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The Influence of Process Speed and Credit Costs on UMKM Credit Customer Loyalty at BRI Unit Balongpanggang with Customer Satisfaction as an Intervening Variable

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ABSTRACT

Purpose: This study aims to analyse the direct and indirect effects of process speed and credit cost on customer loyalty of MSME credit customers at Bank Rakyat Indonesia (BRI) Unit Balongpanggang, with customer satisfaction as an intervening variable.

Design/methodology/approach: This research employs a quantitative approach using primary data collected through questionnaires distributed to MSME credit customers. The sampling technique used purposive sampling. Data were analysed using multiple linear regression and path analysis to examine both direct and indirect relationships among variables.

Findings: The results indicate that process speed and credit cost significantly influence customer satisfaction. Process speed significantly affects customer loyalty, while credit cost influences loyalty indirectly through satisfaction. Customer satisfaction has a significant positive effect on loyalty and mediates the relationship between the independent variables and loyalty.

Research limitations/implications: This study is limited to MSME credit customers at BRI Unit Balongpanggang and uses cross-sectional data, which may not capture changes over time.

Practical implications: The findings suggest that banks should improve credit processing efficiency and maintain competitive credit costs to enhance satisfaction and long-term customer loyalty.

Originality/value: This study offers a contextual model integrating process speed and credit cost simultaneously in explaining MSME credit customer loyalty through satisfaction in the banking sector.

Paper type: Research paper

Keyword: credit cost, customer loyalty, customer satisfaction, MSME credit, process speed

I. INTRODUCTION

The rapid development of the banking sector has become one of the primary driving forces behind Indonesia's economic growth. Financial institutions play a strategic role in mobilising funds from the public and redistributing them in the form of credit to productive sectors, including Micro, Small, and Medium Enterprises (MSMEs). In developing countries, MSMEs contribute significantly to employment generation, poverty reduction, and regional economic resilience (Tambunan, 2019). Therefore, the effectiveness of banking services—particularly credit services—directly influences the sustainability, competitiveness, and growth of MSMEs. In this context, banks function not merely as financial intermediaries but also as strategic development partners.

The increasingly competitive banking industry requires financial institutions to continuously enhance service quality, operational efficiency, and pricing strategies. According to Pristiyono (2019), competition among banks intensifies customer expectations, as customers are offered broader alternatives in financial services. In such an environment, customer satisfaction and loyalty become critical success factors (Oliver,

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1999). Banks that fail to deliver superior value risk losing customers to competitors offering faster service processes or more competitive credit costs. Thus, maintaining long-term relationships requires a comprehensive understanding of the determinants of customer satisfaction and loyalty.

Service quality theory provides an important foundation for analysing customer perceptions. Parasuraman, Zeithaml and Berry (1988) introduced the SERVQUAL model, identifying responsiveness as a key dimension of service quality. In the context of banking credit services, responsiveness is closely linked to process speed. Maftukhin (2014) explains that service speed reflects an institution's willingness and capability to provide prompt and accurate assistance. For MSME customers, timely credit approval and disbursement are essential because business operations often depend on immediate access to capital. Delays in credit processing may hinder production, disrupt supply chains, and reduce competitiveness.

Empirical research confirms that operational efficiency significantly influences customer satisfaction and loyalty. Naba et al. (2023) found that transaction speed positively affects customer loyalty in digital banking services. Similarly, Zeithaml, Bitner and Gremler (2018) argue that faster service delivery enhances perceived value and reduces customer uncertainty. Therefore, process speed is not only an operational matter but also a strategic determinant of relationship quality in financial services.

Besides operational aspects, financial considerations—particularly credit cost—play a decisive role in shaping customer behaviour. Cost represents the economic sacrifice incurred to obtain a service (Zaini, 2015). In banking credit services, costs include interest rates, administrative fees, provision charges, and penalty fees. According to Kotler and Keller (2016), price fairness significantly affects perceived value and satisfaction. MSMEs, which often operate under tight financial margins, are particularly sensitive to credit costs. Transparent and competitive pricing structures enhance trust and perceived justice, while excessive or hidden charges may generate dissatisfaction and switching intentions (Lovelock and Wirtz, 2016).

Customer satisfaction serves as a central mediating construct linking service attributes and behavioural outcomes. Oliver (1997) conceptualises satisfaction as a post-consumption evaluative judgement formed through comparison between expectations and perceived performance. When banks provide efficient credit processing and fair cost structures, customers are more likely to experience positive disconfirmation and satisfaction. According to Kotler and Keller (2016), satisfaction increases the probability of repurchase behaviour and strengthens relational commitment.

Customer loyalty reflects a deeply held commitment to repurchase or continue using a preferred product or service consistently in the future (Oliver, 1999). In the banking sector, loyalty manifests through repeat credit usage, positive word-of-mouth, and resistance to competitors' offers. Griffin (2002) argues that loyal customers contribute to long-term profitability because they reduce acquisition costs and enhance stable revenue streams. Empirical evidence from Winarto et al. (2024) demonstrates that service quality and cost significantly influence loyalty through satisfaction in banking services. Likewise, Hidayah and Nugroho (2023) confirm that satisfaction mediates the relationship between service attributes and customer loyalty.

Although numerous studies have examined service quality and loyalty across various sectors—including hospitality, retail, and digital banking (Cronin, Brady and Hult, 2000; Zeithaml et al., 1996)—limited research specifically integrates process speed and credit cost simultaneously in the MSME credit context. Most prior studies emphasise general service quality dimensions rather than focusing on operational speed and financial cost as strategic determinants of loyalty in lending services. Furthermore, the mediating role of satisfaction in MSME credit relationships remains underexplored.

This study addresses that gap by focusing on MSME credit customers at Bank Rakyat Indonesia (BRI) Unit Balongpanggang. As one of Indonesia's largest state-owned banks with a strong MSME orientation, BRI plays a pivotal role in regional economic empowerment. However, sustaining customer loyalty requires continuous improvements in processing efficiency and cost competitiveness. By analysing the direct and indirect effects of process speed and credit cost on customer loyalty through satisfaction, this study aims to provide a comprehensive understanding of loyalty formation in MSME credit services.

The objectives of this research are threefold. First, to examine the direct effect of process speed on customer satisfaction and loyalty. Second, to analyse the direct effect of credit cost on customer satisfaction and loyalty. Third, to investigate the mediating role of customer satisfaction in the relationship between process speed, credit cost, and customer loyalty. Through a quantitative approach using survey data and path analysis, this research seeks to clarify how operational and financial service attributes influence long-term customer relationships.

Theoretically, this study enriches the literature by integrating service quality theory and consumer behaviour theory within the MSME credit context. Practically, the findings provide managerial insights for banking institutions seeking to enhance loyalty through improved processing systems and transparent pricing

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strategies. Ultimately, strengthening customer satisfaction and loyalty among MSME credit customers contributes not only to institutional performance but also to broader economic development.

