


Trust, religiosity commitment, and nisbah perception in shaping customer loyalty



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ABSTRACT

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This study investigates the factors influencing customer loyalty in Sharia banking, with a focus on trust, religiosity commitment, and the perception of nisbah (profit-sharing ratio). By exploring the interplay between these variables, the research aims to provide insights into the mechanisms driving customer loyalty within Islamic banking institutions. Utilizing partial least squares structural equation modeling (PLS-SEM), data was collected from 212 priority customers of Bank Syariah Indonesia (BSI) in the Jabodetabek region. The study examines the direct and indirect effects of trust on loyalty, the mediating role of religiosity commitment, and the moderating influence of nisbah perception. The findings underscore the significance of trust in fostering customer loyalty in Sharia banking. Trust directly influences both religiosity commitment and loyalty, with religiosity commitment serving as a partial mediator between trust and loyalty. Furthermore, nisbah perception moderates the relationship between religiosity commitment and loyalty, indicating its role in shaping customer loyalty within Sharia banks. The study highlights the importance of transparency, adherence to Sharia principles, and the effective communication of transaction costs and risks in building trust and maintaining customer loyalty. Policy recommendations include prioritizing service improvements, reinforcing halal fund management practices, and enhancing employee competence to better serve priority customers. However, limitations such as restricted interaction with respondents and sample size constraints are possibilities for future research to enhance the robustness of the findings.

Contribution/Originality: This study enriches existing research by introducing religiosity value, an essential component to customer commitment to their bank, and explores the role of nisbah perception, which has been overlooked. Additionally, it exclusively examines BSI's priority customers in the Jabodetabek region, offering unique insights.

1. INTRODUCTION

Being the nation with the largest number of Muslims, Indonesia holds substantial potential for the growth of Sharia-based financial industries. With the majority of Indonesia's population practicing Islam, the country presents a highly promising market for the expansion of Islamic banking. Nevertheless, the potential within Indonesia's predominantly Muslim population does not align with the growth trajectory of its market share of Sharia banks. In accordance with Aisyah (2018) the market share of Sharia banking in Indonesia was ranked 10th globally, despite it having the largest Muslim population. In line with the outcomes of the National Financial Literacy and Inclusion

Survey in 2022, the findings indicated that the index of financial inclusion for Sharia finance only amounted to 12.12% of the overall financial index, which stood at 85.10%. This poor market share indicates a lack of interest in Sharia banking among the public compared to conventional banks (Souiden & Rani, 2015).

The increasingly competitive global environment has compelled banks to prioritize customer loyalty as a means to gain a competitive edge (Zameer, Tara, Kausar, & Mohsin, 2015). Escalating competition within the banking industry, especially in the quest for the same customer demographic, has compelled Sharia banks to formulate exclusive marketing strategies focused on cultivating and maintaining relationships with their customers. Such measures guarantee the longevity and success of the corporation. Research indicates that establishing trust in a bank is a crucial factor in fostering relationships between customers and financial institutions. Järvinen (2014) argues that the foundation of trust in the banking sector relies on the experiences of consumers and the capabilities of banks to consistently provide reliable services, adhere to regulations, and effectively serve the overall interests of their customers. In Sharia banking, trust also encompasses customers' faith in selecting Sharia banks, which entails adherence to Sharia-compliant operational principles and the use of Sharia-compliant products and services. Past studies have emphasized that the significant expansion of Islamic finance over the last four decades can be attributed primarily to its unique ethical characteristics, innovative features, and a foundation rooted in faith-based trust (Ali, 2017). Consequently, trust has emerged as a pivotal facet in the relationships between customers and Sharia banks (Amin, Isa, & Fontaine, 2013).

However, recent research has raised concerns about how customers establish trust and loyalty toward banks. One commonly discussed aspect that acts as a mediator in forming long-term relationships in Sharia banking is religious commitment. In Sharia banks, religiosity, which is part of cognitive and affective loyalty, is a critical factor influencing customer choices and safeguarding the interests of Sharia banks. The motivation for customers to utilize Sharia banks is rooted in religious faith rather than high returns or the profitability of financial products (Uysal & Okumuş, 2019).

Nevertheless, positive effects of religious commitment on loyalty have not always been found in prior empirical studies. For example, Suhartanto, Muflih, Najib, and Faturohman (2020) examined consumer behavior in cosmetic products and found that the correlation between religious commitment and loyalty to the products was statistically insignificant. Likewise, Swimberghe, Sharma, and Flurry (2009) indicated that religiosity commitment did not exert a significant influence on loyalty. This suggests an inconsistency in the relationship between religious commitment and loyalty.

