



Factors Affecting Customer Using Agent Bank Laku Pandai Program in Bali



I Gusti Ngurah Alit Asmara Jaya ^a, Nyoman Djinar Setiawina ^b

Article history: Received 10 March 2018, Accepted in revised form 15 July 2018, Approved 5 August 2018,
Available online 16 August 2018

Correspondence Author ^a

Abstract



Keywords

*Agent Use;
Laku Pandai;
Customer Trust;
Customer Benefits;
Consumer Education;*

In order to improve access to financial services, especially banking, the *Indonesian Financial Services Authority (OJK)* has issued a regulation on the *Laku Pandai Program (Layanan Keuangan Tanpa Kantor Dalam Rangka Keuangan Inklusif)* in July 2014. The program engages the private sector as a bank agent representing banks in reaching banking services for the lower community in remote areas. The main purpose of this policy is how to improve the low financial inclusiveness of Indonesian society, especially those with categories still unbanked. Bali was an area in Indonesia that require an increase in financial services. The banks have been implementing Laku Pandai program since the last few years. Using purposive sampling method of 100 respondents selected from two locations Denpasar and Tabanan, the study testing the hypothesis to answer the problems that there was a positive effect of customer benefits, consumer education, and customer trust in implementing Laku Pandai with customer trust as mediating variable. Using the statistic test tool SEM PLS, result from the data test of this study was expected to answer the hypothesis and solve the problem facing in Bali to increase use of agent bank. The result of the statistical data test proved that the research concept model has been fit. The result of the analysis indicated that the customer benefit, education, and customer trust have a positive effect, directly and indirectly, the use of agent bank and trust factor mediate significance partially. The loading factors figures and the path coefficient between the variables indicated that there was potential to increase use of agent's bank. It was defined that the intensity of using agents which was still low can be increased.

e-ISSN : 2550-7001, p-ISSN : 2550-701X ©Copyright 2018. The Author.

SS Journals Published by Universidad Técnica de Manabí.

This is an open-access article under the CC BY-SA 4.0 license

(<https://creativecommons.org/licenses/by-sa/4.0/>)

All rights reserved.

^a Faculty of Economics and Business, Udayana University, Denpasar, Bali Indonesia

^b Professor of Economics, Udayana University, as supervisor of thesis Master Program of Economics

Contents

Abstract	194
1. Introduction	195
Literature Review	196
2. Research Method	199
3. Results and Analysis	200
3.1 Research Result	200
3.2 Research Discussion	206
4. Conclusion	209
Conflict of interest statement and funding sources.....	210
Statement of authorship	210
Acknowledgements	210
References	211
Biography of Authors	213

1. Introduction

Indonesia Financial Service Authority (OJK) issued on July 2014, a regulation concerning program called *Laku Pandai* (*Layanan Keuangan Tanpa Kantor Dalam Rangka Keuangan Inklusif*) or a program of Branchless Banking in Supporting Financial Inclusion. The program was responded in the context of the needs to increase financial inclusivity of Indonesian population for the inclusion of economic growth, the growth that involved the participation of all parties without discrimination and ability to involve all sector of economic (Klasen, 2010).

Laku Pandai was an activity to provide banking services and or financial services carried out not through the office network but collaborating with parties using technology (OJK, 2014). The main points regulated that was stated in the regulation consist of the product design, customers, agency, provider (bank), technology, and risk management.

The performance of the Laku Pandai program nationally since it was implemented as stated below.

Table 1
The performance of Laku Pandai nationally as per September 2017

Item	Unit	2015	2016	Sept. 2017
Provider	Bank	7	20	23
Number of agent	Agent	60,805	275,916	428,852
Number of customer	Account	1,216,952	3,700,215	11,808,868
Saving amount	Rp. billion	67	216.5	1,300
Agent location	Province	34	34	34
Agent location	Regency/city	345	508	512

Source: OJK Website, 2017

The performance of Laku Pandai nationally since it was introduced has developed significantly mainly in a number of agent, customer and amount in saving. Society and industry respond to the program was well enough. The same implementation in Bali per September 2017, was the performance showed like the table below.

Table 2
The number of agent and customer of Laku Pandai in Bali per September 2017

Regency/City	Number of Agents	Number of Customers	Average Customer/Agent
Badung	1,053	24	0.02
Bangli	195	4	0.02
Buleleng	765	20,689	27
Gianyar	813	769	0.94
Jembrana	532	83	0.09
Karangasem	370	7,241	19
Klungkung	221	-	-
Denpasar	2,561	34,911	13
Tabanan	1,318	7,798	6
Bali	7,828	71,519	9

Source: OJK of Regional Office Bali Nusra, 2017

It was compared to the national achievement, the Bali contribution was relatively small due to Bali as a province was narrow compared with other provinces in Indonesia. Some regencies as we looked at above a very small number of the customer by agents and even without any customer at all. Now let's see how was the *banking penetration* per 1,000 km² in Bali looked like in the following table below.

Table 3
Banking penetration Per 1,000 KM2

Regency/City	Number of Bank Office	Number of ATM	Ratio in Bank Office	Ratio in ATM Number
Badung	259	1,083	198	344
Bangli	26	27	94	146
Buleleng	83	144	218	878
Gianyar	128	288	348	783
Jembrana	41	63	308	1,287
Karangasem	49	76	40	49
Klungkung	34	41	130	200
Denpasar	298	1,199	814	1,036
Tabanan	104	140	31	32
Bali	1,022	3,061	181	543

Source: Reported of KEKR Bank Indonesia, 2017

Accessing banking services and ATM (banking penetration) between regency/city is uneven. Tabanan Regency was the lowest and Denpasar was the highest. Bali was indicated still need to increase an access to financial services to boost inclusive growth. Laku Pandai as one of the programs at improving the access raises the question as the problems to be solved included (1) what factors are causing the customer to use the agent bank and (2) how intense the customer using an agent bank. Answering the two questions, obtain an overview of the solution in the interest of the community to use the agent bank and increase the intensity of the customer in using it.

