

The Role of Customer Satisfaction in Moderating the Effect of Brand Image and Service Quality on Loyalty (Study on Islamic Banking in West Java Region)

Hasbi Razzak^{1*}, Afif Zaerofi²

^{1,2} Faculty of Islamic Business Economics, Institut Agama Islam Tazkia, Jl. Ir. H. Djuanda No. 78, Sentul, Bogor, Jawa Barat 16810, Indonesia

*hasbirazzak@gmail.com

Diterima: 11-12-2024

Direvisi: 20-01-2025

Disetujui: 21-01-2025

ABSTRAK

Penelitian ini mengkaji faktor-faktor yang memengaruhi loyalitas nasabah pada bank syariah di Jawa Barat dalam menghadapi persaingan yang semakin ketat di industri perbankan syariah. Fokus penelitian adalah pada citra merek, kualitas layanan, dan kepuasan nasabah, dengan menyoroti peran moderasi kepuasan nasabah. Keunikan penelitian ini terletak pada eksplorasi mendalam tentang bagaimana kepuasan nasabah berfungsi sebagai moderator yang memperkuat hubungan antara citra merek dan loyalitas dalam preferensi religius masyarakat Jawa Barat. Data dikumpulkan dari nasabah bank syariah di Jawa Barat menggunakan metode purposive sampling, dengan total 259 responden. Analisis data dilakukan menggunakan Structural Equation Modeling (SEM) dengan perangkat lunak AMOS versi 24. Hasil penelitian menunjukkan bahwa citra merek, kualitas layanan, dan kepuasan nasabah berpengaruh positif dan signifikan terhadap loyalitas. Selain itu, kepuasan nasabah memoderasi hubungan antara citra merek dan loyalitas, memperkuat kepercayaan dan komitmen jangka panjang nasabah. Penelitian ini memperkenalkan perspektif baru dengan mengintegrasikan dimensi religiusitas sebagai faktor intrinsik yang memengaruhi efektivitas strategi bank syariah dalam meningkatkan loyalitas nasabah. Implikasi praktisnya, bank syariah harus meningkatkan pengalaman nasabah melalui strategi spesifik, seperti menyediakan pelatihan intensif untuk meningkatkan keterampilan layanan karyawan, memanfaatkan teknologi untuk memastikan efisiensi dan kenyamanan layanan, serta mengembangkan kampanye pemasaran yang konsisten dengan nilai-nilai syariah. Selain itu, pengelolaan keluhan secara proaktif dan transparan dapat memperkuat hubungan dengan nasabah. Langkah-langkah ini penting untuk memperkuat citra merek, meningkatkan kualitas layanan, dan menumbuhkan loyalitas dalam jangka panjang.

Kata kunci: Kepuasan nasabah; Citra merek; Kualitas layanan; Loyalitas

ABSTRACT

This study examines the factors that influence customer loyalty at Islamic banks in West Java in the face of increasingly fierce competition in the Islamic banking industry. The research focuses on brand image, service quality, and customer satisfaction, highlighting the moderating role of customer satisfaction. The uniqueness of this study lies in the in-depth exploration of how customer satisfaction serves as a moderator that strengthens the relationship between brand image and loyalty in the religious preferences of the people of West Java. Data was collected from Islamic bank customers in West Java using purposive sampling method, with a total of 259 respondents. Data analysis was conducted using Structural Equation Modeling (SEM) with AMOS software version 24. The results showed that brand image, service quality, and customer satisfaction have a positive and significant effect on loyalty. In addition, customer satisfaction moderates the relationship between brand image and loyalty, strengthening customer trust and long-term commitment. This research introduces a new perspective by

integrating the religiosity dimension as an intrinsic factor that influences the effectiveness of Islamic banks' strategies in increasing customer loyalty. The practical implication is that Islamic banks should enhance customer experience through specific strategies, such as providing intensive training to improve employees' service skills, using technology to ensure service efficiency and convenience, and developing marketing campaigns that are consistent with Islamic values. In addition, proactive and transparent complaint management can strengthen customer relationships. These measures are important to strengthen brand image, improve service quality, and foster loyalty in the long run.

Keywords: *Customer satisfaction, Brand image, Service quality, Loyalty*

INTRODUCTION

The development of the Islamic banking industry in Indonesia, especially in West Java, has experienced significant progress in recent years (Yusup, 2019). Data from the Financial Services Authority shows that there was an increase in the performance of Islamic Commercial Banks by 10% from the beginning of 2023 to January 2024, which is the highest increase since 2020. This growth reflects the increasing public demand for sharia-based financial services, especially in West Java which has the largest Muslim population in Indonesia, around 48 million people (Kementerian Agama Republik Indonesia, 2023). The presence of a strong Muslim community creates strategic opportunities and challenges for Islamic banks in the region (Yusup, 2019). Along with economic and financial development, the Islamic banking industry in Indonesia faces increasingly fierce competition, both from conventional banks and fellow Islamic banks (Asnawi et al., 2020). Positive brand image, integrity, and compliance with sharia principles are key in winning public trust (Christanto & Santoso, 2022). However, the lack of public understanding of the concept of Islamic banking is an obstacle that blurs the brand image of Islamic banks (Dewi et al., 2018; Fitri et al., 2019). To overcome this, service quality that is consistent with sharia values is very important in building customer satisfaction and a positive image in the community (Ahmed et al., 2022; Kartika et al., 2020).

