Research Paper

Unpacking the Impact of Customer Perceived Value and Competitive Advantage on Customer Loyalty: The Mediating Role of Trust

Basrowi [a,1*], Juhary Ali [b,2], Tulus Suryanto [c,3]

[a] Magister of Management, Universitas Bina Bangsa Banten, Indonesia
[b] Business Administration Program, Asia e University, Selangor, Malaysia
[c] Faculty of Islamic Economics and Business, UIN Raden Intan Lampung, Indonesia
[1] basrowi@binabangsa.ac.id, [2] juhary.ali@aeu.edu.my, [3] tulus@radenintan.ac.id

*corresponding author

ARTICLE INFO	ABSTRACT
	New studies are needed to illuminate the factors that impact customer satisfaction when using sharia banking services in Indonesia. This is especially significant given the existing study gap regarding Indonesia's relatively low number of sharia bank customers, despite the country's predominantly Muslim population. Instead, many of them prefer to use conventional banks, highlighting the need for a deeper understanding of the reasons behind this trend. This study examined the impact of customer perceived value and competitive advantage on customer loyalty mediated by trust. This investigation employed a quantitative methodology to examine the relationship between consumers' perceived value, competitive advantage, trust, and customer loyalty. The participants of this study were selected from the customer of Bank Syariah Indonesia (BSI), and data were collected through a questionnaire. The sample size was 210, and the researchers utilized random sampling to select participants. To analyze the collected data, the researchers employed structural equation modelling (SEM) analysis. The study results indicate that perceived value, competitive advantage, and trust significantly impact customer loyalty. This study also shows the mediating role of trust in the relationship between variables.

shirkahiainsurakarta@gmail.com

Introduction

The sharia economy of Indonesia has improved its global ranking from sixth to fourth position (Agustiar, 2021). Islamic banks endeavor to sustain themselves amid conventional banks in Indonesia to establish a financial institution that conforms to the principles of Islamic teachings. Indonesia has 14 Islamic Commercial Banks, 20 Sharia Business Units, and 163 Sharia People's Financing Banks (BPR). Among the sharia banks operating in Indonesia, Bank Syariah Indonesia (BSI) stands as the largest one, attributable to its formation through the merger of big sharia banks in the country, namely PT Bank BRI Syariah, PT Bank Syariah Mandiri, and PT Bank BNI Syariah. However, even though Indonesia's population of 220 million is predominantly Muslim, there has been relatively little adoption of Islamic banking by the Muslim community (Nifa, 2020). People's preferences for Islamic banks are low in Indonesia (Riduwan, 2021).

In today's competitive market, where products and services are increasingly similar and consumer demands and expectations are constantly evolving, the primary objective of businesses is to enhance customer satisfaction to create loyal customers (Arslan, 2020). As the cost of acquiring a new customer outweighs the cost of maintaining a relationship with an existing one, marketers and customer-centric organizations are increasingly emphasizing customer retention rates to ensure customer loyalty (Slack & Singh, 2020). Long-term customer loyalty requires customer satisfaction (Tenreng et al., 2019).

Customer satisfaction increases when customers receive additional benefits from a product or service (Uyun, 2021), indicating customer value. Resika et al. (2019) describe customer value as the customer's perceived choice and evaluation of a product or service's performance attributes. Customer perceived value is a key component of customer value. Customer perceived value can be understood as the difference between what customers receive from a product or service and what they pay to achieve their desired level of profit, regardless of the market or service provider. Kotler and Keller, (2016) identify four key components that define perceived value, namely, low cost, perceived benefits or outcomes of the product, product quality to price, and the perceived value of what consumers put into a product.

Customer satisfaction is essential for a company to gain a competitive advantage (Murali et al., 2016). Competitive advantage is the extent to which a company can put itself in a better position than its competitors (Slack & Singh, 2020). It measures five factors: competitive pricing, premium pricing, the quality that customers value, reliable delivery, and product innovation (Ngoma & Ntale, 2019). Chesnokova et al. (2014) suggest that product quality, service quality, product price, and customer loyalty are the four most significant factors for determining a company's competitive advantage in the current market. Trust can have a significant impact on customer loyalty (Gunawan et al., 2022). Customers who trust a brand or company are more apt to make repeat purchases and recommend it to others (Erciş et al., 2012). When a company can build trust with its customers, it can gain a competitive advantage by increasing the perceived value of its goods or services. Customers who trust a business or brand are more likely to perceive the value of the company's product or service as high.

However, inconsistencies exist among previous researchers. For example, Barnes (2011) found that value creation and customer satisfaction are correlated with loyalty, but not with trust. Rohanah (2022) discovered that the level of relationship closeness with

customers has a significant influence on customer loyalty, whereas competitive advantage does not have a direct impact. Setyaningrum (2021) concluded that customer value and satisfaction are linked to customer loyalty, but competitive advantage does not directly or indirectly affect loyalty through trust. In contrast, Caturani et al. (2019) found that competitive advantage has a significant impact on loyalty, whereas customer value does not. Chikazhe et al. (2021) suggested that loyalty has a significant impact on service quality, but competitive advantage does not impact customer loyalty. Nyagadza et al. (2022) found that trust does not influence customer loyalty. Finally, Nguyen Thi and Nguyen Thu (2022) observed that the ability to adapt to change and competitive advantage can increase customer loyalty, but trust alone is not an effective mediator for these two variables. In contrast, Darmawan et al. (2021) found that product quality is positively correlated with loyalty, but the competitive advantage is not associated with quality.

In addition to the inconsistent findings from previous studies, there exists a research gap in the context of sharia banks in Indonesia. Drawing from the context, the present study aims to scrutinize the impact of customer perceived value and competitive advantage on customer loyalty in BSI. It also discusses the relationship between customer perceived value and competitive advantage on customer loyalty mediated by trust among Indonesian Sharia Bank customers. The results are expected to have broad implications for Islamic bank customers worldwide, given comparable characteristics.

