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# The Effects of Image, Brand and Quality on Customer Loyalty of Sharia Banking

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## Abstract

This study aimed to design a strategy in encouraging the loyalty level of priority customers of Sharia banks in Indonesia. The strategy was outlined in a series of alternative applicative programs priority. The use of ANP intended to simplify the existing problems so that the offered solution was easier to apply. Each item was scored on a 5-point Likert scale. The expected outcome was to give priority scales to the offered solutions. The findings of this study are service quality, brand image, bank image which could build customer loyalty in Sharia banks. Priority customer gathering could strengthen the bonds between customers and also between customers and their banks. The excellence of Sharia banks in terms of service quality, brand image, and bank image, when combined with priority customer gathering activities, would become a powerful formula in increasing priority customer loyalty to banks that lead to increased revenue from banks. Originality of this research was the formulation process of a new approach in search of ways to increase the customer loyalty, as well as giving concrete proposals for the banking world in designing customer loyalty improvement programs. This paper shows the updated strategy in Customer Loyalty, Bank image, Brand image, Banking service quality.

**Keywords:** Customer Loyalty, Bank Image, Brand Image, Banking Service Quality

**JEL Classification Code:** G00, G20, G21

## 1. Introduction

Internationally, pioneering Islamic banking began to materialize in the 1960s in Egypt through Mit Ghamr Bank which operates as a rural social bank (a kind of village financial institution in Indonesia) along the Nile Delta (Antonio, 2001; Miranda & Fackler, 2004). This financial institution managed to score good achievement in terms of raising funds from the community in form of capital, savings, deposit, zakat, infaq, and shodakoh (Yaya et al., 2009) as well as in terms of distribution to low-income people especially for trade and industry without calculating interest either to the depositors or the borrowers.

The growth in the number of Sharia bank accounts in Indonesia is not followed by the growth of third party funds (DPK) of customers. It can be seen from the growth in financing and DPK that have been declining in recent years. The highest growth occurred in 2011, the growth of financing and DPK exceeded 50% per year, but then it slowly decreased every year until the end of 2014. The growth in the number of Sharia bank accounts which is not proportional to the growth of financing and DPK reflects the decreasing loyalty of Sharia bank customers.

Customer loyalty has been studied by many researchers as it is an important strategic goal of a company and it is an important factor of customer satisfaction in the service industry (Lee & Seong, 2020). Many researchers have mostly discussed two perspectives of customer loyalty. Attitudinal (cause) is the first perspective which describes loyalty as customer's desire to repurchase and maintain their relationship with the particular service providers, while behavioral (effect) is the perspective viewing customer loyalty as a repeat patronage, the percentage of real action when customers decide to purchase in a particular category (Rizan et al., 2020). Customer loyalty played a

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very important role for Sharia banks, it improved service quality and product diversity (Riyadi, 2017) to survive and develop. Many banks invest in improving existing resources to maintain and enhance customer loyalty and seek to gain insight into how to maintain and enhance it. Oliver (1980) argues that customer loyalty (e.g. repurchase intentions, willingness to provide positive word-of-mouth) is a function of customer satisfaction, which again is a function of a cognitive comparison of expectations prior to consumption and actual experience.

To increase the customer loyalty of Sharia banks, the image of good Sharia banks should be enhanced in the community. Weiwei (2007) study disclosed that corporate image was a customer-owned impression of the company, which had two components: functional and emotional. Functional components related to real attributes that could be measured. On the other hand, emotional component associated with psychological factors that consisted of feelings and attitudes toward the company. Thus, the corporate image (image of the company) that comes to mind is when consumers hear the name of the company or its products (Solimun & Fernandes, 2018). Misbach et al. (2013) explain that service quality, customer satisfaction, and Islamic bank trust have a close relationship.

Bahoosh et al. (2014) identified the main priorities affecting customer satisfaction and their relationship with the loyalty of Islamic bank customers in Tehran. Awis (2015), revealed the strategy of post leadership plays a significant role in the printing of loyal customers but still a lot of facilities and infrastructure of Sharia Banks need to be added or repaired. Amin et al. (2013) found that in Malaysia, customer loyalty of Islamic banks was influenced by customer satisfaction, image, and trust. When customers don't want to trust Sharia banks, they also don't want to be loyal. Stan et al. (2013) investigated the development of customer loyalty with a cost approach. Quality is a multi-dimensional concept, which includes five main dimensions, namely reliability, responsiveness, assurance, empathy, and physical evidence (Cronin and Taylor, 1992). Muslim (2016), found that the relationship between the quality of internet banking services, customer satisfaction, and customer loyalty was very significant.