The positive image that Islamic bank products and services are recognized as part of worship confirms the importance of service quality in Islamic banks. However, improvements in service quality have not been able to eliminate the negative image that considers the term Islamic banks as a disguise for conventional bank interest practices (Chan et al., 2022). This image causes distrust and the tendency of the public to continue using conventional banks which are considered more transparent (Anouze et al., 2019), thus hindering the growth of Islamic banking even though the goal is to provide financial services according to sharia principles (Zaerofi et al., 2022). Public trust in the brand image of Islamic banks is a strong basis for building customer loyalty. However, brand image inconsistencies can suppress service quality, affect satisfaction, and reduce loyalty (Yunus et al., 2018). Alignment between brand image and actual experience is essential for long-term loyalty (Afifah & Kurniawati, 2021). The presence of many competitors highlights the importance of customer satisfaction as a moderating factor (Fitri et al., 2019). Satisfied customers despite discrepancies may provide an opportunity for Islamic banks to improve brand image. Understanding customer satisfaction as a moderating factor is key to Islamic banks' strategies to maintain and increase customer loyalty (Dwilianingsih & Indradewa, 2022). Increasing customer satisfaction demands special attention to service quality to reduce the negative impact of the mismatch between brand image and actual experience (Syaifuddin et al., 2022), making service quality improvement an essential key element.

The lack of public intensity in using Islamic bank services has led to the low market share of Islamic banking (Al Aziz et al., 2023). Although Islamic banks have updated and improved their service processes, integrated technological innovations that comply with sharia principles, and provided training and development to staff (Rochmad et al., 2023), the main challenge remains in maintaining and improving service quality standards that can exceed customer expectations (Wahyoedi et al., 2021). Human resource training to ensure staff understand and have adequate skills in providing services in accordance with sharia principles is also an issue (Anouze et al., 2019). Service quality that does not meet expectations can trigger disappointment, exacerbate the gap between expectations and reality, and threaten long-term loyalty (Rochmad et al., 2023). Service quality is a critical factor in shaping customer perceptions and satisfaction with Islamic banks (Alam & Al-Amri, 2020). Some customers feel that

Islamic banks have not been able to provide services comparable to conventional banks in terms of speed, convenience, and innovation (Rochmad et al., 2023). The growth of Islamic banking is accompanied by increased competition with conventional banks (A Abed et al., 2022), and although the quality of Islamic bank services is on par with conventional banks, there is still a view that Islamic banks are confined by the shadow of conventional practices (Asnawi et al., 2020). Intense competition in the Islamic banking industry is closely linked to customer satisfaction, which is an important factor in strengthening the relationship between industry growth and the level of competition (Haron et al., 2020). The level of customer satisfaction can strengthen loyalty or cause customer shifts to other options (Khan et al., 2022).

The presence of many competitors requires Islamic banks to adopt unique strategies to attract and retain customers (Fida et al., 2020). The gap between brand image and actual experience can be detrimental to long-term loyalty, as disappointed customers may seek alternatives that are more consistent with their expectations (Atia et al., 2020). In addition, the customer service experience is often perceived as lacking responsiveness and innovation, which makes the Islamic banking experience feel less dynamic (Alam & Al-Amri, 2020; Arman & Shabbir, 2020). Factors such as service quality, corporate image, and customer satisfaction play a crucial role in the interaction between Islamic banking and its customers. Findings show that service quality and corporate image have a positive influence on customer satisfaction, but not on customer loyalty, with customer satisfaction acting as a significant mediator (Febriansyah et al., 2022; Michael & Sisnuhadi, 2023). In other studies, customer satisfaction does not always moderate the relationship between service quality and loyalty (Khan et al., 2022). The complexity of the relationship between brand image and loyalty coupled with the mediating role of customer satisfaction, suggests that to achieve strong loyalty, customer satisfaction is a key element as an intermediary (Arman & Shabbir, 2020; Sulaiman et al., 2021). These findings suggest that other service quality dimensions and contextual factors need to be further investigated to understand their impact on customer loyalty.

Previous research has widely explored the relationship between service quality and customer loyalty, but the results obtained are often inconsistent. For example, Bayhaqy & Septiarini (2023) found that service quality has a positive contribution to customer loyalty. However, this finding is not universal; other studies, such as the one conducted by Sulaiman et al. (2021), show that although service quality has a positive impact on satisfaction and loyalty, satisfaction does not always significantly mediate the relationship. In fact, Zaerofi et al. (2022) found that service quality had no significant effect on customer loyalty. This variation in results suggests that there may be specific elements of the customer experience that have not been fully identified as key drivers of loyalty.