Literature Review

In various literature and journal of research, it was mentioned that the rational motives a person consumes a product and service is inseparable from the existence of their benefits that come to meet a need to fulfill what they wish. Consumer behavior theory emphasizes that motive to consume is getting the value to meet the

satisfaction of a person. The higher satisfaction obtained in consumer product and services, the higher value will be obtained (Sukirno, 2015). Tjiptono (2014) argued against the offering of goods and services must be developed and maintained on the basis of the benefit that is of value to customers so as to satisfy the needs and desires. The benefit meets the needs and desires will determine the behaviour of consumers to consume a product. So the benefits must become a consideration in offering the product. In terms of Laku Pandai program (POJK), benefits by having the program are reflected in the ease of access by the service, the product designed based on community need adjusting the target programs, the ease, and simplicity of the service terms used in the process.

The community in meeting the needs of financial services such as banks, by Honohan (2004) cited through Pungky Purnomo Wibowo, there are three main groups that become barriers. Those groups meant *i.e.*, price barrier, the information barrier, and barriers to product design and service. The barriers have made the creation of financial exclusion. Allen et al (2012), research was quoted by Imam Mukhlis (2015), it was identified the reasons for the creation of financial exclusion to include the limitations of money, religious reasons, family members, too far, too expensive, the limitation of documentation and lack of trust. Remote access is the problem of distribution that is also as one of the economic problems. With the presence of the agent banks in the Laku Pandai program, financial services distribution problems can be resolved. With the Laku Pandai program the alignment of the product design with the need, the range of mileage to the office and ease of documentation are the core benefits offered because all this stuff becomes the obstacle of why financial services for unbanked communities is still low (OJK, 2014).

Based on the above description, it can be concluded that the benefits for the customer are one of the factors that determine why the community decided to use the Laku Pandai program through the agent bank. The benefits gained from the experience in using product and services to meet their wants and needs can affect trust. Consumer behaviour also emphasizes a series of actions that are performed on consumer decision making processes of the individual to evaluate, acquire, use or set of goods and services. Engel et al (2006) in Tjiptono (2014), decision-making process, the consumer through the five stages are: 1) the introduction of needs; 2) information search; 3) alternatives evaluation; 4) purchasing decisions and; 5) results of post-purchase. Regarding such stages, consumer education becomes beneficial in the stages of information retrieval. Consumer education model carried out by companies can become the reference consumers in finding information or find out more about products offered, such as through educational brochures, pamphlets, television or direct description of the company in educational activities and promotions. According to Park et al (1994) and Sujan (1985) as quoted by Suh and Greene (2015), consumer education is an effort of the company to provide knowledge of the products to the consumers in the decision-making process. Consumer education as a tool for the value creation of the consumer, satisfaction, skills about products and brand performance. Consumer education according to Aubert and Humbert (2001), helps consumers understand properly the use of products and help consumers understand the value of a product. Consumer education activities will enhance the expertise of the consumer about a product that is necessary for the decision-making process of buying and using (Lovelock and Young 1979) as quoted by Suh and Greene (2015).

Beside that, according to Eisingerich and Bell (2006) argued that as a company, education is a powerful commitment to alert consumers, where that commitment is able to create confidence for the consumers. Moreover, consumer education can create and convince consumers understand the products and services offered, in managing the expectations of consumers and increase trust. Consumer education is able to improve the quality of consumer confidence because consumers feel that they are being cared for by the company. Sharma and Peterson (1999) posited improve the effectiveness of communication in the education of consumers affect the improvement of consumer confidence within an organization and has a commitment to building a relationship. *Financial Service Authority (OJK) 2014* provisions about the conduct of Laku Pandai also set on the protection of consumers in accordance with Republic of Indonesia Law (UU RI) 2009. Consumer protection policy concerning education to the customer/prospective customer about the benefits, risks, costs, procedures in using, security by the customer, how to know an agent, financial management and knowing how to make a complaint to the provider (Dewi; 2017, Kustina, et. al; 2018, Jaminyasa, et.al.; 2017).

Based on the above explanation, can be summed up that consumer education carried out by the provider, will make the client use the agent banks in the Laku Pandai program. Bank as a financial institution, with customer education concerning Laku Pandai will boost customer trust of Laku Pandai. In any interaction or relationship that is created based on the above belief, moreover in the context of the business relationship, the

relationship that is created for the betterment and success must be based on trust. Trust is the expectation of the results already based upon a conviction, gained from experience rather than predictions. Therefore the parties that trusted has all the knowledge and conclusions about objects, attributes, and benefits provided by the such trusted party.

[Moran & Hoy \(2001\)](#), suggested that there are five dimensions in the formation of consumer confidence. Each of the said dimension is benevolence (good intentions), reliability (ability to be reliable), competent (the ability of the skill and knowledge to meet the needs of customers), honesty (the statement may be promises kept and a commitment to the promise) and openness (openness in providing information). [Hefferman et al \(2008\)](#) in Sanjit, Abdolreza, and Vaibhav identify three dimensions of trust in retail banking, namely credibility, integrity and benevolence (good deeds). They stated that there was a positive and significant relationship between these three dimensions with a level of manager trust, emotional intelligence and the financial performance of the company. In the banking sector, as stated by [Kumra and Mittal \(2004\)](#), trust was the confidence and safety of consumers and the existence of a guarantee from a bank that the bank will regard it when there is a problem faced. Furthermore, it is stated that consumer confidence in the banking sector is the belief that the bank will have good intentions and honest. According to [Dovalieno, Gadeikieno and Piligrimieno \(2007\)](#) in Sanjit, Abdolreza, and Vaibhav suggested that there was a strong relationship of trust with the customer satisfaction, the quality of the results and customization. Next [Liu and Wu \(2007\)](#) still in Sanjit, Abdolreza, and Vaibhav suggested that the expertise and reputation of the company may affect to the trust.

According to [Chaudry \(2016\)](#), determinants of user trust for services in branchless banking is the quality of service (service quality), the quality of the system (system quality), reputation, structural guarantee assurance, perceived credibility and perceived of financial cost. [Aubert and Kelsey \(2000\)](#), in a study of the illusion of the trust, the trust is measured by factors like the ability (ability), goodwill (benevolence), integrity and the tendency to believe (propensity to trust).

[Mowen and Minor \(2002\)](#) in [Tjiptono \(2015\)](#) defined consumer trust as all the knowledge owned by the consumer, and all the conclusions made by consumers about objects, attributes, and benefits. The object can be an attribute of a product, company, person, or everything that consumers have confidence in that. The attribute represents the characteristics or features that may be owned or not owned by the product. The benefit is the result of positive attributes to the consumer. The knowledge and perception are usually shaped trust, meaning that consumers believe that an attitude object has different attributes and behaviors that lead to the best results.

