

FACTORS AFFECTING THE CUSTOMER LOYALTY OF SHARIA RURAL BANK

Irwan Maulana^{1*}, Yuswar Zainul Basri², Tatik Mariyanti³

¹Sekolah Tinggi Agama Islam Asy-Syukriyyah Tangerang, Cipondoh, 15141,
Indonesia

^{2,3}Universitas Trisakti Jakarta, Grogol, 11440, Indonesia

¹irwan.maulana@asy-syukriyyah.ac.id, ²yuswarzainulbasri@gmail.com,

³tatik_m2002@yahoo.com

Abstract

The purpose of this research to analyze and prove empirically factors affecting the customer loyalty of sharia rural bank in Banten Province with satisfaction as an intervening variable. This research is a quantitative research using structural equation modeling (SEM). A total of 677 respondents were people who used BPRS services and products obtained by purposive random sampling questionnaire distribution of 58 questions to eight BPRS in Banten Province. The result of this research indicates that the BPRS service factor is not the main measure of forming customer loyalty, but through religiosity and knowledge variables, the higher one's religiosity, make the tendency higher to use an BPRS services. The knowledge factor is the most powerful factor forming customer loyalty. Increasingly know the importance of Islamic principles for daily muamalah, make the tendency higher to use an BPRS services. The implications of this study show that the BPRS needs to build satisfaction gradually to realize loyal customers, the services provided by the BPRS must be different from those offered by commercial banks like pick up service is applicable for all customers and not just focus on priority customers only, or the BPRS needs to cooperate with commercial banks to get facilities that can accommodate customer needs. Secondly, BPRS need to hold Islamic financial education programs to the public through literacy and financial inclusion regularly, measurable and sustainable in order to improve the BPRS marketshare.

Keywords: *Loyalty; Bank Costumer; Sharia Rural Bank*

*Corresponding author

I. Introduction

Mit Ghamr Bank is the first bank in the world to run its business based on sharia principles which the distribution of financing focuses on small and medium micro businesses (UMKM) which is located around the Nile in 1960. While in Indonesia,

Islamic banks that focus on distributing UMKM capital financing are called Sharia Rural Banks, banks whose operations are based on Islamic sharia principles, supported by fatwas of the National Sharia Council-Indonesian Ulema Council (DSN-MUI) so that they have schemes and bank products. varied based on the principle of

transparency and fairness so that it is fair for both parties and avoid usury. It is different from conventional banks that carry out their functions based on the principle of simple and simple interest determination.

Fatwa number 1 of 2004 issued by the Indonesian Ulema Council (MUI) on Interest stated that the practice of flowering money in conventional financial institutions had fulfilled the criteria of usury that occurred at the time of the Prophet Muhammad SAW, namely usury nasi'ah where the bank set additional payments on principal capital loan or for late payment based on the percentage of interest. God clearly and firmly forbids any additional types taken from loans both small and large interest. Allah SWT said:

يَا أَيُّهَا الَّذِينَ ءَامَنُوا اتَّقُوا اللَّهَ وَذَرُوا مَا بَقِيَ مِنَ الرِّبَا إِن كُنْتُمْ مُؤْمِنِينَ فَإِن لَّمْ تَفْعَلُوا فَأْذَنُوا بِحَرْبٍ مِّنَ اللَّهِ وَرَسُولِهِ وَإِن تُبْتِغُوا فَكُمُ رُءُوسُ أَمْوَالِكُمْ لَا تَظْلِمُونَ وَلَا تُظْلَمُونَ

"O you who have believed, fear Allah and give up what remains [due to you] of interest, if you should be believers; And if you do not, then be informed of a war [against you] from Allah and His Messenger. But if you repent, you may have your principal - [thus] you do no wrong, nor are you wronged." (*Al Baqarah: 278-279*)

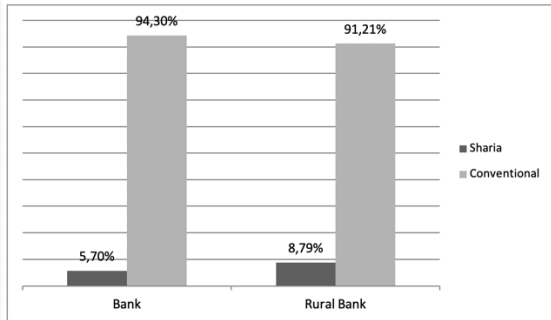
Islam regulates aspects of worship and muamalah, Muslims are ordered to punish (in any matter including economic) to what was revealed by Allah SWT through His

Messenger. Religious activity is closely related to religiosity occurs when performing worship and muamalah. The existence of Islamic banks has become an absolute choice for every Muslim to bermuamalah than in conventional banks.

The presence of Islamic banking in Indonesia since 1992 through the operation of Bank Muamalat became a momentum for the Indonesian Muslim community in particular to know and be aware of the importance of transactions using Islamic banks to follow the teachings of Islamic law. However, for almost three decades Islamic banks have been operating in Indonesia, the market share of Islamic banking per February 2019 has only reached 5.70 percent compared to national banks. With the majority of Indonesia's population 85 percent Muslim, it is a question why there are still many Muslim communities that use conventional banking.

The low literacy and inclusion of Islamic finance results in low public knowledge about the issue of halal haram and usury as well as differences in Islamic and conventional banks being a factor in the low growth of Islamic banks' marketshare in Indonesia ([Tahmina, 2016](#)). The factor of religiosity can influence the attitudes and behavior of the community in fulfilling their daily needs which can sometimes lead them to usury.

Picture 1. Indonesia Islamic Bank Marketshare



Source: SPS OJK Februari 2019

Picture 1 is explaining data from the Otoritas Jasa Keuangan (OJK) until February 2019, the assets of commercial banks (BUK) shown in the graph above are Sharia Commercial Banks (BUS) and Sharia Business Units (UUS) in Indonesia reaching Rp 473.025 trillion or 5.70 percent of the total national banking assets reached Rp7,546.27 trillion or 94.30 percent. While the total assets of Sharia Rural Banks (BPRS) are worth Rp 12.334 trillion or 8.79% of the total assets of rural banks nationally which reached Rp127.058 trillion. This shows that the true literacy and inclusion of Islamic finance in Indonesia is still low.

