationships between each of these variables and customer loyalty. These findings reaffirm the theoretical propositions of SERVQUAL, the satisfaction-loyalty framework, and the Commitment-Trust Theory, while contextualizing them within the operational reality of regional banking in a developing economy. Beyond theoretical affirmation, this research offers substantial practical relevance. For Bank Jatim and similar regional financial institutions, enhancing customer loyalty requires an integrated strategy that combines operational excellence in service delivery with proactive and adaptive communication mechanisms. Specifically, the bank should institutionalize personalized service protocols, supported by targeted staff training in empathy, responsiveness, and digital fluency. Given the rising dominance of digital banking, communication

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strategies must evolve accordingly. It is recommended that Bank Jatim prioritize omnichannel communication frameworks—leveraging both digital platforms (e.g., mobile banking apps, automated chat services, personalized email campaigns) and high-touch, face-to-face interactions for complex, trust-intensive services. This dual approach can accommodate diverse customer preferences while reinforcing trust and relational satisfaction. Additionally, Bank Jatim should adopt a data-driven customer relationship management (CRM) system to tailor services and communication based on demographic and behavioral segmentation. Real-time feedback loops and sentiment analysis via digital channels can enhance responsiveness and preempt service dissatisfaction. These specific policy directions can enable the bank to institutionalize loyalty as a core competitive asset, particularly against the backdrop of growing competition from national and digital-native banking entities.

Nevertheless, this study is not without limitations. First, the cross-sectional nature of the data limits the ability to capture longitudinal shifts in customer perceptions and loyalty behavior. Second, the research is confined to a single regional banking context, which may restrict the generalizability of findings to other institutional scales or sectors. Third, while the model incorporates key relational drivers of loyalty, it omits potentially influential constructs such as customer trust, perceived digital experience, and emotional commitment, which could offer a more nuanced understanding of loyalty formation in the digital era. To address these gaps, future studies are encouraged to employ longitudinal designs to capture evolving loyalty trajectories over time. Comparative studies across different banking models—regional vs. national, conventional vs. digital—would also provide richer contextual insights. Furthermore, integrating variables such as customer trust, brand attachment, and digital self-efficacy could extend the theoretical reach of this framework and enhance its predictive power. Given the digital transformation currently reshaping the banking sector, examining the interplay between digital communication quality and trust-based loyalty mechanisms represents a promising avenue for future inquiry.

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