Socius: Jurnal Penelitian Ilmu-Ilmu Sosial
Volume 4, Issue 5, December 2026, p 86-101
E-ISSN: 3025-6704
DOI: https://doi.org/10.5281/zenodo.24028371

The Effects of Customer Service Quality and Physical Facilities on Customer Satisfaction: The Mediating Role of Customer Experience in the Banking Sector

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ARTICLE INFO
Article history:
Received 05 October 2026
Revised 15 October 2026
Accepted 29 October 2026
Available online 9 November 2026

Keywords
Customer Service Quality; Physical Facilities; Customer Experience; Customer Satisfaction; Banking Services.

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ABSTRACT
This study examines the effects of customer service quality and physical facilities on customer satisfaction, with customer experience serving as a mediating variable, at Bank BRI Enrekang Branch, Indonesia. A quantitative research approach was employed using survey data collected through questionnaires from 99 respondents selected through purposive sampling. The data were analyzed using path analysis and the Sobel test with SPSS. The findings indicate that customer service quality and physical facilities have positive and significant effects on customer experience. Customer service quality also has a positive and significant direct effect on customer satisfaction, whereas the direct effect of physical facilities on customer satisfaction is positive but statistically insignificant. Furthermore, customer experience has a positive and significant effect on customer satisfaction. The mediation analysis confirms that customer experience significantly mediates the relationships between customer service quality and customer satisfaction, as well as between physical facilities and customer satisfaction. These findings highlight the importance of managing customer experience as a mechanism through which service quality and physical facilities contribute to customer satisfaction. Practically, banks should strengthen customer service responsiveness, reliability, and empathy while continuously improving the comfort and functionality of their physical facilities to create positive customer experiences and enhance satisfaction.

INTRODUCTION

The banking industry faces increasingly complex competition as customer expectations continue to evolve regarding service quality, convenience, and overall experiences in financial services. Competitive advantage is no longer determined solely by the availability of banking products and transaction facilities but also by the ability to establish positive customer relationships through service interactions and supportive physical environments. From a service marketing perspective, creating customer value is essential for maintaining long-term relationships between companies and customers (Kotler & Keller, 2016; Lovelock & Wirtz, 2016). Consequently, customer satisfaction has become an important indicator for evaluating how effectively banks meet customer needs and expectations.

Service quality represents one of the primary determinants of customer satisfaction. Grönroos (1984) explains that service quality relates to customers' evaluations of the service delivery process and the outcomes received. Furthermore, Parasuraman et al. (1988) developed the SERVQUAL model, consisting of five dimensions: tangibles, reliability, responsiveness, assurance, and empathy. These dimensions indicate that customer evaluations of service quality are influenced not only by service outcomes but also by reliability, responsiveness, assurance, empathy, and the physical evidence accompanying service delivery. Cronin and Taylor (1992) subsequently emphasized the importance of perceived service performance in explaining customer satisfaction and behavioral intentions.

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In the banking context, customer service plays a strategic role because it represents one of the primary direct interaction points between banks and their customers. Interactions involving product information, complaint resolution, financial consultations, and transaction assistance shape customers' perceptions of banking professionalism. Ahmad and Naser (2002) demonstrated that retail banking satisfaction is influenced by several factors associated with service quality and customer relationships. Hussein and Hapsari (2015) also highlighted the importance of interaction quality, outcome quality, and physical quality in shaping customers' perceptions of banking services. Therefore, customer service quality should be considered an essential component of customer experience management rather than merely an administrative function.

In addition to service interactions, physical facilities constitute another important factor influencing customers' evaluations of banking services. Bitner (1992), through the servicescape concept, explains that the physical environment in which services are delivered can influence customers' cognitive, emotional, and behavioral responses. These environmental elements include ambient conditions, spatial layout, functionality, signs, and symbols that shape perceptions of service providers. In banking environments, waiting room comfort, cleanliness, lighting, transaction facilities, accessibility, and service area arrangements can influence customers' experiences when interacting with banks. Mason et al. (2022) demonstrate the importance of interactions among human, technological, and atmospheric factors in shaping customer satisfaction within the retail banking sector. These findings reinforce the argument that physical facilities represent an integral component of service value.

Recent developments in service marketing research have also emphasized that the relationship between service quality, physical facilities, and customer satisfaction may not always occur directly. One construct that can explain this relationship is customer experience. Meyer and Schwager (2007) define customer experience as customers' internal and subjective responses resulting from direct or indirect interactions with companies. Verhoef et al. (2009) explain that customer experience is a multidimensional construct influenced by various elements, including social environments, atmospherics, service encounters, and interactions with companies. Lemon and Verhoef (2016) further emphasize that customer experience develops throughout the customer journey, encompassing interactions before, during, and after service consumption.