Keller (1993) revealed that corporate image had tradition, ideology, business name, reputation, and various services which ultimately could increase interaction with customers. Thus, the quality of communication determined impressions. Corporate image is described as the overall impression made on the minds of the public about a firm (Park et al., 1986). It is related to the various physical and behavioral attributes of the firm, such as business name, architecture, variety of products/services, tradition, ideology, and to the impression of quality communicated by each person interacting with the firm's clients. As such, corporate image has two principal

components: the functional and the emotional (Kennedy, 1977). Corporate image also influenced customers' expectations regarding the quality of the offered service (Yoon et al., 1993). Ahmad et al., (2011) showed that the knowledge of young customers regarding the brand of Sharia banks was still very limited. Al-Tamimi et al. (2009) compared Sharia banks with conventional banks. It turned out that customers chose Sharia banks because of their image, not because of their brand.

Based on the existing business phenomenon, it was seen that the development of Sharia banks that has existed until today was considered as still not optimal and still far from the expectations of all parties. The growth in the quantity of Sharia bank, growth in the number of customers was not followed by the growth of its quality, as seen from the imbalance between the growth of the number of accounts with the growth of financing and DPK. To bridge the gap, a strategy was developed to encourage the growth of customer loyalty by considering aspects such as banking service quality, brand image, and bank image (Limba et al., 2019).

This study aimed to design a strategy in encouraging the loyalty level of priority customers of Sharia banks in Indonesia. The strategy was outlined in a series of alternative applicative programs priority that could be implemented by Sharia banks. The originality of this research was seen in the formulation process of a new approach in searching for ways to increase the customer loyalty of Sharia bank customers, as well as giving concrete proposals for the banking world in designing customer loyalty improvement programs (Shee & Abratt, 1989).

Several previous studies were used as references in this research separately, such as the Customer Loyalty by Coelho and Henseler (2012); Gee et al., (2008); McMullan (2005); McMullan and Gilmore (2008); Ndubisi (2007). Bank image by Ferreira and Mattoso (2016); Sadeghi and Hanzae (2010); Vegholm (2011); Yeo and Youssef (2010). Brand image by Arslan and Altuna (2010); Blombäck and Scandellius (2013); Koubaa (2008); Kremer and Viot (2012); Rindell and Iglesias (2014). Banking service quality by Al-jazzazi and Sultan (2014); Amin (2016); Jenkins (2007); Jun and Cai (2001).

## 2. Literature Review

### 2.1. Business Phenomenon

Law No. 21/2008 concerning Islamic banking has provided an opportunity for the banking sphere to develop its business in the field of Islamic banking. With the increasing number of BUSs and UUSs in operation, the Islamic banking customer service level has increased as well; and this has brought various problems, such as follows:

First, Islamic banks have shortcomings in maintaining and increasing customer loyalty. The increase in the number

of Islamic bank accounts, of which the average annual growth was 28.8%, did not occur with the increase of the customer's account quality. The highest growth occurred in 2011; the growth of financing and third-party funds per year exceeded 50%. Thereafter, it slowly declined every year until the end of 2014. Second, the financing growth decreased to 18.26% and the third party funds reached as far as 18.7% in 2014. The growth in the number of Islamic bank accounts is not comparable to the growth of financing and third-party funds, which reflects the decline of Sharia bank customer loyalty. Third, Islamic banks' market shares are still far lower than those of conventional banks. Fourth, the corporate image represented by the bank image and brand image of Islamic banks is insufficient to maintain and encourage Islamic banks' customer loyalty. Fifth, the service quality of Islamic banks, which is characterized by the employees' growth, still cannot increase the loyalty of Sharia bank customers.

## 2.2. Research Gap

This study will examine the influence of service quality, brand image, corporate image of customer loyalty mediated by a customer relationship (Hutahayan, 2019). As for some of the gaps that occur (research gap) from previous research will be formulated in the following section along with the author's efforts to fill these gaps.