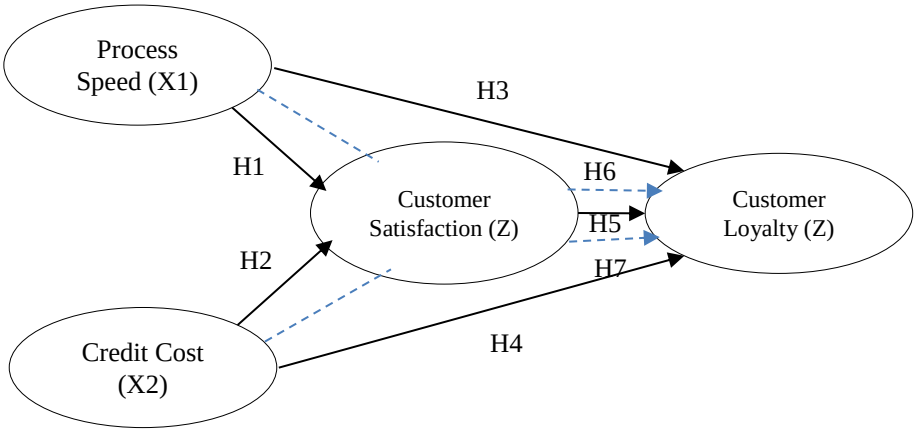

Figure 1 Concetuap Framework

Based on the conceptual framework and previous empirical findings, the research hypotheses are formulated as follows:

H1: Process speed has a significant positive effect on customer satisfaction. Faster and more efficient credit services increase customers' perceived service quality and satisfaction (Maftukhin, 2014; Naba et al., 2023).

H2: Credit cost has a significant effect on customer satisfaction. Fair and transparent credit costs enhance perceived value and lead to higher customer satisfaction (Zaini, 2015; Winarto et al., 2024).

H3: Process speed has a significant positive effect on customer loyalty. Efficient service delivery encourages customers to continue using banking services and strengthens long-term relationships (Naba et al., 2023).

H4: Credit cost has a significant effect on customer loyalty. Reasonable credit costs can directly influence customers' decisions to remain loyal to a bank (Winarto et al., 2024).

H5: Customer satisfaction has a significant effect on customer loyalty. Satisfied customers tend to exhibit repeat usage behaviour and stronger commitment to the service provider (Kotler, 2016; Hidayah & Nugroho, 2023).

H6: Customer satisfaction mediates the relationship between process speed and customer loyalty. Improved process speed increases satisfaction, which subsequently enhances loyalty (Naba et al., 2023).

H7: Customer satisfaction mediates the relationship between credit cost and customer loyalty. Appropriate credit costs improve satisfaction, which in turn strengthens customer loyalty (Winarto et al., 2024).

II. METHODOLOGY

This research was conducted at Bank Rakyat Indonesia (BRI) BRI Unit Balongpanggang, Gresik, East Java, Indonesia, focusing on MSME credit customers who actively use credit facilities. The study was carried out during the period of October 2025 to January 2026. The selection of this location was based on the strategic role of BRI as a state-owned bank with a strong orientation toward MSME financing, making it a relevant setting to analyse customer loyalty in credit services. The primary objective of this study is to examine the direct and indirect effects of process speed and credit cost on customer loyalty, with customer satisfaction as an intervening variable among MSME credit customers.

This study adopts a quantitative research approach using a survey method. The quantitative design was chosen because it allows the measurement of relationships among variables objectively and statistically. The research is explanatory in nature, aiming to explain causal relationships between process speed, credit cost, customer satisfaction, and customer loyalty. The theoretical foundation of this study is grounded in service quality theory and consumer behaviour theory, which emphasise that operational performance and perceived cost influence satisfaction and subsequently shape loyalty behaviour.

The population of this study consists of MSME credit customers at BRI BRI Unit Balongpanggang who have utilised credit services. The sampling technique employed was purposive sampling, with the criteria that

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respondents must be active MSME credit customers and have experienced the credit application and disbursement process. This technique was selected to ensure that respondents possess relevant knowledge and experience related to the research variables. The unit of analysis in this research is individual customers who utilise MSME credit services.

The data used in this study are primary data obtained through the distribution of structured questionnaires. The questionnaire was designed based on operational definitions of variables derived from previous literature and adapted to the context of banking credit services. The measurement scale used in this research is a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree), to measure respondents' perceptions regarding process speed, credit cost, customer satisfaction, and customer loyalty. The questionnaire consists of several indicator items for each variable: process speed indicators include application processing time, verification speed, and disbursement efficiency; credit cost indicators include interest rates, administrative fees, and transparency of costs; customer satisfaction indicators include service performance, expectation fulfilment, and overall satisfaction; while customer loyalty indicators include repeat usage, recommendation intention, and commitment to continue using the bank's credit services.

From a theoretical perspective, process speed is conceptualised as a dimension of responsiveness in service delivery, reflecting the bank's ability to provide prompt and accurate credit services. Credit cost is defined as the economic sacrifice incurred by customers in obtaining credit services, including interest and additional charges. Customer satisfaction represents the evaluative response of customers after comparing perceived performance with expectations, while customer loyalty refers to a long-term commitment to continue using banking credit services consistently. These theoretical constructs form the basis for developing the research model and hypothesis testing.

In terms of research design, this study utilises a causal model with two exogenous variables (process speed and credit cost), one intervening variable (customer satisfaction), and one endogenous variable (customer loyalty). The conceptual model assumes that process speed and credit cost influence customer loyalty both directly and indirectly through customer satisfaction. This design enables a comprehensive examination of both direct and mediating effects among variables.

The data analysis technique applied in this study is Structural Equation Modelling (SEM) using Partial Least Squares (PLS) through SmartPLS software, as indicated in the research appendix. The analysis procedure consists of two main stages: evaluation of the outer model and evaluation of the inner model. The outer model assessment includes tests of validity and reliability, such as convergent validity, discriminant validity, composite reliability, and Cronbach's alpha, to ensure that the measurement instruments are accurate and consistent. Meanwhile, the inner model evaluation is conducted to examine the structural relationships between variables, including R-square values, path coefficients, and hypothesis testing through bootstrapping procedures.

A calculation section in this research is represented by the estimation of path coefficients and indirect effects using the PLS algorithm. The path analysis allows the researcher to calculate both direct and mediated effects of process speed and credit cost on customer loyalty through customer satisfaction. The significance of relationships is determined based on t-statistics and p-values obtained from the bootstrapping results. This analytical approach is suitable for predictive and exploratory models with latent variables and relatively complex mediation structures.

Overall, the methodology of this study is designed systematically to provide empirical evidence regarding the influence of operational efficiency and financial cost factors on customer loyalty in MSME credit services. By combining a quantitative survey approach, validated measurement instruments, and SEM-PLS analysis, this research ensures methodological rigour and reliable findings for understanding customer behaviour in the banking sector.

