

Customer Loyalty Business Model during the Covid-19 Pandemic: A Case Study on Bank Syariah Indonesia Post-Merger

Mustika Widowati¹, Winarto², Atif Windawati¹ and Mella Katrina Sari¹

¹Sharia Banking Study Program, Department of Accounting, Politeknik Negeri Semarang,
Jln. Prof. Soedarto, Semarang, Indonesia

²Marketing Study Program, Department of Business Administration, Politeknik Negeri Semarang,
Jln. Prof. Soedarto, Semarang, Indonesia

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Abstract: Islamic banks are business entities that are growing and developing rapidly in the world. Indonesia is a country with the largest Muslim population in the world, but the market share achieved is still small. It shows that the Indonesian people prefer conventional banks to Islamic banks. Indonesian government took the initiative to merge three state Islamic banks into one Islamic bank. As a bank with a new entity, the adjustment process will create various complex uncertainties and have the potential to affect customer loyalty. The condition was exacerbated by the fact that the merger was carried out when the COVID-19 pandemic was sweeping the world. This study aims to build a loyalty development business model in the context of a recently merged Islamic bank in Indonesia. Data collection was conducted through a survey that involved 138 Bank Syariah Indonesia's customers. Customer knowledge, trust, and engagement variables are used to predict customer loyalty. The research model was tested using path analysis. The result shows that customer trust affects customer loyalty is a better model than customer knowledge affects loyalty with customer engagement as a mediating role.

1 INTRODUCTION

Islamic banks are business entities that are growing and developing rapidly in the world. Indonesia is the largest Muslim population in the world. This is a source of inspiration that the study of the behavior of Islamic bank customers. The number of Islamic banks also makes competition between Islamic banks increasing and inefficient. Therefore, the government took the initiative to merge three state-owned Islamic banks into one Islamic bank. The merger was officially carried out on February 1, 2021, which merged Bank Rakyat Indonesia Syariah, Bank Negara Indonesia Syariah, and Bank Syariah Mandiri into Bank Syariah Indonesia.

As a bank with a new entity, the adjustment process will inevitably lead to various complex uncertainties and have the potential to affect customer loyalty. A critical period occurs at the beginning of the merger process because the uncertainty and changes that occur will potentially become a problem if it is not handled correctly, especially from the customer aspect. Unfortunately, the case of mergers

of state-owned commercial Islamic banks has never occurred in Indonesia, so that the empirical studies and information on best practices are not yet available.

Consumers have different reactions depending on the valence of the joining brand; if the valence of the previous brand is positive but joins a negative brand, the consumer will react negatively and vice versa (McLelland et al., 2014). Consumers tend to react negatively to mergers and acquisitions by devaluing the acquirer's brand, increasing their intention to switch, and adjusting their attitude towards the target brand upwards (brand up-word) (Thorbjørnsen & Dahlén, 2011). (Sarala et al., 2019) proposes avenues for further research on the "human side" of global mergers and acquisitions. The merger will give hope to customers. (Sharma, 2018) conveyed that from the customer's point of view, the success of the merger occurred because the customer benefited from the economies of scale of the merged bank, the expansion of the working area and technological sophistication, as well as the opportunity to obtain a competitive interest rate due to the increase in authorized capital.

Based on these empirical findings, the vulnerable points of mergers and acquisitions are on the human side and psychological resistance due to changes and uncertainties. The vulnerable conditions at the beginning of the merger in the case of the Indonesian Islamic Bank became increasingly interesting to study because the merger occurred during the Covid-19 pandemic that was sweeping the world, including Indonesia. The vulnerable conditions at the beginning of the merger will be overcome with the right business model approach. Customer loyalty is one of a critical points in every merger process. For this reason, the formulation of a loyalty development business model is a very important study from both a theoretical and practical perspective. For Bank Syariah Indonesia, this loyalty development business model is a crucial issue.