1. In previous studies, for example, Amin et al., (2013); Bahoosh et al., (2014), it has been found that the influence of the quality of sharia bank services on sharia bank customer loyalty, sharia bank brand image on sharia bank customer loyalty and sharia bank image on customer loyalty partially. No effect was found on bank service quality, brand image and bank image simultaneously. This study fills the gap to see and analyze the effect of service quality, brand image, and bank image simultaneously on customer loyalty in Islamic banks that were not found in previous studies.
2. The bank's final target in improving service quality, building brand image and corporate image in Islamic banks is aimed at building customer loyalty. The existence of customer relationship variables in strengthening loyalty tries to bridge existing research gaps by placing customer relationship variables as mediating/intervening variables for service quality, brand image and bank image to customer loyalty.
3. The emergence of customer relationship variables as a continuous effort in maintaining customer loyalty has consequences for the relationship pattern of service quality, brand image and bank image to loyalty which does not merely stop at loyalty, but also on its relationship with customer relationship.

## 2.3. Research Objectives and Originality

The originality of this research can be justified by the following explanation: A few of the previous studies still partially examine and only consist of partial effects. Misbach et al. (2013) only discussed the quality of Islamic bank services to customer satisfaction and their impact on the customer trust, while Bahoosh et al. (2014) only explained the relationship between customer satisfaction and loyalty, and the factors that influence customer satisfaction. Moreover, Amin et al. (2013) described the effect of customer satisfaction on the bank's image and its impact on customer loyalty.

The previous researches only examined the effect of image on loyalty, without testing the strategy. The research results of Stan et al. (2013) stated that corporate image has a direct effect on customer loyalty, based on a service triangle concept. Stan et al. (2013) doubted that the external marketing dimensions and interactive marketing dimensions play a role in shaping customer satisfaction with the services they receive and the growth of customer loyalty; thus, it should be assessed based on their relationships. Next, the research results of Stan et al. (2013) indicated that there is a positive and significant relationship between the service quality and the image and that the two marketing dimensions are intertwined.

The research of Cronin and Taylor (1992) and Kuo et al. (2009) examined the relationship between service quality, customer satisfaction, and customer purchase intention. They gave three propositions for their study one of the results of their research found that propositions one and two had a significant influence on customer satisfaction and purchase intention, respectively. However, in terms of proposition three, they found that service quality did not have a significant impact on purchase intentions.

## 3. Research Methods and Materials

The method used in this research was the Analytic Network Process (ANP). ANP was a measurement theory that was generally applied to the dominance of an influence on some stakeholders or alternatives through an attribute or criteria (Saaty, 1998). The use of ANP in research was useful in simplifying a problem in research. The ANP method could restructure complex issues to be a simpler issue. According to Saaty (1998), there were two known ways to analyze causal effects and their effects. First, by using traditional deductive logic and second, by using a holistic approach in which all relevant factors and criteria were prepared further in a hierarchy or network system that permitted a dependency. In the ANP concept, it will involve checking the consistency of the assessment, making an assessment matrix, and finally obtaining a value in the form of a weight that can be used as a basis for making a decision (Rusyiana, 2016).

Rahman et al. (2020) used a total of 212 Bangladeshi banking customers who participated in this research. A structured questionnaire was developed based on past research. Shirzad et al. (2015) use the sample consisting of 312 company-years from companies in the pharmaceutical distribution industry listed on the Tehran Stock Exchange. A study period from 2004 to 2014 was selected. In this study, a model for measuring the performance of the net profits to total assets of a division of Jones was used to measure earnings management. Results—This study found a negative correlation between corporate performance and earnings management. Karageorgos et al. (2001) use a questionnaire commencing from the questions included in the Application Guide of Common Assessment Framework was used for research purposes. Each item was scored on a 5 point Likert scale - to a sample of 112 educators (55 men, 57 women), all teachers working in public primary education schools.

