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The Role of Customer Satisfaction in Mediating the Effect of Service Quality and Trust on Customer Loyalty at LPD Tanjung Benoa

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Abstract: This study aims to analyze the role of customer satisfaction in mediating the influence of service quality and trust on customer loyalty at LPD Tanjung Benoa. The phenomenon of declining customer numbers and decreasing levels of customer satisfaction formed the basis for conducting this research. Customer loyalty is an important factor for the sustainability of financial institutions; therefore, service quality and trust need to be improved in order to create sustainable customer satisfaction. This study employed a quantitative approach with an explanatory research design. The population consisted of all loan and deposit customers of LPD Tanjung Benoa, totaling 1,242 customers. The sampling technique used was probability sampling with a simple random sampling method, resulting in a sample of 160 respondents. Data were collected through the distribution of questionnaires using a Likert scale. The data analysis technique used was Structural Equation Modeling based on Partial Least Square (PLS-SEM). The results showed that service quality has a positive and significant effect on customer loyalty, trust has a positive and significant effect on customer loyalty, and customer satisfaction has a positive and significant effect on customer loyalty. In addition, service quality and trust were also proven to have a positive and significant effect on customer satisfaction. Customer satisfaction was able to mediate the influence of service quality on customer loyalty and also mediate the influence of trust on customer loyalty at LPD Tanjung Benoa.

Keywords: Service Quality, Trust, Customer Satisfaction, Customer Loyalty.

INTRODUCTION

The Covid-19 pandemic caused significant economic disruption across various business sectors in Indonesia, particularly among micro, small, and medium enterprises (MSMEs). Changes in consumer behavior, increased public concern regarding outdoor activities, and greater caution in the use of cash encouraged business actors to adapt to new economic conditions (Telagawathi et al., 2021). On the other hand, the pandemic also increased public

awareness regarding the importance of financial management and investment for the future (Gunawan & Putra, 2024). However, many MSMEs experienced business stagnation due to limited capital and declining economic activity. In fact, MSMEs play a strategic role in promoting economic growth, expanding employment opportunities, and strengthening local market share (Kariyani & Meitriana, 2022; Kyal et al., 2022). Therefore, the existence of local financial institutions has become increasingly important in supporting the economic recovery of rural communities.

One of the local financial institutions that plays an important role in empowering the Balinese community economy is the Village Credit Institution (Lembaga Perkreditan Desa/LPD). LPD is a village-based microfinance institution first introduced by the Bali Provincial Government in 1984 with the objective of providing accessible and affordable financial services to rural communities (Mahaputra & Susanti, 2023). LPD functions not only as a financial institution but also as a socio-cultural instrument that supports the welfare of traditional village communities through the principles of kinship and mutual cooperation (Ismayanti et al., 2025). The existence of LPD is considered capable of strengthening the economic and social structure of Balinese society because it provides savings and loan services with simple procedures and relatively lower interest rates compared to formal financial institutions (Fajar, 2022). In addition, LPD also contributes to supporting various traditional and social activities within Balinese communities (Ariasih & Suarmanayasa, 2024).

Nevertheless, the development of LPDs is not free from challenges, particularly regarding public trust and service quality. As non-bank financial institutions operating under customary law and not directly supervised by the Financial Services Authority (OJK), LPDs face relatively high risks related to governance and customer trust issues (Fajar, 2022). These conditions require LPDs to continuously improve service quality and maintain customer trust in order to sustain customer loyalty toward the institution.

This phenomenon also occurred at LPD Tanjung Benoa. Financial report data from January to April 2025 indicated a decline in the number of customers from 1,325 to 1,242 customers. This decline was accompanied by a decrease in customer satisfaction levels from 69% to 57%, as well as declining revenues and loan disbursements. These conditions indicate potential problems related to service quality and customer trust at LPD Tanjung Benoa. Preliminary interviews conducted by the researcher revealed that some customers remained loyal due to their trust in the institution and their desire to support the traditional village economy. However, several customers decided to discontinue their relationship with the institution due to declining trust in fund security and the institution's image.

