

# Uncovering the Complexity of Customer Loyalty in Islamic Banks: The Relationship between Service Quality, Experience, and Brand Image through Customer Satisfaction

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## Abstract

The Islamic banking sector in Indonesia, especially after the merger of Bank Syariah Indonesia (BSI) in 2021, has shown tremendous growth. However, maintaining customer loyalty remains a significant challenge in this competitive landscape, with various factors potentially affecting customer retention in Islamic banking. This study investigates the relationship between service quality, customer experience, and brand image on customer loyalty at BSI KCP Mojokerto Gajah Mada, with customer satisfaction as a mediating variable. This study uses a quantitative approach using a structured questionnaire distributed to 110 customers selected through purposive sampling. Data analysis was conducted using Partial Least Square Structural Equation Modeling (PLS-SEM) to test the direct relationship and mediation effects. The study findings reveal that service quality and brand image directly affect customer loyalty, while customer experience requires the mediation of customer satisfaction to affect loyalty. In particular, service quality is negatively correlated with loyalty when mediated through satisfaction. Customer satisfaction effectively mediates the relationship between brand image and loyalty as well as between customer experience and loyalty. This study demonstrates the complex nature of customer loyalty formation in Islamic banking, suggesting that banks should focus on maintaining consistent service quality while building a strong brand image and positive customer experiences.

## Keywords

Islamic Banking; Customer Loyalty; Service Quality; Customer Experience; Brand Image; Customer Satisfaction

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## 1. INTRODUCTION

The existence and functioning of the banking sector in Indonesia is a cornerstone of societal development, serving as an important financial intermediary across all segments of the economy, from high-income to low-income sectors. This significance is realized through the sector's dual role in capital accumulation and public resource conservation, making banking services indispensable for economic



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growth and social welfare. The Islamic banking industry has shown remarkable improvement along with the national economic recovery, marking a transformative period in Indonesia's financial landscape. This positive trajectory gained substantial momentum after the passage of Banking Law No. 7 of 1992, which introduced a watershed moment by giving banks the freedom to determine their preferred method of return, either through conventional interest or Islamic profit-sharing arrangements, thus building a more inclusive and diverse banking system.

Indonesia's position as home to approximately 231 million Muslim citizens, as reported by the World Population Review (2022), presents unprecedented opportunities in Islamic economics and finance, particularly in the banking sector. This demographic advantage prompted the government to undertake a pioneering initiative in banking consolidation through the strategic merger of three state-owned Islamic banks - BRI Syariah, BNI Syariah, and Mandiri Syariah. The culmination of this merger on February 1, 2021, resulted in the formation of Bank Syariah Indonesia (BSI), a significant milestone in the history of Islamic banking in the country. This consolidation not only strengthens the operational capabilities of Islamic banking but also demonstrates the government's commitment to developing a robust Islamic financial system capable of competing globally.

Over the past ten years, the regulation of Islamic banking in Indonesia has undergone a significant transformation; the development of Islamic banking in Indonesia has been accompanied by increased regulation and supervision. The increase in the number of Islamic banks each year and the increasingly innovative Islamic banking products show that the implementation of this plan has been successful. In addition, as the national monetary authority, Bank Indonesia has participated in creating and implementing policies to support the development of Islamic banking by introducing regulations that enhance Islamic banking services and security.

Technological developments have also helped Islamic banking in Indonesia. Digital financial service innovations are becoming more accessible, especially in hard-to-reach areas. This allows people to conduct transactions without having to visit a branch office. In addition, there is also an increase in the capacity of human resources in the banking industry through the provision of training and education programs to increase the ability and understanding of employees in a professional manner. Islamic banking also participates in international conferences and cooperation with Islamic financial institutions in various countries to encourage the growth of the Islamic financial sector in the country and increase Indonesia's understanding of Islamic financial practices worldwide.

The sustainability and growth of Islamic banking institutions depend largely on their ability to cultivate and maintain customer loyalty, which is influenced by various interrelated factors. Service quality is emerging as a key determinant, with research uncovering a complex relationship between service delivery and customer satisfaction. Studies by (Zulkarnain et al., 2020) show a significant

positive correlation between service quality and customer satisfaction. However, this finding was contradicted by (Budiarno et al., 2022), who found no substantial relationship between these variables, highlighting the complexity of the role of service quality in banking operations. This discrepancy in research findings underscores the need for further investigation into the relationship between service quality and customer satisfaction in Islamic banking.