ANP method was used to generate a framework to overcome the compensation problem without making assumptions related to independence between higher-level elements and weaker ones and the independence of elements in one level (Saaty, 2008). ANP calculations could also be completed by using *Super Decisions* software (Saaty, 2008). ANP (Analytic Network Process) method required the assessment of the experts in the related field. Therefore, the respondents of this study were respondents who were considered experts in terms of Sharia banking strategy. The people who were considered as expert respondents here were respondents who had experience in their fieldwork and who were engaged in strategy and had the authority to take decisions in Sharia Bank of XYZ. List of expert respondents having positions as Director and Executive Officer.

## 4. Results and Discussion

### 4.1. Result

The use of ANP intended to simplify the existing problems so that the offered solution was much easier to apply. The expected outcome of the use of ANP was to give priority scales to the various offered solutions.

The initial stage of the use of ANP was to define the group/cluster/criteria along with the sub-criteria. Target strategy obtained from interviews to respondents and literature studies were grouped into three variables: banking service quality, brand image, and bank image. Each variable in the ANP design was classified as a cluster of criteria, while the strategic objectives contained in each cluster were expressed as sub-criteria. The criteria and sub-criteria of the three variables were presented in Table 1. In addition to the determination of criteria and sub-criteria affecting the loyalty improvement strategy in Sharia bank, there were also several programs which were commonly conducted by Sharia banks (from interview result) that were identified, namely: click

business from and for priority customers, priority customer gathering, wide cooperation with merchants, training (such as financial planning, investment planning, and retirement planning), “Getting to know you closer” program for priority customers, monthly charity and socialization programs for priority customers, and thematic prize program for customers.

The strategic weighting model was made by considering the selected criteria and sub-criteria. In the formation of this model, the researcher identified the dependence relationship between sub-criteria in one group (interdependency) or between groups (interdependency). The model created was designed by using three criteria that most influenced customer loyalty improvement strategy, namely: banking service quality, brand image, and bank image.

The calculation of local priority weight was done by using *Super Decisions* software. This calculation aimed to determine the weight of each interconnected element. Each time the local priority weight was done, the value of consistency also needed to be considered. The value of inconsistency should not be more than 0.1. The inconsistency value of pairwise comparison between clusters was 0.01716 (not more than 0.1) which meant that it was consistent.

The existence of a pairwise comparison between the clusters determined the presence or absence of a weighted supermatrix. If there was no pairwise comparison between clusters, then there would be no weighted supermatrix. Therefore, the value of the weighted supermatrix was equal with the value of the unweighted supermatrix. Weighted supermatrix contained the results of the multiplication of elements in the unweighted supermatrix.

The company’s priority strategy was used as the basis for making decisions in determining policies to increase the loyalty of customers of Sharia banking priorities. ANP structure was used to select alternatives on strategy selection in improving customer loyalty of priority customers of Sharia Bank. ANP structures were designed based on literature studies and expert recommendations.

The final weight value was obtained from Limiting Supermatrix and normalization by group, so the total value of priority in each group amounted to 1. The final weight value can be seen in Table 2. From the table, the target strategy was sorted by the biggest weight value. A strategic target weight was used to determine the most appropriate alternative improvement strategy of the customer loyalty of XYZ Sharia Bank.

### 4.2. Discussion

The cluster criteria analysis was conducted to find out which criteria influenced each of the criteria in choosing the strategy of increasing customer loyalty of priority customers of Sharia bank. In this analysis, the researcher used a weighting based on limiting instead of normalized. It was



**Table 1:** List of Criteria and Sub-Criteria Affecting Strategies for Increasing Customer Loyalty of Sharia Banks (Interview Result and Literature Study)