The study of the literature from various international journals, regarding bank agency service research results in various countries, there are many factors which are the cause of why the community using the agent bank. As for those factors, namely 1) trust, 2) transaction costs, 3) comfort, 4) financial literacy, 5) education) level, 6) service benefit, 7) awareness about agents, 8) economic factors, 9) gender, 10) age, 11) customer education, and 12) agent competence/knowledge ([Jaldesa, Murtini, Sumba, 2015](#); [Chaudry, 2016](#); [Leonard, Odenga, Onganga, 2013](#); [Tobin, 2012](#) and; [Mornoti, Wanja, 2014](#))

Based on the various indicators of consumer trust described in a above, as this research regarding the use of the agent bank, hence indicators of consumer trust are indicators related to the trust of bank services that also include being consumer trust indicators from other sectors, namely: 1) the quality of services; 2) quality system; 3) reputation; 4) credibility; 5) security; 6) and good deeds; 7) honest. Agent bank of Laku Pandai program is a business unit providing financial services representing the bank. Become a client of the program, it must use an agent because it is part of the concept of Laku Pandai program. An agent as a provider of financial services, the customer transaction is a form of purchase of the services offered by the agents. Thus the use of agents for the needs of the customer transaction is identical with the purchase of financial services by the customer. Therefore, the performance of the agents will be determined by the customer visit to the agent to perform financial transactions as needed. Repeated visits to the transaction in reflecting the intensity of the use of the agent.

Factors that affect the customer using the agent bank of Laku Pandai program intended as factors that affect the community choose to become a customer of Laku Pandai program. Becoming the customer of program Laku Pandai reflecting the use of agents to conduct financial transactions according to their needs. Transactions carried out in the agent as per term and provision stated by [OJK \(2014\)](#) includes account opening; do the remittance; withdrawal; send money; payment and; others. Clients who believe will be loyal and will use a service agent continuously. How deep the confidence of the customers will certainly affect the intensity of use of the agent.

Respecting the above explanation, for the purposes of this research, so indicators of user agents will include the following: 1) frequency of visit to the agent, 2) transaction type, 3) transaction frequency, 4) assessment of programs by customers and 5) recommendations to the other by customers.

2. Research Method

The present research is using primary data, samples are taken using the method of purposive sampling from 100 clients, due to the nature of the sample is homogeneous. They have been a customer for at least six months with a minimum of one transaction in a month. The research was carried out at two locations *i.e.*, Denpasar City and Tabanan Regency, of which each representing urban areas and villages. The framework of the concept and its relationship between variables can be described as follows.

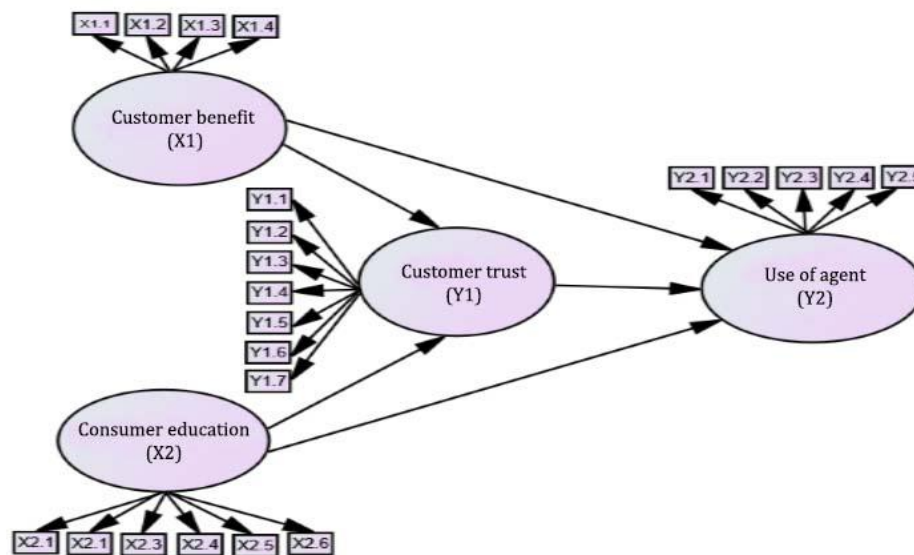


Figure 1. The relationship among variables

Based on the framework of the concept of the study above, hypothesis formulation is as follows.

- a) Customer benefit affects positively against customer's trust Laku Pandai program in Bali.
- b) Consumer education affects positively against the customer's trust Laku Pandai program in Bali.
- c) Customer's trust affects positively the use of agent bank Laku Pandai program in Bali.
- d) The customer benefit affects positively the use of agent bank Laku Pandai program in Bali.
- e) Consumer education affects positively against the use of the agent bank Laku Pandai program in Bali.
- f) Customer benefit affects positively indirect of the use of agent bank Laku Pandai program through customer's trust in Bali.
- g) Consumer education affects positively indirect of the use of agent bank Laku Pandai program through customer's trust in Bali.

The latent variable of indicator X1, X2, Y1 and Y2, will be measured by looking at the loading factors respectively. The following are the mentioned indicators.

- a) Customer benefit (X 1) consists of 4 indicators: X 1.1 = type of transaction; X 1.2 = wish of need; X 1.3 = ease of access and; X 1.4 = ease of terms and usage.

- b) Consumer education (X 2) consists of six indicators, namely: X 2.1 = product knowledge; X 2.2 = transaction knowledge; X 2.3 = knowing the risks; X 2.4 = how to recognize agents; X 2.5 = knowing rights and obligations; X 2.6 = knowing how to complain.
- c) Customer's trust (Y1) consists of 7 indicators, namely: Y 1.1 = quality of service; Y1.2 = quality of system; Y1.3= credibility; Y 1.4 = reputation; Y 1.5 = safety; Y1.6 = good deeds and; Y 1.7 = honesty.
- d) Use of Agent (Y2) consists of five indicators are: Y2.1= visiting agent ; Y 2.2= types of transactions used; Y2.3= frequency of transactions; Y 2.4= program assessment and; Y2.5= recommendation to the other.

