


## THE EFFECT OF EMOTIONAL COMPETENCE ON CUSTOMER LOYALTY WITH CUSTOMER EXPERIENCE AS A MEDIATOR (CASE STUDY AT BANK SULTRA KANTOR FUNGSIONAL UHO)

**Dzulfikri Azis Muthalib**

Halu Oleo University, Kendari, Indonesia

Corresponding Author: [fikriazis12@uho.ac.id](mailto:fikriazis12@uho.ac.id)

<p><b>Info Article</b></p> <p>Received : 11 Februari 2025</p> <p>Revised : 20 Maret 2025</p> <p>Accepted : 12 April 2025</p> <p>Publication : 30 April 2025</p>	<p><b>Abstract:</b> <i>This study aims to examine and analyze the effect of emotional competence on customer loyalty mediated by customer experience at Bank Sultra Kantor Fungsional UHO. The population in this study consists of all customers of Bank Sultra Kantor Fungsional UHO. The sample includes 85 customers selected from this population. This study employs Partial Least Squares (PLS) analysis. The results indicate that emotional competence has a positive and significant effect on customer experience at Bank Sultra Kantor Fungsional UHO. Emotional competence also has a positive and significant effect on customer loyalty at Bank Sultra Kantor Fungsional UHO. Furthermore, customer experience has a positive and significant effect on customer loyalty at Bank Sultra Kantor Fungsional UHO. Finally, customer experience is proven to mediate the effect of emotional competence on customer loyalty at Bank Sultra Kantor Fungsional UHO.</i></p>
<p><b>Keywords:</b> <i>Transformational Leadership Behavior and Employee Creativity</i></p> <p><b>Kata Kunci:</b> Perilaku Kepemimpinan Transformasional Dan Kreativitas Pegawai</p>	<p><b>Abstrak:</b> Penelitian ini bertujuan untuk mengetahui dan menganalisis pengaruh kompetensi emosional terhadap loyalitas dimediasi oleh pengalaman nasabah pada Bank Sultra Kantor Fungsional UHO). Populasi dalam penelitian ini adalah seluruh nasabah pada Bank Sultra Kantor Fungsional UHO. Sampel penelitian sebanyak 85 nasabah pada Bank Sultra Kantor Fungsional UHO. Penelitian ini menggunakan analisis PLS. Hasil penelitian menunjukkan bahwa: Kompetensi Emosional berpengaruh positif dan signifikan terhadap pengalaman nasabah pada Bank Sultra Kantor Fungsional UHO. Kompetensi Emosional berpengaruh positif dan signifikan terhadap loyalitas nasabah pada Bank Sultra Kantor Fungsional UHO. Pengalaman nasabah berpengaruh positif dan signifikan terhadap loyalitas nasabah pada Bank Sultra Kantor Fungsional UHO. Pengalaman nasabah dapat memediasi pengaruh kompetensi emosional terhadap loyalitas nasabah pada Bank Sultra Kantor Fungsional UHO.</p>
<p><b>Licensed Under a Creative Commons Attribution 4.0 International License</b></p> 	

## INTRODUCTION

The banking industry plays a central role in supporting the stability and growth of a country's economy. As an intermediary institution, banks are responsible for collecting funds from the public and redistributing them in the form of credit, financing, or other financial products to improve the welfare of the wider community. Law Number 10 of 1998 emphasizes the bank's function as a business entity whose primary goal is to collect and channel funds for the benefit of the people's prosperity. However, the success of this function depends fundamentally on one critical factor: public trust.

In practice, a bank is not only a financial institution but also an institution built on trust. Therefore, banks are required to deliver services that are high-quality, secure, convenient, and adaptive to the ever-changing needs of their customers. In today's highly competitive banking era, customer loyalty has become one of the greatest challenges faced by almost all banks, including regional banks that compete with national and private banks with wider networks and more advanced technological services.

Customer loyalty is a key determinant of a bank's long-term success. Kotler and Keller (2009) define loyalty as a deep commitment to repurchase or continue supporting a preferred product or service in the future, despite situational factors that may cause the customer to switch. This view remains relevant to the current condition of the banking industry, where customers have easy access to a wide range of alternative products and financial services. Dharmmesta's (2005) research further shows that retaining existing customers is far more cost-efficient than acquiring new ones, since the cost of attracting new customers can be up to five times higher than retaining loyal ones.

However, customer loyalty does not emerge automatically. Loyalty is built through a series of consistent, satisfying experiences that strengthen long-term trust. Recent studies emphasize that in the context of modern banking, factors such as employees' emotional competence and customer experience have become increasingly important determinants of loyalty.

