

# Does Customer Loyalty Perception Changed After They Moved to Sharia? A Descriptive Exploratory Study on Sharia Banks in Padang

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## ABSTRACT

This study aims to answer an important question whether there is a difference of customer loyalty perceptions after becoming a customer in Sharia Bank. Islamic banking system has different characteristics from conventional banks, where they operate based on the essence of syar'i principle that is "profit sharing" as mutual benefit for customers and banks. The sample of this research is 59 people in responding to the tolerance limit of minimum sample size of 30 samples. In understanding the difference of respondent's loyalty perception, this study uses normality and homogeneity assumption approach by using t-test. Statistically, the results of this study indicate that there is no significant difference from customers who decide to be loyal or not as customers in the sharia banks they choose.

**Keywords:** Customer Loyalty, Sharia Banking

## 1. INTRODUCTION

Development of the Islamic banking system in Indonesia is carried out within the framework of a dual-banking system within the framework of the Indonesian Banking Architecture (API), to present a complete alternative banking services to the people of Indonesia (Trinugroho, Risfandy, & Ariefianto, 2018). Together, with the enactment of Law No.21 of 2008 concerning Sharia Banking issued on July 16, 2008, the process of developing the national sharia banking industry has become stronger and has a clear legal basis in encouraging better growth of the national economy, particularly as a catalyst in improving the ability of financing for sectors of the national economy (Hidayat, Kakinaka, & Miyamoto, 2012; Yusgiantoro, Soedarmono, & Tarazi, 2019).

The Minister of Finance said that the development of Islamic Banks in Indonesia is still minimal even though Indonesia is the largest Muslim country in the world. This can be seen

from the market share of Islamic banking which is currently less than 5 percent. The main problem in the development of Indonesian Islamic banks is the strengthening of the bank system that has not been fixed. So that the problem is hampering the development of Islamic banks. In addition, Islamic banking human resources (HR) are still not strong enough to compete. To improve this, the government continues to push mainly through sukuk instruments (Islamic financial certificate, similar to a bond in Western finance) because banks certainly need liquid instruments and all kinds. At present the development of Islamic banks is quite promising, but development is needed to be able to compete strongly with conventional banks. In essence, the potential (Islamic banks) is large, but the challenges of Islamic banks are also greater (Yusgiantoro et al., 2019).

The Financial Services Authority (OJK) survey results announced the 2016 National

Literacy and Financial Inclusion Survey (SNLIK). The result, the literacy index per province and sharia financial services sector was 8.11 percent and then the Islamic financial inclusion index was 11.06 percent. That means, public understanding of Islamic financial services and products is still low. Director of Research, Development, Regulation and Licensing of OJK Sharia Banking Deden Firman Hendarsyah said that in the future the public's understanding of sharia financial services and services will be improved. Furthermore, this condition is also shown by the relative public prioritizing the return compared to the risks faced (www.republika.co.id, 2017). This has an understanding that the process of sharia banking growth should also be supported by synergies over the essence of sharia delivered on the developed sharia products.

The characteristics and uniqueness of the syariah banking system that operates is based on the essence of the syar'i principle that is profit sharing as a relevant and mutually beneficial solution for the community and banks, especially in communicating the essence of fairness in transactions, ethical investment, promoting the values of togetherness and brotherhood in production, related to minimizing risk through speculative activities in financial transactions (Trinugroho et al., 2018). The ability of banks to understand the dynamics of information changes and public expectations is expected to provide benefits in the process of developing a strategic approach. This implicitly has implications for the good existence of the concept of sharia also supported by varied and attractive service products so that it can be used by all classes of people.

To achieve this, the role of education and information is important in building public perception (Zamani-Farahani & Musa, 2011). By educating information, it is hoped that banks will be able to influence people's perceptions to enjoy the benefits of the offered functions of sharia service product features to be provided. To be able to achieve this, the ability of banks to

understand the characteristics of personal factors of society, public perceptions and the ability to understand society is one approach that must be done by every bank (Hidayat et al., 2012). By understanding personal factors, perceptions and people's understanding of the essence of sharia offered, banks should be able to find key factors that are considered by the public to conduct transactions with Islamic banking. It is also expected to make a positive contribution to banks in minimizing the risk of returns resulting from each design of sharia service product features that will be created and developed at the level of competition faced (Trinugroho et al., 2018).

