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*Research Paper*

# Does Emotional Marketing Play a Crucial Role in the Loyalty of Sharia Bank Customers in Indonesia?

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**ABSTRACT**

Customer loyalty plays a vital role in ensuring the sustainability of Islamic banking institutions; yet, there is no conclusive empirical support concerning whether religiosity or emotional marketing influences customer loyalty more. This study investigates the influences of religiosity, emotional marketing, and customer value on customer loyalty while customer satisfaction acts as the mediator. A survey design was employed involving 258 customers of Sharia banks in Indonesia using purposive and accidental sampling methods. Data were collected via structured questionnaire method while Structural Equation Modeling (SEM) analysis was used in AMOS 23 software for data analysis. The findings demonstrate that religiosity and customer value had a significant positive effect on customer satisfaction, whereas emotional marketing did not. The mediating variable, customer satisfaction, had a significant positive impact on customer loyalty. These results emphasize that customer loyalty was crucial for the sustainability of Sharia banks. The study demonstrates that customer loyalty in Islamic banking is driven more by religiosity than by marketing experiences, leading to greater use of Sharia banking products and services. The findings suggest that Indonesian Sharia banks can enhance loyalty by prioritizing Islamic values through initiatives such as Sharia financial seminars, zakat and waqf consultations, education on Islamic principles, and the development of modern digital services.

## Introduction

Sharia banking industry has expanded to different nations in recent years and has become a strong competitor in the financial world (Al Balushi et al., 2019; Ashraf et al., 2020; Asyari et al., 2022; Ayyub et al., 2020; Hosen et al., 2021; Ireland, 2018; Menne et al., 2023; Setyowati, 2019). The rapid expansion of the banking industry has led to the need for an analysis of customer retention approaches. Earlier researches emphasize that loyalty of customers is influenced by a range of multidimensional variables such as service quality, institutional trust and value perceived by the customers from the banking industry (Al Balushi et al., 2019; Hoque et al., 2022). Customer loyalty in Indonesia is becoming increasingly popular within scientific community. The current literature divides the determinants of customer loyalty into three dimensions, i.e., technological dimension, related to the convenience of using internet banking services (Nugraha et al., 2022), excellence of service resulting in satisfaction of customers (Fauzi & Suryani, 2019), and socio-religious perspective, investigating the effect of religious beliefs of customers on their decision-making process (Asnawi et al., 2020). However, a particular emphasis should be placed on the importance of religiosity issue in the latest empirical studies.

Whereas certain scholars consider religiosity to be the basic element behind loyalty in Islamic banking (Fianto et al., 2020), recent studies prove otherwise. As an example, Ma'ruf et al. (2024) found out that having a higher level of religiosity does not necessarily lead to high customer satisfaction or loyalty among Indonesian banking clients. Therefore, in today's Islamic banks' Sharia-based clients may be motivated more by economic gains or experience-based marketing strategies than mere religiosity. Such opposing results make it important to conduct further research on how emotional marketing factors such as religiosity, experience-based marketing, and customer value affect customer loyalty.

Even more reasons for the necessity of examining customer loyalty can be found in the existing competitive situation in the Indonesian Sharia banking industry. In particular, this financial sector still faces great difficulties in terms of marketing (Nugraha et al., 2022). According to recent financial statistics presented by Lee and Ullah (2011), the first in this competitive race remains the Bank Syariah Indonesia (BSI) with total assets of IDR 357.90 trillion by 2024. The second place is taken by the Bank Muamalat with total assets of IDR 64.93 trillion, third place is taken by CIMB Niaga Syariah with total assets of IDR 64.60 trillion, fourth BTN Syariah with total assets of IDR 54.85 trillion, and fifth Maybank Syariah with total assets of IDR 41.22 trillion. Further in this list go Permata Bank Syariah, BRK Syariah, BTPN Syariah, and Panin Dubai Syariah. Such leading position of BSI is caused by the merger of Bank Mandiri Syariah, Bank BNI Syariah, and Bank BRI Syariah. Therefore, competitive marketing strategies play an important role in targeting and retaining the intended market segment (Pakurár et al., 2019). Additionally, performance of the Islamic banking system is determined by the extent to which its operations comply with Islamic principles, especially in offering their services (Menne et al., 2023); thus, knowing what drives customer satisfaction and loyalty can help to improve retention ratios and cut down on marketing expenses (Fida et al., 2020). In other words, examining the relationship between religiosity and experiential marketing is vital.

Prior research examining the impact of religiosity and customer value, especially that which integrates emotional and economic gains within experiential marketing, is still sparse (Ltifi et al., 2016; Tok & Yesuf, 2022; Wijaya et al., 2023). Customer value in Sharia banking tends to be strongly associated with cultural and religious aspects in the local setting and affects the perception of the advantages of financial products (Asnawi et al., 2020). Although many studies have been conducted concerning marketing and customer satisfaction in developed countries, empirical evidence for developing countries is still insufficient (Alam & Seifzadeh, 2020). This body of knowledge reveals a conflicting role of emotional marketing and religiosity in customer loyalty formation. To fill this gap, the present study employs the Theory of Reasoned Action (TRA) as its theoretical basis (Ajzen, 1991). According to TRA, behavior, or bank loyalty in this case, is determined by intention influenced by attitudes, such as experiential marketing and value, and subjective norms, i.e., religiosity.

Moreover, this study reveals a "religiosity paradox." While certain empirical studies have revealed religiosity to be the definitive factor in choosing Islamic banks (Suhartanto et al., 2020), other modern empirical data point out that there could be no significant influence of religiosity on customer satisfaction or even the negative moderating effect on service quality (Abror et al., 2020; Wijaya et al., 2023). Furthermore, although experiential marketing, or sense, feel, think, act, and relate marketing, proves to be an effective way of generating loyalty in conventional banking, the effectiveness of the approach in Sharia banking is understudied.

Religiosity is one factor that contributes significantly to the determination of consumers' choice for Sharia banks (Tabrani et al., 2018). The financial transactions under Sharia law conform to Islamic rules (Albaity & Rahman, 2021). According to Databooks.co.id surveys conducted on 1,014 Muslim consumers in 2024, Sharia banking is popular among consumers. Bank Syariah Indonesia (BSI) occupies 50% of customers because of its large operational scale and the consolidation of three state-owned Islamic banks. BCA Syariah occupies 22% of customers because of high consumer confidence in its Sharia services. Aladin Syariah occupies 10% which indicates the adoption of online Sharia banking. Bank Muamalat occupies 9% and it was the first Sharia bank in Indonesia. BTN Syariah and CIMB Niaga Syariah occupy 8% of customers each whereas Bank Mega Syariah, BJB Syariah, and BTPN Syariah occupy 7%. Smaller market share is occupied by Sinar Mas Syariah, Bukopin Syariah, Panin Dubai Syariah, and OCBC NISP Syariah. The difference in the market share requires an urgent examination of whether customer values in these market share are influenced by loyalty and religiosity or only due to the large operational scale of Sharia banking. In addition, customer loyalty significantly affects the growth of Islamic banks worldwide (Lee & Ullah, 2011; Ltifi et al., 2016; Mokhtar et al., 2008; Satyagraha et al., 2022; Setyowati, 2019; Shome et al., 2018).