No	Criteria	Definition	Sub-Criteria	Source
1	Banking Service Quality	Consumer perceptions of the services they receive/earn with the actual service that they expect/want against the attributes of a company's services.	Effectiveness & Assurance	(Bahia & Nantel, 2000; Misbach et al., 2013)
			Service Portfolio	(Bahia & Nantel, 2000; Butt & Aftab, 2013; Misbach et al., 2013)2013; Shanka, 2012
			Access	(Bahia & Nantel, 2000; Misbach et al., 2013)
			Price	(Bahia & Nantel, 2000)
			Tangible	(Bahia & Nantel, 2000; Misbach et al., 2013)
2	Brand Image	Summary of beliefs, ideas, and impressions that the customers get about an object, indicating the different types of experience and service contacts between customers and companies.	Corporate Identity	(Amin et al., 2013)
			Tangible Cues	
			Contact Person	
			Level of Service	
			Reputation	
3	Bank Image	The result of a process by which consumers have compared the components of corporate identity, company reputation, physical means, service quality, and personal quality that operate and deliver the services offered by the company.	All Experience	(Ahmad et al., 2011; Al-Tamimi et al., 2009; Amin et al., 2013)
			Knowledge	
			Feelings	
			Impressions	
			Beliefs	
1	Banking Service Quality	Consumer perceptions of the services they receive/earn with the actual service that they expect/want against the attributes of a company's services.	Effectiveness & Assurance	(Bahia & Nantel, 2000; Misbach et al., 2013)
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			Access	(Bahia & Nantel, 2000; Misbach et al., 2013)
			Price	(Bahia & Nantel, 2000)
			Tangible	(Bahia & Nantel, 2000; Misbach et al., 2013)
2	Brand Image	Summary of beliefs, ideas, and impressions that the customers get about an object, indicating the different types of experience and service contacts between customers and companies.	Corporate Identity	(Amin, Isa & Fontaine, 2013)
			Tangible Cues	
			Contact Person	
			Level of Service	
			Reputation	
3	Bank Image	The result of a process by which consumers have compared the components of corporate identity, company reputation, physical means, service quality, and personal quality that operate and deliver the services offered by the company.	All Experience	(Ahmad et al., 2011; Al-Tamimi et al., 2009; Amin et al., 2013)
			Knowledge	
			Feelings	
			Impressions	
			Beliefs	

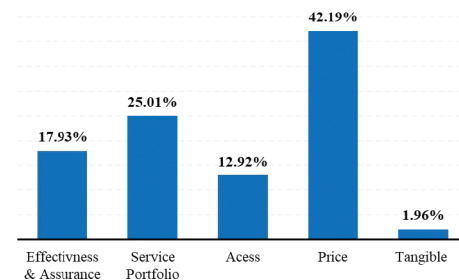
**Table 2:** Strategic Target Weights

Cluster	Sub-Criteria	Local Weight	Local Rank	Global Weight	Global Rank
Banking Service Quality	Effectiveness & Assurance	0.17928	4	0.038403	6
	Service Portfolio	0.25007	2	0.053568	3
	Acess	0.12916	5	0.027667	9
	Price	0.42192	1	0.090379	1
	Tangible	0.01957	3	0.004191	13
Brand Image	Corporate Identity	0.48642	1	0.048792	4
	Tangible Cues	0.03961	5	0.003973	15
	Contact Person	0.03992	4	0.004004	14
	Level of Service	0.24114	2	0.024189	10
	Reputation	0.19291	3	0.019351	11
Bank Image	All Experience	0.33079	1	0.057563	2
	Knowledge	0.08814	5	0.015338	12
	Feelings	0.17198	4	0.029927	8
	Impressions	0.22837	2	0.039741	5
	Beliefs	0.18072	3	0.031448	7

because limiting was the result of the overall comparison of the most priority strategies, whereas normalized was not the final result of strategy priority, but the comparison of each strategy for each subnet based on the number of criteria in the cluster. The order of each criterion indicated the magnitude of the effect on the level of importance in the cluster.

The cluster of banking service quality criteria described a concept that accurately represented the core performance of banking services, which was a comparison of reliability in Sharia banking services. There were 5 criteria used in the Banking Service Quality cluster, including Access, Effectiveness and Assurances, Price, Service Portfolio and Tangible. Access was a customer's perception of modern equipment and essential elements that ensured easy access to transactions. Effectiveness and assurance were a combination of competence and good response rates for employees as well as security factors. Price was a factor that was directly related to the costs charged primarily from the customers. Service portfolio led to a complete and consistent service that followed the development of the world of Sharia banking.

Based on the result of the limiting matrix, it was concluded that the experts considered the price criteria as the criteria that had the greatest weight, which was equal to 0.42192. Furthermore, service portfolio criteria were in second order with a weight of 0.25007. It was followed by the effectiveness and assurance criteria with a weight of 0.17928. Meanwhile, the fourth and the fifth-order were Access and Tangible, with limiting matrix value which were equal to 0.12916 and 0.01957 (Figure 1).