Hypotheses Development

The Relationship between Customer Perceived Value, Trust, and Customer loyalty

As an excellent customer goal, perceived value can control what customers do to build loyalty. The way a customer sees the value of something affects their decision to buy, their commitment, and their loyalty (Nikhashemi et al., 2016). Empirical findings from Tankovic and Benazic's (2018) research indicate that customers' interpretations of e-service environments positively impact their perceived value and loyalty toward e-commerce. The study identifies attributes such as layout, functionality, and financial security as crucial factors of the e-service environment that establish perceived value and influence customer loyalty. Additionally, the studies conducted by Rico et al. (2019) and Uyun (2021) demonstrate that perceived value has a constructive and substantial impact on customer loyalty.

Trust can be enhanced through improved customer service (Guspul, 2014). If expectations do not match reality, customers will not be happy and will lack trust. Increased customer loyalty is associated with enhanced trust in the service and comfort offered (Unidha, 2017). In the context of service providers who leverage internet technology, consumer trust in information technology is a key factor in the success of mobile banking applications (Lie et al., 2019). Given the results of previous research, the following hypothesis can be formulated:

H1: *Customer perceived value has a positive impact on customer loyalty*
H2: *Customer perceived value has a positive impact on trust*

The Relationship between Competitive Advantage, Trust, and Customer loyalty

To remain competitive in a context where customers are increasingly interconnected, businesses must strive to attain higher standards of competitive advantage to maintain

customer loyalty (Peppers & Rogers, 2013). This entails implementing the most effective means of creating and delivering additional value to customers, organizations, and shareholders to achieve a sustainable competitive advantage (Ilić et al., 2021). Sustaining a competitive advantage in internet-based businesses can be challenging due to the need to prioritize the transactional aspect of customer interactions to ensure long-term success. It is crucial for businesses to have a comprehensive understanding of the buyer-seller relationship, and the company's integrity in fostering customer loyalty is vital to improve its competitive edge. Imelia and Ruswanti (2017) have demonstrated that competitive advantage has a significant impact on customer loyalty. As such, the hypothesis in this study is as follows:

H3: *Competitive advantage has a positive impact on customer loyalty*
H4: *Competitive advantage has a positive impact on trust*

The Relationship between Trust and Customer loyalty and Its Mediation

The economic advantages of trust for a company materialize over time, predominantly through increased spending by repeat customers, while a company's positive reputation attracts new business. As a business expands, it emphasizes on trust and a credible company. Consumer trust interprets objects, attributes, and benefits conveyed by consumers through knowledge and conclusions (Lie et al., 2019). Previous studies suggest that trust has a positive and significant impact on customer loyalty (Rico et al., 2019; Upamannyu, 2015; Utami, 2015).

H5: *Trust has a positive impact on customer loyalty*
H6: *Trust mediates the relationship between customer perceived value on customer loyalty*
H7: *Trust mediates the relationship between competitive advantage on customer loyalty*

A conceptual model is illustrated in Figure 1, highlighting the connections among customer perceived value, competitive advantage, customer loyalty, and trust as mediating factors. Additionally, measurement scales for the variables are subsequently established.
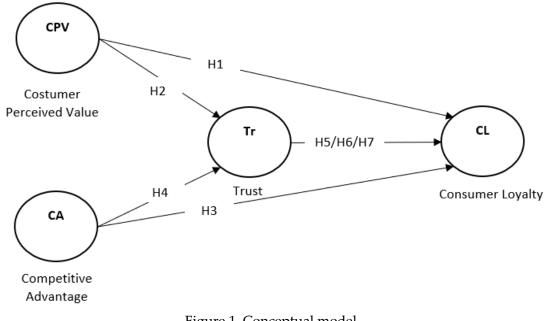

Figure 1. Conceptual model

Method

Research Design

This study examined the impact of customer perceived value and competitive advantage on customer loyalty as well as the mediating role of trust at BSI. A quantitative research approach was employed to unveil the construction with structural equation modeling (SEM) analysis using smart-PLS 3.0 (Basrowi & Maunnah, 2019). The design of this study is based on the model proposed, which according to descriptive-quantitative research examines the general and partial effects of exogenous variables on endogenous variables. A survey in the form of a questionnaire was distributed to respondents for data collection. This study collects primary data in proportion to the number of targeted samples. All questionnaires filled out by respondents were complete, so they could be used for data analysis without the need for correction or replacement.

Sample Selection

The research consisted of all 20,129 employees of BSI in Indonesia. The sample size was determined using the formula that involves multiplying the number of indicators (21) by a factor between 5 to 10, and in this study, the factor was multiplied by 10, resulting in a sample of 210 participants. Proportional random sampling was utilized to obtain the sample members from each district/city according to the proportions of employees of BSI, obtained a sample of 210 people. The detail is presented in Table 1.

Table 1. Sample by Regency/City

No	Regency/City	Sample
1	Serang Regency	19
2	Pandeglang Regency	12
3	Lebak Regency	16
4	Tangerang Regency	31
5	Serang City	21
6	Tangerang City	39
7	Cilegon City	28
8	South Tangerang City	44
	Total	210

Instrumentation

The study employed one data source, namely primary data. The instrument was constructed by referring to the theory established by previous studies, while also considering the various dimensions and indicators. Specifically, the instrument grid, comprising dimensions and indicators, is illustrated in Table 2.