In the financial service industry, customer loyalty is an essential factor for organizational sustainability. Customer loyalty refers to a strong commitment to continuously use a company's products or services despite the availability of alternative choices in the market (Kotler & Keller, 2018). Loyalty also reflects the emotional attachment of customers toward a company (Hoffman & Bateson, 2011). One of the key factors influencing customer loyalty is customer satisfaction. Expectation Confirmation Theory (ECT) explains that satisfaction arises when the services received meet or exceed customer expectations (Oliver, 1980). Customer satisfaction is considered an important factor in creating loyalty and competitive advantage within the financial service industry (Dandis et al., 2021).

Customer satisfaction is closely related to the quality of services provided by the company. Parasuraman et al. (1988) stated that customers will feel satisfied when the quality of service exceeds their expectations. Service quality also serves as a key factor influencing the competitiveness of financial institutions in attracting and retaining customers (Winasih & Hakim, 2021). In addition to service quality, customer trust is another important factor in building customer loyalty. Trust reflects customers' confidence that a financial institution will act honestly, consistently, and in the best interests of its customers (Hidayat et al., 2021). A

high level of trust encourages positive attitudes and strengthens customer loyalty toward the institution (Amiruddin et al., 2023).

Previous studies have reported inconsistent findings regarding the influence of service quality on customer loyalty. Studies conducted by Kim et al. (2024) and Rouf et al. (2024) found that service quality significantly influences customer loyalty. However, different findings were reported by Solehatin and Khusnudin (2024), who found that service quality had no significant effect on customer loyalty. These inconsistent findings indicate the existence of a research gap, thereby necessitating further investigation into the relationships among service quality, trust, customer satisfaction, and customer loyalty, particularly within the context of LPD Tanjung Benoa. Therefore, this study aims to analyze the role of customer satisfaction in mediating the influence of service quality and trust on customer loyalty at LPD Tanjung Benoa.

METHODS

This study employed a quantitative explanatory research design aimed at examining the causal relationships among variables through hypothesis testing. Quantitative research was selected because it enables researchers to objectively measure phenomena using numerical data and conduct hypothesis testing through inferential statistical techniques (Sugiyono, 2021). The explanatory approach was considered appropriate as the study not only described the existing phenomena but also analyzed the direct and indirect relationships among service quality, trust, customer satisfaction, and customer loyalty. Furthermore, this study tested a conceptual model developed based on relevant theoretical foundations, particularly Expectation Confirmation Theory (ECT). The analysis of relationships among variables was conducted using Structural Equation Modeling (SEM), specifically Partial Least Squares Structural Equation Modeling (PLS-SEM), which is capable of simultaneously evaluating measurement models and structural models comprehensively (Ghozali, 2018). According to Creswell and Creswell (2021), survey-based quantitative research is suitable for explaining relationships among variables within a specific population through data collection from a large number of respondents.

The research was conducted at LPD Desa Adat Tanjung Benoa, located at Jalan Segara Ening No.17A, Tanjung Benoa, South Kuta District, Badung Regency, Bali. The study was carried out in December 2025. The population of this study consisted of all loan and deposit customers of LPD Tanjung Benoa. Population refers to the entire set of subjects or objects possessing specific characteristics relevant to the research objectives (Sugiyono, 2019; Arikunto, 2010). Cooper and Schindler (2011) also defined population as all elements used to formulate research assumptions. Based on financial report data from January to April 2025, the total number of customers was 1,242 individuals, which constituted the research population.

The sampling technique used in this study was probability sampling with a simple random sampling method, whereby every member of the population had an equal opportunity to be selected as a respondent (Sugiyono, 2019). Sampling was employed because the population size was relatively large and researchers faced limitations in terms of time, cost, and resources. A representative sample is essential to ensure that the findings accurately reflect the characteristics of the population (Cooper & Schindler, 2011). The final sample consisted of 160 respondents, determined based on the recommendation of Hair et al. (2017), who suggested that the minimum sample size in SEM analysis should be approximately ten times the number of indicators used in the model.