The relationship between the latent variable (inner model), can be made to the following equations model.

$$Y1 = \beta1 X1 + \beta2 X2 + \mu1$$

$$Y2 = \beta3 X1 + \beta4 X2 + \beta5 Y1 + \mu2$$

Description: X 1= Customer Benefits; X2= Consumer Education; Y1=Customer's Trust; Y2 = Use of Agent; $\beta1, \beta2, \beta3, \beta4, \beta5$ = path coefficient and; $\mu1, \mu2$ = inner residual

Using analysis technic of SEM PLS, the model will be tested (goodness of fit) to include: testing Convergent Validity; Discriminant Validity and Composite Reliability. Evaluation for the Inner model will be conducted by looking at the magnitude of the structural path coefficient and t-statistic value to see their significance. To see if it has a real role Y1, then the test will be performed with the following Sobel's formula.

$$Z = \frac{ab}{\sqrt{(b^2 S_a^2) + (a^2 S_b^2)}}$$

Description: a = path coefficient X 1 to Y1; b = path coefficient Y1 to Y2; c = path coefficient of X1 to Y2 S = standard error; Sa = is the standard error of the coefficient a; Sb = standard error of the coefficient b and; Sab = Standard error of the coefficient a and b.

3. Results and Analysis

3.1 Research Result

a) Test of validity

Based on the result of the measurement model (outer model) evaluation, after removing the invalid indicator X2.4 and Y1.2 are as follows.

Table 4
The test of convergent validity

Output	Indicator	Latent Variable Benefit (X1)	Latent Variable Education (X2)	Latent Variable Trust (Y1)	Latent Variable Use (Y2)
Loading Factor	X1.1	0.763			
	X1.2	0.794			
	X1.3	0.651			
	X1.4	0.820			
	X2.1		0.687		
	X2.2		0.797		
	X2.3		0.859		
	X2.5		0.776		
	X2.6		0.677		

Y1.1			0.761	
Y1.3			0.806	
Y1.4			0.756	
Y1.5			0.796	
Y1.6			0.871	
Y1.7			0.863	
Y2.1				0.818
Y2.2				0.784
Y2.3				0.839
Y2.4				0.752
Y2.5				0.801
AVE	0.577	0.581	0.656	0.639

Value of loading factor of all indicators is above the figure 0.6, thus, meaning the measurement model was fit. The evaluation result of Discriminant Validity can be seen as follows.

Table 5
Cross Loading Factor of variable indicator

Variable	Education	Trust	Benefit	Use
x1.1	0.552	0.489	0.763	0.590
x1.2	0.488	0.441	0.794	0.495
x1.3	0.423	0.358	0.651	0.347
x1.4	0.448	0.414	0.820	0.447
x2.1	0.687	0.391	0.511	0.408
x2.2	0.797	0.538	0.418	0.600
x2.3	0.859	0.589	0.527	0.613
x2.5	0.776	0.544	0.486	0.506
x2.6	0.677	0.422	0.514	0.440
y1.1	0.510	0.761	0.394	0.555
y1.3	0.524	0.806	0.448	0.638
y1.4	0.514	0.756	0.555	0.564
y1.5	0.447	0.796	0.482	0.561
y1.6	0.570	0.871	0.431	0.555
y1.7	0.632	0.863	0.446	0.606
y2.1	0.457	0.535	0.426	0.818
y2.2	0.484	0.524	0.500	0.784
y2.3	0.474	0.553	0.485	0.839
y2.4	0.668	0.610	0.558	0.752
y2.5	0.603	0.619	0.535	0.801

The measurement results are declared valid by looking at the value of cross loading for each indicator X1, X2, Y1, and Y2 (bold numbers) exceed 0.6. It was fit.

The evaluation model of the other measurement can be seen from a comparison of the value of the square of the AVE. Each latent variable with the value of the correlation between latent variables as follows.

Table 6
The test of validity based on square root AVE

Construct	Education	Trust	Benefit	Use
Education (X2)	0.762			
Trust (Y1)	0.661	0.810		
Benefit (X1)	0.636	0.567	0.760	
Use (Y2)	0.684	0.717	0.633	0.799

The comparison for each square of the AVE (bold numbers) indicates a higher value when compared to the value of the correlation between the variables X1, X2, Y1, and Y2. With that, the evaluation model of measurement has been fit.

b) Test of reliability

In order to see if the measurement model (inner models) is reliable can be checked by looking at the value of Cronbach's Alpha and Composite Reliability as follows.

Table 7
The reliability test of the measurement model

Construct	Cronbach's Alpha	Composite Reliability
Benefit (X1)	0.755	0.844
Education (X2)	0.818	0.873
Trust (Y1)	0.894	0.919
Use (Y2)	0.859	0.898

Each value Cronbach's Alpha and Composite Reliability indicate the numbers above 0.6, which mean the measurement model was fit.

c) Evaluation of the structural model (inner model)

The next model after the evaluation of the measurement model is a structural model evaluation, by looking at the value of R-square Y1 and Y2. The values of R-square Y1 and Y2 based on the picture resulted from PLS data processing can be seen as follow.

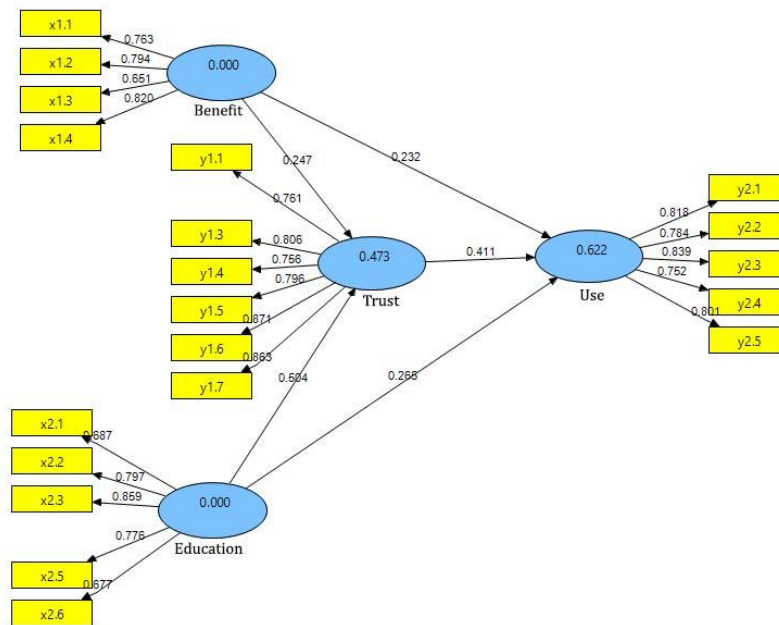


Figure 2. R-Square Y1 and Y2

Each of the R-square value Y1 and Y2 indicates the value of 0.473 and 0.622. This means that any variant of the variable trust (Y1) amounted to 47.3 percent can be explained by the variable benefit (X1) and consumer education (X2). Similar to the case Y1, any variant of the use of an agent (Y2), can be explained by the variable of benefit (X1), consumer education (X2) and trust (Y1) amounted to 62.2 percent.

d) *The influence of the direct, indirect, and total*

The influence of the direct, indirect and total describe the relationship between research variables are represented by the value of the path coefficient, while to see significances can be seen from the value of T-statistic. Path coefficient can be seen in Figure 3 above. Following the model of the structural significance of relationships between variables.