Table 2. Instruments Measurement

Variable	Indicator	Number of Items	Source of reference
Customer perceived value	Emotional value	CPV1	Tjiptono & Chandra (2016); Uyun, (2021)
	Social value	CPV2	
	Epistemic value	CPV3	
	Functional value	CPV4	

Variable	Indicator	Number of Items	Source of reference
Competitive advantage	Price/cost	CA1	Azizi et al. (2016); Nguyen Thi & Nguyen Thu (2022)
	Quality	CA2	
	Delivery dependability	CA3	
	Product innovation	CA4	
	Time to market	CA5	
	Distribution system	CA6	
	Product	CA7	
	Responsiveness	CA8	
Trust	I have faith in the telecom provider and its employees	Tr1	(Kalia et al., 2021; Parasuraman et al., 1988)
	The company consistently provides high-quality services	Tr2	
	I feel safe while working with the company	Tr3	
	The company's staff treats me fairly	Tr4	
	I am confident that the staff would positively respond if I shared my complaint with them	Tr5	
Customer loyalty	Reiterate, if the client requires the specific goods or services that the relevant service provider offers	CL1	Griffin (2003); Rohanah (2022); Uyun (2021)
	Retention, which means that he is not impacted in any way by the services provided by other parties	CL2	
	Informing (Referral), the customer obtains will inform the other party if the service was satisfactory	CL3	
	Showing resistance to competitive products	CL4	

Validity and Reliability Test Results

Table 3 demonstrates that all instrument items are valid. An item is considered valid if it exceeds 0.7, and the closer it is to 1.0, the more valid it is. It signifies that the instrument items measure the dimensions or indicators of variables that are still latent.

Table 3. Loading factors

Constructs*	Competitive Advantage	Customer loyalty	Customer Perceived Value	Trust
CA1	0.783			
CA2	0.728			
CA3	0.780			
CA4	0.746			
CA5	0.856			
CA6	0.815			
CA7	**0.893**			
CA8	0.780			
CL1		0.845		
CL2		**0.912**		

Constructs*	Competitive Advantage	Customer loyalty	Customer Perceived Value	Trust
CL3		0.723		
CL4		0.746		
CPV1			**0.905**	
CPV2			0.831	
CPV3			0.871	
CPV4			0.858	
Tr1				0.880
Tr2				**0.938**
Tr3				0.802
Tr4				0.863
Tr5				0.892

Note *): CA= Competitive advantage; CL= Customer loyalty; CPV= Customer perceived value; Tr= Trust

Table 4 describes the validity and reliability test results. The item with the most significant loading factor for the customer perceived value variable is CPV1 (Emotional value) with a loading factor of 0.905. As for the competitive advantage variable, the highest loading factor is held by the CA7 (Product) with a loading factor of 0.893. For the trust variable, the highest loading factor is Tr2 (The company consistently provides high-quality services) with a loading factor of 0.938. Lastly, in terms of the customer loyalty variable, the item with the highest loading factor is CL2 (Retention, which means that he is not impacted in any way by the services provided by other parties) with a loading factor of 0.912.

Table 4. Validity and Reliability Result

Variable	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Competitive Advantage	0.920	0.934	0.934	0.639
Customer loyalty	0.823	0.839	0.883	0.656
Customer Perceived Value	0.889	0.895	0.923	0.751
Trust	0.924	0.937	0.943	0.767

The reliability of data is determined by Cronbach's alpha coefficient, with a value greater than 0.6 indicating reliable data and less than 0.6 indicating unreliable data (Soenyono & Basrowi, 2020). A value closer to 1.0 indicates higher reliability of the variable data. Table 4 shows that all variables have a Cronbach's alpha coefficient of more than 0.7, indicating high reliability. The instrument used to gather research data is suitable for the purpose, as all variables demonstrate a high level of consistency. Trust has the highest consistency value of 0.943, followed by Competitive Advantage at 0.934, Customer Perceived Value at 0.923, and Customer loyalty with the lowest consistency at 0.883.

Data Analysis

The data analysis procedure involves two main steps. First, the validity and reliability of the collected data were assessed, as described in Tables 2, 3, and 4. Second, the smart-PLS 3.0 program was utilized to measure the magnitude of the impact of exogenous variables on endogenous, exogenous on intervening, and intervening on

endogenous. The analysis results can be evaluated based on the R^2 and T-statistic, while the indirect test evaluates the influence of exogenous variables on endogenous variables through intervening variables (Marwanto et al., 2020).

Results

Respondents' characteristics

The data presented in Table 5 indicate that among the 210 participants, the largest age group was those between 41-50 years old, constituting 29.1% of the sample. Moreover, the majority of respondents reported earning less than IDR 5 million, accounting for 42.4% of the sample. In terms of education, most participants held a bachelor's degree (52.9%). Finally, the highest proportion of respondents worked as formal employees, making up 27.6% of the sample.

Table 5. Respondents Characteristics

Criteria	category	Amount	%
Age	< 20 years old	10	4.7%
	21-30 years old	34	16.2%
	31-40 years old	46	21.9%
	41-50 years old	61	29.1%
	> 50 years old	59	28.1%
		210	
Salary (IDR)	< 5 million	87	41.4%
	5,01-10,00 million	58	27.6%
	10,01-20million	35	16.7%
	> 20million	30	14.3%
		210	
Education	High School or below	27	12.9%
	Diploma	53	25.2%
	Bachelor degree	109	52.9%
	Master's Degree	18	8.6%
	Doctoral degree	3	1.4%
		210	
Job	Informal employee	9	4.3%
	Formal employee	58	27.6%
	Government employees	46	21.9%
	Army	52	24.8%
	Policeman	35	16.6%
	Lecturer/teacher	10	4.8%

Research Data Analysis Results

To test the research hypothesis, the Smart-PLS 3.0 application was used. The results are presented in Table 6.

