

## ABSTRACT

Recent research done in Jakarta shows that the BRI customers are less loyal than its competitor's customers. Since bank products are easy to duplicate, the way to make a distinction is by the service. Thus, customer satisfaction and loyalty should be improved by giving the best service to leave the impression to the heart of the customers. Besides improving the service quality, in order to obtain and to improve the customer loyalty, BRI Branch in Demak also makes an effort on customer intimacy. Based on those facts, this research aim is to answer the question of "How to improve customer's loyalty of BRI Branch in Demak through bank service quality, customer satisfaction and customer intimacy?"

To answer the question, data was collected by distributing questionnaire to 135 customer of the Branch of BRI Bank in Demak. Then, the data was being analyzed by Structural Equation Modeling (SEM) Analysis technique.

The full model goodness of fit test using the SEM analysis technique shows that Chi Square = 327.469, probability = 0.055, RMSEA= 0.068, GFI = 0.941, AGFI=0.898, CMIN/DF=1.110, TLI=0.966, CFI=0.956. The Hypothesis test shows that effectiveness and assurance have a significance impact on customer satisfaction, access have a significant effect on customer satisfaction, price affect customer satisfaction significantly, fulfillment have a significant impact on customer satisfaction, tangible service portfolio have a significant effect on customer satisfaction, dependability have a significant impact on customer loyalty, customer intimacy have a significant effect on customer loyalty and customer satisfaction have a significant effect on loyalty.

Managerial implications that can be suggested from this empirical study are: that the customer loyalty can be improved by developing information system possibly to coordinate between department, establishing a service standard or guidance, commit to it and consistently implement it, adding the CCTV surveillance system, having routine maintenance, adding up the teller, using the electronic queue system in the customer service section, lowering the loan interest rate, increasing the saving interest rate, giving the table name in every transaction section, always checking that the transaction device equipment is complete, socializing the phone line and the sms banking service, doing periodic monitoring to the tellers, sales persons, credit analyst, customer service officer and specifying the service standard.

**Keywords :** effectiveness and assurance, access, price, fulfillment, tangible service portfolio, dependability, customer satisfaction, customer intimacy, loyalty