The current study aims at conducting the analysis of customer loyalty testing in terms of the "emotional and spiritual" weight of customer loyalty in an integrated manner. Even though these variables were examined separately in other research, this particular research is unique in analyzing these factors in the context of 2024 post-merger environment of Indonesia, characterized by the presence of the domination of market and diversity of customer choice, with customer value and experiential marketing being not only the parameters of services provided but also the psychological attitudes in the context of TRA, competing with religious subjective norms, and the passive resistance of potential customers because of their hesitation due to perceived risks or insufficient information on part of the banking industry.

In an effort to reconcile the inconsistent results related to the issue of religiosity and increasing significance of emotional engagement, this study focuses on the effect of religiosity, experiential marketing, and value of the customers on their satisfaction as a mediator between loyalty and determines whether the concept of experiential marketing has any effect on the Sharia banking customers than religiousness. This study would thus make contributions to the body of knowledge through developing the TRA in the Islamic banking context whereby it will be seen that loyalty is a product of various factors including customer value, emotional experience and religiosity among others. The results of this study provide useful recommendations for policy makers, managers, marketers and other scholars to foster sustainable relationship with customers and help increase the market share and social value of the Islamic banking in Indonesia.

### *Hypotheses Development*

The theoretical foundation of customer loyalty in this study is based on the Theory of Reasoned Action (TRA) (Ajzen, 1991). This theory posits that individuals form behavioral intentions influenced by attitudes and subjective norms, which ultimately determine their actions. In the context of Sharia banking, TRA explains how customers' loyalty behavior is shaped by their beliefs and social pressures (Wang et al., 2020). The theory suggests that customer loyalty is influenced by satisfaction, which arises from factors such as religiosity, experiential marketing, and customer value. Subjective norms represent perceived social pressure to engage or not engage in a behavior, guided by one's normative beliefs (Ajzen & Fishbein, 1977).

Previous studies have reported mixed findings regarding the influence of religiosity on customer loyalty. Some research concluded that religiosity does not significantly affect loyalty (Wijaya et al., 2023), whereas other studies found that religiosity plays a more influential role in customers' decisions to use Islamic banking services compared with service-related factors (Suhartanto et al., 2020). In contrast, Abror et al. (2020) discovered that religiosity negatively moderates the relationship between service quality and customer satisfaction. Overall, religiosity has been identified as a major determinant of consumer behavior in Islamic financial services (He et al., 2022; Ibrahim et al., 2017). This provides a strong rationale for including religiosity as a variable explaining Sharia bank selection behavior (Al Balushi et al., 2019).

#### *Customer Satisfaction and Customer Loyalty*

Customer satisfaction is a central factor influencing customer loyalty, yet its relationship with financial performance in Sharia banking remains inconclusive. A study in Bangladesh revealed that the financial performance of Sharia banks depends on various financial and non-financial factors, rather than solely on customer loyalty (Rashid et al., 2020). However, other research indicates that customer satisfaction exerts a strong effect on loyalty. This gap motivates the current study. Customer satisfaction arises when the perceived performance of a service meets or exceeds customer expectations (Meesala & Paul, 2018). Satisfaction encourages repeat behavior and loyalty toward Sharia banks (Fianto et al., 2020). Customer loyalty refers to a customer's consistent purchasing behavior and long-term commitment to a product or service, even in the presence of competitors (Wibowo et al., 2021).

Consumers' passive resistance to becoming customers of Sharia banks is due to the limited number of prospective customers of Sharia banks in responding to marketing stimuli. Perceived risk, limited awareness, or negative brand image reach that have dominated passive resistance to Sharia banks also occur (Nugraha et al., 2022). Strong loyalty, therefore, contributes to a positive image and higher retention rates (Åström, 2013). Loyalty is the output of all the efforts of the organization that create benefits for customers so that they will increase their purchase of Islamic financial products (Abror et al., 2020). Customer (Asnawi et al., 2020).

Customer loyalty is a key output of effective marketing strategies (Asnawi et al., 2020). Customer loyalty signify a long-term, mutually beneficial relationship between customers and banks (Hashish et al., 2022). It strengthens customer retention (Albaity & Rahman, 2021) and improves profitability by reducing customer acquisition costs (Alam & Seifzadeh, 2020). Loyalty also saves costs to recruit new customers (Mulia et al., 2020). Nonetheless, some studies suggest that service quality alone may not significantly impact loyalty (Abror et al., 2020).

Customer service innovation is essential for competitiveness (Abbas et al., 2019). Customer service is a strategy to attract business opportunities and increase customer satisfaction levels (Janahi & Al Mubarak, 2017). Both customer satisfaction and religious obligations indirectly create customer loyalty to Sharia bank through mediators (Albaity & Rahman, 2021). Consequently, satisfaction has become a strategic marketing objective to increase sales, profitability, and market share (Mulia et al., 2020).
H1: Customer satisfaction has a positive and significant effect on customer loyalty.

*Religiosity and Customer Satisfaction*

Sharia compliance and social values are dominant factors influencing customers' decisions to use Sharia banking services (Fauzi & Suryani, 2019). By contrast, factors such as service quality and corporate social responsibility have a lesser impact (Al Balushi et al., 2019). Religiosity comprises several dimensions: ideological (belief), intellectual (knowledge), ritualistic (observable practices), experiential (emotional experience), and consequential (application of faith in daily life) (Clayton & Gladden, 1974).

Religiosity consists of two dimensions, namely religious beliefs and religious practices. Religious beliefs include what people believe about all daily activities based on their religious point of view (Wijaya et al., 2023). Meanwhile, religious practices are related to how they carry out each activity based on the religious values they believe in (Abror et al., 2020). Both dimensions shape satisfaction; religion combined with high service quality enhances customer satisfaction (Ma'ruf et al., 2024), which in turn fosters emotional attachment to a brand or service (Minton & Liu, 2021).

Many consumers consider religion a crucial determinant when deciding whether to engage with Islamic banking (Butt et al., 2018). Other influential factors include convenience, service delivery, reputation, bank size, administrative fees, and perceived benefits (Riaz et al., 2017). For Muslim customers, religious considerations play a pivotal role in decision-making (He et al., 2022). As a result, customers establish relationships with

Sharia banks since customers believe that these financial institutions operate according to Islamic principles (Tabrani et al., 2018).

Religiosity thus positively shapes perceptions and decisions to choose Sharia banking products (Minton & Liu, 2021; Riaz et al., 2017). Islamic values, organizational ethics, knowledge of Islamic finance, and the reputation of banking services and promotions influence customer behavior intentions to decide attitudes towards Sharia bank products (Hoque et al., 2022). Religiosity affects a consumer positively and significantly when evaluating a product. For customers, product purchases are interpreted as a medium to express their values, including religious values they believe in (Minton & Liu, 2021). Religious symbolism, therefore, can strengthen marketing communication, sales strategies, and market segmentation (Minton & Liu, 2021). The expectation of high-quality service is also held by customers with a high level of religiosity, and vice versa (Abror et al., 2020). Sharia banks are often perceived as failing to meet these expectations when service quality does not align with Islamic ethical standards (Asnawi et al., 2020).

$H_2$: Religiosity has a positive and significant effect on customer satisfaction.

