
Influence between Banking Service Quality and Brand Image Against Customer Relationship and Loyalty in Sharia Bank

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Abstract:

Purpose: The study aims to analyze the influence of bank service quality, brand image and bank image in relation to its priority customer and the implications of a Sharia bank.

Design/Methodology/Approach: The study used a combination of quantitative and qualitative research methodology. Quantitative research is a systematic study of the parts and phenomena and their relationships while qualitative research is known as a research method that aims to develop new ideas and study the phenomenon in detail, like the Structural Equation Modeling (SEM).

Findings: Based on the SEM estimation conducted on banking service quality variables, brand image, bank image, customer relationship and customer loyalty, it is found that not all the exogenous variables affect the endogenous variables. Banking service quality and bank image significantly influence customer relationship, while brand image has no significant effect on customer relationship. Bank image, brand image and customer relationship significantly influence customer loyalty, while banking service quality has no significant effect on customer loyalty.

Practical Implication: Future researches in breaking down of this construct, into sub-categories of DSR will be interesting and could provide valuable knowledge to the understanding more in-depth view of DSR. Moreover, future research can aim to investigate the impact of DSR on other customers' perceptions and factors such as corporate image, customer satisfaction, and so on. Lastly, since DSR can affect customer trust and brand equity differently, potential researches could analyze how a firm's DSR initiative can impact on customer trust and brand equity for the different cultural contexts of global markets.

Keywords: Bank service quality, brand image, bank image, Sharia Bank.

JEL codes: G21, J53

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1. Introduction

The population of Indonesia is ranked 4th in the world after China, India and USA with a population of 253.60 million people (Purnomo, 2014). Most of them are Muslims affecting the culture of the Indonesian nation significantly. The development of Sharia banks in Indonesia is strongly supported by national culture. The national culture is a set of shared values, attitudes, beliefs and norms shared by the majority of the population of a country Gibson *et al.* (2012) since most of the population of Indonesia is predominantly Muslim, and it will significantly support the development of Sharia banks in this region. The national culture, which underscores the employee's cultural values, attitudes and beliefs has a significant impact on the organisation and thus its impact on market performance is significant Zakaria and Abdul-Talib, (2010).

For Sharia banks, customer loyalty plays a significant role. It helps the bank to survive, to be developed, to invest and to improve existing resources as an effort to maintain and improve the existing customer loyalty while is seeking information how to maintain and improve it. For the banking sector in Indonesia, customer loyalty will increase the growth of fundraising in the form of current account customers, saving accounts, time deposits, and other deposits. The concept of customer loyalty has gained rapid attention among researchers and practitioners over the last three decades Roig *et al.* (2009).

In addition to the problems that occur in the environment of shariah banking, as describes above, research on customer behavior in Islamic banks has been done extensively. Researchers are supporting or not the influence of service quality, brand image, corporate image of customer loyalty mediated by customer relationship.

Previous research conducted (Amin *et al.*, 2013; Bahoosh *et al.*, 2014) examined the effect of sharia bank service quality on sharia bank customer loyalty, sharia bank brand image on sharia bank customer loyalty and sharia bank image with customer loyalty. No effects on bank service quality, brand image, and bank image were observed simultaneously. This study fills the gap by analyzing the effect of service quality, brand image, and bank image simultaneously on customer loyalty in sharia banks, which was not found in previous studies.

The bank's final target in improving service quality by building brand image and corporate image in Shariah banks aims to build customer loyalty. After loyal customers, management does not follow through with customers while efforts are made to improve service quality, to build brand image, bank image, and to strengthen loyalty. The existence of customer relationship variables in increasing loyalty seeks to bridge the existing research gap by placing customer relationship variables as mediating/intervention variables for service quality, brand image, and bank image to customer loyalty.

The emergence of customer relationship variables as a continuous effort in maintaining customer loyalty provides consequences on the relationship pattern of service quality, brand image and bank image for loyalty that does not merely stop at loyalty, but also on relationships with customer relations. So, how can customer relations be used as a marketing strategy for Islamic banking to maintain loyalty?

Based on the results of the identification of the problem, several problems were not examined, because it was a problem of the monetary authority (Government, Bank Indonesia, and the Financial Services Authority), among others related to, traffic payment services and short-term financing facilities. As for the questions from this study include the following aspects:

1. Information obtained only from financing customers who receive “priority banking” facility of sharia banks as respondents who have used Islamic banking services so far in Indonesia.
2. Information examined only about, Service Quality Level, Brand Image, Bank Image, Customer Relationship, Customer loyalty.

Issues in marketing management include various aspects, therefore, that this research focus, ensuring the adequacy of the data, data reliability and validity of the data examined, it is necessary to limit the issues to be used as research material, as follows:

1. The object of this study are customers who have funds in Shariah Bank XYZ, including current account savings customers, savings, and long-term deposit with the operations of Shariah banking in Indonesia.
2. For the determination of the problem based on the results of the pre-survey shows that there are problems in the application of the marketing strategy of Islamic banks, therefore in this study limiting the problem in five research variables include the quality factor of banking services, brand image, bank image. Banks that form loyalty and maintain customer loyalty of Islamic banks with a customer relationship approach that will evaluate the level of loyalty and provide feedback on how to increase customer loyalty.
3. Regarding research time and research results, it is expected that research results can also be used not only during the time and at the time of the study, but can also be used for future research.

