Analysis of Credit Marketing Strategy, Lending Procedures, and Service Quality on Customer Satisfaction of Rural Banks

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ABSTRACT

Customer satisfaction plays a critical role in the long-term success and survival of any institution, and local banks, including Rural Banks, understand that their loan marketing strategies, lending practices, and the quality of service they offer are key drivers of customer satisfaction. This study aims to analyze the credit marketing strategies, lending procedures, and service quality of Rural Credit Banks in order to enhance customer satisfaction and explore the complex relationship between these factors and customer satisfaction. Using a quantitative approach, this study collected data through questionnaires distributed to a sample of 96 customers who applied for loans at Rural Banks. The findings revealed that personalized sales promotions, product displays, promotional programs, and public relations are fundamental to the credit marketing strategies of Rural Banks. The loan origination process consists of several steps, including file submission, loan file inspection, decision making, contract signing, loan disbursement, installment processing, and loan repayment. In addition, the study emphasized that competitive interest rates for small loans, combined with flexible repayment options based on membership levels, contribute significantly to customer satisfaction. Overall, this underscores the important role of loan marketing strategies, lending practices, and service quality in shaping customer satisfaction in the local banking context.

Keywords: *Customer Satisfaction, Loan Marketing Strategy, Loan Process, Quality of Service.*

ABSTRAK

Kepuasan pelanggan memainkan peran penting dalam keberhasilan dan kelangsungan hidup jangka panjang lembaga mana pun, dan bank lokal, termasuk Bank Pedesaan, memahami bahwa strategi pemasaran pinjaman, praktik pinjaman, dan kualitas layanan yang mereka tawarkan adalah pendorong utama kepuasan pelanggan. Riset ini bertujuan untuk menganalisis strategi pemasaran kredit, prosedur pemberian kredit, dan kualitas layanan di Bank Kredit Pedesaan dalam rangka meningkatkan kepuasan nasabah dan mengeksplorasi hubungan yang rumit antara faktor-faktor ini dan kepuasan pelanggan. Dengan menggunakan pendekatan kuantitatif, penelitian ini mengumpulkan data melalui kuesioner yang didistribusikan kepada sampel 96 nasabah yang mengajukan pinjaman di Bank Desa. Temuan tersebut mengungkapkan bahwa promosi penjualan yang dipersonalisasi, tampilan produk, program promosi, dan hubungan masyarakat merupakan hal mendasar bagi strategi pemasaran kredit Bank Pedesaan. Proses originasi pinjaman terdiri dari beberapa langkah, termasuk pengajuan file, inspeksi file pinjaman, pengambilan keputusan, penandatanganan kontrak, pencairan pinjaman, pemrosesan cicilan, dan pembayaran pinjaman.

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Selain itu, studi ini menekankan bahwa suku bunga yang kompetitif untuk pinjaman kecil, dikombinasikan dengan opsi pembayaran yang fleksibel berdasarkan tingkat keanggotaan, berkontribusi secara signifikan terhadap kepuasan pelanggan. Secara keseluruhan, ini menggarisbawahi peran penting strategi pemasaran pinjaman, praktik pinjaman, dan kualitas layanan dalam membentuk kepuasan pelanggan dalam konteks perbankan lokal.

***Kata kunci**: Kepuasan Pelanggan, Kualitas Layanan, Proses Pinjaman, Strategi Pemasaran Kredit.*

INTRODUCTION

According to data from the Central Statistics Agency (*Badan Pusat Statistik*/BPS), the Indonesian economy shrank by -2.07 percent in 2020 due to the Covid-19 pandemic, which impacted the micro sector. However, the Ministry of Cooperatives and Small and Medium Enterprises (MSMEs) reported positive growth for MSMEs in 2022, with a total of 8.71 million units. MSMEs play an important role in the economy, contributing 90% of business activity and more than 50% of global employment, making them Indonesia's main defense against future recessions (GS, 2023). Cooperatives and MSMEs also contribute significantly to the growth of the East Java Province's GRDP economy. Over the past four years, both have shown important roles as pioneers of economic resilience. According to the East Java Provincial Cooperative and MSME Service, MSMEs are projected to contribute 57.25% to GRDP in 2020 and 57.81% in 2021 (Dinas Kominfo Provinsi Jawa Timur, 2022).