More specifically, Brakus et al. (2009) explain that consumer experiences involve sensory, affective, intellectual, and behavioral responses to company-related stimuli. Klaus and Maklan (2013) also developed an approach to measuring customer experience through dimensions related to product experience, service outcomes, moments of truth, and peace of mind. Homburg et al. (2017) emphasize that customer experience management requires an integrated managerial approach because experiences emerge from multiple interconnected customer touchpoints. Based on these perspectives, customer service quality and physical facilities can function as stimuli that shape customer experiences, which subsequently influence customers' evaluations of banking services.

The relationship between customer experience and satisfaction is also supported by marketing literature. Oliver (1980) explains that satisfaction represents an evaluation resulting from the comparison between initial expectations and perceived actual performance. Zeithaml et al. (1996) demonstrate that perceived service quality is associated with customer behavioral intentions, including the willingness to maintain relationships with service providers. In the banking sector, research by Ananda et al. (2022) examines the relationships among service quality, customer satisfaction, and customer engagement through a mediation approach. Kiliswa and Mugova (2025) also highlight the relationship between customer experience, service quality,

and satisfaction in multichannel banking environments. These findings indicate that customer experience has theoretical and empirical relevance as a mechanism explaining customer satisfaction.

Previous empirical studies have provided further evidence regarding the relationships among these variables. Salim et al. (2018), examining government-owned banks in Jakarta, found that service quality and complaint handling are positively associated with customer satisfaction and loyalty. Tedjokusumo and Murhadi (2023) also demonstrated the importance of service quality in explaining customer satisfaction in Indonesian banking services. Meanwhile, Hussein and Hapsari (2015) highlighted the importance of physical quality and customer interactions in shaping banking service perceptions. Research on servicescapes in banking has similarly indicated that physical and social environments can influence customer responses and satisfaction (Mason et al., 2022).

Nevertheless, the relationships among service quality, physical facilities, customer experience, and customer satisfaction have not always demonstrated consistent findings across different research contexts. Some studies emphasize the direct influence of service quality on satisfaction, whereas others identify customer experience as a mechanism that strengthens this relationship. Furthermore, the influence of customer experience on satisfaction may vary depending on the characteristics of the service environment, customer interactions, and individual expectations. These differences indicate that the mechanisms underlying customer satisfaction require further examination across different banking contexts.

Based on this discussion, an opportunity exists to integrate customer service quality and physical facilities as determinants of customer satisfaction, with customer experience functioning as a mediating variable. This study focuses on Bank BRI Enrekang Branch, which represents a branch-based banking environment characterized by direct interactions among customers, customer service personnel, and physical service facilities. This context is relevant because customer experience is shaped not only by transaction outcomes but also by communication quality, problem-solving responsiveness, environmental comfort, and accessibility to banking assistance. Therefore, examining both the direct and indirect relationships among these variables can provide a more comprehensive understanding of customer satisfaction.

This study contributes to the service marketing literature by integrating service quality and servicescape perspectives within a customer experience framework to explain customer satisfaction in a branch banking environment. Empirically, it extends the understanding of the mediating role of customer experience in the relationships between customer service quality, physical facilities, and customer satisfaction. Accordingly, this study aims to examine the direct and indirect effects of customer service quality and physical facilities on customer satisfaction through customer experience at Bank BRI Enrekang Branch.

RESEARCH METHOD

Research Design

This study employed a quantitative research approach using a survey method to examine the relationships among customer service quality, physical facilities, customer experience, and customer satisfaction. A quantitative approach was considered appropriate because the study aimed to empirically test the direct and indirect effects among the research variables using statistical analysis. The research was conducted at Bank BRI Enrekang Branch, Indonesia, focusing on customers who had experienced the bank's services and physical facilities. The study utilized a cross-sectional design, in which data were collected from respondents at a particular period through structured questionnaires.

Population and Sample

The population consisted of customers of Bank BRI Enrekang Branch, with a reported total population of 1,450 customers. The sample comprised 99 respondents, selected using purposive sampling. Respondents were selected based on their relevance to the research objectives, particularly their experience in interacting with customer service personnel and using the physical facilities provided by the bank. This sampling approach ensured that the collected responses reflected customers' actual perceptions of the banking services under investigation.

Data Collection and Measurement

The study primarily utilized primary data collected through structured questionnaires distributed to Bank BRI Enrekang Branch customers. The questionnaire was designed to measure four research constructs: customer service quality, physical facilities, customer experience, and customer satisfaction. All measurement items were assessed using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

Customer service quality (X1) was measured through five dimensions: reliability, assurance, tangibles, empathy, and responsiveness. These dimensions assessed the accuracy of service delivery, employees' ability to provide reliable information, professional appearance, individual attention, and responsiveness in addressing customer complaints and problems.

