

The Relationship Between Religiosity, Service Quality, Customer Satisfaction and Customer Loyalty

Fadli Setiawan¹, Idris Idris², Abror Abror³

¹Universitas Negeri Padang, Padang and Indonesia, ✉ fadli86setiawan@gmail.com

²Universitas Negeri Padang, Padang and Indonesia, ✉ idris@yahoo.com

³Universitas Negeri Padang, Padang and Indonesia, ✉ abror094@gmail.com

Abstract

This study examines the influence of religiosity, service quality and customer satisfaction on customer loyalty. This study was conducted to 200 customers of Islamic Bank in Payakumbuh City as the samples. We employed Structural Equation Modeling by using AMOS 24 as the data analysis software package. The results showed that religiosity has a positive and significant effect on customer satisfaction, service quality has a positive and significant effect on customer satisfaction, religiosity has no significant effect on customer loyalty, service quality has no significant effect on customer loyalty. However, the result found that customer satisfaction has positive and significant effect on customer loyalty. Furthermore, some limitations and future study are discussed.

Keywords: Religiosity, Service Quality, Customer Satisfaction, Customer Loyalty

Introduction

Religiosity is known as one of the most important cultural force and major influence individual behavior and character of an individual (Eid, 2013; Zamani Farahani & Henderson, 2010; Zamani-Farahani & Moses, 2012). According to Ateeq Ur-Rehman (2010), Religiosity affect the use of the product by Muslim consumers through the influence of their beliefs about what products they should use. Furthermore, Alam, Mohd, and Hisham (2011) found that Muslims regard Islam as a source guide their lives. They found religiosity play a role in the individual to create satisfaction and loyalty in using a product marketed by marketers.

West Sumatra as one of the provinces in Indonesia, dominated by the Minangkabau people of diverse Islam, has its own uniqueness to the behavior of consuming a product, where the population of West Sumatra totaled 5.19637 million inhabitants and the Islamic religion as much as 5,095,774 inhabitants. In the sense that 98% of the population in West Sumatra is Muslim. It does not necessarily mean that the market share of Islamic banking in the West Sumatra rose sharply while Minangkabau society known as religious wearing a life philosophy "Adat Basandi Syara', Syara' Basandi Kitabullah" which means traditions are founded upon the Islamic law, and the law founded upon the Quran.

One indicator of the growth and development of products from a banking system that is by looking at the number of third party funds (DPK). Third party funds represent the number of public deposits in banks consisting of giro, savings and deposits. Product development and growth of Islamic Banks and Conventional Banks in West Sumatra as shown in the following table:

Based on Table 1 below can be seen that the comparison between the third party fund Islamic Banks and Conventional Banks are very much different. Visible Islamic Banks and conventional banks alike have increased from year 2013 to 2017, yet in 2017 the third party funds in Islamic banks decreased from 3,253 billion rupiah to 2,416 billion. Reflecting the latest data in 2017, can be seen the number of third-party funds managed by Islamic Banks amounted to only 2,416 billion which accounts for only 5.59% compared to a conventional bank that manages third party funds amounting to 40 778 billion that portion reaches 93, 14%.

The phenomenon is quite interesting experience that authors obtained in Payakumbuh known that the knowledge and understanding of customers for Islamic banking still vary much among those who believe that the practice of Islamic banks is tantamount to conventional banks are distinguished only

if the Islamic banks employees using the headscarf, while in the bank conventional is not required, there is no interest term replaced by another term whereas the same practice.

Table 1 Raising of Third Party Funds (DPK) by Type Bank in West Sumatra of the Year 2013-2016
(in billion rupiah)

Types of Banks	2013	2014	2015	2016	2017
Islamic Banks	1,109	2,491	2,741	3253	2416
Conventional Banks	26 181	29 985	33 553	35 465	40 778
Number of DPK	27 290	32 476	36 249	38 718	43 194

Source: Processed Data Financial Services Authority

The structure and the public's knowledge of West Sumatra that has been built with the religious majority of the people is possible there have been various perceptions that influence people's behavior in choosing a bank. However the way, the religious factor or perception that is based on religious grounds does not necessarily affect public attitudes towards the decision to use banking services. Allegedly service quality can also affect the interaction of the world banking community. By understanding the preferences of the public against these banks, the Islamic banking has a strong judgment to formulate strategies and policies that are more market driven.