Table 6. Path Coefficient

Relationship between Variables		Path Coefficient	Indicator		Loading Factor
Customer	Perceived	0.760	Customer	Perceived	0.905

Relationship between Variables	Path Coefficient	Indicator	Loading Factor
Value--Trust		(CPV1)	
		(CPV2)	0.831
		(CPV3)	0.871
		(CPV4)	0.858
Competitive Advantage--Trust	0.831	Competitive Advantage (CA1)	0.783
		CA2	0.728
		CA3	0.780
		CA4	0.746
		CA5	0.856
		CA6	0.815
		CA7	0.893
		CA8	0.780
Customer Perceived Value—Customer Loyalty	0.319	Customer Loyalty (CL1)	0.845
		CL2	0.912
		Cl3	0.723
		CL4	0.746
Competitive Advantage-- Customer Loyalty	0.271		
Trust-- Customer Loyalty	0.406	Trust (TR1)	0.880
		TR2	0.938
		TR3	0.802
		TR4	0.863
		TR5	0.892

Table 6 explains that the highest path coefficient is the impact of Competitive advantage on Trust, which is 0.831, followed by the impact of Customer Perceived Value on Trust with a value of 0.760. The impact of Trust on Customer Loyalty is 0.406, while the effect of Customer Perceived Value on Customer Loyalty is 0.319. The smallest path coefficient is observed in the impact of Competitive Advantage on Customer Loyalty, which is 0.271.

Hypothesis testing was carried out based on the results of the Inner Model (structural model) test, which includes the output of R-square, parameter coefficients, and T-statistic. To determine whether a hypothesis can be accepted or rejected, it is essential to consider the significance value between constructs, T-statistic, and p-values. To conduct the hypothesis testing, Smart-PLS 3.0 software was used, and the bootstrapping results reveal these values. In this study, the rule of thumb is that the T-statistic should be greater than 1.96, with a significance level of p-value 0.05 (5%) and a positive beta coefficient.

Table 7. The T Coefficient

Relationship between variables	T coefficient	Indicator	t factor
Customer Perceived	5.300	Customer Perceived Value	80.504

Relationship between variables	T coefficient	Indicator	t factor
Value--Trust		(CPV1)	
		(CPV2)	34.215
		(CPV3)	46.384
		(CPV4)	32.902
Competitive Advantage--Trust	6.304	Competitive Advantage (CA1)	22.816
		CA2	16.579
		CA3	22.256
		CA4	20.293
		CA5	51.398
		CA6	30.613
		CA7	63.142
		CA8	24.360
Customer Perceived Value—Customer Loyalty	3.086	Customer Loyalty (CL1)	36.656
		CL2	81.221
		Cl3	13.232
		CL4	15.166
Competitive Advantage-- Customer Loyalty	2.736		
Trust-- Customer Loyalty	5.421	Trust (TR1)	42.885
		TR2	110.557
		TR3	23.223
		TR4	53.643
		TR5	2.736

Table 7 presents the coefficients of the path model, where the highest coefficient is observed for the relationship between Competitive Advantage and Trust, with a value of 6.304. This is followed by Trust on Customer Loyalty with a coefficient of 5.421 and the relationship between Customer Perceived Value and Trust with a coefficient of 5.300. The impact of Customer Perceived Value on Customer Loyalty has a coefficient of 3.086, and the smallest coefficient is observed for the impact of Competitive advantage on Customer Loyalty with a value of 2.736. The results of hypothesis testing are presented in Table 8.

Table 7 illustrates the path coefficients, where the highest coefficient is found for the impact of Competitive Advantage on Trust with a value of 6.304. This is followed by the impact of Trust on Customer Loyalty, which is 5.421. Additionally, the impact of Customer Perceived Value on Trust is 5.300, while the impact of Customer Perceived Value on Customer Loyalty is 3.086. The smallest path coefficient is seen for the impact of Competitive Advantage on Customer Loyalty with a value of 2.736. The research hypotheses can be tested and demonstrated through Table 8.

Table 8. Path, T, and Sign Coefficients.

Path Coefficient	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-statistic ($|O/STDEV|$)	P Values	Result
Customer Perceived Value	0.319	0.314	0.100	3.171	0.002	Accepted

Path Coefficient	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-statistic (|O/STDEV|)	P Values	Result
-> Customer loyalty Customer Perceived Value -> Trust	0.760	0.662	0.148	5.300	0.000	Accepted
Competitive Advantage -> Customer loyalty	0.271	0.285	0.103	2.629	0.009	Accepted
Competitive Advantage -> Trust	0.831	0.824	0.139	5.971	0.000	Accepted
Trust -> Customer loyalty	0.406	0.394	0.078	5.220	0.000	Accepted

H₁: *Customer perceived value has a positive impact on customer loyalty*

The first hypothesis examines the association between customer perceived value and customer loyalty in BSI located in Banten Province, Indonesia. The null hypothesis is rejected, and the alternative hypothesis is accepted since the results of the first hypothesis testing show an R^2 of 0.319, T-statistic of 3.171 > 1.96, and a p-value of 0.002 < 0.05. It indicates that Customer Perceived Value has a direct and positive impact on Customer loyalty. Hence, it can be concluded that H1 is supported. The perceived value of a product or service, as measured by customer loyalty, accounts for 31.9% of customer perceived value, while the remaining 71.1% is influenced by unaccounted factors.

H₂: *Customer perceived value has a positive on trust*

The second hypothesis aims to examine the direct relationship between Customer Perceived Value and Customer loyalty among BSI in Banten Province, Indonesia. The results of the second hypothesis test indicate an R^2 of 0.760, a T-statistic of 5.300 > 1.96, and a p-value of 0.000 < 0.05. As a result, the second hypothesis is accepted, indicating a significant direct impact of customer perceived value on loyalty. The perceived value of customers' accounts for 76% of trust, while the remaining 24% is influenced by variables outside the model.