Physical facilities (X2) were measured using six indicators: spatial arrangement, room design, furniture and equipment, color composition, lighting, and graphic communication. These indicators reflected customers' perceptions of the physical environment and the comfort provided by the bank's service facilities.

Customer experience (Z), which functioned as the mediating variable, was measured through five indicators: customer reviews, customization, security, customer service interactions, and store offerings. These indicators captured customers' subjective responses to their interactions with the bank, including their perceptions of service quality, security, responsiveness, and the overall value of banking services.

Customer satisfaction (Y) was measured through four indicators: repurchase intention, word-of-mouth communication, brand image, and purchasing decisions. These indicators represented customers' evaluations of the extent to which banking services met their expectations and influenced their future behavioral intentions.

Data Analysis

The collected data were analyzed using descriptive and inferential statistical techniques. Descriptive analysis was employed to summarize respondents' characteristics and their perceptions of the research variables. Before hypothesis testing, the research instrument was evaluated through validity and reliability tests to ensure that the measurement items adequately represented the intended constructs. Reliability was assessed using Cronbach's alpha, with a minimum acceptable threshold of 0.60, following the criteria adopted in the original research.

Furthermore, classical assumption tests, including normality and linearity assessments, were conducted to evaluate the suitability of the data for regression analysis. Hypothesis testing was performed using multiple regression analysis and path analysis with the assistance of SPSS version 22.0. The analysis examined both the direct effects of customer service quality and physical facilities on customer experience and customer satisfaction, as well as the effect of customer experience on customer satisfaction.

The mediation effects were examined using the Sobel test to determine whether customer experience significantly mediated the relationships between the independent variables and customer satisfaction. The indirect effects were calculated by multiplying the regression coefficient of the independent variable on the mediating variable (a) by the regression coefficient

of the mediating variable on the dependent variable (b). The statistical significance of the indirect effects was evaluated using the Sobel test statistic. Hypotheses were assessed at a 5% significance level ($p < 0.05$).

The proposed structural relationships were expressed in two regression equations:

Equation 1: $Z = \beta_1 X_1 + \beta_2 X_2 + \varepsilon_1$

Equation 2: $Y = \beta_3 X_1 + \beta_4 X_2 + \beta_5 Z + \varepsilon_2$

Where:

X_1 = Customer Service Quality

X_2 = Physical Facilities

Z = Customer Experience

Y = Customer Satisfaction

β = Regression coefficient

ε = Error term

Through this analytical framework, the study evaluated the direct relationships among the research constructs and the mediating role of customer experience in explaining customer satisfaction at Bank BRI Enrekang Branch.

RESULTS

Respondent Characteristics

A total of 99 customers participated in the study. All 99 questionnaires were valid and complete, with no missing responses. Respondent characteristics were classified according to gender, educational background, age, and length of time as a Bank BRI customer.

Table 1. Respondent Characteristics

Characteristics	Category	Frequency	Percentage (%)
Gender	Male	57	57.6
	Female	42	42.4
Total		**99**	**100.0**
Educational background	Senior high school	32	32.3
	Diploma (D1–D3)	19	19.2
	Bachelor's degree (D4–S1)	44	44.4
	Master's degree (S2)	3	3.0
	Doctoral degree (S3)	1	1.0
Total		**99**	**100.0**
Age	21–30 years	67	67.7
	31–40 years	28	28.3
	41–50 years	2	2.0
	Above 51 years	2	2.0
Total		**99**	**100.0**
Length of customer relationship	Less than 2 years	17	17.2
	3–5 years	38	38.4
	6–10 years	24	24.2
	11–15 years	12	12.1
	More than 16 years	8	8.1

Total	**99**	**100.0**

Source: Processed primary data, 2025.

The respondent profile indicates that male customers represented a slightly larger proportion of the sample (57.6%) than female customers (42.4%). In terms of educational background, the largest group held a bachelor's degree (44.4%), followed by senior high school graduates (32.3%). Most respondents were between 21 and 30 years old (67.7%), indicating that the sample was predominantly composed of young adult customers. Regarding the length of the customer relationship, the largest group had maintained their relationship with Bank BRI for 3–5 years (38.4%). These characteristics indicate that the study captured perceptions from customers with varied educational backgrounds and banking experience, although younger customers were more strongly represented.