Customer loyalty has an important role in a company, they maintain means improved financial performance and maintain the viability of the company. The benefits of customer loyalty is the reduced influence of attacks from competitors of similar companies, not just the competition in terms of product, but also the competition in terms of perception. In addition, loyal customers can encourage the development of the company by providing ideas or suggestions to the company in order to improve the quality of their products (Lovelock & Wirtz, 2011).

Loyalty is a commitment that is held firmly by service users to buy again or subscribe to certain other services in the future even though there is an influence of the situation and marketing efforts that have the potential to cause behavior switching (Kotler 2009: 163). Hurriyati (2005: 35) states that customer loyalty (costomer loyalty) is a very important drive to create sales.

According to Griffin (2005: 4) loyalty is a behavior compared to an attitude, a loyal customer because it shows buying behavior which can be interpreted as a regular pattern of buying for a long time, carried out by units of makers or takers decision.

Based on the benefits of customer loyalty, the company should be able to provide quality service and satisfying customers. Quality of service is an important factor that must be considered the company to gain customer loyalty. According Goetsch and Davis (1994) quality of service is a dynamic condition associated with product services, people, processes and environments that are able to meet and exceed customer expectations. Quality of service becomes a necessity that must be done by the company in order to survive and still won the trust of customers. Assessment of quality of service determined by the service users, service users would rate by comparing the service they will receive with what they expect.

American society for quality control, interpreting quality is the overall characteristics and characteristics of a product or service in its ability to meet needs that have been determined or are latent (Lupiyoadi and Hamdani 2006: 175). Lewis and Booms in Tjiptono (2008: 85) define service quality as a measure of how well the level of service provided is in line with customer expectations. Based on this definition, service quality is determined by the ability of the company to meet customer desires and needs in accordance with customer expectations.

Kotler (2009: 159) states that customer satisfaction is the level of customer feeling after comparing the performance or results he feels compared to his expectations. Customer satisfaction is a condition where customers get what is expected to be equal to or more than product performance (Wardi, 2016: 141). Satisfaction depends on the expectations of service users.

Method

Population and Sampel

Population is the whole of the elements used as objects in research. The population in this study is the all customers who are enjoying the facility of Islamic Bank in Payakumbuh City. The sample is a subset of the population, composed of several members of the population. The number of samples sought by using Slovin formula where the sample size obtained is 200 customers of Islamic Bank in Payakumbuh City.

Method Approach

The analytical method used in conducting the data test is by using the Structural Equation Modeling processed by using the help of AMOS program version 24, Before the first processing done testing instrument research with CFA model and testing the classical assumption. After all variables meet the requirements of the hypothesis testing phase can be implemented (Wardi, et.al., 2018).

Results and Discussion

Based on the stages of data processing that has been done with the help of AMOS program can be made an overall model that shows the relationship between one variable with other variables in this study seen in Figure 1 below :

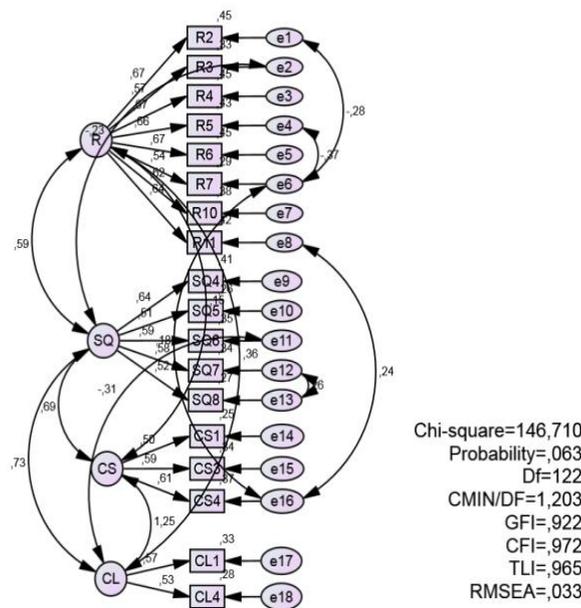


Figure 1 Measurement Model

Based on the results of data processing has been done obtained summary shown in the Table 2 below :