III. RESULTS AND DISCUSSION

3.1 Result

The description of respondents in this study provides a comprehensive overview of the 105 MSME credit customers who participated in the research. Based on age distribution, the majority of respondents were between 32–41 years old, totaling 45 individuals (42.9%), followed by those aged 41–51 years with 30 individuals (28.6%). This indicates that most respondents were in their productive and mature working age, generally possessing stable business conditions and sufficient experience in managing credit facilities. The 21–31 age group consisted of 18 respondents (17.1%), reflecting the involvement of younger entrepreneurs who

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are still in the development stage of their businesses. Meanwhile, respondents aged 52–61 years amounted to 12 individuals (11.4%), demonstrating that senior entrepreneurs also remain actively engaged in utilizing MSME credit. This composition reflects a balance between youthful energy and mature experience, which supports business sustainability and long-term relationships with credit institutions.

Based on gender, 63 respondents (60.0%) were female and 42 respondents (40.0%) were male. The dominance of female respondents indicates the significant role of women in managing MSMEs, particularly in the trade and service sectors, which represent the majority of respondents' business fields. This higher female participation may reflect the increasing involvement of women in productive economic activities and business financial management. Meanwhile, the proportion of male respondents remains substantial, demonstrating that loyalty among MSME credit customers is not limited to a specific gender but is influenced more by the quality of service experienced. Overall, this gender composition suggests that satisfaction and loyalty are formed through service perceptions shared across both male and female entrepreneurs.

In terms of occupation, most respondents operated in trading businesses such as food, beverages, and household necessities, totaling 59 individuals (56.2%). This finding indicates that the trade sector forms the backbone of MSME credit utilization due to its relatively fast cash turnover and stable market demand. Respondents engaged in service businesses, such as boarding houses and community services, amounted to 23 individuals (21.9%). Meanwhile, 13 respondents (12.4%) were involved in agriculture and 10 respondents (9.5%) in livestock farming. This distribution demonstrates the diversity of business sectors financed through MSME credit, although the trade sector clearly dominates. Such diversity is important because it shows that customer satisfaction and loyalty are developed within different business contexts, whether trade-based, service-oriented, or agribusiness-related.

Based on the length of time running their businesses, respondents with more than six years of experience dominated, totaling 41 individuals (39.0%), followed by those with 4–6 years of experience at 35 individuals (33.3%). This indicates that most customers have substantial business experience, enabling them to better understand credit management mechanisms and the importance of maintaining good relationships with banks. Respondents with 1–3 years of experience amounted to 23 individuals (21.9%), while those with less than one year of experience totaled 6 individuals (5.7%). This composition reflects a combination of new and experienced entrepreneurs. Experienced customers tend to contribute to loyalty stability, whereas newer customers have the potential to develop loyalty through satisfactory service experiences.

The description of the process speed variable shows an overall mean score of 4.044 with a standard deviation of 1.140, indicating that respondents perceived the credit process as good. The highest mean score was found in the indicator regarding credit suitability with the initial agreement (4.114), followed by ease of credit application (4.086). Meanwhile, the indicator concerning non-complicated credit requirements had the lowest mean score (3.943), although it still reflected a positive perception. Similarly, the credit cost variable also recorded an overall mean of 4.044 with a standard deviation of 1.140. The highest mean was observed in the transparency of all credit cost explanations (4.143), while administrative fees received the lowest mean (4.010). These findings indicate that customers perceive credit costs as transparent and competitive, although there remains room for improvement, particularly in aligning administrative fees with the services provided.

The customer satisfaction variable recorded an overall mean score of 4.044 with a standard deviation of 1.140, reflecting a generally high level of satisfaction. The highest mean was found in the indicator that service procedures are easy to understand (4.133), while the administrative requirements indicator received the lowest mean (4.010). The customer loyalty variable also showed an overall mean of 4.044 with a standard deviation of 1.140. The highest mean was found in the statement that customers would continue choosing the bank despite many alternatives (4.181), while trust in product and service superiority compared to competitors had a relatively lower mean (4.076). Overall, all variables demonstrate positive perceptions among respondents. These findings suggest that effective process speed and transparent credit costs enhance customer satisfaction, which ultimately contributes to strengthening long-term loyalty among MSME credit customers.

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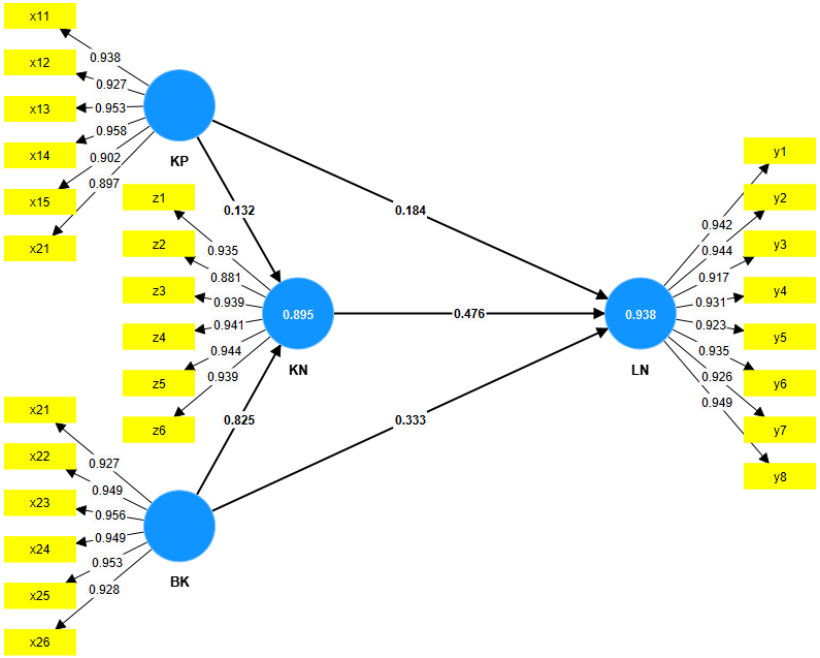

Figure 2 Full Research Model

Based on the model above, the following structural equations can be made:

KN = 0,132KP + 0,825BK

LN = 0,184KP + 0,333BK + 0,476KN

Where:

KP = Process Speed

BK = Credit Cost

KN = Customer Satisfaction

LN = Customer Loyalty

The first equation, (KN = 0.132KP + 0.825BK), shows that customer satisfaction is positively influenced by processing speed and credit costs. A coefficient of 0.132 for the KP variable indicates that the faster the credit service process, the higher customer satisfaction, although the effect is relatively small. Conversely, a coefficient of 0.825 for the BK variable indicates that credit costs have a much more dominant influence on satisfaction. This means that transparency, affordability, and clarity of credit costs are the main factors determining customer satisfaction levels.

Furthermore, the second equation, (LN = 0.184KP + 0.333BK + 0.476KN), explains that customer loyalty is not only influenced by processing speed and credit costs directly, but also by customer satisfaction as an intervening variable. The coefficient of 0.184 on KP indicates that processing speed has a positive influence on loyalty, although not too large. The coefficient of 0.333 on BK confirms that appropriate and transparent credit costs also increase customer loyalty. The most significant is the coefficient of 0.476 on KN, which indicates that customer satisfaction has a dominant influence on loyalty. High satisfaction encourages customers to remain loyal to MSME credit services, make repeat transactions, and recommend services to others.