This research is expected to contribute theoretically and practically to academics who are active in the field of marketing management research, particularly sharia banking, sharia bank management, and marketing management practitioners, especially Sharia banks.

2. Literature Review

Grand theory derived from (Kotler and Keller, 2012) defines services as follows: "Service is any action or performance that one party can offer to another which is intangible and does not result in any ownership. Service is defined as an activity that can be done or provided by one party to another party that is not tangible and does not result in any ownership, the product may be related or cannot be associated with Tangible products". Customers represent services through meetings with clients, analysis of activities and problems encountered, follow-up, a series of reports, processes, and performance Zeithaml *et al.* (2005).

Marketing is a social process where individuals and groups get what they need and expect, make offers, and are free to exchange valuable products and services with others (Kotler and Keller, 2012). Managers sometimes think of marketing as "the art of selling products," but many people are surprised to hear that sales are not the most important part of marketing. So marketing satisfies needs while sales are only the tip of the marketing iceberg. The product-market strategy consists of plans and market potential, namely to match supply with potential in the organization and inform the market of offers, at the right time and place to facilitate exchanges, and set prices for offers (Kerin and Peterson, 2010). In short, market production strategies involve the selection of certain markets and the benefits that reach them through an integrated program called the marketing mix.

In the concept of service marketing, the impact of service satisfaction and customer loyalty can lead to word of mouth communication, which has a significant effect on increasing new customers (Gronroos, 1996). The communication cycle consists of four parts: expectation/purchase, interaction, experience and word of mouth, is to manage communication in marketing and shape the company's image.

This explains the communication cycle in service marketing. Customers can interact actively, tell their experiences. This concept can be used as a reference for Indonesian Sharia banks in marketing their products. Although the idea of the Islamic banking system is still in its infancy, this idea has attracted a lot of investor attention throughout the world (Naser and Moutinho, 1997). From a strategic point of view, at the same time, this condition can be both beneficial and unfavorable. As a new industry, Islamic banking has the potential to attract new customers, therefore, to increase its market share should be more known penetrate required by its customers.

2.1 Marketing Services Strategy

The service marketing strategy is to foster relationships between companies and customers known as relationship or relationship marketing. This type of marketing emphasizes that building a relationship with clients is very important. As in the banking industry, it is common practice for bank customers to transact with mobile banking or the internet. With the development of information technology, the company continues to innovate with the use of information technology and

globalization that offers customers too many choices through intense competition in various banking services.

Berry (2001), who first proposed the term marketing relationship, was later modified by Gummesson (1987) stating relationship marketing is a process or series of activities that can represent the whole of marketing behavior and reflect a shift from the transactional aspect of doing business to being a relational aspect in building relationships with customer. Relational relationships with customers are the dominant focus and paradigm for global marketing. The purpose of relational marketing is to develop long-term relationships with customers because it will have a positive impact on the company's success, which can increase profitability for the life of the company.

Relationship management is a standard in business marketing and marketing services, stating that relationship marketing is related to a series of products and services (Qin, 2012; Shani and Chalasani, 1992). Research conducted by Gronroos (1996) states that relationship marketing is an effort to maintain, improve, develop, and optimize customer relationships to realize the goals of all interested parties. Lovelock and Wirtz (2010) argue that relationship marketing is a marketing strategy that is oriented towards creating broader relationships with customers. This means the company is focused on building relationships between customers and the company. Shani and Chalasani (1992) describe a marketing relationship related to a series of products and services. Lee and Cunningham (2001) focus more on relationship perspectives and explain relationship marketing as a service activity aimed at building, developing and sustaining relational success.

The important role of service marketing is increasing how to develop long-term, sustainable relationships with people, organizations, or companies that can directly or indirectly influence the success of a company's marketing activities. Relational marketing aims to build long-term, mutually satisfying relationships with customers to obtain and maintain their business (Kotler and Keller, 2012). Relational marketing is a service marketing approach developed from direct marketing promotions carried out in the 1960s and 1980s with a focus on securing customer retention. Besides, Gronroos (1996) sees relational marketing as an effort to develop, maintain, enhance, and commercialize customer relationships to realize the goals of all interested parties.

On the other hand, relational marketing is an effort to unify marketing, customer service, and quality. The principle has been enriched with the concept of marketing. In general, business transactions are collaboration of stakeholders, including customers, employees, suppliers, shareholders, and the community as a whole. Therefore, the scope of marketing relationships must be expanded to improve business to relevant stakeholders in the business (Murphy *et al.*, 2005). Typically, the results of marketing relationships in strong economic, technical and social relations among the stakeholders involved, will improve the exchange competency

process and can reduce transaction costs (Murphy *et al.*, 2005). In addition to economic transactions, relationship marketing is also associated with psychological and emotional ties, not only in the short term but extends to long-term outcomes (Berry, 2001).