Table 2 Goodness of Fit Indices Measurement Model

Goodness of Fit Indices	Statistic	Cut Off Value	Interpretation
Chi-square (χ^2)	146,710	Highest	Better fit
Df	71	-	-
Probability(pvalue)	0,063	$\geq 0,05$	Better fit
CMIN/DF	1,203	$\leq 2,00$	Better fit
GFI	0,922	$\geq 0,90$	Better fit
RMSEA	0,033	$\leq 0,08$	Better fit
TLI	0,965	$\geq 0,90$	Better fit
CFI	0,972	$\geq 0,90$	Better fit

Source : AMOS 24 Output

In accordance with the test results that have been done show that probability value of 0.063. The resulting probability value is above 0.05. At the testing stage of model specification also seen that the value of RMSEA produced is equal to 0,033 < 0,08. GFI value obtained 0.922 > 0.90, in the data processing stage also obtained the value of CMIN/DF of 1,203 < 2, TLI value obtained is 0.965 > 0.90 while the value of CFI of 0.972 > 0.90 so it can be concluded that all the requirements required in conducting SEM analysis have been met so that further processing stages can be implemented immediately.

Structural Model

Based on the results of processing that has been done obtained structural image model seen in Figure 2 below:

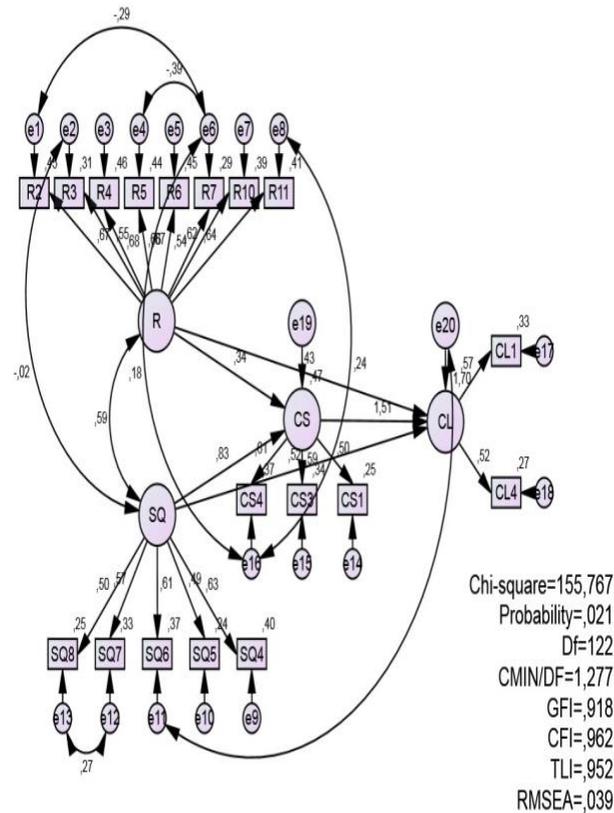


Figure 2 Structural Framework Model

The model shows that there is influence between religiosity to customer satisfaction with positive sign of 0,34, while the influence formed between service quality to customer satisfaction is 0,83. In the model also seen the influence formed between customer satisfaction to customer loyalty is 1,51. In structural framework model seen that religiosity has influence to customer loyalty equal to 0,43, in structural model also seen that service quality has influence to customer loyalty equal to 0,52. Given the direct relationship that exists in each exogenous and endogenous variable, direct and indirect impact testing can be performed.