This structural model clearly demonstrates that customer satisfaction acts as an intermediary variable linking processing speed and credit costs to customer loyalty. Thus, while processing speed and credit costs have a direct impact on loyalty, the greatest impact occurs through the mechanism of customer satisfaction. Therefore, in efforts to increase customer loyalty in MSME credit, primary focus should be on enhancing satisfaction through improving service process speed, simplifying requirements, and transparency of credit costs. The combination of a fast process, clear and competitive costs, and high satisfaction will result in stronger and more sustainable customer loyalty.

The Outer Model in Partial Least Squares Structural Equation Modeling (PLS-SEM) serves as the foundation for evaluating how well indicators represent their respective latent constructs. It is essentially the measurement model, focusing on the reliability and validity of the indicators used in the study. By analyzing the Outer Model, researchers ensure that the constructs are measured consistently and accurately, which is critical for producing trustworthy results. In this study, reliability and validity were assessed using Cronbach's

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Alpha, Composite Reliability, and Average Variance Extracted (AVE). These measures provide a comprehensive evaluation of the internal consistency, reliability, and convergent validity of the constructs, thereby confirming the quality of the measurement instruments employed.

The results presented in Table 1 demonstrate exceptionally high reliability across all four variables: Credit Cost (BK), Customer Satisfaction (KN), Processing Speed (KP), and Customer Loyalty (LN). Cronbach's Alpha values ranged from 0.968 to 0.979, which far exceed the commonly accepted threshold of 0.7, and even surpass the stricter benchmark of 0.9 that indicates very strong reliability. This suggests that the items within each construct are highly consistent in measuring the same underlying concept. Similarly, Composite Reliability values ranged from 0.969 to 0.979, reinforcing the robustness of the measurement instruments. Unlike Cronbach's Alpha, Composite Reliability accounts for indicator loadings, making it a more flexible and precise measure of reliability. The consistently high values across all variables confirm that the constructs are measured with exceptional accuracy and stability.

Convergent validity was assessed using the Average Variance Extracted (AVE), with results ranging from 0.864 to 0.890. An AVE value above 0.5 indicates that the majority of variance in the indicators is explained by the latent construct, which confirms adequate convergent validity. In this case, all AVE values are well above 0.86, demonstrating that the constructs strongly capture the variance of their indicators. For instance, the BK variable achieved the highest AVE value (0.890), while KP had the lowest (0.864), yet both remain within the excellent range. These findings highlight that each construct is not only reliable but also valid in terms of capturing the intended concept, thereby strengthening the credibility of the measurement model.

Beyond reliability and convergent validity, discriminant validity was tested using the Cross Loading method, as shown in Table 2. Discriminant validity ensures that each indicator correlates more strongly with its own construct than with others, thereby confirming that constructs are distinct from one another. The results reveal that most indicators have their highest loading values on their respective constructs. For example, indicator x11 loads most strongly on Processing Speed (0.938), while indicator x23 loads most strongly on Credit Cost (0.956). Similarly, indicators such as z3 and z5 show the highest loadings on Customer Satisfaction, and y2 and y8 load most strongly on Customer Loyalty. These consistent patterns confirm that each construct is clearly distinguishable from the others, thereby validating the measurement model. Overall, the Outer Model results demonstrate excellent reliability, convergent validity, and discriminant validity, making the measurement instruments highly suitable for further hypothesis testing and interpretation of research findings.

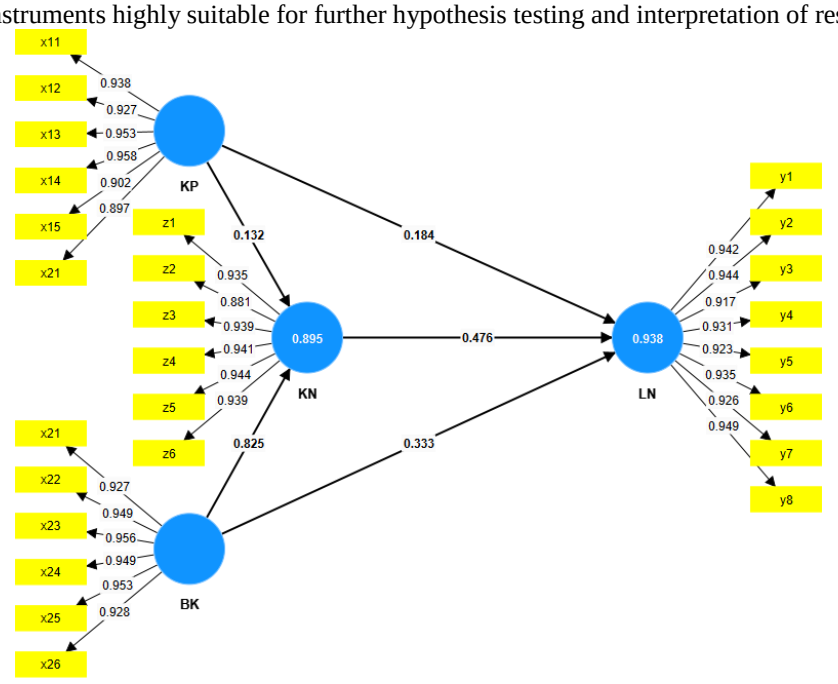

Figure 3 Inner Model

In the context of quantitative research, particularly using Partial Least Squares Structural Equation Modeling (PLS-SEM), an inner model refers to the part of a structural model that connects latent variables. This inner model serves as the basis for examining theoretical relationships in the research, testing hypotheses, and examining how coordination and material availability influence material mobilization and project timeliness.

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Table 1 R Square Value

Variables	R-square	R-square adjusted
KN	0,895	0,893
LN	0,938	0,936

Table 1 presents the R-square (R^2) and adjusted R-square (R^2 adjusted) values for two variables, namely Road Maintenance Quality (KPJ) and Implementation Supervision (PP). The R-square value indicates the extent to which the independent variables in the model can explain the variability of the dependent variable. The higher the R-square value, the greater the model's ability to explain changes that occur in the dependent variable. Meanwhile, the adjusted R-square is a value that has been corrected by considering the number of variables in the model, thus providing a more accurate picture, especially in models with many independent variables or relatively small research samples.

For the Road Maintenance Quality (KPJ) variable, the R^2 value of 0.520 indicates that 52.0% of the variation in KPJ can be explained by the independent variables in the model, while the remaining 48.0% is influenced by other factors outside the model. The adjusted R^2 value of 0.505, which is slightly lower than the R^2, indicates that there is an adjustment due to the number of variables in the model. Nevertheless, the predictive ability remains quite strong, so the model has adequate reliability in explaining the factors that influence road maintenance quality.