The comprehension of nisbah rates has garnered acknowledgment in academic literature as a noteworthy factor affecting loyalty toward Sharia banks. Contrary to conventional banks, Sharia banks employ the nisbah rate as a reference to determine the returns from their banking products rather than using an interest rate. The return rate in banking represents the costs and benefits that customers receive, which play a critical role in their decision making when contemplating a switch to conventional banks (Pan & Ha, 2020). Considering many studies suggest a significant role of return rate, it is highly plausible that the nisbah rate, which is a substitute for the interest rate, also performs as a moderating factor in a customer's decision.

Based on this background, this research attempts to answer three main research questions: Does customer trust influence customer loyalty to Islamic banks? Does religious commitment mediate customer trust and loyalty? If it is significant, does nisbah perception moderate customer religiosity commitment toward customer loyalty? To address these questions, we examine the roles of two variables by introducing customer religiosity commitment as a mediating factor between trust and loyalty. Additionally, we consider the moderating variable of nisbah perception, establishing the connection between customer religiosity commitment and loyalty using PLS-SEM. The research involved 212 priority customers of the largest Sharia bank in Indonesia, Bank Syariah Indonesia (BSI).

This study makes several contributions to the existing body of research: (1) It enriches existing studies by introducing the concept of religiosity value, which is a vital and unique element as an additional component to the

customer commitment variable, which serves as a mediating factor; (2) It introduces the variable of nisbah perception, which is relatively unconsidered in prior studies; (3) The study exclusively comprised priority customers of BSI in the Jakarta, Bogor, Depok, Tangerang, and Bekasi (Jabodetabek) regions.

The paper is arranged into four key sections. The next section contains the literature review, exploring prior research findings on the topic. This is followed by the methodology and data sections, and subsequently, the presentation of the outcomes. Finally, the paper concludes with an encapsulating section, the conclusion, and policy recommendations.

2. LITERATURE REVIEW

2.1. Customer Loyalty

In accordance with the loyalty model of Dick and Basu (1994) an individual's attitude and motivation to demonstrate loyalty are influenced by three measurements: cognitive, affective, and conative. The cognitive dimension pertains to behaviors associated with product or brand attributes. One aspect of the cognitive dimension elucidated by Dick and Basu is an individual's belief in using a particular product. Sharia-compliant banking products and services operate on principles of profit-sharing and mutually agreed-upon contracts. Their financing activities are directed toward halal sectors, and they incorporate Sharia Supervisory Boards.

The affective aspect is associated with the emotions and feelings experienced by an individual, encompassing emotions, mood, and satisfaction. Amin et al. (2013) also underscore the importance of customer satisfaction as a crucial variable and an early predictor of loyalty. The conative aspect is related to the costs incurred, including the level of profits earned. In Islamic banks, profit is called nisbah, and adopts the system of a profit-sharing ratio between the banks and their customers. The actual amount of profit-sharing given to customers each month is not uniform or fixed but varies depending on the bank's performance in providing financing.

A study conducted by Albaity and Rahman (2021) revealed that various factors play a role in influencing loyalty in Sharia banks. By analyzing a sample of working individuals who subscribe to Sharia banking services in the UAE, their study found that clients' religious commitment, trust, and attitude toward Sharia banks had significant and positive effects on loyalty toward Sharia banks. Furthermore, the study discovered that the connection between religious commitment and customer satisfaction was respectively mediated by customer trust and attitude. These results suggest the presence of both direct and indirect connections to customer loyalty within Sharia banks in the UAE. In another study, Rhamdhani and Riptiono (2023) executed research involving 230 Sharia microfinance customers and discovered that customer loyalty is affected by the extent of religiosity, trust in the financial institution, and customer closeness. These findings suggest the presence of both direct and indirect links to customer loyalty in Sharia banks in the UAE.

2.2. Trust

Trust constitutes a foundational element that is crucial for the success of long-term relationships and plays a fundamental role in fostering customer commitment, as highlighted by Morgan and Hunt (1994). According to their perspective, belief lies at the core of all forms of relationships and is marked by one party having confidence in the reliability and integrity of the other. Morgan and Hunt's measurement of trust incorporates three dimensions: ability, integrity, and shared values. Tabrani, Amin, and Nizam (2018) elucidate that factors related to client trust have an influence on belief in the banking system, impacting trust in the banking institution and consequently contributing to bank loyalty.

