

The Effect of Service Quality Based on The Carter Model on Bank Customer Loyalty

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Abstract

This study aims to examine the effect of service quality with the CARTER model on satisfaction and how it builds customer loyalty. This research was conducted in Indonesia with a population of all customers of Bank Syariah Indonesia. The sampling technique in this study is by considering the criteria, namely, respondents are active bank customers who have had an account for at least 3 months. The data analysis technique in this study uses SEM analysis. The results show that the CARTER model has a significant influence on satisfaction, and satisfaction has a significant influence on customer loyalty. In addition, satisfaction has a mediating role on the effect of CARTER model service quality on loyalty.

Keywords: *Service Quality, Carter Model, Customer Loyalty*

Introduction

Banking has evolved over the last 40 years as it started in the 1970s (Maurer, 2001). Over the years, Banking has shown a great rate of growth and development not only in Islamic countries, but also in Europe, North America, the Middle East and Asia. Apart from its popularity among people who want products that match their religious beliefs, Islamic banking is also being adopted by non-Muslims. There is no doubt that Islamic banking is currently the fastest growing banking industry. According to the Islamic Financial Services Industry Stability Report (IFSB), total Islamic banking assets increased to USD 1.5 trillion in 2017.

Indonesia has the largest Muslim population in the world and presents a wider market for Islamic financial products and services (Fianto, Gan, et al., 2019; Fianto, Maulida, et al., 2019). According to Islamic Finance News (2018), Indonesia is the largest country in sharia fintech with 31 sharia fintech companies; One of the largest sharia fintech companies in the Association of Southeast Asian Nations is the Indonesian Financial Services Authority (OJK). Indonesia has one of the largest Islamic finance industries in the world with 14 complete Islamic banks, 34 sharia banking business windows and 196 Sharia BPRs in Indonesia. (IFSB, 2019). Islamic Financial Services Board (2018) reported that Islamic banking in developing countries including Indonesia showed a significant increase in profitability. In 2019, 14 Islamic banks were fully operational in Indonesia; however, their assets are relatively small compared to conventional banks (Fauzi & Suryani, 2019). Total Islamic Bank assets represent only 0.9% of global volume (Bapenas, 2018). The Financial Services Authority observed that the assets of Islamic banks in Indonesia reached Rp444.43 trillion in June 2018 which is equivalent to 5.7% of Indonesia's total banking assets. (OJK, 2020).

Given that BSI is a newly launched company, questions are still growing about the extent of service quality in this sector and how to achieve customer satisfaction and gain customer loyalty by providing quality services that clients need. Meanwhile, the quality of product and service delivery services in Islamic banking is still in the development stage compared to conventional banking. Thus evaluating the extent to which the quality of services provided by Islamic banks to customers and establishing the relationship between service quality and other variables such as customer loyalty and customer satisfaction can help stakeholders to gain insight into the sector and improve the quality of services provided by them to potential customers.

In the context of Islamic banking, the service quality measurement scale that has been widely applied by previous researchers is the CARTER model. A certain scale measurement related to service quality is a form of development from SERVQUAL (Parasuraman et al., 1988) which cannot measure the socio-cultural aspects. Cronin Jr & Taylor (1992) criticized that the SERVQUAL model, which consists of the dimensions of assurance, reliability, tangible, empathy and responsiveness, focuses on service quality and customer satisfaction by measuring the perceived quality of a given, but this model cannot distinguish customer attitudes. This model does not give full attention to religion, regional differences and the culture of a country. On the other hand, Kotler & Keller (2016) argues that the above problems are related to religion which often influences consumer attitudes and decisions to buy a product or service. Therefore, Othman & Owen (2001) developed the CARTER model by adding a new dimension to the SERVQUAL model. One of the added dimensions is related to consumer attitudes towards religious beliefs in influencing their decisions to buy a product or service. This dimension is sharia compliance/sharia compliance which

refers to the compliance of a business entity or product to the principles set by religion. These dimensions are known as the CARTER model which consists of compliance, assurance, reliability, real, empathy and responsiveness.

Several previous studies in the context of Islamic banking have different results, resulting in a research gap. In researching the effect of the sharia compliance variable on satisfaction in the context of sharia banking, several researchers found a significant effect, namely in research(Thursday & AbRashid, 2018);(Amen & Jesus, 2008);(Ahmed et al., 2021);(Fauzi & Suryani, 2019);(Othman & Owen, 2001);(Shafie et al., 2004);(Ramdhani et al., 2011);(Lone et al., 2017);(Janahi & Al Mubarak, 2017). Inconsistent results found in research(Abdul Rehman, 2012)and(Misbach et al., 2013). In the study of the effect of the guarantee variable on satisfaction in the context of Islamic banking, several researchers found a significant influence, namely in the study of(Amen & Jesus, 2008);(Fauzi & Suryani, 2019);(Othman & Owen, 2001);(Shafie et al., 2004);(Ramdhani et al., 2011);(Abdul Rehman, 2012);(Lone et al., 2017);(Janahi & Al Mubarak, 2017)Inconsistent results found in research(Thursday & AbRashid, 2018);(Fida et al., 2020). In the study of the influence of the reliability variable on satisfaction in the context of Islamic banking, several researchers found a significant influence, namely in the research of(Thursday & AbRashid, 2018);(Amen & Jesus, 2008);(Fauzi & Suryani, 2019);(Othman & Owen, 2001);(Shafie et al., 2004);(Ramdhani et al., 2011);(Abdul Rehman, 2012);(Lone et al., 2017);(Janahi & Al Mubarak, 2017). Inconsistent results found in research(Fida et al., 2020). In the study of the effect of physical evidence variables on satisfaction in the context of Islamic banking, several researchers found a significant influence, namely in research(Amen & Jesus, 2008);(Fauzi & Suryani, 2019);(Othman & Owen, 2001);(Shafie et al., 2004);(Ramdhani et al., 2011); Al Mubarak, 2017). Inconsistent results found in research(Thursday & AbRashid, 2018);(Fida et al., 2020);(Amen & Jesus, 2008);(Fauzi & Suryani, 2019);(Othman & Owen, 2001);(Shafie et al., 2004);(Ramdhani et al., 2011);(Abdul Rehman, 2012);(Lone et al., 2017);(Janahi & Al Mubarak, 2017). Inconsistent results found in research(Munusamy et al., 2010). In the study of the influence of responsiveness variables on satisfaction in the context of Islamic banking, several researchers found a significant influence, namely in the study of(Fida et al., 2020);(Amen & Jesus, 2008);(Fauzi & Suryani, 2019);(Othman & Owen, 2001);(Shafie et al., 2004);(Ramdhani et al., 2011);(Lone et al., 2017);(Janahi & Al Mubarak, 2017). Inconsistent results found in research(Thursday & AbRashid, 2018);(Abdul Rehman, 2012). In the study of the effect of the satisfaction variable on satisfaction in the context of Islamic banking, several researchers found a significant influence, namely in the study of(Garepasha et al., 2021; Islam et al., 2020; Tetteh, 2021; Ul Haq & Awan, 2020; Zhou et al., 2021). Inconsistent results found in researchBoonlertvanich (2019);Razak et al. (2016)