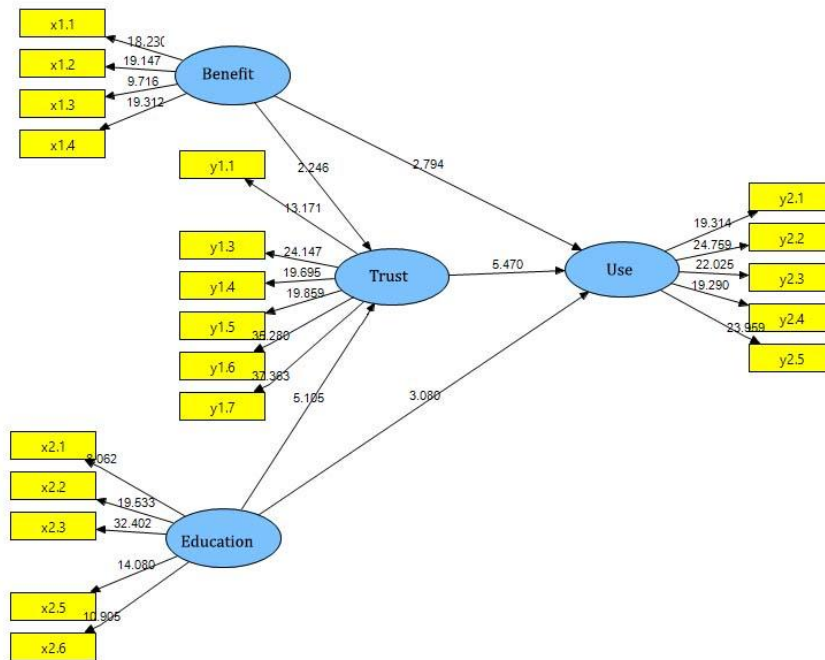


Figure 3. Model of Structural Significance

The direct influence of X1, X2, Y1, and Y2 as shown in the picture above is as follows.

Table 8
Path coefficient of direct influence

Relationship Between Variable	Path Coefficient	Standard Deviation	T-Statistic
Benefit -> Trust	0.247	0.110	2.246
Benefit -> Use	0.232	0.083	2.794
Education -> Trust	0.504	0.099	5.105
Education-> Use	0.265	0.086	3.080
Trust -> Use	0.411	0.075	5.470

Path coefficient of the entire variable relationship is positive, as well as their significance is having all T-statistics value above 1.65. (1.65 is T-Table for confidence level $\alpha = 0,10$). For indirect influence can be seen from the following table.

Table 9
Path coefficient of indirect influence

Relationship among Variable	Path Coefficient
Benefit -> Trust -> Use	0.207
Education -> Trust -> Use	0.102

The indirect influence among variables indicates a positive result with each path coefficient of 0.207 and 0.102. The total influence can be viewed according to the following table.

Table 10
The path coefficient of total influence

Relationship among Variable	Original Sample (O)	Standard Deviation	T-Statistics
Benefit -> Trust	0.247	0.110	2.246
Benefit -> Use	0.333	0.085	3,911
Education -> Trust	0.504	0.099	5.105
Education -> Use	0.472	0.080	5.900
Trust -> Use	0.411	0.075	5.470

Based on the above table, in the total influence relationship between variables indicate positively. Additionally, significant relationships that happen by comparing the value of the T-statistic higher than 1.65 which is T-table with the confidence level $\alpha = 0.10$.

e) Test of the role of mediation variable

There are four types of the role of mediation variable (Suyana, 2016) included 1) full mediation; 2) partial mediation; 3) inconsistent mediation and; 4) no mediation or not mediated. The significance of the relationship among variables can be shown in the following table.

Table 11
The significant relationship among variable

Relationship among variable	T-Statistic	Note
Benefit - > Trust	2.246	Significant
Benefit - > Use	2.794	Significant
Education - > Trust	5.105	Significant
Education - > Use	3.080	Significant
Trust - > Use	5.470	Significant

The relationship among all variable showing significant. Thus, the trust (Y1) mediated partially the relationship between benefit (X1) and Consumer Education (X2) against the use of an agent (Y2). To find out whether or not the role is significant, can be found by calculating the value of Z in the following Sobel test.

To know the role of mediation, the formula used as follows.

$$S_{ab} = \sqrt{(b^2 S_a^2) + (a^2 S_b^2)}$$

Description: a = path coefficient X1 to Y1; b = path coefficient Y1 to Y2; c = path coefficient of X1 to Y2 S = standard error; S_a = is the standard error of the coefficient a; S_b = standard error of the coefficient b and; S_{ab} = Standard error of the coefficient a and b

To test the significance of indirect influence, then the value of the coefficient S_{ab} is calculated with the following formula.

$$Z = \frac{ab}{S_{ab}}$$

$$p = [1 - \text{normdist}(Z)] \times 2$$

To calculate the value of Sab and Z below is the value of a, b, S, and Sb

Table 12
Coefficient and standard Error X1 to Y2

Component	Coefficient Value
a	0.247
b	0.411
S _a	0.110
S _b	0.075

$$\begin{aligned}
 Sab &= \sqrt{(0.411^2 \cdot 0.110^2) + (0.247^2 \cdot 0.075^2)} \\
 &= \sqrt{0.0025} \\
 &= 0.0500 \\
 Z &= \frac{0.247 \times 0.411}{0.0500} = 2.0505
 \end{aligned}$$

The Z value of 2.0505, higher than 1.65 with $\alpha = 0.10$. With Z = 2.0505, and value of p is 0.0405 lower than $\alpha = 0.10$. It is concluded that mediation variable of Y1 Trust, has a significant role in influencing over X1 Benefit against Y2 Use of Agent. The same thing can be conducted to look at the role of variable Y1 Trust in mediating the influence of X2 towards Y2. The table below shows the path coefficient and standard error relationship among variables.