*Experiential Marketing and Customer Satisfaction*

Experiential marketing consists of five main dimensions, namely sense, feel, think, act, and relate, that all together contribute to the customer experience (Ihtiyar et al., 2019). Sense is concerned with the involvement of senses through design or aesthetics; feel is associated with emotions and mood; think provokes creativity and problem-solving; act involves lifestyle and behavior; and relate concerns customers' values and social identity. Modern approaches to researching consumer behavior focus on the fact that the customer is not only a rational entity but also a person guided by emotions, values, and symbolism (Skandalis et al., 2019). Assessment of the quality of the customer experience can help in identifying the existing problems. The evaluation of the services offered to the customer is intended to increase the efficiency and the quality of customer satisfaction and fulfil their needs (Wu et al., 2019). It can be concluded that organizations should create experiences with functional and emotional value (Ihtiyar et al., 2019). The value of the customer experience affects the satisfaction level and consequently the customer loyalty (Chang, 2021).

One major reason customers shift from conventional to Sharia banks is adherence to Islamic legal principles (Priantoro & Yudiana, 2021). This shows that values and emotions play an important role in Islamic economics (Hallaq, 1997). Several studies have demonstrated that experiential marketing positively and significantly influences customer satisfaction (Purnama et al., 2021; Setiawan et al., 2020).

$H_3$: Experiential marketing has a positive and significant effect on customer satisfaction.

*Customer Value and Customer Satisfaction*

Customer value is among the most fundamental concepts in marketing and service research (Jung & Jin, 2016; Leroi-Werelds, 2019; Paananen & Seppänen, 2013). It refers to customers' perceived preference and evaluation of a product's attributes, service performance, and outcomes in achieving their goals (Jung & Jin, 2016). Customer value contributes to the maintenance of business relationships (Chen, 2015). Customer value encompasses terms of rational perspective and experience to capture extrinsic and intrinsic aspects of customer value in the context of service (Chen, 2015).

Customer value has a significant effect on customer satisfaction (Fida et al., 2020). The company performs high customer satisfaction optimization, especially those that consider long-term relationships with customers as an asset. Customer value in Pakistan also has a significant effect on customer satisfaction (Ashraf et al., 2020). Customer-oriented service is the level of involvement of bank employees with customers in making customer decisions. This is an indicator of customer satisfaction in addition to an indicator of Sharia compliance (Lee & Ullah, 2011). Customer value has a positive effect on customer satisfaction (Rifaatul, 2020). Customers' attitudes towards Islamic banks and customer trust play an important role in understanding the relationship between customer satisfaction, religious obligations, and customer loyalty (Albaity & Rahman, 2021).

The two-way interaction between customers and the marketing activities provided by the service will build customer value towards the products sold (Brodie et al., 2009). A company can gain a more advantageous position than competitors in the market only when it can create and provide customers with superior quality products and satisfactory service (Jung & Jin, 2016). Consumer experience generates customer value that contributes to achieving their loyalty (Chen, 2015).

In the Sharia banking context, customer value dimensions such as speed of service, employee friendliness, and physical facilities are key to satisfaction. Confirmation of expectations evaluates the suitability between the services provided by the Sharia bank and the customer's expectations before and after making a transaction (Shome et al., 2018). Additional facilities such as call centers and suggestion boxes also help strengthen customer (Usman et al., 2017).

H4: Customer value has a positive and significant effect on customer satisfaction.

Drawing on the hypothesis development, Figure 1 presents the conceptual framework, illustrating the logic and potential connection among variables in this study.

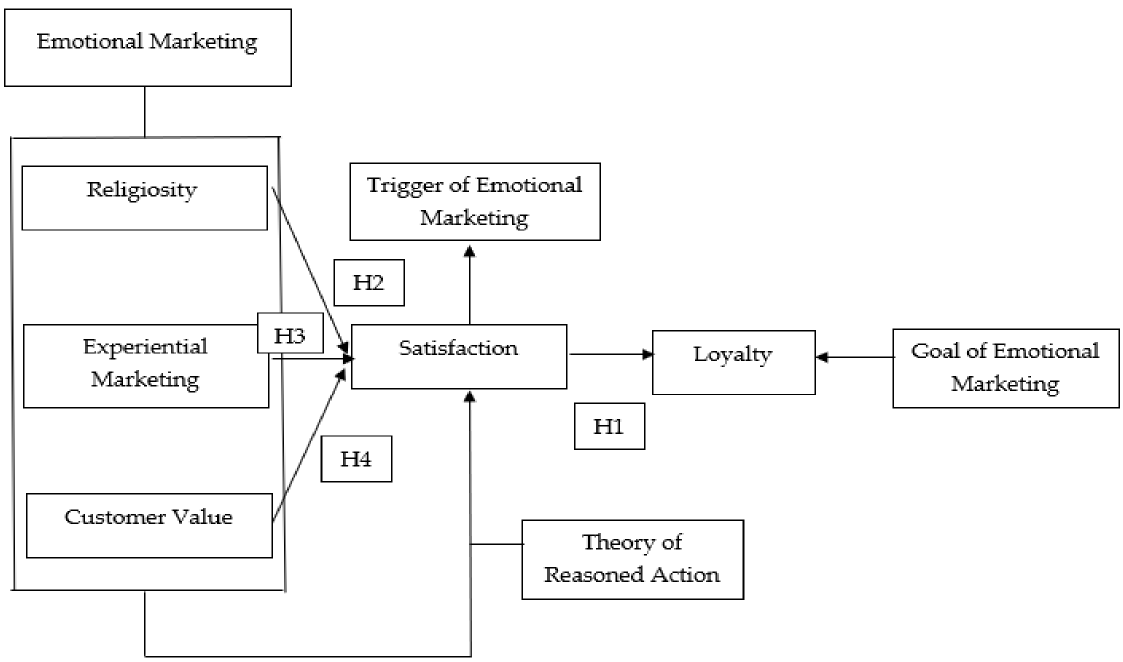


Figure 1. The Research Model

Figure 1 portrays that customer loyalty serves as the primary objective of emotional marketing as it represents customers' consistent behavior to repurchase products or services over an extended period (Wibowo et al., 2021). Loyalty dimensions include repeat purchasing, habitual use of the brand, primary brand preference, positive word-of-mouth, and brand recommendation. These affective conditions function as core expressions of religiosity, referring to a state of spiritual well-being, positive self-awareness, and a productive life. Religiosity seeks to foster balance and harmony in all aspects of life, thereby promoting inner peace and well-being in relation to others and the surrounding environment, experiential marketing, designed to create customer loyalty by appealing to their emotions through positive experiences (Setiawan et al., 2020), and customer value, demonstrating customers' perceived preferences and evaluations of product attributes, service performance, and the benefits derived from using financial facilities to achieve their goals (Jung & Jin, 2016). This psychological state acts as catalyst for increased customer satisfaction, which function as intervening mechanisms in the decision-making process. Customer Satisfaction reflects a positive emotional response following product or service use, resulting from the alignment between expectations and actual performance (Janahi & Al Mubarak, 2017). Consequently, the transition from satisfaction to loyalty is increasingly influenced by emotional experiences rather than purely rational logic, which lead customers to maintain their commitment to a specific Sharia brand.