H₃: *Competitive advantage has a positive on customer loyalty*

The third hypothesis states that there is a direct impact of Competitive Advantage on Customer loyalty. The examination of the third hypothesis yielded an R^2 of 0.271, with a T-statistic of 2.629, which surpasses the critical value of 1.96, and a p-value of 0.009, which is less than the significance level of 0.05. Consequently, the third hypothesis is accepted. Competitive advantage account for 27.1% of the variation in customer loyalty. The remaining 72.9% of the variance is influenced by other variables not included in the model.

H₄: *Competitive advantage has a positive on trust*

The fourth hypothesis posits a direct impact of Competitive Advantage on Trust. The results of the hypothesis test show that the R^2 is 0.831, the T-statistic is 5.971, which exceeds the critical value of 1.96, and the p-value is 0.000, which is less than the significance level of 0.05. Therefore, the fourth hypothesis is accepted, indicating a significant direct impact between competitive advantage and trust. In summary, the fourth hypothesis is supported. Competitive advantage accounts for 83.1% of the variance in trust, while the remaining 16.9% is explained by other factors that are not included in the model.

H5: *Trust has a positive on customer loyalty*

The fifth hypothesis postulates an impact of Trust on Customer Loyalty. The findings of the hypothesis test indicate an R^2 of 0.406, a T-statistic of 5.220 > 1.96, and a p-value of 0.007 < 0.000, leading to the acceptance of the fifth hypothesis. Trust account for 40.6% of the variation in customer loyalty, while others external factors account for the remaining 59.4%.

The summary of the examination of indirect impact in this study is provided in Table 9. The table describes the results of the sixth and seventh hypotheses.

Table 9. Indirect Impact

	Original Sample (O)	Standard Deviation (STDEV)	T-statistic (|O/STDEV|)	P Values	Result
Customer Perceived Value -> Trust -> Customer loyalty	0.231	0.054	4.568	0.000	Accepted
Competitive Advantage -> Trust -> Customer loyalty	0.337	0.061	5.536	0.000	Accepted

H6: *Trust mediates the relationship between customer perceived value on customer loyalty*

The sixth hypothesis states that there is an indirect impact between Customer Perceived Value and Customer loyalty mediated by Trust variables. From the results of the hypothesis test, the R^2 is 0.231 and T-statistic > T-table (4.568>1.96). It confirms that trust mediates the relationship and the hypothesis is accepted.

H7: *Trust mediates the relationship between competitive advantage on customer loyalty*

The seventh hypothesis states that there is an indirect impact between competitive Advantage on Customer loyalty mediated by Trust. The results of the hypothesis testing reveal an R^2 of 0.337 and a T-statistic > T-table (5.536>1.96), confirming that trust serves as a mediator in the link between competitive advantage and customer loyalty.

Discussion

The results indicate a positive impact of perceived value on customer loyalty. It may be deduced that the more the perceived value, the greater customer loyalty. Perceived value contributes to customer loyalty by assessing a consumer's experience with a product or service. The results of this study corroborate the findings of Resika et al. (2019) which conclude that customer perceived value has a significant impact on customer loyalty. The findings of this investigation are consistent with the conclusions drawn by Sangadji (2013) which found that customer perceived value has a significant impact on customer loyalty, both directly and indirectly via trust.

The findings indicate a significant positive impact of perceived value on trust. The level of customer trust is directly proportional to the level of perceived value held by consumers. The results of this study are in line with the findings of El-Manstrly, (2016) who found that customer perceived value impacts trust. Furthermore, the present study validates Uyun (2021) who concluded that the enhancement of customer perceived value represents a crucial step towards bolstering trust. Additionally, the findings of this research support Nikhashemi et al., (2016) who concluded that to increase trust, customer perceived value needs to be improved.

In terms of the relationship between competitive advantage and customer loyalty, any well-managed efforts to improve prices, quality, distribution, products, and responsiveness will largely contribute to increasing the competitiveness of companies in the industry and will, therefore, positively impact customer satisfaction and loyalty. In particular, the research findings indicate that the product's performance plays the most significant part in the development of customer loyalty, as measured by the highest standardized regression coefficient. Therefore, BSI ought to seriously consider the abovementioned concerns to enhance product performance and build customer loyalty.

The results of this study strengthen the research of Peppers and Rogers (2013) who found that competitive advantage has a significant impact on customer loyalty. The results of this study also concur with the findings of Ilić et al. (2021) that loyalty can be increased through competitive advantage. This study is consistent with Imelia and Ruswanti (2017) who indicate that greater competitive advantage is positively associated with increased customer loyalty.

According to the findings, there is a positive impact of competitive advantage on trust. The competitive landscape has become highly dynamic, with tactics aimed at securing a competitive edge being swiftly undermined by imitation, counterattacks, and the removal of barriers to entry. The study's findings are consistent with Peppers & Rogers' (2013) observations that a higher competitive advantage is associated with greater consumer trust. Similarly, the research aligns with Ilić et al.'s (2021) findings that trust can be enhanced by elevating competitive advantage. This investigation is comparable to Imelia & Ruswanti's (2017) study, which found that the most effective approach for increasing trust is through competitive advantage.

It implies that the market is approaching perfect competition and, as a result, cannot sustain a competitive advantage. If followed to its logical conclusion, this line of reasoning will reduce strategic management to nothing more than a process of mimicking competitors' actions and implementing tweaks to provide immediate benefits. Although the competitive environment may never reach this point, the search for a long-term competitive advantage appears to have shifted somewhat away from traditional market strategies and toward internal organizational market considerations. It is, but the competitive environment may never reach this level. As a result, additional indicators are required to ensure the achievement of a competitive advantage; one of them is the requirement of a certain level of consumer trust to ensure the long-term viability of BSI.