West Sumatra as one of the provinces in Indonesia, which is dominated by the Minangkabau, has its own uniqueness towards the behavior of consuming a product. The structure and perception of the people of West Sumatra that have been built with the majority of religious people are very possible to have a variety of perceptions that influence people's behavior in choosing banks. However, more broadly when viewed through the perspective of management and business characteristics and uniqueness of the people of West Sumatra also have relevance to the uniqueness in the development process of Islamic banking in West Sumatra.

The results of the OJK survey also implicitly show that the community understanding index is still low where the highest Islamic financial inclusion index is 41.45 percent with the Islamic financial literacy index of 21.09 percent in Aceh Province and the lowest literacy index is 0 percent and with the Islamic financial inclusion level by 4.82 percent in the province of East Nusa Tenggara. This explicitly has unique related information, namely in provinces with a low level of understanding of the essence of Islamic banking but still has a market segment in the province of East Nusa Tenggara, and this has logical consequences for the potential of provinces with a majority Muslim religion should be able to have market potential more

extensive to be developed (Yusgiantoro et al., 2019).

Thus, by understanding information, potential and existing perspectives, it is important for banks to understand the potential of Islamic banking by understanding the understanding, preferences and desires of the public to transact using Islamic banking in West Sumatra. This also has implications for understanding the characteristics of related communities in contexts that affect people's preferences to use sharia service products. This will certainly benefit banks in formulating and developing sharia service product features in strengthening customer loyalty.

## 2. LITERATURE REVIEW

The banking industry is a service industry that has a philosophy of "trust" as an indicator of the parameters of comfort and confidence for the public over fund management and financing issues. To be able to meet consumer expectations, it is important for every bank to understand its role in providing solutions to financial problems that are being faced by consumers (Lovelock, 2007). For this reason, it is important for each bank to evaluate its performance regularly.

To be able to meet consumer expectations, the ability of a bank in understanding consumer expectations is an important thing that is able to contribute to the achievement of company goals. Here are some thoughts expressed by marketing experts, especially in the field of service quality in interpreting customer behavior towards the services they will use. (Lovelock, 2007) revealed that:

"Service is an act of performances that creates benefits for customers by bringing about a desired change in or representing of the recipient." Then through the same approach, (Zeithaml, Valarie, & Bitner, 2009) revealed that: "The production of essentially intangible benefits, either in its own right or as a significant element of a tangible product, which through some form of exchange, satisfies an identified need",

The important thing that can be concluded from the above thought is the ability of a bank to understand and meet the needs of consumers supported by the ability of banks to deliver the resulting service products is an important element in creating consumer satisfaction.

To be able to achieve this, the ability of each bank to identify consumer needs for expected service output preferences is an important matter that must be managed by the bank. The following approaches are used in understanding consumer expectations and perceptions of company expectations and perceptions expressed by (Zeithaml et al., 2009) by identifying the causes of failure in delivering services, as follows:

1. The gap between consumer expectations and management perception.  
This first gap is caused by management mistakes in understanding and formulating consumer expectations through marketing research sources, namely: false advertising, the company's past experience with competitors, identification of improper needs, communication with friends who are not working.
2. The gap between management's commitment to service quality and consumer expectations.  
This second gap comes from the service provider side, which is caused by weak management commitment to improving service quality.
3. The gap between service quality specifications and service delivery.  
This gap occurs due to a mismatch in service performance, because employees are unable or do not have the desire to deliver services according to the level of service desired by the customer.
4. The gap between the delivery of external communication services.  
This gap occurs due to a mismatch between the services promised and the services delivered.

5. The gap between perceived services and expected services.  
 This gap occurs when consumers measure the performance or achievement

of the company in different ways, or if the customer mistakenly perceives the quality of the service.