## Method

This study employed a quantitative approach, with a survey research design that was conducted through distribution of questionnaires to customers of Bank Syariah Indonesia located in Pekalongan, Central Java, Indonesia. Survey research design is considered the most suitable for this study because it enables the researchers to objectively quantify the variables such as religiosity, experiential marketing and customer value among a large number of people. Further, the survey offers the empirical research design that tests the complicated cause-and-effect relationships in the proposed structured model to ensure the results will be generalizable to the entire population of customers of the Sharia banking in Indonesia. Thus, the research attempts to investigate the effects of religiosity, emotional marketing and customer value on customer loyalty with customer satisfaction as a mediating variable. Each variable was assessed to ascertain which one had the most effect on customer loyalty.

In this study, the sampling procedure adopted both purposive sampling and accidental sampling techniques. Purposive sampling refers to the selection of subjects through some considerations with regard to the research goals. In this case, the respondents were chosen based on their experience as clients of Bank Syariah Indonesia. On the other hand, the accidental sampling approach was used since the researchers used subjects who were willing and ready to fill out the questionnaires while carrying out transactions in Bank Syariah Indonesia in Pekalongan City. In total, 258 subjects participated in this study, with their demographics as indicated in Table 1. Each subject signed a consent form before participating in the study.

From the demographic characteristics of the respondent indicated in Table 1, it can be noted that 56.6% of them were male, while 43.4% were female. With Indonesia being a predominantly Muslim country, the majority of 98.1% of individuals who use Islamic banks are Muslim, while 1.9% of them are non-Muslim. Even when there are conventional banks available, several customers preferred the Sharia bank since it was run based on Islamic beliefs. On the issue of age range of the respondents, 12.4% of them were below 20 years old, 41.5% were aged 21-30, 30.6% of them are between 31-40, and 15.5% were older than 40. This demonstrates that the majority of them were productive workers. On education level, 56.3% of the respondent are high school graduates, 37.6% are bachelor's degree holders, 4.6% have Master's degree, and 1.6% of them have doctoral degree.

Table 1. Respondents' Demographic Characteristics

| **Variable** | **N** | **Percentage** |
|---|---|---|
| ***Sex*** | | |
| Male | 146 | 56.59 |
| Female | 112 | 43.41 |
| ***Religion*** | | |
| Muslim | 253 | 98.06 |
| Non-Muslim | 5 | 1.94 |
| ***Age*** | | |
| < 20 Years old | 32 | 12.40 |
| 21-30 Years old | 107 | 41.50 |
| 31-40 Years old | 79 | 30.60 |
| > 40 Years old | 40 | 15.50 |
| ***Education Level*** | | |
| Secondary School | 145 | 56.20 |
| Undergraduate | 97 | 37.60 |
| Master | 12 | 4.60 |
| Doctoral | 4 | 1.60 |
| ***Employment*** | | |
| Student | 49 | 19 |
| Civil Employee | 34 | 13.20 |
| Private Employee | 121 | 46.90 |
| Hawker | 26 | 10.10 |
| Housewife | 14 | 5.40 |
| Others | 14 | 5.40 |
| *Initial Capital (Rupiah/ ID**R**)* | | |
| < IDR 2,500,000 | 115 | 44.60 |
| IDR 2,600,000 – IDR 5,000,000 | 71 | 27.50 |
| IDR 5,100,000 – IDR 7,500,000 | 50 | 19.40 |
| > IDR 7,500,000 | 22 | 8.50 |
| ***Long-running a Business*** | | |
| < 1 Years | 101 | 39.10 |
| 1 Years | 33 | 12.80 |
| >1 Years | 124 | 48.10 |
| ***Transaction Frequency*** | | |
| Once in 1 month | 84 | 32.60 |
| > One in 1 month | 65 | 25.20 |
| Uncertain | 109 | 42.20 |

In addition, the employment distribution revealed that 19.0% were students, 13.2% civil servants, 46.9% private sector workers, 10.1% street vendors, 5.4% housewives, while another 5.4% were employed in other sectors. The domination of private sector workers was influenced by the growing trend of MSME in Indonesia. On monthly income, 44.6% of the respondents received below IDR 2,500,000, 27.5% IDR 2,600,000-IDR 5,000,000, 19.4% IDR 5,100,000-IDR 7,500,000, and 8.5% above IDR 7,000,000. Such statistics are in accordance with the minimum wage of the region in Pekalongan City. With regard to the business operations financed by Bank Syariah Indonesia, 39.1% of respondents operated their business below one year, 12.8% at around one year, and 48.1% above one year. Such differences could be attributed to the varying business maturity and financial experiences of the respondents. As regards the transaction frequency, 32.6% of respondents conducted banking transactions once a month, 25.2% above once a month, and 42.2% irregularly/monthly.

The development of the research model was conducted in order to investigate the impact of religiosity, experiential marketing, and customer value on customer loyalty via customer satisfaction as a mediating/intervening variable. Each variable has been tested in order to find out which variable makes the most impact on customer loyalty. Data collection was done using structured questionnaire that aimed at collecting necessary information for each item in the research variables from the respondents. The questionnaire used was in printed form, where respondents were required to choose one out of five choices for each question in the research variables. Likert scale with five choices ranging from "strongly disagree" (1) to "strongly agree" (5) was used. The questionnaire was more specific as to include the research variables: Religiosity ($X_1$), Experiential Marketing ($X_2$), and Customer Value ($X_3$) as independent variables; Customer Satisfaction (Z) as mediating/intervening variable; and Customer Loyalty (Y) as dependent variable. Description of the variables together with their indicators can be found in Table 2.

Table 2. Description of the Variables

| Variable | Role in Model | Indicator |
|---|---|---|
| Religiosity | Independent Variable | A sense of peace and protection when conducting transactions, spiritually healthy mindset capable of distinguishing between *halal* and *haram*, engagement in positive life, and awareness of the obligation through lawful (*halal*) means |
| Experiential Marketing | Independent Variable | Spatial design and layout, comfortable and pleasant physical environment, friendly and courteous employee attitudes, responsiveness to feedback, criticism, and customer suggestions, available financial product options, ease and efficiency of transaction, a strong reputation, effective communication of product information through various social media platforms, availability of Islamic financial products, and use of technology |
| Customer Value | Independent Variable | Reliability of services, service quality, financial products aligning with customer |

| Variable | Role in Model | Indicator |
|---|---|---|
| | | needs, facilities promoting customer convenience, high-quality products and services leading to trust, service performance giving a positive impression on customers, and employees' effective communication |
| Customer Satisfaction | Mediating Variable | Satisfaction with financial products and services, satisfaction with product quality and service delivery, satisfaction with employee attitudes in handling customer complaints, and satisfaction with ease of transactions |
| Customer Loyalty | Dependent Variable | Willingness to revisit Sharia bank, habitual use of Sharia bank for transactions, willingness to share positive information about Sharia bank, encouraging colleagues or relatives to use Sharia bank products and services, willingness to try new products, preference for Sharia bank financial products, and commitment to continue using Sharia bank financial products |

Data obtained from the questionnaire were analyzed using a Likert scale to measure respondents' levels of agreement with each statement. The scale consisted of five response options: Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), and Strongly Disagree (1). SEM-AMOS version 23 software was employed, regarding the larger sample size and using covariance matrices. The data analysis comprises several steps to examine goodness of fit test, confirmatory factor analysis, normality test, multicollinearity and singularity test, and structural model and hypothesis testing.