According to Cahyo Kartiko as the Chair of the Sharia Rural Bank Compartment and the Central Board of the Indonesian Sharia Bank Association (Asbisindo) in Sharianews.com, the author summarizes at least three main problems in the internal side

of the BPRS faced including funding and cost of funds, the relative equivalence of third-party funds (DPK) results high even exceeding the guarantee interest rate set by the Lembaga Penjamin Simpanan (LPS). Second, the weak implementation of Good Corporate Governance (GCG), including the insufficient number of board of directors or commissioners, there is no separation of duties and authority between directors and commissioners. Then, the low active role of the Sharia Supervisory Board (DPS), the existence of conflicts of interest between the main parties and shareholders, as well as the low internal control system. Third, the business model is less clear. The BPRS does not have a clear business model and has not implemented good corporate governance. For example regarding the development of business expansion, Islamic Rural Bank tends to duplicate other bank products without in-depth analysis of new products or activities on the medium or long-term prospects and possible risks to be faced.

In Banten Province which is also the majority of the population is Muslim, however the amount of ribawi behavior seen from savings funds and loan/ financing shows that conventional rural bank are quite dominant around 74.08% compared to Islamic Rural Bank at 25.92% as can be seen in the following table:

Tabel 1. Islamic and Conventional Rural Bank in Banten

Category	Total (in billion rupiah)	
	Conventional	Sharia
Asset		
DPK	3.886	942
Loan/ Financing	2.407	700
	2.984	686

Source: SPS OJK Februari 2019

Data from the Otoritas Jasa Keuangan (OJK) until February 2019, the total assets of BPRS in Banten province reached Rp 942 billion or 24.24 percent of the total assets of Conventional Rural Bank which reached Rp3,886 billion or 75.76 percent. While the total DPK of Islamic Rural Bank about Rp 700 billion or 21.22 percent of the total conventional rural bank DPK reached Rp127,058 trillion or 78.78 percent. Furthermore, the total BPRS Financing was Rp 686 billion or 20.54 percent of the total conventional rural bank loan of Rp 2,984 billion or 79.46 percent.

There are eight of sharia rural banks in Banten, while conventional are 178. Actually, sharia rural bank are more oriented towards the real sector because they do not have authority in the monetary realm in accordance with the mandate of banking regulations in Indonesia, such as discounts where the government has a role in regulating the money supply by changing

the discount on commercial banks. The central bank will adopt a policy to raise interest rates if the calculation of the money supply has exceeded the needs. Thus the policy will stimulate the desire of people to save.

Islamic rural Bank rely on fund turnover as a business strategy. The more money that is channeled the more income that is obtained and the more profit sharing can be given. Therefore, FDR (financing to deposit ratio), which is the ratio between funds collected and disbursed to Islamic banks, tends to be high, reaching an average of almost one hundred percent. OJK data as of February 2019 shows that FDR in Banten province reached 97.99 percent.

The low marketshare of sharia rural bank in Banten, the author assume there are several internal and external factors that affect the loyalty of BPRS customers so that it has implications for the slow growth of BPRS and the lack of Islamic rural bank customers in Banten Province. These factors include service quality, knowledge, religiosity, and customer satisfaction. According to [Abdullah et.al \(2011\)](#) and [Al-Hawari et.al \(2009\)](#) states that service quality is a very important aspect in the banking business in general. Banks that provide bad services will have bad implications for competition, this is based on the results of several studies that

show the influence of service quality with customer satisfaction and loyalty

One effort to improve the quality of Islamic bank services is by maintaining product compatibility with Islamic principles which distinguish Islamic banks from conventional banks ([Astuti et al, 2009](#)). [Choudhury \(2013\)](#) also indicates that a good level of service in Islamic banks will generate positive stigma from customers towards Islamic banks, including recommending positive things to others about banks, accommodating other customers to interact with banks, doing business with banks sharia, and consider sharia banks as the first choice in business activities. According to [Sayani \(2015\)](#), basically feelings of satisfaction and dissatisfaction someone comes from the comparison between his impression of the service or product that is provided with the expected.

Service quality has implications for customer perceptions, while customer satisfaction also depends on customer perceptions. Good services form perceptions that will form satisfaction, in the long run banks can continuously understand customer expectations to meet the service products needed to accommodate their business needs ([Hasan, 2010](#)).

Although customer satisfaction is no guarantee of repeat patronage. Customers always move to make "Jump Ship" decisions

every day, and the reason is not always due to customer dissatisfaction, some customers lost due to indifference arising from pure negligence.

The factor of public knowledge is one of the factors that influence satisfaction and can make customers become loyal to the Islamic People's Financing Bank. According to [Maulana \(2016\)](#) there is a halal brand awareness that is understanding Islamic law, knowing that Islamic banks are free from usury, gharar and maysir elements and prioritizing benefits has an effect on customer loyalty. According to [Husein \(2019\)](#), his research revealed that more and more corporate social responsibility (CSR) undertaken by Islamic banking to educate the public made him understand sharia banking and enable sharia bank customers to become loyal.

The next factor is religiosity. According to [Newaz et.al. \(2016\)](#) that religiosity has a direct effect on the loyalty of sharia bank customers, the higher one's religiosity, the better their attitude to sharia banks in having higher purchase intentions. Pious people from the Islamic religion display a high loyalty attitude towards the exclusive service of compensation according to religion. The empirical findings of this study also indicate that Muslim participants who have shown a high attitude of loyalty are price torelansi and they are also willing to

spread "good words" about insurance companies / banks that sell compensation services that are religiously compatible.

According to [Sabirzyanov \(2016\)](#) that "attitude", "religious motivation" and "awareness" as the main factors that explain customers' intention to deal with Islamic banking. Furthermore, "services in accordance with sharia principles" and demographic factors being important influences on the intention to use Islamic banking.