Indonesia as a country with the largest Muslim population in the world has not been able to provide a friendly business climate for Islamic banks. The existence of Islamic banks cannot be separated from the shadow of conventional banks. In fact, the market share of Islamic banks is still far behind compared to conventional banks in Indonesia. Thus, it is necessary to conduct research on how the quality of Islamic banking services in Indonesia, especially at BSI and how service quality affects customer satisfaction and loyalty. The

CARTER model in this study is considered suitable for use in Islamic banking in Indonesia based on previous research(Fauzi & Suryani, 2019), where the results of previous studies show the importance of the CARTER model in improving the quality of Indonesian Islamic banking services. The CARTER model, which consists of compliance, assurance, reliability, tangible, empathy and responsiveness, has been significantly proven as an appropriate dimension of Islamic banking service quality. In addition, this study includes a new proportion in the form of a synthesis of satisfaction theory and religiosity theory so as to produce a new proportion, namely satisfaction based on Islamic religiosity (customer satisfaction based on Islamic religiosity), where this concept is the concept of religiosity in Islamic banking so that it will measure satisfaction based on religiosity factors in Islamic banking. Islamic banking customers. Customer satisfaction based on religiosity in this study is an intervening variable on the effect of service quality on customer loyalty in Islamic banking. Also based on the differences in the results of previous studies so that it becomes a gap in this research. Thus, this study aims to examine the effect of service quality with the CARTER model on satisfaction based on Islamic religiosity, the effect of satisfaction based on Islamic religiosity on BSI customer loyalty, and the mediating role of satisfaction based on Islamic religiosity.

Literature

Consumer Behavior

Schiffman & Kanuk (2008) argued that the study of consumer behavior is a study of how an individual makes decisions to allocate available resources (time, money, effort, and energy). Consumers have a diversity that is interesting to study because it includes all individuals of various ages, cultural backgrounds, education, and other socio-economic conditions. Therefore, it is very important to study how consumers behave and what factors influence this behavior. Consumer behavior will be shown in several stages, namely the stage before the purchase, the purchase, and after the purchase. In the pre-purchase stage, consumers will search for information related to products and services. At the purchase stage, consumers will make a purchase of the product, and in the post-purchase stage, consumers carry out consumption (product use), evaluate product performance, and finally dispose of the product after use or the activities of individuals who are directly involved in obtaining and using goods and services including the decision-making process on the preparation and determination of these activities. according to Kotler (2018) Consumer behavior is the study of how individuals, groups and organizations select, purchase, use and dispose of goods, services, ideas or experiences to satisfy their wants and needs. Meanwhile, according to Schiffman & Kanuk (2008) Consumer behavior describes the way individuals make decisions to use their available resources (time, money, effort) to buy consumption-related goods.

Carter Models

Owen & Othman (2001, 2003) using the SERVQUAL dimension in testing the quality of services in Islamic banking. To provide useful insight into how services could be improved, they sought to develop an alternative model, called CARTER. These studies have established compliance factor as a service quality dimension. The findings obtained from this analysis indicate that the CARTER model is a multidimensional variable consisting of six dimensions. The results showed that Islamic

banking customers put more emphasis on the dimension of compliance, because 93 percent of them said that it was important for Islamic banks to implement the principles of Islamic law. However, Erol & El-Bdour (1989) explained that religious factors have not played an important role in choosing Islamic banks in Jordan. In Malaysia, 40 percent of Muslims are motivated to use Islamic banks due to compliance factors (Haron et al., 1994). This means that adherence to Islamic principles seems to play an important role for Malaysians in determining the decision to choose their bank. Meanwhile, profit orientation motivates Singaporeans to use Islamic products and services, and Singaporean Muslims are more aware of the existence of Islamic banking than non-Muslim Singaporeans. (Gerrard & Barton Cunningham, 1997). Othman and Owen introduce an alternative in measuring service quality called CARTER (Compliance of law, Assurance, Reliability, Tangible, Empathy and Responsiveness):

Satisfaction based religiosity

Satisfaction based on religiosity in this study is a new concept from combining satisfaction and religious theories. In recent years there has been a growing literature on associating religion (religiosity) with attitudes towards economics. Iannaccone (1998) shows that research on religion can improve understanding of economics, because it has an influence on various forms of economic attitudes. Religiosity reflects a person's commitment to the teachings of his religion. Johnson et al. (2001) defines religiosity as "the degree to which an individual is committed to his or her religion and its teachings, such as individual attitudes and behaviors that reflect this commitment". We may be able to see that among Muslims, where the level of religiosity can vary (Abou-Youssef et al., 2015). In Islam, a person can be categorized as a "good" Muslim if he fears the Creator (see Al-Qur'an 3:102 and Al-Qur'an 33:70). Fear of God can encourage a person to obey what is considered good (halal) and avoid what is considered bad (haram). (Souiden & Rani, 2015). Religiosity is also related to customer satisfaction (Amaliah et al., 2015; Eid & El-Gohary, 2015; Joshanloo, 2016). Eid & El-Gohary (2015) investigated the moderating effect of religiosity on the relationship between perceived value and customer satisfaction. Religiosity strengthens the relationship between perceived value and customer satisfaction. Suhartanto et al. (2019) also confirmed that religiosity is a significant antecedent to customer satisfaction. Therefore, we argue that religiosity is closely related to satisfaction. However, no previous studies have combined these two concepts.