## Results

### *Goodness of Fit Test*

The accuracy of model test was examined using five latent variables as follows: (1) Religiosity, (2) Experiential Marketing, (3) Customer Value, (4) Customer Satisfaction, and (5) Customer Loyalty. The techniques that were used during the process included the Goodness of Fit Test, Validity and Reliability Test, Normality Test, and Multicollinearity and Singularity Test. The Goodness of Fit Test was performed for assessing whether there is a good fit between the theoretical and empirical research models as indicated in Table 3. This was done through the comparison of fit indices with cut-offs.

As depicted in Table 3, the criteria used included the following: Df value criterion < 296.465; RMSEA value < 0.08; NFI value > 0.90; IFI value > 0.90; RFI value = > 0.90; CMIN/DF value = < 2.00; TLI value = > 0.95; CFI value = > 0.95. The results from the test show a positive Degree of Freedom (Df). This means that the model is over-identified and thus estimable and testable. The achieved model fit indices include: RMSEA = 0.014, NFI = 1.00, IFI = 1.00, RFI = 0.967, CMIN/DF = 1.367, TLI = 0.977, and CFI = 0.966. The results above indicate that the structural model is accurate and consistent with the empirical data and thus fit for hypotheses testing.

Table 3. Summary of Goodness of Fit Test Results

| **Goodness of Fit Index** | **Cut-off Value** | **Model Results** | **Description** |
|---|---|---|---|
| $X^2$ (Chi-Square) | Expected to be small | 296.465 | |
| CMIN/Df | ≤ 2.00 | 1.367 | Good Fit |
| RMSEA | < 0.08 | 0.014 | Good Fit |
| NFI | > 0.90 | 1.000 | Good Fit |
| IFI | > 0.90 | 1.000 | Good Fit |
| RFI | > 0.90 | 0.967 | Good Fit |
| TLI | > 0.95 | 0.977 | Good Fit |
| CFI | > 0.95 | 0.966 | Good Fit |

***Confirmatory Factor Analysis***

In this study, the Confirmatory Factor Analysis (CFA) framework was carried out to test the validity and reliability of the data. The validity test functions to verify the extent to which the observed indicators accurately represent their respective constructs. Therefore, this study ensures that the measurement model is robust to provide a reliable foundation for testing the structural relationships between emotional marketing (religiosity, experiential marketing, and customer value) and customer loyalty mediated with customer satisfaction.

Table 4 shows that all indicators for each variable have loading factor values above the minimum threshold of 0.40, indicating that all measurement items are valid and appropriate for further analysis. For the independent variable Religiosity, measured by six indicators, namely God's commandments and prohibitions, supervision, Sharia transactions, peace of mind, positive activities, and halal livelihood obligations, the factor loadings were 0.674, 0.703, 0.839, 0.906, 0.757, and 0.824, respectively. Since all values exceed the 0.40 cut-off, the religiosity construct is considered valid. The Experiential Marketing variable was measured using ten indicators: design, convenient facilities, friendly attitude, response to criticism and suggestions, product variations, ease of transaction, reputation, information via social media, Sharia financial products, and modern technology. The corresponding loading values were 0.912, 0.922, 0.930, 0.936, 0.908, 0.922, 0.859, 0.865, 0.847, and 0.808. These results confirm that all experiential marketing indicators are valid.

Customer Value construct was evaluated using seven indicators, namely, reliable service, quality of service, customization of products, comprehensive facilities, product quality, positive impacts, and good communication with loading values of 0.898, 0.836, 0.909, 0.913, 0.804, 0.911, and 0.973, respectively. Since all values are above 0.40, the construct of customer value is valid as well. As for the mediating variable, Customer Satisfaction, it is defined via six indicators: variety of products, product quality, service quality, complaint response rate, financial product performance, and transaction ease, with loading values of 0.975, 0.962, 0.968, 0.943, 0.941, and 0.954. Thus, since all values exceed the minimum level of significance, the customer satisfaction construct is valid. At last, the dependent variable, Customer Loyalty was defined via seven indicators: returning to the bank, transaction habituation, information exchange, relationship quality, interest in new products, advantages of products, and commitment to not change banks. Loading values were 0.873, 0.926, 0.909, 0.899, 0.911, 0.924, and 0.939, thus being higher than 0.40, which means that the customer loyalty variable is valid. Therefore, all observed constructs are valid.

Table 4. Validity Test Results

| Items | Loadings | Result |
|---|---|---|
| *Religiosity* | | |
| R_1: God's Commandments and Prohibitions | 0.674 | Valid |
| R_2: Supervision | 0.703 | Valid |
| R_3: Sharia Transactions | 0.839 | Valid |
| R_4: Peace of Mind | 0.906 | Valid |
| R_5: Positive Activities | 0.757 | Valid |
| R_6: Obligations of halal ways | 0.824 | Valid |
| *Experiential Marketing* | | |
| EM_1: Design | 0.912 | Valid |
| EM_2: Convenient Facilities | 0.922 | Valid |
| EM_3: Friendly Attitude | 0.930 | Valid |
| EM_4: Criticism and Suggestions | 0.936 | Valid |
| EM_5: Product Variations | 0.908 | Valid |
| EM_6: Ease of Transaction | 0.922 | Valid |
| EM_7: Reputation | 0.859 | Valid |
| EM_8: Information via Social Media | 0.865 | Valid |
| EM_9: Sharia Financial Products | 0.847 | Valid |
| EM_10: Modern Technology | 0.808 | Valid |
| *Customer Value* | | |
| CV_1: Reliable Service | 0.898 | Valid |
| CV_2: Quality of Service | 0.836 | Valid |
| CV_3: On-Demand Products | 0.909 | Valid |
| CV_4: Complete Facilities | 0.913 | Valid |
| CV_5: Product Quality | 0.804 | Valid |
| CV_6: Positive Effects | 0.911 | Valid |
| CV_7: Good Communication | 0.973 | Valid |
| *Customer Satisfaction* | | |
| CS_1: Variety of Products | 0.975 | Valid |
| CS_2: Product Quality | 0.962 | Valid |
| CS_3: Service | 0.968 | Valid |
| CS_4: Quick Response to Complaints | 0.943 | Valid |
| CS_5: Financial Products | 0.941 | Valid |
| CS_6: Ease of Transaction | 0.954 | Valid |
| *Customer Loyalty* | | |
| CL_1: Revisiting | 0.873 | Valid |
| CL_2: Transaction Routine | 0.926 | Valid |
| CL_3: Extensive Information | 0.909 | Valid |
| CL_4: Relationship | 0.899 | Valid |
| CL_5: New Products | 0.911 | Valid |
| CL_6: Product Advantages | 0.924 | Valid |
| CL_7: Not being another customer | 0.939 | Valid |

On the other hand, in relation to the CFA approach based on SEM-AMOS, the reliability test is essential in guaranteeing the reliability of the measurement model. The purpose of the reliability test in the current study is to assess the internal consistency of the measurement scales employed in measuring the variables, which include religiosity, experiential marketing, customer value, satisfaction, and loyalty. The results of the reliability test are presented in Table 5.