Morgan and Hunt (1994) suggest what is important in relationship marketing is the value that flows will always be greater than the market value. According to (Shamsudin *et al.*, 2010) Relational marketing has a significant relationship with customer satisfaction and with Islamic ethical practices that will increase the level of significance between relationship marketing and customer satisfaction. To improve the development of Islamic banks in Indonesia, it is necessary to have rational marketing that has a work ethic specializing in sharia.

2.2 Services Marketing Communication

Marketing communications are crucial to the success of a company (Lovelock *et al.*, 2012). Results of research in 23 branches revealed a high correlation between customers, service quality, and service communication provided by bank employees (Fitzsimmons and Fitzsimmons, 2008). The Omar and Ali (2010) research indicates the influence of marketing communications of Bank Islam in Malaysia to the loyalty of customers obtained from 3 Bank Islamic venues in Penang, Kedah, Perlis and representing the northern states of Peninsular Malaysia.

Integrated Marketing Communication (IMC) is becoming a real hot topic in marketing (Belch and Belch, 2011). Marketers can choose to use a combination of advertising, personal selling, direct marketing, word of mouth, publicity, sales promotion or other tools that get attention, awareness and make a mark Pitta *et al.* (2006). Managing communication and messaging tools in one of the key aspects of successful sales of goods or services. Regarding services, marketing communications are expected to be different from goods. This is caused by differences in the characteristics of intangible services.

Businesses around the world have widely accepted integrated marketing communication as a marketing communication system that allows organizations to better manage their brand image Kitchen *et al.* (2004). In theory, practice and strategy, integrated marketing communication aim to combine or integrate mixed elements of communication, such as advertising and public relations to create balanced and consistent marketing communications that strengthen brands (Andersen, 2001).

If integrated marketing communication is managed properly it can provide a competitive advantage in organizations because of cost-effectiveness that can affect its ability to maximize product and service development as well as communication from corporate information in the market (Belch and Belch, 2001) there is no definition of integrated marketing communication in the scientific literature, but the

teaching of integrated marketing communication has been adopted by global business and experts agree on the theory of integrated marketing communication models (Kitchen, 2005). The results illustrate a conceptual framework that can guide companies to ensure effective implementation of integrated marketing communication programs. Integrated marketing communication thus becomes an important source of strength that is distinguished from banks, because it communicates with competitive advantages to retain existing customers and will generate new customers. Sadek *et al.* (2014) shows that marketing communication service banks have a very good strong role in delivering messages. However, it was mentioned that the strengths of each tool differ according to company goals, target markets, and how to target customers are achieved.

2.3 Banking Services Quality

According to Clotey *et al.* (2008), defining the quality of service excellence is an important issue in service management. The theory applied states that in addition to low service, other causes are the lack of information and the inability of sharia bank employees to explain questions from customers about sharia products that hinder the growth of sharia banks. Gronroos (1984) who wrote about service quality models and marketing implications, as a theoretical basis for conceptualization efforts to improve service quality that provides customer satisfaction, satisfied customers with services will be loyal. To increase sharia bank customer loyalty, it is necessary to introduce better customers, and anticipate their needs and desires for sharia bank products and services, here the important role of customer relations with the hope of increasing the growth of Sharia banks both regarding funding and assets.

Service companies can attract their customers by offering benefits that are not provided by their competitors in many ways, such as using an ATM card not only to take cash but also to shop at all stores without fees or rates. Although trade and investment activities in services have developed rapidly, this area is still relatively new in terms of research, especially in an international context (Axinn & Matthyssens, 2002). Historically emphasis has been placed on domestic and monocultural issues, particularly in the area of service quality Malhotra *et al.* (2005). Nevertheless, domestic or international service managers recognize that the superior quality of their services that is responsive to customer complaints will provide significant performance gains, resulting in customer loyalty, market share growth and productivity as noted by previous researchers Anderson *et al.* (1994).

The instrument used to measure the quality of service perceived by customers is the level of bank service or the quality of banking services developed (Bahia and Nantel, 2000). The quality of banking services is more appropriate to be used to measure the level of bank services, compared to other instruments such as service quality (SERVQUAL) which is well-known and widely used (Asubonteng *et al.*, 1996). The six dimensions of service quality level (BSQ) according to Bahia and Nantel (2000):

1. Access, customer perceptions about infrastructure, and important elements that provide easy access to transactions.
2. Price is a factor that is directly related to the costs charged.
3. Tangible can be in the form of a banking hall atmosphere, service display, and available service equipment.
4. Service Portfolio, a combination of high-quality services and services and always adapts to the needs of customers who use banking services.
5. Reliability, formed from three leading indicators of the filing system and the level of speed and accuracy in the process of completing each transaction.