In the banking context, consumer trust is deeply rooted in customer experiences and hinges on the bank's ability to consistently exhibit reliability, adhere to regulations, operate efficiently, and provide effective services, as outlined by Järvinen (2014). In Sharia banks, customer trust is characterized as a representation of integrity, ethics, and compliance to Sharia guidelines, as highlighted by Amin et al. (2013). Operational aspects of Sharia banks are

unique as they are based on Islamic principles and Sharia compliance. Therefore, customer trust is inseparable from a bank's adherence to Sharia principles and laws. Trust is also formed through past customer engagements with the company; this history provides customers with many opportunities to assess the company's ability, customer orientation, and integrity (Choi & La, 2013).

Empirical studies have indicated that a strong commitment to religiosity and trust leads to expanded loyalty in Sharia banks (Fadila, Lupikawaty, & Africano, 2022). In another study conducted within Indonesia, customer trust was also identified to have a pivotal and positive impact on client satisfaction at Bank Jatim Syariah (Bagoes & Rachmat, 2019).

2.3. Customer Religiosity Commitment

The trust and commitment theory, posited by Morgan and Hunt (1994) contends that trust and commitment serve as pivotal variables in the success of marketing relationships. Commitment is a psychological state that emerges from an individual's perceptions, beliefs, and emotions, giving rise to a willingness and intention to nurture and maintain a stable and enduring relationship. The organizational commitment theory elucidates that customer commitment comprises three elements: affective commitment, analytical commitment, and prescriptive commitment, as outlined by Sumaedi, Juniarti, and Bakti (2015).

In the Sharia banking framework, special attention should be given to normative commitment, as it serves as the basis for implementing values and teachings that are obligatory in the Islamic faith, as highlighted by Fullerton (2011). Normative commitment pertains to social norms and the moral obligations of an individual, encompassing the duties and responsibilities that one party has toward another in a relationship. Customers exhibiting normative commitment may experience feelings of guilt when contemplating ending a relationship with a service provider. Normative commitment holds significant relevance in the context of Islamic banking, as Islamic banks not only provide profit-based business relationships to customers but also offer religious values. These values empower customers to fulfill their religious commitments and avoid feelings of guilt in leaving their duties and beliefs. Personal commitment arising from a belief in adhering to religious doctrines can influence individual social interaction as well as decision making when deciding and utilizing various products and services (Mathras, Cohen, Mandel, & Mick, 2016).

An investigation conducted on customers of Islamic banks in Jakarta revealed that religiosity significantly influences customer loyalty, satisfaction, and trust (Wahyoedi, Sudiro, Sunaryo, & Sudjatno, 2021). Religiosity is identified as a crucial precursor that might elevate commitment. Furthermore, in the realm of Sharia microfinance, the factor exerting the most substantial impact on enhancing loyalty is customer commitment (Rhamdhani & Rptiono, 2023).

In other studies, Abror et al. (2020) surveyed 335 Sharia bank clients in West Sumatra, Indonesia. Their findings revealed that religiosity exerts a pivotal and negative intervening impact on the connection between service quality and customer satisfaction. Meanwhile, customer satisfaction emerged as a noteworthy precursor to both customer engagement and loyalty. Afendi and Ghofur (2021) identified a positive and fundamental impact of spiritual well-being and religious commitment on customer satisfaction. Furthermore, they observed that customer satisfaction exerts a positive and essential influence on loyalty.

2.4. Nisbah Perception

In accordance with the consumer situation theory, fluctuations in consumer awareness of interest rates can affect the relationship between client orientation and loyalty (Pan & Ha, 2020). The linkage between customers and their loyalty is contingent upon the degree of consumer awareness regarding the benefits derived from bank interest rates and how this connection evolves with perceived changes. Perception of profit orientation refers to the

responses and feelings of customers regarding the profit-sharing benefits they receive after depositing funds in the bank (Aysan, Disli, Duygun, & Ozturk, 2018).

Drawing from empirical studies, Nugraheni and Widayani (2021) found that profit-sharing, spiritual commitment, knowledge, and financial information disclosure have an impact on the intentions of both Muslim and non-Muslim students to save in Sharia banks. Maulidya and Putra (2023) further revealed that recognition of profit-sharing, Islamic financial literacy, and the quality of e-banking services positively leverage customers' interest in using the facilities of Bank Syariah Indonesia. Elevating competitive advantage is one of the best ways to ensure Sharia bank customers' loyalty and willingness to utilize Sharia banking products and services, and one of the main factors that influence customer competitive advantage is a competitive nisbah rate (Lestari, Haryono, & Furwanti, 2022).