In addition, the role of brand image in influencing customer loyalty also shows inconsistent results. Some studies highlight the importance of brand image in increasing customer satisfaction, as in the study by Syaifuddin et al. (2022), but the same study showed that brand image can have a negative impact on customer satisfaction. These contradictory results signify the complexity of the relationship between brand image, satisfaction and loyalty that requires further investigation. Similar findings were also presented by Christanto & Santoso (2022) and Abror et al. (2020), where the correlation between service quality, brand image, and loyalty is often insignificant. This raises questions about other factors that may moderate or mediate these relationships.

This research gap emphasizes the need for a more comprehensive approach to understanding how brand image and service quality influence customer loyalty, particularly in the Islamic banking sector. By including customer satisfaction as a moderator, this study aims to provide a new perspective on the dynamics of the relationship. This research not only adds to the theoretical understanding but also provides practical contributions for Islamic banks. Banks can use the results of this study to identify more appropriate strategic measures in improving service quality and building an effective brand image, so as to create closer relationships with customers and strengthen their loyalty amid increasingly fierce market competition.

METHOD

Data Analysis

This research applies a data analysis approach using Structural Equation Modeling (SEM) techniques with the support of IBM AMOS (Analysis of Moment Structures) software. The SEM method was

chosen because of its ability to analyze complex relationships between endogenous and exogenous variables within an integrated theoretical framework. This technique allows simultaneous measurement of the causal relationship between variables, thus providing more accurate and in-depth results. In accordance with the views of (Hair Jr et al., 2023), the variables in this model are assessed through a network of interconnected indicators, which are relevant for various research contexts.

Research Framework Model

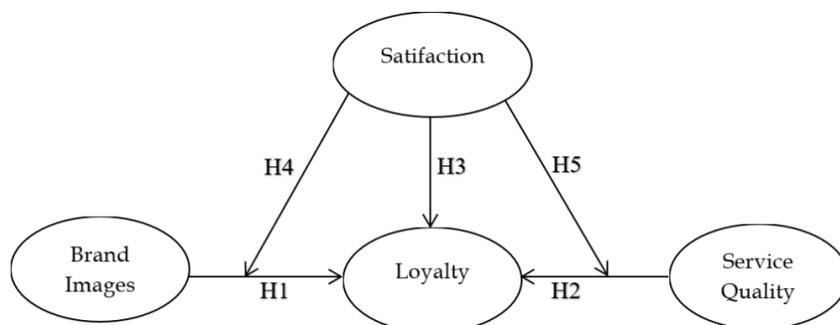


Figure 1. Research Framework Model

The hypothesis in this study is as follows:

- H1: Brand image affects customer loyalty of Islamic banks.
- H2: Service quality affects the loyalty of Islamic bank customers.
- H3: Customer satisfaction affects Islamic bank customer loyalty.
- H4: Customer satisfaction strengthens the influence of brand image on Islamic bank customer loyalty.
- H5: Customer satisfaction strengthens the effect of service quality on Islamic bank customer loyalty.

Population and Sample

The research focused on the population of West Java, Indonesia, which was chosen for its distinctive and representative characteristics related to the research topic. A random sampling technique was used to draw the sample, involving the random selection of individuals from the entire population, both individuals and groups. The sample criteria included residents who reside in West Java Province, are Muslim, have an account at an Islamic bank, and have transacted using an Islamic bank. In this research domain, the number of respondents involved in filling out the questionnaire reached 259, indicating a high level of participation from the concerned parties. The active involvement of these respondents is not just a statistic, but a strong empirical foundation for the analysis process carried out. Based on the number of respondents, this study has complied with the standard criteria required to run tests using the Maximum Likelihood Estimation (MLE) method, where the availability of a sample of more than 100 respondents has been met (Hair Jr et al., 2023). Table 1 presents the available respondent data:

Table 1. Profile of Respondents

Characteristic	Description	Frequency	(%)
Gender:	Male	139	54
	Female	120	46
Age (years):	17 – 30	121	47
	31 – 40	86	33
	41 – 50	39	15
	> 50	13	5
Education level:	Junior high school	6	2
	Senior high school	68	26
	Diploma	27	11
	Undergraduate	122	47
	Master/PhD/Doctoral	36	14
Employment status:	Employee	78	30
	Civil Servant	65	25
	Entrepreneur/Trader	49	19
	Teacher/lecturer	62	24
	Student	5	2

	< 2	53	21
	2 – 4	83	32
Duration of being consumer:	5 – 7	76	29
	8 – 10	26	10
	< 10	21	8

Source: Primary data processed, 2024

RESULTS AND DISCUSSION

Confirmatory Factor Analysis (CFA) Test Results

In this stage, the Confirmatory Factor Analysis (CFA) test is conducted using the Structural Equation Modeling (SEM) method, facilitated by AMOS software. This process plays a pivotal role in ensuring the validity and reliability of the research model by testing how well the indicators used in the study represent the underlying latent variables. CFA is particularly significant because it allows researchers to confirm whether the predefined structure of variables aligns with the observed data, thus strengthening the theoretical framework of the study.