Table 5. Reliability Test Results

| **Variable** | **Religiosity** | | | **Variable** | **Experiential Marketing** | | |
|---|---|---|---|---|---|---|---|
| | Load. | Load.2 | error | | Load. | Load.2 | error |
| X1_1 | 0.674 | 0.145 | 0.097 | X2_1 | 0.912 | 0.159 | 0.079 |
| X1_2 | 0.703 | 0.179 | 0.174 | X2_2 | 0.922 | 0.145 | 0.055 |
| X1_3 | 0.839 | 0.162 | 0.044 | X2_3 | 0.930 | 0.161 | 0.054 |
| X1_4 | 0.906 | 0.170 | 0.029 | X2_4 | 0.936 | 0.162 | 0.057 |
| X1_5 | 0.757 | 0.157 | 0.099 | X2_5 | 0.908 | 0.160 | 0.082 |
| X1_6 | 0.824 | 0.154 | 0.039 | X2_6 | 0.922 | 1.158 | 0.074 |
| | | | | X2_7 | 0.859 | 0.161 | 0.111 |
| | | | | X2_8 | 0.865 | 0.162 | 0.090 |
| | | | | X2_9 | 0.847 | 0.807 | 0.090 |
| | | | | X2_10 | 0.808 | 0.900 | 0.116 |
| The sum of Std. Loadings | 4.703 | 0.967 | | The sum of Std. Loadings | 8.909 | 2.975 | |
| The sum of the measurement error | | | 0.482 | The sum of the measurement error | | | 0.812 |
| Construct Reliability | 0.978 | | | Construct Reliability | 0.989 | | |
| Variance Extract | 0.659 | | | Variance Extract | 0.915 | | |
| | **Customer Value** | | | | **Customer Satisfaction** | | |
| | Load. | Load.2 | error | | Load. | Load.2 | error |
| X3_1 | 0.898 | 0.807 | 0.059 | X4_1 | 0.975 | 0.970 | 0.014 |
| X3_2 | 0.836 | 0.995 | 0.109 | X4_2 | 0.962 | 0.953 | 0.023 |
| X3_3 | 0.909 | 0.904 | 0.053 | X4_3 | 0.968 | 0.981 | 0.018 |
| X3_4 | 0.913 | 0.945 | 0.059 | X4_4 | 0.943 | 0.895 | 0.033 |
| X3_5 | 0.804 | 0.875 | 0.122 | X4_5 | 0.941 | 0.902 | 0.036 |
| X3_6 | 0.911 | 0.860 | 0.061 | X4_6 | 0.954 | 0.890 | 0.027 |
| X3_7 | 0.973 | 0.885 | 0.016 | | | | |
| The sum of Std. Loadings | 6.244 | 6.271 | | The sum of Std. Loadings | 5.743 | 5.591 | |
| The sum of the measurement error | | | 0.479 | The sum of the measurement error | | | 0.151 |
| Construct Reliability | 0.987 | | | Construct Reliability | 0.995 | | |
| Variance Extract | 0.987 | | | Variance Extract | 0.994 | | |

| | **Customer Loyalty** | | |
|---|---|---|---|
| | Load. | Load.2 | error |
| Y_1 | 0.873 | 0.825 | 0.034 |
| Y_2 | 0.926 | 0.876 | 0.052 |
| Y_3 | 0.909 | 0.859 | 0.058 |
| Y_4 | 0.899 | 0.851 | 0.070 |
| Y_5 | 0.911 | 0.862 | 0.073 |
| Y_6 | 0.924 | 0.874 | 0.052 |
| Y_7 | 0.939 | 0.888 | 0.120 |
| The sum of Std. Loadings | 6.381 | 6.035 | |
| The sum of the measurement error | | | 0.459 |
| Construct Reliability | 0.988 | | |
| Variance Extract | 0.987 | | |

As presented in Table 5, the results of the reliability test indicate that all research variables meet the required reliability criteria. A construct is considered reliable if its construct reliability (CR) value exceeds 0.70 and its average variance extracted (AVE) value is greater than 0.50. For the independent variable Religiosity, measured by six indicators: God's commandments and prohibitions, supervision, Sharia transactions, peace of mind, positive activities, and halal livelihood obligations; the construct reliability value is 0.978, exceeding the 0.70 threshold. The AVE value is 0.659, which is higher than 0.50. Therefore, the religiosity variable is considered reliable. The Experiential Marketing variable, measured by ten indicators, namely design, convenient facilities, friendly attitude, response to criticism and suggestions, product variations, ease of transaction, reputation, information via social media, Sharia financial products, and modern technology, has a construct reliability value of 0.989, which is above 0.70, and an AVE value of 0.915, which exceeds 0.50. Hence, the experiential marketing variable is reliable. The Customer Value variable, assessed through seven indicators: reliable service, quality of service, customized products, complete facilities, product quality, positive effects, and effective communication, shows a construct reliability value of 0.978 and an AVE value of 0.987, both of which are above the recommended limits. Therefore, the customer value variable is reliable.

Moreover, for the mediating variable Customer Satisfaction, which has been assessed using six indicators: variety of products, product quality, service, complaint handling, financial product performance, and ease of transaction, the construct reliability value is 0.995 and the AVE is 0.994, which are far more than the minimum acceptable values, proving that the collected data are reliable. Lastly, for the dependent variable Customer Loyalty, which has been measured through seven indicators including revisiting, transaction routine, information sharing, relationship, new products, product advantage, and commitment not to change the bank, the construct reliability value is 0.988 and the AVE is 0.987, which are higher than the threshold values of 0.70 and 0.50, respectively. Therefore, the customer loyalty variable is also reliable.

### *Normality Test*

The normality test was conducted through the use of Maximum Likelihood Estimation (MLE) method to check whether the data were normally distributed in line with the normality assumptions required. The Critical Ratio (C.R.) value that was used during this normality test was ±2.58 at p-value of 0.05. If the C.R. values of skewness and kurtosis lie between -2.58 and 2.58, then the data are said to be normally distributed. In this case, the result from the normality test gave a kurtosis C.R. value of 1.976, which means that the data distribution in general are normally distributed. Table 6 presents detailed results of the normality test.

Table 6. Normality Test Results

| Maximum Likelihood Estimation (MLE) | Cut-off Value | Kurtosis | Model Result | Description |
|---|---|---|---|---|
| Critical Ratio (C.R.) | ±2.58 | -2.58 until 2.58 | 1.976 | Data are Normally distributed |

### *Multicollinearity and Singularity Test*

The Multicollinearity and Singularity Test was performed in order to find out whether there was any existence of a strong relationship between the variables based on the Standardized Residual Covariance values. When the standardized residual covariance value falls in the range of ±2.58, this means that there is no multicollinearity. Moreover, when the determinant of the sample covariance matrix is positive, then it shows that there is no issue of singularity. As per the results of the test in Table 7, it was found that the determinant of the sample covariance matrix was 1840.397 which is a positive value and very far from zero.

Table 7. Multicollinearity and Singularity Test Results

| **Statistical Parameter** | **Value** | **Threshold** | **Description** |
|---|---|---|---|
| Determinant of Sample Covariance Matrix | 1840.397 | > 0 | No Singularity and No Multicollinearity |

### *Structural Model and Hypotheses Testing*

The structural model testing was conducted to determine the extent of the influence of Religiosity, Experiential Marketing, Customer Value, and Customer Satisfaction on Customer Loyalty. This analysis aimed to test the proposed hypotheses and assess the strength and significance of the relationships among the study's variables. The results of hypothesis testing are presented in Figure 2 and Table 8.