3. RESEARCH MODEL AND HYPOTHESIS DEVELOPMENT

This research seeks to explore the correlation between customer trust and customer loyalty in the framework of Sharia banks, with religiosity commitment as the mediating factor. Furthermore, this investigation aims to assess the perception of nisbah rates as a moderating factor that influences the connection between religiosity commitment and loyalty to Sharia banks. Building upon the theoretical literature reviewed, empirical discoveries, and the developed conceptual framework, this study puts forward five hypotheses outlined below.

3.1. Customer Trust and Customer Loyalty

Several researchers have explored the influence of trust on loyalty to Sharia banking, with contributions from researchers such as Amin et al. (2013); Van Esterik-Plasmeijer and Van Raaij (2017) and Wu, Cheng, and Hussein (2019). These investigations, involving both Muslim and non-Muslim clients of Sharia banks, consistently discovered that trust has a significant and positive influence on loyalty. Similarly, in studies conducted with conventional banks, e.g., Boonlertvanich (2019); Kaabachi, Ben Mrad, and Fiedler (2020); Quoquab, Mohamed Sodom, and Mohammad (2020); Tabrani et al. (2018) and Thaker, Sakaran, Nanairan, Mohd Thas Thaker, and Iqbal Hussain (2020), it was shown that the trust of customers plays a part in shaping loyalty.

H1: Customer trust has a positive influence on customer loyalty.

3.2. Customer Trust and Customer Religiosity Commitment

Tabrani et al. (2018) analyzed the relationship between trust, customer commitment, and loyalty. In the Sharia banking framework, Muslim customers might experience a sense of guilt and feeling as though they are abandoning their faith when considering leaving an Islamic bank. This trust dynamic tends to foster the normative commitment of individual customers to Sharia banks (Sumaedi et al., 2015). The results of Matikiti, Mpinganjira, and Roberts-Lombard (2020) also reinforce this relationship.

H2: Customer trust has a positive influence on customer religiosity commitment.

3.3. Customer Religiosity Commitment and Customer Loyalty

Within the scope of the Sharia banking industry, it is described that religiosity directly affects customer loyalty to Islamic banks (Suhartanto, 2019). A study by Kaur and Soch (2018) on the dynamics of customer commitment and loyalty sheds light on the effect of affective commitment on loyalty.

H3: Customer religiosity commitment has a positive influence on customer loyalty.

3.4. Customer Religiosity Commitment as a Mediator

In the Sharia banking industry, Tabrani et al. (2018) clarified that the commitment variable performs as a mediator in the relationship between trust and loyalty. Sumaedi et al. (2015) employed affective commitment,

prescriptive commitment, and analytical commitment as variables to scrutinize the connection between trust and loyalty.

H4: Customer religiosity commitment serves as a positive mediating factor between customer trust and customer loyalty.

3.5. Nisbah Perception as a Moderator

Pan and Ha (2020) conducted research on the perception of bank interest rates, which later became an intervening variable linking customer orientation and loyalty. In this study, customer orientation utilizes spiritual orientation. Since Islamic banks do not utilize interest-based principles, in this research, the perception of interest rates is interpreted as customers' benefits from funds deposited in Islamic banks in the form of bank nisbah.

H5: Nisbah perception serves as a positive moderating factor between customer religiosity commitment and customer loyalty.

H6: Nisbah perception has a positive influence on customer loyalty.

4. DATA AND METHODS

4.1. Data and Sampling Technique

This research was executed at Bank Syariah Indonesia (BSI), which operates in the Regional Jakarta office, covering DKI Jakarta, Bogor, Tangerang, and Bekasi (Jabodetabek) and was carried out from September to December 2021. The amalgamation of three prominent Islamic banks resulted in the establishment of BSI, positioning it as the largest Sharia bank in Indonesia. BSI is regarded as a representative entity for illustrating the state of Islamic banking in Indonesia given its substantial market share of 12.6% in the national Islamic banking industry.

The population in this research consists of active priority customers of Bank Syariah Indonesia (BSI) for at least the six months prior to the interview date. The selection criteria for priority customers in this study are as follows: (1) Priority customers of BSI must have a minimum of two fund products, namely savings and deposits; (2) The portfolio of priority customers at BSI should have a minimum of IDR 500 million, making them prime customers with significant influence on the bank's deposit growth; (3) Priority deposit customers who are sensitive to changes in profit-sharing amounts. This study utilizes the population of priority customers in the Greater Jakarta Area, specifically in DKI Jakarta, Bogor, Depok, Tangerang, and Bekasi. The research covers both Jakarta Region 1 and Jakarta Region 2, which includes the provinces of DKI Jakarta and West Java (encompassing Depok, Bogor, and Bekasi), as well as the province of Banten, covering Tangerang.

