



SERVICE QUALITY AND CUSTOMER LOYALTY: THE ROLE OF SATISFACTION AND TRUST IN INDONESIAN SHARIA BANK

Maya Novitasari ¹, Nik Amah², Anissa Ayera³, Ahmad Nur Aziz⁴, Ardi Gunardi⁵

Universitas PGRI Madiun^{1,2,3,4}

Universitas Pasundan⁵

¹ maya.novitasari@unipma.ac.id

Jl. Setia Budi No.85, Kota Madiun, Jawa Timur 63118, Indonesia

Jl. Tamansari No.6-8, Kota Bandung, Jawa Barat 40116, Indonesia

Abstract

This study determines the effect of service quality on customer loyalty with satisfaction and trust as mediating variables in Indonesia sharia banks during the Covid-19 pandemic period. This study used 300 respondents of sharia bank customers in Indonesia. The data were analyzed using a partial least square with the SmartPLS 3.0 analysis tool. Service quality has a positive effect on customer loyalty, service quality has a positive effect on customer satisfaction, service quality has a positive effect on trust, satisfaction has a positive effect on customer loyalty, trust has a positive effect on customer loyalty, satisfaction is able to mediate the effect of service quality on customer loyalty, and trust is able to mediate the effect of service quality on loyalty. This study adopts two mediating variables, namely satisfaction and trust in the effect of service quality on customer loyalty. The results present partial mediation of satisfaction on the influence of service quality on customer loyalty and partial mediation of trust on the influence of service quality on customer loyalty.

Keywords: service quality; customer loyalty; satisfaction; trust

Article Info

History of Article

Received: 18/1/2024

Revised: 21/2/2024

Accepted: 28/2/2024

Jurnal Riset Bisnis dan Manajemen
Volume 17, No. 1, February 2024,

Page 87-98

ISSN 1979-0600 (Print)

ISSN 2580-9539 (Online)

INTRODUCTION

The pandemic was first discovered in Wuhan City, China, in November 2019, hereinafter referred as Covid-19 (WHO, 2020). The World Health Organization on 11 March 2020 declared Covid-19 virus was a global pandemic outbreak. It is due to the risk of death caused by the virus being quite large compared to common influenza. In addition, the exponential rate of virus transmission is faster and more difficult to overcome compared to some other diseases (Padhan & Prabheesh, 2021). A pandemic is a serial killer that can destroy human life and the global economy (Clark, 2016). At the beginning of March 2020, two people were found infected which was the first case for the emergence of Covid-19 in Indonesia. (Kompas, 2020).

The important role of customer loyalty in different organizations is widely highlighted in consumer-oriented product and service offered. However, researchers sometime ignore the importance of empirical investigations related to customer loyalty, service quality, trust, and Islamic banking satisfaction with financial transactions. Furthermore, the current Covid-19 pandemic presents several downside risks for the development of Islamic banks. For instance, Islamic banking products are based on sales and purchase contracts, profit sharing and partnerships. In the current Covid-19 pandemic, finding customers who are willing to take risks is difficult in purchasing and partnering since it does not benefit the customer (Hassan et al., 2020). Therefore, it is very important to conduct research to investigate how customer satisfaction, customer trust, and loyalty for Islamic banking.

Islamic banking as a growing company in the banking sector that has an orientation to the service business certainly has the goal of optimizing the quality of its services to satisfy consumers. According to Mohammad

et al. (2016), quality of bank service by using the bank's ability to provide quality services to customers related to the quality of service dimensions (extraversion, prudence, flexibility and friendliness). It is concluded that the dimensions of the bank's service quality in meeting customer needs have a significant influence on the customer's willingness to re-subscribe from the bank.

Customer loyalty is one of the banking strategies in maintaining and even developing business and profits. Loyalty means customers voluntarily continue using an agency's products or services for a long period of time (Carranza et al., 2018). Maintaining customer loyalty is more important than focusing on transactional requests for a company's products or services. It is in line with the business objective, namely to ensure customers have a nice experience and provide a positive assessment of the company or service provider (Saleh et al., 2017). If customers perceive a positive perception, they will likely share a good opinion about the service quality of the company or service provider, thereby increasing the company's market potential (Hapsari et al., 2017).

This research examines the direct and indirect relationship where customer satisfaction and trust act as mediation between the influence of service quality on customer loyalty. Several previous studies regarding the mediating role of customer satisfaction and trust in the influence of service quality on customer loyalty were presented by Omoregie et al. (2019) which stated that disclosed service quality has a positive and significant influence on customer loyalty. It indicates service quality is an important factor of customer loyalty. Different things were put forward by Solimun & Fernandes (2018), service quality has no significant and negative relationship with customer loyalty. Its influence is inseparable from the poor quality of services that have been provided, thereby reducing the level of customer loyalty.

Along with this research gap, this study adds a mediating variable namely customer satisfaction and trust. The research put forward by Hapsari et al. (2017) indicated service quality on satisfaction has a direct and significant influence. Strategically, companies with good service quality are considered capable of satisfying customers, which will increase the value of customer satisfaction with the company. Meanwhile, the research put forward by Makanyeza & Chikazhe (2017) indicated satisfaction has a significant influence on customer loyalty. Satisfaction is considered to have a positive effect that can influence the level of customer loyalty. In addition, the research conducted by Haghkhalah et al. (2020) presented service quality has a positive and significant effect on trust. Good or bad competence or a company's track record can affect customer trust. It means good service quality is able to foster customer trust in the company. Likewise with the research by Albaity & Rahman (2021), trust has a positive and significant influence on customer loyalty. Repeated transactions and the use of service provider companies foster a greater sense of trust so as to increase customer loyalty to service providers. Thus, customer trust has an important role in competition between companies, because it is easy for customers to move from one company to another.

Based on the elaboration above, researchers are interested in conducting this research to determine the effect of service quality on customer loyalty mediated by customer satisfaction and customer trust. It is according to the phenomena, urgency and research gaps that have been described previously. Therefore, further research is needed on Islamic banking customers.