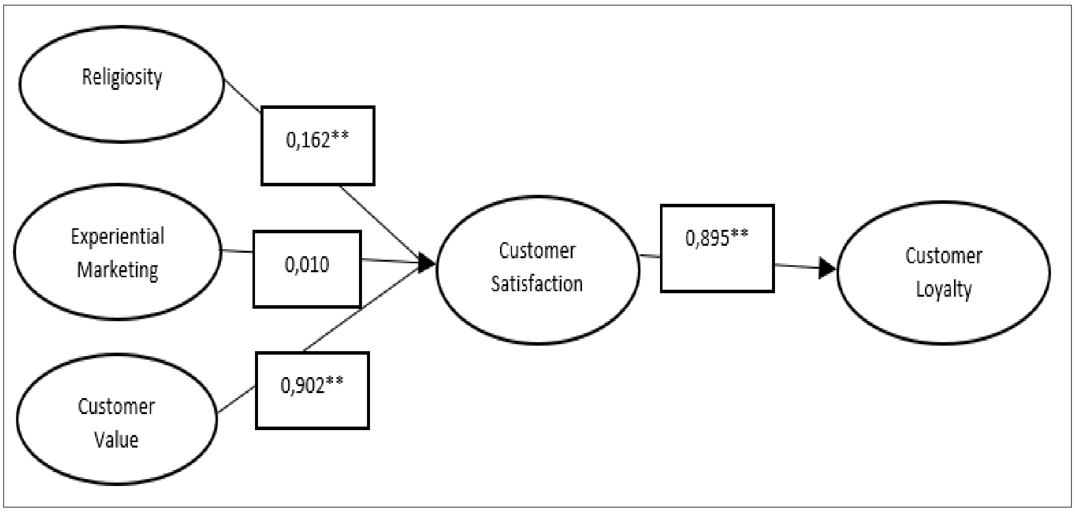


Figure 2. Structural Model Results

Informed in Table 8, the results of the direct hypothesis testing showed that Religiosity and Customer Value had a significant positive effect on Customer Satisfaction. Religiosity recorded a beta value of 0.162, a *t*-value of 3.193, and a *p*-value of 0.001, while Customer Value recorded a beta value of 0.902, a *t*-value of 16.698, and a *p*-value of 0.000.

Table 8. Hypothesis Testing Results

| Hypothesis | ß | Std. Dev | *t* | *p* | Conclusion |
|---|---|---|---|---|---|
| H2: Religiosity → Customer Satisfaction | 0.162 | 0.051 | 3.193 | 0.001 | Significance |
| H3: Experiential Marketing → Customer Satisfaction | 0.010 | 0.058 | 0.170 | 0.865 | Insignificant |
| H4: Customer Value → Customer Satisfaction | 0.902 | 0.054 | 16.698 | *** | Significance |
| H1: Customer Satisfaction → Customer Loyalty | 0.895 | 0.034 | 26.644 | *** | Significance |
| $X^2$/Df = 256.346 (< 296.465); RMSEA = 0.014 (≤ 0.08); NFI = 1.00 (≥ 0.90); IFI = 1,00 (≥ 0.90); RFI = 0,967 (≥ 0.90); CMIN/DF = 1.367 (≤ 2.00); TLI = 0.977 (≥ 0.95); CFI = 0.966 (≥ 0.95) | | | | | |

Since the *p*-values were below 0.05, H2 and H4 were accepted. In contrast, Experiential Marketing did not have a significant effect on Customer Satisfaction, as indicated by a beta value of 0.010, a *t*-value of 0.170, and a *p*-value of 0.865, H3 was rejected. Furthermore, Customer Satisfaction had a significant positive effect on Customer Loyalty, with a beta value of 0.895, a *t*-value of 26.644, and a *p*-value of 0.000, confirming that H1 was accepted. Before hypothesis testing, the model had met the goodness-of-fit criteria, with the following results: $X^2$/Df = 256.346 (< 296.465), RMSEA = 0.014 (< 0.08), NFI = 1.00 (> 0.90), IFI = 1.00 (> 0.90), RFI = 0.967 (> 0.90), CMIN/DF = 1.367 (< 2.00), TLI = 0.977 (> 0.95), CFI = 0.966 (> 0.95). These indicators demonstrated that the model achieved a good fit and satisfied the required statistical standards.

The direct effects in Table 9 indicate that Religiosity had a value of 0.008, Experiential Marketing 0.083, and Customer Value 0.851 on Customer Loyalty. The indirect effect of

Religiosity on Customer Loyalty through Customer Satisfaction was 0.009, confirming that Customer Satisfaction served as a mediating variable in the relationship between Religiosity and Customer Loyalty. These findings differed from those of Ma'ruf et al. (2024), who reported that Religiosity did not have a significant effect on Customer Satisfaction. In contrast, the present study found that Religiosity positively influenced satisfaction and, indirectly, loyalty among customers of Bank Syariah Indonesia.

Table 9. Standardized Direct, Indirect, and Total Effect

| **Hypothesis** | **Std. Direct Effect** | **Std. Indirect Effect** | **Std. Total Effect** |
|---|---|---|---|
| | *P* | *p* | *p* |
| Customer Satisfaction → Customer Loyalty | 0.000 | 0.000 | 0.000 |
| Religiosity → Customer Satisfaction | 0.009 | 0.000 | 0.009 |
| Experiential Marketing → Customer Satisfaction | 0.088 | 0.000 | 0.088 |
| Customer Value → Customer Satisfaction | 0.900 | 0.000 | 0.900 |

## Discussion

The research findings clearly show that there is a significant positive impact of customer satisfaction on customer loyalty ($t = 26.644$, $p < 0.001$), validating H1 and emphasizing satisfaction as the major determinant of relationships in Sharia banking. Customers, who consider the services of high quality, variety of financial products, efficient resolution of complaints, and convenience of transactions are more likely to use the services of Sharia banks and refer their peers to do so. The results corroborate the expectation confirmation theory, according to which satisfaction is achieved when service performance matches or surpasses customer expectations, hence increasing loyalty and organizational performance (Fusva et al., 2020). Similar to other studies, satisfied customers form greater trust and commitment towards Islamic financial institutions and, therefore, customer retention and sustainability (Fida et al., 2020; Khoirin et al., 2023; Setiawan et al., 2020; Wijaya et al., 2023). The findings also corroborate earlier evidence that customer satisfaction and religious adherence jointly foster customer loyalty in Islamic banking (Albaity & Rahman, 2021; Asnawi et al., 2020; Ihtiyar et al., 2019; Mulia et al., 2020), although they differ from studies reporting an insignificant relationship between religiosity and customer satisfaction or loyalty (Abror et al., 2020; Purnama et al., 2021).

According to the theory of reasoned action (TRA), customer loyalty results from the development of favorable attitudes based on good service experiences and subjective norms rooted in religious beliefs (Paul et al., 2016). The choice of Bank Syariah Indonesia for many respondents is associated not only with a logical financial consideration but also with religious commitment to the halal finance (Minton & Liu, 2021). However, as previous studies suggest, customer religiosity does not always affect their behavior (Butt et al., 2018). In contrast to the existing literature, the results of this paper reveal that in Indonesia customer satisfaction and religiosity reinforce each other to develop customer loyalty. Thus, the current paper contributes to the literature and shows that in a developing Muslim country, customer loyalty is affected not only by service quality but also by religious and ethical considerations that form behavioral intentions in accordance with TRA assumptions (Ajzen, 1991; Han & Kim, 2010; Janahi & Al Mubarak, 2017; Ireland, 2018; Riaz et al., 2017; Shome et al., 2018; Wu et al., 2019).