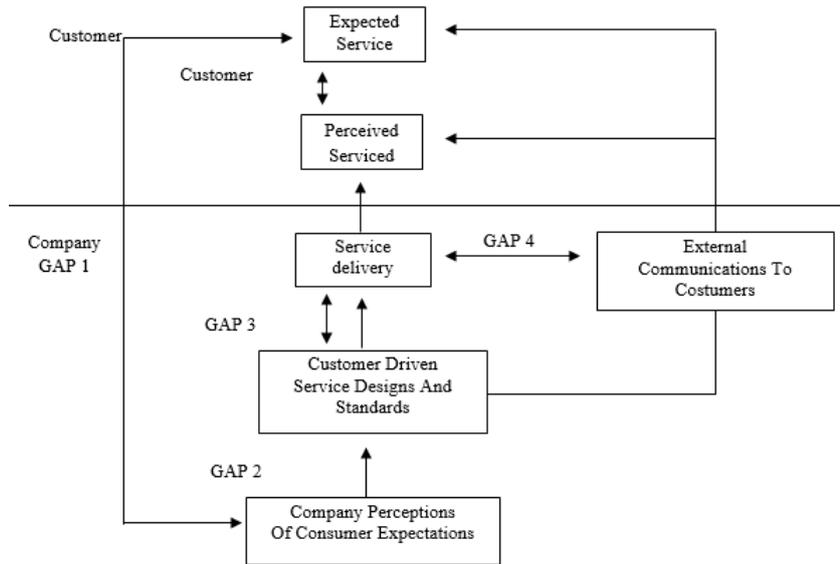


Figure 1. Service Quality Gap Diagram

3. METHOD

This pilot study is generally descriptive exploratory in which it aims to explain the characteristics of the relationship between information and the phenomena that are related in understanding the different perceptions of respondents' loyalty after deciding to become sharia bank customers in the city of Padang. To strengthen the results of this study, a quantitative approach was also carried out related to obtaining the significance of more measurable research results (Trinanda, 2014).

The population of this study is the people who are customers of Islamic banks in the city of Padang. The sampling technique used in this pilot study is convenience sampling (Sugiyono, 2011), but also taking into account the sample criteria, namely customers who have been customers for more than a year and also use the transaction features in Islamic banks. The

number of samples used in this pilot study were 59 people involved in responding to the tolerance limit of the number of small / minimum samples of 30 samples.

The statistical criteria used in testing the feasibility of the instrument in this study are to use the validity and reliability test, if the validity test results > 0.30 and the reliability test results > 0.60 then the instrument under study is valid and feasible to use (Trinanda & Sari, 2018). Furthermore, in understanding differences in respondents' perceptions of loyalty, the pilot study also used the assumption approach of normality and homogeneity in using different test techniques, especially in understanding the homogeneity of groups formed. If the results of the count T > T table or P Value (sig) < 0.05 then there is a significant difference in the group studied (Trinanda & Sari, 2019, 2020).

**Table 1. Demographics of Respondents**

Demographics	f
a. Sex	
– Male	71.2%
– Female	28.8%
b. Age	
– > 20 years – 30 years	6.8%
– > 30 years – 40 years	44.1%
– > 40 years – 50 years	37.3%
– > 50 years	11.9%
c. Education	
– Junior Highschool	6.8%
– Senior Highschool	52.2%
– Diploma	5%
– Bachelor	19%
d. start a business since	
– 1 year s/d 3 years	8.5%
– > 3 years s/d 5 years	25.4%
– > 5 years s/d 10 years	45.8%
– > 10 years	20.3%
e. customer since	
– 1 year	13.6%
– > 1 years s/d 3 years	35.6%
– > 3 years s/d 5 years	33.9%
– > 5 years s/d 10 years	16.9%

## 4. RESULTS AND DISCUSSION

In this discussion data and answers from respondents to the characteristics of respondents will be interpreted, namely to some customers of the Sharia Bank in the city of Padang. This is done to analyze the demographics of respondents based on predetermined criteria. This pilot study study, made 59 respondents as the initial sample to be studied. For more details, the following demographic characteristics of the respondents studied.