Retaining customers is believed to provide more financial benefits for the company because it is cheaper and saves resources. However, the issue of loyalty is not a simple matter. The involvement of customers in business processes and trust is essential to build so that customers understand the ongoing process and ensure that the interests and welfare of customers are the central points (Plé et al., 2010). The problem that arises is how much knowledge, engagement, and trust of Bank Syariah Indonesia's customers can influence loyalty and how to develop the suitable loyalty development model.

The purpose of this study is to build a business model for developing customer loyalty with the variables of customer knowledge, customer engagement, customer trust, in the context of a newly merged Islamic bank. The object of research on Indonesian Islamic Bank customers is a new thing because there has been no similar research in Indonesia, considering that this is the first time the merger of state-owned sharia commercial banks has occurred. The research will make a significant contribution to the development of customer loyalty theory with a business model approach that adopts customer involvement as theorized in Service-Dominant Logic and Customer Integrated Business Model theory. This research is also beneficial on a practical level for developing the loyalty of Bank Syariah Indonesia to realize the goal of the merger, which is to become the leading Islamic bank that can compete in the global arena.

2 LITERATURE REVIEW

2.1 Business Model

Conceptually, Islamic banking operations are carried out based on Islamic sharia principles, full of meaning about the social relationship between humans as a manifestation of worship to Allah. The concept of the relationship between the interacting parties is also based on the principle of cooperation partnership. Each party involved in a balanced, fair, pure, transparent, and accountable pattern to achieve benefit and eliminate harm.

The business model was developed very intensively in theoretical and practical studies to find the best solution regarding the strategy and its impact on the company's sustainability. The Service-Dominant Logic theory explains that the company's achieving its goals is a service process to customers (Vargo & Lusch, 2017). The linkage of the added value creation process increasingly leads to the involvement of consumers in the creation of added value for the resulting product or service. This is driven well educated and have access to good information consumers, brave and can convey what they want. Especially service companies involved consumer on use of technology in operation processes. They are determining factor success of the services will be produced. The concept of consumer involvement in this business model is very appropriate be applied in sharia-based businesses.

Applying an appropriate business model is an essential consideration for companies to deal with dynamic environmental situations and achieve superior sustainable performance. In recent years more and more companies have been involved even mobilizing customers in their business processes to increase revenue, reducing costs, and increasing profits (Plé et al., 2010). Customer participation in the business process model has been widely studied of service management and marketing.

The framework of the Customer-Integrated Business Model, customers are considered as a resource (Plé et al., 2010). Thus, customers can be empowered and managed to support the creation of a sustainable competitive advantage. This is by the opinion of (Sarala et al., 2019) that the business model is the embodiment of logic and strategic choices to capture and create value in the value network. (Vargo & Lusch, 2017) directs that the value creation process is one of the embodiments of the business model in accommodating these two interests proportionally as a way to create shared value and all those involved in value creation as service-dominant

logic. The existence of the organization is to integrate and transform micro-competencies into complex services demanded by the market. The nature and characteristics of the business model must be relevant to market-oriented customers. This implies that the business model must pay serious attention to the customers' interests and not just to realize the interests of the company to achieve high loyalty.

2.2 Loyalty and Its Antecedents

(Kandampully et al., 2015) stated that loyalty is a long-term company asset. Customer loyalty is a severe concern in studies in the field of marketing because loyalty is seen as the primary source that can bring long-term profits, so it is expected to be able to create a competitive advantage for the company. Loyalty is also seen as the key to marketing success, so companies must always keep customers loyal. Loyalty is also seen as a way to create word of mouth and can create economic benefits such as customer willingness to pay more, reduced costs due to increased sales volume.

Loyalty is a process of thinking, behaving, and behaving a consumer that cannot be separated from the factors influencing the behavior. Loyalty is importance aspect for the long-term survival of the company. Loyalty studies have been carried out from various perspectives and the factors that influence it. Loyalty models are widely studied with various factors that influence it and the context of its application. (Abu-alhaija et al., 2018) said that there are three determinants of customer loyalty, namely the primary determinant, which includes customer satisfaction, trust, perceived value, and perceived service quality; secondary determinant, which includes other factors used by the nature and context of the research; the last one is loyalty's moral determinant, which includes spirit.