Table 13
Path coefficient and standard error X2 to Y2

Component	Coefficient Value
a	0.504
b	0.411
S _a	0.099
S _b	0.075

Based on the above table, the value of the Sab and Z can be calculated as follows.

$$\begin{aligned}
 Sab &= \sqrt{(0.411^2 \cdot 0.099^2) + (0.504^2 \cdot 0.075^2)} \\
 &= \sqrt{0.0031} \\
 &= 0.05667 \\
 Z &= \frac{0.504 \times 0.411}{0.0567} = 3.6525
 \end{aligned}$$

The Z value of 3.6525, greater than 1.65 with $\alpha = 0.10$. With Z = 3.6525, p-value 0.0002 smaller than $\alpha = 0.10$. It is concluded mediation variable of Y1 Trust has a significant role to influence X2 Consumer Education against the Y2 Use of Agent.

3.2 Research Discussion

Based on the evaluation of the models described above, if we compare with the hypothesis of the research that has been made, all hypotheses are acceptable and having significant influence. Furthermore can be explained as follows. Customer benefit influences positively against customer trust of Laku Pandai program in

Bali. This means that the higher the benefit derived by a customer of Laku Pandai program, the higher the trust level of customer. The more benefit customer obtained will increase the trust of 0.247. The structural equation to measure the influence of prediction is as follows.

$$Y1 = \beta_1 X1 + \mu_1$$

$$Y1 = 0,247X1 + 0,110$$

where β_1 is a path coefficient of $X1$ and μ_1 inner residual. If $X1$ is increased by 1, then $Y1$ will be increased by 0.357. The increase in benefit obtained by the customer is still possible because the loading factors are still at a range of 0.6 to 0.8. The increase in the question of which can be done through a number of different types of transactions used recently.

- 1) Consumer education effects positively against the customer's trust Laku Pandai program in Bali. This means the more education of the clients around Laku Pandai the more trust of the customer. The more education of the customer get on products, features and benefits will increase customer trust of 0.504. When depicted in the form of the equation of structure, prediction changes in trust due to change in consumer education is $Y1 = \beta_2 X2 + \mu_2$ or $Y1 = 0,504X2 + 0,099$. For example, if $X2$ is increased by 1, then $Y1$ will be increased by 0.603. Loading factor of consumer education variable is 0.6 up to 0.8 indicates the possibility to increase education of Laku Pandai program which can increase customer trust. As a new model of banking services for the community, education about the program should always be carried out by the organizers or agents. For those who already use the program must continue renewing their knowledge in case of new information service-related available from the organizers. Theoretically, the trust also is a fact of experience and not a prediction, confidence can arise from experience so that the experience gained into a form of education which can improve or create trust.
- 2) Customer trust influences positively of the use of agent bank Laku Pandai program in Bali. The higher the customer trust, the higher or much use of an agent will be. A variant of the client's level of trust will cause increasing use Agency of 0.441. When depicted in the form of structural equations, prediction of customer trust changes due to changes in consumer education is as follows.
 $Y2 = \beta_1 X1 + \beta_2 X2 + \beta_3 Y1 + \mu_3$ $Y2 = 0,247X1 + 0,504X2 + 0,441Y1 + 0,075$.
- 3) Customer trust influence positively of the use of agent bank Laku Pandai program in Bali. The higher the customer trust, the higher the agent use. The change in the client's level of trust, cause the increasing use of Agent by 0.441. When depicted in the form of structural equations, prediction of customer trust changes due to changes in consumer education is as follows.

$$Y2 = \beta_1 X1 + \beta_2 X2 + \beta_3 Y1 + \mu_3$$

$$Y2 = 0,247X1 + 0,504X2 + 0,441Y1 + 0,075.$$

For example, if $X1$ increased by 1 and $X2$ increased by 1 too, and $Y1$ increased by 2, then $Y2$ will be increased by 1.708. Trust of the customer could be increased by the benefit derived from the customer increase, so does the level of educational clients are increasing. Customer trust as mediation variable may encourage the increased use of an agent. Increased effort can be done by improving the performance of customer trust as shown by indicators *i.e.*, the quality of services, quality system, credibility, reputation, security, good deeds, and honest. In technology-based banking services, particularly services of bank agent, technology plays an important role that may affect processes, quality system, security and reputation of the banks as organizers. Therefore, the organizers should always make efforts maintaining the reliability of the technology as an important component in bank agency service.

- 4) The influence of benefit against customer trust greater than the customer trust against the use of agents. It contains the meaning that the customer is using the Laku Pandai program influenced by the existence of an element of trust in advance, then further encourage the use of an agent. Loading factor that still in the range of 0.6 to 0.8, which still enough space to increase the benefit derived.

- 5) Consumer education influence positively against the use of the agent bank Laku Pandai program in Bali. Increased client educational level of Laku Pandai program will increase the use of an agent. The increase in the use of agent due to the increased of educational level of the program will influence amounting 0.268. Such influence is smaller when compared to the influence of the education of the customer against the customer trust amounting 0.504 and against the use of agent amounting 0.411. But if compared with the influence of the indirect effect of 0.102, then direct influence consumer education against the use of an agent is still higher. It means the increased educational level of the program will increase use of the agent directly amounting to 0.268, it is higher if compared to the indirect influence against the use of an agent which is only 0.102. Loading factors of the variable customer education around 0.6 to 0.8 indicate the possibility of increasing customer education of the program will enhance the use of the agent directly. As a new model of banking services for the community, education about the program should always be carried out by the providers/banks or agents. For those who have used must be updated continuously in knowledge related to services. As an example *i.e.*, new features, changes to rates etc.
- 6) Benefit and consumer education positively influence indirectly against of the use of agent bank Laku Pandai program through customer confidence. Trust as mediation variable doses not influence directly against the use of an agent. The mediation is partial and significant. The benefit and consumer education obtained are not directly in full give effect that hey will use an agent. Banking is a unique business institution, one of its uniqueness is the trust which the community based on of its trusting, keep their funds in the bank. With the model agent bank in serving the customer, even if the agent is a cooperation partner of the bank, in this case, the trust becomes even more important. The banks that impressed look luxurious, official of the neat, clean yet also view the status of the ownership of the bank are very easy to gain trust from the community especially those who already become customers, but the agency is private parties with microenterprise scale certainly will be very careful in choosing a place to do banking transactions. It's no wonder that trust as a very significant mediator with its influence boosting the use of an agent.
- 7) The total effect influence of benefit and consumer education against the use of agent respectively 0.472 and 0.333. The influence of total is higher when compared with the direct influence, each with 0.232 and 0.268. The increased benefit that obtained by the customer will increase in total use of agent by 0.472. So, with customer education increased will increase the influence of the total against the use of agent by 0.333. Logically, the total influence will be higher if it is compared with the partial influence. Total influence is an effect of partial influence only. To increase total influence then each partial influence can be upgraded in ways in accordance with the explanation that has been mentioned above.