[Kabir \(2018\)](#) who research the factors that influence the intentions of Muslims in Barcelona, Spain in using Islamic banking by adopting a theoretical framework derived from the theory of reasonable action. In his research, the original framework was modified by adding "religious motivation" and "awareness". The study found that customers were aware of the existence of Islamic banking but did not know about the mechanisms and contracts used by these banks.

There is a relationship between a person's personal religious perception with the decision to become a customer of Islamic banks. Furthermore, in a study conducted by [Zakiah \(2016\)](#) in Malaysia that religious obligations affect the loyalty of sharia banking customers, the regression analysis shows a significant positive relationship of Malaysian customers. According to [Souiden](#)

[and Marzouki \(2015\)](#), religiosity has an indirect effect on the use of Islamic banking services. The findings of this study on religious variables are tridimensional. The results show people are afraid of divine punishment and the more a person believes in Islamic law the more loyal the Islamic bank is.

Based on some data and research results that have been presented above, the authors assume that the high market share of conventional banks is caused by the low loyalty of Islamic bank customers which is influenced by several factors including the low quality of Islamic banking services, lack of public knowledge about bermuamalah based on Islamic Sharia principles and different levels of community religiosity and customer satisfaction.

Based on identification of the problem above, the purpose of this research is to analyze and prove empirically factors affecting the customer loyalty of sharia rural bank in Banten Province with satisfaction as an intervening variable.

Method

This research is a survey research with quantitative approach and the analysis used is Structural Equation Modeling (SEM) analysis. This study uses samples from a population with a questionnaire as a data collection tool. This research is also classified as "expostfacto" research which is

causality and correlational. This exfacto study only examined an event without any prior treatment being carried out by the researcher of the object under study. In accordance with the objectives to be achieved in this study, namely to explain the relationship and influence of several variables that have been set. This study was designed to explain the relationship between variables and test hypotheses that were formulated ([Ihsan, 2008](#)).

This research will involve variables such as knowledge, religiosity, service, and satisfaction. This research is a quantitative research in the form of short-term research because it will be carried out in a time frame of under one year.

In this study the population is the people of Banten Province who use BPRS services and products. The sampling method in this study is by purposive random sampling, this method is used to get respondents who have used Islamic rural bank services and services.

Respondents consisted of BPRS customers aged 21-50 years and over. The questionnaire will contain questions related to the variables to be examined. In addition to the primary data derived from the questionnaire, this study also uses secondary data as the basis for determining the research model, data processing and drawing conclusions. Secondary data were obtained

from previous studies, which are summarized in several official journals and books that are relevant to this research. The sample criteria used in this study are as follows:

Table 2. Sample Determination Criteria

No	Criteria	Amount
1	Banten residents	12.203.148
2	aged 21-50 years and over	7.668.086
3	Sample	677

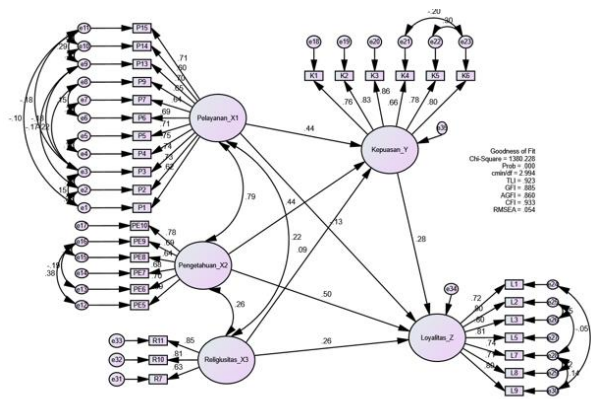
Source: BPS Banten Dalam Angka 2017

There are several techniques used for the data collection process in this study. The technique, namely the distribution of questionnaires, observation, and documentation.

This study uses a data analysis and interpretation to reveal and answer the research questions mentioned above. The data that has been obtained are then analyzed using descriptive statistical analysis techniques and inferential statistics for the purposes of testing hypotheses using the Structural Equation Modeling (SEM) Method.

II. Discussion

Based on the data processing that has been done, the results of testing the data obtained from the hypothesis are carried out using the structural equation model (SEM).



Picture 2. SEM Model

Furthermore, based on the data processing that has been done, the results of testing the data obtained from the hypothesis are carried out using the structural equation model (SEM) method and a simultaneous test for intervening variables.

Table 3. Hypothesis Testing Results

			Estimate	P	T-Hitung	T-Tabel	Explanation
Satisfaction_Y	<	Service_X1	.435	*	*	*	Take effect
Satisfaction_Y	<	Knowledge_X2	.437	*	*	*	Take effect
Satisfaction_Y	<	Religiosity_X3	.087	.03	.03	.03	Take effect
Loyalty_Z	<	Satisfaction_Y	.282	*	*	*	Take effect
Loyalty_Z	<	Service_X1	-.130	.06	.06	.06	No Effect
Loyalty_Z	<	Knowledge_X2	.499	*	*	*	Take effect
Loyalty_Z	<	Religiosity_X3	.261	*	*	*	Take effect
Z <- Y <- X1			0,12		3,3	1,9	Take effect
Z <- Y <- X2			0,12		3,3	1,9	Take effect
Z <- Y <- X3			0,02		2,3	1,9	Take effect

Source: data processed

The Effect of Service on Satisfaction

In table 3 it is known that the P value of the service variable on satisfaction is *** where the value is smaller than 0.05 so that H0 is rejected and H1 is accepted, which means that the service variable has a positive and significant effect on the satisfaction variable. The higher the services provided by the BPRS, the higher the satisfaction obtained by the customer.

These results are consistent with research conducted by [Alnaser \(2018\)](#) which states that service has a significant effect on satisfaction. Furthermore, it is strengthened by the results of this study in accordance with several research results, namely by [Alnaser \(2018\)](#) in his paper stating that there is a significant influence between service and customer satisfaction, in other words the services provided by BRPS will have an impact on customer satisfaction.

[Choudhury \(2013\)](#) indicates that a good level of service in a company will result in a positive stigma from the customer to the company, including recommending positive things to others about the company, accommodating other customers to interact with the company, doing business with the company, and considering the company as the first choice in business activities. The relationship between service satisfaction and customer loyalty is theoretically and empirically proven in the literature in the

service industry which includes bank services (Al-hawari, et.al, 2009).