Several studies use primary determinant loyalty, such as (Keisidou et al., 2013) found that customer satisfaction and loyalty had no effect on financial performance, but satisfaction and image had a significant effect on loyalty. (Abdullaeva, 2020) found a positive relationship between customer satisfaction and loyalty. (Rather et al., 2018) said that customer-brand identification strengthens affective commitment, engagement, and brand loyalty. It is further revealed that trust in service providers, trust in regulators, economic-based trust, and information-based trust significantly affect customer engagement, with trust in service providers and trust in regulators driving higher levels of customer engagement. The results also reveal that customer engagement

significantly enriches customer loyalty and mediates the relationship between the dimensions of trust and customer loyalty. Customer engagement is a very relevant variable used as an antecedent of loyalty. In banking industry, customer engagement is the long-term nature of customer-bank relationships. (Monferrer et al., 2019) revealed a strong relationship between customer engagement and customer loyalty.

(Agyei et al., 2020) highlights the importance of building compelling customer trust to advance customer engagement and customer loyalty. The use of customer engagement variables is based on the findings of (Ganiyu et al., 2012), which explain that customer satisfaction cannot achieve the goal of creating a loyal customer. Customer satisfaction and loyalty are not directly correlated, especially in a competitive business environment because there is a big difference between satisfaction and loyalty. Satisfaction refers to a passive customer condition, while loyalty describes an active or proactive relationship with the organization. These findings indicate that the selection of loyalty antecedents must consider the characteristics of the variables and customer engagement as appropriate as the antecedent of loyalty because these variables represent active and proactive customer conditions.

Furthermore, (Hidayat et al., 2015) show that the quality of service and customer trust of Islamic banks together have a significant effect on customer satisfaction and have an indirect effect on customer loyalty is mediated by customer satisfaction. (Yeh et al., 2020) shows that the relationship between physical attractiveness, intellectual competence, and trust plays a vital role in determining satisfaction, and loyalty. (Darmawan, 2018) finds evidence that trust has a positive and significant effect on customer loyalty, with the indicator of trust being that Islamic banks are very concerned with Islamic principles, security, and the products and services offered are based on Islamic principles. (Ali et al., 2018) find that understanding, relative advantage, compatibility, observable uncertainty, complexity, and service quality have a positive effect on the adoption of Islamic bank services. Customer knowledge is important because individuals will go through stages of mental processing before adopting and receiving products or services. This variable is important to shape customer behavior to the stage of loyalty.

3 RESEARCH MODEL AND HYPOTHESES DEVELOPMENT

3.1 Model I: The Influence of Customer Knowledge on Customer Loyalty through Customer Engagement

The knowledge of customers has a significant positive relationship with loyalty, it has also a moderating effect between both satisfaction and loyalty (Wang, et al., 2016). (Ali et al., 2018), understanding, relative advantage, compatibility, observable uncertainty, complexity, and service quality have a positive effect on the adoption of Islamic banking services. Furthermore, there is the influence of customer engagement on loyalty (Fianto et al., 2020). The strong relationship between customer engagement and customer loyalty. Customer engagement has a positive effect on Customer Loyalty (Harimurti & Suryani, 2019). Based on the findings of the previous research, the model I is formulated with the following hypothesis: H1: Customer Knowledge has a direct effect on Customer Loyalty. H2: Customer Engagement has a direct effect on Customer Loyalty. H3: Customer Knowledge has a direct effect on Customer Engagement. H4: Customer Knowledge has an indirect effect on Customer Loyalty through Customer Engagement.