Based on the concept that was built based on several previous studies, a satisfaction based on Islamic religiosity proposition was formed (satisfaction based on Islamic religiosity). Satisfaction based on Islamic religiosity or satisfaction based on Islamic religiosity is the fulfillment of customer expectations for the products and services offered by BSI in accordance with the principles that are believed to be established according to Islamic law. Satisfaction based on Islamic religiosity is characterized by the characters of Satisfied, Expectancy, Bank Service Quality, Consequence, Contradiction, Belief.

Loyalty

The concept of customer loyalty is very important for any business organization (Bhat et al., 2018), although it is a challenge for service companies to create and retain loyal

customers (Mainardes et al., 2020). Loyalty is a construct that includes multidimensional attributes (Zeithaml et al., 1996). Loyalty is defined as a self-assessment of the customer's willingness to reuse the services offered by the company (Amin et al., 2013; Kashif et al., 2015; Butt & Aftab, 2013). Customer loyalty reflects behavioral actions, which develop in customers, followed by repeat buying habits (Fida et al., 2020). Since the cost of attracting new customers is relatively higher than retaining existing customers, retaining loyal customers is very important for service business companies. Research shows that loyal customers show positive perceptions of business enterprises, often and repeatedly buy from them and suggest other customers to buy from them (Levy & Hino, 2016). However, it should also be noted that loyal customers are not necessarily satisfied customers. For example, a customer who continues to repurchase from a particular company because there is no convenient alternative is not a loyal customer (Makanyeza & Chikazhe, 2017). This type of customer can switch to another service provider when they know that a convenient alternative is available. This can happen if the customer is not satisfied with the services provided by the current service provider. On the other hand, if customers have a positive attitude view towards their existing service provider, they can continue to buy back from them. To measure the loyalty of bank customers, it is important to calculate the characteristics of customer attitudes and behavior. (Oliver, 1999) defines attitudinal traits as customer preferences for the organization. This preference comes from a customer's experience of satisfaction with a particular product or service. If a customer's experience of satisfaction is positive, it can increase their trust and commitment to the provider (Gustafsson, 2009), and they will be more eager to recommend the provider to other customers. Behavioral measures, on the other hand, are related to purchase usage, repurchase, and frequency of purchase of the same service (Rundle-Thiele, 2005).

Hypothesis

compliance is the ability to follow Islamic principles when implementing sharia banking business operations (Othman & Owen, 2001). This means that all products or services developed and offered by Islamic banks must comply with Islamic law. Also, all business transactions must use a profit-sharing system and prohibit interest on funding and loans. Ullah (2014) states that some Islamic banks cannot comprehensively comply with Islamic law due to systemic factors such as the economic system, government regulations, lack of research and development. However, Amin & Jesus (2008) emphasized that Islamic banks must always improve relationships with customers based on customer confidence in the principles of Islamic compliance. In previous empirical studies, compliance was found to be one of the most significant determinants of service quality in Islamic banking (Othman & Owen, 2001; Ramdhani et al., 2011; Shafie et al., 2004). Lone et al. (2017); Owen & Othman (2001) found that compliance, which is part of the CARTER Model, is an important dimension of service quality that has a dominant influence on customer satisfaction in Islamic banking in Kuwait and Saudi Arabia. From another perspective, (Ramdhani et al., 2011) conducted research in Garut, West Java Province, Indonesia, and found that the dimension of compliance has a significant effect on customer satisfaction of Islamic banks.

H1: compliance has a significant effect on satisfaction based on Islamic religiosity for Islamic Bank customers

Assurance is the knowledge and courtesy of Islamic banking

staff and their verbal and written communication skills to provide trust and confidence to their customers (Othman & Owen, 2001). It also includes courtesy, attitude, courtesy, and knowledge of employees (Othman & Owen, 2001). Service quality in Islamic banking is influenced by a good level of guarantee (Qureshi et al., 2012). Therefore, excellent service quality requires Islamic bank staff to be courteous to customers, skilled, competent, work in providing appropriate financial input and have easy access to customer account information. (Janahi & Al Mubarak, 2017). In addition, guarantee is an important dimension of service quality in satisfying sharia banking customers (Abdul Rehman, 2012; Janahi & Al Mubarak, 2017).

H2: Guarantee has a significant effect on satisfaction based on Islamic religiosity of Bank customers

Reliability is the ability to offer the promised service, reliability and accuracy to Islamic banking customers (Othman & Owen, 2001). Reliability is considered as one of the fundamental factors of service quality that significantly affects customer satisfaction (Zhang et al., 2019). It is important for business companies to provide services accurately in the first place. Thus, reliability reflects the capacity to deliver the promised service complemented by service accuracy (Ananda & Devesh, 2019). The accuracy and perfection of service delivery in the first place has been considered as the main feature of reliable service (Blut, 2016). Customers may be dissatisfied with the quality of the service if they perceive the service to be unreliable (Hamzah et al., 2017). In particular, transaction speed is the most important item influencing customer satisfaction in the banking industry (Armstrong & Boon Seng, 2000). Then, reliability makes Islamic banks more efficient and positively reflects the level of customer satisfaction (Janahi & Al Mubarak, 2017). Too, (Amin & Isa, 2008; Osman et al., 2009) found that reliability is the most influential dimension felt by Islamic banking customers. according to Lee & Moghavvemi (2015), in relation to retaining customers in the banking industry, the determining factors are processing customer orders on time, maintaining the security of customers' financial records, providing accurate financial information and providing guaranteed services. This has become a fundamental attribute of reliability. Pakurár et al. (2019) reported a positive relationship between banking reliability and customer satisfaction in the Jordanian banking context. Based on the discussion above, it is proposed that:

H3: Reliability has a significant effect on satisfaction based on religiosity of Bank customers

Tangible is associated with the appearance of physical facilities, equipment, personnel and communication materials (Othman & Owen, 2001). Janahi & Al Mubarak (2017) argues that tangible includes location convenience, physical facility design, materials and the use of communication equipment. Al Shemmary, (2010) mentions that aspects of branch space (eg speed of service, privacy, opening hours and ATM availability) assess overall customer satisfaction in retail banking. In addition, service quality can run well in Islamic banking if it is supported by the element of tangibility (Qureshi et al., 2012). Finally, Tangible is an important aspect of Islamic banking, which leads to customer satisfaction (Al-Tamimi, 2003).