Descriptive Analysis of Research Variables

The descriptive analysis was conducted to identify respondents' perceptions of customer service quality, physical facilities, customer experience, and customer satisfaction. Responses were measured using a five-point Likert scale. The study classified mean scores of 4.21–5.00 as very good, 3.41–4.20 as good, 2.61–3.40 as fairly good, 1.81–2.60 as poor, and 1.00–1.80 as very poor.

Table 2. Descriptive Statistics of Research Variables

Variable	Number of items	Lowest item mean	Highest item mean	Overall mean*	Category
Customer service quality	10	4.47	4.76	4.61	Very good
Physical facilities	10	4.52	4.65	4.57	Very good
Customer experience	10	4.51	4.70	4.61	Very good
Customer satisfaction	10	4.51	4.68	4.60	Very good

Note: Overall means are calculated as the average of the ten item means reported in the original thesis. Minor differences may occur because the item means were rounded to two decimal places.

The descriptive results show that all four research variables received very good evaluations from respondents. Customer service quality had an overall mean of approximately 4.61, with item means ranging from 4.47 to 4.76. The highest item mean for this variable was 4.76, while the lowest was 4.47. This indicates that respondents generally evaluated the customer service provided by Bank BRI Enrekang positively.

Physical facilities obtained an overall mean of approximately 4.57, with item means ranging from 4.52 to 4.65. Customer experience recorded an overall mean of approximately 4.61, with scores ranging from 4.51 to 4.70. Meanwhile, customer satisfaction achieved an overall mean of approximately 4.60, with item means between 4.51 and 4.68. These results suggest that respondents generally perceived the bank's service quality, physical environment, customer experience, and overall service outcomes positively.

Validity Test

The validity of the questionnaire items was evaluated by comparing the item-total correlation coefficients with the critical correlation value. With 99 respondents, the reported

critical value was 0.1975. An item was considered valid when its calculated correlation exceeded the critical value and its significance level was below 0.05.

Table 3. Summary of Questionnaire Validity

Variable	Number of items	Range of calculated correlations	Critical value	Significance	Result
Customer service quality	10	0.765–0.908	0.1975	0.000	All items valid
Physical facilities	10	0.783–0.901	0.1975	0.000	All items valid
Customer experience	10	0.855–0.915	0.1975	0.000	All items valid
Customer satisfaction	10	0.783–0.901	0.1975	0.000	All items valid

Source: Processed primary data, 2025.

The validity test indicates that all 40 questionnaire items met the validity criteria. The calculated correlation coefficients for each item were higher than the critical value of 0.1975, and the reported significance values were below 0.05. Therefore, all items measuring customer service quality, physical facilities, customer experience, and customer satisfaction were retained for subsequent analysis.

Reliability Test

The original analysis assessed reliability using Cronbach's Alpha, with a reference threshold of 0.60. The reported tables, however, present the "Cronbach's Alpha if Item Deleted" statistic for each item rather than the overall Cronbach's Alpha for each construct.

Table 4. Reported Reliability Statistics

Variable	Number of items	Range of reported "Alpha if Item Deleted"	Reference threshold	Interpretation reported in thesis
Customer service quality	10	0.949–0.957	0.60	Reliable
Physical facilities	10	0.955–0.960	0.60	Reliable
Customer experience	10	0.963–0.966	0.60	Reliable
Customer satisfaction	10	0.963–0.966	0.60	Reliable

Source: Processed primary data, 2025.

The reported item-deletion statistics were consistently above the study's reference threshold of 0.60. The original thesis consequently classified the questionnaire items as reliable. Nevertheless, for a journal manuscript, the overall Cronbach's Alpha value for each construct should be obtained from the original statistical output and reported separately. The item-deletion statistics should not be presented as though they were the overall construct reliability coefficients.

Classical Regression Assumption Tests

Before estimating the path relationships, the study examined normality, linearity, multicollinearity, and heteroscedasticity for the two structural models.

Normality and Linearity

The normality assessment was based on the histograms for Structural Model 1 and Structural Model 2. The thesis described the histogram distributions as forming approximately bell-shaped curves and concluded that the data met the normality assumption.

The linearity assessment used scatterplots. For both structural models, the plotted points were described as following an upward, approximately linear pattern. This indicates positive linear relationships between the predictors and their respective dependent variables.

Multicollinearity

Multicollinearity was assessed using tolerance and Variance Inflation Factor (VIF) values. The reported results are presented in Table 5.

Table 5. Multicollinearity Test Results

Structural model	Predictor	Tolerance	VIF	Assessment
Model 1: Customer experience	Customer service quality	0.255	3.923	No multicollinearity indicated
	Physical facilities	0.255	3.923	No multicollinearity indicated
Model 2: Customer satisfaction	Customer service quality	0.162	6.184	No multicollinearity indicated
	Physical facilities	0.186	5.372	No multicollinearity indicated
	Customer experience	0.128	7.834	No multicollinearity indicated

Source: Processed primary data, 2025.