According to Caruana & Ewing (2010), loyalty is a commitment to regularly repurchase selected products or services, regardless of possible changes in behavior due to environmental factors and marketing efforts. Customer loyalty has an important role in a company, namely in order to encourage company's financial performance capabilities and maintain company's sustainability over a long period of time and its development. Therefore, it is important for a company to maintain customer loyalty (Shabbir et al., 2016). According to Griffin (2005) there are several indicators in measuring customer loyalty, including: (1) repeated product or service transactions, (2) the habit of using products or services from company's brand, (3) purchasing products or services with other types offered by the company, (4) voluntarily offer products or services to the other people, and (5) feeling confident and believe that the products or services in the company are better than the others.

Quality is a dynamic state that affects products, services, processes, people and the environment, and meets or exceeds expectations. Meanwhile, services include all kinds of actions that may be provided by one party to another in the form of something intangible (Tjiptono, 2007). According to Kotler & Keller (2006), definition of service quality can be seen as a type of customer evaluation of perceived and expected service. One of keys to success of a company, especially those engaged in services, is good quality service (Makanyeza & Chikazhe, 2017). There are two aspects influence service quality, namely, perceived and expected service. If the service received exceeds customer expectations, the service quality is considered good. Meanwhile, if the services obtained do not meet consumer expectations, service quality is considered poor (Shabbir et al., 2017).

Based on Kotler et al. (2009)'s research, satisfaction is an emotional feeling felt by customers arises due to a comparison of impressions and expectations experienced on services. If expectations for services can be met or exceed customer desires, customer satisfaction will grow. And if a service does not meet expectations, the level of customer satisfaction decreases. Thus, customer satisfaction is considered as a major aspect in

creating corporate strategy (Shabbir et al., 2016). A company can be said to be successful if it can meet customer expectations, as the main goal is to foster loyalty over a long period of time. From the researches put forward by Irawan (2007) and Makanyeza & Chikazhe (2017) it can be concluded that several factors can have an impact on determining customer satisfaction, including product quality, service quality, price, emotional factors, efficiency, expectations, performance, comparison, and confirmation/disconfirmation.

Trust is an important aspect to form the business basis for a company. Trust can be defined as an intention to accept vulnerability based on existing expectations regarding the behavior or intentions of other persons (Jung et al., 2020). Trust is very necessary to build long-term good relationships with customers. In order to gain customer trust, a company must create good relationships from the start and support it with realized evidence. According to Galea et al. (2002), there are four indicators in measuring trust, namely dependability, honesty, competence, and likeability.

The effect of service quality on customer loyalty. Quality of service by banks is one of the main criteria in selecting an appropriate provider for customers. Consistently good quality service is an important determinant of customer loyalty. This is an overview created based on the interaction process that occurs between customers and bank employees. Ofori et al. (2018) discovered that service quality is a driver of customer satisfaction, which then creates customer loyalty. In contrast to the goods market where physical products can be easily felt, in the banking sector providing quality services to customers is more difficult to assess (Pleshko and Heiens, 2015). In achieving loyalty, the Company must provide consistent service quality (Caruana & Ewing, 2010). In the empirical study done by Omoregie et al. (2019) and Makanyeza & Chikazhe (2017) proves that service quality is able to provide a major influence on customer loyalty.

The influence of service quality on satisfaction. In the service literature, strong emphasis is placed on the relationship between customer satisfaction and service quality. It is generally accepted, customer satisfaction often depends on service quality (Famiyeh et al., 2018). Based on that opinion, research on customer satisfaction is often associated with measuring service quality. It is found that tangential or physical facilities, reliability, responsiveness, assurance and empathy are five important factors influence customer satisfaction. Amin et al. (2011) presented bank's ability to provide fast and efficient service benefits, bank personnel friendliness, confidentiality and transaction speed can consistently affect the level of customer satisfaction.

The effect of service quality on trust. Ofori et al. (2018) has provided empirical evidence that service quality can affect trust, especially in the business sector. It shows that banks are able to create value in the quality of services that have been provided so that they can build trust in customers indirectly by providing high quality services. (Gao, L., Waechter, K.A. and Bai, 2015 ; Tang and Nguyen, 2013). Empirical study by Haghkhalah et al. (2020) proved Service Quality has a major effect on customer trust.

The influence of satisfaction on customer loyalty. Several empirical studies have stated there are various factors capable of creating customer loyalty, but the important factor is customer satisfaction. Satisfied customers tend to make repeated transactions and become loyal to a particular product or service offered by the bank compared to customers who have an unsatisfactory experience. (Pleshko dan Heiens, 2015). Customer loyalty increases due to the customer's relationship with the bank becoming stronger as the level of customer satisfaction increases. Additionally, there is a relationship between customer satisfaction and loyalty, and research has shown that even when consumers are delighted with a product or service from one brand, they may consistently make repeat purchases due to brand loyalty and reluctance compared to another brand. (Fraering dan Minor, 2013). Stan et al. (2013) mentioned two kinds of customer satisfaction, namely, (1) attribute satisfaction refers to cognitive and logical formation of satisfaction by customers, and (2) pleasurable satisfaction refers to consumer affection or emotional reactions to a product or service. Ganiyu (2017) stated that customer satisfaction is able to encourage the creation of loyalty and increase the level of customer loyalty and increase company profitability, but it is not certain to be fulfilled in some cases. Empirical studies that have been carried out by Fernandes et al (2018) and Carranza et al. (2018) disclosed satisfaction has a positive influence on customer loyalty.

The effect of trust on customer loyalty. Albalty (2021) stated trust is a belief that service providers will meet customer needs and avoid detrimental actions lead to undesirable things. As well as, Patrick (2002) defined trust as behavior, feeling, thought, and emotion arise when the customer believes the company will fulfill customer's needs. According to social exchange theory, trust is a prerequisite for any contract or relationship. As previous research has presented, trust is an important variable in creating Bank Customer Loyalty. Kabadayi (2016) found, a higher level of trust is shown by banks. Improved customer retention and loyalty leads to future transactions. A high level of trust reduces quest costs to find the best bank services and increases the likelihood of customers to recommend their bank to others. Therefore, trust is considered as a long-term determinant of loyalty (Albalty, 2021). Empirical studies carried out by Shankar & Jebarajakirthy (2019) and Ismanova (2019) concluded that trust has a big influence on customer loyalty.