Meanwhile, for the Implementation Supervision (PP) variable, the R^2 value of 0.715 indicates that 71.5% of the variation in PP can be explained by the independent variables in the model, while the remaining 28.5% is influenced by other factors not included in the analysis. The adjusted R^2 value of 0.709, which is only slightly lower than the R^2, indicates that despite adjustments due to the number of variables in the model, the predictive ability remains very strong. In other words, the model used has high reliability in explaining the factors that influence implementation supervision.

The results of the R-square test in Table 1 confirm that the research model entitled The Effect of Budget Availability and Technical Competence on the Quality of Road Maintenance with Implementation Supervision as an Intervening Variable in Magetan Regency has good ability in explaining the variability of the dependent variable, so it is suitable for use for further analysis.

Table 2 Testing the Direct Effect Hypothesis

Hypothesis	Direct influence	Coefficient	P values	Conclusion
H1	KP -> KN	0,132	0,295	Hypothesis rejected
H2	BK -> KN	0,825	0,000	Hypothesis accepted
H3	KP -> LN	0,184	0,017	Hypothesis accepted
H4	BK -> LN	0,333	0,006	Hypothesis accepted
H5	KN -> LN	0,476	0,000	Hypothesis accepted

Table 2 presents the results of hypothesis testing regarding the direct influence between variables in this study. Testing was conducted by examining the path coefficient values (original sample), significance values (p-values), and conclusions regarding whether the hypotheses were accepted or rejected. Overall, the analysis results indicate that most hypotheses were accepted, indicating a significant direct relationship between the tested variables. However, one hypothesis was rejected, meaning that not all relationships between variables could be statistically proven.

The first hypothesis (H1) examines the effect of Processing Speed (CP) on Customer Satisfaction (KN). The analysis results show a path coefficient of 0.132 with a p-value of 0.295, which is greater than the significance threshold of 0.05. Therefore, this hypothesis is rejected. This indicates that processing speed does not directly influence customer satisfaction.

The second hypothesis (H2) examines the effect of Credit Cost (CFC) on Customer Satisfaction (CSD). The path coefficient of 0.825 with a p-value of 0.000 indicates a significant effect, thus accepting this hypothesis. These results confirm that clear, transparent, and competitive credit costs play a significant role in increasing customer satisfaction.

The third hypothesis (H3) examines the effect of Processing Speed (CP) on Customer Loyalty (LN). The path coefficient of 0.184 with a p-value of 0.017 indicates a significant effect, thus accepting this hypothesis. This indicates that the speed of the credit service process contributes to increased customer loyalty.

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The fourth hypothesis (H4) examines the effect of Credit Cost (CFC) on Customer Loyalty (CLO). The path coefficient of 0.333 with a p-value of 0.006 indicates a significant effect, thus accepting this hypothesis. These results confirm that appropriate and transparent credit costs contribute to increased customer loyalty.

The fifth hypothesis (H5) examines the effect of Customer Satisfaction (KN) on Customer Loyalty (LN). The path coefficient value of 0.476 with a p-value of 0.000 indicates a significant effect, thus accepting this hypothesis. These results confirm that customer satisfaction plays a dominant role in shaping loyalty.

Overall, the results of the hypothesis testing in Table 4.12 indicate that Credit Cost (CFC) has a significant effect on Customer Satisfaction (CSC) and Customer Loyalty (LC), while Processing Speed (CP) has a direct effect on Customer Loyalty (LC) but not on Customer Satisfaction (LC). Furthermore, Customer Satisfaction (CC) is proven to have a strong influence on Customer Loyalty (LC). Thus, increasing customer loyalty is more determined by their perceived satisfaction, which is influenced primarily by credit cost factors, and supported by the speed of the service process.

Table 3 Testing the Indirect (Intervening) Effect Hypothesis

Influence	Coefficient	P values	Conclusion
BK -> KN -> LN	0,393	0,000	Hypothesis accepted
KP -> KN -> LN	0,063	0,300	Hypothesis rejected

Table 3 presents the results of the hypothesis testing related to the indirect (intervening) effects in this study. This test aims to analyze whether the Customer Satisfaction (KN) variable acts as a mediator in the relationship between Processing Speed (KP) and Credit Cost (BK) on Customer Loyalty (LN). In this table, two hypotheses are tested by examining the path coefficients, significance values (p-values), and conclusions regarding whether the hypotheses are accepted or rejected based on the statistical analysis.

The sixth hypothesis (H6) examines the indirect effect of Credit Cost (CFC) on Customer Loyalty (LC) through Customer Satisfaction (SC). The analysis results show a path coefficient of 0.393 with a p-value of 0.000, which is less than the significance threshold of 0.05. Thus, this hypothesis is accepted. These results indicate that customer satisfaction is a significant mediating factor in the relationship between credit cost and loyalty. This means that clear, transparent, and competitive credit costs will be more effective in increasing customer loyalty when supported by high satisfaction.

Furthermore, the seventh hypothesis (H7) examines the indirect effect of Processing Speed (CP) on Customer Loyalty (LN) through Customer Satisfaction (KN). The test results show a path coefficient of 0.063 with a p-value of 0.300, which is greater than the significance threshold of 0.05. Thus, this hypothesis is rejected. These results indicate that customer satisfaction does not act as a significant mediator in the relationship between processing speed and loyalty. This means that even though the service process is fast, it does not automatically increase customer loyalty without strong satisfaction.

Overall, the test results in Table 4.13 indicate that Customer Satisfaction (KN) plays a significant role as a mediator, particularly in the relationship between Cost of Credit (BK) and Customer Loyalty (LN). Therefore, strategies to increase customer loyalty depend not only on processing speed but also on the satisfaction arising from transparency and affordability of credit costs. Without adequate satisfaction, the effect of processing speed on customer loyalty may not be optimal.

3.2 Discussion

1 The Effect of Processing Speed on Customer Satisfaction of MSME Credit at BRI Unit Balongpanggang

The results of this study indicate that processing speed does not significantly impact customer satisfaction. Practically, this can be explained by the fact that although BRI procedures are designed to be fast, customers are still required to complete all administrative requirements completely and on time. If customers fail to promptly provide the required documentation, the loan process will be delayed and lengthened. Therefore, customers' perceptions of processing speed depend not only on the bank's internal systems but also on their own readiness to meet the requirements.

Nurdin et al. (2020) emphasized that factors such as information clarity, security, and service accuracy are more important than mere speed. This is relevant to the situation at BRI, where, despite an efficient system, customer delays in completing documents can make the process feel slow. Therefore, customer satisfaction is determined more by transparency and quality of communication than simply expediting procedures.

Munusamy, Chelliah, and Mun (2010) also found that speed does not always significantly influence customer satisfaction. They emphasized that customers value reliability and empathy over service. In the context of BRI, although the loan process can be fast, customers will be more satisfied if the officers provide

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friendly and clear assistance in helping them complete the requirements. In other words, process speed will only be perceived positively if it is supported by quality interactions and clear procedures.