To achieve this, specific criteria are applied, with one of the key benchmarks being that each indicator must exhibit a minimum standardized factor loading of > 0.50 , as suggested by Hair Jr et al. (2023). This threshold indicates that the indicator has a sufficiently strong correlation with the latent variable it is designed to measure, ensuring its relevance and significance within the model. Indicators failing to meet this criterion may be excluded to maintain the integrity of the analysis. By rigorously evaluating the relationship between indicators and latent variables, CFA enhances the study's capacity to draw reliable conclusions and provides a solid foundation for subsequent analyses, such as path modeling, within the SEM framework.

Table 2. Variable Indicators by Loading Factor

Constructs	Items	Loading	CR	AVE
Brand Image (Dewi et al., 2018)	Strongly recognized as a sharia brand	0,880	0,967	0,881
	Products reflect sharia values	0,980		
	Strong reputation as an Islamic bank	0,900		
	Attractiveness as an Islamic bank	0,990		
Quality of Service (Zaerofi et al., 2022)	Using modern tools	0,731	0,899	0,395
	Fast service	0,714		
	Good accuracy	0,750		
	Knowledgeable staff	0,685		
	Professional staff	0,713		
	Varied services	0,772		
	Competitive with other banks	0,704		
	The technology used is new	0,733		
Customer Satisfaction (Fauzi & Suryani, 2019)	Satisfied with Islamic bank services	0,647	0,766	0,523
	Satisfaction with the personal relationship of Islamic bank employees	0,799		
	The service provided has exceeded expectations	0,716		
Customer Loyalty (Fauzi & Suryani, 2019)	Providing positivity	0,875	0,977	0,895
	Would recommend to family	0,904		
	Always transact with Islamic banks	0,998		
	Prefer Islamic banks	0,970		
	Willing to revisit Islamic banks	0,978		

Source: Primary data processed, 2024

Tests conducted on all research variables show that the variable constructs of brand image, service quality, customer satisfaction, and loyalty have met the established assessment standards. Based on Table 2, all measurement indicators for each variable have a loading factor value above 0.5 and an average variance extracted (AVE) value of more than 0.5. These results indicate that each construct has adequate convergent validity. Thus, this stage is a solid foundation to ensure that the research model has

a strong and valid empirical basis before proceeding to the structural analysis stage and further hypothesis testing.

Structural Model Test

At this stage of the analysis, the main focus is on testing the feasibility of the structural model to evaluate the suitability of the formulated model against empirical data. The test is carried out using the goodness of fit criteria, which is an important indicator in assessing the validity and reliability of the model. Goodness of fit reflects how well the research model is able to describe the relationship between the tested variables, thus ensuring that the model can be used to explain the observed phenomena. This indicator provides guidance on whether the model is appropriate or needs to be further adjusted to improve the accurate representation of the data in the context of the research being conducted.

Tabel 3. Goodness of Fit Index results on the structural model

<i>Goodness of Fit Index</i>	<i>Cut off Value</i>	Result	Description
<i>Chi-Square</i>	Expectedly Small	1.045	<i>Good Fit</i>
<i>Significancy Probability</i>	$\geq 0,05$	.341	<i>Good Fit</i>
RMSEA	$\leq 0,08$	.052	<i>Good Fit</i>
GFI	$\geq 0,90$	.962	<i>Good Fit</i>
AGFI	$\geq 0,90$	.939	<i>Good Fit</i>
CMIN/DF	$\leq 2,00$	1.662	<i>Good Fit</i>
TLI	$\geq 0,90$	.941	<i>Good Fit</i>
CFI	$\geq 0,90$	.952	<i>Good Fit</i>

Source: Primary data processed, 2024

Goodness of Fit Index (GFI) testing aims to evaluate the extent to which the model fits the empirical data. GFI, Adjusted Goodness of Fit Index (AGFI), Tucker Lewis Index (TLI), and Comparative Fit Index (CFI) values close to 1 indicate the fit of the model to the data. This test compares the proposed model with the reference model to assess its fit with the empirical data pattern. The test results in table 3 show that the structural model meets the established goodness of fit standards, indicating the model accurately describes the phenomenon under study and the analysis results are reliable. The fit of the model to the empirical data indicates the effectiveness of the methodological approach in describing the complexity of the phenomenon under study, so that the model can be used to understand the relationship between variables in the research context.

Hypothesis Test Results

Tabel 4. Regression Weights

			Estimate	S.E.	C.R.	P	Result
Loyalty	<---	Brand image	.535	.227	2.358	.018	Significant
Loyalty	<---	Service quality	.327	.139	2.346	.019	Significant
Loyalty	<---	Customer satisfaction	.449	.227	1.975	.048	Significant

Source: Primary data processed, 2024

H1: Brand image affects the loyalty of Islamic bank customers.

The test results presented in Table 4 show that brand image has a significant influence on Islamic bank customer loyalty. This is evidenced by the CR value of 2.358 and the probability value (P) of 0.018, which is smaller than the significance level of 0.05. Based on the predetermined criteria, H1 is accepted, indicating that brand image significantly affects customer loyalty. The estimated value of 0.535 confirms that a one-unit increase in brand image will encourage an increase in customer loyalty by 0.535 units. This finding illustrates that the brand image of Islamic banks plays an important role in building customer trust and creating positive perceptions of the reputation, value and quality of services offered. This positive perception has a direct impact on customer loyalty, as seen from the high level of customer retention and trust in Islamic banks in West Java.