Efforts to improve the quality of services provided by the BPRS must be oriented towards seeing market share or the public as users of banking services. This relates to people's expectations, they want to get a good and comfortable relationship and easy transactions with banks.

فَبِمَا رَحْمَةٍ مِّنَ اللَّهِ لِنْتَ لَهُمْ وَلَوْ كُنْتَ فَظًّا غَلِيظَ الْقَلْبِ
لَأَنْفَضُوا مِنْ حَوْلِكَ فَاعْفُ عَنْهُمْ وَاسْتَغْفِرْ لَهُمْ وَنَسَاوِرْهُمْ
فِي الْأَمْرِ فَإِذَا عَزَمْتَ فَتَوَكَّلْ عَلَى اللَّهِ إِنَّ اللَّهَ يُحِبُّ
الْمُتَوَكِّلِينَ

“So by mercy from Allah, [O Muhammad], you were lenient with them. And if you had been rude [in speech] and harsh in heart, they would have disbanded from about you. So pardon them and ask forgiveness for them and consult them in the matter. And when you have decided, then rely upon Allah. Indeed, Allah loves those who rely [upon Him]” (Ali Imran: 159).

In the dimension of responsiveness and empathy in service variables being a distinguishing factor with conventional banks such as the attitude of sharia bank officers in handling complaints handling and billing handling of problematic financing not only adjusting the bank's operational standard procedures (SOP) but also based on the attitude of akhlaqul karimah as recommended in the above letter of Qur'an.

The Effect of Knowledge on Satisfaction

The knowledge variable on customer satisfaction has a value of *** <0.05 so H0 is rejected and H1 is accepted, which means that the knowledge variable has a positive and significant effect on the satisfaction variable. The higher the knowledge, the higher the satisfaction.

If the better someone's knowledge, satisfaction will increase. The customer will compare the suitability of his knowledge with the operations of Islamic financial institutions, which adds to his own satisfaction knowing that Islamic financial institutions are different from conventional This study shows that people's understanding of the dangers of usury as one of the major sins because the highest value in the dimesi is equal to 4.45. and the lowest value of this dimension is the indicator related to the distribution of social funds in the SRB, the community has a sufficient understanding of the SRB that is equal to 3.77.

Consumer knowledge influences the decision of consumers to become customers of Islamic banks. Knowledge from customers is obtained through customer interaction, so that someone's satisfaction can be formed from the comparison between his impression of the performance of real or actual products with the expected product performance.

The Effect of Religiosity on Satisfaction

The religiosity variable on customer satisfaction has a value of $0.003 < 0.05$ so that H_0 is rejected and H_1 is accepted, which means the religiosity variable has a positive and significant effect on the satisfaction variable. The higher the religiosity, the higher the customer satisfaction. For Muslim customers to be important and satisfied with the existence of the Islamic bank itself as an option to use Islamic financial institutions in accordance with the provisions of the Sharia.

The highest average number is on the indicator of every action there must be a reward from Allah SWT in religiosity that is with an average of 4.49 which shows that the respondent knows very well that what is done is always monitored and gets rewarded, whereas for the average the lowest is 3.88 which illustrates that the respondent has not been very active in religious activities in the neighborhood.

The results of this study are in accordance with that revealed by [Dobocan \(2014\)](#) in the study showing the application of rational marketing in the field of religion and showing the influence of values, satisfaction and imagination on satisfaction. By using the multidimensional concept by breaking down relationships between variables. Religiosity includes being consistent in worship, having an active role as a mediator,

serving the church, and Loyalty including Image (living traditions), being satisfied as part of the community and the quality of relationships. This study found that loyalty to loyalty is from the perceived value aspect.

The Effect Of Satisfaction on Loyalty

The satisfaction variable has a value of *** < 0.05 so that H_0 is rejected and H_1 is accepted, which means satisfaction can increase customer loyalty, so the higher the satisfaction the higher the loyalty. In the comparative to ideal dimensions and confirmation of expectation in the satisfaction variable shows a high value that the BPRS operations are in accordance with customer expectations so that the feeling of satisfaction is transformed into loyalty.

Customer satisfaction is the main indicator of customer loyalty. Customers who are satisfied with the BPRS services will transform these feelings into loyalty as indicated by the consistent use of bank services and advise others to buy products and services from Islamic financial institutions. Customers who are satisfied with the value provided by the product or service, it is likely that the customer will be loyal for a long time ([Umar, 2000](#)). Customer satisfaction is a major factor in shaping customer loyalty. To form customer satisfaction and customer loyalty, Islamic banking, which is a service industry, must

improve the quality of its services to the extent that a company's services meet or exceed customer expectations.

The highest average number is on the customer satisfaction indicator showing the high quality of Islamic bank services, with an indicator value of 4.11 meaning that the customer is very satisfied with the services provided by the BPRS, while for the indicator with the lowest value is the customer's expectations of the quality of the more services provided by BPRS, besides that the services provided by BPRS are sufficient to make customers feel satisfied, this is reflected in the lowest indicator of 3.83. These results are consistent with research conducted by [Seiler, Rudolf and Krume \(2013\)](#) found that customer satisfaction has a strong positive impact on customer loyalty, the impact of service value on customer loyalty is highly mediated by customer satisfaction. Furthermore, research conducted by [Pleshko & Al-Wugayan \(2010\)](#) suggested that a positive relationship between satisfaction with loyalty and loyalty relationship with market share proved to be significantly positive.

The Service Has No Impact On Loyalty

The service variable on loyalty has a variable value of $0.061 > 0.05$, so H_0 is not rejected, which means the service variable has no significant effect on the loyalty variable.

Tangibility with an index value of 76.63 is an indicator with the lowest index value compared to other indicators. While the highest average of 4.27 on the loyalty factor in the indicator "the community believes that the Islamic rural bank can growth in the future", while for the average value of the lowest indicator of 3.84 is the question "high interest is not my consideration for saving in conventional banks", meaning that customers are not tempted by the interest given by conventional banks and are still loyal to Islamic banks.