This study involved four variables consisting of two exogenous variables, one mediating variable, and one endogenous variable. The exogenous variables were service quality and trust. Service quality was measured through five indicators, namely responsiveness, reliability, assurance, empathy, and tangible evidence, adapted from Parasuraman et al. (1988) and Kotler and Keller (2018). Trust was measured using indicators of integrity, competence, honesty, consistency, and loyalty based on Morgan and Hunt (1994) and Gefen (2002). The mediating

variable in this study was customer satisfaction, measured through overall satisfaction, expectation conformity, loyalty intention, and satisfaction experience indicators derived from Oliver (1997) and Kotler and Keller (2018). Meanwhile, the endogenous variable was customer loyalty, measured using repurchase intention, recommendation, preference, and long-term commitment indicators adapted from Zeithaml et al. (1996) and Kotler and Keller (2018). All variables were measured using an interval scale.

Data collection was conducted using questionnaires, documentation studies, and interviews. The primary instrument used in this study was a structured questionnaire measured using a five-point Likert scale ranging from strongly disagree to strongly agree. Sugiyono (2019) explained that questionnaires are effective instruments for collecting data from a relatively large number of respondents. The Likert scale was employed to measure respondents' perceptions, attitudes, and opinions regarding the research variables (Sugiyono, 2019). In addition, documentation studies were conducted to obtain secondary data from books, scientific journals, financial reports, and institutional documents related to LPD Tanjung Benoa. Interviews were also conducted with several customers to strengthen and enrich the research findings through direct information from respondents (Sekaran & Bougie, 2017; Sugiyono, 2019).

Before conducting the main analysis, the research instrument was tested for validity and reliability. Validity testing was conducted using the Corrected Item-Total Correlation (CITC) method to determine whether each questionnaire item was capable of accurately measuring the intended construct. An item was considered valid if the correlation coefficient exceeded 0.30 (Ghozali, 2018). Reliability testing was conducted using Cronbach's Alpha to evaluate the internal consistency of the measurement instrument. A variable was considered reliable if it had a Cronbach's Alpha value greater than 0.70, indicating satisfactory consistency among measurement items (Ghozali, 2018).

The data analysis technique used in this study was Partial Least Squares Structural Equation Modeling (PLS-SEM) with the assistance of SmartPLS software version 3. PLS-SEM was selected because it does not require multivariate normal data distribution, can be applied to relatively small sample sizes, and is capable of analyzing complex models involving multiple latent variables and indicators simultaneously (Ghozali, 2018). According to Henseler et al. (2009), indicators with higher outer loading values indicate stronger relationships between indicators and latent variables, with recommended outer loading values exceeding 0.70.

The PLS-SEM analysis consisted of two stages, namely outer model evaluation and inner model evaluation. The outer model evaluation aimed to assess the validity and reliability of the constructs using convergent validity, discriminant validity, and composite reliability tests. Convergent validity was evaluated through Average Variance Extracted (AVE) and outer loading values, where AVE values above 0.50 and loading factors above 0.50 were considered acceptable (Afthanorhan et al., 2021; Ghozali & Latan, 2015). Discriminant validity was assessed using cross-loading values and comparison of the square root of AVE values among constructs (Ghozali & Latan, 2015). Reliability testing was further strengthened through composite reliability analysis, where values above 0.70 indicated satisfactory reliability (Abdullah, 2015).

The inner model evaluation was conducted to examine the relationships among latent variables. The structural model was assessed using several criteria, including the coefficient of determination (R^2), predictive relevance (Q^2), Goodness of Fit (GoF), and hypothesis testing through bootstrapping procedures. The R^2 value was used to measure the predictive power of endogenous variables, with values of 0.75, 0.50, and 0.25 categorized as substantial, moderate, and weak respectively (Ghozali, 2014). The Q^2 predictive relevance value was used to assess the predictive capability of the model, where values greater than zero indicated acceptable predictive relevance (Ghozali, 2014). Meanwhile, the Goodness of Fit (GoF) index was used

to evaluate the overall model fit, with values of 0.10, 0.25, and 0.36 indicating small, medium, and large fit categories respectively (Garson, 2016).