This finding is consistent with various previous studies, such as those revealed by A Abed et al. (2022), which showed that brand image plays an important role in building customer loyalty. Customers tend to be more loyal to brands that they trust and that align with their values. Research by Dewi et al. (2018) supports this view, stating that a strong brand image increases the likelihood of customers to

continue using Islamic bank products and services. In addition, Syaifuddin et al., (2022) found that customers prefer banks with a positive brand image because they believe in the bank's ability to provide reliable and safe services. From a practical perspective, Islamic banks in West Java need to focus on strengthening brand image through effective marketing strategies, relevant product innovations, and communications consistent with sharia principles. Marketing campaigns that emphasize the bank's reputation, satisfactory service experience, and sharia values can increase customer trust and expand the customer base. In addition, training employees on customer service and sharia values can improve the quality of interactions with customers, creating a positive experience that leads to higher loyalty. Thus, strengthening brand image not only supports the loyalty of existing customers but also opens opportunities to attract new customers, thereby strengthening the competitive position of Islamic banks in facing the challenges of the evolving banking industry. This is an important foundation for long-term sustainability and growth.

H2: Service quality affects the loyalty of Islamic bank customers.

The test results in Table 4 show that service quality has a significant influence on Islamic bank customer loyalty. This is evidenced by the CR value of 2.346 and the probability value (P) of 0.019, which is below the significance level of 0.05. Based on the predetermined criteria, H2 is accepted, which means that service quality plays an important role in building customer loyalty. The estimated value of 0.327 indicates that a one-unit increase in service quality can increase customer loyalty by 0.327 units. This finding confirms that high-quality services, such as speed in transactions, the ability of staff to provide solutions, and understanding customer needs, are key factors in driving loyalty. In contrast to previous studies that emphasize system reliability or staff friendliness, this study shows that contextual understanding of customer needs and preferences in West Java has a greater influence. This reflects the importance of services that are relevant to local expectations, including the provision of sharia-based services that are fast, efficient and solutive.

This research is in line with the findings of Dwilianingsih & Indradewa (2022), which state that service quality is positively correlated with customer trust, satisfaction, and loyalty. Customers who experience friendly, efficient, and transparent services tend to trust the bank and become loyal in the long run. Setyadi et al. (2023) also underlined the importance of transparency, fairness, and compliance of services with sharia principles in building strong relationships with customers. In the context of increasingly fierce competition, superior service quality is a strategic differentiator that can increase customer retention while reducing the rate of switching to other banks. From a practical perspective, Islamic banks in West Java need to strengthen staff training to improve competency, provide faster service, and innovate in creating a satisfying experience for customers. Improved service quality will not only help retain the loyalty of existing customers but also attract potential new customers, create a competitive advantage, and drive sustainable growth in the Islamic banking industry.

H3: Customer satisfaction affects the loyalty of Islamic bank customers.

Based on the test results presented in Table 4, service quality significantly influences customer loyalty in Islamic banks. The analysis reveals a C.R value of 1.975 and a probability of 0.048, which is less than the 0.05 threshold, thereby confirming H3: customer satisfaction affects Islamic bank customer loyalty. With an estimated effect size of 0.449, the results indicate that every one-unit increase in service quality enhances customer loyalty by 0.449 units. These findings underscore the pivotal role of customer satisfaction in fostering loyalty. Satisfied customers are less likely to consider switching to competitors, as their positive experiences with the bank's services build trust and reinforce commitment. This dynamic demonstrates that exceptional service quality directly supports customer retention, making it a key factor in the sustainability of Islamic banking operations.

The research also highlights specific indicators that most strongly influence customer loyalty, such as satisfaction with services exceeding expectations and the reliability of Islamic bank offerings. While customer satisfaction can stem from diverse factors—including customer service responsiveness, trust, and the ease of using financial products—the overarching conclusion aligns with prior studies, such as those by Arman & Shabbir (2020) and Bayhaqy & Septiarini (2023). These studies similarly found that satisfaction significantly boosts customer loyalty. Unique to the West Java context, cultural values and religious preferences further enhance satisfaction levels, making Islamic banks a preferred choice among customers in this region. This confluence of service quality and cultural alignment not only reduces the likelihood of customer attrition but also strengthens the emotional bond between customers and their banks. From a business perspective, prioritizing customer satisfaction through tailored, high-quality

services ensures long-term loyalty and facilitates a stable, mutually beneficial relationship. By focusing on exceeding customer expectations, Islamic banks can enhance their competitive advantage, foster trust, and secure sustainable growth in a highly competitive financial landscape.

Tabel 5. Moderating Effect

			Estimate	C.R.	P	Result
Loyalty	<---	Interaction_Image_Satisfaction	.614	2.284	.001	Moderating
Loyalty	<---	Interaction_Quality_Satisfaction	.402	2.340	.003	Moderating

Source: Primary data processed, 2024

H4: Customer satisfaction moderates the effect of brand image on Islamic bank customer loyalty.