The influence of satisfaction and trust as mediating variables. According to a number of previous studies, customer loyalty can be directly influenced by satisfaction, trust, and service quality. Meanwhile, other variables such as mediating variables must be added as how it is blown up in this study. In an empirical study conducted by Abror et al. (2020), Makanyeza & Chikazhe (2017) and Hapsari et al. (2017) stated customer satisfaction has capacity to mediate relationship between customer loyalty and service quality. Omoregie et al. (2019), and Haghkhah et al. (2020) disclosed service quality with service loyalty can be mediated by trust.

Based on analysis previously, this research is focused on exploring the mechanisms of service quality, satisfaction, trust, and customer loyalty. The aim of this research is empirically examining direct and indirect relationship between service quality, customer satisfaction, trust, and loyalty. The conceptual framework of this study can be described as follows in Figure 1:

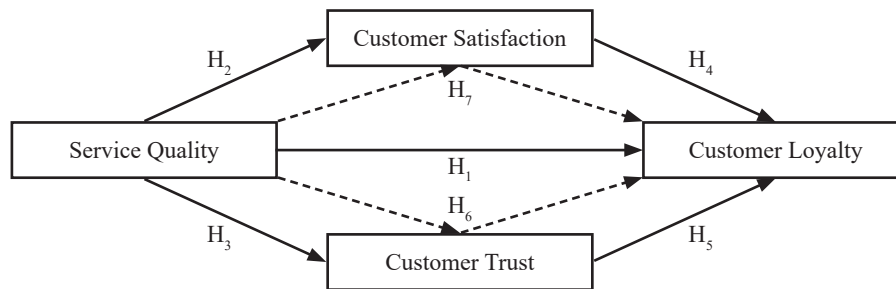


Figure 1. Research Framework

METHOD

The population of this study consists of all sharia banking customers in Indonesia. The non-probability sampling approach was used in this study to determine the sample. Meanwhile, the purposive sampling technique was used for the sampling methodology. The sampling approach is used with the intention that researchers can explore significant information with precise specifications using the following criteria: (a) Respondents are customers of Indonesian Sharia Banks; (b) Respondents have active Indonesia Sharia Bank accounts; (c) Respondents have received services through customer service and/or tellers at Sharia Banks.

According to Hair et al. (2017), based on the thumb rule, there are several provisions that can be used in determining the minimum sample size needed in a study. The first is 10 times number of variables, the second is 10 times the number of formative indicators, and the last is 10 times the number of structural pathways. Moreover, this study has 5 structural paths, so the minimum sample size required is 50 samples. However, in order for this research to be better represented, it is decided to use a sample with a larger number of 300 customers.

Service quality. Service quality is the method used to provide high quality services for customers in order to meet their needs and desires (tjiptono, 2007). According to Parasuraman et al. (1985) indicators for measuring service quality include several dimensions such as tangibility, reliability, responsiveness, assurance, and empathy.

Customer loyalty. Customer loyalty is a customer's commitment to repurchase services or products from a company (Caruana & Ewing, 2010). Several indicators in measuring customer loyalty include repeated transactions, the habit of using the company's products, purchasing other products offered by the company, providing product recommendations to others, and the belief that the company's products are superior to other competitors' products. (Griffin, 2005).

Customer satisfaction. Customer satisfaction occurs when there is a comparison between the expected results and the performance provided (Kotler, 2005). Factors affect customer satisfaction include product and service quality, cost/price, emotional factors, convenience, expectations, performance, comparison, and approval or rejection of services (Irawan, 2007; Makanyeza & Chikazhe, 2017).

Customer trust. Trust arises due to the reputation given by other people based on skills in carrying out tasks (Hariadji, 2018). Trust can be measured through several indicators such as dependability (customer expectations and trust in accordance with agreements), honesty (transparency in service and delivery of information), as well as the company's competence compared to other competitors in terms of employee professionalism and technology. (Galea et al. 2002).

This study is quantitative research aims to determine the results of hypothesis testing using several variables and mediation as benchmarks. The object of research in this study is customers from Sharia banks in Indonesia. It is due to sharia bank systems and products depend on sales and purchase contracts, profit

sharing, and partnerships which may be impacted by several downside risks for the progress of sharia banks during the Covid-19 pandemic. In addition, Indonesia's Islamic banking system is one of the largest and most comprehensive systems in the world.

In this study, a systematic data collection method was used to increase the effectiveness of data collection. The data used in this study consisted of secondary data in the form of literature review by reviewing references from relevant literature to collect data and information from previous studies. The primary data is in the form of distributing questionnaires respondents were asked to answer a series of questions. Subsequently, the results of questionnaire was evaluated using a Likert scale.

This study used PLS-SEM (Partial Least Square - Structural Equation Modeling) as a data analysis method. In this case, Microsoft Excel 2019 and SmartPLS 3.0 are used as software to process statistical data. Descriptive Statistics: Descriptive statistics is a statistical function that is used to provide a description or overview of research objects based on existing data, without intending to draw general conclusions (Sugiyono, 2017). PLS-SEM (Partial Least Square - Structural Equation Modeling) analysis: This study used a PLS-SEM (Partial Least Square - Structural Equation Modeling) analysis approach. PLS-SEM allows researchers to study latent variables using reflective, formative indicators, or a combination of both, and can be used to test and confirm theories and build correlations without having to rely on a theoretical basis (Solimun et al. 2017).

RESULTS

The data from the collected survey was analyzed using the Partial Least Squares Structural Equation model (PLS-SEM). PLS-SEM allows researchers to test causal relationships between latent variables in a proposed research model. According to Hair et al. (2017) in order to evaluate the structural equation model, two steps are used. The first step is to test the reliability and validity of the measurement model, and the second step is to examine the significance of tstructural path between latent constructs in the hypothesized model. In order to carry out this evaluation, in this study SmartPLS 3.0 software was used, which makes it possible to test the reliability and validity of the measurement model as well as test the structural model.