To determine a representative sample size, a specific method or pattern can be applied, either by using predefined criteria or by applying a specific formula. The population for this study consists of 12,196 priority customers of Bank Syariah Indonesia in Jakarta Regions 1 and 2. The sample size is determined using the Slovin method with an 8% margin of error. Based on the calculation, the sample size is 211.72, rounded up to 212 individuals.

4.2. Method

To assess the hypotheses in this study, the research utilizes inferential statistical analysis known as partial least squares structural equation modeling (PLS-SEM), conducted through SmartPLS 3.0. Structural equation modeling (SEM) is a statistical technique employed in the social sciences to examine and estimate causal relationships by combining statistical data with qualitative causal assumptions. PLS-SEM is a specialized approach within structural equation modeling that employs the partial least squares (PLS) method for estimation. PLS serves as an alternative to the more traditional covariance-based SEM (CB-SEM) and proves particularly advantageous in scenarios that deal with limited sample sizes or data that does not follow a normal distribution. The PLS-SEM method has been widely used to identify the role of the mediation variable and moderator variable in a model. This study utilizes

PLS-SEM in line with the research objectives, which are exploratory, or theory development based on existing theories. Nevertheless, this study pays careful attention to the sample selection by only using priority customers to ensure robustness, which was not done in prior studies. The study model differs from previous studies in its specific selection of priority customers, as this helps reduce unobserved bias since respondents tend to be more homogeneous and exhibit a higher degree of loyalty and influence on the bank. This approach differs from previous studies that often involved a more general customer database. Additionally, the selection of the moderator variable, nisbah rate perception, is also a relatively new aspect to be analyzed in the context of this topic. Furthermore, mediation variable analysis is performed, and mediation takes place when a third variable, known as a mediator, intervenes in the connection between two other constructs (Hair, Hult, Ringle, & Sarstedt, 2017). The mediating variable elucidates the intensity or even the direction of the relationship between the two constructs and is contingent on the influence of this third variable. Mediation results in an indirect effect between the two connected constructs, which differs from the direct effect when the mediating variable is not included. The primary tool employed in this study is a survey questionnaire. The measurement technique for the variables utilized a Likert scale, ranging from 1 to 5, where participants expressed their level of agreement on a scale ranging from "strongly disagree" to "strongly agree." Refer to Table 1 for a detailed explanation of the indicators and items addressed in the survey.

Table 1. Indicators and sources.

Indicator	Item	Source
Customer trust (CT)		
Transparency	CT01: The bank explains the transaction cost to the customer. CT02: The bank explains transaction risks to customers.	Amin et al. (2013); Choi and La (2013); Järvinen (2014); Sumaedi et al. (2015) and Tabrani et al. (2018)
Operational compliance	CT03: The bank manages funds based on profit-sharing principles. CT04: The management of funds is halal.	
Employee competence	CT05: Employees provide clear information. CT06: Employees have product knowledge.	
Bank integrity	CT07: The bank improves community welfare. CT08: The bank is safe from fraudulent actions.	
Customer orientation	CT09: Sharia banks provide solutions to customer needs. CT10: Products meet the financial needs of customers regarding transactions.	
	CT11: Products meet customers' need to share with others. CT12: Products meet customers' need to worship God.	
Customer religiosity commitment (CRC)		
Religiosity	CRC01: Using Islamic banks is a command from Allah. CRC02: Using Sharia-compliant banks is a form of submission to Allah. CRC03: The Sharia banking system is an implementation of Sharia business principles. CRC04: Using Sharia-compliant banks is a form of worship. CRC05: Using Sharia-compliant banks is a form of obedience to Islamic teachings. CRC06: Religious beliefs shape my life.	Usman, Tjiptoherijanto, Balqiah, and Agung (2017)
Nisbah perception (NP)		
Profit-sharing principles	NP01: Profit-sharing principles in Islamic banks are fairer for customers. NP02: Profit-sharing principles bring greater peace of mind. NP03: Depositing funds in Islamic banks is more advantageous.	Aysan, Disli, Ng, and Ozturk (2017) and Aysan et al. (2018)
Profit-sharing benefits	NP04: I see greater profits when saving in an Islamic bank. NP05: I expect larger profits every month. NP06: I always compare profits with other banks.	
Customer loyalty (CL)		
Transaction frequency	CL01: I regularly save. CL02: I regularly make e-commerce transactions at Islamic banks. CL03: I regularly pay charitable donations at Islamic banks.	Meesala and Paul (2018) and Wu et al. (2019)
Repeat purchases	CL04: I prefer Islamic banks for storing funds. CL05: I prefer Islamic banks for investment products.	
Recommending Islamic banking	CL06: I recommend Islamic banks to my family. CL07: I recommend Islamic banks to my friends.	