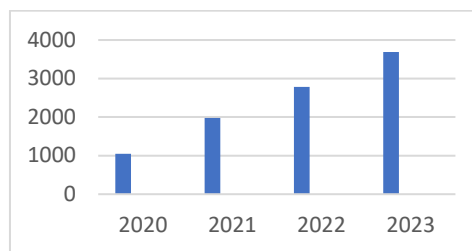
The role of customer experience in banking success has received increasing attention from researchers and practitioners. Recent studies have produced various results regarding its impact on customer loyalty and satisfaction. Research conducted by (Fadilla et al., 2024) revealed a strong positive influence of customer experience on satisfaction and loyalty metrics. (Safitri and Widyastuti, 2023) A positive but statistically insignificant relationship between customer experience and loyalty was found. (Lyna & Prasetyo, 2021) Found no meaningful relationship between these variables. These conflicting findings suggest that the relationship between customer experience and loyalty may be more nuanced than previously understood, which may involve moderator variables or context-specific factors that require further exploration.

Brand image is another important dimension in the success equation of Islamic banking institutions. The importance of brand image in shaping customer perceptions and influencing loyalty is well documented, although research findings are still inconsistent. (Avidha & Budiarmo, 2020) It showed a significant positive relationship between brand image and customer loyalty, which suggests that a strong brand image can increase customer retention and loyalty. However, contrasting findings emerged from research by (Sofi Adawiyah & Irmayanti Hasan, 2024), who found no partial effect of brand image on customer loyalty. This difference in research results demonstrates the complex role of brand image in forming customer loyalty. It highlights the need for a more comprehensive investigation into this relationship in the context of Islamic banking.

The mediating role of customer satisfaction in the relationship between service quality, customer experience, brand image, and customer loyalty has emerged as an important area of investigation. Research by (Febrianti & Keni, 2021; Keni and Sandra, 2021) found that customer satisfaction effectively mediates the relationship between service quality and customer loyalty. Similarly, (Yosephine Simanjuntak & Purba, 2020) showed the mediating effect of customer satisfaction in the relationship between customer experience and loyalty. Furthermore, (Cantona & Tunjungsari, 2019) established that customer satisfaction is a significant mediator in the relationship between brand image and customer loyalty, indicating the important role of satisfaction in building and maintaining customer loyalty in the Islamic banking industry. Given these research gaps and inconsistent findings, this study aims to comprehensively examine the effect of service quality, customer experience, and brand image on customer loyalty, with customer satisfaction as a mediating variable. This is important for Islamic

banking in understanding that customer satisfaction may not be the only factor that can determine customer loyalty; the inconsistency of the findings may be an indication that the variables used in this study need to be adjusted to the Sharia values that underlie banking operations and adapted to customer needs. This research focuses specifically on PT Bank Syariah Indonesia, Tbk. KCP Mojokerto Gajah Mada has shown tremendous growth and success in recent years. This growth is evidenced by the bank's significant increase in assets from 265.29 trillion rupiah in 2021 to 353.62 trillion rupiah in 2023, along with its ambitious vision to become one of the top 10 Islamic banks globally by 2025.

**Figure 1. Growth in the number of customers**



Sumber: Source: BSI KCP Mojokerto Gajah Mada employee interview (2024)

Information was obtained that BSI KCP Mojokerto Gajah Mada customers experienced a significant increase from 2020-2023, indicating the increasing interest of the Mojokerto community in becoming Bank Syariah Indonesia customers. Therefore, BSI KCP Mojokerto Gajah Mada was chosen as the research object. The selection of BSI KCP Mojokerto Gajah Mada as a research context is particularly relevant given its consistent customer growth and strategic importance in the Indonesian Islamic banking landscape, making it an ideal place to investigate the complex relationships between service quality, customer experience, brand image, customer satisfaction, and loyalty in Islamic banking.