Hypothesis testing was conducted using the bootstrapping procedure in SmartPLS. The significance of relationships among variables was determined based on t-statistics and p-values. A relationship was considered significant if the t-statistic exceeded 1.96 at a 5% significance level (Ghozali, 2014). In addition, mediation analysis was conducted to examine the mediating role of customer satisfaction in the relationship between service quality, trust, and customer loyalty. The mediation testing procedure followed the approach proposed by Garson (2016), which involved examining the significance of direct and indirect relationships among exogenous, mediating, and endogenous variables simultaneously.

RESULTS AND DISCUSSION

LPD Tanjung Benoa is a traditional village-based financial institution located in South Kuta District, Badung Regency, Bali, which operates with the objective of supporting the economic welfare of the local community through savings, deposits, loans, and other financial services. As one of the active village financial institutions in the coastal area, LPD Tanjung Benoa is committed to improving service quality, transaction convenience, and customer fund security in order to maintain customer trust and long-term relationships.

The respondents in this study consisted of 150 customers of LPD Tanjung Benoa with diverse demographic backgrounds. The majority of respondents were female (55.33%), while male respondents accounted for 44.67%. Based on age, most respondents were between 26–35 years old (35.33%), indicating that the majority of customers were within the productive age category. In terms of education, most respondents had elementary to senior high school educational backgrounds (48%), followed by bachelor's degree holders (29.33%). Regarding occupation, private employees dominated the respondent profile (45.33%), while most respondents earned less than IDR 2,500,000 per month (66.67%). These findings indicate that LPD Tanjung Benoa serves customers from various socioeconomic backgrounds.

The measurement model evaluation demonstrated that all indicators used in this study fulfilled the criteria of convergent validity, as all loading factor values exceeded 0.70. This indicates that each indicator was capable of adequately representing its respective construct. Furthermore, discriminant validity testing showed that the square root of the Average Variance Extracted (AVE) for each construct was higher than its correlations with other constructs, confirming that all variables possessed distinct empirical characteristics. Reliability testing also revealed satisfactory results, as all variables achieved Cronbach's Alpha and Composite Reliability values above 0.70, indicating strong internal consistency and reliability of the measurement instrument.

The structural model evaluation further indicated that the proposed research model possessed adequate predictive capability in explaining the relationships among service quality, trust, customer satisfaction, and customer loyalty. Overall, the findings confirm that the measurement and structural models used in this study were statistically valid and reliable, thereby supporting further hypothesis testing and mediation analysis.