The analysis shows that customer satisfaction significantly moderates the relationship between brand image and customer loyalty in Islamic banks. From table 5, the P value of 0.001 and the estimate of 0.614 confirm that the moderation hypothesis (H4) is accepted. This underscores the strategic role of customer satisfaction in strengthening the influence of brand image on customer loyalty. In this context, customer satisfaction not only reflects the bank's success in delivering services as expected but also serves as a catalyst that strengthens customer attachment to the brand, even in increasingly fierce competition.

This research enriches previous findings, as revealed by Agustiansyah & Taufik (2019), that customer satisfaction strengthens the influence of brand image on loyalty. In West Java, customers who are satisfied with services consistent with the brand image of Islamic banks tend to be more loyal. This study also supports the findings of Iqbal et al. (2017), which states that satisfied customers not only continue to use the service but also become brand promoters through positive recommendations. This satisfaction increases customers' trust and emotional connection to the bank, strengthening loyalty despite external variations that may affect perceptions.

The practical implication is that Islamic banks need to prioritize strategies to increase customer satisfaction as part of efforts to strengthen brand image and loyalty. Measures such as ensuring consistency between brand image and service experience, addressing customer complaints quickly, and rewarding loyal customers can be implemented. In addition, training employees to understand sharia principles and customer service skills will be crucial. The use of digital technology to facilitate customer interaction, such as transparent and efficient shariah-based applications, can also be a competitive advantage. These strategies not only increase satisfaction but also ensure banks are able to maintain customer loyalty amidst increasingly complex competition.

H5: Customer satisfaction moderates the effect of service quality on Islamic bank customer loyalty.

The results of the moderation analysis show that customer satisfaction affects the relationship between service quality and customer loyalty of Islamic banks. With a P value of 0.003 and an estimate of 0.402, the moderation hypothesis (H5) is accepted. This finding suggests that customer satisfaction not only serves as an outcome of service quality but also strengthens the relationship by increasing customer loyalty. Customers who are satisfied with service quality tend to remain loyal, continue to use Islamic bank services, and even recommend the bank to others.

This research supports and extends the findings of Atia et al. (2020), which revealed that customer satisfaction mediates the relationship between service quality and loyalty in Aceh. In the context of West Java, where Islamic banking competition is increasingly intense, customer satisfaction is a very strategic element in maintaining loyalty. This research is also in line with Wahyoedi et al. (2021) who found that satisfaction partially mediates the relationship in DKI Jakarta. However, this study shows that the moderating role of satisfaction in West Java is more significant due to high regional competition factors.

The practical implication is that Islamic banks in West Java need to focus on strategies to increase customer satisfaction as a step to strengthen loyalty. These strategies include improving overall service quality, such as simplifying the transaction process, responding quickly to customer complaints, and developing better digital services. In addition, Islamic banks can strengthen customers' emotional connection with the brand through loyalty programs, service personalization, and transparency in implementing sharia principles. With these measures, Islamic banks can increase customer retention, reduce the rate of switching to conventional banks, and create a sustainable competitive advantage in an increasingly competitive banking market.

CONCLUSION

The results showed that brand image and service quality have a significant influence on Islamic bank customer loyalty. Customer satisfaction is also proven to strengthen the relationship between brand image and service quality with customer loyalty, acting as a moderator that strengthens customer trust and long-term commitment. The use of the Structural Equation Modeling (SEM) method in this study proved appropriate because it was able to describe the complex relationship between the variables studied. This approach can also be applied in other industry contexts, such as hospitality or education, to understand the influence of similar factors on customer loyalty. Further research can validate this model through alternative methodologies, such as Partial Least Squares (PLS) or longitudinal approaches, to enrich the results and insights.

In a practical context, Islamic banks in West Java can increase customer loyalty with concrete steps such as strengthening brand image through sharia values-based campaigns, such as fairness and transparency, delivered through digital media and local communities. In addition, improving service quality can be done by simplifying the queuing process at branches, providing digital applications with user-friendly features, and speeding up the financing approval process. To increase satisfaction, it is important for banks to implement a technology-based customer feedback system, train employees on sharia-based customer service skills, and improve the complaint handling system.

However, this study has some limitations. The data used comes from the West Java region so the results may not be fully generalizable to other regions with different customer characteristics. The research sample, which is limited to Islamic bank customers, is also a limitation in revealing comparisons with conventional banks. For future research, it is recommended to conduct a comparative study between Islamic and conventional banks, explore the influence of Islamic financial technology, and study customer behavior in facing global challenges such as digitalization and economic changes. By addressing these limitations, future research can provide more in-depth and relevant insights to support the development of banking industry strategies.