**Figure 1:** Criteria Weight in the Cluster of *Banking Service Quality*

Source: Personal Data

Experts viewed that price criteria was the most influential criteria in improving customer loyalty of Sharia bank priority customers. The price factor was considered to represent the existence of priority customers in the bank. With the reasonable price, the priority customer of Sharia banks felt served well. In the end, they became loyal to the bank.

Several things needed to be priorities of Sharia bank to improve the quality of its services, such as: always maintaining the security of existing transactions, providing cheap and affordable administrative costs, etc. Among all the priorities, employee understanding had the greatest contribution to the quality of services performed by Sharia banks, in addition to low cost and affordable administrative costs.

The cluster of bank image criteria described the identity of the Sharia bank which was the perception of the company.

Bank image was a representation of customers' thoughts and feelings. Bank image emerged from customers' perceptions of the existence of Sharia banking. Thus, the bank image was very much dependent on how the company was understood by its customers. In the ANP cluster, there were some criteria which consisted of all experience, belief, feeling, impressions, and knowledge.

Based on the results of the limiting matrix, it was concluded that the expert considered the criteria of all experience as the criteria that had the highest weight of 0.33079. Then, the criteria of impressions was ranked second with a weight of 0.22837. It was followed by belief criteria with a weight of 0.18072. Meanwhile, feeling criteria was in fourth-order with the weight that was equal to 0.17198. Knowledge criteria was in the last order, with a weight of 0.08814 (Figure 2).

Brand image cluster represented a representation of the overall perception of the brand and were shaped from the information and experience of the brand. The image of the brand-related to an attitude of belief and preference for a brand. Consumers who had a positive image of a brand, would be more likely to make a purchase. Brand image referred to the memory scheme of a brand, which contained the consumer's interpretation of the attributes, advantages, usage, situations, users, and characteristics of the marketer and/or the characteristics of the manufacturer of the product/ brand. Positive customer image of a brand allowed the customers to purchase banking products. Better brands also formed the basis for building a positive corporate image. In the ANP cluster, there were criteria of corporate identity, level of service, reputation, and tangible cues.

The loyalty of Sharia bank customers could be built by prioritizing the indicators of image-building of Sharia banks such as: giving a good impression in saving, giving a feeling of safety in saving money, maintaining customer trust, etc. From all the steps that could be done by Sharia bank in enhancing the image of the Sharia banks, the components of the feeling of safety in saving money and different impressions with other commercial banks became dominant element in reflecting the image of Sharia bank.

Based on the results of the limiting matrix, it was concluded that the expert considered the criteria of corporate identity as

a criteria that had the highest weight of 0.8642. The next rank was service criteria, which was placed as second rank, with a weight of 0.24114. Then, it was followed by the reputation criteria with the weight of 0.19291 (Figure 3).

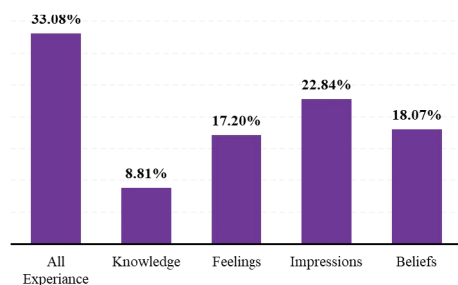
The brand image of Sharia banks could be built with several main ways that were considered as effective, such as: more familiar with Sharia banks in a comprehensive manner, the ease of mentioning the name of Sharia banks, always giving a positive impression, etc. These methods were preferred over other ways to promote the brand image of Sharia banks. From these points, always giving positive impression and hotline service became the main priorities because it gave the most dominant contribution in order to improve the brand image of Sharia bank in customer's eyes.

After obtaining the sub-criteria ranking of priority strategy to increase the priority of customer loyalty of Sharia banks, the researchers conducted further determination of alternative performance improvement as a whole. Determination of loyalty improvement strategy of Sharia banks priority customers was done using a standard formula. Figure 4 showed an alternative ranking of the policy of increasing the priority of customer loyalty of Sharia banks.