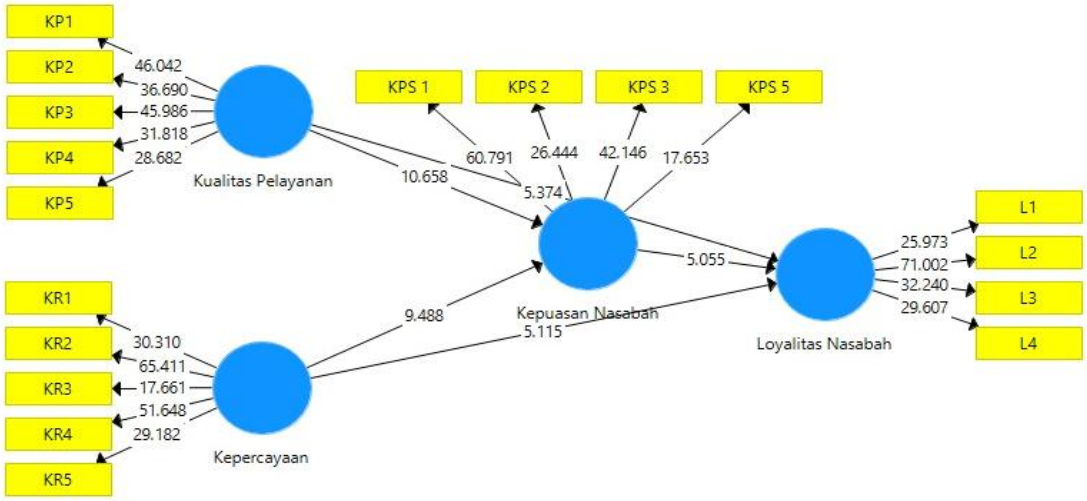


Figure 1. ***Inner Loading Model***
Source: Smart PLS, 2026

The structural model evaluation was conducted using the coefficient of determination (R^2) and predictive relevance (Q^2) to assess the explanatory and predictive capabilities of the proposed model. The coefficient of determination (R^2) measures the extent to which exogenous variables explain the variance of endogenous variables. According to Hair et al. (2017), R^2 values of 0.75, 0.50, and 0.25 indicate substantial, moderate, and weak explanatory power respectively. The results showed that customer satisfaction achieved an R^2 value of 0.655 with an adjusted R^2 of 0.650, indicating that 65.5% of the variance in customer satisfaction could be explained by service quality and trust, while the remaining 34.5% was influenced by factors outside the model. Meanwhile, customer loyalty obtained an R^2 value of 0.726 with an adjusted R^2 of 0.720, suggesting that 72.6% of the variance in customer loyalty could be explained by service quality, trust, and customer satisfaction. The relatively small differences between R^2 and adjusted R^2 values indicate that the model is stable and possesses strong explanatory capability.

Furthermore, predictive relevance (Q^2) analysis was conducted to evaluate the predictive accuracy of the model using the blindfolding procedure. A Q^2 value greater than zero indicates that the model has predictive relevance. The results demonstrated that customer satisfaction had a Q^2 value of 0.447, meaning that the model was capable of predicting 44.7% of the information related to customer satisfaction. Meanwhile, customer loyalty achieved a Q^2 value of 0.501, indicating that the model possessed strong predictive capability in explaining customer loyalty. Since all Q^2 values were positive and exceeded zero, the findings confirm that the research model has adequate predictive relevance and is capable of effectively predicting the relationships among service quality, trust, customer satisfaction, and customer loyalty.

Table 1. Direct Impact Testing

Relationships Between Variables	***Original Sample***	***Sample Mean***	***Standard Deviation***	***T-Statistics***	***P-Values***
Customer Trust → Satisfaction	0.481	0.481	0.051	9.488	0.000
Customer Trust → Loyalty	0.304	0.303	0.060	5.115	0.000
Customer Satisfaction →	0.391	0.392	0.077	5.055	0.000

Customer Loyalty					
Service Quality → Customer Satisfaction	0.528	0.530	0.050	10.658	0.000
Quality of Service → Customer Loyalty	0.324	0.324	0.060	5.374	0.000

Source: Smart PLS, 2026

The hypothesis testing results revealed that service quality has a positive and significant effect on customer loyalty at LPD Tanjung Benoa. This finding was supported by a t-statistic value of 5.374 and a p-value of 0.000, indicating a statistically significant relationship. The result supports the theory proposed by Parasuraman et al. (1988), which states that service quality is a crucial factor in building long-term relationships with customers. Empirically, this finding is consistent with the study conducted by Widnyana and Suarmanayasa (2021), which found that service quality significantly influences customer loyalty in village credit institutions. The findings indicate that improvements in reliability, responsiveness, assurance, empathy, and tangible aspects of service can strengthen customer loyalty toward LPD Tanjung Benoa. In other words, better service quality encourages customers to maintain long-term relationships with the institution.

The study also found that trust has a positive and significant effect on customer loyalty. The relationship was supported by a t-statistic value of 5.115 and a p-value of 0.000, confirming strong empirical significance. This finding demonstrates that higher levels of customer trust in the integrity, competence, and consistency of LPD Tanjung Benoa contribute to stronger customer loyalty. The result reinforces the theory of Morgan and Hunt (1994), which emphasizes trust as the foundation of long-term relationships between customers and organizations. This finding is also in line with the study by Winasih and Hakim (2021), which concluded that trust plays an important role in shaping sustainable customer loyalty.