A variant of change in using an agent (Y2) caused by the change in the variance of customer benefit (X1), consumer education (X2) and customer trust (Y1), is a reflection of the intensity of the use of the agent itself. Score statement 1 to 5 in each questionnaire indicators of the use of the agent, when converted into the shape of the intensity of use of an agent, then become 1) score 1 is very low; 2) score 2 is quite low; 3) score 3 is low; 4) score is 4 high and; 5) score 5 is very high. Of 100 clients who were respondents most in the use of an agent is represented in the very low range up to low as shown in the following table.

Table 14
The intensity of agent use

Average Score	Intensity	Number of Customers
1 s/d 1,99	Very Low	4
2 s/d 2,99	Quite Low	26
3 s/d 3,99	Low	31
4 s/d 4,99	High	39
5	Ver High	-
	Total	100

As 61 respondents with the average score are in the range 1 to 3.99, this means that as 61 respondents of their intensity in using an agent is still very low and ended low. The rest is 39 respondents their intensity in using an agent is high. With these conditions, the potential of increasing the intensity in using of the agent is very high and corresponding to result analysis from statistical data of path coefficient that mirrored by the relationships between variables, the increase of intensity can be done by increasing in the benefits that obtained by customers and increase consumer education.

Of the five indicators of the use of agent (Y2), an indicator of visits to the Agency (Y2.1) correlated positively against 4 other indicators i.e. the number of transaction types in a month (Y2.2); the frequency of transactions in a month (Y2.3); overall assessment by customers (Y2.4) and; recommendations of customers to the other (Y2.5). The correlation Y2.1 is shown with a Pearson Correlation respectively 0.565 against Y 2.2; 0.892 against Y 2.3; 0.438 against Y 2.4 and; 0.456 against Y 2.5. With that correlation, the importance of agents in order to conduct efforts so that the public and the customer increase visits to the agent, thus providing the agents an opportunity to educate visitors and increase education to those already as the clients and encouraged to try out the services so that clients feel more benefits.

Other things can also be pushing the intensity of use is the readiness of agents itself in servicing customer's transactions. The observations and interviews with agents in the field found that the agent requires the availability of sufficient liquidity to serve customer transactions. The success of the Agency in a meet or exceed the target transactions given by bank organizers, determined by 2 things namely liquidity management and motivation as an agent. A successful agent is an agent that has a high motivation in running the business and being able to bank Agency in the management of liquidity.

With the motivation of entrepreneurial soul had intended in doing business and passion in the pursuit of the target, because the target is identical to financial benefit that will be received as an agent. While a good liquidity management is able to provide sufficient liquidity and set liquidity in every moment for serving the transactions without difficulties with liquidity.

Research results also show factors of demographic characteristics have correlation against the use of the agent, in this case, intensity use of agents by the customer. The said demographic characteristics of the respondents is how long they have been at the customer; their incomes and; their professions. The overall demographic characteristics are correlated with the number of types of transactions (Y 2.2) amounted to 99 percent among the very low up to low. Demographic characteristics are correlated with the frequency of transactions in a month (Y2.3) amounted 45 percent among the very low up low and amounted 55 percent among high and very high. Those who have been a customer for long time correlated with the use of the agent; higher income correlated with the use of agents and; type of work as self-employed correlated with the use of agents.

4. Conclusion

Based on the research results and the above discussion, it can be concluded the followings.

- a) Benefit and consumer education, influence directly, positively and significantly as well, to the use of agents. Changes in a variant of the benefit of the customer and consumer education will provide a positive and significant influence against variant usage of the agent.
- b) Benefit and consumer education influence positively and significantly against the customer trust, then customer trust influence positively and significantly against the use of an agent. Changes invariants of the benefit of the customer and consumer education to affect change in the customer's trust. Benefit and educational of consumer increase will increase customer trust significantly.
- c) Customer trust mediate partially and significantly to the use of agents. Customer trust holds an important role as mediator in the use of an agent, meaning that a portion of every variant of the benefit and consumer education does not directly influence the variant usage of agents.
- d) The intensity of use of showing agents uses mostly/majority are at a very low intensity up to low. These conditions indicate there is still the potential for increasing the intensity the use of agents.
- e) An increase in the intensity use of an agent through one of the indicators namely visits the agent, correlated positively and significantly to the number of types and frequency of transactions in a month. This means that visitors to the agent can influence the number of transaction type and frequency of transaction in a month, will eventually influence the intensity of use of the agent.

- f) Some demographic characteristics correlated significantly with the use of the agent through the number of customer visits to the agent; the number of transactions and; the frequency of transactions. Based on demographic characteristics, the intensity of agent use is still at very low levels up to low for the number of transactions, and transaction frequency for the most is in the level of level and very high.

Suggestions

The following is some suggestion based on the result of this study and conclusions in above.

- a) Consumer education needs to be more intensive and improved by both agents as well as the bank, with the aim of acquiring new customers and increasing the use of an agent.
- b) The agent proactively should undertake efforts to encourage community and customer visit to the agent that can have an impact on increasing the use of agents. By increasing the use of agent at the end will increase the intensity of use of an agent.
- c) With certain criteria, the bank should provide liquidity in the form of credit for working capital to agents in order to support increasing the intensity of use of the agent. It is important the availability of sufficient liquidity to support the transactions.
- d) Socialization and education about the Laku Pandai program need to be carried out, through the collaboration of the bank along with the regulator (OJK) using method ATL (Above The Line) and BTL (Below The Line). It is important to increase awareness and public trust against the use of client agents.