The results of this study are distinguishing and not in accordance with previous studies, according to [Abdullah, et.al \(2011\)](#); [Newaz et.al \(2016\)](#); [Darzi and Bhat \(2016\)](#) in their study that service quality has a positive and significant direct effect on customer loyalty. Service does not directly affect loyalty. Researchers discuss from two points of view based on observational studies and documentation that have been conducted. First, from the perspective of the SRB as follows:

1. Based on the regulation of law number 21 of 2008, Islamic rural bank enter the micro bank sector which does not provide services in financial traffic, so that it has implications for Islamic rural bank services, especially in the tangibility and reability dimensions where facilities and infrastructure,

products and services and facilities are offered not as complete as Islamic commercial banks.

2. Calculation of the determination of the margin or profit sharing or ujah in the distribution of Islamic rural bank financing products is higher than that of commercial banks, so that service is not the main measure of customer loyalty but the suitability of bank operational sharia.

3. In Islamic rural bank operations, the number of employees is not as complete and as many as that of a commercial bank employee, so the services provided by Islamic rural bank tend not to form customer loyalty

Second, from the customer's point of view not making service a priority measure to be loyal to the Islamic rural bank is as follows:

1. That the service factor provided is not as complete as the service provided by a Sharia Commercial Bank (BUS)
2. That the aspects of customer knowledge about sharia principles are more important than service aspects.
3. That the aspect of religiosity in carrying out sharia is more important than the service aspect.
4. That Islamic rural bank customers have their own characteristics, the majority of which are financing agents caused by

urgent needs, so that the service factor provided does not directly affect loyalty.

The Effect of Knowledge on Loyalty

The knowledge variable on loyalty has a variable value of *** <0.05 so H_0 is rejected and H_1 is accepted, which means the knowledge variable has a positive and significant effect on the loyalty variable. The higher the knowledge, the higher the loyalty.

If the better someone's knowledge, loyalty will increase. The customer will compare the suitability of his knowledge with the operations of Islamic financial institutions, which adds to his own satisfaction knowing that Islamic financial institutions are different from conventional ones.

These results are consistent with some of the results of previous studies that the dimension of customer knowledge most influential on the loyalty of all CRM dimensions. Reinforced in the results of research that customer loyalty is positively and significantly related to customer education. The main effect of education is significantly related to loyalty.

The Effect of Religiosity on Loyalty

The religiosity variable on loyalty has a variable value of *** <0.05 so that H_0 is rejected and H_1 is accepted, which means

the religiosity variable has a positive and significant effect on the loyalty variable. The higher the religiosity, the higher the loyalty.

For Muslim customers to be important and loyal to the existence of Islamic banks themselves as an option to use Islamic financial institutions in accordance with the provisions of the Sharia. For him it has become a necessity to use the services and products of Islamic financial institutions compared to conventional. Based on the provisions of this Shari'a, Muslim customers must be loyal to Islamic banks.

These results are consistent with research conducted by [Newaz et.al \(2004\)](#) in his research that religiosity has a direct effect on customer loyalty of Islamic banks, the higher a person's religiosity, the better his attitude to Islamic banks in having higher purchase intentions. Also, that pious Muslims display a high loyalty attitude towards the services of Islamic financial institutions. The empirical findings of this study also indicate that Muslim participants who show a high level of loyalty tend to tolerate the costs set, even they are also willing to spread "good words" about Islamic insurance companies that sell compensation services that are in accordance with religion.

The Effect of Service on Loyalty through Satisfaction

Based on table 3 by using sobel test it was found that the service has an indirect effect on customer loyalty through customer satisfaction. That is because the calculated T value of 3.387 is greater than the T value of Table 1.964.

These results are consistent with research conducted by [Darzi and Bhat \(2016\)](#), which states that there is a significant relationship between service quality and customer loyalty. Also [Newaz et.al \(2016\)](#) in their respective researches that service quality has a direct effect on customer loyalty.

The reasons for Islamic banks to be aware of the importance of service quality are: First, Islamic bank products and services must be accepted as high quality products and services by consumers. God is happy to see work done on the level of Itqan which means to prepare and give the best results or do everything with high quality. Second, using service quality in Islamic banks is important because it has to do with costs, profits, customer satisfaction, consumer memories, and positive words from the mouth of the consumer

Sharia Bank as an institution in the service sector must certainly improve and optimize service quality to build customer loyalty. Customers who feel comfortable, secure, pay attention to their needs and the

suitability of banks with Islamic principles that are part of the quality of service, will feel satisfaction that leads to loyalty. A person's attitude is formed from three components namely, cognitive / evaluation, affective / feeling and behavior / action. It can be said that customer perceptions / evaluations of the quality of services provided by Islamic banks, will lead to feelings of satisfaction / cognitive that will determine customer loyalty / actions. In other words, the customer will recommend someone else and repurchase if the customer is satisfied with the products and services of the Islamic Bank.

Allah Ta'ala says in Surah Al-Isra verse 7:

إِنْ أَحْسَنْتُمْ أَحْسَنْتُمْ لِأَنْفُسِكُمْ وَإِنْ أَسَأْتُمْ فَلَهَا

“[And said], "If you do good, you do good for yourselves; and if you do evil, [you do it] to yourselves.”

The services provided must reflect the work attitude of a professional who has expertise, sincerity, high emotional competence, the ability to do the best in the best way, an attitude that does not violate ethics and regulations, and makes the field they work in a livelihood

The service behavior displayed must be in contact with sincerity so that it can easily be crystallized into a service culture as a Muslim's duty. The services provided are proactive and fast and must be set out in the form of service level agreement for the

perpetrators as a form of the Prophet Muhammad sallallaahu ‘Alaihi Wa Sallam's advice.

"Whoever among you is able to provide benefits to his brother, then hasten to do it" (H.R Muslim).

Quality of service is a very important aspect in the world of global banking. Banks that provide bad services will have bad implications for competition, this is based on the results of several researchers who have examined the close relationship between service quality and marketing goals, profitability, customer satisfaction and loyalty which states that service quality is closely related to the level of trust or attitude customers so as to produce a good level of service ([Abdullah, et.al, 2011](#); [Al-Hawari, Ward and Newby, 2009](#)).