Furthermore, customer satisfaction was found to have a positive and significant effect on customer loyalty, as indicated by a t-statistic value of 5.055 and a p-value of 0.000. This result supports Expectation Confirmation Theory proposed by Oliver (1980), which explains that customer satisfaction arises when service performance meets or exceeds customer expectations. Satisfied customers are more likely to continue using the service and recommend it to others. This finding is consistent with previous studies conducted by Dandis et al. (2021) and Putra and Suarmanayasa (2023), which showed that satisfied customers tend to demonstrate loyal behavior, including repeat usage and positive word-of-mouth recommendations.

The results further demonstrated that service quality positively and significantly affects customer satisfaction. The relationship was evidenced by a t-statistic value of 10.658 and a p-value of 0.000, indicating that high-quality service substantially enhances customer satisfaction. This finding supports the SERVQUAL theory developed by Parasuraman et al. (1988), which identifies tangibles, reliability, responsiveness, assurance, and empathy as the key dimensions of service quality. When these dimensions are delivered effectively, customers experience greater satisfaction with the services provided. This result is consistent with studies by Dewi et al. (2021) and Nigatu et al. (2023), which found that service quality significantly improves customer satisfaction in financial institutions.

In addition, trust was found to have a positive and significant effect on customer satisfaction. The statistical results showed a t-statistic value of 9.488 and a p-value of 0.000, confirming the significance of the relationship. This finding suggests that higher customer trust toward the institution leads to greater customer satisfaction. Trust reflected through integrity,

competence, consistency, loyalty, and transparency creates a sense of security and comfort among customers, thereby strengthening positive perceptions of the services received. This result supports the findings of Widiantara et al. (2022), which highlighted the substantial contribution of trust in creating customer satisfaction within financial institutions.

Table 2. Indirect Impact Testing

Indirect Relationships	*Original Sample*	*Sample Mean*	*Standard Deviation*	*T-Statistics*	*P-Values*	VAF	Types of Mediation
Customer Trust → Loyalty (through Customer Satisfaction)	0.188	0.189	0.043	4.320	0.000	38,21%	Partial
Service Quality → Customer Loyalty (through Customer Satisfaction)	0.206	0.208	0.046	4.514	0.000	38,87%	Partial

Source: Smart PLS, 2026

The mediation analysis revealed that customer satisfaction plays a significant mediating role in the relationship between service quality and customer loyalty. The indirect effect test produced a t-statistic value of 4.514 and a p-value of 0.000, indicating that the mediating effect was statistically significant. This finding suggests that service quality not only directly influences customer loyalty but also indirectly affects loyalty through increased customer satisfaction, which subsequently strengthens customer loyalty. Based on the Variance Accounted For (VAF) calculation, the study obtained a value of 38.87%, which falls within the range of 20%–80%, indicating partial mediation. This means that customer satisfaction serves as an important mechanism in explaining the influence of service quality on customer loyalty, although the direct effect of service quality on loyalty remains significant. The findings imply that customer loyalty is not solely formed through satisfaction but is also directly influenced by the quality of services provided by LPD Tanjung Benoa. Therefore, improving customer loyalty requires not only enhancing customer satisfaction but also directly improving service quality through responsive, reliable, and customer-oriented services. This finding is consistent with the study conducted by Putra and Suarmanayasa (2023), which found that customer satisfaction partially mediates the relationship between service quality and customer loyalty.

Furthermore, the mediation analysis also demonstrated that customer satisfaction significantly mediates the relationship between trust and customer loyalty. The statistical results showed a t-statistic value of 4.320 and a p-value of 0.000, confirming the significance of the mediation effect. This finding indicates that higher customer trust contributes to greater customer satisfaction, which subsequently strengthens customer loyalty. The Variance Accounted For (VAF) value obtained was 38.21%, which also falls within the partial mediation category. This result suggests that customer satisfaction acts as an important intermediary variable linking trust and customer loyalty, although trust continues to exert a direct significant influence on loyalty independently of the mediating variable. The findings indicate that customer loyalty is shaped not only through customer satisfaction but also through the level of trust customers place in LPD Tanjung Benoa. Higher levels of trust in the institution's integrity, competence, consistency, and transparency contribute to stronger customer loyalty. Consequently, efforts to improve customer loyalty should not rely solely on enhancing customer satisfaction but should also focus on strengthening customer trust through transparent, consistent, and reliable services. This finding supports the theory proposed by Morgan and Hunt (1994), which identifies trust as the primary foundation of long-term

relationships between organizations and customers. The results are also consistent with the study by Winasih and Hakim (2021), which demonstrated that customer satisfaction partially mediates the influence of trust on customer loyalty while trust simultaneously maintains a significant direct effect on loyalty.