## 2. METHODS

This research uses a quantitative approach based on positivist philosophy, focusing on collecting and analyzing objective, measurable, rational, and systematic data. The research was conducted at BSI KCP Mojokerto Gajah Mada, located at Jl. Gajah Mada No.60, Mergelo, Purwotengah, Magersari District, Mojokerto City, East Java. This location was chosen because it has significant customer growth and represents the growing market presence of Bank Syariah Indonesia.

The study population was all customers of Bank Syariah Indonesia KCP Mojokerto Gajah Mada who met the sampling criteria, namely active BSI customers with a minimum of three transactions, having an account for at least three years, and aged 17 years and over at the time of becoming a customer. The indicator multiplication method determines the sample size; the number of respondents equals five times the number of indicators. With 22 indicators in the study, the sample size was set at 110 respondents selected through purposive sampling to represent the target population.

Data collection utilized both primary and secondary sources. Primary data was collected through a structured questionnaire distributed through Google Forms, measuring five key variables: service quality, customer experience, brand image, customer satisfaction, and customer loyalty. The questionnaire used a five-point Likert scale ranging from strongly disagree (1) to strongly agree (5). Secondary data was obtained from previous research, scientific journals, and relevant literature to support the theoretical framework.

For data analysis, this study used Partial Least Square (PLS) structural equation modeling using SmartPLS software. The analysis was conducted in three stages: first, evaluating the outer model through convergent validity, discriminant validity, and composite reliability tests; second, assessing the inner model using R-square and Q-square values to determine model fit and predictive relevance; and third, testing hypotheses through the bootstrap resampling method. In addition, the Sobel test was used to test the mediating effect of customer satisfaction on the relationship between the independent and dependent variables.

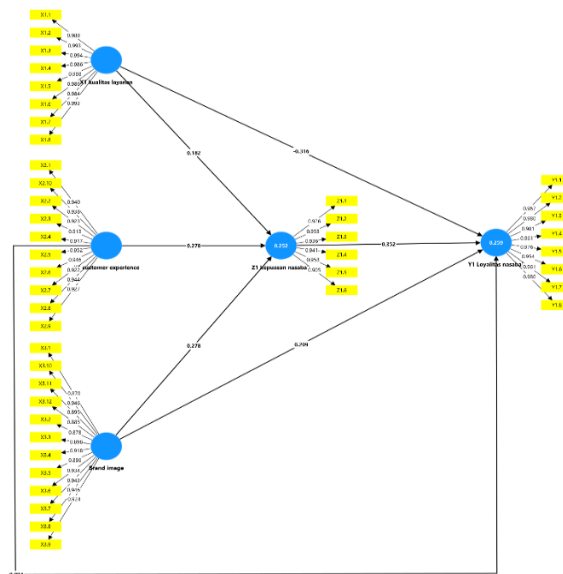
To ensure the reliability of the measurement, this study utilized a rigorous validation procedure. Service quality was measured using five dimensions: tangibility, reliability, responsiveness, assurance, and empathy. Customer experience is evaluated through taste, feelings, thoughts, actions, and relationships. Brand image assessment incorporates brand identity, personality, association, behavior and attitude, competence, and benefits. Customer satisfaction is measured through expectation congruence, intention to return, and willingness to recommend. In contrast, customer loyalty is assessed through repeat purchase behavior, provision of referrals, positive word of mouth, and rejection of competitors.

### **3. FINDINGS AND DISCUSSION**

#### **3.1. Convergent Validity**

According to Keeney et al. (1998), the initial measurement stage produces a loading factor value of around 0.5-0.6 in the study; these results are considered sufficient and can be continued with research. This measurement aims to determine whether there is a relationship or influence between indicators and variables with the underlying construct and whether an indicator is valid.