Customer satisfaction is an important factor influencing the success and desires of BPR, so research on consumer satisfaction with credit marketing, credit granting processes, and service quality is very valuable. Bank Indonesia reported that over the past three years, starting in 2019, MSME credit distribution in East Java Province has always been the highest in Indonesia. MSME credit reached IDR 159.9 trillion in 2019, IDR 159.5 trillion in 2020, and increased to IDR 180.1 trillion in 2021, with the credit share increasing from 27.1% to 31.0%. Sidoarjo Regency is the third largest district in East Java based on the Regency Minimum Wage (*Upah Minimum Kabupaten*/UMK), after Surabaya and Gresik. Sidoarjo is famous for its rapidly growing MSMEs, supported by the important role of the Rural Credit Bank (*Bank Perkreditan Rakyat*/BPR) in providing employment and supporting economic growth. However, the distribution of MSME credit by BPR in Sidoarjo decreased from 10,803,798 in 2019 to 10,336,236 in 2020 (Lusy & Widyastuti, 2023).

Service quality is related to meeting customer expectations and controlling those expectations. A service is considered to be of optimal quality if it exceeds consumer expectations (Setiowati & Ismaya, 2022). Customer satisfaction at BPR plays an important role in the success of the institution, influenced by effective credit marketing strategies, transparent credit granting procedures, and service quality. Managers need to be proficient in data analysis to measure customer satisfaction and address quality issues (Syumantra & Aslami, 2022). Increasing client satisfaction can be supported by effective marketing strategies, such as market segmentation and attractive promotional programs (Rinawati et al., 2023). Transparent credit granting procedures and good service standards are also important to increase customer trust and satisfaction (Afyani et al., 2023).

Research by Wang and Kim (2017) shows that effective credit marketing strategies in the financial industry should focus on proper market segmentation and a deep understanding of customer preferences. Niu et al. (2018) emphasize the importance of efficient and transparent credit procedures to improve customer satisfaction in Rural Banks (BPR). Research by Wang et al. (2018) emphasize the importance of customer experience in achieving optimal satisfaction. Recent theories suggest that credit marketing strategies, credit procedures, and service quality affect customer satisfaction in Rural Banks. An effective marketing strategy helps identify the right market segment and attracts customers. Good credit procedures provide clarity and fairness, reduce uncertainty, and increase trust. High service quality, including easy access and fast response, also has a positive impact on customer satisfaction.

This research aims to analyze credit marketing strategies, credit granting procedures, and service quality at BPR in order to enhance customer satisfaction. By conducting a thorough analysis, we hope to uncover patterns and meaningful relationships between these factors and customer satisfaction. The insights gained from this research will be invaluable for the management of BPR to improve their credit marketing strategies, credit granting procedures, and service quality. Now that we know what makes a difference to customers' happiness, BPR can strive to enhance their overall services and gain a competitive advantage in the market. This research is anticipated to have far-reaching implications for both policymakers and industry practitioners, ultimately helping BPR enhance the quality of their services.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

Credit Marketing Strategy and Customer Satisfaction

Marketing, according to Kotler and Keller (2016), is a human effort to meet individual needs and desires through an exchange process, where consumers get what they want and companies achieve profit goals. In addition, marketing must understand customer preferences to ensure their satisfaction. To achieve long-term customer satisfaction, all aspects of the organization must work together. Marketing strategy is an integral part of the business strategy that guides all the management functions of the business organization. With a marketing strategy in place, the implementation of programs to achieve company objectives can be carried out actively, consciously, and rationally. Marketing strategy is also a major area of business school pedagogy, crucial in explaining corporate marketing theory, and a focus of research among academic researchers (Morgan et al., 2019). Credit is the sum of all loans made to non-financial businesses and organisations, including those that are not banks and those that are based in other countries (Baba et al., 2020). Credit and economic activity have a reciprocal relationship, as do interest rates. Recognition of credit risk involves assessing the likelihood that a borrower or counterparty may not fulfil their agreed-upon obligations.