2.4 Brand Image

Quaquab *et al.* (2014) explained that the brand image could provide value to customers to create brand loyalty. Brand image is an important factor because it can be considered as one of the drivers of company success and increase brand loyalty to the company, thereby increasing company profitability and reducing the competitiveness of competitors, while the negative brand image can create customer dissatisfaction and Eliminate Brand Loyalty, Keller (2012). The brand has become an important activity in the company because the brand is the most valuable intangible asset. A positive brand image is an attraction for customers in making purchases or transactions, which can create benefits for the company.

In the increasingly fierce competition, the formation of customer perception of the mind is significant, where the formation of perception can be done through the brand image line owned by shariah banks in Indonesia. Creating a Positive Brand Image is important for a customer-oriented company and enables the company to increase customer satisfaction and loyalty. Positive Brand Image can also generate licensing opportunities, e.g., Brand Image that is used by other companies as brand extensions and companies that use existing brands to be able to introduce new products or services. Positive brand image is the brand that has a unique, sustainable, and valuable in the minds of customers, as well as shariah bank.

2.5 Corporate Image

Caruana and Chircop (2000) explained that a company image is closely related to brand equity. Lovelock (1984), the corporate image tends to only play a secondary role in customer choice decisions, but in line with service development, company image is considered to be almost identical to the level of performance, price, and satisfaction (Lovelock *et al.*, 2012). In general, corporate image is a population that is considered as a company asset that distinguishes itself and aims to increase market share, profit, attract new customers, retain existing ones, neutralize competitors' actions to maintain the company's success and survival in the market (Sarstedt *et al.*, 2013).

Customers' willingness to maintain relationships depends on their perceptions about the company, the benefits of good relationship quality, relationship satisfaction, and the benefits of relationships that offer continuity with the value they get. The company's image is related to the physical attitude and behavior of the company, such as business names, architecture, types of products, and services, as well as maintaining a good corporate relationship with its customers, Nguyen and LeBlanc, (1998). The formation of a corporate image is considered a work process by valuable ideas, feelings, and experiences that were previously shared with the organization stored in memory and converted into flavors based on the categories stored. Here the marketing communications can actively influence and inform the latent image of the bank owned by the customers of the bank along with the types of products and services and can start the purpose of accounting bookkeeping for customers.

Bravo *et al.* (2010) suggests a strong corporate image is the most effective tool to differentiate banks, and a strong brand is a good alternative to reduce perceived doubts in decision making and obtain sustainable competitive advantage (Chernatony and Cottam, 2006). Therefore, developing a strong corporate image is very important for the company because this can lead to first-time customer preferences as well as existing customer loyalty Bravo *et al.* (2010).

The company's image is the image of the organization as a whole, so this is not the image of its products and services. The company's image is the result of a person's beliefs, ideas, feelings, and impression of the company. According to Weiwei (2007) a company's image is an impression that a public company has can also be said to be a function of the accumulated purchasing experience that has components, namely functional and emotional. Functional associated with tangible attributes that can be measured easily while emotions are related to physiological factors which include feelings and behavior towards the company. So it can be concluded that the company's image is the result of a process whereby customers have compared various attributes possessed by the company.

2.6 Proposed Proposition

Sharia bank customer loyalty that has been built from the quality of banking services, brand image, company image is expected not to stop only with limited loyalty, but there is a real impact that is more real in encouraging the collection of Islamic bank funds, (Stan *et al.*, 2013). For loyal customers, Islamic banks in Indonesia provide excellent service facilities in the form of "priority banking" with facilities provided with convenience in conducting banking transactions ranging from taking, depositing and sending money and financing. So in this study, there are implications of customer loyalty to customer relations.

Customer Relationship Management (CRM) is limited to identifying customers, creating customer knowledge, and building customer relationships. Plessis and Boon

(2004) argue that CRM is the process of establishing and managing relationships with customers at the organisational level to meet customer needs.

In this study, adequate customer relations is expected not only for service privileges but also to jointly encourage the growth of sharia banks themselves. In the end, customer relations can maintain and enhance the growth of Islamic banks, both in terms of the number of customers, the funds collected, and the benefits they get. (Noorpoor *et al.*, 2014) the results of the study indicate that CRM as a means of maintaining customer loyalty at Mellat Bank in Tehran. Zaree and Darabpour (2014) who examined the Chain Hotel, said that customer relationship management affects customer loyalty.

3. Research Methodology

This study used a combination of quantitative and qualitative research design. Quantitative research is a systematic study of the parts and phenomena and their relationships (McMillan and Schumacher, 2009). While qualitative research is known as a research method that aims to develop new ideas and study the phenomenon in detail and understanding (Trochim *et al.*, 2015). The purpose of quantitative research is to develop and use models, theories, and/or hypotheses related to natural phenomena. The process of measurement is a central part of quantitative research because it provides a fundamental relationship between empirical observation and mathematical expression of quantitative relationships (Creswell, 2013).

The study was conducted on the customers of Bank Sharia in Jakarta. The research period is planned from December 2015 to February 2016. The priority customers of Bank Sharia, which are the research population are customers from Bank Sharia located at Branch Office (KC), Sub-Branch Office (KCP) and Cash Office (KK) in Jakarta. The number of KC, KCP and KK Bank Sharia up to June 2015 amounted to 712 offices.