Figure 2. Outer Model



a) Convergent Validity Test

Table 1 Loading Factor Test

Item	Service Quality	Customer Experience	Brand Image	Customer Loyalty	Customer Satisfaction	Description
X1.1	0,988					valid
X1.2	0,993					valid
X1.3	0,994					valid
X1.4	0,986					valid
X1.5	0,988					valid
X1.6	0,986					valid
X1.7	0,984					valid
X1.8	0,993					valid
X2.1	0,988					valid
X2.2	0,993					valid
X2.3		0,940				valid
X2.4		0,938				valid
X2.5		0,923				valid
X2.6		0,913				valid
X2.7		0,917				valid
X2.8		0,952				valid
X2.9		0,946				valid
X2.10		0,922				valid

X3.1	0,944	valid
X3.2	0,927	valid
X3.3	0,940	valid
X3.4	0,87 0	valid
X3.5	0,94 6	valid
X3.6	0,89 5	valid
X3.7	0,88 5	valid
X3.8	0,87 8	valid
X3.9	0,89 8	valid
X3.10	0,91 8	valid
X3.11	0,88 6	valid
X3.12	0,967	valid
Y1.1	0,980	valid
Y1.2	0,981	valid
Y1.3	0,961	valid
Y1.4	0,976	valid
Y1.5	0,954	valid
Y1.6	0,961	valid
Y1.7	0,980	valid
Y1.8	0,967	valid
Z1.1	0,926	valid
Z1.2	0,953	valid
Z1.3	0,936	valid
Z1.4	0,941	valid
Z1.5	0,958	valid

<b>Z1.6</b>	0,905	valid
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source: Output Smart PLS, Primary data processed, 2024

The results of the Convergent Validity Loading Factor Test can be seen in Figure 1 and Table 1 above, which show the results that all variable indicators used in this study, namely Brand image, quality, service, customer experience, Customer loyalty, customer satisfaction, have a loading factor value > 0.5. This means that each indicator is valid which is highly correlated.

**b) Discriminant validity**

Measurement at this stage can be seen based on the Fornell-Larcker Criteria value and cross-loading. The definition of Fornell-Larcker is to calculate the square root value of Average Variance Extracted (AVE) for each construct and compare it with the correlation between other constructs in the model (Hensel et al., 2015). Suppose the square root value of AVE for each construct is greater than the discriminant validity value of the model. In that case, it is said to be greater than the correlation value between constructs and other constructs (Fornell and Larker, 1981 in Wong, 2013). The cross-loading value is evaluated to ensure that the correlation of constructs with measurement items is greater than other constructs. The expected cross-loading value exceeds 0.7 (Ghozali & Latan, 2015). The Fornell-Larcker and cross-loading on measurement variables on reflective indicators are as follows:

**Table 2 Cross Loading**

<b>item</b>	<b>Brand image</b>	<b>X1 service quality</b>	<b>X2 customer experience</b>	<b>Y1 Customer loyalty</b>	<b>Z1 customer satisfaction</b>
<b>X1.1</b>	<b>0,135</b>	0,988	0,034	-0,241	0,210
<b>X1.2</b>	<b>0,076</b>	0,993	0,045	-0,214	0,211
<b>X1.3</b>	<b>0,114</b>	0,994	0,064	-0,198	0,241
<b>X1.4</b>	<b>0,153</b>	0,986	0,045	-0,228	0,228
<b>X1.5</b>	<b>0,099</b>	0,988	0,024	-0,209	0,238
<b>X1.6</b>	<b>0,090</b>	0,986	0,042	-0,203	0,207
<b>X1.7</b>	<b>0,095</b>	0,984	0,042	-0,201	0,211
<b>X1.8</b>	<b>0,083</b>	0,993	0,048	-0,208	0,221
<b>X2.1</b>	0,325	<b>0,078</b>	0,940	0,124	0,325
<b>X2.10</b>	0,262	<b>0,050</b>	0,938	0,153	0,352
<b>X2.2</b>	0,276	<b>0,029</b>	0,923	0,163	0,298
<b>X2.3</b>	0,319	<b>0,028</b>	0,913	0,169	0,324
<b>X2.4</b>	0,234	<b>0,030</b>	0,917	0,146	0,267