Gremler et al. (2021), in their study on service industries, highlight that employees' emotional competence is a vital asset in building warm and convincing service interactions. Employees with strong emotional competence can manage their emotions, display empathy, and communicate effectively, creating deeper and more meaningful relationships with customers. Previously, Noe (2002) described emotional competence as the knowledge, skills, attitudes, values, or personal characteristics that enable

employees to succeed in their work through strong interpersonal relationships. Gremler's findings are supported by Junaidi's (2023) research, which found that emotional bonding between bank employees and customers has a significant influence on loyalty, particularly in the context of Islamic banking in Indonesia.

On the other hand, customer experience has increasingly become a key differentiator in loyalty strategies. The concept of experiential marketing, as explained by Andreani (2007), emphasizes that customer experience is formed through stimuli involving the senses, feelings, thoughts, actions, and social connections. A recent study by Fitriani (2022) in Indonesia's digital banking sector found that the quality of service experience including ease of digital access, transaction speed, and data security has a significant positive impact on loyalty, both directly and indirectly through trust.

A similar phenomenon was observed by Rizki (2024) through an omnichannel approach in digital banking. The seamless integration of physical and digital service channels has been proven to increase customer engagement, both cognitively and emotionally, which in turn strengthens loyalty. This study uses the Stimulus-Organism-Response (SOR) framework, which asserts that a stimulus in the form of quality service will influence the organism (customer emotions, thoughts, and experiences) before producing a response in the form of loyalty.

Meanwhile, Bank Sultra Kantor Fungsional UHO, as one of the players in the regional banking industry, faces similar challenges due to changes in customer behavior in an increasingly competitive era. Preliminary observations show that out of 35 customer respondents, 64% still opened accounts at other banks even though they already had accounts at Bank Sultra Kantor Fungsional UHO. This fact indicates that customer loyalty is still suboptimal, posing a potential threat to the market share of regional banks amid competition with national and private banks offering more diverse products and services.

This phenomenon of low loyalty raises fundamental questions about the role of employees' emotional competence in shaping customer experience, and how that experience contributes to building strong loyalty. Recent findings show a mediating relationship between these three variables. A study published by Atlantis Press (2022) on banks in Malang confirmed that customer experience mediates the effect of emotional competence on loyalty, where employee competence influences the quality of interactions that then shape customer perceptions and their decision to remain loyal.

This body of literature underscores the urgency for regional banks, including Bank Sultra Kantor Fungsional UHO, to strengthen service strategies focused on developing employees' emotional competence and creating meaningful customer experiences. This strategy aligns with Accenture's (2020) research, which recommends that banks not only prioritize the technical aspects of digital services but also ensure an emotional touch to maintain customer engagement and loyalty.

Therefore, this research is relevant in addressing questions about the extent to which employees' emotional competence affects customer experience, how that experience shapes loyalty, and how customer experience mediates the relationship between emotional competence and loyalty at Bank Sultra Kantor Fungsional UHO. The results of this study are expected to provide not only theoretical contributions in strengthening loyalty models based on emotional competence and experiential aspects but also practical contributions for regional bank management in designing service quality improvement strategies to remain competitive in the modern banking era.

## **METHOD**

This research was conducted at Bank Sultra Kantor Fungsional UHO with the focus on examining the variables of emotional competence, customer experience, and customer loyalty. The population in this study consisted of all customers of Bank Sultra Kantor Fungsional UHO, totaling 291 customers. However, customers who hold Simpeda Savings Accounts, which function as salary accounts for civil servants, were excluded from the research subjects. The sample was determined using disproportionate stratified random sampling. Based on the total number of indicators involved in this study, which amounts to 17 indicators multiplied by five observations for each indicator, the final sample size was set at 85 customers.

The types of data used in this research include both qualitative and quantitative data, obtained from primary and secondary sources. Data collection was carried out using questionnaires and documentation. The measurement of data related to both independent and dependent variables was performed using a Likert scale, which, according to Supranto (1997:52), is categorized as interval data for the purposes of data processing.

The validity of the instrument was assessed as an index to indicate the extent to which the measurement tool truly measures what it is intended to measure. Therefore, item analysis was conducted using the Pearson product-moment correlation method. An

instrument is considered valid if the correlation coefficient value is equal to or greater than 0.30, as suggested by Sugiyono (2010:77). Reliability testing of the statement items used in this study was conducted using the Cronbach’s Alpha method. Based on Uma Sekaran (2003:103), the acceptable cut-off point for Cronbach’s Alpha is  $\geq 0.60$ , although this is not an absolute standard. An instrument is considered reliable if it can be used to measure variables repeatedly and produce consistent or only slightly varied data (Supranto, 2005:69).