According to the findings, there is a positive relationship between consumer trust and loyalty. It can be concluded that the level of trust in a product or service is directly correlated with the level of customer loyalty. When a good consumer believes in a product, other consumers are more likely to offer favorable ratings on the product (Agustiar, 2021). The results of this study have similarities with the findings of Peppers &

Rogers, (2013) which state that, the better the trust, the higher the level of customer loyalty. The findings also able to strengthen the findings of Lie et al. (2019) who concluded that the strategy to increase customer loyalty is through increasing trust. The results of this study are also not much different from the findings of (Rico et al., 2019). which states that there is a significant impact between trust on customer loyalty. When trust increases, customer loyalty also increases (Upamannyu, 2015).

The bank has a better chance of developing a long-term relationship with the consumer and retaining the consumer's use of the product or service provided. Consumer trust in a brand is directly proportional to the quality and quantity of positive experiences the consumer has had. According to Uyun (2021), a high level of trust in the organization and the services provided will ultimately inspire customers to remain loyal. It can be seen from every sign of trust in BSI, satisfaction with service and quality, quality assurance, and comfort in using the service. All factors point to a long-term commitment to repeatedly reusing a provider's item or service. Consumers' pleasant experiences are closely related to the formation of their beliefs. Customers are more likely to stay loyal if they have faith in the company and the services it offers. Can examine every indicator of trust in BSI, satisfaction with service and quality, quality assurance, and comfort in using banking services, all of which are aligned with customer loyalty indicators that can make customers feel like returning to BSI services, switching between product lines, recommending to others, and demonstrating immunity to competing products. Customers who have more faith in BSI are more likely to remain loyal with the company.

When customers have trust and confidence in the performance of a system, they are more likely to utilize it and expect favorable outcomes for themselves (Azizi et al., 2016). These findings corroborate the findings of Peppers and Rogers (2013), who propose that trust can serve as a mediating variable between customer-perceived value and customer loyalty. Managers seeking to enhance customer loyalty can therefore increase perceived value directly by fostering trust. The study's results also reinforce the conclusion of Lie et al. (2019) that customer loyalty can be enhanced not only by boosting perceived value directly but also by cultivating trust. Furthermore, the findings align with those previous studies (Rico et al., 2019; Upamannyu, 2015) that trust can effectively amplify the indirect impact of customer-perceived value on customer loyalty. As noted by Loureiro et al. (2014), increasing customer perceived value through trust can increase loyalty among customers who lack it.

In short, the results of this study can confirm that trust is a major factor in obtaining customer loyalty. BSI must always maintain consumer trust to maintain its business line in Banten Province given the stiff competition posed by other Islamic banking services such as private Islamic banks and sharia regional banks. So, it can be concluded that trust is a key indicator to maintaining customer perceived value and competitive advantage in increasing customer loyalty.

Conclusion

This study clarifies the relationship between customer perceived value, competitive advantage, trust, and customer loyalty in the Sharia banking industry in Banten Province, Indonesia. The results demonstrate that all presented assumptions are accepted on a theoretical level. It has been discovered that customer perceived value, competitive advantage, and trust relate to customer loyalty. Moreover, trust can mediate the impact of

customer perceived value and competitive advantage on customer loyalty.

This study offers practical managerial implications for the sharia banking industry to boost customer loyalty. According to the findings, customer perceived value, competitive advantage, and trust are the primary contributors to customer loyalty. As such, we advise businesses to concentrate on these three variables, particularly those pertaining to emotional value, product, and a sense of security in working with the company. In addition, companies must ensure the durability, quality, and reliability of their products, and periodically improve and develop product features to meet customer needs.

Nonetheless, these results must be interpreted with caution and a number of limitations. The current study exclusively pertains to one sharia bank, Bank Syariah Indonesia, in a province in Indonesia. It is anticipated that future research will encompass a wider range of samples that accurately reflect Indonesia's status as a Muslim-majority country. Furthermore, future studies are expected to incorporate additional variables in order to provide a more extensive elucidation of the Indonesian population's preferences when it comes to selecting sharia-compliant financial institutions.

Authors' Declaration

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

Acknowledgement

ORCID

Basrowi https://orcid.org/0000-0002-5073-8607
Juhary Ali https://orcid.org/0009-0002-3086-9199
Tulus Suyanto https://orcid.org/0000-0003-4659-6228

References

Agustiar, M. (2021). Perkembangan kritik terhadap Bank Islam: Tema, substansi dan respon. *Jurnal Muamalat Indonesia, 1*(1), 51–58. https://doi.org/10.26418/jmi.v1i1.46289

Arslan, I. K. (2020). The importance of creating customer loyalty in achieving sustainable competitive advantage. *Eurasian Journal of Business and Management*, *8*(1), 11–20. https://doi.org/10.15604/ejbm.2020.08.01.002

Azizi, R., Maleki, M., Moradi-Moghadam, M., & Cruz-Machado, V. (2016). The impact of knowledge management practices on supply chain quality management and competitive advantages. *Management and Production Engineering Review*, *7*(1), 4–12. https://doi.org/10.1515/mper-2016-0001

Barnes, J. G. (2011). *Secrets of customer relationship management (Rahasia manajemen hubungan pelanggan).* Andi Offset. http://103.255.15.77/detail-opac?id=75533

Basrowi & Utami, P. (2020). Building strategic planning models based on digital technology in the Sharia capital market? *Journal of Advanced Research in Law and Economics*, *11*(3), 747–754. https://doi.org/https://doi.org/10.14505/jarle.v11.3(49).06