The sample in this study is part of Shariah Bank customers in Jakarta, which has a "priority banking" facility. The sample size will be adjusted according to the statistical analysis used, namely, Structural Equation Modeling (SEM). This refers to the provisions of Hair *et al.* (2009), who argue that the number of representative samples is around 5-10 times the questions. If the sample size exceeds 400 respondents, it is likely to be very sensitive, making it difficult to get the right item. Besides, to meet the criteria using the SEM method, the minimum number of representative samples is 5-10 times the indicator.

The population used in this study is funding customers of Bank Syariah in Jakarta, who have a "priority banking" facility as a manifestation of Customer Relationship (CR) to provide additional facilities to their loyal customers so far. The selection of priority customers as the population in this study is one of the objectives is to get the

desired focus of observation. Where the focus of observation on the level of customer loyalty and customer relationship programs that have been felt dominant by priority customers. Besides, funds collected at Islamic banks are dominated by priority customers. Priority customers have more than 60% of Bank Syariah third party funds. The number of customer fund accounts at Shariah Banks in Indonesia as of December 2014 was 5,569,887 (Bank Syariah, 2014).

4. Results

Structural Equation Modeling (SEM) is a multivariate statistical method that is useful for testing model theory based on empirical data. The research model that has been built based on the approach will describe a series of relationships and influences between the variables tested with empirical data to produce a model that matches the data (Supranto and Limakrisna, 2012).

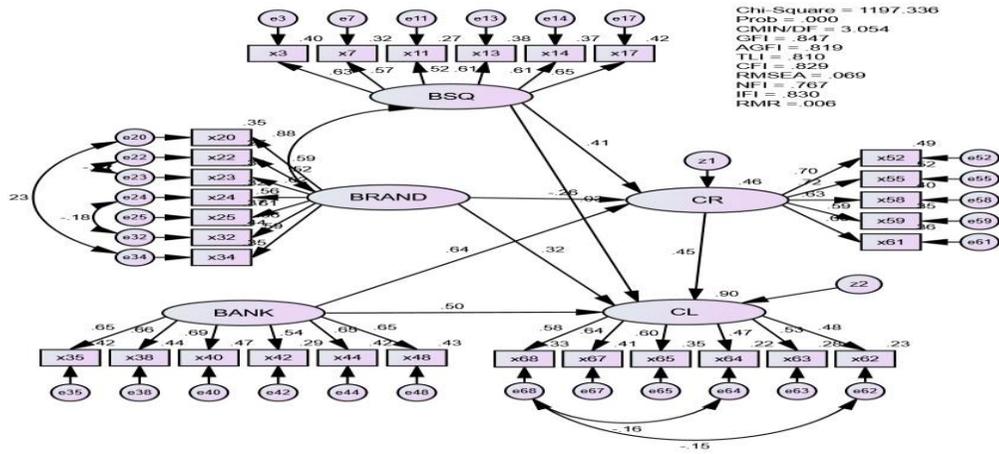
Analysis of the influence between research variables consists of three stages. The first stage is the Confirmatory Factor Analysis (CFA), the second phase of the fit test model, and the third stage of the research hypothesis test. Confirmatory Factor Analysis (CFA) is used because the indicators used to construct the research variables are known and used in previous studies. According to (Hair *et al.*, 2009) states that Confirmatory Factor Analysis is used to form latent variables, therefore before analyzing SEM, it is necessary to conduct Confirmatory Factor Analysis (CFA) first. The model fit test is used to determine whether the proposed model is suitable or not with empirical data. The model fit test is done by meeting the criteria in SEM. When all the requirements applied have been met, then the proposed model tends to be suitable, and vice versa. Hypothesis testing phase is carried out to find out and analyze the influence between research variables in accordance with the proposed hypothesis.

4.1 Total SEM Confirmatory Factor Analysis (CFA)

SEM process analysis in this study uses a two-step approach, namely the estimation of model parameters carried out on the measurement model (CFA) to achieve a good level of model compatibility. After that, the structural model testing continues (Byrne, 2009; Hair *et al.*, 2009). This research involves a factor measurement model of the second model where each research variable is measured in two phases, the first measurement of the dimensions and the two dimensions of each of them is measured by several indicators.

The simultaneous testing process is used to test a measurement model that involves all research variables. The value of the Latent Variable Score (LVS) obtained in the CFA process from each latent variable is used in the research model, as in Figure 1.

Figure 1. Research Model



The estimation results of the Structural Equation Modeling (SEM) model that are preceded by the CFA include all variables with selected indicators. Before testing whether there is a significant influence between exogenous and endogenous variables by testing the hypothesis, the model test is first performed. The intended SEM test model is the Goodness of Fit model, which aims to test the suitability of the proposed model with empirical data. This test is the final evaluation stage to see how well the causal relationship between the indicator and its variables as a whole. The GoF measure is also used to show that the score of latent variables can represent all of the various data in the indicator. Table 2 presents the GoF results from SEM as a whole.