3.2 Model II: The Influence of Customer Trust on Customer Loyalty through Customer Engagement

Referring to (Ganiyu et al., 2012), the use of customer engagement as an antecedent of loyalty is more appropriate because it represents the active and proactive nature of the customer's condition. Service quality and the trust of Islamic bank customers together have a significant effect on customer satisfaction and an indirect effect on customer loyalty which is mediated by customer satisfaction (Hidayat et al., 2015). Trust has a positive and significant effect on customer loyalty (Darmawan, 2018). The relationship between physical attractiveness, intellectual competence, and trust plays an important role in determining satisfaction and loyalty (Yeh et al., 2020). Then, (Agyei et al., 2020) highlight the importance of building compelling trust to advance

customer engagement and loyalty. Based on these findings, the following hypothesis is formulated: H5: Customer Trust has a direct effect on Customer Loyalty. H6: Customer Trust has a direct effect on Customer Engagement. H7: Customer Engagement has a direct effect on Customer Loyalty. H8: Customer Trust has an indirect effect on Customer Loyalty through Customer Engagement. Figure 1 below is the relationship between the hypothesized variables.

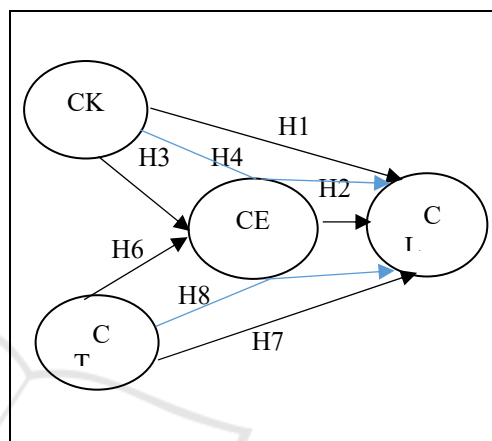


Figure 1: Research Model.

4 SAMPLE AND DATA COLLECTION

The research was conducted using a survey technique with a questionnaire as data collection tool. Questionnaire were given to the target respondents using a google form that was sent on personal social network. This method was carried out considering the time of research during the COVID 19 pandemic so that data collection online was the safest way according to health protocols. Sampling technique using judgment sampling. The characteristics of the target respondents are customers who have an account at Bank Syariah Indonesia, are adults, and have sources of income. Respondents who responded to requests for filling out the questionnaire via google-form were 167 out of 305 given a questionnaire link via private WhatsApp messages or through WhatsApp groups. Requests for link forwarding to colleagues receiving the first link are also made via questionnaire cover messages. This means that the response rate is 54.75%. Finally, respont from 138 respondents used in this resarch. The google-form submission period is July 14 to July 23, 2021. This period is the peak period of the second wave of the pandemic, and the

Indonesian government is implementing the imposition of restrictions on community activities as an effort to prevent the spread of COVID 19. The following table 1 presents data on the characteristics of respondents in detail.

Table 1: Characteristics of Respondents.

Characteristics	Percentage
Gender:	
Male	27.5
Female	72.5
Age:	
17 - 21	21
22 - 26	35.5
27 - 31	10
32 - 36	3,6
37 - 40	1.4
> 40	27.5
Years with the bank:	
< 1	14.5
2 - 5	57.2
6 - 10	18.1
>10	10.1
Occupancy:	
Teacher	24.6
Businessman	5,8
Employee	26,8
Student	37.7
Other	5

Table 1 shows that 72.5% of respondents are women and the rest are men. The highest age range is 22-36 years, respondents have been customers with accounts for 2-5 years is 57.2% and 37.7% as a student.

Loyalty is conceptualized based on (Kotler, 1997). Likewise, the customer knowledge construct was adapted (Ali et al., 2018). Meanwhile, customer engagement was adapted (MSI-Marketing Science Institute, 2010), and customer trust (Darmawan, 2018). A five-point Likert scale was used to measure the question items, namely 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, and 5=strongly agree. The following are the items used in this study.

Table 2: Validity and Reliability.