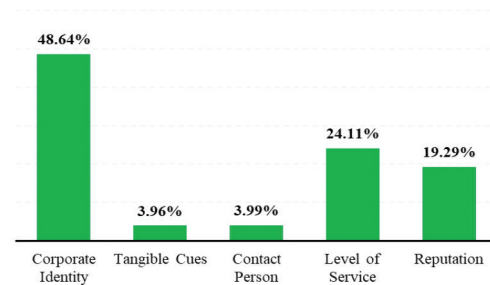
From top to bottom:

- Thematic prize programs for customers.
- Monthly charity and socialization programs for priority customers.
- "Getting to know you closer" program for priority customers.
- Training (for example financial planning, investment planning, and retirement planning).
- Wide cooperation with merchants.
- Priority customer gathering.
- Click business from and for priority customer.

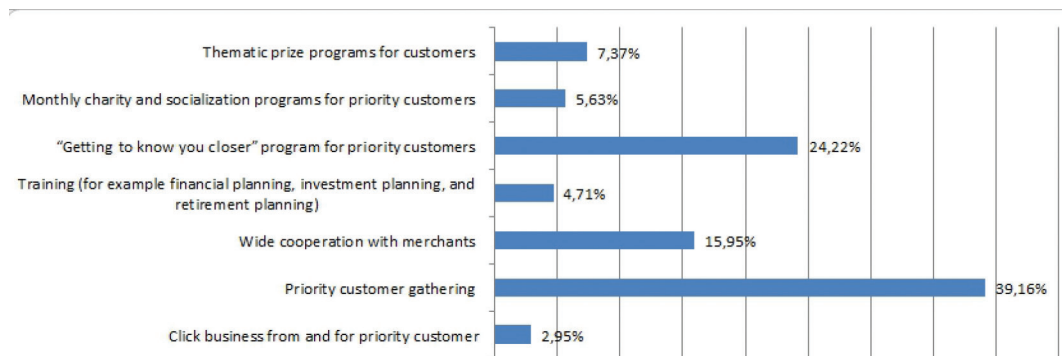
Figure 4 shows an information about the main priority in increasing customer loyalty. From several criteria that can increase customer loyalty, it can be seen that priority customer gathering has the highest percentage of 39.16%, which means that the presence of priority customer gathering activities can



**Figure 2:** Criteria Weight in the Cluster of *Bank Image*  
Source: Personal Data



**Figure 3:** Criteria Weight in the Cluster of *Brand Image*  
Source: Personal Data



**Figure 4:** A-Rank of Alternative Strategy of Sharia Bank Priority Customer Loyalty Improvement  
Source: Personal Data

create a good impression so that customer loyalty will get better. While making the program "Getting to Know You Closer" for priority customers in Sharia bank branches was ranked second as priority with a priority weighting of 24.22%. The third priority is to do extensive cooperation with traders, with a priority weight of 15.95%. The alternative strategies, such as thematic pricing programs, click businesses, financial planning training, and routine social and social programs, weigh 8%. Based on the results of ANP analysis, the recommended program / strategy recommended by Sharia banks in increasing priority customer loyalty is by holding a priority customer collection at the Sharia bank branch.

## 5. Managerial Implications

A strategic plan is needed to build customer loyalty in Islamic Banks so that the goal of Sharia Banks in increasing customer priority can be achieved. Several strategies can be realized for problem-solving:

First, there are several things needed to be prioritized by the Islamic banks to improve the quality of their services, such as: always maintaining the security of the existing transactions, providing cheap and affordable administrative costs, providing supporting facilities for the customers' convenience, hiring good looking and attractive employees, providing online banking services that keeps improving, and having the employees' thoroughly understand the concept of Islamic banks. Among all of these priorities, the employees' understanding has the biggest contribution to the quality of services performed by the Islamic banks. This indicates that the human resources in Islamic banks need to be continuously improved by providing continuous training and education.

Second, the brand image of Islamic banks can be built in several ways which are considered to be effective, such as understanding Islamic banks comprehensively, giving easy-to-mention names to the Islamic banks, always giving a positive impression, showing the reliability of Islamic

banks, improving hotline services as well as providing more information, and providing complete and clear contact-person service. Since the brand image of Islamic banks has a direct impact on increasing the loyalty of Sharia bank customers, these methods are preferred over other methods in improving the brand image of Islamic banks. These points always give a positive impression; moreover, the hotline service is the most important priority to be put forward because it provides the most dominant contribution to improve the brand image of Islamic banks in the opinion of the customers.