Table 1. SEM Model Goodness of Fit

Size of GoF	Estimation Results	Value of Model Feasibility	Description
Max likelihood ratio Chi-Squared	1.197,34 (0,000)	>0.05	Poor fit
Root mean square error of approximation (GFI)	0,069	≤ 0.08	Good Fit
The goodness of Fit Index (GFI)	0,847	≥ 0.90	Marginal Fit
Adjusted Goodness of Fit Index (AGFI)	0,819	≥ 0.90	Marginal Fit
Tucker-Lewis Index (TLI)	0,810	≥ 0.90	Marginal Fit
Normed Fit Index (NFI)	0,767	≥ 0.90	Poor fit
Comparative Fit Index (CFI)	0,829	≥ 0.90	Marginal Fit
Incremental Fit Index (IFI)	0,830	≥ 0.90	Marginal Fit
Relative Fit Index (RFI)	0,741	≥ 0.90	Poor fit
CMIN/DF	3,054	≥ 3	Marginal Fit
Expected Cross-Validation Index (ECVI)	3,110	smaller	Poor fit
Root Mean Residual (RMR)	0,006	≤ 0.05	Good Fit

Based on the estimation results of the model size above, it can be seen that there are several criteria that are included in the bad fit category, but those that meet excellent or marginal criteria are far more numerous, so it can be concluded that the structural measurement model is compatible with data (Hair *et al.*, 2009; Supranto & Limakrisna, 2012; Wijanto, 2015).

Estimation of structural models that have met GoF can be tested by hypothesis. Hypothesis testing is done by comparing the value of t-arithmetic or CR in SEM with the value of t-critical. It can also compare the p-value or level of significance with alpha (0.05). If the CR value is greater than the critical value of t or the value of p is greater than 0.05, then H0 is rejected, and Ha is accepted, and vice versa. Table 2 presents the estimated SEM output containing the regression coefficient and its level of significance.

Table 2. *Estimation Results of SEM Model*

Description	Estimate	C.R	p
BSQ → CR	0,434	2,26	0,023
BANK → CR	0,620	7,468	0,000
BRAND → CR	-0,296	-1,404	0,160
BANK → CL	0,345	5,417	0,000
BRAND → CL	0,260	2,116	0,034
BSQ → CL	0,023	0,213	0,831
CR → CL	0,324	5,582	0,000

Table 2 shows the results of the SEM Model estimation, showing the relationship and influence of Banking Service Quality, Brand Image, and Bank Image on Customer Relations. The magnitude of the effect of variable Banking Service Quality on Customer Relations is 18.84%, with a CR value of 2.266 and a p-value of 0.023. CR value = 2.266 > t-table = 1.96 or p-value = 0.023 ≤ 0.05 then the null hypothesis is rejected, and the alternative hypothesis is accepted, so it can be concluded that the Quality of Banking Services has a significant effect on Customer Relations. This result is in line with Shamsudin *et al.* (2010) states that Banking Service Quality has a significant contribution to understanding the value of Customer Relations. If the quality of banking services increases, it will directly have an impact on improving customer relationships.

Likewise, a decline in the quality of bank services to customers will reduce the quality of customer relations. Although the influence of the quality of bank services is only 18.84%, it is quite significant in changing the quality of customer relations. A small percentage of the influence of bank service quality on customer relations shows that many other variables affect customer relations.

The amount of influence of Brand Image on Customer Relations is 8.76%, with a CR value of 1.404 and a p-value of 0.160. Absolute value of CR = 0.296 < t-table = 1.96

or $p\text{-value} = 0.160 > 0.05$ then the null hypothesis is accepted that the alternative hypothesis is rejected, so it can be concluded that Brand Image has no significant effect on Customer Relations. That does not directly affect the image of the sharia bank brand on its customer relations which shows that no matter how well the sharia bank brand image in the eyes of the customer will not have a direct impact on the quality of the customer relationship. If you look at the proposed model, it appears that the brand image has a strong correlation with the quality of bank services. The amount of correlation reached 77.62%. It is assumed that the correlation between bank service quality and brand image causes the effect of brand image on customer relations does not seem to have a significant effect. The results of testing hypothesis two cannot be seen partially. No significant brand image does not mean that brand image does not affect customer relations but is represented by the influence of customer relationship quality, given the strong correlation between the two.

The magnitude of the influence of the Bank's image on Customer Relations is 38.44%, with a CR value of 7.468 and a $p\text{-value}$ of 0,000 $CR = 7.468 > t\text{-table} = 1.96$ or a value of $p = 0,000 < 0.05$ Then the null hypothesis is rejected, and alternative hypotheses are accepted, so it can be concluded that Brand Image has a significant influence on Customer Relations. Similar to the effect of bank service quality, bank image has a significant impact on customer relations. The high image of Islamic banks in the eyes of customers will improve the quality of Islamic banks' relationships with customers. And vice versa, if the brand image of Islamic banks decreases, it will have an impact on the quality of customer relationships that decline. Of the three exogenous variables, bank image, brand image, and bank service quality, bank image has the most significant direct impact on customer relations. The percentage of the influence of the image of Islamic banks on customer relations contributed up to 38.44%.