All tolerance values exceeded 0.10, while all VIF values were below 10. These results indicate that the two structural models did not exhibit multicollinearity based on the criteria applied in the original study.

Heteroscedasticity

The heteroscedasticity assessment was conducted by examining the residual scatterplots for both structural models. According to the reported interpretation, the residual points were distributed above and below zero without a discernible systematic pattern. The study therefore concluded that there was no apparent heteroscedasticity in either model.

Path Analysis and Hypothesis Testing

Path analysis was conducted through two structural models to examine the direct and indirect relationships among customer service quality, physical facilities, customer experience, and customer satisfaction.

Structural Model 1 examined the effects of customer service quality and physical facilities on customer experience. Structural Model 2 examined the effects of customer service quality, physical facilities, and customer experience on customer satisfaction.

Structural Model 1: Effects on Customer Experience

Table 6. Regression Results for Structural Model 1

Predictor	Unstandardized coefficient (B)	Standard error	Standardized coefficient (β)	t-value	p-value
Constant	3.839	1.660	—	2.312	0.023
Customer service quality (X1)	0.505	0.068	0.537	7.438	0.000

Physical facilities (X2)	0.415	0.070	0.430	5.954	0.000

Dependent variable: Customer experience (Z). Source: Processed primary data, 2025.

The results demonstrate that customer service quality had a positive and statistically significant effect on customer experience (β = 0.537; t = 7.438; p < 0.001). This indicates that improvements in the quality of customer service were associated with more positive customer experiences at Bank BRI Enrekang.

Physical facilities also had a positive and statistically significant effect on customer experience (β = 0.430; t = 5.954; p < 0.001). This finding suggests that the bank's physical environment and facilities contributed positively to customers' experiences. Both predictors therefore demonstrated significant positive relationships with customer experience.

Table 7. Coefficient of Determination for Structural Model 1

R	R Square	Adjusted R Square	Standard error of estimate	Durbin–Watson
0.934	0.872	0.870	1.816	2.137

Dependent variable: Customer experience (Z). Source: Processed primary data, 2024.

The R Square value of 0.872 indicates that customer service quality and physical facilities jointly explained 87.2% of the variance in customer experience. The remaining 12.8% was attributable to factors outside the model. The adjusted R Square value was 0.870, indicating that the explanatory contribution remained high after adjustment for the predictors included in the model.

Structural Model 2: Effects on Customer Satisfaction

Table 8. Regression Results for Structural Model 2

Predictor	Unstandardized coefficient (B)	Standard error	Standardized coefficient (β)	t-value	p-value
Constant	1.364	2.011	—	0.678	0.499
Customer service quality (X1)	0.327	0.100	0.330	3.250	0.002
Physical facilities (X2)	0.012	0.096	0.012	0.127	0.899
Customer experience (Z)	0.629	0.120	0.597	5.228	0.000

Dependent variable: Customer satisfaction (Y). Source: Processed primary data, 2025.

The results show that customer service quality had a positive and statistically significant effect on customer satisfaction (β = 0.330; t = 3.250; p = 0.002). This finding indicates that better customer service quality was associated with higher levels of customer satisfaction.

In contrast, physical facilities had a positive but statistically insignificant effect on customer satisfaction (β = 0.012; t = 0.127; p = 0.899). Although the coefficient was positive, the high p-value indicates that the direct relationship was not statistically supported in this model.

Customer experience had a positive and statistically significant effect on customer satisfaction (β = 0.597; t = 5.228; p < 0.001). This result identifies customer experience as an important predictor of customer satisfaction in the studied branch.

Table 9. Coefficient of Determination for Structural Model 2

R	R Square	Adjusted R Square	Standard error of estimate
0.918	0.842	0.837	2.141

Dependent variable: Customer satisfaction (Y). Source: Processed primary data, 2024.

The R Square value of 0.842 indicates that customer service quality, physical facilities, and customer experience jointly explained 84.2% of the variance in customer satisfaction. The remaining 15.8% was associated with factors not included in the model. The adjusted R Square value was 0.837, demonstrating that the model retained substantial explanatory power after adjustment.

Mediation Analysis: The Role of Customer Experience

The mediating role of customer experience was examined using the Sobel test. The indirect effects were calculated using the unstandardized coefficients and their standard errors from the two structural models.