Quality of service can provide encouragement to customers to establish strong relationships with banks in the long run, a bond like this allows companies to continuously be able to thoroughly understand customer expectations and their needs ([Hasan, 2010](#))

One effort to improve the quality of Islamic bank services is by maintaining product compatibility with Islamic principles which distinguish Islamic banks from conventional banks ([Astuti et.al, 2009](#)). The success of a bank in managing reputation and service can be seen from the level of customer

satisfaction. Therefore, banks must pay attention to the demands of customers who are always developing every time.

[Choudhury \(2013\)](#) also indicates that a good level of service in a company will result in a positive stigma from customers towards the company, including recommending positive things to others about the company, accommodating other customers to interact with the company, doing business with the company, and consider the company as the first choice in business activities. The relationship between service satisfaction and customer loyalty is theoretically and empirically proven in the service industry literature including banks and their development ([Al-hawari, et al, 2009](#)).

For this reason, Islamic banking must compete fiercely and try to improve the quality of services which also has an impact on reputation so that satisfaction that leads to customer loyalty can be achieved. The success of these businesses is largely determined by the company's ability to provide satisfying services for customers. Service is reflected by customer satisfaction in reusing banking services. Customer service satisfaction in using the services or products offered can be used as input for management to improve and improve the quality of services provided. For this reason, employees should always monitor the

satisfaction felt by banking customers to achieve high loyalty from customers.

The demand of professional banking service companies in serving bank customers is a measure of customer judgment in deciding and choosing a bank. A bank's services for customers describe the state of the bank's performance and its seriousness in providing services to customers as business partners in the banking world. Of the high demands on the quality of service performance, certainly, bank customers have high expectations of the quality of service performance of banking services.

From these expectations, of course, customers want good service. Consumers or customers choose service providers based on expectations and after enjoying their services will compare with what they expect. If the quality of service they enjoy turns out to be far below what they expect, consumers will lose interest in the service provider and vice versa. Therefore especially for a bank it is also necessary to identify the customer's desires regarding the quality of the service. The customer will continue to provide an assessment of the quality of services and the bank needs to understand how the customer's expectations actually are so that Islamic banks can design the services offered effectively.

The Effect of Knowledge on Loyalty through Satisfaction

Based on table 3 by using sobel test it was found that Knowledge has an indirect effect on customer loyalty through customer satisfaction. That is because the calculated T value of 3.358 is greater than the T value of Table 1.964.

The factor of public knowledge is the factor that has the most influence making customers loyal to the SRB directly or indirectly. This can be seen from the estimated value of the influence of knowledge on other variables greater than the influence of other variables.

يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَذَرُوا مَا بَقِيَ مِنَ الرِّبَا إِن كُنْتُمْ مُؤْمِنِينَ

“O you who have believed, fear Allah and give up what remains [due to you] of interest, if you should be believers” (Al-Baqarah 278).

The prohibition to eat usury in the above verse is the had or limitation of Allah SWT for humans to leave the rest of usury, Allah will not forbid anything unless the case is a case that brings harm to humans. For this reason it is obligatory for humans to leave and study the cases of usury that are prohibited by the Shari'a in this verse. Therefore science can increase devotion, bring people to the understanding of halal and haram, haq and vanity.

In general, for most people, the standards for the danger of something are only physical, while the abstract and not sensed and not directly threatening are ignored. Many anti-drug movements, the dangers of HIV and AIDS, but rarely do we find a massive movement about the "danger of usury" in the community. This is due to the lack of public knowledge about the dangers of usury. Then this verse becomes a motivation for the people of Banten province in particular and Indonesia in general to learn more about usury and its consequences.

Companions Hudzaifah Al-Yamani radhiyallahu ‘anhu shared his experience with the Prophet Muhammad

عَنْ أَبِي إِدْرِيسَ الْخَوْلَانِيِّ أَنَّهُ سَمِعَ حَدِيثَ بِنِ الْيَمَانَ يَقُولُ: كَانَ النَّاسُ يَسْأَلُونَ رَسُولَ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ عَنِ الْخَيْرِ وَكُنْتُ أَسْأَلُهُ عَنِ الشَّرِّ مَخَافَةَ أَنْ يُدْرِكَنِي

“Many people asked the Prophet about goodness, while I asked the Prophet about bad things, because I was afraid that badness would come upon me” (HR Bukhari 3606 and Muslim 4890).

From the verses and hadith above, then one principle that must be built is to learn and understand the evil in this case usury, on the basis of concerns about the bad effects of the case, then the knowledge of usury becomes absolute for us to know.

The Effect Religiosity on Loyalty through Satisfaction

Based on table 3 through the sobel test it was found that the service has an indirect effect on customer loyalty through customer satisfaction. That is because the calculated T value of 2.321 is greater than the T value of Table 1.964.

In Surah Al-Baqarah: 278, Allah says while commanding His servants who believe to fear Him while forbidding them to do things that can draw closer to His wrath and distance from His good pleasure.

The sentence “*yaa ayyuhal ladziina amanut taqullaaha*” It means that you are afraid of Him and be careful, because He is always watching everything that you do.

“*Wa dzaruu maa baqiya minar ribaa*” It means to leave your wealth which is the excess of the principal that must be paid by others, after this warning.

“*In kuntum mu'miniin*” means to believe in the Shari'a of Allah, which has been assigned to you, in the form of trade offenses, prohibiting usury, and so forth.

This verse begins with the appeal “*yaa ayyuhalladziina amanuwtaqullaha*”, O believers who believe in Allah, then close it with “*inkuntum mu'minin*”. It starts with the call of piety and faith and closes with faith.

One's religiosity is greatly influenced by his trust and experience of the prohibition of Allah SWT in this verse. A person who is

religious and has a faith is someone who abandons the prohibition of Allah to eat usury in this verse, because one's religiosity is influenced by his practice of His commands.

In the Islamic concept, the contribution of religiosity in behavior becomes mandatory. Muslims behave because of obedience to accept maslahah from Allah in carrying out His commands and avoiding His prohibitions.