Research by Sege et al. (2017), Indajang et al. (2023) shows that credit marketing strategies can significantly affect customer satisfaction. High service quality and meeting customer expectations increase satisfaction and the likelihood of repeat business. The difference between expectations and reality is a key factor in determining client satisfaction. In a competitive business environment, credit marketing strategies play an important role in customer acquisition and retention. A good strategy can influence customer perceptions of brands and products and build trust. In addition, strategies that are tailored to customer needs can increase loyalty and long-term relationships. Therefore, it is important to implement the right credit marketing strategy to create a positive experience and strengthen the company's market position, although findings from Nelwan & Artika (2018) show that the strategy has no effect on customer satisfaction. This strategy includes methods such as advertising, personal selling, and promotion (Alma, 2018).

H1: Credit marketing strategy has a significant effect on customer satisfaction.

Lending Procedures and Customer Satisfaction

The lending procedures encompass the protocols and formalities that govern the approval of loans for prospective borrowers. They hold the power to determine whether individuals in small and medium-sized enterprises (SMEs) are able to secure credit. While these procedures may differ across institutions, every lender adheres to their own set of protocols. Numerous studies have substantiated the substantial impact of these procedures on the eligibility of SMEs to obtain credit, with minimal room for deviation from the established policies and procedures by the lenders (Ngumbi et al., 2020).

The satisfaction of customers in lending processes can be impacted by a range of factors such as the digitalization of lending procedures, the expertise and experience of bank employees, quality of customer service, interest rates, availability of information, policies and fees, as well as loan repayment methods (Dubey, 2015; Vala et al., 2022). Customer satisfaction in peer-to-peer lending is influenced by various factors such as procedures, finance, relationships, and risk, where consistency and satisfaction are linked to these key elements (Wen et al., 2016). Borrowers' perceptions of loan services can also be impacted by elements like the loan application procedure, collateral prerequisites, and the actual financial requirements of the borrowers (Jeyaraj & Prakash, 2017; Sucipto et al., 2024). Lending procedure indicators include aspects such as personality, parties involved, goals, prospects, payments, profitability, and protection (Kasmir, 2015). Clear and transparent procedures are essential to building customer trust and ensuring that they feel safe in the credit application process.

H2: Lending procedures have a significant effect on customer satisfaction.

Service Quality and Customer Satisfaction

A tangible sense of service quality is basically conveyed by the word service quality. A service's quality can be described as the extent to which it satisfies the needs of its intended customer base (Ramya et al., 2019). It is common practice for service providers to measure the quality of the service they give to enhance their offerings, spot issues faster, and gauge satisfaction among customers with better precision.

Madondo and Manzini (2020) discovered that customers expressed dissatisfaction with the procurement procedures due to the presence of malpractices like bureaucracy and red tape. These issues resulted in dissatisfaction and discrepancies in the procurement processes. On the other hand, Siahaan et al. (2021) determined that lending procedures have a substantial and positive influence on the debtor's decision to obtain credit. Gustika et al. (2024) concluded that economic reasons and credit conditions are the most major drivers of the amount of happiness that individual consumers experience with loan arrangements, and this satisfaction changes throughout the credit process. In a study focused on the agricultural sector, Snekalatha (2017) identified that factors such as time, service quality, and convenience significantly impact customer satisfaction with agricultural credit services. Lastly, Saputra (2020) established that there was a strong positive correlation between consumer satisfaction and both product and service quality; however, service quality indirectly affects satisfaction through buying choices. Service quality includes several important elements such as responsiveness, assurance, communication, credibility, security, normative commitment, and physical aspects (Susena, 2014). Responsiveness includes the delivery of accurate and timely information, as well as the willingness of staff to help customers. Good service quality also involves empathy, where staff provide personal attention and understand the individual needs of customers, as well as reliability in providing consistent and timely service.

H3: Service quality has significant effect on customer satisfaction.

This study integrates the Expectancy-Disconfirmation Theory by Oliver (1980), which posits that satisfaction arises when performance meets or exceeds expectations, and the SERVQUAL model by Parasuraman et al. (1988), assessing service quality through tangibles, reliability, responsiveness, assurance, and empathy. These frameworks explain how credit marketing strategies, lending procedures, and service quality influence satisfaction in BPRs. Effective marketing aligns offerings with expectations, transparent procedures reduce uncertainty, and high service quality fosters trust and loyalty.