The results of this study indicate that service quality and trust have a positive and significant effect on customer loyalty at LPD Tanjung Benoa, both directly and indirectly through customer satisfaction as a mediating variable. Based on field observations and interviews with customers, respondents perceived that friendly, responsive, and reliable services provided by employees created a sense of comfort and security in conducting transactions. Customers also considered that employees were able to provide clear explanations regarding savings, loans, and transaction procedures, which increased confidence and strengthened long-term relationships with the institution. In addition, transparency in financial management, clear transaction records, and the professionalism of employees contributed to the development of customer trust and satisfaction.

The findings support the SERVQUAL theory proposed by Parasuraman et al. (1988), which explains that service quality dimensions such as reliability, responsiveness, assurance, empathy, and tangibles are important determinants of customer satisfaction and loyalty. This study also supports the Commitment-Trust Theory developed by Morgan and Hunt (1994), which emphasizes that trust is a fundamental factor in maintaining sustainable relationships between customers and organizations. Furthermore, the results are consistent with the Expectation Confirmation Theory by Oliver (1980), which states that customer satisfaction emerges when service performance meets or exceeds customer expectations. Within the perspective of the Theory of Planned Behavior (TPB), positive service experiences and trust shape favorable customer attitudes that subsequently encourage loyal behavioral intentions.

Empirically, these findings are consistent with previous studies conducted by Widnyana and Suarmanayasa (2021), Dewantari et al. (2024), Winasih and Hakim (2021), Putra and Suarmanayasa (2023), and Nigatu et al. (2023), which found that service quality, trust, and customer satisfaction significantly influence customer loyalty in financial institutions. The mediation analysis further confirms that customer satisfaction partially mediates the relationship between service quality and loyalty, as well as between trust and loyalty. This indicates that customer loyalty is not only directly influenced by service quality and trust, but is also strengthened through the creation of customer satisfaction.

The practical implication of this study suggests that LPD Tanjung Benoa should continuously improve service quality, maintain transparency, strengthen employee professionalism, and build effective communication with customers. By maintaining customer satisfaction and trust consistently, the institution can strengthen customer loyalty and ensure long-term sustainability within the community.

CONCLUSION

This study aimed to analyze the mediating role of customer satisfaction in the relationship between service quality, trust, and customer loyalty at LPD Tanjung Benoa. Based on the SEM-PLS analysis, the results indicate that service quality and trust have positive and significant effects on customer satisfaction and customer loyalty. Good service quality, reflected through responsive employees, efficient transaction processes, and clear communication, was able to create positive experiences for customers. In addition, customer trust in the institution's transparency, professionalism, and financial management increased customers' sense of security and comfort in using the services provided by LPD.

The study also found that customer satisfaction significantly influences customer loyalty. Customers who feel satisfied with the services provided tend to continue using the institution's services and recommend them to others. Furthermore, customer satisfaction was proven to

partially mediate the effects of service quality and trust on customer loyalty. This finding indicates that high-quality services and strong customer trust first create customer satisfaction, which subsequently strengthens long-term loyalty. These findings imply that LPD Tanjung Benoa should continuously improve service quality, maintain transparency, strengthen professionalism, and build effective communication with customers in order to sustain customer satisfaction and loyalty. Maintaining positive relationships with customers is essential for the long-term sustainability of the institution. For future research, it is recommended to expand the scope of the study by involving larger samples and different financial institutions or LPDs in other regions. Future researchers are also encouraged to include additional variables such as corporate image, perceived value, or technology-based services to obtain a broader understanding of the factors influencing customer loyalty. The use of mixed methods or qualitative approaches may also provide deeper and more comprehensive insights regarding customer behavior and loyalty formation.

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