Hypothesis testing

Direct Effect

In order to determine the influence of a direct formed between exogenous variables on the endogenous variables tested influence. Based on the results of processing which has to be obtained rigkasan the results shown in Table 3:

Table 3 Direct Effect Testing Results

Hypothesis			Estimate	SE	CR	P	Interpretation
CS	<---	R	, 337	, 133	2,213	, 027	Accepted
CL	<---	R	, 433	, 246	1,914	, 056	Rejected
CS	<---	SQ	, 826	, 132	4,028	, 000	Accepted
CL	<---	SQ	, 518	, 305	1.366	, 172	Rejected
CL	<---	CS	1.514	, 485	3.903	, 000	Accepted

Source : AMOS 24 Output

Based on the results of the first hypothesis testing where statistics that have been made known variables Religiosity has a regression coefficient of 0.337 which is reinforced with a probability value of 0.027. The results obtained show that the resulting probability value of 0.027 was below the level of 0.05 errors and Critical Ratio values that meet the standards of a significant (2.213 > 1.96). Thus the decision adala religiosity significantly influence customer satisfaction of Islamic Banks in Payakumbuh.

Results of testing the second hypothesis which aims to prove the direct influence of Religiosity against Customer Loyalty values obtained probability value of 0.056 (CR= 1.914 < 1.96). The results obtained show that the probability value of 0.056 > 0.05 then the decision religiosity does not significantly influence customer loyalty of Islamic Banks in Payakumbuh.

Results of testing the third hypothesis which aims to prove the effect of Service Quality against Customer Satisfaction obtained estimate value of 0.826 as evidenced by a probability value of 0.000 (CR= 4.028 > 1.96). The results obtained show that the probability value of 0.000 is below the error rate of 0.05, so decisions are service quality significantly influence customer satisfaction of Islamic Banks in Payakumbuh.

In the fourth stage of statistical tests found that the variable Service Quality has a probability value 0172. Statistical testing process is done by using an error rate of 0.05 (CR= 1.366 < 1.96). The results obtained show that service quality does not significantly influence customer loyalty of Islamic Banks in Payakumbuh

In the fifth stage of hypothesis testing which aims to determine the effect of which is formed between Customer Satisfaction to Customer Loyalty. From the stages of processing results obtained coefficient estimate of 1.514. Values obtained coefficient reinforced with probability 0.000 (CR= 3.903 > 1.96). So customer satisfaction effect on customer loyalty of Islamic Banks in Payakumbuh.

Indirect Effect

Assessment of the effect was not directly aimed to determine the influence of which formed as a result of the combination of exogenous variables on endogenous variables mediated by moderating. Based on the results of data processing that has been obtained dilalukan obtained a summary of results is shown in Table 4 :

Table 4 Indirect Effect Testing Results

Variable	SQ	R	CS	CL
CS	, 000	, 000	, 000	, 000
CL	1,250	, 510	, 000	, 000

Source : AMOS 24 Output

At the stage of testing the indirect effect is known that religiosity influence on customer loyalty through customer after satisfaction with indirect influence coefficient of 0.510. It can be concluded that the convictions and religious appreciation will drive customer satisfaction thus enhancing customer loyalty in using the services Islamic Banks in Payakumbuh.

Based on the test results is not directly visible effect that the influence of religiosity on customer loyalty through customer satisfaction is 1,250, thus it can be concluded that the perceived quality of service that customers have an influence on loyalty after through satisfaction. With a coefficient obtained amounted to 0.510 thus be seen that when the quality of service perceived by customers

continues to increase, it will encourage the formation of satisfaction, so that the combination of service quality and satisfaction will encourage the emergence of loyalty.

Total Effect

Based on the results that can be made of structural framework model that shows the influence directly and not all the variables used in the model of this study are:

Table 5 Testing Results Total Effect

Variable	SQ	R	CS	CL
CS	, 826	, 337	, 000	, 000
CL	1,768	, 933	1.514	, 000

Source : AMOS 24 Output

In the table the total effect is seen that the total effect of which is formed between religiosity towards customer satisfaction is 0.337, the total effect was only an immediate effect. Besides the influence of service quality on customer satisfaction is 0.826 higher than the direct effect of which is formed between religiosity and customer satisfaction.