Detail	Cronbach Alpha	Correlation
Customer Loyalty (CL):	0.875*	
• Not move to another bank.		0.739**
• Using of other products.		
• Pay more.		0.737**
• Repeat purchase.		0.809**
• Recommendation.		0.779**
• Frequent top-up compared to other banks.		0.705**
		0.707**

• Invite colleagues to become customers.		0.765**
• Do not tell anyone terrible things.		0.624**
Customer Knowledge (CK):	0,628*	
• Knowing the merger		Delete
• Ownership status		Delete
• Leader qualities		0.705**
• Technology ownership		0.682**
• Increasing asset ownership		0.636**
Customer Engagement (CE):	0,838*	
• Likes to talk		0.809**
• Interested in knowing more.		0.635**
• Follow more detailed news about the brand.		0.787**
• Willing to go the extra mile to buy the product.		0.754**
• Talking about the product to other people.		0.845**
• Writing reviews & blogging.		0,627**
Customer Trust (CT):	0,866*	
• Banks are very concerned with Islamic principles.		0.796**
• The promises made		0.806**
• The contract has a suitable explanation.		0.766**
• The employee performance is getting better		0.748**
• Trust fund management for the benefit		0.817**
• Trust safe deposits		0.715**

* reliable according to Nunally's (1967) criteria, in (Ghozali, 2005).

** Correlation is significant at the 0.01 level (2-tailed).

Based on table 2, it can be concluded that the reliability of all variables is above 0.60, and all indicators are valid except for indicators of customer knowledge: knowing the merger incident and ownership status which are not significant so they are deleted and not used in further analysis.

The normality of the data was tested by looking at the Z Skewness and Z Kurtosis values. The following table 3 summarizes the results of the two Z scores as follows:

Table 3: Z Skewness and Z Kurtosis.

Variable	ZSkewnes	Conclusion
Customer Knowledge	-2.869	Moderat
Customer Engagement	-2.329	Normal
Customer Trust	-0.407	Normal
Customer Loyalty	-1.423	Normal
Variable	Zkurtosis	Conclusion

Customer Knowledge	-0.094	Normal
Customer Engagement	1.098	Normal
Customer Trust	-2.122	Normal
Customer Loyalty	0.609	Normal

Based on table 3, at the 0.01 significance level, all Z Skewness and Z Kurtosis values are smaller than 2.58 (significance level 0.01) so it can be concluded that the data is normally distributed except for CK has Z Skewness -2.869 smaller than three, which means the data is moderately non-normally distributed at the significance level of 0.001 Curran et al., 1996 in (Ghozali, et al., 2005).

5 TESTS OF HYPOTHESIS

Testing the model used the R2 test against model I, namely customer loyalty, which was predicted by customer knowledge with customer engagement as a mediating variable. The R2 value in a model I is 0.3622 (36.22%); this value exceeds 25%, which is stated as satisfaction and accepted prediction level Gaur and Gaur, 2006 in (Nawaf Al-Nsour, 2020). Meanwhile, model II is customer loyalty which is predicted by customer trust by mediating customer engagement. The R2 value in model II is 0.5297 (52.97%); this value exceeds 25%, so it can be considered as a model that is satisfied and accepted. When viewed R2 in the model I is 0.3622 and the model II R2 is 0.5297. This means that customer engagement increases the percentage of R2 by 0.1675 (16.75%) when applied as a mediating variable in this study with customer trust as a predictor.

Hypothesis testing is done using SPSS software. Model I is a test of the direct and indirect effect customer knowledge on customer loyalty by customer engagement as a mediating variable. Table 4 shows the test results of the model I.

Table 4: Direct effect and indirect effect customer knowledge on customer loyalty.