X2.5	0,370	<b>0,081</b>	0,952	0,141	0,343
X2.6	0,351	<b>0,022</b>	0,946	0,213	0,428
X2.7	0,272	<b>-0,003</b>	0,922	0,222	0,380
X2.8	0,286	<b>0,051</b>	0,944	0,165	0,363
X2.9	0,295	<b>0,051</b>	0,927	0,165	0,368
X3.1	0,870	0,153	<b>0,342</b>	0,199	0,270
X3.10	0,946	0,120	<b>0,339</b>	0,280	0,406
X3.11	0,895	0,051	<b>0,225</b>	0,337	0,379
X3.12	0,885	0,060	<b>0,217</b>	0,338	0,344
X3.2	0,878	0,107	<b>0,281</b>	0,254	0,241
X3.3	0,898	0,092	<b>0,291</b>	0,270	0,329
X3.4	0,918	0,098	<b>0,310</b>	0,283	0,334
X3.5	0,886	0,136	<b>0,350</b>	0,211	0,340
X3.6	0,934	0,092	<b>0,303</b>	0,297	0,375
X3.7	0,943	0,067	<b>0,232</b>	0,327	0,351
X3.8	0,946	0,120	<b>0,339</b>	0,280	0,406
X3.9	0,924	0,111	<b>0,324</b>	0,266	0,399
Y1.1	0,304	-0,235	0,211	<b>0,967</b>	0,269
Y1.2	0,266	-0,185	0,165	<b>0,980</b>	0,398
Y1.3	0,243	-0,189	0,157	<b>0,981</b>	0,386
Y1.4	0,303	-0,238	0,207	<b>0,961</b>	0,278
Y1.5	0,345	-0,205	0,220	<b>0,976</b>	0,381
Y1.6	0,350	-0,216	0,153	<b>0,954</b>	0,345
Y1.7	0,320	-0,224	0,130	<b>0,961</b>	0,326
Y1.8	0,266	-0,185	0,165	<b>0,980</b>	0,398
Z1.1	0,243	0,227	0,350	0,377	<b>0,926</b>
Z1.2	0,347	0,223	0,306	0,307	<b>0,953</b>
Z1.3	0,352	0,227	0,315	0,308	<b>0,936</b>
Z1.4	0,423	0,199	0,319	0,315	<b>0,941</b>
Z1.5	0,344	0,210	0,382	0,394	<b>0,958</b>
Z1.6	0,453	0,176	0,422	0,317	<b>0,905</b>

Source: Output Smart PLS, Primary data processed, 2024

Table 2 shows that the cross-loading value of the indicator that measures the variable concerned is greater than the indicators that measure other variables.

**Table 3. Average Variance Extracted (AVE)**

	<i>Average Variance Extracted (AVE)</i>
<b>X1 Service quality</b>	0,978
<b>X2 Customer experience</b>	0,869
<b>X3 Brand image</b>	0,829
<b>Y1 Customer loyalty</b>	0,941
<b>Z1 Customer satisfaction</b>	0,878

Source: Output Smart PLS, Primary data processed, 2024

Based on table 4.15, the results show that the validity test of the AVE value of four variables shows an AVE value >0.50. The highest AVE value is the service quality variable, with a value of 0.978.

*c) Composite reliability*

**Table 4. Composite reliability**

<b>variable</b>	<i>Cronbach's alpha</i>	<i>Composite reliability (rho_a)</i>
<b>X1 Service quality</b>	0,997	0,997
<b>X2 Customer experience</b>	0,983	0,988
<b>X3 Brand image</b>	0,981	0,985
<b>Y1 Customer loyalty</b>	0,991	0,992
<b>Z1 Customer satisfaction</b>	0,972	0,974

Source: Output Smart PLS, Primary data processed, 2024

Based on Table 4, Composite reliability measures the actual reliability value of a variable. In contrast, Cronbach alpha measures the lowest value of a variable's reliability, so the composite reliability value is > 0.7, and the Cronbach Alpha value is > 0.70. Thus, it can be concluded that all constructs are reliable.