These findings confirm that BRI's processing speed is already good, but customer satisfaction doesn't automatically increase due to external factors such as the need for complete documentation. If customers don't promptly complete the requirements, the process will be delayed and create a perception of slow service. Therefore, banks need to balance expedited procedures with intensive support, cost transparency, and clear communication to achieve optimal customer satisfaction.

2 The Influence of Credit Costs on Customer Satisfaction of MSME Credit at BRI Unit Balongpanggang

The results of the study on the effect of credit costs on customer satisfaction of MSME credit at BRI Gresik Regency indicate that credit costs have a significant effect on customer satisfaction, with a path coefficient value of 0.825 and a p-value of 0.000 which is smaller than the significance threshold of 0.05. This confirms that the hypothesis is accepted, so that credit costs charged transparently, fairly, and competitively play an important role in increasing customer satisfaction.

Credit costs are a key factor in a customer's decision to use banking services. Clear fees, commensurate with service quality, and communicated transparently, foster a sense of security and trust, thus increasing satisfaction. Conversely, non-transparent or excessively high fees can lead to dissatisfaction and encourage customers to seek alternatives. This finding aligns with consumer behavior theory, which emphasizes that customer satisfaction is strongly influenced by the perception of value received relative to cost. When credit costs are perceived as commensurate with service quality, customers tend to be satisfied and more loyal to the credit provider.

Empirical support for these findings is strengthened by research by Eliza and Pratama (2023), which shows that excellent service has a positive effect on customer satisfaction, and satisfaction significantly influences loyalty. Research by Winarto et al. (2024) also confirms that service quality significantly influences credit customer satisfaction and loyalty. A similar finding was found by Nurofik and Wiana (2022), who stated that service quality positively influences customer satisfaction and impacts loyalty. Kadir and Roostika (2024) added that ease of use and service quality increase satisfaction, which has implications for loyalty. Amin and Novianti (2023) also showed that satisfaction plays a significant role in strengthening the relationship between service quality and customer loyalty.

The results of this study strengthen the argument that customer satisfaction plays a strategic role in strengthening the influence of credit costs on loyalty. A coefficient value of 0.825 indicates that the influence of credit costs on satisfaction is very strong, so that any increase in transparency and affordability of credit costs will contribute significantly to customer satisfaction. The practical implication of this finding is the need for banks to focus on managing credit costs that are transparent, competitive, and in accordance with the services provided. Clear cost policies, complete information delivery, and a simple administration system will increase customer satisfaction, strengthen trust in credit institutions, and ultimately encourage sustainable loyalty among MSME credit customers.

3 The Effect of Processing Speed on Customer Loyalty of MSME Credit at BRI BRI Unit Balongpanggang

The results of the study on the effect of processing speed on customer loyalty of MSME credit at BRI Gresik Regency indicate that processing speed has a significant influence on customer loyalty, with a path coefficient value of 0.184 and a p-value of 0.017, which is smaller than the significance threshold of 0.05. This confirms that the hypothesis is accepted, so that the faster the credit service process is carried out, the greater its contribution to increasing customer loyalty. Theoretically, processing speed is an important dimension in the quality of banking services. A fast process provides convenience, reduces waiting time, and increases efficiency for customers in accessing credit services. This condition can foster a sense of trust and implicit satisfaction that ultimately encourages customers to remain loyal to using the same service. Conversely, a slow process can cause dissatisfaction, reduce trust, and potentially encourage customers to switch to other institutions.

These findings align with service management theory, which emphasizes that service speed plays a role in building positive customer perceptions of financial institutions. Fast service not only enhances the customer experience but also strengthens long-term relationships with the bank. Empirical support for these findings is evident in research by Naba et al. (2023), which found that transaction speed has a positive and significant effect on BRImo customer loyalty. These findings indicate that the faster the service perceived by customers, the higher their tendency to continue using banking services. This is relevant to the context of credit services, where processing speed is a key factor in customers' decisions to remain loyal to a particular bank. Research by Winarto et al. (2024) also confirmed that service quality has a positive and significant effect on Bank

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Danamon credit customer loyalty, where processing speed is an integral part of service quality. Increasing the speed of credit services can improve the overall perception of service quality, which impacts customer loyalty. The results of this study also confirm that efficient and responsive service aspects can strengthen long-term relationships between customers and banks.

Furthermore, research by Nurofik and Wiana (2022) found that service quality has a positive and significant effect on customer loyalty. In the context of service delivery, fast and responsive service quality are important factors influencing customer satisfaction and loyalty. This indicates that fast service not only increases satisfaction but also directly drives customer loyalty to the service provider. Research by Eliza and Pratama (2023) also suggests that excellent service has a positive and significant effect on customer loyalty. Excellent service encompasses aspects of speed, accuracy, and ease of service. Therefore, the faster the service process, the higher the level of customer loyalty to the bank. These findings reinforce the importance of fast and responsive service as a strategic factor in customer retention.

A coefficient value of 0.184 indicates that the effect of processing speed on customer loyalty is moderate but significant. This means that, although not the most dominant factor, processing speed still makes a significant contribution to loyalty. In practice, this can be achieved through simplifying administrative procedures, utilizing digital technology to expedite services, and increasing the capacity of officers to handle credit applications efficiently. The implications of this finding are important for banks. To increase customer loyalty, they need not only to maintain transparency of costs and service quality but also to ensure that the service process is fast and efficient. Thus, customer loyalty can be strengthened through a combination of processing speed, high satisfaction, and trust in the credit services provided.

4 The Influence of Credit Costs on Customer Loyalty of MSME Credit at BRI BRI Unit Balongpanggang

The results of the hypothesis testing in Table 4.12 indicate that Cost of Credit (Credit Cost) has a significant influence on Customer Loyalty (CLO). The path coefficient value of 0.333 with a p-value of 0.006, which is smaller than the significance threshold of 0.05, confirms that the hypothesis is accepted. This means that credit costs charged transparently, fairly, and in accordance with the services provided play a significant role in increasing customer loyalty. This finding reinforces the view that the cost structure is one of the main factors influencing customers' decisions to continue using banking services. Competitive and clear fees will foster trust and satisfaction, thus encouraging customers to establish long-term relationships with the bank. Conversely, fees that are not transparent or too high can lead to dissatisfaction and increase the risk of customers switching to other institutions.

Theoretically, these results align with the consumer behavior perspective of financial services, which emphasizes that loyalty is formed when customers perceive the value received as commensurate with the costs incurred. Winarto et al. (2024) showed that costs have a positive influence on credit customer loyalty, although not directly significant, and a positive and significant influence on customer satisfaction, which ultimately increases loyalty. This indicates that costs remain an important consideration in building credit customer loyalty, particularly in the banking context. Customers will tend to stay with banks that offer lower and more reasonable credit costs.