These results indicate that there is a highly positive impact of religiosity on customer satisfaction (t = 3.193, p = 0.001), hence the acceptance of H2 and evidence that religiosity continues to be an important predictor of customers' evaluations in Islamic banks. This finding is in line with other empirical works, which show that religion has become an increasingly important driver of banking marketing practices in developing countries due to the strong connection between financial decision-making and religion (Wahyuni & Fitriani, 2017). Customers who see how Islamic values are maintained in the operation of Sharia banks tend to gain trust, confidence, and satisfaction from the offered services (Purnama et al., 2021; Rhamdhani et al., 2023; Tabrani et al., 2018). It should be noted that this finding contradicts Ma'ruf et al. (2024), who found no statistically significant correlation between religiosity and customer satisfaction. This may suggest that religiosity can play different roles in customer satisfaction depending on institutional settings, implying the importance of the interaction of religious beliefs and Sharia values implementation in the bank's product and services portfolio.

These findings further reinforce the Theory of Reasoned Action (TRA) stating that subjective norms, such as religious beliefs, affect behavioral intentions and future evaluations (Ajzen, 1991; Ayyub et al., 2020). Participants viewed Bank Syariah Indonesia as a firm embodying Islamic principles that positively influenced their level of trust and satisfaction since the activities of the bank correspond with their beliefs (Usman et al., 2017). Such focus on moral behavior, ethics, and prohibition of riba helps to increase the perception of spiritual values provided by Islamic banks in addition to the financial benefits (Rhamdhan & Riptiono, 2023; Wijaya et al., 2023). However, it is clear from the findings that religiosity does not suffice for customer commitment on its own. As suggested by previous literature, Sharia banks need to combine religious principles with innovations in order to build stronger relationships with customers (Abror et al., 2020; Ma'ruf et al., 2024; Suhartanto et al., 2020).

As can be seen from the results, experiential marketing does not exert a significant positive influence on customer satisfaction (t = 0.170, p = 0.865). Hence, it was decided to reject H3. It means that experiential factors, including office interior design, physical facilities, employees' look, social media activity, and technology-related aspects, do not play an important role in the formation of customer satisfaction within Sharia banking. While in conventional banking companies memorable service experience is known to increase client loyalty, customers of Sharia bank in Indonesia seem to care more about its functionality and adherence to religion rather than about any experiential aspects. Thus, unlike results received by Skandalis et al. (2019) and Wu et al. (2019), the research results reveal a significant difference between the role of experiential marketing and the level of customer satisfaction.

Moreover, this study also adds value to existing literature as it shows that experiential marketing by itself would not lead to the creation of customer satisfaction in the context of Islamic banking without the inclusion of value and religious aspects. Even though it has been stated in previous studies that the integration of marketing experience with the value aspect will increase customer involvement (Ihtiyar et al., 2019), the present study found that customers did not form any emotional bonding due to the fact that the experience was not distinctive enough. Hence, it is clear that there was no positive emotion formation, which is needed in order to increase satisfaction. This finding contradicts previous studies which highlight the importance of experiential marketing as a tool that allows to evoke positive emotions to cultivate customer loyalty (Priantoro & Yudiana, 2021; Purnama et al., 2021; Setiawan et al., 2020).

Furthermore, these results show that there is a statistically significant and positive influence of customer value on customer satisfaction ($t = 16.698$, $p < 0.001$), which proves H4 and confirms customer value as one of the most influential predictors of customer satisfaction in Sharia banking. People who understand that Sharia bank provides them with excellent value in terms of service quality, effective communication, good employees, and relevant financial services according to their religious beliefs can feel satisfied and build long-lasting relations with this institution. Moreover, such factors as integration quality, physical environment quality, outcome quality, and conformity to Islamic values positively affect customers' perception of value and their intentions to continue using services of Sharia banking institutions (Prastiwi et al., 2021). The results further confirm that value created for the customers indirectly improves customer loyalty through customer satisfaction, because satisfied customers reuse banking services and recommend them to other people (Ashraf, 2020; Fida et al., 2020; Khoirin et al., 2023). The finding is in line with prior research where the role of the value perceived by the customers was stressed as an important prerequisite of their satisfaction and loyalty (Jung & Jin, 2016; Leroi-Werelds, 2019; Paananen & Seppänen, 2013). More precisely, this study supports the evidence on how the value created for the customers in the Islamic banking in terms of ethical service provision, communication, and Sharia-compliant financial services builds durable customer relationships and competitive advantage (Brodie et al., 2009; Chang, 2021; Chen, 2015; Janahi & Al Mubarak, 2017; Jung & Jin, 2016; Lone et al., 2017; Meesala & Paul, 2018).

In summary, the results contribute to the literature on the subject under investigation from both theoretical and practical perspectives. From the theoretical point of view, the present study contributes to the body of literature on the subject through the extension of the applicability of the Theory of Reasoned Action by proving that the customer satisfaction is a result of the combined impact of customer values and religious norms. The non-significance of experiential marketing means that, in the context of Indonesian Islamic banking, people prefer religious commitment, ethics, and perceived values over marketing experiences related to emotions when making evaluations of banking services. This means that TRA could be used to explain the behavioral intentions of the customers in faith-based financial institutions and that, at the same time, religiosity plays a more important role than any other variable in the determination of the customer satisfaction. From the managerial point of view, this means that Sharia banks need to focus on the improvement of the value proposition through ethical and Sharia-based products.

## Conclusion

The study reveals that customer satisfaction is the major factor that determines customer loyalty in Sharia banking in Indonesia. Out of all suggested antecedents, religiosity and customer value have a positive impact on customer satisfaction, while experiential marketing does not have a significant effect on customer satisfaction. This means that in evaluating Islamic banking, the customers are more interested in such factors

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as religiosity, ethics, and value associated with Sharia-compliant financial products rather than emotions and marketing experiences. This research contributes to extending the usage of the Theory of Reasoned Action (TRA), suggesting that subjective norms based on religiosity and positive customer value assessments influence customer satisfaction and loyalty in Islamic banking. From the practical standpoint, the results of the study show that Sharia banks need to develop their value proposition providing ethical, Sharia-compliant, and high-quality services.

However, this study has certain limitations. To begin with, this study utilized cross-sectional data that was obtained from the customers of Bank Syariah Indonesia. The use of such kind of data restricts the generality of this study, since it is unlikely that its findings can be applicable to other Islamic banking organizations or different cultures. Secondly, this study considered only four antecedent variables and did not take into account other possible determinants of customer satisfaction and loyalty, like service innovation, quality of digital banking, trust in the company, and company reputation. Thus, future research should consider a longitudinal or comparative approach when conducting research in various Islamic banking organizations and different countries in order to increase the external validity of the research. Other studies can also involve psychological, technological, and organizational variables as well as moderating variables, such as demographic variables and adoption of digital banking.

## Authors' Declaration

The authors made substantial contributions to the conception and design of this study. The authors take responsibility for the data analysis, interpretation, and discussion of the results. The authors have read and approved the final manuscript.

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