Relationship and influence of Banking Service Quality, Brand Image, and Bank Image on Customer Relations. The magnitude of the effect of the Quality of Banking Services on Customer Loyalty is 0.05%, with a CR value of 0.213 and a $p\text{-value}$ of 0.831. $CR = 0.213 < t\text{-table} = 1.96$ or $p\text{-value} = 0.831 > \hat{I} \pm 0.05$, the null hypothesis is accepted and the alternative hypothesis is rejected, so it can be concluded that the Quality of Banking Services has no significant effect on Customer Loyalty. The high quality of sharia bank services does not directly affect sharia bank customer loyalty. Likewise, a reduction in the quality of Islamic bank services also does not necessarily reduce customer loyalty to Islamic banks. Because the influence of brand image on customer relationships is not significant, the effect of sharia bank service quality on customer loyalty is not significant also caused by the correlation of bank service quality with brand image. In addition, there is also the possibility of the influence of customer relations in mediating the quality of Islamic bank services to customer loyalty of Islamic banks.

Even though the percentage of brand image in influencing sharia bank customer loyalty is directly low at 6.76%, it is sufficient to contribute to increasing or

decreasing customer loyalty to sharia banks. A small percentage of the influence of brand image on customer loyalty is assumed by the SEM model that was built, which allows an indirect effect of brand image on customer loyalty as we know that brand image has a strong correlation with the quality of bank services, which will make brand image less dominant and only provide a percentage of 6.76%.

The magnitude of the influence of the Bank's image on Customer Loyalty 11.90%, with a CR value of 5.417 and a p-value of 0,000 CR value of $5.417 > t\text{-table} = 1.96$ or an amount of $p = 0,000 < \hat{\alpha} \pm 0.05$ then the null hypothesis is rejected, and alternative hypotheses are accepted, so it can be concluded that Brand Image has a significant influence on Customer Loyalty. (Amin *et al.*, 2013; Anabila and Awunyo-Vitor, 2013; Quoquab *et al.*, 2014) found that the Bank's image had a significant influence on customer loyalty. The Bank's image has the most significant influence compared to other variables on customer loyalty, which is 11.9%.

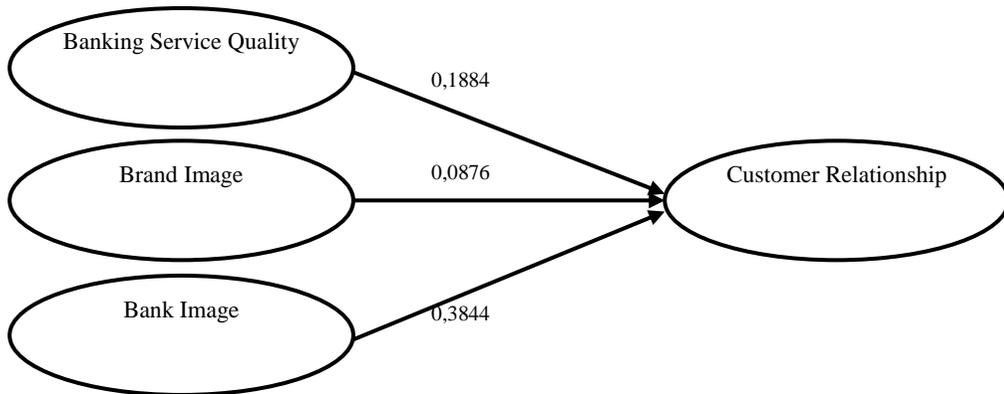
As expressed by Andreassen and Lindestad (1998) developing a company's image is very important for the company because this can lead to customer preferences for first-time customers and existing customer loyalty. Both sharia bank images that are wrong in the eyes of customers will have a significant impact on customer loyalty. The better the image of the Islamic bank, the more loyal customers, and vice versa, the worse the image of the Islamic bank will have an impact on the decline in customer loyalty of the Islamic bank.

The magnitude of the influence of Customer Relations with Customer Loyalty is 11.70%, with a CR value of 5.582 and a p-value of 0.000. With the value of $CR = 5.582 > t\text{-table} = 1.96$ or $p = 0.000 < \hat{\alpha} \pm 0.05$, the null hypothesis is rejected, and the alternative hypothesis is accepted, so it can be concluded that the Customer Relations has a significant effect on Customer Loyalty. This finding was corroborated by Amin *et al.* (2013) Anabila and Awunyo-Vitor (2013) and Quoquab *et al.* (2014) who found that Customer Relations had a significant influence on Customer Loyalty.

The magnitude of the influence of Customer Relations with Customer Loyalty is 11.70%, with a CR value of 5.582 and a p-value of 0.000. With the value of $CR = 5.582 > t\text{-table} = 1.96$ or $p = 0.000 < 0.05$, the null hypothesis is rejected, and the alternative hypothesis is accepted, so it can be concluded that the Customer Relations has a significant effect on Customer Loyalty.