### *4.1. Statistical Criteria Eligibility for Data Analysis Techniques*

In majority the data are valid and reliable to be continued at the next processing stage. Furthermore, the results of the normality test showed that exploratively the variables used in measuring differences in perception of loyalty of Bank Syariah Customers in the city of Padang were normal for the two groups. This is shown by the significance value of Kolmogorov Smirnov produced  $0.200 > 0.05$ . For more details, the following are output normality test results on the variables developed:

**Table 2. Normality Test**

**Tests of Normality**

Loyalitas Terhadap Bank		Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
Pertimbangan Memilih Bank Syariah	0	.135	12	.200 <sup>*</sup>	.964	12	.840
	1	.098	47	.200 <sup>*</sup>	.991	47	.979

a. Lilliefors Significance Correction

\*. This is a lower bound of the true significance.

Furthermore, to see the homogeneity criteria in understanding the differences in respondents'

loyalty decisions, the calculation results are obtained as disclosed in the table as follows:

**Table 3. Homogeneity Test**

**Test of Homogeneity of Variance**

		Levene Statistic	df1	df2	Sig.
Pertimbangan Memilih Bank Syariah	Based on Mean	.075	1	57	.785
	Based on Median	.078	1	57	.782
	Based on Median and with adjusted df	.078	1	56.939	.782
	Based on trimmed mean	.075	1	57	.785

Homogeneity test is carried out using a measurement levene suppressor. The test results above show that the developed variable has a value of 0.075 Based on Mean with p value (sig) generated at 0.785 which is greater than 0.05 which means that there is a similarity of variance between the groups studied (homogeneous) and feasible for further researched.

**4.2. Results of Customer Loyalty Tests at Islamic Banks in the city of Padang**

The demographic characteristics produced implicitly provide reinforcement in understanding the preferences of respondents'

loyalty as sharia bank customers in the city of Padang. Exploratively in this study the measurement of respondents' loyalty decisions by re-coding the answers generated on the questions of loyalty measurement questions made by respondents. The initial assumption of this coding aims to minimize the potential opportunities for a uniform or directed answer from the respondent. For more details, following the results of differences in the test of respondents' loyalty decisions after considering choosing an Islamic bank in the city of Padang, namely as follows:

**Table 4. Results**

**Independent Samples Test**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Pertimbangan Memilih Bank Syariah	Equal variances assumed	.075	.785	1.412	57	.163	2.34397	1.65996	-.98005	5.66799
	Equal variances not assumed			1.377	16.558	.187	2.34397	1.70211	-1.25449	5.94243

The results of different tests conducted by this pilot study show that the calculated value is

1,412 in degree freedom (DF) the number of samples considered is 57. The calculated value is

1,412 smaller than t table (in DF 57) of 1.67 or The significance value produced 0.163 is greater than 0.05, meaning that there is no difference in the loyalty of respondents as customers in the Syariah Bank in the city of Padang. This implicitly confirms that the dominance of the characteristics of respondents generated is unique in understanding customer loyalty behavior in Sharia banks in the city of Padang.

## 5. CONCLUSION

Based on the findings of the pilot study conducted, it implies that customer loyalty is not an easy thing to achieve by the bank. This is because statistically there is no significant difference from customers who decide to be loyal or not as customers in the Islamic banks they choose. This is because respondents tend to have the same perception in understanding the offer of service quality developed by the Islamic Bank in the city of Padang. Demographically the results of the pilot study also explained the eligibility of respondents in terms of age, education, length of business and length of time being a customer have their own rationality in deciding whether or not to be a sharia bank customer in Padang.

From the research findings, there are a number of suggestions that are very supportive to make improvements in further research, namely:

1. It is necessary to compare the behavior of customers before and after becoming related customers in responding to the dynamics of increasingly competitive business competition related to strengthening customer preferences for the quality of services offered.
2. Segment related customers in understanding customer expectations for the quality of services offered related to improving customer loyalty behavior.
3. Increase the number of samples and expand the sample criteria in measuring customer loyalty related to differences in the level of customers in each bank.

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