Conflict of interest statement and funding sources

The authors declared that they have no competing interest. The study was financed by the authors.

Statement of authorship

The authors have a responsibility for the conception and design of the study. The authors have approved the final article.

Acknowledgments

The author would like to thank the editor of the journal for their support, valuable time, and advice.

References

1. Aubert, B. A., Kishore, R., & Iriyama, A. (2015). Exploring and managing the “innovation through outsourcing” paradox. *The Journal of Strategic Information Systems*, 24(4), 255-269.
[View in \(Google Scholar\)](#)
2. Aubert, B., & Kelsey, B. L. (2000). The illusion of trust and performance.
[View in \(Google Scholar\)](#)
3. Chaudhry, A. A., Parveiz, A., & Javed, Y. (2016). Determinants of Users Trust for Branchless Banking in Pakistan. *The Journal of Internet Banking and Commerce*, 21(1).
[View in \(Google Scholar\)](#)
4. Dewi, I. G. A. A. O., & Dewi, I. G. A. A. P. (2017). Corporate Social Responsibility, Green Banking, and Going Concern on Banking Company in Indonesia Stock Exchange. *International Journal of Social Sciences and Humanities (IJSSH)*, 1(3), 118-134.
[View in \(Google Scholar\)](#)
5. Eisingerich, A. B., & Bell, S. J. (2006). *Educating Customers: Its Impact on Cosumer Trust and Implications for Management Consulting*. Judge Business School.
[View in \(Google Scholar\)](#)
6. Ghozali, I., & Latan, H. (2015). Partial least squares: Konsep, teknik dan aplikasi menggunakan program SmartPLS 3.0 untuk penelitian empiris. *Semarang: Badan Penerbit UNDIP*.
[View in \(Google Scholar\)](#)
7. INDONESIA, K. P. B. (2016). Kajian Ekonomi dan Keuangan Regional Provinsi Sulawesi Selatan. *Bank Indonesia*.
[View in \(Google Scholar\)](#)
8. Indonesia, R. (1999). Undang-Undang No. 8 Tahun 1999 Tentang Perlindungan Konsumen. *Lembaran Negara RI Tahun, 8*.
[View in \(Google Scholar\)](#)
9. Jaldesa, A. (2015). Factors Influencing the Use of Agency Banking among Entrepreneurs: A Survey of Businesses in West Pokot Sub-County. *The International Journal of Business & Management*, 3(4), 305.
[View in \(Google Scholar\)](#)
10. Jaminyasa, I. M., Pulawan, I. M., & Amerta, I. M. S. (2017). The Marketing Mix Affect on the Consumer Buying Decision (Case Study of Sausage Products at PT. Aroma Denpasar). *International Journal of Social Sciences and Humanities (IJSSH)*, 1(2), 65-74.
[View in \(Google Scholar\)](#)
11. Klasen, S. (2010). Measuring and monitoring inclusive growth: Multiple definitions, open questions, and some constructive proposals.
[View in \(Google Scholar\)](#)
12. Kumra, R., & Mittal, R. K. (2004). Trust and its Determinants in Internet Banking: A Study of Private Sector Banks in India. *Decision (0304-0941)*, 31(1).
[View in \(Google Scholar\)](#)

13. Kustina, K. T., Dewi, I. G. A. A. O., Prena, G. D., & Utari, I. G. A. D. (2018). MSMEs Credit Distribution and Non-Performing Loan towards Banking Companies Profit in Indonesia. *International Journal of Social Sciences and Humanities (IJSSH)*, 2(1), 10-23.
[View in \(Google Scholar\)](#)
14. Mowen, J. (2002). C., dan Minor. M.,(2002), *Perilaku Konsumen Jilid 1, Edisi Kelima (terjemahan)*, Erlangga, Jakarta.
[View in \(Google Scholar\)](#)
15. Mukhlis, I. (2015). *Ekonomi Keuangan dan Perbankan Teori dan Aplikasi*.
[View in \(Google Scholar\)](#)
16. OJK. (2017). *Perkembangan Laku Pandai*.
[View in \(Website\)](#)
17. OJK. (2018). *Otoritas Jasa Keuangan Laku-Pandai*.
[View in \(Website\)](#)
18. Otoritas Jasa Keuangan Indonesia. (2014). *Salinan POJK No. 19/POJK/2014*. Jakarta.
[View in \(Website\)](#)
19. ROY, S. K., Eshghi, A., & Shekhar, V. (2011). Dimensions of trust and trustworthiness in retail banking: evidence from India. *The Marketing Management*, 21(1), 97-110.
[View in \(Google Scholar\)](#)
20. Sharma, N., & Patterson, P. G. (1999). The impact of communication effectiveness and service quality on relationship commitment in consumer, professional services. *Journal of services marketing*, 13(2), 151-170.
[View in \(Google Scholar\)](#)
21. Suh, M., Greene, H., Israilov, B., & Rho, T. (2015). The impact of customer education on customer loyalty through service quality. *Services Marketing Quarterly*, 36(3), 261-280.
[View in \(Google Scholar\)](#)
22. Sukirno, S. (2015). *Mikro Ekonomi, Teori Pengantar*, Edisi Ketiga. Jakarta : PT. RajaGrafindo Persada.
[View in \(Google Scholar\)](#)
23. Tjiptono, F. (2014). *Pemasaran Jasa-Prinsip, Penerapan, dan Penelitian*. Yogyakarta: Andi Offset.
[View in \(Google Scholar\)](#)
24. Wibowo, P. W. (2013). *Branchless Banking Setelah Multilicense: Ancaman atau Kesempatan Bagi Perbankan Nasional*. Bank Indonesia, Jakarta.
[View in \(Google Scholar\)](#)

Biography of Author

I Gusti Ngurah Alit Asmara Jaya was born in Denpasar, September 20th, 1958. He currently is the Student of Economics & Business, Faculty of Economics, majoring in Monetary and Banking, Udayana University, Denpasar Bali. He as well as a Freelance trainer around banking and consultant for Micro Banking. He had been 32 years in banking industry from 1983 to 2015, various soft and hard skills in leadership and banking be in domestic and abroad, the Director in bank as a subsidiary company of State-Owned Bank in the field of risk management, business, operation and technology, the speaker of Branchless Banking topics in domestic and abroad. Last but not least, he is as a project sponsor and supervisor of Branchless Banking.

Email: alit20147@gmail.com