**3.2. Inner Model (Structural Model)**

*R-Square (R2)*

**Table 5. Determinasi test**

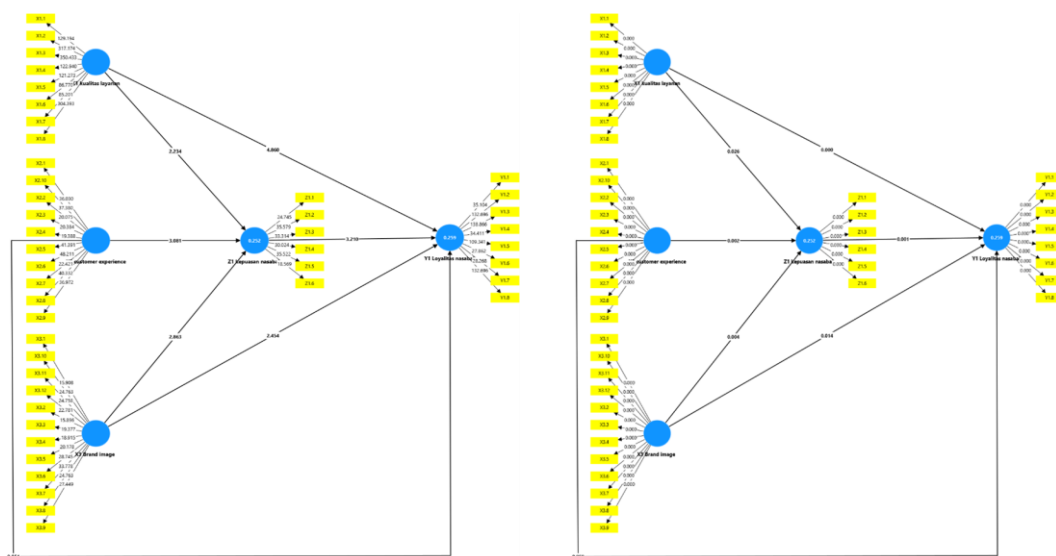
<b>variabel</b>	<i>R-square</i>	<i>R-square adjusted</i>
<b>Y1 Customer loyalty</b>	0,259	0,233
<b>Z1 Customer satisfaction</b>	0,252	0,233

Source: Output Smart PLS, Primary data processed, 2024

The first R-squared value of 0.259 indicates that the independent variables (service quality, customer experience, and brand image) collectively explain 25.9% of the variance in customer loyalty (Y1). This means that although these factors significantly influence customer loyalty, about 74.1% of the variation is due to other variables not included in the current research model. Similarly, for customer satisfaction (Z1), the R-square value of 0.252 indicates that the independent variables in the model explain 25.2% of the variance. This indicates that variables outside the scope of this study determine 74.8% of the factors affecting customer satisfaction.

**Estimasi Path Coefficient**

**Figure 3. Bootstrapping p-value and t value**



source: Output Smart PLS, Primary data processed, 2024

**Hypothesis Testing (Bootstrapping)**

Based on the data processing that has been done, the results can be used to answer the hypothesis in this study. Hypothesis testing in this study was carried out using t-statistics and p-values. The influence between variables is significant if the t-value is greater than (t-table significant 5%) 1.96. The hypothesis can be declared accepted if the P-value <0.05. The basis for direct hypothesis testing is the output or value of the output path coefficient and indirect influence. The structural model test is used to explain the relationship between research variables:

**Table 6. Hipotesis Test**

variabel	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
X1 service quality -> Y1 Customer loyalty	-0,316	-0,316	0,065	4,860	0,000
		6			
X1 service quality -> Z1 customer satisfaction	0,182	0,182	0,081	2,234	0,026
		3			
X2 customer experience -> Y1 Customer loyalty	-0,004	0,000	0,085	0,051	0,959
		5			
X2 customer experience -> Z1 customer satisfaction	0,278	0,278	0,090	3,081	0,002
		7			
X3 Brand image -> Y1 Customer loyalty	0,209	0,209	0,085	2,454	0,014
		8			
X3 Brand image -> Z1 customer satisfaction	0,278	0,278	0,097	2,863	0,004
		8			
Z1 customer satisfaction -> Y1 Customer loyalty	0,352	0,352	0,110	3,210	0,001
		9			

source: Output Smart PLS, Primary data processed, 2024

Based on Table 6 above, the results of direct testing between variables are as follows :