Table 1. Respondent Characteristics Data

| Characteristic Data | Indicator | Amount | Percentage |
|----------------------|---------------------------|--------|------------|
| Gender | Male | 78 | 26% |
| | Female | 222 | 74% |
| Age | < 20 years old | 10 | 3,3% |
| | 20 – 29 years old | 256 | 85,3% |
| | 30 – 39 years old | 19 | 6,4% |
| | 40 – 49 years old | 6 | 2% |
| | > 50 years old | 9 | 3% |
| Occupation | Student | 159 | 53% |
| | Private employees | 71 | 23,6% |
| | Civil servants | 17 | 5,7% |
| | Self-employed | 24 | 8% |
| | Others | 29 | 9,7% |
| Sharia banking used | Bank Syariah Indonesia | 108 | 36% |
| | Bank Mandiri Syariah | 25 | 8,3% |
| | Bank BNI Syariah | 30 | 10% |
| | Bank BRI Syariah | 38 | 12,7% |
| | Bank Muamalat | 35 | 11,7% |
| | Bank BTN Syariah | 17 | 5,7% |
| | Bank BCA Syariah | 16 | 5,3% |
| | Bank Mega Syariah | 9 | 3% |
| | Bank Jatim Syariah | 5 | 1,7% |
| | Bank Jabar Banten Syariah | 6 | 2% |
| | BMD Syariah | 9 | 3% |
| | BTPN Syariah | 1 | 0,3% |
| Bank Syariah Bukopin | 1 | 0,3% | |
| Total : | 300 Respondents | | |

Table 1 presents the majority of respondents participated in this study were female with a total of 222 (74%). Further data shows the majority of respondents are in the age range of 20-29 years, 256 respondents (85.3%). For data on occupation characteristic, the majority of respondents are college students with a total of 159 persons (53%). And the majority of Islamic banking used in this study is Bank Syariah Indonesia with a total of 108 respondents (36%).

Table 2. Descriptive Statistical Test Results

| Indicator | Min | Max | Standard Deviation | Mean | Category |
|--|------|------|--------------------|-------|----------|
| I feel the bank employees provide personal attention during the pandemic. | 1,00 | 5,00 | 0,865 | 4,043 | High |
| I feel the bank provides offline and online services regarding accurate account information during the pandemic. | 1,00 | 5,00 | 0,759 | 4,217 | High |
| I feel the bank does not provide service notification regarding interest rates, service fees and special and appropriate offers during the pandemic. | 1,00 | 5,00 | 1,176 | 3,387 | Medium |
| I feel the bank provides service providers that can be accessed in various ways such as online, telephone, face to face and even through ATMs during the pandemic. | 1,00 | 5,00 | 0,828 | 4,273 | High |
| I feel the banks provides service provider operating hours that are less effective during the pandemic. | 1,00 | 5,00 | 1,240 | 3,417 | Medium |
| I feel the bank has an effective complaint handling process during the pandemic. | 1,00 | 5,00 | 0,881 | 3,997 | High |
| I found service-related materials (such as pamphlets, billboards or statements) to be visually less appealing at this bank during the pandemic. | 1,00 | 5,00 | 1,146 | 3,370 | Medium |
| I am comfortable with the bank's queuing policy during the pandemic. | 1,00 | 5,00 | 1,070 | 3,890 | High |
| I feel by given this bank's track record, I have good reason to trust their competence during the pandemic. | 1,00 | 5,00 | 0,777 | 4,153 | High |
| I felt the bank presented a warm and caring attitude towards me during the pandemic. | 1,00 | 5,00 | 0,829 | 4,140 | High |
| When I shared the bank's problems, I felt they would respond attentively during the pandemic. | 1,00 | 5,00 | 0,818 | 4,117 | High |
| I feel this bank has superior competence in serving customers during the pandemic. | 1,00 | 5,00 | 0,864 | 4,027 | High |
| I feel banks are not honest and transparent in providing information to customers during the pandemic. | 1,00 | 5,00 | 1,354 | 3,400 | Medium |
| I am very satisfied with the overall experience of using this bank during the pandemic. | 1,00 | 5,00 | 0,812 | 4,120 | High |
| I feel the experience of using this bank's product was not satisfactory during the pandemic. | 1,00 | 5,00 | 1,216 | 3,430 | Medium |
| I feel my experience using this bank's products and services does not meet my expectations. | 1,00 | 5,00 | 1,266 | 3,357 | Medium |
| Overall I am satisfied with the services provided by this bank during the pandemic. | 1,00 | 5,00 | 0,887 | 4,057 | High |
| I feel the costs of this bank product are not appropriate during the pandemic. | 1,00 | 5,00 | 1,253 | 3,320 | Medium |
| I found it is difficult to obtain complaint assistance from the bank during the pandemic. | 1,00 | 5,00 | 1,268 | 3,350 | Medium |
| I intend to use the services of this bank again in the future. | 1,00 | 5,00 | 0,857 | 4,213 | High |
| I will not use the latest products or services from this bank in the future. | 1,00 | 5,00 | 1,352 | 2,950 | Medium |
| I would say positive things about this bank to others. | 1,00 | 5,00 | 0,866 | 4,003 | High |
| I would recommend this bank to others who ask for my advice. | 1,00 | 5,00 | 0,854 | 4,003 | High |
| I am not sure that the products or services from this bank are superior compared to other banks during the pandemic. | 1,00 | 5,00 | 1,172 | 3,450 | Medium |

Table 2 presents the average respondent assessment of the service quality, satisfaction, trust and loyalty variables is respectively included in the majority of the high category with a minimum average value of 3.890 and a maximum average value of 4.213. Meanwhile, the average of other assessments is included in the moderate category with an average minimum value of 2.950 and an average maximum value of 3.450.