Third, the image of Islamic banks has a direct or indirect impact on the loyalty of customers of Islamic banks in general. The existence of the customer relationship as an intermediary for the bank's image of loyalty is not a necessity. The Sharia bank customer loyalty will still be built by putting forward the indicators building the image of Islamic banks such as: giving a good impression in saving, providing the feeling of contentment in saving money to the bank, etc. Of all the steps that can be taken by the Islamic banks in reflecting on their images, providing the feeling of contentment in saving money and showing the impression of being different from other commercial banks are the dominant elements in reflecting the image of the Islamic banks.

Customer relationship is one of the factors that can be established by the Islamic banks to increase the customer loyalty. Customer relationship improvement can be done with several strategic steps; for example, by sending attractive offers to media channels used by customers, providing appropriate segmentation services, providing lifestyle database availability, giving useful gifts, and holding attractive gift programs.

## 6. Conclusion and Limitations

Service quality, brand image, and bank image could build customer loyalty in Sharia banks. This is in line with the research of Amin et al. (2013) and Bahoosh et al. (2014).



Therefore, it was necessary to design a strategy in building customer loyalty of Sharia banks so that the purpose of Sharia banks in improving priority customer loyalty could be improved. The draft strategy proposed by the experts was obtained by using ANP. From several criteria that can increase customer loyalty, it can be seen that priority customer gathering has the highest percentage. Priority customer gathering could strengthen the bonds between customers with other customers and also between customers and their banks. While making the program “Getting to Know You Closer” for priority customers in Sharia bank branches was ranked second as priority and the third priority is to do extensive cooperation with traders. The alternative strategies, such as thematic pricing programs, click businesses, financial planning training, and routine social programs become priorities. The excellence of Sharia banks in terms of service quality, brand image, and bank image, when combined with priority customer gathering activities, would become a powerful formula in increasing priority customer loyalty to banks that lead to increased revenue from banks.

A comprehensive understanding of employees towards Sharia banks was the main way of various alternatives in the quality of Sharia banks services to increase customer loyalty. The understanding of Sharia bank employees reflect the quality of human resources in Sharia banks. Therefore, more attention was required in the development of human resources. In terms of brand image, giving a positive impression and hotline service was the most important priority to encourage customer loyalty in Sharia banks. Meanwhile, the feeling of safety in saving money in Sharia banks was one way in building the image of Sharia banks in the community. It was the most effective way of increasing the loyalty of Sharia bank customers among the various alternatives to establish the image of Sharia banks.

The limitations of this research are as follows: (1) The population, that is the object of the research, are the priority customers in one of the Islamic banks limited within the area of Jakarta. Not all customers opening their accounts in Jakarta are domiciled in this area; some of them are from outside of Jakarta. (2) The criteria of respondents in this study are only based on priority customers and the duration of being a priority customer in an Islamic bank is not included.

Suggestions for the next researches: (1) This research needs a further follow-up research particularly to reduce the limitations or to enrich it, both of them are related to using the theory and research instruments, increasing the number of samples, expanding the research area, adding exogenous variables, or using different data analysis techniques, as well as examining the direct and indirect influence between the variables studied. (2) Customer loyalty must also be maintained and increased by improving the Islamic bank's service quality and the bank's image. The priority of improving the Islamic bank's image for their customers is

still very relevant to encourage the increase of Islamic bank customers' loyalty. This increase is expected to promote the third party funds increment which will also slowly spur the growth of the Islamic banks assets so that it will eventually spur the growth of Islamic banks market share in comparison to the conventional banks. So for now, Islamic banks still have to prioritize the promotion and socialization of the Islamic bank's image to the customers and the public to reach a higher level of Islamic bank market share. (3) The Islamic bank's service quality remains a factor considered by customers, even though it is not the main one; this is because the customers currently still see that Islamic banks' level of service quality is not much different from that of conventional banks. Therefore, the service quality needs to be improved with customer relationship. It means that the management needs to keep improving the customer relationship to maintain and promote the benefits of quality services for increasing customer loyalty to Islamic banks.

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