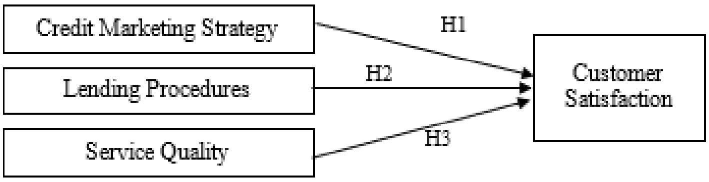

Figure 1. Conceptual Research Framework

Figure 1 shows a conceptual framework that tests the influence of Credit Marketing Strategy, Lending Procedures, and Service Quality on Customer Satisfaction. Three hypotheses are proposed: H1, H2, and H3, each testing the direct influence of the three variables on customer satisfaction. This model aims to determine the main factors that influence the level of customer satisfaction with credit services.

RESEARCH METHOD

This study uses a quantitative approach with an explanatory research design to analyse the effect of credit marketing strategies, credit granting procedures, and service quality on customer satisfaction of BPR in Sidoarjo. The quantitative method was chosen because it is appropriate for testing the relationship between variables objectively through numerical data. The main data collection technique is a survey using a questionnaire distributed by customers to BPR as research respondents. This questionnaire is designed to measure customer perceptions of the three independent variables (credit marketing strategies, credit granting procedures, and service quality) and the dependent variable (customer satisfaction).

The study population includes all rural bank customers in the Sidoarjo area, with a sample of 96 customers selected using a purposive sampling technique. The sample selection criteria include customers who have applied for credit (loans or savings) and are willing to participate in the study. The use of this sampling technique allows researchers to focus respondents on groups that are relevant to the research objectives. The data collected is primary data through questionnaires filled out directly by respondents.

Data analysis was carried out using the Partial Least Square (PLS) method with the help of SmartPLS 3.0 software. The selection of PLS is based on the ability to process data with a relatively small sample size and does not require the assumption of normal distribution. The analysis includes evaluation of the measurement model (outer model) to test the validity and reliability of the construct, as well as evaluation of the structural model (inner model) to test the causal relationship between variables. The results of the analysis are expected to provide a comprehensive picture of the influence of credit marketing strategies, credit granting procedures, and service quality on the level of customer satisfaction of BPRs in Sidoarjo. This study aims to provide practical contributions to BPR managers in improving their service quality and marketing strategies.

RESULTS

Based on the observations made at BPR in Sidoarjo, it can be seen that the Credit Marketing Strategy is implemented through Individual Sales Advertising, Product Exhibitions, Promotion Program Introductions, and Public Relations. Several activities conducted by BPR in Sidoarjo, such as Social Service, advertising on social media, and providing discounts to members, serve as means to market the name of BPR in Sidoarjo to the people of East Java. Observations made at BPR in Sidoarjo reveal that the Credit Provision Procedure involves several steps, including document submission, loan document investigation, credit decision-making, signing agreements, credit realization, installment payment processing, and loan repayment. The necessary documents for the credit application process consist of background information like business type and company identity, Company Data Certificate, Credit Collateral, Loan Principal Registration Number, self-identification of company leaders, and photocopies of collateral certificates. These documents play a crucial role in evaluating credit approval for bank customers.

From our observation of the People's BPR in Sidoarjo, it is seen that they offer a very good level of service. They have formed small groups to meet the credit needs of all bank members, ensuring that every need is met. The combination of low-interest credit options and efficient service shows a high quality of service. In addition, the flexibility in paying credit installments up to 32 times, based on membership levels with minimal fees, further confirms the quality of BPR services in Sidoarjo. With a loading factor value of more than 0.50, the indicator is considered to meet convergent validity.