The structural model is the primary model of SEM in this study, where the model shows the path between latent variables that show correlation (relationship) and influence between latent variables. The results of the SEM model can be tested hypothesis that has been proposed based on the model proposed in the study.

Figure 2. Influence Model of Banking Service Quality, Brand Image and Bank Image to Customer Relationship



Relationship and influence of Banking Service Quality, Brand Image, and Bank Image on Customer Loyalty mediated by Customer Relations. Hypothesis testing above is done by considering the two previous hypotheses, namely the first hypothesis (Quality of Banking Services has a significant effect on sharia bank customer relations) and the seventh hypothesis (Customer Relations has a significant impact on Sharia Banking Customer Loyalty). The results of testing both hypotheses show the same results. The null hypothesis of the first hypothesis is rejected so that Quality of Banking Services has a significant effect on Customer Relations, while the null hypothesis on the seventh hypothesis is also rejected so that Customer Relations has a significant impact on Customer Loyalty. So it can be concluded that the null hypothesis in the eighth hypothesis above is also rejected and alternative hypothesis is accepted, so it can be found that the Quality of Banking Services has a significant effect on Customer Loyalty mediated by the Customer Relations of Shariah Banks.

The ninth hypothesis testing is done by considering the two previous hypotheses, the second hypothesis (brand image has a significant effect on Sharia Bank Customer Relations) and the seventh hypothesis (Customer Relations has a significant impact on Sharia Banking Customer Loyalty). The results of testing the two hypotheses show different results. Where, the null hypothesis in the second hypothesis is accepted so that Brand Image has no significant effect on Customer Relations, while the null hypothesis on the seventh hypothesis is rejected so that Customer Relations has a significant impact on Customer Loyalty. So it can be concluded that the null hypothesis in the ninth hypothesis is not enough evidence to reject it, so it can be found that Brand Image does not significantly influence Customer Loyalty mediated by Sharia Bank Customer Relations.

The tenth hypothesis testing is done by considering two hypotheses, the third hypothesis, and the seventh hypothesis. The results of testing both hypotheses show

the same results. The null hypothesis of the first hypothesis is rejected so that the Bank's image has a significant effect on Customer Relations, while the null hypothesis on the seventh hypothesis is also rejected so that Customer Relations significantly influences Customer Loyalty. So it can be concluded that the null hypothesis in the tenth hypothesis is also rejected and alternative hypothesis is accepted so that it can be seen that the Bank's image has a significant effect on Customer Loyalty mediated by sharia bank Customer Relations.

5. Conclusion

The results of research findings and discussion, it can be understood that service quality and bank image have a significant positive impact on customer relations, while the brand image does not significantly influence customer relationships. The higher the quality of service and image of Islamic banks, the more the quality of customer relationships with the management of Islamic banks will be further enhanced. The image of sharia banks has the most significant impact on customer relations compared to sharia bank service quality. Besides, brand image, bank image, and customer relations have a significant positive direct effect on sharia bank customer loyalty, while bank service quality does not have a significant direct effect on customer loyalty. The stronger the brand image, bank image, and customer relations will further enhance sharia bank customer loyalty. The brand image of sharia banks has a more significant impact on sharia bank customer loyalty than customer relations or sharia bank brand images.

Besides, this study also studies that customer relationships are mediating for the influence of sharia bank service quality on sharia bank customer loyalty, but not meditating for sharia bank brand image and image of customer loyalty while sharia bank image has the most significant influence on loyalty compared to quality bank services and brand image. While the quality of bank services and brand image have the same large totality, the results reveal that the image of sharia banks has the most influence on customer loyalty compared to service quality and brand image. This shows that sharia banks emphasize the image of Islamic banks as a whole, not only limited to sharia banks individually. Bank customers generally still see the image of sharia banks compared to their brand image. This means that the togetherness of sharia banks in developing the image of sharia banks as a whole becomes more critical and becomes the main point in maintaining the loyalty of sharia bank customers as a whole.

Customer loyalty, besides, needs to be maintained also needs to be improved, by promoting the quality of Islamic banking services and improving the image of shariah banks themselves. The priority of enhancing the image of sharia banks to sharia bank customers is still very relevant to increase sharia bank customer loyalty. Increased customer loyalty is expected to encourage an increase in third-party funds which will also gradually encourage the growth of sharia bank assets so that in the end it will encourage the growth of sharia bank market share to conventional banks.

So now, shariah banks still have to promote the promotion and dissemination of the image of Islamic banks to customers and the public to drive the growth of the market share of shariah banks to a higher level.

The quality of sharia banking services remains a factor that is considered by customers, although not the main because now customers still see that sharia banks have a level of service quality that is not much different from conventional banks. So the quality of service needs to be improved with customer relations. This means that management needs to continuously improve customer relations to maintain and encourage service quality benefits to increase sharia bank customer loyalty.

Customer relations in sharia banks need special attention in encouraging sharia bank customer loyalty. Although it does not mediate all exogenous variables, it plays a role in increasing the total influence of several exogenous variables such as the quality of bank services, which will ultimately increase overall customer loyalty.

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