Furthermore, research by Hidayah and Nugroho (2023) confirms that price influences customer loyalty. In the context of financial services, credit costs can be analogous to the price customers pay for services. Appropriate pricing policies can increase customer satisfaction and loyalty. Therefore, the more competitive the prices offered, the more likely customers are to remain loyal. Research by Rimiyati and Rahmadhani (2024) also supports this finding by showing that customer value has a positive and significant effect on customer loyalty. Low and transparent credit costs increase customers' perceived value for bank services, resulting in customers feeling that they receive greater benefits than the costs incurred. This encourages long-term commitment and customer loyalty to credit services.

Furthermore, research by Nurofik and Wiana (2022) emphasized that service variables that provide benefits and value to customers have a positive and significant impact on customer loyalty. In the context of MSME credit, a reasonable and affordable fee structure is part of the quality of financial services that can directly and indirectly increase customer satisfaction and loyalty. Therefore, the coefficient value of 0.333 indicates that the effect of credit costs on customer loyalty is moderate but significant. This means that any increase in transparency and affordability of credit costs will significantly contribute to increased customer loyalty.

The implications of these findings are significant for banks. To strengthen customer loyalty, they need to focus on managing credit costs that are transparent, competitive, and commensurate with the services provided. This will maintain customer loyalty, strengthen long-term relationships, and optimize the sustainability of MSME credit businesses. This aligns with theoretical and empirical findings that the more affordable,

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transparent, and competitive the credit costs set by banks, the higher the level of customer trust and commitment to continue using the bank's credit services, including among MSME credit customers at BRI Gresik Regency.

5 The Influence of Customer Satisfaction on Customer Loyalty of MSME Credit at BRI BRI Unit Balongpanggang

Based on the results of the hypothesis testing in Table 4.12, it was found that Customer Satisfaction (KN) has a significant influence on Customer Loyalty (LN). The path coefficient value of 0.476 with a p-value of 0.000, which is smaller than the significance threshold of 0.05, confirms that the hypothesis is accepted. This means that the higher the level of satisfaction felt by customers, the greater their tendency to remain loyal to MSME credit services. This finding reinforces the view that satisfaction is a fundamental factor in building customer loyalty. Satisfied customers tend to make repeat transactions, recommend services to others, and remain loyal even though there are many alternative similar products from other banks. Conversely, dissatisfaction can reduce trust and increase the risk of customers switching to other financial institutions.

Theoretically, customer satisfaction is formed from a comprehensive evaluation of their experience in using credit services, starting from the application process, speed of service, transparency of costs, to the quality of interactions with bank officers. Winarto et al. (2024) emphasized that "customer satisfaction has a positive and significant effect on customer loyalty at Bank Danamon Sulampua." This finding indicates that the higher the level of satisfaction felt by credit customers, the higher their level of loyalty to the bank. This is relevant to the context of MSME credit at BRI Gresik Regency, where satisfaction with credit services will encourage customers to continue using credit facilities on an ongoing basis.

Eliza and Pratama's (2023) research also supports this relationship by stating that "satisfaction has a positive and partially significant effect on customer loyalty at BSI KCP Pekalongan Kajen." These results indicate that satisfaction not only acts as a mediating variable but also has a direct influence on customer loyalty. This means that when customers are satisfied with the service and trust provided by the bank, their tendency to become loyal customers will increase significantly. Rimiyati and Rahmadhani's (2024) research strengthens this finding by stating that "customer satisfaction has a positive and significant effect on customer loyalty." Customer satisfaction is a key factor in increasing loyalty, as satisfied customers will have an emotional attachment and long-term commitment to the service provider.

Furthermore, research by Hidayah and Nugroho (2023) also states that "consumer satisfaction influences customer loyalty," confirming that satisfaction is a variable that directly impacts loyalty. Companies that are able to create customer satisfaction through product quality and appropriate pricing will more easily build customer loyalty. This analogy aligns with banking credit services, where satisfaction with credit benefits and service will increase customer loyalty. Thus, the coefficient value of 0.476 indicates that the influence of satisfaction on loyalty is quite strong. Any increase in customer satisfaction will contribute significantly to increased loyalty.

The implications of these findings are significant for banks. To strengthen customer loyalty, they need to focus on increasing satisfaction through prompt service, competitive credit rates, and friendly and informative interactions. This will maintain customer loyalty, strengthen long-term relationships, and optimize the sustainability of MSME lending businesses. Based on the theoretical foundation and empirical support from various previous studies, it can be concluded that customer satisfaction plays a strategic role in increasing MSME lending customer loyalty at BRI Gresik Regency.

6 Indirect Effect of Processing Speed on Customer Loyalty of MSME Credit at BRI Unit Balongpanggang Through Customer Satisfaction as an Intervening Variable

The results of the hypothesis testing in Table 4.13 indicate that Processing Speed (CP) does not have a significant indirect effect on Customer Loyalty (LN) through Customer Satisfaction (KN). The path coefficient value of 0.063 with a p-value of 0.300, which is greater than the significance threshold of 0.05, confirms that the hypothesis is rejected. This means that although the speed of the credit service process plays an important role in increasing customer convenience, its effect on loyalty is not strong enough when mediated by customer satisfaction. This finding indicates that other factors, such as transparency of credit costs, quality of interactions with officers, and clarity of service information, may be more dominant in shaping customer satisfaction and ultimately loyalty.

Conceptually, processing speed is an important dimension of banking service quality, particularly in MSME credit services, which demand time efficiency in loan application, analysis, and disbursement. The faster the service process provided by the bank, the higher the perception of convenience and comfort felt by customers. This condition should increase customer satisfaction, which ultimately has implications for loyalty. Empirical support for this relationship can be seen in the research of Eliza and Pratama (2023), which states

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that "satisfaction can mediate the influence of excellent service and trust on customer loyalty at BSI KCP Pekalongan Kajen." Excellent service in the banking context includes the speed and accuracy of the service process. These findings indicate that good service quality, including processing speed, not only has a direct but also an indirect impact on loyalty through increased customer satisfaction.

Research by Winarto et al. (2024) also confirms that "customer satisfaction has a positive and significant effect on customer loyalty," and that service variables have a "positive and significant effect on customer loyalty through customer satisfaction." These results reinforce the view that efficient service aspects, such as speedy credit processing, will first increase customer satisfaction and then indirectly drive loyalty. In the context of MSME credit, a fast and uncomplicated process will create a positive service experience and strengthen long-term relationships between customers and banks.

Furthermore, research by Nurofik and Wiana (2022) concluded that "customer satisfaction mediates the effect of service quality on customer loyalty." Process speed is an integral part of service quality, so the faster the service provided, the higher the customer satisfaction and ultimately increased loyalty. This finding is relevant to MSME credit services at BRI, where the speed of credit approval and disbursement is a crucial factor for business actors. Research by Kadir and Roostika (2024) also supports this view by stating that ease of use and service quality have a positive and significant effect on satisfaction, which in turn increases customer loyalty to m-banking services. This indicates that aspects of service efficiency (including process speed) contribute to satisfaction, which in turn indirectly impacts loyalty.