Table 1. Validity Test (Convergent Validity)

Variable	Items	Original Sample	P-Values	Description
Credit Marketing Strategy (X1)	X1.1	0.769	0.000	Valid
	X1.2	0.706		
	X1.3	0.734		
	X1.4	0.696		
	X1.5	0.752		
	X1.6	0.685		
	X1.7	0.710		
	X1.8	0.710		
	X1.9	0.728		
	X1.10	0.572		
Credit Lending Procedure (X2)	X2.1	0.771	0.000	Valid
	X2.2	0.832		
	X2.3	0.769		
	X2.4	0.867		
	X2.5	0.725		
	X2.6	0.818		
	X2.7	0.804		
Quality of Service (X3)	X3.1.1	0.626	0.000	Valid
	X3.1.2	0.605		
	X3.1.3	0.640		
	X3.1.4	0.696		
	X3.2.1	0.710		
	X3.2.2	0.696		
	X3.2.3	0.717		
	X3.2.4	0.730		
	X3.3.1	0.732		
	X3.3.2	0.731		
	X3.3.3	0.740		
	X3.4.1	0.699		
	X3.4.2	0.740		
	X3.4.3	0.779		
	X3.4.4	0.717		
	X3.5.1	0.758		
	X3.5.2	0.823		
	X3.5.3	0.815		
	X3.5.4	0.812		
	X3.5.5	0.773		
Customer Satisfaction (Y)	Y1	0.768	0.000	Valid
	Y2	0.753		
	Y3	0.844		
	Y4	0.817		
	Y5	0.759		

Table 1 clarifies the results of the convergent validity test, which confirm that all indicators are legitimate for usage because their convergent validity values are over 0.5. Since an indicator has the highest cross-loading indicator value on a particular variable relative to all other variables, we define that it has discriminant validity.

Table 2. Cross Loadings

Item	Credit Marketing Strategy (X1)	Credit Lending Procedure (X2)	Quality of Service (X3)	Customer Satisfaction (Y)
X1.1	0.769	0.461	0.630	0.681
X1.2	0.706	0.346	0.494	0.587
X1.3	0.734	0.348	0.464	0.550
X1.4	0.696	0.264	0.432	0.486
X1.5	0.752	0.309	0.453	0.536
X1.6	0.685	0.305	0.432	0.420
X1.7	0.710	0.281	0.358	0.445
X1.8	0.710	0.325	0.565	0.549
X1.9	0.728	0.280	0.488	0.569
X1.10	0.572	0.506	0.539	0.497
X2.1	0.287	0.771	0.364	0.421
X2.2	0.411	0.832	0.480	0.482
X2.3	0.251	0.769	0.371	0.412
X2.4	0.525	0.867	0.538	0.640
X2.5	0.389	0.725	0.546	0.469
X2.6	0.278	0.818	0.445	0.468
X2.7	0.493	0.804	0.567	0.624
X3.1.1	0.536	0.443	0.626	0.504
X3.1.2	0.409	0.360	0.605	0.477
X3.1.3	0.541	0.373	0.640	0.459
X3.1.4	0.417	0.404	0.696	0.544
X3.2.1	0.389	0.450	0.710	0.451
X3.2.2	0.495	0.359	0.696	0.500
X3.2.3	0.512	0.453	0.717	0.576
X3.2.4	0.604	0.411	0.730	0.590
X3.3.1	0.599	0.398	0.732	0.578
X3.3.2	0.566	0.366	0.731	0.516
X3.3.3	0.404	0.345	0.740	0.438
X3.4.1	0.491	0.536	0.699	0.589
X3.4.2	0.551	0.529	0.740	0.582
X3.4.3	0.475	0.398	0.779	0.629
X3.4.4	0.474	0.538	0.717	0.608
X3.5.1	0.422	0.499	0.758	0.572
X3.5.2	0.569	0.416	0.823	0.614
X3.5.3	0.553	0.491	0.815	0.642
X3.5.4	0.565	0.451	0.812	0.623
X3.5.5	0.527	0.510	0.773	0.627
Y1	0.642	0.490	0.654	0.768
Y2	0,528	0.495	0.681	0.753
Y3	0.640	0.577	0.587	0.844
Y4	0.650	0.526	0.575	0.817
Y5	0.540	0.445	0.534	0.759

Each research variable indicator has the largest cross-loading value of the variable it includes relative to the cross-loading values of other variables (Table 2). As an outcome, the indicators utilised to construct the variables in this study are highly discriminant valid. If the AVE value is more than 0.5, it is considered good. Below, we can see the results of the AVE tests displayed in Table 3.