H4: Tangible has a significant effect on satisfaction based on Islamic religiosity of Bank customers

Empathy represents caring, individual attention from Islamic bank to its customers (Othman & Owen, 2001). This dimension is the profile of Islamic bank staff, who can offer special attention to individual customers. This is beneficial for Islamic

banks to build intimacy between staff and customers. Some of the elements that assess overall customer satisfaction in retail banking are economic satisfaction (e.g. level of bank fees and rates) and staff assistance (Al Shemmary, 2010). (Qureshi et al., 2012) proven to have a strong relationship between empathy and service quality that leads to customer satisfaction in the Islamic banking sector. Al-Tamimi (2003) stated that empathy and tangibles seem to be the most important dimensions in Islamic banking. Empathy has also been proven to be a substantial dimension of service quality in Islamic banking that results in customer satisfaction (Abdul Rehman, 2012; Al-Tamimi, 2003; Qureshi et al., 2012). This result is expected because Islamic bank customers usually pay more attention to the aspect of empathy. Therefore, the empathy dimension refers to the level of individual care and attention that banks can provide to their customers.

H5: Empathy has a significant effect on satisfaction based on Islamic religiosity of Bank customers

Responsiveness embodies a willingness to help customers and provide prompt service (Othman & Owen, 2001). Janahi & Al Mubarak (2017) stated that a fast and efficient frontliner, the availability of bank branches and ATMs are examples of good responses. Othman & Owen (2001) states that responsiveness represents the tendency and potential of an organization to help customers and provide prompt customer service. The responsiveness dimension embodies the speed with which personnel can provide needed assistance satisfactorily and on time (Endara et al., 2019). Responsiveness is an important element that must be considered by Islamic banks to increase the level of customer satisfaction (Misbach et al., 2013). This dimension is principally related to how service providers react to their customers through their staff. Janahi & Al Mubarak (2017) argues that skilled frontline employees, proximity to branches and convenient presence of automated teller machines can be considered as examples of appropriate responses in the banking industry. Misbach et al. (2013) argues that responsiveness has become an important component that banks will basically consider in relation to increasing the level of customer satisfaction. Vencataya et al. (2019) validate in their study that responsiveness has been an influential element in predicting customer satisfaction in the Mauritius banking sector. Fida et al. (2020) also found a positive relationship between responsiveness and customer satisfaction of Islamic banking services in the Sultanate of Oman. Sardana & Bajpai (2020), in their recent study stated that responsiveness is very important in meeting customer expectations (satisfaction) of e-banking services in India.

H6: Responsiveness has a significant effect on satisfaction based on religiosity of Bank customers

Customer satisfaction will affect their next perception, whether to be loyal or not. If consumer satisfaction increases it will have an impact on the loyalty that will be given to consumers. so that consumer satisfaction must be created so that consumers are always loyal to the cafe under. The effect of customer satisfaction has been investigated by previous studies and found a significant effect in the banking context (Garepasha et al., 2021; Islam et al., 2020; Tetteh, 2021; UI Haq & Awan, 2020; Zhou et al., 2021). Nagy & Kacmar. (2013) states that one of the important attributes of customer satisfaction generated by comparing products, services, or business-related experiences is customer loyalty. Based on research conducted by Fakhruddin et al. (2018) shows that satisfaction has a significant effect on loyalty.

H5: Satisfaction based on religiosity has a significant effect

on customer loyalty in Islamic Banks

Methodology

This research is an explanatory research or type of explanation, namely research that seeks to explain and highlight the relationship between the variables contained in the study and explain the effect of the independent variable on the dependent variable, in addition to testing the proposed hypothesis. The use of this type is in accordance with the main purpose of this study, namely to test the proposed hypothesis formulation is accepted and rejected. Explanatory research is research that intends to explain the position of the variables studied and the relationship between one variable and another (Sugiyono, 2010). The population in this study were all BSI customers in Indonesia. The sampling technique used is purposive sampling technique. Purposive sampling is a sampling technique by selecting a sample among the population in accordance with what the researcher wants (objectives/problems in research). The sampling technique in this study is by considering the criteria, namely, respondents are active BSI bank customers who have had a BSI account for at least 3 months. The data analysis technique in this study uses SEM analysis with the help of the Amos 24 application (Ferdinand, 2014:173; Roscoe, 1975) the SEM analysis requires a sample of at least 5 times the number of indicators to be analyzed, because in the Chi-Square test of the SEM model which is sensitive to the number of samples, a good sample ranging from 100-200 samples is needed.

All variables in this study were measured using measurement items adopted from previous studies. Compliance is measured using 3 items from the study Othman

& Owen (2001), assurance is measured using 5 items from the study Othman & Owen (2001), reliability was measured using 3 items from the study Othman & Owen (2001), physical evidence is measured using 4 items from the study Othman & Owen (2001), empathy was measured using 4 items from the study Othman & Owen (2001), responsiveness was measured using 4 items from the study Othman & Owen (2001), satisfaction based on religiosity was measured using 6 items from the study Usman et al. (2017) and Teeroovengadum (2020), while loyalty is measured using 3 items from the study Gustafson et al. (2005). The Likert scale with a rating of strongly disagree (1) to strongly agree (5) was used as the measurement scale for each research variable.