Basrowi & Maunnah, B. (2019) The challenge of Indonesian post migrant worker's welfare. *JARLE, 10*(4), 1055-1064. https://doi.org/10.14505//jarle.v10.4(42).07

Caturani, E., Suseno, Y. D., & Widajanti, E. (2019). Analisis Pengaruh kepercayaan merk terhadap loyalitas konsumen dengan kepuasan konsumen sebagai variabel intervening pada konsumen Retno Skin Caredi Surakarta. *Prosiding Seminar Nasional Aplikasi Sains & Teknologi (SNAST)*, *70*(8), 827–838. https://doi.org/10.30738/spirits.v11i1.8538

Chesnokova, A. V., Radina, O. I., & Serdyuk, R. I. (2014). Customer loyalty as a Factor of Establishing the Competitive Advantages in a Company under the Market Conditions. *Asian Social Science*, *10*(23), 255–260. https://doi.org/10.5539/ass.v10n23p255

Chikazhe, L., Makanyeza, C., & Chigunhah, B. (2021). Understanding mediators and moderators of the effect of customer satisfaction on loyalty. *Cogent Business and Management*, *8*(1). *1922127.* https://doi:10.1080/23311975.2021.1922127

Darmawan, W. E., Arwani, M., & Supriyono. (2021). Pengaruh customer perceived value dan kepuasan pasien terhadap loyalitas pasien rawat jalan Di Rumah Sakit Islam "Sunan Kudus" dengan kepercayaan pasien sebagai variabel intervening. *Jurnal Studi Manajemen Bisnis*, *1*(2), 1–24. https://jurnaljam.ub.ac.id/index.php/jam/article/view/2925

El-Manstrly, D. (2016). Enhancing customer loyalty: Critical switching cost factors. *Journal of Service Management*, *27*(2), 144-169. https://doi.org/10.1108/JOSM-09-2015-0291

Erciş, A., Ünal, S., Candan, F. B., & Yıldırım, H. (2012). The effect of brand satisfaction, trust and brand commitment on loyalty and repurchase intentions. *Procedia-Social and Behavioral Sciences*, *58*, 1395-1404. https://doi.org/10.1016/j.sbspro.2012.09.1124

Gunawan, M. M., Tutik, T., Nugraheni, K. S., & Octafian, R. (2022). Trust in corporate image and its impact on customers' loyalty. *Kontigensi: Jurnal Ilmiah Manajemen*, *10*(2), 217-221. http://dx.doi.org/10.56457/jimk.v10i2.270

Guspul, A. (2014). Pengaruh kualitas pelayanan dan kepercayaan terhadap kepuasan nasabah (Studi kasus pada nasabah Kospin Jasa Cabang Wonosobo). *Jurnal PPKM*, *1*(1), 40–54. https://doi.org/10.12928/ /fokus.v11i2.4651

Ilić, D., Vujić, N., Ratković, M., & Ilić, I. (2021). Application of the CRM Concept to improve sustainable competitive advantage through achieving long-term customer loyalty. *International Journal of Economics & Law*, *23*(32), 40–52. https://doi.org/10.1080/1331677X.2019.1676283

Imelia, R., & Ruswanti, E. (2017). Factors affecting purchase intention of electronic house wares in Indonesia. *International Journal of Business and Management Invention*, *6*(2), 37–44. https://digilib.esaunggul.ac.id/public/UEU-Journal-9392-F06023744.pdf

Kalia, P., Kaushal, R., Singla, M., & Parkash, J. (2021). Determining the role of service quality, trust and commitment to customer loyalty for telecom service users: a PLS-SEM approach. *TQM Journal*, *33*(7), 377–396. https://doi.org/10.1108/TQM-04-2021-0108

Kotler, P., & Keller, K. L. (2016). *Marketing management* (15th Edition). Pearson Education, Inc.http://kin.perpusnas.go.id/DisplayData.aspx?pId=130833&pRegionCode=UNTAR&pClientId=650

Lie, D., Sudirman, A., Efendi, E., & Butarbutar, M. (2019). Analysis of mediation effect of consumer satisfaction on the effect of service quality, price and consumer trust on customer loyalty. *International Journal of Scientific and Technology Research*, *8*(8), 421–428. https://www.ijstr.org/final-print/aug2019/Analysis-Of-Mediation-Effect-Of-Consumer-Satisfaction-On-The-Effect-Of-Service-Quality-Price-And-Consumer-Trust-On-Consumer-Loyalty.pdf

Loureiro, S. M. C., Miranda, F. J., & Breazeale, M. (2014). Who needs delight?: The greater impact of value, trust and satisfaction in utilitarian, frequent-use retail. *Journal of Service Management*, *25*(1), 101–124. https://doi.org/10.1108/JOSM-06-2012-0106

Marwanto, I. G. G. H., & Suwarno, B. (2020). The influence of culture and social structure on political behavior in the election of Mayor of Kediri Indonesia. *International Journal of Advanced Science and Technology*, 29(5), 1035-1047. http://sersc.org/journals/index.php/IJAST/article/view/9759

Murali, S., Pugazhendhi, S., & Muralidharan, C. (2016). Modelling and investigating the relationship of after sales service quality with customer satisfaction, retention and loyalty - A case study of home appliances business. *Journal of Retailing and Consumer Services*, *30*, 67–83. https://doi.org/10.1016/j.jretconser.2016.01.001

Ngoma, M., & Ntale, P. D. (2019). Word of mouth communication: A mediator of relationship marketing and customer loyalty. *Cogent Business and Management*, *6*(1), 1580123. https://doi.org/10.1080/23311975.2019.1580123

Nguyen, B.T., & Nguyen, T. H. T. (2022). Effects of supply chain collaboration on customer loyalty for household electronic appliances in Vietnam. *Journal of Asian Business and Economic Studies, 29*(4), 280-298. https://doi.org/10.1108/jabes-11-2021-0189