Table 3. Average Variance Extracted Test

Variable	AVE
Credit Marketing Strategy X1)	0.501
Credit Lending Procedure (X2)	0.639
Service Quality (X3)	0.532
Customer Satisfaction (Y)	0.623

Table 3 shows the Average Variance Extracted (AVE) value for each variable in the study, namely Credit Marketing Strategy (X1), Credit Lending Procedure (X2), Service Quality (X3), and Customer Satisfaction (Y). The AVE value is used to measure convergent validity, namely the extent to which indicators in a construct are correlated with each other and truly reflect the variables being measured. The AVE value is considered to meet the convergent validity criteria if it is more than 0.5. Based on the table, all variables have an AVE value above 0.5, namely Credit Marketing Strategy of 0.501, Credit Lending Procedure of 0.639, Service Quality of 0.532, and Customer Satisfaction of 0.623. This shows that all constructs in the research model have met convergent validity and are suitable for use in further analysis.

A variable is considered to have met the criteria for composite dependability if its score is greater than 0.70. The study's variables were evaluated using composite reliability scores, which are as follows:

Table 4. Composite Reliability

Variable	Composite Reliability
Credit Marketing Strategy X1)	0.909
Credit Lending Procedure (X2)	0.925
Service Quality (X3)	0.958
Customer Satisfaction (Y)	0.892

Table 4 shows the Composite Reliability values for each variable in the study, namely Credit Marketing Strategy (X1), Credit Lending Procedure (X2), Service Quality (X3), and Customer Satisfaction (Y). Composite Reliability is used to measure the internal consistency of indicators in a construct, with a value considered good if it is more than 0.70. Based on the table, all variables show high values and meet the reliability criteria, namely Credit Marketing Strategy of 0.909, Credit Lending Procedure of 0.925, Service Quality of 0.958, and Customer Satisfaction of 0.892. This shows that all constructs in the model have strong internal consistency and are reliable for use in further analysis.

As long as the Cronbach alpha number exceeds than 0.6, variables can be said to be stable or meet Cronbach alpha. All of the variables' Cronbach alpha values are listed below:

Table 5. Cronbach's Alpha

Variable	Cronbach's Alpha	R Square
Credit Marketing Strategy X1)	0.889	
Credit Lending Procedure (X2)	0.906	
Service Quality (X3)	0.953	
Customer Satisfaction (Y)	0.848	0.729

Table 5 shows the Cronbach's Alpha value for each variable in the study, namely Credit Marketing Strategy (X1), Credit Lending Procedure (X2), Service Quality (X3), and Customer Satisfaction (Y). Cronbach's Alpha is used to measure the level of reliability or internal consistency between items in a construct. Values that are considered adequate are generally above 0.60. Based on the table, all variables have high Cronbach's Alpha values, namely Credit Marketing Strategy of 0.889, Credit Lending Procedure of 0.906, Service Quality of 0.953, and Customer Satisfaction of 0.848. This shows that each variable has very good and consistent reliability, so it is worthy of being used in research measurement and analysis. Table 5 shows the R Square value of 0.729 indicating that

72.9% of the variation in Customer Satisfaction can be explained by Credit Marketing Strategy, Credit Granting Procedures, and Service Quality.