The data analysis techniques employed in this study consisted of descriptive statistical analysis and Partial Least Squares (PLS) analysis to test the proposed hypotheses and relationships among the variables.

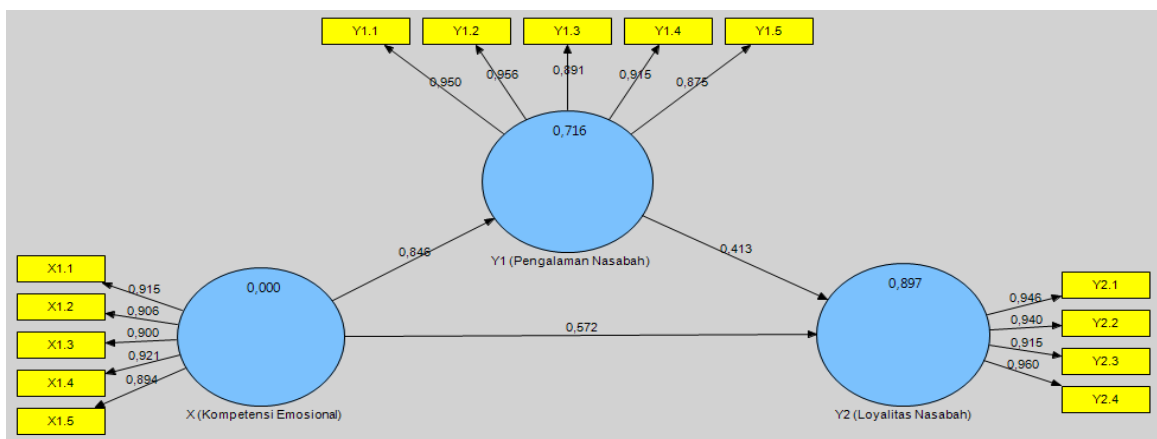
**RESULTS AND DISCUSSION**

**Results**

*Model Fit Test*

The structural model (inner model) was evaluated by examining the parameter coefficients for the path relationships between latent variables. The structural model testing was conducted after ensuring that the proposed model in this study fit the observational data and met the overall goodness-of-fit criteria. The purpose of this structural model test was to determine the relationships among the latent variables designed in this study. Based on the PLS output, structural model testing and hypothesis testing were carried out by observing the estimated path coefficients and the t-statistics, with significance assessed at  $\alpha = 0.05$ .

The results of the conceptual model testing are presented in the figure and table below:



Source: Processed Primary Data, 2025

**Figure 1. Path Coefficient Diagram and Hypothesis Testing**

**Table 1. Path Coefficients and Hypothesis Testing**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics ( O/STERR )
X -> Y1	0,846157	0,845983	0,04184	0,041840	20,223521
X -> Y2	0,921129	0,921999	0,011259	0,011259	81,814471
Y1 -> Y2	0,412793	0,427809	0,089804	0,089804	4,596583

Source: Processed Primary Data, 2025

### *Hypothesis Testing*

The test results for the effect of emotional competence on customer experience are shown in Table 1, indicating that the estimated path coefficient is 0.846 with a positive direction and a t-statistic of 20.223, which is greater than the t-table value of 1.96 at a significance level of 0.05. This means the path coefficient is positive and the effect is significant. Thus, the first hypothesis in this study is accepted, leading to the conclusion that emotional competence has a positive and significant effect on customer experience.

The results for the effect of emotional competence on customer loyalty are shown in Table 1, with an estimated path coefficient of 0.921 in a positive direction and a t-statistic of 81.814, which is greater than the t-table value of 1.96 ( $\alpha = 0.05$ ). This indicates that the path coefficient is positive and the effect is significant. Therefore, the second hypothesis of this study is accepted, indicating that emotional competence has a positive and significant effect on customer loyalty.

The test results for the effect of customer experience on customer loyalty are also shown in Table 1, with an estimated path coefficient of 0.428 in a positive direction and a t-statistic of 4.596, which is greater than the t-table value of 1.96 ( $\alpha = 0.05$ ). This demonstrates that the path coefficient is positive and significant. Therefore, the third hypothesis of this study is accepted, confirming that customer experience has a positive and significant effect on customer loyalty.