Table 10. Direct Effects and Standard Errors Used in the Sobel Test

Relationship	Unstandardized coefficient (B)	Standard error
Customer service quality → Customer experience	0.505	0.068
Physical facilities → Customer experience	0.415	0.070
Customer service quality → Customer satisfaction	0.327	0.100
Physical facilities → Customer satisfaction	0.012	0.096
Customer experience → Customer satisfaction	0.629	0.120

Source: Processed primary data, 2025.

Customer Experience as a Mediator between Customer Service Quality and Customer Satisfaction

The Sobel test was used to determine whether customer experience mediated the relationship between customer service quality and customer satisfaction. The coefficient for the path from customer service quality to customer experience was 0.505 (SE = 0.068), while the coefficient for the path from customer experience to customer satisfaction was 0.629 (SE = 0.120).

The Sobel test produced a test statistic of 4.282, with a two-tailed probability of 0.00001849. Since the test statistic exceeded the critical value of 1.984 and the probability was below 0.05, the indirect effect was statistically significant. Therefore, customer experience mediated the relationship between customer service quality and customer satisfaction.

Because the direct effect of customer service quality on customer satisfaction also remained statistically significant in Structural Model 2, the findings are consistent with partial mediation.

Customer Experience as a Mediator between Physical Facilities and Customer Satisfaction

The mediation analysis for physical facilities used a coefficient of 0.415 (SE = 0.070) for the path from physical facilities to customer experience and a coefficient of 0.629 (SE = 0.120) for the path from customer experience to customer satisfaction.

The Sobel test generated a statistic of 3.927, with a two-tailed probability of 0.00008604. The test statistic exceeded the critical value of 1.984, and the probability was below 0.05. Thus, the indirect effect of physical facilities on customer satisfaction through customer experience was statistically significant.

Notably, the direct effect of physical facilities on customer satisfaction was not statistically significant ($\beta = 0.012$; $p = 0.899$), whereas its indirect effect through customer experience was

significant. This pattern is consistent with an indirect-only mediation pattern in the estimated model.

Table 11. Summary of Sobel Mediation Tests

Indirect relationship	Sobel statistic	Two-tailed p-value	Result
Customer service quality → Customer experience → Customer satisfaction	4.282	0.00001849	Significant mediation
Physical facilities → Customer experience → Customer satisfaction	3.927	0.00008604	Significant mediation

Source: Processed primary data, 2025.

Overall, the mediation results indicate that customer experience provides an important explanatory pathway through which customer service quality and physical facilities relate to customer satisfaction. The results suggest that the contribution of physical facilities to customer satisfaction is particularly evident through the customer experience pathway rather than through a statistically significant direct relationship.

Summary of Hypothesis Testing

Table 12. Summary of Direct and Indirect Hypothesis Tests

Hypothesis	Relationship	Standardized coefficient / Sobel statistic	p-value	Decision
H1	Customer service quality → Customer experience	β = 0.537	<0.001	Supported
H2	Physical facilities → Customer experience	β = 0.430	<0.001	Supported
H3	Customer service quality → Customer satisfaction	β = 0.330	0.002	Supported
H4	Physical facilities → Customer satisfaction	β = 0.012	0.899	Not supported
H5	Customer experience → Customer satisfaction	β = 0.597	<0.001	Supported
H6	Customer service quality → Customer experience → Customer satisfaction	Sobel = 4.282	<0.001	Supported
H7	Physical facilities → Customer experience → Customer satisfaction	Sobel = 3.927	<0.001	Supported

Note: The direct-effect coefficients are standardized beta coefficients. The mediation statistics are Sobel test statistics. The original thesis reports the Sobel probabilities as 0.000; the more precise two-tailed probabilities shown in Table 11 are taken from its displayed calculator outputs.

The hypothesis testing results support six of the seven proposed relationships. Customer service quality and physical facilities both had significant positive effects on customer experience. Customer service quality and customer experience also had significant positive effects on customer satisfaction. However, the direct effect of physical facilities on customer satisfaction was not statistically significant. Both indirect relationships through customer experience were

statistically significant, supporting the mediating role of customer experience in the proposed model.

DISCUSSION

The Effect of Customer Service Quality on Customer Experience

The findings demonstrate that customer service quality has a positive and significant effect on customer experience at Bank BRI Enrekang ($\beta = 0.537$; $t = 7.438$; $p < 0.001$). This result indicates that the quality of interactions between customer service personnel and customers plays an important role in shaping customers' overall banking experiences. Among the variables examined, customer service quality has the strongest effect on customer experience.

This finding suggests that customers' perceptions are influenced not only by the availability of banking services but also by how those services are delivered. Responsiveness, reliability, empathy, assurance, and professional communication can make customers feel valued and understood. When customer service personnel provide accurate information, respond promptly to inquiries, and resolve customer problems effectively, customers are more likely to develop positive experiences during their interactions with the bank.