5. RESULTS AND DISCUSSION

5.1. Validity and Reliability Test

To ascertain the suitability of all items in the research instrument for measuring the relationships between the study variables, it is essential to perform a validity test, as suggested by Hair et al. (2017). The credibility of each item in the instrument signifies whether a relationship exists between the specific item and the overall item score. An item is considered valid if it passes the significance test when its coefficient is tested against the total item score. Only valid items are suitable for use in the research.

Malhotra and Birks (2006) advised that, in research, it is often necessary to reduce correlated variables. Factor analysis is a widely applied procedure for data reduction and summarization. A key statistic employed will be the measurement of the sufficiency of sample values for factor loading in the component matrix. Factor loading denotes the basic correlation between variables and factors. The questionnaire is considered valid when the factor loading value is equal to or greater than 0.6, as indicated by Malhotra and Birks (2006). Table 2 shows the factors loading results and the measurement model.

Table 2. Measurement model.

Variable	Indicator	Factor loading	Cronbach alpha	CR	AVE	Valid	Reliable
Customer loyalty	CL01	0.75	0.868	0.898	0.557	√	√
	CL02	0.811				√	√
	CL03	0.716				√	√
	CL04	0.701				√	√
	CL05	0.75				√	√
	CL06	0.731				√	√
	CL07	0.762				√	√
Customer religiosity commitment	CRC01	0.871	0.899	0.923	0.667	√	√
	CRC02	0.896				√	√
	CRC03	0.786				√	√
	CRC04	0.777				√	√
	CRC05	0.86				√	√
	CRC06	0.694				√	√
Customer trust	CT01	0.69	0.937	0.945	0.59	√	√
	CT02	0.812				√	√
	CT03	0.742				√	√
	CT04	0.711				√	√
	CT05	0.786				√	√
	CT06	0.782				√	√
	CT07	0.722				√	√
	CT08	0.768				√	√
Percentage (Nisbah) perception	NP01	0.646	0.797	0.853	0.494	√	√
	NP02	0.694				√	√
	NP03	0.781				√	√
	NP04	0.773				√	√
	NP05	0.67				√	√
	NP06	0.639				√	√

Table 2 shows that the factor loading of each variable's indicator exceeds 0.6. Therefore, all indicators are deemed valid, signifying a significant correlation between the indicators. The outcomes of the credibility test demonstrate that each item in the investigation instrument is valid and appropriate for assessing the association between trust and client satisfaction concerning loyalty. This relationship is further intervened by religiosity commitment and moderated by customers' perception of nisbah. Therefore, the instrument used in this study is appropriate for utilization.

Table 2 also presents the outcome of the reliability test. Reliability testing is a statistical procedure conducted to establish the precision and steadiness of indicators in measuring latent variables, as outlined by Malhotra and Birks (2006). Reliability also serves as an indicator of convergent authenticity (Hair et al., 2017). In this investigation, reliability testing is executed through Cronbach's alpha and by scrutinizing the composite reliability (CR) and average variance extracted (AVE). A latent variable is deemed reliable if each construct has a Cronbach's alpha value greater than or equal to 0.70, a CR value greater than or equal to 0.70, and an AVE value greater than or equal to 0.50.

Table 2 illustrates that all latent elements exhibit Cronbach's alpha values that surpass the minimum requirement. All variables also have CR values above the minimum requirement, with the lowest CR value belonging to the nisbah perception (NP) variable at 0.853, and the highest CR value belonging to the customer trust (CT) variable at 0.945. In terms of the AVE, the highest value is associated with the customer religiosity commitment (CRC) variable at 0.667. The NP variable has the lowest AVE value, slightly below the minimum standard, at 0.494. Despite the AVE value falling below 0.5, the researcher chose to continue with the study due to the variable having substantial Cronbach's alpha and CR values. Moreover, the AVE value obtained is still in proximity, and permits rounding, to the minimum standard value. The results of the reliability test for these five variables revealed that the instruments used for each variable are reliable. This conclusion implies that all items in the instrument utilized in this study exhibit consistency and are appropriate for measuring the same research across various locations. A test for multicollinearity with the VIF test was also executed. The outcome of the VIF test for the inner model revealed that all indicators have VIF values below 0.5, signifying the absence of multicollinearity issues for all indicators. Table 3 illustrates the discriminant validity of the construct using the Fornell–Larcker criterion. The test indicates that the square root of the AVE between factors surpasses its estimated correlation value, confirming the discriminant validity, as proposed by Hair et al. (2017).