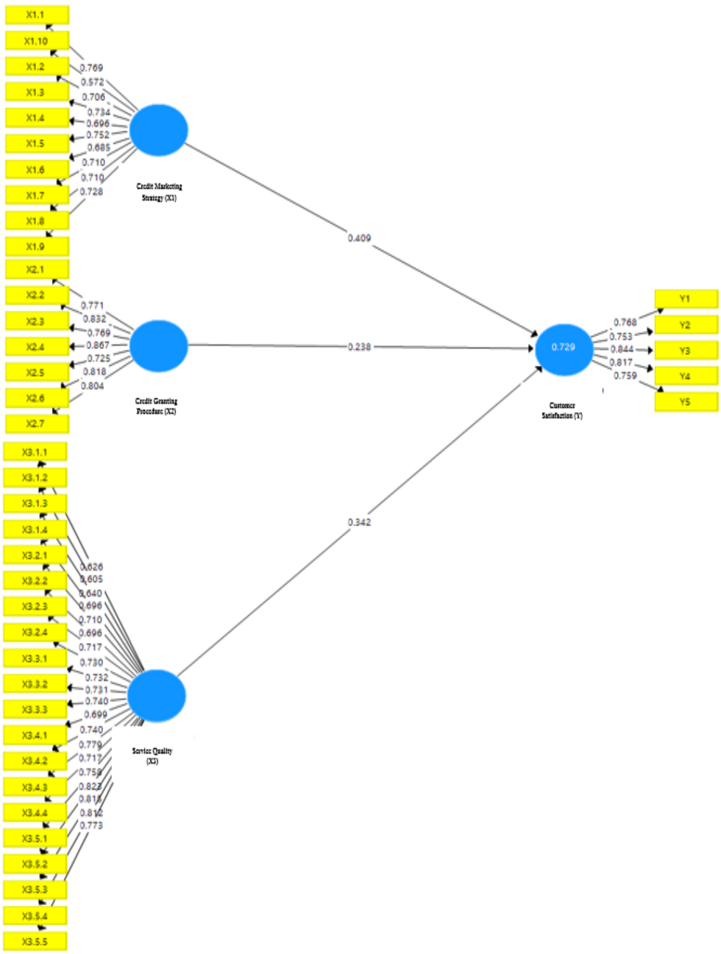

Figure 2. PLS Model Measurement

The Inner Weight value in Figure 2 above points out that the factors Credit Marketing Strategy (X1), Credit Granting Procedure (X2), and service Quality (X3) have a bearing on the variable Customer Satisfaction (Y). The reason for this can be seen in the structure equation below:

$$Y = 0.409\ X1 + 0.238\ X2 + 0.342\ X3$$

Table 6. Hypothesis Test Result

Variable Connections	Original Sample	T-Statistics	P-Values	Description
Credit Marketing Strategy (X1) -> Customer Satisfaction (Y)	0.409	4.753	0.000	Significant
Lending Procedure (X2) -> Customer Satisfaction (Y)	0.238	3.255	0.001	Significant
Service Quality (X3) -> Customer Satisfaction (Y)	0.342	4.018	0.000	Significant

Table 6 shows that the three independent variables have a significant and positive effect on Customer Satisfaction. Credit Marketing Strategy (X1) has a significant effect with a T-statistic of 4.753 and P-value of 0.000 and a coefficient of 0.409. Credit Granting Procedure (X2) also has a significant effect with T-statistic of 3.255, P-value of 0.001, and coefficient of 0.238. Likewise, Service Quality (X3) has a significant effect with T-statistic of 4.018, P-value of 0.000.

DISCUSSION

The findings of this study provide compelling evidence that Credit Marketing Strategy, Credit Granting Procedures, and Service Quality significantly influence Customer Satisfaction at BPR in Sidoarjo. The Credit Marketing Strategy, with a t-statistic of 4.753 and a coefficient of 0.409, demonstrates a strong positive impact on customer satisfaction. This aligns with Riono (2022), who found that tailored marketing strategies at Komida Branch Wiradesa significantly enhanced customer satisfaction by addressing specific customer needs through personalized promotions and clear communication. Similarly, Koyong et al. (2016) emphasized that effective marketing strategies, such as targeted advertising and promotional programs, foster customer trust and satisfaction. However, this contradicts Artika and Olivia (2018), who argued that marketing strategies had no significant effect on customer satisfaction, possibly due to ineffective implementation or mismatched customer expectations. Kotler and Armstrong (2020) further support the importance of aligning marketing efforts with customer preferences to create value-driven experiences, suggesting that BPRs must focus on market segmentation and personalized offerings to enhance satisfaction. By integrating customer-centric approaches, such as social media advertising and community-based promotions as noted by Setyono and Nugroho et al. (2021), BPRs can build stronger connections with their clientele, thereby fostering loyalty and long-term engagement.