The result is consistent with the previous study by Putri et al. (2023), which found a positive relationship between service quality and customer experience. However, the present finding should be interpreted in the context of Bank BRI Enrekang, where personal interactions remain an important component of the banking service process. The result highlights that customer service quality is not merely an operational requirement but also a strategic factor in creating positive customer experiences.

The Effect of Physical Facilities on Customer Experience

The analysis also reveals that physical facilities have a positive and significant effect on customer experience ($\beta = 0.430$; $t = 5.954$; $p < 0.001$). This finding confirms that the physical environment of a bank contributes to how customers perceive and experience its services.

Physical facilities include the building environment, waiting areas, interior arrangement, furniture, equipment, cleanliness, lighting, and other physical elements encountered during banking activities. Adequate and well-maintained facilities can improve customer comfort, facilitate transactions, and create a perception of professionalism. An organized service environment may also reduce inconvenience and make customers feel more comfortable while accessing banking services.

The finding is consistent with Baquero (2023), who reported that the physical environment significantly influences customer experience. In the context of Bank BRI Enrekang, the positive assessment of physical facilities suggests that the branch environment provides an important foundation for positive customer interactions. Nevertheless, the effect of physical facilities on customer experience does not necessarily mean that facilities independently determine customer satisfaction. Their contribution may depend on how customers experience the entire service process, as further demonstrated by the mediation results.

The Effect of Customer Service Quality on Customer Satisfaction

Customer service quality also has a positive and significant direct effect on customer satisfaction ($\beta = 0.330$; $t = 3.250$; $p = 0.002$). This finding indicates that customers who perceive customer service as reliable, responsive, and professional tend to report higher satisfaction with the bank.

In banking services, customer satisfaction is closely related to the ability of employees to provide appropriate assistance and resolve customer needs. Customers may evaluate a banking institution not only through its products and transaction facilities but also through the quality of

interpersonal interactions. Prompt responses, clear explanations, courteous communication, and effective problem-solving can reduce uncertainty and strengthen customers' confidence in the institution.

The result supports the findings discussed by Nugroho (2014), who reported a positive relationship between customer service quality and customer satisfaction in a banking context. The present study further indicates that customer service quality contributes to satisfaction both directly and indirectly through customer experience. This suggests that improvements in customer service should be considered a central component of customer relationship management at Bank BRI Enrekang.

The Effect of Physical Facilities on Customer Satisfaction

Unlike the other direct relationships, physical facilities do not have a statistically significant effect on customer satisfaction ($\beta = 0.012$; $t = 0.127$; $p = 0.899$). Although the coefficient is positive, the statistical evidence is insufficient to conclude that physical facilities independently influence customer satisfaction in the estimated model.

This result provides an important distinction between customers' evaluations of the physical environment and their overall satisfaction. Although respondents rated the bank's physical facilities very positively, these favorable perceptions did not translate into a statistically significant direct effect on satisfaction after customer service quality and customer experience were included in the model.

One possible explanation is that adequate physical facilities may be regarded as a basic expectation rather than a distinctive source of satisfaction. Customers may expect a bank to provide a clean, comfortable, and functional environment as part of its standard service provision. Consequently, improvements in facilities may enhance the immediate service experience without necessarily generating additional satisfaction when considered independently of other service factors.

Another possible explanation is that customers place greater emphasis on interpersonal service interactions and the effectiveness of transaction processes when evaluating their overall satisfaction. In this context, the availability of adequate facilities may support banking activities, but the quality of employees' interactions and the overall customer experience may be more influential in shaping satisfaction.

This finding differs from the positive relationship reported by Azzam (2014), as discussed in the original study. The difference suggests that the contribution of physical facilities to satisfaction may vary according to the banking context and the expectations of customers. Importantly, the insignificant direct effect should not be interpreted as evidence that physical facilities are unimportant. Rather, their contribution may operate through other aspects of the service experience.

The Effect of Customer Experience on Customer Satisfaction

The results establish that customer experience has a positive and significant effect on customer satisfaction ($\beta = 0.597$; $t = 5.228$; $p < 0.001$). Among the direct predictors included in Structural Model 2, customer experience has the largest standardized coefficient. This indicates that the overall experience customers obtain from interacting with the bank is an important determinant of their satisfaction.

Customer experience reflects customers' accumulated perceptions of their interactions with the bank. These experiences may include the convenience of obtaining services, the quality of employee interactions, the security of transactions, and the extent to which banking services meet individual needs. When customers experience consistent, convenient, and satisfactory service encounters, they are more likely to evaluate the bank positively.