However, the results of this study indicate that this relationship is not proven to be significant in the context of MSME credit at BRI Gresik Regency. The relatively small and statistically insignificant path coefficient (0.063) indicates that despite a fast service process, without strong satisfaction, customer loyalty cannot be optimally formed. The implication is that banks not only need to speed up the service process but also must strengthen other aspects that have a greater influence on satisfaction, such as cost transparency, the quality of interactions with officers, and clear information delivery. Thus, customer loyalty can be more assured even though the effect of process speed on satisfaction is not proven to be significant.

The results of this study confirm that Customer Satisfaction (KN) does not act as a significant intervening variable in the relationship between Processing Speed (KP) and Customer Loyalty (LN). Therefore, loyalty improvement strategies should focus more on other factors that have been shown to have a stronger influence, such as transparent credit costs and direct satisfaction with service quality.

7 Indirect Effect of Credit Costs on Customer Loyalty of MSME Credit at BRI Unit Balongpanggang Through Customer Satisfaction as an Intervening Variable

The results of the hypothesis testing in Table 4.13 show that Cost of Credit (Credit Cost) has a significant indirect effect on Customer Loyalty (LC) through Customer Satisfaction (SC). The path coefficient value of 0.393 with a p-value of 0.000 indicates that this relationship is statistically significant, thus the hypothesis is accepted. This means that cost of credit not only directly influences loyalty but also has a strong impact when mediated by customer satisfaction. This finding confirms that customer satisfaction plays a crucial role in ensuring that positive perceptions of credit costs actually encourage customers to remain loyal to MSME credit services.

Conceptually, credit costs are a key consideration for MSME customers in obtaining and maintaining credit facilities at banks. Costs that are considered reasonable, transparent, and commensurate with the benefits received will increase customer satisfaction. This satisfaction, in turn, encourages customer loyalty to continue using bank credit services. Research by Winarto et al. (2024) supports this finding by stating that "costs have a positive and significant effect on customer satisfaction" and "costs have a positive and significant effect on customer loyalty through customer satisfaction at Bank Danamon Sulampua." This indicates that the cost aspect of credit services not only impacts satisfaction but also has an indirect effect on loyalty through satisfaction as a mediating variable.

Research by Hidayah and Nugroho (2023) also found that "price, product quality, and customer satisfaction influence customer loyalty." In the context of financial services, price can be likened to the cost of credit borne by customers. These results indicate that the perception of appropriate costs will increase customer satisfaction, which then contributes to the formation of loyalty. In other words, costs that are perceived as fair and commensurate with the benefits of the service will create satisfaction and encourage long-term loyalty. Research by Nurofik and Wiana (2022) further supports this view by concluding that "customer satisfaction mediates the effect of service quality on customer loyalty." Although focused on service quality, this mediation concept is relevant to the variable of credit costs, as costs are part of the service value perceived by customers.

Furthermore, research by Rimiyati and Rahmadhani (2024) shows that "customer satisfaction can partially mediate the influence of customer value on customer loyalty." Customer value in the banking context

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involves comparing benefits received with costs incurred. This finding confirms that satisfaction plays a crucial role in linking perceived value (including costs) with customer loyalty. The higher the perceived value due to competitive costs, the higher the satisfaction and the stronger the customer loyalty. Therefore, the coefficient value of 0.393 indicates that the influence of credit costs on loyalty through satisfaction is quite strong.

The implication of these findings is that banks need to consider the role of customer satisfaction as an intervening variable. Loyalty-boosting strategies should not only focus on managing credit costs but also ensure customer satisfaction with the overall service provided. This can be achieved through transparent fee policies, clear information delivery, and friendly and professional service. This will ensure consistent customer loyalty, strengthen long-term relationships, and optimize the sustainability of MSME lending businesses.

IV. CONCLUSION

This study aimed to examine the direct and indirect effects of process speed and credit cost on customer loyalty among MSME credit customers at Bank Rakyat Indonesia (BRI) BRI Unit Balongpanggang, with customer satisfaction serving as an intervening variable. The findings confirm that both operational and financial service attributes play significant roles in shaping long-term customer relationships in the banking sector.

The main result of this research indicates that customer satisfaction has a significant positive effect on customer loyalty. This finding demonstrates that satisfaction functions as a central determinant of behavioural commitment, repeat usage intention, and positive word-of-mouth. Customers who perceive that credit services meet or exceed their expectations tend to maintain long-term relationships with the bank. This result is consistent with consumer behaviour theory, which emphasises satisfaction as a key antecedent of loyalty.

Supporting results show that process speed has a significant positive effect on customer satisfaction. Efficient credit processing—measured through application verification time, approval duration, and disbursement speed—enhances customers' perceptions of service quality. For MSME customers, time efficiency is crucial because business operations depend on timely access to working capital. Faster processing reduces uncertainty and transaction costs, thereby increasing perceived value and satisfaction.

In addition, credit cost significantly influences customer satisfaction. Competitive interest rates, transparent administrative fees, and reasonable additional charges positively affect customers' perceptions of fairness and value. MSME customers, who typically operate under limited financial margins, are highly sensitive to cost structures. When credit costs are perceived as fair and proportional to the benefits received, satisfaction increases.

Regarding direct effects on loyalty, process speed demonstrates a significant positive influence on customer loyalty. This indicates that operational efficiency not only improves satisfaction but also directly strengthens customers' commitment to continue using credit services. Efficient service delivery creates trust and reliability, which are essential in financial relationships.

Conversely, credit cost does not show a strong direct effect on loyalty compared to its indirect effect through satisfaction. This suggests that cost considerations primarily shape loyalty by influencing satisfaction first. In other words, reasonable credit costs enhance loyalty when they contribute to overall positive service evaluations.

The mediation analysis confirms that customer satisfaction significantly mediates the relationship between process speed and customer loyalty, as well as between credit cost and customer loyalty. This finding highlights the importance of satisfaction as an intervening mechanism that translates service performance into long-term behavioural outcomes. Without satisfaction, improvements in operational efficiency or pricing strategies may not automatically lead to stronger loyalty.

From a theoretical perspective, this study reinforces service quality theory and consumer behaviour theory by empirically validating satisfaction as a mediating variable between service attributes and loyalty. The integration of process speed and credit cost in a single structural model contributes to the literature on banking service management, particularly in the MSME credit context.

Practically, the findings suggest that banking institutions should prioritise improving credit processing systems to ensure faster approval and disbursement. Additionally, banks must maintain transparent and competitive credit cost structures to enhance perceived fairness. Strategic improvements in these areas can strengthen customer satisfaction and, ultimately, foster sustainable customer loyalty.

In conclusion, this research demonstrates that process speed and credit cost are important determinants of customer loyalty, both directly and indirectly through customer satisfaction. Enhancing operational

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efficiency and pricing transparency is essential for maintaining competitive advantage in MSME credit services. Future research is recommended to expand the study scope to different regions or banking institutions and to incorporate additional variables such as trust, perceived risk, or digital service quality to enrich the explanatory model.

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