Results And Discussion

Confirmatory Factor Analysis (CFA)

Prior to data analysis, validity and reliability tests were carried out by confirmatory factor analysis using the Amos 24 application. The measurement model was initially carried out before estimating the structural model. The results of the validity test of the research variable indicators show that all indicators of the valid latent variables are indicated by the loading factor value > 0.6 (Bagozzi & Yi, 1988). Thus the results of the construct validity test are declared valid.

Based on the results of the analysis of Amos 24, the overall model fit index of the study is acceptable (Bollen, 1989): root mean square error approximation (RMSEA) = 0.074 (< 0.08); goodness of fit index (GFI) = 0.812 (Marginal); adjusted goodness of fit index (AGFI) = 0.922 (> 0.9); comparative fit index (CFI) = 0.988 (> 0.9) and TLI = 0.901 (> 0.95).

Variable Indicator	P	Loading Factor	Note.	Construct Reliability	Note.
X1.1	0.000	0.947	Valid		
X1.2	0.000	0.762	Valid	0.849	reliable
X1.3	0.000	0.794	Valid		
X2.1	0.000	0.756	Valid		
X2.2	0.000	0.787	Valid		
X2.3	0.000	0.785	Valid	0.931	reliable
X2.4	0.000	0.826	Valid		
X2.5	0.000	0.853	Valid		
X3.1	0.000	0.834	Valid		
X3.2	0.000	0.872	Valid	0.911	reliable
X3.3	0.000	0.772	Valid		
X4.1	0.000	0.773	Valid		
X4.2	0.000	0.828	Valid	0.918	reliable
X4.3	0.000	0.733	Valid		
X4.4	0.000	0.831	Valid		
X5.1	0.000	0.846	Valid		
X5.2	0.000	0.743	Valid		
X5.3	0.000	0.83	Valid	0.941	reliable
X5.4	0.000	0.856	Valid		
X6.1	0.000	0.857	Valid		
X6.2	0.000	0.89	Valid	0.946	reliable
X6.3	0.000	0.805	Valid		
X6.4	0.000	0.878	Valid		
Z1.6	0.000	0.83	Valid		
Z1.5	0.000	0.817	Valid		
Z1.4	0.000	0.817	Valid	0.972	reliable
Z1.3	0.000	0.771	Valid		
Z1.2	0.000	0.858	Valid		
Z1.1	0.000	0.858	Valid		

Y1.5	0.000	0.858	Valid		
Y1.4	0.000	0.901	Valid		
Y1.3	0.000	0.902	Valid	0.964	reliable
Y1.2	0.000	0.881	Valid		
Y1.1	0.000	0.902	Valid		
X1.1	0.000	0.947	Valid		

Table 1: Results of confirmatory factor analysis
Source: Processed data (2021)

			Estimate	SE	CR	P
Z	<---	X1	0.233	0.089	2,626	0.009
Z	<---	X2	0.413	0.181	2,175	0.019
Z	<---	X3	0.278	0.132	1,966	0.041
Z	<---	X4	0.405	0.186	2,116	0.028
Z	<---	X5	0.264	0.126	1,929	0.037
Z	<---	X6	0.553	0.151	3,659	***
Y	<---	Z	0.874	0.081	10,777	***

Table 2: SEM Test Results
Source: Data processed (2020)

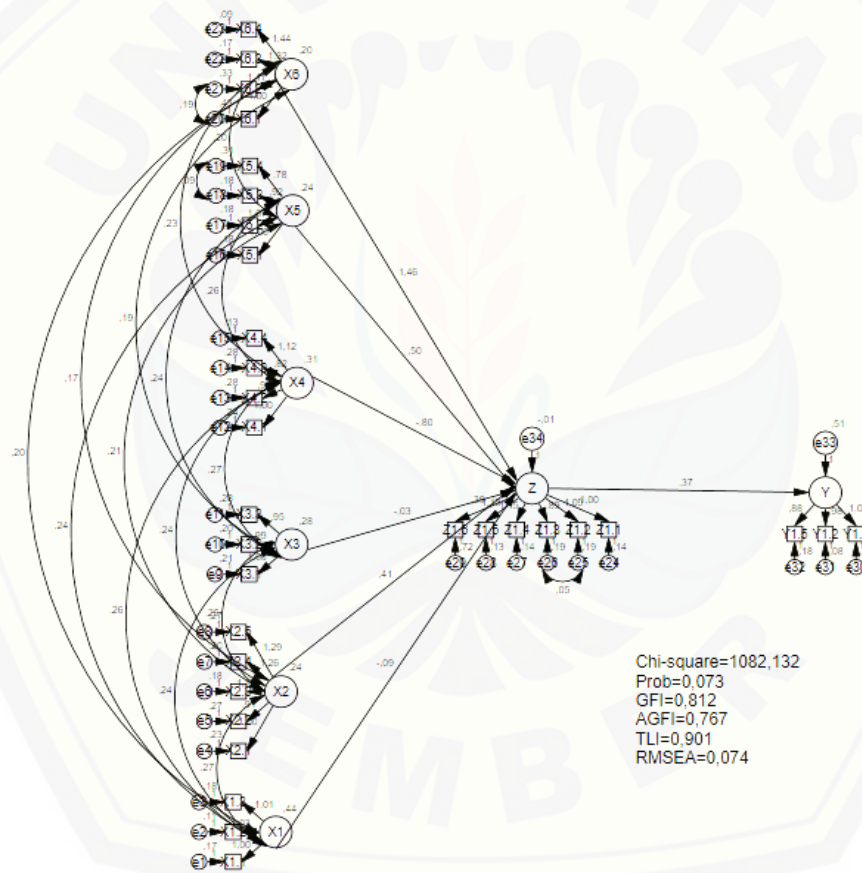


Figure 1: SEM . Test Results

Sobel Test

Sobel test is used to test the indirect effect by calculating the t value of the coefficients of the exogenous and mediating variables. The t-test results from the Sobel test were compared with the t-table value in this study, which was 1.97. Then, if the t-count value obtained from the Sobel test is greater than the t-table, it can be indicated that there is a mediating effect, and

vice versa. The Sobel test of this study was measured by the following formula:

$$Sab = \frac{ab}{\sqrt{(a^2Sb^2) + (b^2Sa^2)}}$$

The results of the Sobel test are described in the following table:

			Estimate	SE	Results
Y	<--- Z	<---X1	0.233	0.089	2,533907
Y	<--- Z	<---X2	0.413	0.181	2.223278
Y	<--- Z	<---X3	0.278	0.132	2.058556
Y	<--- Z	<---X4	0.405	0.186	2.125641
Y	<--- Z	<---X5	0.264	0.126	2.048360
Y	<--- Z	<---X6	0.553	0.151	3.454667
Y	<---	Z	0.874	0.081	-

Table 4: Sobel test results
Source; Processed Data (2021)

Based on the results of the Sobel test on each variable, the results of T Count are greater than T Table (1.97) for the variables sharia compliance (X1), assurance (X2), reliability (X3), physical evidence (X4), empathy (X5) and responsiveness (X5) to loyalty (Y) through satisfaction based on Islamic religiosity (Z). So it can be concluded that the satisfaction based on Islamic religiosity (Z) variable is a significant mediation.

Discussion

From the results of the study, it was found that sharia compliance has a significant influence on satisfaction based on religiosity in Indonesian Islamic Banks. It accepts the first proposed hypothesis (H1 is accepted). Thus, the results of the analysis mean that if sharia compliance is better at Indonesian Islamic banks, it will further increase satisfaction based on Islamic religiosity for BSI customers, and vice versa if sharia compliance at Indonesian Sharia Banks is not good, it will reduce satisfaction based on Islamic religiosity for BSI customers. Sharia compliance with BSI will determine customer perceptions of BSI, the more BSI complies with Islamic law (sharia) in running the banking industry, consumers can be satisfied with their religious context. Customers who decide to open an account at BSI as to get benefits because the system in Islamic banks is different from conventional banking. In addition, Muslim customers open accounts at BSI due to religious demands. So the variable of sharia compliance/sharia compliance is very important to be applied to sharia-based companies such as in Indonesian Sharia Banks. In addition, compliance is found to be one of the most significant determinants of service quality in Islamic banking. So the variable of sharia compliance/sharia compliance is very important to be applied to sharia-based companies such as in Indonesian Sharia Banks. In addition, compliance is found to be one of the most significant determinants of service quality in Islamic banking. So the variable of compliance is very important to be applied to sharia-based companies such as at Bank Syariah Indonesia. In addition, compliance is found to be one of the most significant determinants of service quality in Islamic banking (Othman & Owen, 2001; Ramdhani et al., 2011; Shafie et al., 2004). Thus, the findings of this study mean that the customer's perception of sharia compliance that they have experienced at BSI can create satisfaction.

Compliance in this study, it is measured using three indicators, namely, BSI carries out Islamic principles and law, BSI has interest-free savings and financing products, BSI has interest-free financing provisions. Based on the frequency distribution of respondents' answers to the sharia compliance variable, it was found that most of the respondents agreed with the statements of each indicator. This shows that the respondents have a good perception of the value of sharia

compliance at Bank Syariah Indonesia. The aspect in which BSI implements Islamic principles and law is the aspect with the best assessment followed by the other two aspects. So that BSI has succeeded in running the banking industry based on Islamic principles and laws. Lone et al. (2017); Owen & Othman (2001) found that compliance, which is part of the CARTER Model, is an important dimension of service quality that has a dominant influence on customer satisfaction in Islamic banking in Kuwait and Saudi Arabia. From another perspective, (Ramdhani et al., 2011) conducted research in Garut, West Java Province, Indonesia, and found that the dimension of compliance has a significant effect on customer satisfaction of Islamic banks.

From the results of the study, it was found that the guarantee had a significant effect on satisfaction based on religiosity at Indonesian Islamic Banks. It accepts the second hypothesis proposed (H2 is accepted). Thus the results of the analysis mean that the better the guarantee for Indonesian Islamic banks, the more satisfaction based on Islamic religiosity for BSI customers will be, and vice versa if the guarantee for Indonesian Islamic Banks is not good, it will reduce satisfaction based on Islamic religiosity for BSI customers. represents the knowledge and courtesy of banking staff and their verbal and written communication skills to provide trust and confidence to their customers (Othman & Owen, 2001). It also includes courtesy, attitude, courtesy, and knowledge of employees (Othman & Owen, 2001). Service quality in Islamic banking is influenced by a good level of guarantee (Qureshi et al., 2012). Guarantee is a determinant of customer satisfaction in Islamic banking. Providing the best service and in accordance with Islamic sharia is very much needed by sharia banking customers because it has its own value for those who apply this sharia system, so there will be a perception of satisfaction based on Islamic religiosity. Thus it is necessary to measure the guarantee variable in the context of Islamic banking. In this study, assurance is measured by four indicators, namely BSI staff are friendly, BSI provides financial consulting services to its customers, BSI office building interior comfort is good, Ease of access to account information at BSI, BSI has an experienced and broad-minded management team. Based on the respondent's answer data that most of the respondents agreed with the statement of each indicator of the Guarantee variable. This shows that the respondent has a good perception of the Guarantee variable. The indicators that have the highest values are the third and fourth indicators, where respondents perceive that the interior comfort of the BSI office building is good and easy access to account information at BSI. In addition, this study supports previous research that assurance is an important dimension of service quality in satisfying Islamic banking customers where respondents perceive that the interior comfort of the BSI office building is good and easy access to account information at BSI. In addition, this study supports previous research that assurance

is an important dimension of service quality in satisfying Islamic banking customers where respondents perceive that the interior comfort of the BSI office building is good and easy access to account information at BSI. In addition, this study supports previous research that assurance is an important dimension of service quality in satisfying Islamic banking customers (Abdul Rehman, 2012; Janahi & Al Mubarak, 2017).