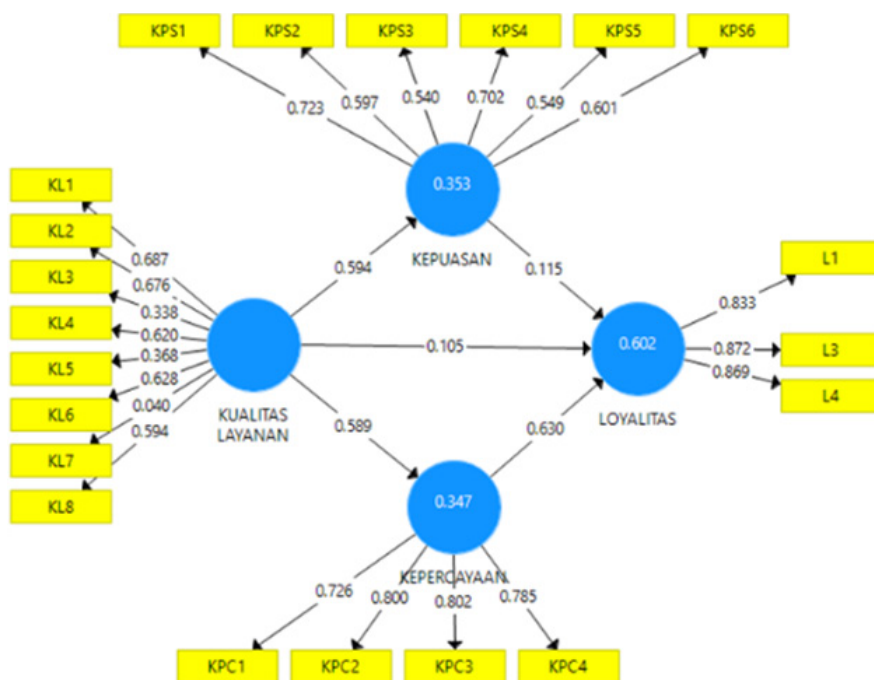


Figure 1. Loading Factor Test Results

Based on the results of loading factor in Figure 1, it presents the results of 10 reflective indicators have a loading factor value greater than 0.6 are 7 indicators. Meanwhile, the other 3 indicators have a loading factor value below 0.6. Thus, the indicator must be removed from the construct indicator since it is invalid.

After re-estimating by eliminating the KPC5, L2, and L5 indicators, there is no longer a loading factor value below 0.6. The loading factor value generated by each trust and loyalty construct meets the rule of thumb convergent validity value, which is above 0.6. Therefore, it can be concluded all construct indicators can be said to be valid.

Table 3. Cross Loading Value Test Results

| Indicator | Trust | Satisfaction | Service Quality | Loyalty |
|-----------|-------|--------------|-----------------|---------|
| KPC1 | 0,725 | 0,471 | 0,438 | 0,489 |
| KPC2 | 0,801 | 0,566 | 0,469 | 0,589 |
| KPC3 | 0,802 | 0,504 | 0,470 | 0,619 |
| KPC4 | 0,785 | 0,564 | 0,524 | 0,660 |
| L1 | 0,646 | 0,610 | 0,508 | 0,835 |
| L3 | 0,654 | 0,580 | 0,501 | 0,873 |
| L4 | 0,662 | 0,515 | 0,458 | 0,867 |

Based on Table 3, the cross loading value for each construct indicator is above 0.7. It can be concluded all cross loading values for each construct indicator have fulfilled the rule of thumb, namely the cross loading value > 0.7. Thus, the indicator can be said to be valid.

Table 4. Composite Reliability Test Results

| | Cronbach's Alpha | rho_A | Reliabilitas Komposit | AVE |
|-----------------|------------------|-------|-----------------------|-------|
| Trust | 0,784 | 0,790 | 0,860 | 0,607 |
| Satisfaction | | 1,000 | | |
| Service Quality | | 1,000 | | |
| Loyalty | 0,821 | 0,821 | 0,893 | 0,737 |

Based on table 4, the construct reliability test through measurement with Cronbach's alpha and composite reliability values have fulfilled the rule of thumbs value, namely the value of each test is greater than 0.7. Therefore, it can be concluded the construct is reliable.

Table 5. Weight Significance Test Results

| Indicator | Original Sample | Sample Average | T Statistics | P Values |
|-----------------------|-----------------|----------------|--------------|----------|
| KL1 → QUALITY SERVICE | 0,444 | 0,432 | 5,240 | 0,000 |
| KL2 → QUALITY SERVICE | 0,277 | 0,282 | 3,244 | 0,001 |
| KL4 → QUALITY SERVICE | 0,312 | 0,300 | 3,414 | 0,000 |
| KL6 → QUALITY SERVICE | 0,318 | 0,319 | 3,794 | 0,000 |
| KL8 → QUALITY SERVICE | 0,137 | 0,136 | 1,979 | 0,047 |
| KPS1 → SATISFACTION | 0,507 | 0,515 | 6,196 | 0,000 |
| KPS4 → SATISFACTION | 0,637 | 0,624 | 7,429 | 0,000 |
| KPS6 → SATISFACTION | 0,142 | 0,135 | 1,969 | 0,026 |
| KPC1 ← TRUST | 0,278 | 0,279 | 10,797 | 0,000 |
| KPC2 ← TRUST | 0,318 | 0,317 | 16,640 | 0,000 |
| KPC3 ← TRUST | 0,328 | 0,327 | 21,250 | 0,000 |
| KPC4 ← TRUST | 0,357 | 0,357 | 20,697 | 0,000 |
| L1 ← LOYALITY | 0,393 | 0,393 | 23,142 | 0,000 |
| L3 ← LOYALITY | 0,390 | 0,390 | 25,735 | 0,000 |
| L4 ← LOYALITY | 0,382 | 0,383 | 24,127 | 0,000 |

Source: Data processed by SmartPLS 3.0, 2022

Based on Table 5, there are 6 indicators with significance value of weight T-statistics less than 1.96, namely indicators KL3, KL5, KL7, KPS2, KPS3, and KPS5. Thus, the 6 indicators are considered not to meet the standard weight significance value. It means these six indicators have to be removed from the formative indicator construct. After re-estimating by eliminating indicators KL3, KL5, KL7, KPS2, KPS3, and KPS5, there are no longer any T-statistics values below 1.96. The resulting T-statistics weight significance value meets the rule of thumb weight significance value, namely the T-statistics value is above 1.96. Therefore, it can be concluded that all formative construct indicators can be said to be valid.