Nifa, D. L. Y. (2020. March 18). *Mengapa Perbankan Syariah Sulit Berkembang di Indonesia?* Money.https://www.kompasiana.com/daralaela/5e71c0d8097f3629380751d2/mengapa-perbankan-syariah-sulit-berkembang-di-indonesia#google_vignette

Nikhashemi, S. R., Tarofder, A. K., Gaur, S. S., & Haque, A. (2016). The effect of customers' perceived value of retail store on relationship between store attribute and customer brand loyalty: Some insights from Malaysia. *Procedia Economics and Finance*, *37*(16), 432–438. https://doi.org/10.1016/s2212-5671(16)30148-4

Nyagadza, B., Mazuruse, G., Muposhi, A., & Chigora, F. (2022). Effect of hotel overall service quality on customers' attitudinal and behavioural loyalty: Perspectives from Zimbabwe. *Tourism Critiques: Practice and Theory*, *3*(1), 42-71. https://doi.org/10.1108/trc-12-2021-0026

Peppers, D., & Rogers, M. (2013). Extreme trust: The new competitive advantage. *Strategy and Leadership*, *41*(6), 31–34. https://doi.org/10.1108/SL-07-2013-0054

Resika, Y., Wahab, Z., & Shihab, M. S. (2019). Customer perceived value dan customer trust: Identifikasi kepuasan dan loyalitas konsumen Go-Car. *Journal of Management and Business Review*, *16*(1), 1–22. https://doi.org/10.34149/jmbr.v16i1.138

Rico, M. T., Tecoalu, M., Wahyoedi, S., & Purnama, E. D. (2019, May). The effects of trust, service quality and perceived value on satisfaction and their impact on loyalty. In *Proceedings of the 7th International Conference on Entrepreneurship and Business Management (ICEBM Untar)* (pp. 325-330). http://dx.doi.org/10.5220/0008492603250330

Riduwan, A. A. R., Shulthoni, M., & Ariffin, M. I. Customer preferences and satisfaction in islamic banks services during the Covid-19 in Indonesia. INFERENSI, Jurnal Penelitian Sosial Keagamaan, 15(2), 257-276. https://doi.org/10.18326/infsl3.v15i2.257-276

Rohanah, A. (2022). Pengaruh perceived value terhadap loyalitas pelanggan dengan kepuasan sebagai variabel intervening dalam perspektif Ekonomi Islam (Studi pada pengguna Scarlet di Lampung). [Bachelor Thesis, Universitas Islam Negeri Intan.]. http://repository.radenintan.ac.id/20411/1/PUSAT%20BAB%201%20DAN%202.pdf

Sangadji, E. M. (2013). *Prilaku konsumen: Pendekatan praktis*. Andi. http://library.usd.ac.id/web/index.php?pilih=search&p=1&q=0000125481&go=Detail

Setyaningrum, R. P. (2021). Enhancing customer loyalty through product innovation and perceived value. *Linguistics and Culture Review*, *5*(S3), 1337–1355. https://doi.org/10.21744/lingcure.v5ns3.1816

Slack, N. J., & Singh, G. (2020). The effect of service quality on customer satisfaction and loyalty and the mediating role of customer satisfaction : Supermarkets in Fiji. *TQM Journal*, *32*(3), 543–558. https://doi.org/10.1108/TQM-07-2019-0187

Soenyono & Basrowi. (2020) Form and trend of violence against women and the legal protection strategy. *International Journal of Advanced Science and Technology*, 29 (5), 3165-3174. http://sersc.org/journals/index.php/IJAST/issue/archive

Tankovic, A. C., & Benazic, D. (2018). The perception of e-servicescape and its influence on perceived e-shopping value and customer loyalty. *Online Information Review*, *42*(7), 1124–1145. https://doi.org/10.1108/OIR-12-2016-0354

Tenreng, M., Idrus, A., Lalo, A., & Badruddin, S. (2019). Perceived service quality, supply chain collaboration, supply chain management as antecedents of loyalty and customer satisfaction: Exploring moderating role of WOM. *International Journal of Supply Chain Management*, *8*(6), 412–419. https://ojs.excelingtech.co.uk/index.php/IJSCM/article/view/4164

Tjiptono, F., & Chandra, G. (2016). *Pemasaran Jasa (Prinsip, penerapan, dan penelitian)*. Andi. https://scholar.google.com.my/citations?user=fQLNcNUAAAAJ&hl=en

Unidha, M. (2017). The effect of service quality on trust and loyalty for giant customers ini Malang city. *Arabian Journal of Business and Management Review (Kuwait Chapter)*, *7*(5), 1–5. https://doi.org/10.1080/23311975.2021.1937847

Upamannyu, N. K. (2015). The effect of customer trust on customer loyalty and repurchase intention: The moderating influence of perceived CSR. *International Journal of Research in IT, Management and Engineering*, *5*(4), 1–31. http://www.indusedu.org/pdfs/IJRIME/IJRIME_384_64993.pdf

Utami, S. (2015). The influence of customers trust on customer loyalty. *International Journal of Economics, Commerce and Management*, *3*(7), 638–653. https://ijecm.co.uk/wp-content/uploads/2015/07/3743.pdf

Uyun, P. M. N. (2021). Pengaruh trust dan perceived value terhadap customer loyalty dengan customer satisfaction sebagai variabel intervening (Studi pada pengguna E-Commerce Shopee di Kota Semarang). [BAchelor Thesis, Universitas Islam Sultan Agung].http://wisuda.unissula.ac.id/app/webroot/img/library/detail83/Manajemen_30401900389_fullpdf.pdf