- 1) Service quality (X1) shows a surprising negative but significant relationship with customer loyalty (Y1), with a path coefficient of -0.316 and a p-value of 0.000. Indicating that any increase in service quality decreases the level of customer loyalty.
- 2) The relationship between service quality (X1) and customer satisfaction (Z1) is proven to be positive and significant, with a path coefficient of 0.182 and a p-value of 0.026. Indicates that improving service quality affects increasing customer satisfaction.
- 3) Customer experience (X2) does not show a significant direct relationship with customer loyalty (Y1), as evidenced by the path coefficient of -0.004 and a p value of 0.959. Indicates that customer experience has no direct influence on customer loyalty.
- 4) Customer experience (X2) shows a positive and significant effect with a path coefficient of 0.278 and a p value of 0.002 on customer satisfaction (Z1). Indicates that an increase in customer experience results in higher satisfaction.
- 5) Brand image (X3) shows a positive and significant relationship with customer loyalty (Y1) and customer satisfaction (Z1). The relationship with loyalty shows a path coefficient of 0.209 and a p-

value of 0.014, while the relationship with satisfaction shows a path coefficient of 0.278 and a p-value of 0.004.

- 6) Most notably, the strongest relationship in the model is between customer satisfaction (Z1) and customer loyalty (Y1), which has a positive and significant influence, with the highest path coefficient of 0.352 and a p-value of 0.001.

### Mediation Test

**Table 7. Mediation Test**

Variabel	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
X3 Brand image -> Z1 customer satisfaction -> Y1 Customer loyalty	0,098	0,093	0,037	2,629	0,009
X1 kualitas layanan -> Z1 customer satisfaction -> Y1 Customer loyalty	0,064	0,065	0,041	1,559	0,119
X2 customer experience -> Z1 customer satisfaction -> Y1 Customer loyalty	0,098	0,094	0,037	2,607	0,009

Source: Output Smart PLS, Primary data processed, 2024

Based on Table 7 above, it shows the results of direct testing between variables, namely as follows :

- 1) customer satisfaction significantly mediates the relationship between brand image and customer loyalty, with a path coefficient of 0.098 and a p-value of 0.009. This indicates that brand image effectively enhances customer loyalty through increased customer satisfaction, demonstrating the importance of building a strong brand image to create satisfied and ultimately loyal customers.
- 2) customer satisfaction failed to mediate the relationship between service quality and customer loyalty, as evidenced by a path coefficient of 0.064 and p-value of 0.119 (exceeding the 0.05 threshold). This suggests that improvements in service quality do not effectively translate into

increased customer loyalty, even when considering the potential mediating role of customer satisfaction.

- 3) customer satisfaction successfully mediates the relationship between customer experience and loyalty, with a path coefficient of 0.098 and a p-value of 0.009. This finding demonstrates that positive customer experiences increase customer loyalty through enhanced customer satisfaction, highlighting the importance of creating meaningful customer experiences in building long-term customer relationships.

### 3.3. Discussion

H1: Service Quality → Customer Loyalty The study found that service quality significantly influences customer loyalty at BSI KCP Mojokerto Gajah Mada. Better service quality, including adequate physical facilities, responsive employees, accurate service delivery, attention to customer needs, and transaction security, leads to increased customer loyalty. This aligns with findings by (Madjowa et al., 2023) and reflects Islamic principles of providing excellent service, as mentioned in Al-Baqarah verse 267.

H2: Customer Experience → Customer Loyalty Customer experience showed no significant direct influence on customer loyalty. Despite the bank's efforts to provide positive experiences through ease of transactions and pleasant interactions, these factors alone did not directly translate to customer loyalty. This contradicts (Fadilla et al., 2024) findings but aligns with (Lyna and Prasetyo, 2021) research, suggesting that customers may prioritize other factors in determining their loyalty.

H3: Brand Image → Customer Loyalty Brand image significantly positively influences customer loyalty. A stronger brand image, reflected in customers' positive perceptions of BSI as a trusted Islamic bank and its adherence to Shariah principles, leads to increased customer loyalty. This confirms the findings by (Avidha & Budiarmo 2020 Dam & Dam, 2021) and aligns with Islamic teachings in Asy-Syu'ara verse 181 about maintaining trust and transparency.