REFERENCES

- A Abed, H. M., Alnasr, F., Abdulraheem Ali Alsheikh, G., & Ali Theeb Alnawafleh, E. (2022). The Influence of Service Quality, Customer Satisfaction and Bank Image on Customer Loyalty In Palestinian Islamic Banks. *Journal of Management Information and Decision Sciences*, 25(4), 1–18.
- 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>
- Afifah, & Kurniawati, N. A. (2021). Influence of Service Quality Dimensions of Islamic Banks on Customer Satisfaction and Their Impact on Customer Loyalty. *Journal of Islamic Economic Laws*, 4(2), 105–136.
- Agustiansyah, C. E., & Taufik, H. (2019). Mediasi Kepuasan Nasabah Pada Pengaruh Kualitas Pelayanan Dan Citra Perusahaan Terhadap Loyalitas (Studi Pada PT. Bank Syariah Mandiri KCP Pandeglang). *Jurnal Riset Bisnis Dan Manajemen Tirtayasa (JRBM)*, 3(1), 1–19. <http://jurnal.untirta.ac.id/index.php/JRBM>
- Ahmed, S., Mohiuddin, M., Rahman, M., Tarique, K. M., & Azim, M. (2022). The impact of Islamic Shariah compliance on customer satisfaction in Islamic banking services: mediating role of service quality. *Journal of Islamic Marketing*, 13(9), 1829–1842. <https://doi.org/10.1108/JIMA-11-2020-0346>
- Al Aziz, A., Indra, & Tarmizi, E. (2023). Faktor Penentu Generasi Milenial Di Jabodetabek Menjadi Nasabah Bank Syariah. *Journal of Comprehensive Science*, 2(8), 1419–1430.
- Alam, N., & Al-Amri, H. A. (2020). Service quality perception and customer satisfaction in Islamic banks of Oman. *Journal of Asian Finance, Economics and Business*, 7(9), 499–504. <https://doi.org/10.13106/jafeb.2020.vol7.no9.499>
- Anouze, A. L. M., Alamro, A. S., & Awwad, A. S. (2019). Customer satisfaction and its measurement in Islamic banking sector: a revisit and update. *Journal of Islamic Marketing*, 10(2), 565–588. <https://doi.org/10.1108/JIMA-07-2017-0080>

- Arman, & Shabbir, S. A. (2020). Impact of Service Quality and Brand Image on Brand Loyalty: The Mediating Role of Customer Satisfaction. *Eurasian Journal of Social Sciences*, 8(2), 75–84. <https://doi.org/10.15604/ejss.2020.08.02.004>
- Asnawi, N., Sukoco, B. M., & Fanani, M. A. (2020). The role of service quality within Indonesian customers satisfaction and loyalty and its impact on Islamic banks. *Journal of Islamic Marketing*, 11(1), 192–212. <https://doi.org/10.1108/JIMA-03-2017-0033>
- Atia, A., Shabri, M., Majid, A., Azis, N., & Hamid, A. (2020). Mediating the Effects of Customer Satisfaction and Bank Reputation on the Relationship between Services Quality and Loyalty of Islamic Banking Customers. *Malaysian Journal of Consumer and Family Economics*, 25, 28–61.
- Bayhaqy, M., & Septiarini, D. F. (2023). 2 Years After Mergers: Service Quality, Customer Satisfaction, and Customer Loyalty of Bank Syariah Indonesia. *Airlangga International Journal of Islamic Economics and Finance*, 6(1), 55–76.
- Chan, S., Aprilia, C., & Jalaluddin, J. (2022). The role of customer satisfaction in mediating the effect of the evaluation of the bank's compliance with Islamic law on the continuous intention to use Islamic banking among coastal communities. *E3S Web of Conferences*, 339. <https://doi.org/10.1051/e3sconf/202233905010>
- Christanto, Y. M., & Santoso, S. (2022). The influence of service quality, corporate image, and customer satisfaction on customer loyalty in banking sector in Yogyakarta. *International Journal of Research in Business and Social Science (2147- 4478)*, 11(7), 09–16. <https://doi.org/10.20525/ijrbs.v11i7.2025>
- Dewi, A., Najib, M., & Beik, I. S. (2018). Effect of Qualities of Service and Funding Product on Brand Image And Loyalty of Sharia Bank Customers in Bogor. *Indonesian Journal of Business and Entrepreneurship*. <https://doi.org/10.17358/ijbe.4.3.308>
- Dwilianingsih, N. A., & Indradewa, R. (2022). The Influence of Relationship Marketing and Service Quality with Customer Satisfaction Mediation Variables on Customer Loyalty. *Quantitative Economics and Management Studies*, 3(4), 548–554. <https://doi.org/10.35877/454ri.qems963>
- Fauzi, A. A., & Suryani, T. (2019). Measuring the effects of service quality by using CARTER model towards customer satisfaction, trust and loyalty in Indonesian Islamic banking. *Journal of Islamic Marketing*, 10(1), 269–289. <https://doi.org/10.1108/JIMA-04-2017-0048>
- Febriansyah, S., Bachri, N., Siregar, W. V., Bahri, S., & Hamdiah. (2022). Indonesian Islamic Bank Credibility And Customer Loyalty: Does Customer Satisfaction Really Serve As A Mediator Variable? *International Journal of Business and Society*, 23(3), 1692–1704. <https://doi.org/10.33736/ijbs.5196.2022>
- Fida, B. A., Ahmed, U., Al-Balushi, Y., & Singh, D. (2020). Impact of Service Quality on Customer Loyalty and Customer Satisfaction in Islamic Banks in the Sultanate of Oman. *SAGE Open*, 10(2). <https://doi.org/10.1177/2158244020919517>
- Fitri, L. E., Basri, Y. Z., & Maryanti, T. (2019). The Mediating Effect of Customer Satisfaction on Customer Loyalty: A Study of Islamic Banks in Indonesia. *Journal of Islamic Finance*, 8(1), 48–59.
- Hair Jr, J. F., Hair, J., Sarstedt, M., Ringle, C. M., & Gudergan, S. P. (2023). *Advanced issues in partial least squares structural equation modeling*. saGe publications.
- Haron, R., Abdul Subar, N., & Ibrahim, K. (2020). Service quality of Islamic banks: satisfaction, loyalty and the mediating role of trust. *Islamic Economic Studies*, 28(1), 3–23. <https://doi.org/10.1108/ies-12-2019-0041>
- Iqbal, M. S., Hassan, M. U., Sharif, S., & Habibah, U. (2017). Interrelationship among Corporate Image, Service Quality, Customer Satisfaction, and Customer Loyalty: Testing the moderating impact of Complaint Handling. *International Journal of Academic Research in Business and Social Sciences*, 7(11). <https://doi.org/10.6007/ijarbss/v7-i11/3506>
- Kartika, T., Firdaus, A., & Najib, M. (2020). Contrasting the drivers of customer loyalty; financing and depositor customer, single and dual customer, in Indonesian Islamic bank. *Journal of Islamic Marketing*, 11(4), 993–959.
- Kementerian Agama Republik Indonesia. (2023). *Jumlah Penduduk Menurut Agama*. <https://satudata.kemenag.go.id/dataset/detail/jumlah-penduduk-menurut-agama>
- Khan, R. U., Salamzadeh, Y., Iqbal, Q., & Yang, S. (2022). The Impact of Customer Relationship Management and Company Reputation on Customer Loyalty: The Mediating Role of Customer