From the results of the study, it was found that reliability had a significant influence on satisfaction based on religiosity at Indonesian Islamic Banks. It is accepted that the third hypothesis proposed is acceptable (H3 is accepted). Thus the results of the analysis mean that if the reliability of Indonesian Islamic banks is better, the satisfaction based on Islamic religiosity of BSI customers will increase, and vice versa if the reliability of Indonesian Islamic banks is not good, it will reduce satisfaction based on Islamic religiosity for BSI customers. In the study measured by 3 indicators, namely, BSI always provides fast service wherever located, BSI offers integrated services to its customers, BSI provides a large selection of products and services. Based on the respondent's data, the indicator that has the highest score is the second indicator, namely, BSI offers integrated services to its customers. This shows that the services provided by BSI to its customers are well integrated. BSI needs to maintain and continue to improve its services so that customers will have a good perception of the Reliability of Indonesian Sharia Banks. In addition, the indicator with the lowest value, namely, BSI always provides fast service wherever it is located. This indicator is perceived as low by respondents in this study because respondents considered that BSI did not provide fast service. This shows that the services provided by BSI to its customers are well integrated. BSI needs to maintain and continue to improve its services so that customers will have a good perception of the Reliability of Indonesian Sharia Banks. In addition, the indicator with the lowest value, namely, BSI always provides fast service wherever it is located. This indicator is perceived as low by respondents in this study because respondents considered that BSI did not provide fast service.

Reliability is the ability to offer the promised service, reliability and accuracy to Islamic banking customers (Othman & Owen, 2001). Reliability is considered as one of the fundamental factors of service quality that significantly affects customer satisfaction (Zhang et al., 2019). It is important for the Islamic banking industry to provide services accurately in the first place. Thus, reliability reflects the capacity to deliver the promised service complemented by service accuracy (Ananda & Devesh, 2019). The accuracy and perfection of service delivery in the first place has been considered as the main feature of reliable service (Blut, 2016). Customers may be dissatisfied with the quality of the service if they perceive the service to be unreliable (Hamzah et al., 2017). In particular, transaction speed is the most important item influencing customer satisfaction in the banking industry (Armstrong & Boon Seng, 2000). The results of this study also support previous research which also found a significant effect on satisfaction (Janahi & Al Mubarak, 2017). Too, (Amin & Isa, 2008; Osman et al., 2009) found that reliability is the most influential dimension felt by Islamic banking customers. according to Lee & Moghavvemi (2015), in relation to retaining

customers in the banking industry, the determining factors are processing customer orders on time, maintaining the security of customers' financial records, providing accurate financial information and providing guaranteed services. This has become a fundamental attribute of reliability. Pakurár et al. (2019) reported a positive relationship between banking reliability and customer satisfaction in the Jordanian banking context.

The results show that physical evidence has a significant influence on satisfaction based on religiosity at Indonesian Islamic Banks. It accepts the fourth hypothesis proposed (H4 is accepted). Thus the results of the analysis mean that if the physical evidence for Indonesian Islamic banks is better, the satisfaction based on Islamic religiosity of BSI customers will increase, and vice versa if the physical evidence for Indonesian Islamic Banks is not good, it will reduce satisfaction based on Islamic religiosity for BSI customers. Physical evidence is associated with the appearance of physical facilities, equipment, personnel and communication materials (Othman & Owen, 2001). Janahi & Al Mubarak (2017) argued that physical evidence includes location convenience, physical facility design, materials and use of communication equipment. Al Shemmary, (2010) mentions that aspects of branch space (eg speed of service, privacy, opening hours and ATM availability) assess overall customer satisfaction in retail banking. In addition, service quality can run well in Islamic banking if it is supported by elements of physical evidence (Qureshi et al., 2012). Thus, Tangible is an important aspect of Islamic banking, which leads to customer satisfaction (Al-Tamimi, 2003).

Physical evidence of Indonesian Islamic Banks has a significant influence on satisfaction based on Islamic religiosity. Physical evidence of BSI measured in this study is that BSI has a good physical appearance outside the building or office, BSI provides speed and efficiency in a transaction, BSI has good office operating hours, customers are happy with the design of service offices at BSI and its branches. Based on these indicators, if it meets customer expectations, it will create satisfaction. Physical evidence is closely related to customer satisfaction which is based on Islamic religiosity. A Muslim believes that cleanliness of a place is a priority, so physical evidence on BSI is very important to build a satisfaction based on Islamic religiosity in the context of Islamic banking.

From the results of the study, it was found that empathy has a significant influence on satisfaction based on religiosity at Indonesian Islamic Banks. This supports the fourth hypothesis proposed (H5 is accepted). Thus the results of the analysis indicate that empathy is a factor that can build satisfaction based on Islamic religiosity. In the sense that the better BSI empathy will increase customer satisfaction based on Islamic religiosity. Empathy variable in this study was measured by 4 indicators, namely BSI has a good image, BSI maintains the confidentiality of its customer transaction data, BSI has management with the confidence to continue to advance and develop, BSI has good service performance. Empathy represents caring, individual attention from the company to its customers (Othman & Owen, 2001). This dimension represents a profile of Islamic bank staff, which can offer special attention to individual customers. This is beneficial for Islamic banks to build intimacy between staff and customers. Some of the elements that assess overall customer satisfaction in retail banking are economic satisfaction (e.g. level of bank fees and rates) and staff assistance (Al Shemmary, 2010). Qureshi et al. (2012) showed in his research a strong relationship between empathy and service quality leading to customer satisfaction in the Islamic banking sector. Al-Tamimi (2003) stated that empathy and physical evidence seem to be the most important

dimensions in Islamic banking. Empathy has also been proven to be a substantial dimension of service quality in Islamic banking that results in customer satisfaction (Abdul Rehman, 2012; Al-Tamimi, 2003; Qureshi et al., 2012). The results of this study found that empathy has a significant effect on satisfaction based on Islamic religiosity which supports several previous research results. However, this study contradicts research (Munusamy et al., 2010) who found no significant effect on satisfaction. This can then be stated if at BSI it is necessary to improve good relations with its customers, so that customer satisfaction will increase. Caring and attention are the benchmarks in religious life. In accordance with Islamic sharia which encourages a person to care for each other so that an attitude of empathy arises. This is also very important to be interpreted in the sharia-based banking industry. So if the BSI has high concern and concern, the customer will feel satisfied.