This finding is consistent with Azhari et al. (2015), who identified customer experience as an important factor in customer satisfaction. The result also emphasizes that customer satisfaction should not be understood solely as an evaluation of individual service attributes. Instead, satisfaction reflects the broader experience created through the combination of service quality, physical conditions, and interactions throughout the banking process.

For Bank BRI Enrekang, this finding implies that customer experience should be treated as a strategic service outcome. Improving individual service components is important, but those improvements must be translated into a coherent and positive experience from the customer's perspective.

The Mediating Role of Customer Experience in the Relationship between Customer Service Quality and Customer Satisfaction

The Sobel test confirms that customer experience significantly mediates the relationship between customer service quality and customer satisfaction ($Z = 4.282$; two-tailed $p < 0.001$). This finding indicates that customer service quality contributes to customer satisfaction through the experiences generated during interactions with customer service personnel.

The mediation mechanism suggests that high-quality service does more than provide immediate solutions to customer needs. It also creates positive experiences that strengthen customers' overall evaluations of the bank. For example, responsive assistance and clear communication may make customers feel respected and supported. These perceptions can accumulate into a positive service experience, which subsequently contributes to higher satisfaction.

Because the direct effect of customer service quality on customer satisfaction remains significant, the findings are consistent with partial mediation. This means that customer service quality influences satisfaction through two pathways: a direct pathway and an indirect pathway through customer experience.

The finding supports the mediation relationship discussed by Zahra et al. (2023). It also highlights the managerial importance of ensuring that service quality improvements are consistently experienced by customers. Employee training, service responsiveness, communication skills, and effective complaint handling should therefore be integrated into a broader strategy for improving customer experience.

The Mediating Role of Customer Experience in the Relationship between Physical Facilities and Customer Satisfaction

The final finding demonstrates that customer experience significantly mediates the relationship between physical facilities and customer satisfaction ($Z = 3.927$; two-tailed $p < 0.001$). This result is particularly important because the direct effect of physical facilities on customer satisfaction is not statistically significant, whereas the indirect effect through customer experience is significant.

This pattern is consistent with an indirect-only mediation relationship in the estimated model. It suggests that physical facilities contribute to customer satisfaction primarily by shaping the experiences customers have while accessing banking services. Comfortable waiting areas, an organized service layout, functional equipment, and a clean environment may make banking activities more convenient and pleasant. These conditions can improve customer experience, which in turn contributes to satisfaction.

The finding indicates that the value of physical facilities should be evaluated not only through their availability or physical condition but also through how effectively they support customers' service journeys. Facilities that are technically adequate but do not improve convenience or comfort may have limited influence on overall satisfaction.

This result is consistent with the mediation argument discussed by Chahal and Dutta (2023) in the original study. It provides further insight into why physical facilities may not produce a significant direct effect on satisfaction while still contributing meaningfully through customer experience. For Bank BRI Enrekang, investments in physical facilities should therefore be accompanied by efforts to improve accessibility, service flow, customer comfort, and the integration of facilities with service delivery.

CONCLUSION

This study examined the effects of customer service quality and physical facilities on customer satisfaction, with customer experience serving as a mediating variable at Bank BRI Enrekang. The findings demonstrate that customer service quality and physical facilities have positive and significant effects on customer experience. Furthermore, customer service quality and customer experience positively and significantly influence customer satisfaction. However, physical facilities do not have a statistically significant direct effect on customer satisfaction.

The mediation analysis provides an important insight into the relationships among the research variables. Customer experience significantly mediates the relationship between customer service quality and customer satisfaction, indicating partial mediation because the direct effect remains significant. Customer experience also mediates the relationship between physical facilities and customer satisfaction. In this relationship, the indirect effect is significant despite the absence of a significant direct effect. These findings emphasize that the contribution of physical facilities to customer satisfaction is primarily reflected through the experiences they create during customers' interactions with the bank.

The study highlights the importance of integrating service quality, physical facilities, and customer experience into banking service strategies. Bank BRI Enrekang should continuously improve customer service responsiveness, employee competence, communication, and problem-solving capabilities. Physical facilities should also be maintained and developed to support customer comfort, accessibility, and service convenience. More importantly, these service improvements should be directed toward creating consistent and positive customer experiences.

This study contributes to the understanding of customer satisfaction in regional banking by demonstrating the mediating role of customer experience in the relationships between service quality, physical facilities, and satisfaction. Nevertheless, the findings are based on 99 respondents from a single bank branch, which may limit their generalizability. Future studies could involve larger samples across multiple banking branches and examine additional factors, such as service convenience, customer trust, digital banking quality, and perceived value, to provide a broader understanding of customer satisfaction in the banking sector.

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