- Satisfaction. *Journal of Relationship Marketing*, 21(1), 1–26. <https://doi.org/10.1080/15332667.2020.1840904>
- Michael, Y. C., & Sisnuhadi. (2023). Impact Of Service Quality And Corporate Image On Customer Loyalty Mediated By Customer Satisfaction In Private And State-Owned Banks In Indonesia. *International Journal of Innovative Research and Advanced Studies (IJIRAS)*, 10(5), 5–12. www.ijiras.com
- Rochmad, R., Yusuf, A. M., & Mulyana, R. (2023). The Impact of Electronic Customer Relationship Management and Quality Moderated by Sharia Compliance on Loyalty (Study on Islamic banks in Jakarta). *Tazkia Islamic Finance and Business Review*, 17(2), 81–101.
- Setyadi, B., Fitriasuri, F., Helmi, S., Elpanso, E., & Paningrum, D. (2023). The Influence of Service Quality on Customer Loyalty Is Mediated by Customer Satisfaction in Islamic Bank. *Financial Engineering*, 1, 68–79. <https://doi.org/10.37394/232032.2023.1.6>
- Sulaiman, S. M., Muhammad, M. A., Muhammad, A. D., & Sabiu, T. T. (2021). Mediating Role of Customer Satisfaction between Service Quality and Customer Loyalty with Non-Interest Bank in Nigeria. *International Journal of Islamic Economics and Finance (IJIEF)*, 4(1). <https://doi.org/10.18196/ijief.v4i1.10424>
- Syaifuddin, Yuswanto, A., & Hariri, A. (2022). The Influence of Brand Image, Awareness and Customer Satisfaction in Increasing Loyalty and Choosing Islamic Banking in Indonesia. *East Asian Journal of Multidisciplinary Research (EAJMR)*, 1(4), 671–690. <https://journal.formosapublisher.org/index.php/eajmr/index>
- Wahyoedi, S., Sudiro, A., Sunaryo, S., & Sudjatno, S. (2021). The effect of religiosity and service quality on customer loyalty of Islamic banks mediated by customer trust and satisfaction. *Management Science Letters*, 187–194. <https://doi.org/10.5267/j.msl.2020.8.016>
- Yunus, M., Ibrahim, M., Amir, F., & Professor, A. (2018). The Role of Customer Satisfaction and Trust as Mediation on The Influence of Service Quality and Corporate Image to Customer Loyalty. In *European Journal of Business and Management* www.iiste.org ISSN (Vol. 10, Issue 15). Online. www.iiste.org
- Yusup, D. K. (2019). Analyzing the effect of service quality on customer satisfaction of islamic banking in West Java Province, Indonesia. *Management Science Letters*, 9(Special Issue 13), 2347–2356. <https://doi.org/10.5267/j.msl.2019.7.020>
- Zaerofi, A., Sukmara, D., & Haryono, Y. (2022). The Impact of Sharia Compliance and Service Quality on Customer Loyalty with Religiosity as a Mediating Variable. *At-Tijarah: Jurnal Ilmu Manajemen Dan Bisnis Islam*, 8(2), 272–293.