H4: Service Quality → Customer Satisfaction → Customer Loyalty The mediating role of customer satisfaction in the relationship between service quality and customer loyalty was insignificant. This suggests that even when customers are satisfied with service quality, it does not necessarily translate to loyalty. This aligns with (Zulkarnain et al., 2020) findings, indicating a complex relationship between these variables.

H5: Customer Experience → Customer Satisfaction → Customer Loyalty Customer satisfaction successfully mediates the relationship between customer experience and loyalty. Positive customer experiences lead to increased satisfaction, which in turn promotes loyalty. This supports Safitri & Widyastuti's (2023) findings and aligns with Islamic principles in Al-Baqarah verse 263 about the importance of good treatment and communication.

H6: Brand Image → Customer Satisfaction → Customer Loyalty The study found that customer satisfaction effectively mediates the relationship between brand image and loyalty. A strong brand image enhances customer satisfaction, contributing to increased loyalty. This supports the (Avidha & Budiarmo, 2020) research and reflects Islamic teachings in Ali Imran verse 159 about the importance of gentle treatment and understanding in building relationships.

#### **4. CONCLUSION**

This study examines the complex relationship between service quality, customer experience, brand image, and customer loyalty in Islamic banking, with customer satisfaction as a mediating variable at PT Bank Syariah Indonesia, Tbk. KCP Mojokerto Gajah Mada. Based on the search for information and conversations above, some important insights about customer behavior in Islamic banking were found. Our analysis shows that service quality and brand image directly influence customer loyalty, highlighting the importance of maintaining high service standards and a strong brand reputation in Islamic banking. Service quality, which includes reliability, responsiveness, assurance, empathy, and tangibility, proved important in building long-term customer relationships. Similarly, a strong brand image, particularly one aligned with Islamic banking principles, contributes significantly to customer loyalty.

The brand image of Bank Syariah Indonesia should have a good value or reputation in the eyes of the community to create a positive perception of the quality of service and commitment of Islamic banks to Sharia principles. Bank Syariah Indonesia must continue to innovate regarding financial products that are only owned by Islamic banking and technology that allows online transactions by applying Sharia principles. Interestingly, customer experience does not have a substantial impact on customer loyalty.

This important finding implies that a combination of various supporting elements is needed to create resilient customer loyalty, not simply relying on user experience alone. This may be because customers consider other aspects, such as service quality and brand image when determining their loyalty to the bank. However, customer experience and brand image effectively increase customer loyalty when mediated through customer satisfaction. This finding underscores the complex nature of customer loyalty formation in Islamic banking, where satisfaction plays an important intermediary role. The effect of service quality on loyalty is more effective when done directly than through satisfaction. This challenges the common view of the importance of satisfaction in building loyalty and suggests that consistent, high-quality service may be sufficient to maintain customer loyalty even when satisfaction levels vary.

This research is limited to PT Bank Syariah Indonesia, Tbk. KCP Mojokerto Gajah Mada, so results

may affect generalizability. This branch may differ from other Islamic banks in Indonesia and worldwide regarding customer demographics and operational context. As mentioned, this study is limited to one Islamic bank, and the results may not be fully generalizable to other Islamic banks. For future research recommendations, First, researchers should explore additional mediating variables beyond customer satisfaction by adding elements to measure customer satisfaction, product quality, and anything else to the exploratory model that is believed to be improved or include additional variables to drive the research.

Assuming this investigation emphasizes external variables, Author 1, Author 2 / Article Title 191, especially from the client's point of view, future researchers can look at internal and external factors of the bank, such as trust can be measured with certain instruments such as Integrity (honesty), competence (ability), and consistency (reliability).

In addition, religious commitment with instruments that refer to customer dedication to Islamic principles encourages them to choose Islamic banks. Alternatively, other variables might better explain the relationship between service quality and loyalty in Islamic banking. Second, further research can be conducted by expanding the case study to various branches of other Islamic banks in cities and villages to find differences in customer behavior based on location and context. Finally, a comparative study between conventional and Islamic banks could provide valuable insights into whether these relationships differ across banking systems. Current ongoing studies investigate the role of religious commitment in the formation of customer loyalty and examine how Islamic banks can better integrate digital services while maintaining their unique value proposition. These ongoing investigations will further enhance our understanding of customer behavior in Islamic banking.

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