The study also highlights the critical role of Credit Granting Procedures in shaping customer satisfaction, with a t-statistic of 3.255 and a coefficient of 0.238. This finding is consistent with Huda et al. (2019), who demonstrated that streamlined credit procedures at PT. Bank Perkreditan Rakyat Sukowono Arthajaya Jember significantly improved customer satisfaction by reducing complexity and enhancing transparency. Katote et al. (2020) further corroborated that clear and efficient procedures, such as simplified document submission and fair approval processes, positively influence customer perceptions. In contrast, Putri (2020) found no significant impact, possibly due to bureaucratic hurdles or lack of clarity in the lending process. Wen et al. (2016) noted that consistency in lending procedures, including clear terms and accessible information, is vital for building trust in financial institutions. Transparent procedures, as emphasized by Ngumbi et al. (2020), reduce uncertainty and empower customers, particularly MSMEs, to access credit with confidence. Daengs et al. (2020) also highlighted that efficient processes in financial services contribute to competitive advantage, suggesting that BPRs in Sidoarjo can enhance satisfaction by minimizing delays and ensuring procedural fairness.

Service Quality emerged as another pivotal factor, with a t-statistic of 4.018 and a coefficient of 0.342, indicating a robust positive effect on customer satisfaction. Yasmin & Dirbawanto (2022) and Gustika et al. (2024) underscore that high service quality, characterized by responsiveness, empathy, and reliability, significantly enhances customer experiences in financial institutions. Respati et al. (2016) and Kambey et al. (2020) further confirmed that timely and empathetic service delivery fosters customer loyalty, particularly in banking contexts. However, Budiarno et al. (2022) reported no significant impact, possibly due to inconsistent service delivery or unmet customer expectations. Istanti et al. (2020) emphasized that service quality, when combined with effective communication and personalized attention, strengthens customer relationships. Soemantri (2020) added that a customer-oriented service approach, such as flexible repayment options, enhances satisfaction in MSME-focused institutions like BPRs. The flexibility in installment payments up to 32 times, as observed in Sidoarjo's BPRs, aligns with Pratama and Mardalis (2024), who noted that tailored service offerings significantly boost customer retention in competitive markets. These findings collectively suggest that BPRs must prioritize staff training and responsive service systems to meet customer needs effectively.

The implications of these findings are profound for BPRs aiming to strengthen their market position. By enhancing Credit Marketing Strategies through targeted promotions and customer-centric campaigns, BPRs can attract and retain MSME clients, as supported by Morgan et al. (2019). Simplifying Credit Granting Procedures, such as reducing documentation complexity and accelerating approval times, can build trust and accessibility, particularly for small businesses, as noted by Sege et al. (2017). Improving Service Quality through staff training and responsive systems can create a competitive edge, fostering long-term customer loyalty. These strategies not only enhance customer satisfaction but also position BPRs as vital supporters of MSMEs, contributing to economic resilience in regions like East Java. By integrating these insights, BPRs can refine their operational frameworks, ensuring sustainable growth and stronger community impact.

CONCLUSION

This study shows that BPR in Sidoarjo use various credit marketing strategies, including individual advertising and promotions. The credit granting process includes document submission to loan settlement. Service quality is considered good, with customer satisfaction influenced by marketing techniques, credit granting policies, and service quality. BPRs need to increase marketing efforts, provide more comprehensive explanations of the credit application process, and simplify service procedures. Future research should consider additional factors such as Customer Value and in-depth surveys to understand customer satisfaction. These strategies can strengthen BPR's position as a customer-focused financial institution.

This study has several limitations that need to be considered. First, its scope is limited to a specific region, such as East Java, so the results may not be widely applicable to other regions in Indonesia or internationally. Second, the research methodology used, such as surveys or interviews, may be influenced by respondent bias or sample selection limitations. The focus on the MSME and banking sectors also limits the generalizability of the findings to other sectors. In addition, the use of public data or secondary sources may introduce inaccuracies or outdated information. Finally, this study was conducted within a specific time frame, so it may not reflect changes that have occurred.

The implications of this study indicate that credit marketing tactics that work may boost consumer satisfaction, which in turn can improve a business's standing in the marketplace. Tailoring strategies to meet customer needs and preferences can result in increased customer retention rates and the cultivation of long-lasting relationships that are mutually beneficial. Moreover, the quality of service provided during the credit approval process significantly impacts customer satisfaction, highlighting the importance of effective service systems and credit procedures in influencing customer decision-making.

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