Table 6. Multicollinearity Test Results

| | KL | KPS | KPC | L |
|-----------------|----|-------|-------|-------|
| SERVICE QUALITY | | 1,000 | 1,000 | 1,727 |
| SATISFACTION | | | | 2,028 |
| TRUST | | | | 2,168 |
| LOYALITY | | | | |

Source: Data processed by SmartPLS 3.0, 2022

Based on Table 6, the results of the multicollinearity test show that the VIF value for each construct is less than 10 or less than 5. Thus, it can be concluded that all VIF values for each construct have fulfilled the rule of thumb, namely VIF values <10 or <5. Therefore, in the construct stated that there is no multicollinearity.

Table 7. Determination Coefficient Test Results

| | R Square |
|--------------|----------|
| TRUST | 0,375 |
| SATISFACTION | 0,331 |
| LOYALITY | 0,622 |

Source: Data processed by SmartPLS 3.0, 2022

Based on Table 7, the results of determination coefficient test presents the R-Square value for the satisfaction variable is 0.331, influenced by the service quality variable, but the rest is influenced by other variables outside the research. The trust variable of 0.375 is influenced by the service quality variable while the rest is influenced by other variables outside the research. Furthermore, the loyalty variable of 0.622 is influenced by the variables of service quality, satisfaction and trust, and the remainder is influenced by other variables outside the research.

Table 8. Predictive Relevance Test Results

| | Q ² |
|-----------------|----------------|
| TRUST | 0,220 |
| SATISFACTION | 0,160 |
| SERVICE QUALITY | |
| LOYALTY | 0,448 |

Source: Data processed by SmartPLS 3.0, 2022

Based on Table 8, the results of measuring predictive relevance (Q²) indicates the Q² value for the satisfaction variable is 0.160, the trust variable is 0.220, and the loyalty variable is 0.448. It means each variable has a predictive relevance (Q²) value of more than 0. Therefore, it can be concluded that the model has good predictive relevance.

Table 9. Model Fit Results

| | Saturated Model | Estimated Model | |
|------------|-----------------|-----------------|-------|
| SRMR | 0,075 | 0,099 | |
| d_ULS | 0,680 | 1,170 | |
| d_G | 0,240 | 0,290 | |
| Chi-Square | 413.083 | 445.875 | |
| NFI | 0,753 | 0,734 | |
| rms Theta | | | 0,182 |

Source: Data processed by SmartPLS 3.0, 2022

Based on the model fit measurement results in Table 9, the NFI, SMRM, RMStheta, Chi², d_ULS and d_G values have met the rule of thumb criteria or can be said to be in accordance with the model fit criteria. Therefore, it can be concluded the model fit is acceptable or in accordance with the data.

Table 10. Hypothesis Testing Results

| | Original sample | T Statistics | P Values | Description |
|--------------------------------|-----------------|--------------|----------|-------------|
| SERVICE QUALITY → LOYALTY | 0,104 | 2,042 | 0,021 | Significant |
| SERVICE QUALITY → SATISFACTION | 0,578 | 11,422 | 0,000 | Significant |
| SERVICE QUALITY → TRUST | 0,604 | 10,522 | 0,000 | Significant |
| SATISFACTION → LOYALTY | 0,211 | 3,485 | 0,000 | Significant |
| TRUST → LOYALTY | 0,555 | 9,549 | 0,000 | Significant |

Source: Data processed by SmartPLS 3.0, 2022

Based on the results of hypothesis testing in table 10, service quality has a significant influence on customer loyalty with a T-statistic value of 2.042 which is greater than 1.96 at a p-value significance level of 0.05. Hypothesis 1 is accepted. Furthermore, service quality has a significant influence on satisfaction with a T-statistic value of 11.422 which is greater than 1.96 at the p-value significance level of 0.05. Hypothesis 2 is accepted. Service quality has a significant influence on trust, with a T-statistic value of 10.522 which is greater than the limit of 1.96 at the P-values significance level of 0.05. Hypothesis 3 is accepted. Satisfaction also has a significant influence on customer loyalty, with a T-statistic value of 3.485 which is greater than the limit of 1.96 at the P-values significance level of 0.05. Hypothesis 4 is accepted. Trust has a significant influence on customer loyalty with a T-statistic value of 9.549 which is greater than 1.96 at the p-value significance level of 0.05. Hypothesis 5 is accepted.

Table 11. Mediation Effect Testing

| | Original sample | T Statistics | P Values | Description |
|--|-----------------|--------------|----------|-------------|
| SERVICE QUALITY → SATISFACTION → LOYALTY | 0,122 | 3,242 | 0,001 | Significant |
| SERVICE QUALITY → TRUST → LOYALTY | 0,336 | 8,101 | 0,000 | Significant |

Source: Data processed by SmartPLS 3.0, 2022

Based on the results of the mediation effect test in Table 11, the relationship between service quality and customer loyalty through the satisfaction variable shows a T-statistic value of 3.242 which is greater than the 1.96 limit at the P-value significance level of 0.05. This result means that the satisfaction variable is able to mediate the influence of service quality on customer loyalty and is classified as partial mediation because with or without the satisfaction variable, service quality still has a positive and significant effect on customer loyalty. Thus, hypothesis 6 is accepted. Furthermore, the relationship between the service quality variable and customer loyalty through the trust variable shows a T-statistic value of 8.101, this value is greater than the limit value of 1.96 at a significance p-value of 0.05. This result means the trust variable is able to mediate the influence of service quality on customer loyalty and is classified as partial mediation because with or without the trust variable, service quality still has a positive and significant effect on customer loyalty. Therefore, hypothesis 7 is accepted.