Table 3. Discriminant validity.

Variable	CL	CRC	CRC*NP	CT	NP
CL	0.747				
CRC	0.574	0.817			
CRC*NP	-0.131	-0.429	1		
CT	0.662	0.634	-0.234	0.768	
NP	0.547	0.594	-0.314	0.67	0.703

Note: * indicates the moderator variable.

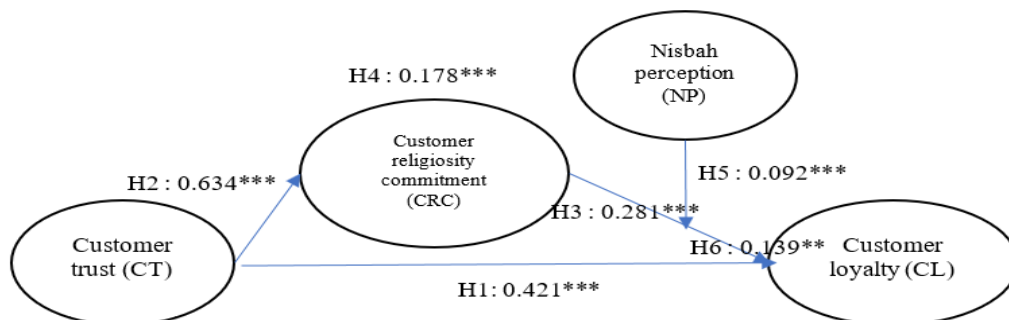


Figure 1. Research model.

Note: **, and *** indicate statistical significance at 10%, and 5%, respectively.

5.2. Relationship between Trust, Religiosity Commitment, Nisbah perception, and Customer Loyalty

Figure 1 shows the research model and the estimation results from the path analysis. The findings reveal that the variables related to customer trust exert a vital direct effect on loyalty, with a coefficient (β) of 0.421 and statistical significance at the 1% level (refer to Table 4). Furthermore, the customer trust variable exhibits a positive direct impact on CRC, with a coefficient (β) of 0.634 and statistical significance at the 1% level. Similarly, CRC also

exerts a significant direct effect on customer loyalty, with a coefficient (β) of 0.281 and statistical significance at the 1% level. This implies that an elevation in customer trust will result in heightened levels of both CRC and customer loyalty. This observation is reinforced by the substantial significance of the indirect effects between trust and loyalty, as detailed in Table 5. It demonstrates that religiosity commitment serves as the mediator variable between trust and loyalty, although not fully.

Table 4. Path coefficients.

Path	Estimation	Mean	SE	t-stat	P-val
H1: CT \rightarrow CL	0.421	0.417	0.085	4.956	0.000
H2: CT \rightarrow CRC	0.634	0.635	0.040	15.762	0.000
H3: CRC \rightarrow CL	0.281	0.286	0.087	3.237	0.001
H4: CT \rightarrow CRC \rightarrow CL	0.178	0.182	0.058	3.065	0.002
H5: CRC*NP \rightarrow CL	0.092	0.093	0.035	2.610	0.010
H6: NP \rightarrow CL	0.139	0.146	0.071	1.971	0.050

Table 5. Direct effect, indirect effect, and mediation analysis.

Path	Direct	Indirect	Total	Analysis
Customer trust \rightarrow Customer religiosity commitment \rightarrow Customer loyalty	0.421	0.178	0.600	Complementary mediation

Regarding the moderating variable, NP demonstrates significance in influencing the association between CRC and loyalty, as indicated in Table 4. The analysis results illustrate that NP performs a crucial role in nurturing loyalty to Sharia banks. NP also acts as a moderator in the relationship between the elements of religiosity commitment and loyalty, exerting an influential role in the model.