In testing the total effect seen their total direct and indirect influence of religiosity on customer loyalty through customer satisfaction reached 1,768. Such findings occur because the sum of the total direct effect of 0.518 with a total of indirect influence is equal to 1,250. In addition to testing the total effect is also very aesthetically between service quality on customer loyalty through customer satisfaction reached 0.933, the sum of the total direct effect of 0.433 with a total of indirect influence is equal to 0.510. The results imply indirect effect is greater than the direct effect. It can be concluded that the total effect is highest when testing between religiosity on customer loyalty through customer satisfaction of Islamic Banks in Payakumbuh.

Discussion

The Influence of Religiosity on Customer Satisfaction

Based on the results of hypothesis testing found that Religiosity has significant effect on the perceived Customer Satisfaction in using the products Islamic Banks in Payakumbuh. This influence is shown by the p-value equal to 0.027 (<0.050) and positive estimation value of 0.337.

Religious commitment of Sharia Commercial Bank customers in Payakumbuh influential significantly and showed a positive direction towards satisfaction. This indicates that customers who have a high commitment to religion especially the Islamic religion will create satisfaction for them in using the facilities of Islamic Banks in Payakumbuh, the higher achievement of expectations on Islamic values of the products offered by Bank Syariah higher satisfaction arising of customers. Individuals who are motivated by religion have a greater tendency to integrate their faith into life including banking practices.

This study is relevant to previous studies conducted by Eid and El-Hary (2015) which states that tourists have a high level of religious commitment would be more satisfied in utilizing tourism place in the United Kingdom, Egypt and United Arab Emirates. The results of this study is not relevant with research conducted by Hidayat, et al (2015). This research results religious commitment of customers have no direct effect on satisfaction, but customer with their belief in the function and benefits of Islamic banking in a straight declare their loyalty to the Islamic banks. Customers select and loyal to the Islamic banks based on their religious beliefs and the obligation to implement sharia in their daily lives. Thus, any form of services provided does not have a significant impact on customer satisfaction. Customers expressed a high fidelity to the Islamic banks regardless of their satisfaction as reflected in the quality of Islamic banking services.

The Influence of Religiosity on Customer Loyalty

The results of this study indicate that religiosity does not have a significant impact on customer loyalty Islamic Banks in Payakumbuh. This is evidenced by obtaining the probability value of 0.056 which is greater than the requirement was set at 0,050.

Customer Islamic Banks in Payakumbuh could be satisfied with the offers that have been made, but not necessarily demonstrate a loyal attitude. Logical reasons cause the absence of effect between religiosity and customer loyalty which are the majority of respondents are customers of Islamic Banks in Payakumbuh also the customers of other banks. Offer the number of banks in Payakumbuh increasingly numerous and amenities available for guests also more varied. With more and more variety of products offered, the better for the customer, because the opportunity to determine the most appropriate product specifications, but on the other hand, competition is getting tougher, so that more customers get credit facilities from various banks.

Amin, et al (2013) in his study on the behavior of customers Muslims and non-Muslims in Malaysia. The research results show that even a non-Muslim customers loyal to Islamic banks. Thus there has been no conclusion whether religiosity effect on loyalty. The study does not correspond to a study conducted by Hidayat and Ahmad (2015) which explains that customers with a high level of religiosity will increasingly fanatical Islamic bank products and will conduct transactions, over and over.

The Influence of Service Quality on Customer Satisfaction

In accordance with the results of data analysis has been done, it was found that the service quality and significant positive effect on customer perceived customer satisfaction in using the product Islamic Banks in Payakumbuh. indicated by the p-value of 0.000 (<0.050). This means that any increase and decrease in quality of service of Islamic Banks in Payakumbuh influenced by services provided by employees.

The higher the services provided by the Islamic Banks in Payakumbuh to customers will improve customer satisfaction on all dimensions of SERVQUAL. When examined further, according to respondents in TCR (Total of Achievements), variable service quality shows that the dimensions of the greatest contributions was the *tangible* dimension followed *responsiveness*, *reliability*, *empathy* and *assurance*. This indicates that customers strongly consider matters relating to the visual service as well as the appearance of employees of Islamic Banks in Payakumbuh thereby creating customer satisfaction for themselves.