DISCUSSION

This research found that service quality significantly and positively influences customer loyalty. Therefore, the concept of service quality positively influences loyalty and can be accepted. The findings of this study are consistent with those of Ismanova (2019) and Ofori et al. (2018), who show that customer loyalty is significantly and positively influenced by service quality. This may indicate that providing consistent, high-quality services is a major factor in creating loyalty.

This research found that customer satisfaction is influenced by service quality significantly and positively. Therefore, the concept of service quality positively influences acceptable satisfaction. The findings of this study are consistent with those of Janahi & Almubarak (2017) and Famiyeh et al. (2018), who show that satisfaction is significantly and positively influenced by service quality.

This research found that customer trust is influenced by service quality significantly and positively. Therefore, the concept of service quality has a positive influence on trustworthiness. The findings of this study are consistent with those of Omoregie et al. (2019) and Ofori et al. (2018), who show that trust is significantly and positively influenced by service quality.

This research found that customer loyalty is influenced by satisfaction significantly and positively. Thus, the concept of satisfaction positively influences customer loyalty and can be accepted. The findings of this study are consistent with those of Fernandes et al. (2018) and Carranza et al. (2018), who show that customer loyalty is significantly and positively influenced by satisfaction. Higher customer satisfaction results from improved relationships between banks and customers, leading to increased loyalty.

This research finds that customer loyalty is influenced by trust significantly and positively. Thus, the concept of trust positively influences customer loyalty and can be accepted. The findings of this research are consistent with those of Shankar & Jebarajakirthy (2019) and Ismanova (2019), who show that trust significantly and positively influences customer loyalty.

This research shows that the satisfaction variable can partially mediate the relationship between service quality and customer loyalty. Therefore, satisfaction can mediate the relationship between acceptable service quality and customer loyalty. The findings of this study are consistent with those of Abror et al. (2020) and Hapsari et al. (2017), which show that customer satisfaction affects the relationship between service quality and customer loyalty.

CONCLUSION

This study examines the effect of service quality on customer loyalty mediated by satisfaction and trust with the object of research being Islamic banking customers in Indonesia during the Covid-19 pandemic era. Based on the analysis results, it can be concluded customer loyalty is significantly and positively influenced by service quality, satisfaction and trust. And partially, satisfaction and trust are able to mediate the relationship between service quality and customer loyalty.

Suggestions, Indonesia sharia banks are expected to be able to maintain the quality of services provided and even evaluate so that customer satisfaction and trust are maintained despite the Covid-19 pandemic which has affected banking policies, especially in terms of service. In addition, it is hoped there will be an increase in sharia banks which encourages customer loyalty so that it is able to provide progress both in terms of profitability and company expansion. This study has contributed in broadening literature by providing a clear view of t relationship between variables of service quality, satisfaction, trust and customer loyalty. It can be seen from the T-statistic results, each influence of the relationship between the test variables shows findings where the trust variable has the most dominant influence on customer loyalty. Thus, the researchers of this

study provide suggestions for the need to link and select other additional variables that can be predicted to be related and contribute to the development of concept of service quality and customer loyalty such as brand image, product quality, and others for future research. Apart from that, study can be carried out with different research test models by changing the mediation or adding mediation variables.

REFERENCES

- Abror, A., Patrisia, D., Engriani, Y., Evanita, S., Yasri, Y., & Dastgir, S. 2020. Service Quality, Religiosity, Customer Satisfaction, Customer Engagement And Islamic Bank's Customer Loyalty. *Journal of Islamic Marketing*, 11(6), 1691–1705. <https://doi.org/10.1108/JIMA-03-2019-0044>
- Albaity, M., & Rahman, M. 2021. Customer Loyalty Towards Islamic Banks: The Mediating Role Of Trust And Attitude. *Sustainability (Switzerland)*, 13(19), 1–19. <https://doi.org/10.3390/su131910758>
- Carranza, R., Díaz, E., Martín-consuegra, D., & Martín-consuegra, D. 2018. The Influence Of Quality On Satisfaction And Customer Loyalty With An Importance-Performance Map Analysis Exploring The Mediating Role Of Trust. <https://doi.org/10.1108/JHTT-09-2017-0104>
- Caruana, A., & Ewing, M. T. 2010. How Corporate Reputation, Quality, and Value Influence Online Loyalty. *Journal of Business Research*, 63(9–10), 1103–1110. <https://doi.org/10.1016/j.jbusres.2009.04.030>
- Clark, R. 2016. Anatomy Of A Pandemic. In *Business Continuity and the Pandemic Threat* (pp. 32–60).
- Famiyeh, S., Asante-Darko, D., & Kwarteng, A. 2018. Service Quality, Customer Satisfaction, And Loyalty In The Banking Sector: The Moderating Role Of Organizational Culture. *International Journal of Quality & Reliability Management*.
- Fandy Tjiptono. 2007. *Strategi Pemasaran* (2nd ed.). Andi.
- Galea, S., Karpati, A., & Kennedy, B. 2002. Social Capital And Violence in the United States , 1974 – 1993. 55, 1373–1383.
- Ganiyu, R. 2017. Customer Satisfaction And Loyalty: A Study Of Interrelationships And Effects In Nigerian Domestic Airline Industry. *Oradea Journal of Business and Economics*, 2(1), 7–20.
- Gao, L., Waechter, K.A. and Bai, X. 2015. Understanding Consumers' Continuance Intention Towards Mobile Purchase: A Theoretical Framework And Empirical Study – A Case of China. *Computers in Human Behavior*, 53, 249–262.
- Griffin. (2005). *Customer Loyalty*. Erlangga.
- Haghhah, A., RASOOLIMANESH, S. M., & Asgari, A. A. 2020. Effects Of Customer Value And Service Quality On Customer Loyalty : Mediation Role Of Trust And Commitment In Business-To-Business Context. *Management Research and Practice*, 12(1), 27–47.
- Hair, J. F., Hult, G. T., Ringle, C., & Sarstedt, M. 2017. *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)*. In Sage (2nd ed.).
- Hapsari, R., Clemes, M. D., & Dean, D. 2017. The Impact Of Service Quality, Customer Engagement And Selected Marketing Constructs On Airline Passenger Loyalty. *International Journal of Quality and Service Sciences*, 9(1), 21–40. <https://doi.org/10.1108/IJQSS-07-2016-0048>
- Hariadji, R. 2018. Pengaruh Kualitas Layanan, Kualitas Produk, Dan Kepercayaan Nasabah Terhadap Loyalitas Nasabah Melalui Kepuasan Nasabah. *Jurnal Ilmiah Ekbank*, 1(2), 40.
- Hassan, M. K., Rabbani, M. R., & Asad, M. 2020. Challenges for the Islamic Finance and banking in post COVID era and the role of Fintech. February 2021.
- Irawan, H. 2007. *Kepuasan Pelanggan*. PT. Elex Media Komputindo.
- Ismanova, D. 2019. Students' Loyalty In Higher Education: The Mediating Effect Of Satisfaction, Trust, Commitment On Student Loyalty to Alma Mater. *Management Science Letters*, 9, 1161–1168. <https://doi.org/10.5267/j.msl.2019.4.024>
- Jung, J., Kim, S., & Kim, K. 2020. Sustainable Marketing Activities Of Traditional Fashion Market And Brand Loyalty. *Journal of Business Research*, 120, 294–301. <https://doi.org/https://doi.org/10.1016/j.jbusres.2020.04.019>
- Kotler, & Keller. 2006. *Manajemen Pemasaran* (12th ed.). PT. Indeks.
- Kotler, P. 2005. The Role Played By The Broadening Of Marketing Movement In The History Of Marketing Thought. *Journal of Public Policy and Marketing*, 24(1), 114–116. <https://doi.org/10.1509/jppm.24.1.114.63903>
- Kotler, Philip, & Kevin L. Keller. 2009. *Manajemen Pemasaran jilid 1* (13th ed.). Erlangga.
- Makanyeza, C., & Chikazhe, L. 2017. Mediators Of The Relationship Between Service Quality And Customer Loyalty: Evidence From The Banking Sector in Zimbabwe. *International Journal of Bank Marketing*, 35(3), 540–556. <https://doi.org/10.1108/IJBM-11-2016-0164>