6. DISCUSSION AND IMPLICATIONS

The results of the study highlight the crucial role of trust in upholding loyalty to Sharia banks. The research reveals a noteworthy impact of trust on loyalty, supported by a significant p-value of 0.004. Enhanced trust between priority customers in Islamic banks directly contributes to their loyalty. These results are consistent with prior research (Van Esterik-Plasmeijer & Van Raaij, 2017) suggesting that an increase in trust in Sharia banks is associated with higher levels of customer loyalty. Furthermore, this study promotes loyalty theory, emphasizing that trust is a pivotal variable affecting loyalty. This aligns with the research performed by Dick and Basu (1994) which identified five aspects of customer loyalty: trust, psychological commitment, switching costs, publicity behavior, and cooperation. The research conducted by Mansouri, Boroujerdi, and Husin (2022) further confirms a significant connection between trust variables and loyalty, underscoring the essential role of trust as a foundational element for establishing long-term customer relationships. Additionally, the research provides empirical evidence supporting the hypothesis that high customer trust indirectly promotes customer loyalty through the mediation of CRC. This discovery supports the outcomes of earlier research conducted by Kaur and Soch (2018) and Tabrani et al. (2018) elucidating the role of commitment as a mediator that connects customer trust with loyalty.

Devotion to religiosity significantly contributes to the cultivation of customer loyalty, especially among the esteemed clientele of Bank Syariah Indonesia. The seven customer trust indicators, including transparency, operational integrity, competence of bank personnel, and alignment with customer values, highlight the significance of trust. The mediating function of religiosity commitment entails adhering to Islamic obligations, including the act of saving and depositing funds in Sharia banks. The research highlights the impact of elevated trust levels on religious commitment, emphasizing that robust religiosity commitment serves as a crucial indicator.

Given that the research findings reveal customer trust and religiosity commitment as crucial factors in bolstering the loyalty of priority customers, it is anticipated that Islamic banks will sustain customer trust by adhering to principles of transparency and trustworthiness and conducting banking operations in alignment with

Sharia principles. Given that a substantial number of the participants fall within the mature age group, the element of religiosity commitment also demonstrates a notable impact on their allegiance to Islamic banks. Their strong commitment to adhering to Sharia principles in their lives provides these priority customers with a strong spiritual foundation. The greater their trust in an Islamic bank that upholds Sharia principles, the higher their commitment to remain loyal to that bank. This study illustrates that customers' comprehension of the nisbah rate performs as a mediator in the association between religiosity commitment and loyalty. This aligns with the conclusions of Pan and Ha (2020) who underscored the influence of customer perception on the return rate in loyalty. The findings indicate that while commitment to religious values plays a significant role in driving loyalty in Islamic banking, this is also tempered by the perception of the return rate. This indicates that BSI customers continue to factor in monetary aspects when expressing their loyalty to the bank, even within the framework of Islamic banking.

7. CONCLUSION

This study has illuminated the essential indicators that influence loyalty in Sharia banking. The results show that trust plays a fundamental role in fostering loyalty in Islamic banking, underscoring the importance of religiosity commitment as a catalyst for customer trust. Customers with a profound commitment to their religious beliefs tend to demonstrate elevated levels of loyalty to Sharia banks. In addition, clients who comprehend the concept of nisbah are more inclined to maintain their loyalty to Sharia banks. In academic literature, these results offer valuable perspectives on the intricacies of loyalty within the Sharia banking sector. It highlights the importance of trust, religious commitment, and nisbah perception in influencing customer loyalty. Furthermore, these findings emphasize the role of Islamic banks in upholding transparency and adherence to Sharia principles to cultivate and maintain customer trust, ultimately fostering loyalty among their clients. Several policy recommendations can be proposed based on the research findings. It is imperative to prioritize the improvement of services for priority customers to foster customer loyalty. Moreover, customers' commitment to Sharia banking is greatly influenced by the transparency and clear explanation of transaction costs and risks to customers. It is also important to implement and reinforce policies to ensure the halal management of funds, assuring customers of the Sharia-compliant nature of the bank's practices. Furthermore, it is advisable to establish and sustain comprehensive training programs aimed at enhancing employee competence, with a focus on delivering clear information and in-depth knowledge of the bank's products and services. Nevertheless, this study has a few limitations. The primary constraint is the limited availability of open information from priority customers through online questionnaires, resulting in a constrained exploration of information. The declining number of customer visits to the bank and officers who directly visit priority customers contributed to the constraints in direct interaction between the researcher and the respondents. Additionally, due to the large number of respondents, it is not feasible to sample the entirety of Indonesia within the study period. Therefore, we recommend that future research expands the sample size to enhance the robustness of the results.

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