The results of this study are relevant to the research conducted by Meesala and Paul (2016), which states SERVQUAL dimensions have an important influence in creating patients' satisfaction in developing countries. In his research dimension of the most influential in improving patient satisfaction in hospitals is a tangible dimension that include up-to-date equipment of the hospital, visually attractive hospital facilities as well as employees are groomed.

The Influence of Service Quality on Customer Loyalty

In accordance with the results of data analysis has been done, it was found that service quality does not significantly influence customer loyalty in using the products Islamic Banks in Payakumbuh. showed with p-value of 0.518 (>0.050). This means that any increase and decrease in quality of service of Islamic Banks in Payakumbuh did not affect the level of customer loyalty.

Quality services for a bank is one thing that is important to retain existing customers and to acquire new customers. However, based on this research spawned contrasting results. This is because the banks are competing to provide services to customers at a cost that is vanishingly small, in addition to the ease of transaction and move from one bank to another bank with ease without any significant sacrifice of customers. Thus increasing the service quality can only improve customer satisfaction felt alone and unable to increase customer loyalty to the Islamic Banks in Payakumbuh. In the sense that the customer still has the potential to try using other bank products to offer in terms of both price and sale of the bank's own competitors.

On the other hand, assuming that can be used as a factor not significant influence of service quality on customer loyalty is the customer who uses the product Islamic Banks also have a customer account at Conventional Bank in Payakumbuh, as it is known that the facilities offered by Commercial Bank is still more good of Islamic Banks. Moreover, society is defined Islamic Bank customer in Payakumbuh still make profits priorities that would be obtained if the transactions at Commercial Bank.

This study also irrelevant to that done by Akhmad Hidayat (2015) doing against Islamic Bank customers in East Java. The results of this study express service quality offered to customers will cultivate loyal attitude so that customers have a desire to go back to using bank facilities and recommend to others and will not be using other bank products.

The Influence of Customer Satisfaction on Customer Loyalty

Based on the analysis, this study showed that variables affect customer satisfaction on customer loyalty Islamic Bank in Payakumbuh. It is seen from the results of the t value sig $0.000 < 0.050$ with an estimated value of 1.514, which means increasing customer satisfaction will show loyal attitude towards the Islamic Banks.

This is because satisfaction is a key element in creating companies, especially banks intensity repeat purchases in the future. Satisfaction or dissatisfaction will give a distinctive impact to the subsequent customer behavior. Based on the research results, the customer of Islamic Banks in Payakumbuh who use the products/services were likely to support the Islamic Banks, they will recommend it to others and rarely make the shift to another bank.

Today, customers are more difficult to be satisfied because the customers are smarter, more price-conscious, more demanding, less forgiving and being approached by many competitors to offer the same or better. According to Kotler (2005), the challenge is not only produces satisfied customers, few competitors can do that. The challenge is to make customers happy and loyal. Loyalty to a company is strongly influenced by the way the company is to satisfy the customer. According Schanaars (1996) there are four kinds of possibilities that occur between satisfaction and loyalty of the failures, forced loyalty, Defectors and success.

The results of this study are relevant to the theory applied by Kotler and Keller (2009), which states that after making a purchase of a product and exceed their expectation then customers will be satisfied and easily select and will buy the product in the future so as to produce loyal customers , The results are consistent with research conducted by Brakus, et al (2009) who make observations about customer satisfaction with the use of multiple brands of products such as electronic equipment, entertainment venues to where to eat. The study also supported earlier research conducted by Doorn and Verhoef (2008) which stated that the size of the perceived customer satisfaction logistics companies in Europe will affect the level of customer loyalty that will affect the quantity of the company's market share. In research conducted by Chandrashekar, et al (2007), entitled "Strength and Customer Satisfaction Loyal". Results of a study of the company's customers in the USA provider concluded that that level of customer loyalty will be very influenced by the size of the satisfaction felt by customers so that in the end the customer would recommend the product to others.