- Mohammad, S., Hasiri, A., & Afghani, M. 2016. Investigation Of The Factors Affective On The Loyalty of Customers In Banking Industry In The Framework Of The Model Of Personality Characteristics Of Personnel (Case study : Sepah Bank in Mazandaran Province). *Procedia Economics and Finance*, 36(16), 490–501. [https://doi.org/10.1016/S2212-5671\(16\)30072-7](https://doi.org/10.1016/S2212-5671(16)30072-7)
- Ofori, K. S., Boakye, K., & Narteh, B. 2018. Factors Influencing Consumer Loyalty Towards 3g Mobile Data Service Providers: Evidence from Ghana. *Total Quality Management & Business Excellence*, 29(5–6), 580–598.
- Omorie, O. K., Addae, J. A., Coffie, S., Ampong, G. O. A., & Ofori, K. S. 2019. Factors Influencing Consumer Loyalty: Evidence From The Ghanaian Retail Banking Industry. *International Journal of Bank Marketing*, 37(3), 798–820. <https://doi.org/10.1108/IJBM-04-2018-0099>
- Padhan, R., & Prabheesh, K. P. 2021. The economics of COVID-19 pandemic : A survey. *Economic Analysis and Policy*, 70, 220–237. <https://doi.org/10.1016/j.eap.2021.02.012>
- Parasuraman, A., & Zeithaml, V. A. 1985. A Conceptual Model of Service Quality and Its Implications for Future Research. 49(1979), 41–50.
- Pleshko, L.P. and Heiens, R. A. 2015. Customer Satisfaction And Loyalty In The Kuwaiti Retail Services Market: Why Are Satisfied Buyers Not Always Loyal Buyers. *The International Review of Retail, Distribution and Consumer Research*, 25(1), 55–71.
- Saleh, M. A., Quazi, A., Keating, B., & Gaur, S. S. 2017. Quality And Image Of Banking Services: A Comparative Study Of Conventional And Islamic Banks. *International Journal of Bank Marketing*, 12(7), 1–32. <https://doi.org/https://doi.org/10.1108/IJBM-08-2016-0111>
- Shabbir, A., Malik, S. A., & Janjua, S. Y. 2017. Equating the Expected and Perceived Service Quality : A Comparison among Public and Private Healthcare Service Providers. *International Journal of Quality & Reliability Management*. <https://doi.org/https://doi.org/10.1108/IJQRM-04-2016-0051>
- Shabbir, A., Malik, S. A., & Malik, S. A. 2016. Measuring Patients ' Healthcare Service Quality Perceptions , Satisfaction and Loyalty in Public and Private Sector Hospitals in Pakistan. 33(5). <https://doi.org/http://dx.doi.org/10.1108/IJQRM-06-2014-0074>
- Shankar, A., & Jebarajakirthy, C. 2019. The Influence Of E-Banking Service Quality On Customer Loyalty: A Moderated Mediation Approach. *International Journal of Bank Marketing*, 37(5), 1119–1142. <https://doi.org/10.1108/IJBM-03-2018-0063>
- Solimun, Fernandes, A. A. R., & Nurjannah. 2017. Metode Statistika Multivariat:pemodelan Persamaan Struktural (SEM) Pendekatan WarpPLS. UB Press.
- Solimun, S., & Fernandes, A. A. R. 2018. The Mediation Effect Of Customer Satisfaction On The Relationship Between Service Quality, Service Orientation, And Marketing Mix Strategy And Customer Loyalty. *Journal of Management Development*, 37(1), 1–11.
- Sugiyono. 2017. Statistika untuk Penelitian. Alfabeta.
- Tang, L.L. and Nguyen, H. T. H. 2013. Common Causes Of Trust, Satisfaction and TAM in Online Shopping: An Integrated Model. *Journal of Quality*, 20(5), 483–501.