In Surah Al-Hashr: 18

يَا أَيُّهَا الَّذِينَ ءَامَنُوا اتَّقُوا اللَّهَ وَلْتَنْظُرْ نَفْسٌ مَّا قَدَّمَتْ لِغَدٍ
وَآتَقُوا اللَّهَ إِنَّ اللَّهَ خَبِيرٌ بِمَا تَعْمَلُونَ

Artinya: ” O you who have believed, fear Allah . And let every soul look to what it has put forth for tomorrow - and fear Allah . Indeed, Allah is Acquainted with what you do”.

Therefore, that the behavior of customers to use Islamic banks is largely driven by devotion to Allah SWT. That the customers keep their money in an Islamic bank is an effort to avoid interest, avoid wasteful attitudes as a means to fulfill his orders.

According to [Newaz et.al \(2004\)](#), the higher a person's religiosity, the better his attitude to Islamic banks in having higher purchase intentions. Religiosity is measured in building all five dimensions of religiosity, namely belief, religion, practice, knowledge, experience and its consequences. A measure of one's level of

religious commitment can provide a holistic basis and insight into consumer purchase predictions.

Religiosity can be a significant factor that is considered by customers when they choose the services of an Islamic bank. In other studies it was found that religiosity has a positive and significant influence on customer behavior in using Islamic bank products and services. This also reinforces the theoretical model developed in this study about the role of religiosity on behavior using Islamic banks. This finding is in line with the relevant research that religiosity influences the decisions of major consumers in the selection process of Islamic banks.

III. Conclusion

Based on the result of the analysis and discussion described in the previous chapter, it can be concluded that service, knowledge, and religiosity affects satisfaction, but service has no impact on loyalty. Then, satisfaction, knowledge, religiosity, and service affects loyalty through satisfaction. There are some limitations including the variables used in this study using variables with primary data that describe BRPS customers. Other variables are needed that will affect loyalty or by using secondary data.

Bibliography

- Abdullah, F; Suhaimi, R; Saban, G; and Hamali, J. (2011). Bank service quality (BSQ) index: an indicator of service performance. *International Journal of Quality & Reliability Management*, 28(5), 542-555.
- Al-Hawari, M; Ward, T; and Newby, L. (2009). The relationship between service quality and retention within the automated and traditional contexts of retail banking. *Journal of service management*, 20(4), 455-472.
- Ali, Hasan (2008) *Marketing*, (Yogyakarta: Media Press)
- Alnaser Feras (2018). The Influence Of Servqual Model and Attitude On Customer's Satisfaction and Loyalty In Islamic Banks Of Saudi Arabia in Developing Countries. Economic And Social Development. 27th International Scientific Conference on Economic and Social Development – Rome 1-2 March 2018. Book Of Proceeding page. 59-70
- Alnaser. Feras; Ghani. M; Rahi. S; Mansour. M; and Abed. H (2018), "Extending The Role Of Servqual Model In Islamic Banks With Subjective Norms, Customer Satisfaction And Customer Loyalty" 32nd International Scientific Conference on Economic and Social Development – Odessa.

- Ancok, Djameluddin; dan Suroso. (2001). *Psikologi Islami*. Yogyakarta: Pustaka Pelajar
- Astuti, Septin Puji, et, al., 2009, "Meningkatkan Kualitas Pelayanan di Bank Syariah; Penelitian dengan Fuzzy Servqual dan Dimensi Carter", Jurnal Manajemen Bisnis Vol. 2 No. 1 April-Juli 2009 (47-58)
- Awan. H.M; Bukhari. K.S; and Iqbal Anam (2011), *Service Quality and Customer Satisfaction in the Banking Sector a Comparative Study of Conventional and Islamic Banks in Pakistan*, Journal of Islamic Marketing, Vol. 2, No.3, pp. 203-224
- Badri, M.A; Syamhudi, K; Tuasikal, M. A; and Abu Ahmad Zainal Abidin, L. (2012). *Edisi 02/2012-Majalah Pengusaha Muslim: Masih Adakah Riba di Bank Syariah?* (Vol. 24). Yayasan Bina Pengusaha Muslim.
- BPS Provinsi Banten. (2017) Provinsi Banten Dalam Angka 2017. Banten: CV. Dharma Putra.
- Chapra, MU, Khan, S; and Al Shaikh-Ali, A. (2008), *The Islamic Vision of Development in the Light of Al-Shariah*, IIIT, Cromwell Press, United Kingdom, Vol. 15. Choudhury, MA (2015), "Res extensa et res cogitans de Maqasid as-Shari'ah", *International Journal of Law and Management*, Vol. 57 No. 6, pp. 662-693.
- Choudhury, K. (2013). Service quality and customers' purchase intentions: an empirical study of the Indian banking sector. *International Journal of Bank Marketing*, 31(7), 529-543.
- Choudhury, MA (2016), "Tawhid, Al-Wasatiyyah, and Maqasid As-Shari'ah", *Absolute Reality in the Qur'an*, Springer, Palgrave Macmillan, USA, pp. 85-100.
- Çizakça, M. (2007), "Democracy, economic development and Maqasid al-Shariah", *Review of Islamic Economics*, Vol. 11 No. 1, pp. 101-118.
- Darzi. M.A; and Bhat Suhail. A (2016), Customer Relationship Management An Approach to Competitive Advantage in The Banking Sector by Exploring The Mediatonal Role of Loyalty, *International Journal of Bank Marketing*, Vol. 34, No 3, pp. 388-410
- Dobocan. C. Florin (2014), Antecedents of the Loyalty of Religius Service Consumers, International Conference "Marketing - from information to decision", edition 2014
- Gayatri. G; and Chew. Janet (2013), "How do Muslim consumers perceive service quality?", *Asia Pasific Journal of*