Effect	Coefficient	p-value
Direct effect:		
CK on CL	0.2917	0.0000
CE on CL	0.8406	0.0000
CK on CE	0.8501	0.0000
Indirect effect: CK on CL	0.7146	0.0000
Total effect: CK on CL	1.0064	0.0000

Note: p value < .05

Based on table 4, it can be seen that the coefficient of the direct influence of customer knowledge on customer loyalty is 0.2917, the direct influence of customer engagement on customer loyalty is 0.8406,

and the direct influence of customer knowledge on customer engagement is 0.8501. All coefficients are significant at the 0.05 level. The result support H1, there is a direct effect of customer knowledge on customer loyalty. Likewise, H2, which states that customer engagement, has a direct effect on loyalty, is also supported. H3, which states that customer knowledge has a direct effect on customer engagement is also supported. H4, customer knowledge has an indirect effect on customer loyalty through customer engagement is also supported by a coefficient value of 0.7146 (p <0.05). To ensure the mediation effect of customer engagement in a model I is seen from the confidence interval (CI), namely the Boot LLCI value of 0.3755 and the Boot ULCI value of 1.0761. These two values are not in the range that exceeds 0. These result indicates that there is an influence of customer engagement in mediating effect of customer knowledge on customer loyalty. The total effect of customer knowledge on customer loyalty is 1.0064 (p<0.05).

Model II testing is a test of the direct and indirect effect of customer loyalty which is predicted by customer trust with customer engagement as a mediating variable. Table 5 shows the results of model II testing.

Table 5: Direct and Indirect effect of customer trust on customer loyalty.

Effect	Coefficient	p-value
Direct effect:		
CT on CL	0.3383	0.0000
CE on CL	0.8406	0.0000
CT on CE	0.7629	0.0000
Indirect effect:		
CT on CL	0.5807	0.0000
Total effect:		
CT on CL	0,9191	0.0000

Note: p value < .05

Based on table 5, it can be seen that the coefficient of the direct effect of customer trust on customer loyalty is 0.3383, the direct effect of customer engagement on customer loyalty is 0.8406, and the direct effect of customer trust on customer engagement is 0.7629. All coefficients are significant at the 0.05 level. These results support H5, there is a direct effect of customer trust on customer loyalty. Likewise, H6, which states a direct effect of customer engagement on loyalty, is also supported. H7, which states that customer trust has a direct effect on customer engagement, is also supported. H8, which states that customer trust has an indirect effect on customer loyalty mediated by customer engagement, is also supported by a coefficient value of 0.5807

($p < 0.05$). The mediation effect of customer engagement in model II, is seen from the confidence interval (CI), namely the Boot LLCI value of 0.3843 and the Boot ULCI value of 0.7869. These two values are not in the range that exceeds 0, so this indicates that there is an influence of customer engagement in mediating the effect of customer trust on customer loyalty. The total effect of customer knowledge on customer loyalty is 0.9191 ($p < 0.05$).

6 DISCUSSION AND IMPLICATIONS

6.1 Discussions of Findings

The results of the study show that all hypotheses are accepted significantly. The result can be concluded that customer knowledge and customer trust have direct and indirect effects on customer loyalty by mediating role of customer engagement. The results showed that model I gave a more significant total effect than model II. This means that customer knowledge affects customer loyalty by mediating customer engagement, which provides a more significant total effect than customer trust, which affects customer loyalty by mediating customer engagement. This finding indicates that knowledge plays a more significant role in forming loyalty than trust with mediating engagement. This is in line with the opinion (Wang et al., 2016) which states that knowledge has a significant effect on loyalty. (Suchánek & Králová, 2019) showed the direct influence of the product-knowledge on customer expectation and product competitiveness, as well as the influence on customer loyalty. However, customer product knowledge negatively moderates service quality and online customer loyalty and positively moderates the relationship between sacrifice and customer loyalty (Xu et al., 2011). (Nora, 2019) stated that customer knowledge was not directly able to increase the intention of repeat purchase but, indirectly effect high customer knowledge, supported by the high customer intimacy, it can indirectly increase the high repurchasing intention.