Conclusion

Based on the analysis results of hypothesis testing that has been done then proposed some important conclusions are:

1. Religiosity has significant effect on customer satisfaction of Islamic Bank in Payakumbuh
2. Religiosity has no significant effect on customer loyalty of Islamic Bank in Payakumbuh
3. Service quality has significant effect on customer satisfaction of Islamic Bank in Payakumbuh
4. Service quality has no significant effect on customer loyalty of Islamic Bank in Payakumbuh
5. Customer Satisfaction has significant effect on customer loyalty of Islamic Bank in Payakumbuh

The suggestions drawn in this study are useful for:

1. Future researchers are suggested to increase the number of sample sizes to be used, increasing the number of the sample size will further increase the precision and accuracy of the results obtained.
2. Islamic Bank's management in Payakumbuh is expected to improve service a good quality of product sessions and in terms of employees. Management needs to conduct training of employees related to Islamic Banking services so that the needs and desires as well as the

problems presented enumerated by customers can be met from the knowledge and feedback from employees through education and training has been organized.

3. Future researchers are advised to be more selective in choosing the respondents, these suggestions for reducing the ambiguity of data that can lead to greater precision and accuracy of the results to be obtained.
4. Empirically it is further recommended to add a number of new variables that can affect customer loyalty Sharia Commercial Bank customer. The advice is important to encourage increase the precision and accuracy of the results obtained in the future.

References

- Alam, S., Mohd, R., & Hisham, B. (2011). Is Religiosity An Important Determinant On Muslim Consumer Behavior In Malaysia?. *Journal of Islamic Marketing*, 2(1), 83e96.
- Amin, M., Fontaine, R., & Isa, Z. (2013). Islamic Banks : Contrasting the Drivers of Customer Satisfaction on Image, Trust ,and Loyalty of uslim and Non-Muslim Customers in Malaysia. *International Journal of Bank Marketing*, 31(2), 79-97.
- Ateeq-Ur-Rehman, M. S. (2010). The Relationship Between Religiosity And New Product Adoption. *Journal of Islamic Marketing*, 1(1), 63e69.
- Brakus, J. Jo SKO, Bernd H. Schmitt, and Lia Zarantonello. (2009). Brand Experience: What Is It? How Is It Measured? Does It Affect Loyalty ?. *Journal of Marketing*. 7(3), 52-68.
- Chandrashekar, Murali, Kristin rotte, Stephen S. Tax, and Rajdeep Grewal. (2007). Strength and Customer Loyalty Satisfaction. *Journal of Marketing Research*. 153(XLIV), 153-163.
- Eid, Riyad. Hatem El-Gohary. (2015). The Role Of Islamic Religiosity On The Relationship Between Perceived Value And Tourist Satisfaction. *Tourism Management* 46 (2015) 477-488
- _____. 2013. Muslim tourist perceived value in the hospitality and tourism industry. *Journal of Travel Research*. <http://dx.doi.org/10.1177/0047287514532367>
- Goetsch, D.L. & Davis, S. 1994. *Introduction to Total Quality: Quality, Productivity, Competitiveness*. Englewood Cliffs, NJ: PrenticeHallInternational, Inc.
- Hidayat, Rachmad and Sabarudin Akhmad. (2015). The Influence Of Service Quality, Religious Commitment And Trust On The Customers' Satisfaction And Loyalty And Decision To Do The Transaction In Mandiri Sharia Bank Of East Java. *Al-Ulum*, 15, 57- 90
- _____, Sabarudin Akhmad, Machmud. 2015. *Effects Of Service Quality, Customer Trust And Customer Religious Commitment On Customer Satisfaction And Loyalty Of Islamic Banks In East Java*. Al-Iqtishad: Vol. VII No. 2
- Hurriyati, Ratih. 2005. *Bauran Pemasaran dan Loyalitas Konsumen Edisi 1*. Bandung: Alfabeta.
- Lovelock, Chhristopher. Lauren K Wright. 2007. *Manjemen Pemasaran Jasa (Terjemahan Agus Widyanto)*. Jakarta: PT. Indeks.