- Marketing and Logistics, Vol. 25 No. 3, pp. 472-490
- Gerrard, P; and Cunningham, JB (1997), “Islamic banking: a study in Singapore”, International Journal of Bank Marketing, Vol. 15 No. 6, pp. 204-216
- Hafidudin Didin; dan Tanjung Hendri (2003). *Manajemen Syariah Dalam Praktik*, (Jakarta: Gema Insani)
- Hair, et.al (2006) *Multivariate Data Analysis 6th Ed.* (New Jersey: Pearson Education)
- Hakimah Wan; Ibrahim Wan; and Abdul Ghafar (2015). Conventional bank and Islamic banking as institutions: similarities and differences. Vol. 31 No. 3 pp. 272-298
- Hamid Ayesha; and Masood Omar (2011). Selection criteria for Islamic home financing: a case study of Pakistan. *Qualitative Research in Financial Markets* Vol. 3 No. 2, 2011 pp. 117-130
- Hasan, Ali. (2010). “*Marketing Bank Syariah Cara Jitu Meningkatkan Pertumbuhan Pasar Bank Syariah*”. Ghalia Indonesia. Bogor.
- Herington Carmel; and Weaven Scott (2009), E-retailing by banks: E-Service Quality and its Importance to Customer Satisfaction, *European Journal of Marketing*, Vol. 43, No. 9/10, pp. 1220-1231
- <https://sharianews.com/posts/asbisindoda-4-masalah-utama-bprs-yang-harus-diantisipasi1037>
- Hurriyati, Ratih (2010). *Bauran Pemasaran dan Loyalitas Konsumen*, Bandung: Alfabeta
- Husein. Ruslan. M (2019), “*Pengaruh Pengetahuan, Religiusitas dan Pelayanan (Service Quality) terhadap Loyalitas Nasabah Bank Syariah dengan Reputasi sebagai Variabel Intervening di Provinsi Banten*”, Disertasi, Universitas Trisakti - Jakarta
- Ihsan H. (2008). *Butir Tes dan Kuesioner* (edisi revisi). Makassar: Pusat Analisis Data Jurusan Matematika UNM.
- Kabir Hasan (2017). “*Attitude of Muslim minority in Spain toward Islamic Banks*”. *International Journal of Islam Finance and Management*. Vol. 11 No. 2, 2018 hal. 213-230
- Maulana. S (2016), Costumers' Loyalty toward Islamic Banking System: Does Halal Brand Awareness Matter?, *International Journal of Economics, Management and Accounting* 24, No. 2, pp. 209-226
- Metawa, SA; and Almassawi, M. (1998), “Banking behavior of Islamic bank

- customers: perspectives and implications”, *International Journal of Bank Marketing*, Vol. 16 No. 7, pp. 299-313, doi: 10.1108/02652329810246028.
- Muhammad (2011). *Manajemen Bank Syariah*. Yogyakarta: UPP STIM YKPN.
- Newaz. F.T; Fam Kim-Shyan; and Sharma. R.R (2004), Muslim Religiosity and Purchase Intention of Different Categories of Islamic Financial Products, *Journal of Financial Service Marketing*, Vol. 21, No. 2, pp. 141-152
- Newaz. F.T; Fam Kim-Shyan; and Sharma. R.R (2016), “*Muslim Religiosity and Purchase Intention of Different Categories of Islamic Financial Products*”, *Journal of Financial Service Marketing*, Vol. 21, No. 2, pp. 141-152
- Notoatmodjo, S. (2010). *Metode Penelitian Kesehatan*. Jakarta: Rineka Cipta.
- Parasuraman, Zeithaml, VA; and Berry, LL (1985). A conceptual model of service quality and its implications for future research. *the Journal of Marketing*, 41-50.
- Pleshko. Larry. P; and Al- Wugayan Adel (2010), A study of Satisfaction, Loyalty and Market Share in Kuwait Banks, *Proceedings of the Academy for Studies in International Bussines*, Vol. 10, No. 1, pp: 2-7
- Pradja, J. S. (2012). *Ekonomi Syariah*. Bandung: Pustaka Setia.
- Rukmana, A. M. (2010). *Bank Syariah Teori, Kebijakan, dan Studi Empiris Di Indonesia*. Jakarta: Erlangga.
- Sabirzyanov, R. (2016), “*Islamic financial products and services patronizing behavior in Tatarstan: the role of perceived values and awareness*”, *Journal of King Abdulaziz University, Islamic Economics*, Vol. 29 No. 1, pp. 111-125
- Sayani, H. (2015). “*Customer satisfaction and loyalty in the United Arab Emirates banking industry*”. *International Journal of Bank Marketing*, 33(3), 351-375
- Souiden Nizar; and Marzouki Rani (2015). “*Consumer attitudes and purchase intentions toward Islamic banks: the influence of religiosity*”, *International Journal of Bank Marketing* Vol. 33 no. 2, 2015. emerald group publishing limited
- Suhardiyanto (2001) *Pendidikan Religiusitas*. Yogja-karta: Kanisius
- Tahmina, T.N (2013), “*The Barriers to, and Incidence of Islamic Banking and Finance in Canada*”, thesis submitted to the Faculty of Graduate and

- Postdoctoral Studies, University of Ottawa, Canada
- Umar, H. (2000). *Riset pemasaran dan perilaku konsumen*, Jakarta: Kompas Gramedia
- Volker Seiler; Markus Rudolf; and Tim Krume (2013), "*The Influence of Socio-demographic variables on customer satisfaction and loyalty in the private banking industry*", International Journal of Bank Marketing, Vol. 31 Issue: 4, pp.235-258
- Wardayati, S. M. (2011). "*Implikasi Syariah Governance terhadap Reputasi dan Kepercayaan Bank Syariah*", Walisongo: Jurnal Penelitian Sosial Keagamaan, 19(1), 1-24.
- Zabkar. V (2000), Some Methodological Issues With Structural Equation Model Application in Relationship Quality Context, Journal New Approaches in Applied Statistics, Vol. 16, pp 211-226
- Zakiah Farah (2016), Behavioral Determinants and their Impacts on Customers' Saving Deposits in Islamic Banks, International Journal of Economic and Financial Issues, Vol. 6, pp. 296-303
- Zeithmail, VA; Berry, LL; and Parasuraman. A. (1996). "The Behavioral Consequences of Service Quality. The Journal Marketing, 31-46.