Based on the results of the online Sobel test, the calculated t-statistic value is 4.672, which is greater than the critical t-value of 1.96. Meanwhile, the probability value (p-value) is 0.0000, which is lower than the significance level of 0.05. These results indicate that customer experience is proven to mediate the effect of emotional competence on customer loyalty at Bank Sultra Kantor Fungsional UHO.

## **Discussion**

### *The Influence of Emotional Competence on Customer Experience*

Based on the research results, emotional competence has been proven to have a positive and significant effect on customer experience. This finding indicates that the better the emotional competence possessed by bank employees, the more positive the experience perceived by customers will be. This is in line with the view of Gremler et al. (2021), who emphasize that the emotional competence of service employees is a fundamental asset for creating warm, empathetic, and convincing service relationships, thus fostering meaningful experiences for customers.

Bank employees who possess high sensitivity, the ability to manage emotions, empathy, and adaptability to customer needs are better able to build more personal relationships. The interactions created are not limited to basic service contact but also evoke the customers' sensory, emotional, and cognitive experiences, as described by Gentile et al. (2007), who state that customer experience is formed through a series of interactions between customers and the company, including interactions with front-line employees.

This research is also consistent with the findings of Rizki (2024), who highlights the importance of emotional engagement in omnichannel banking services. The study shows that responsive and empathetic interactions by employees, both in physical and digital channels, can enrich the overall perception of customer experience. Other supporting studies, such as Junaidi (2023), also strengthen this finding by showing that the emotional bonding between employees and customers directly impacts perceived service experience and loyalty, especially in the Islamic banking sector in Indonesia.

Therefore, these results confirm that developing employees' emotional competence is an important strategy in designing a meaningful customer experience, which ultimately increases customer satisfaction and positive perceptions of the bank.

### *The Influence of Emotional Competence on Customer Loyalty*

The research results also show that emotional competence has a positive and significant effect on customer loyalty. This means that the better the employees' ability to manage emotions, understand customers, and build humane interactions, the greater the likelihood that customers will remain loyal to the bank.

This finding is consistent with Junaidi (2023), who demonstrated that emotional bonding between employees and customers directly increases loyalty through trust,

commitment, and emotional satisfaction. This result also supports Goleman's (1998) theory, which defines emotional competence as the ability to recognize, understand, and manage one's own emotions and those of others in order to create productive social relationships.

In practice, employees' emotional competence influences how customers perceive service quality, trust, and their willingness to maintain long-term relationships. Gremler et al. (2021) emphasize that the quality of interpersonal interactions built by employees is one of the key determinants of loyalty, especially in service industries that are intensive and involve repeat interactions, such as the banking sector.

Recent research by Setiawan & Yasa (2021) also found that empathy-based service quality has a significant impact on customer loyalty in the digital financial industry. Therefore, this study confirms that efforts to increase customer loyalty cannot be separated from strategies to strengthen employees' soft skills, especially in terms of emotional competence.

#### *The Influence of Customer Experience on Customer Loyalty*

This study also found that customer experience has a positive and significant effect on customer loyalty. The more positive the experience customers have when interacting with banking services, the higher the likelihood that they will remain loyal. This finding supports the concept of experiential marketing (Andreani, 2007), which emphasizes that well-managed experiences can provide sensory, emotional, cognitive, behavioral, and relational stimuli that ultimately encourage customers to continue choosing the same company.

Fitriani's (2022) study in Indonesia's digital banking services also confirmed that experiential quality, which includes transaction convenience, security, and ease of access, has a significant impact on loyalty, both directly and indirectly through trust. Likewise, Rizki's (2024) study confirmed that high-quality omnichannel experiences increase customers' emotional and cognitive engagement, which in turn strengthens loyalty.

This aligns with Gentile et al. (2007), who explain that customer experience is an accumulation of a series of interactions between customers and the company that triggers rational, emotional, sensory, and behavioral responses. Therefore, a positive experience created by the bank through humane service, easy access, fast transactions, and a supportive physical environment can strengthen customer loyalty in the long run.

### *The Role of Customer Experience as a Mediator*

This study also shows that customer experience is proven to mediate the effect of emotional competence on customer loyalty. This means that good emotional competence among employees will create a positive service experience, which in turn drives customer loyalty.

This finding supports the Stimulus–Organism–Response (SOR) framework, as used in Rizki's (2024) omnichannel banking study, which emphasizes that the stimulus in the form of employees' emotional competence will influence the organism in the form of customers' perceptions and experiences, which then produce the response in the form of loyalty. Research published by Atlantis Press (2022) also found a similar mediation pattern in regional banks in Malang, where service experience mediates the relationship between interpersonal service quality and loyalty.