In the dynamics of a competitive and increasingly complex business environment, companies are always required to build and maintain a competitive advantage. Customers can more accessible and faster access and disseminate information. It leads to the formation of a knowledge-based society. This means that the company's ability to implement and manage

knowledge to improve company performance in dynamic decision-making is essential. Companies need to manage customer knowledge through an integrated system and involve the existence of customers as an integral part of the system. The flow of information is a significant part of maintaining customer knowledge. The customers need to get reliable news and understanding from trusted sources before they obtain information from other sources. Smooth and quality-maintained communication with customers can be done if the customer has a comfortable involvement with the company so that the customer integrated business model is a wise choice to build loyalty. Reliable customer knowledge indicators used in this study are: leadership qualities, technology ownership, increasing asset ownership. These indicators can be used as a basis for managing customer knowledge. Companies need to provide clear and transparent information regarding these indicators to get a true and accurate understanding.

This study also found a significant direct and indirect effect between customer trusts toward customer loyalty. This indicates that trust also plays an essential role in the formation of customer loyalty. Especially in the Islamic banking industry, trust is a fundamental problem. This finding is in line with the findings, which state that trust affects customer loyalty in hotels (Haryanto & T.J., 2009), customer member of the credit unions (Nguyen et al., 2013), commercial banks (Leninkumar, 2017). (Daud et al., 2018) stated that there are direct and indirect effects of trust toward loyalty in ICT customers. The direct and indirect effect of trust on loyalty in several industries provides evidence that trust has good generalization as an antecedent of loyalty.

In a dynamic, transparent, and increasingly digital business environment, trust is an essential component in a relationship. Trust is indispensable as a guarantor of business sustainability in the long term. Therefore, the company needs to pay attention to building trust to achieve superior performance. In this study, the indicators used in the trust are: believing that banks are very concerned with Islamic principles, believe in the promises made, believe that the contract has a suitable explanation, believing in employee performance is getting better, trust fund management for the benefit, trust safe deposits. These indicators are relevant to be used as a basis for increasing loyalty.

6.2 Theoretical Implications

The research was conducted on a unique case that happened for the first time in Indonesia, namely the

merger of the stated-owned Islamic commercial banks, which made customer confused. The research was also carried out at a time when COVID 19 pandemic hit the world and Indonesia, which made socio-economic conditions worse. The two conditions of the object of this research provide a very significant contribution to the development of the theory of customer behavior, especially the development of antecedent customer loyalty. The research findings show the role of customer engagement in mediating customer knowledge and customer trust on customer loyalty.

6.3 Managerial Implications

The results of this study provide managerial implications as follows, first the use of customer knowledge and trust as the basis for building loyalty. The study provides an understanding of how customer knowledge and trust affect customer engagement and loyalty in the context of Islamic banks in the early stages of the merger. The research was conducted during the COVID 19 pandemic, so the results also provide an understanding of how to manage customer knowledge and customer trust to build loyalty by mediating customer engagement. Second, the important thing in managing customer loyalty is the ability of Islamic banks to maintain customer knowledge with relevant and proportional information so that customers are well-informed and avoid misleading information. Third, growing customer trust is an essential part of realizing engagement and building loyalty. In building trust, the critical thing that Islamic banks need to do is keep the promises made and concentrate on the benefit. Fourth, customer engagement is an important part plays a role in mediating customer knowledge and trust toward loyalty.

6.4 Limitation and Future Direction

This study has several limitations as a pathway for further research. This study examines two models to build loyalty. Although this research is a case study in a newly merged Islamic bank, the research model can be used in other contexts and objects. This research was conducted during the COVID 19 pandemic, an unstable market condition, so it is necessary to carry out further research in the future under normal market conditions. However, this research can also be used as a reference for similar research if the market is in a crisis. The use of customer engagement variables to mediate customer knowledge and customer trust in customer loyalty can

be developed for further research to be able to produce consistent findings. The indicators of each variable need to be further developed by adopting other findings under the dynamics of customer behavior development. The data collection techniques using google forms also need to be reviewed because although this technique is not something new, for the case in Indonesia it has not been widely used, especially for academic research. The use of other social media besides WhatsApp is highly recommended to expand the reach of relevant respondents and generalization of the research result.

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