From the results of the study, it was found that responsiveness had a significant influence on satisfaction based on Islamic religiosity at Indonesian Islamic Banks. It accepts the proposed sixth hypothesis is acceptable (H6 is accepted). Thus the results of the analysis mean that if the responsiveness of Indonesian Islamic banks is better, the satisfaction based on Islamic religiosity of BSI customers will increase, and vice versa if the responsiveness of BSI is not good, it will reduce satisfaction based on Islamic religiosity for BSI customers. responsiveness is measured by 4 indicators. Based on these data, most of the respondents gave a agreeable response to the statements of each indicator.

Responsiveness embodies a willingness to help customers and provide prompt service (Othman & Owen, 2001). Janahi & Al Mubarak (2017) stated that a fast and efficient frontliner, the availability of bank branches and ATMs are examples of good responses. Othman & Owen (2001) states that responsiveness represents the tendency and potential of an organization to help customers and provide prompt customer service. The responsiveness dimension embodies the speed with which personnel can provide needed assistance satisfactorily and on time (Endara et al., 2019). Responsiveness is an important element that must be considered by Islamic banks to increase the level of customer satisfaction (Misbach et al., 2013). This dimension is principally related to how service providers react to their customers through their staff. Janahi & Al Mubarak (2017) argues that skilled frontline employees, proximity to branches and convenient presence of automated teller machines can be considered as examples of appropriate responses in the banking industry. Misbach et al. (2013) argues that responsiveness has become an important component that banks will basically consider in relation to increasing the level of customer satisfaction. Vencataya et al. (2019) validate in their study that responsiveness has been an influential element in predicting customer satisfaction in the Mauritius banking sector. Fida et al. (2020) also found a positive relationship between responsiveness and customer satisfaction of Islamic banking services in the Sultanate of Oman. Sardana & Bajpai (2020), in their recent study stated that responsiveness is very important in meeting customer expectations (satisfaction) of bank services in India.

From the results of the study, it was found that satisfaction based on Islamic religiosity had a significant influence on loyalty to Indonesian Islamic Banks. It is accepted that the proposed hypothesis is acceptable (H7 is accepted). Thus the results of the analysis mean that if the satisfaction based on Islamic religiosity at Indonesian Islamic banks is better, it will further increase BSI customer loyalty, and vice versa if the satisfaction based on Islamic religiosity at Indonesian Islamic Banks is not good, it will reduce loyalty to Indonesian Sharia Bank

customers. . Empathy variable as measured by 4 indicators. Based on these data, most of the respondents gave a agreeable response to the statements of each indicator.

Satisfaction based on Islamic religiosity has a significant influence on BSI customer loyalty, because Satisfaction based on Islamic religiosity which consists of Satisfied, Expectancy, Bank Service Quality, Consequence, Contradiction, Belief can create customer loyalty. Customer satisfaction will affect their next perception, whether to be loyal or not. If customer satisfaction increases, it will have an impact on customer loyalty. The effect of customer satisfaction has been investigated by previous research and found a significant effect in the banking context (Garepasha et al., 2021; Islam et al., 2020; Tetteh, 2021; Ul Haq & Awan, 2020; Zhou et al., 2021). Nagy & Kacmar. (2013) states that one of the important attributes of customer satisfaction generated by comparing products, services, or business-related experiences is customer loyalty. Based on research conducted by Fakhruddin et al. (2018) shows that satisfaction has a significant effect on loyalty.

Conclusion

Compliance has a significant effect on satisfaction based on Islamic religiosity, so the hypothesis which states that Compliance significantly affects satisfaction based on Islamic religiosity can be accepted or H1 is accepted. This means that if the customer's perception of BSI's compliance increases, it will increase satisfaction based on Islamic religiosity, and conversely if the customer's perception of BSI's sharia compliance decreases, it will decrease satisfaction based on Islamic religiosity. Guarantees have a significant effect on satisfaction based on Islamic religiosity, so the hypothesis which states that guarantees significantly affect satisfaction based on Islamic religiosity can be accepted or H2 is accepted. This means that if the customer's perception of the BSI Guarantee increases, it will increase the satisfaction based on Islamic religiosity, and vice versa if the customer's perception of the BSI Guarantee decreases it will decrease the satisfaction based on Islamic religiosity. Reliability has a significant effect on satisfaction based on Islamic religiosity, so the hypothesis that reliability affects satisfaction based on Islamic religiosity significantly can be accepted or H3 is accepted. This means that if the customer's perception of BSI Reliability increases, it will increase satisfaction based on Islamic religiosity, and conversely if the customer's perception of BSI Reliability decreases, it will decrease satisfaction based on Islamic religiosity. Physical evidence has a significant effect on satisfaction based on Islamic religiosity, so the hypothesis which states that if physical evidence affects satisfaction based on Islamic religiosity significantly can be accepted or H4 is accepted. This means that if the customer's perception of BSI physical evidence increases, it will increase satisfaction based on Islamic religiosity, and vice versa if the customer's perception of BSI physical evidence decreases it will decrease satisfaction based on Islamic religiosity. Empathy has a significant influence on satisfaction based on Islamic religiosity at Indonesian Islamic Banks. This supports the fifth hypothesis proposed (H5 is accepted). Thus the results of the analysis mean that empathy is a factor that can build satisfaction based on Islamic religiosity. In the sense that the better BSI empathy will increase satisfaction based on Islamic religiosity. Responsiveness has a significant effect on satisfaction based on Islamic religiosity, so the hypothesis which states that responsiveness affects satisfaction based on Islamic religiosity significantly can be accepted or H6 is accepted. This means that if customer perceptions of BSI responsiveness increase, it

will increase satisfaction based on Islamic religiosity, and vice versa if customer perceptions of BSI responsiveness decrease, it will decrease satisfaction based on Islamic religiosity. satisfaction based on Islamic religiosity has a significant effect on customer loyalty of Bank Syariah Indonesia, so the hypothesis which states that satisfaction based on religiosity affects customer loyalty significantly BSI can be accepted or H7 is accepted.

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