Junaidi's (2023) research in the context of Islamic banking also supports this model, finding that emotional bonding builds trust, which then shapes positive customer experience that ultimately impacts loyalty. Thus, this result reinforces the understanding that building meaningful service experiences is an essential bridge between employees' emotional competence and customer loyalty.

## **CONCLUSION**

Based on the results of this study, it can be concluded that the better the emotional competence demonstrated by the employees of Bank Sultra Kantor Fungsional UHO in serving customers, the better the customer experience they can create, which in turn enhances customer loyalty. Strong emotional competence not only has a direct positive impact on customer loyalty but also strengthens it indirectly through the creation of meaningful customer experiences. Therefore, it is recommended that employees of Bank Sultra Kantor Fungsional UHO continue to improve their self-confidence by remaining relaxed and professional when dealing with customers, avoiding awkwardness, and showing confidence during service delivery. In addition, employees should pay more attention to listening to customers' needs and expectations without neglecting applicable standard operating procedures, enhance their ability to provide the best possible service, and demonstrate the capability to meet customer demands. It is also hoped that customers of Bank Sultra Kantor Fungsional UHO will actively help promote the bank's products and services by sharing their positive experiences with others, giving recommendations to encourage others to conduct transactions at Bank Sultra Kantor Fungsional UHO, and

continuously providing positive referrals so that more people become aware of and trust the products and services offered by the bank.

## REFERENCES

- Andreani, F. (2007). EXPERIENTIAL MARKETING: PENDEKATAN PEMASARAN KONTEMPORER. *Jurnal Manajemen dan Kewirausahaan*, 9(2), 123–130.
- Dharmmesta, B. S. (2005). MEREK DAN LOYALITAS: PERAN PERSEPSI NILAI DAN KEPERCAYAAN KONSUMEN. *Jurnal Manajemen dan Kewirausahaan*, 7(2), 123–136.
- Fitriani, R. (2022). THE INFLUENCE OF EXPERIENTIAL QUALITY ON CUSTOMER LOYALTY THROUGH TRUST: STUDY ON DIGITAL BANKING SERVICES IN INDONESIA. *Journal of Business and Management Research*, 14(1), 33–44.
- Gentile, C., Spiller, N., & Noci, G. (2007). HOW TO SUSTAIN THE CUSTOMER EXPERIENCE: AN OVERVIEW OF EXPERIENCE COMPONENTS THAT CO-CREATE VALUE WITH THE CUSTOMER. *European Management Journal*, 25(5), 395–410.
- Goleman, D. (1998). WORKING WITH EMOTIONAL INTELLIGENCE. Bantam Books.
- Gremler, D. D., Gwinner, K. P., & Brown, S. W. (2021). GENERATING POSITIVE WORD-OF-MOUTH COMMUNICATION THROUGH CUSTOMER–EMPLOYEE RELATIONSHIPS. *International Journal of Service Industry Management*, 12(1), 44–59.
- Junaidi, J. (2023). CONSUMERS’ AWARENESS AND LOYALTY IN INDONESIA’S BANKING SECTOR: DOES EMOTIONAL BONDING EFFECT MATTER? *Journal of Islamic Marketing*, 14(1), 112–127.
- Kotler, P., & Keller, K. L. (2009). MARKETING MANAGEMENT (13th ed.). Pearson Education.
- Noe, R. A. (2002). HUMAN RESOURCE MANAGEMENT: GAINING A COMPETITIVE ADVANTAGE (4th ed.). McGraw-Hill.
- Rizki, F. (2024). THE ROLE OF OMNICHANNEL EXPERIENCE QUALITY IN BUILDING BRAND LOYALTY: STIMULUS-ORGANISM-RESPONSE (SOR) APPROACH IN DIGITAL BANKING. *Journal of Marketing Technology and Trends*, 10(2), 55–67.
- Setiawan, M. B., & Yasa, N. N. K. (2021). THE INFLUENCE OF EMPATHY-BASED SERVICE QUALITY ON CUSTOMER LOYALTY IN DIGITAL FINANCIAL SERVICES. *International Journal of Social and Management Studies*, 2(5), 103–111.
- Sugiyono. (2010). METODE PENELITIAN KUANTITATIF, KUALITATIF, DAN R&D. Alfabeta.
- Supranto, J. (1997). PENGUKURAN TINGKAT KEPUASAN PELANGGAN UNTUK MENINGKATKAN PANGSA PASAR. Rineka Cipta.