

# Effect of Quality Service and Spiritual Marketing Against Loyalty Sharia Bank Customers

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**Keywords:** Quality of Service, Spiritual Marketing, Customer Loyalty

**Abstract:** The purpose of this study is to see the influence of service quality and spiritual marketing on the loyalty of Islamic bank customers. The population in this study was all Islamic bank customers, while the sample withdrawal technique used nonprobability sampling so that the sample in this study amounted to 100 respondents. The data analysis equipment in this study used SEM (Structural Equation Modelling) Analysis with SMART PLS (Partial Least Square). Based on the results of SEM analysis, it can be explained that Islamic bank customer loyalty is influenced by 51% of the variable quality of service and spiritual marketing, and there is a positive and significant influence between the quality of service with customer loyalty and spiritual marketing has a negative and insignificant effect on customer loyalty. The limitations/implications of this study are still a small sample number and the results of this study can be an entry for Islamic banking managers to increase customer loyalty.

## 1 INTRODUCTION

Indonesia is a Muslim-majority country. Of all the provinces in Indonesia, Aceh is the province that adheres to Islam the most. Aceh is also nicknamed the City of Serambi Mecca, which means the courtyard and yard of the city of Mecca. This became a symbol that Aceh is very thick with Islamic nuances.

Islamic nuance which is thick makes Aceh have a special regulation, namely Qanun. Qanun regulations governing the nets of the Aceh government. Including in taking policies such as shariah institutions. There is Qanun Aceh No. 11 of 2018 concerning LKS and there are still more qanuns regulating policy in Aceh.

Currently, Aceh has implemented qanun No. 11 of 2018 all its institutions have sharia. The people of Aceh should be happy with this policy. Because the great history of the Aceh kingdom about the religiosity of the community is very well known. So that it can make people more loyal to Islamic banking. However, the fact that the November 2021 Aceh Provincial economic report said account holders in Aceh experienced a significant decrease from September 2020 to have 7.1 million accounts to 5.2 million accounts in September 2021.

This decrease in the number of accounts occurs due to the process of migration from conventional to

Shariah. And this decline is very counter to the community itself because it has long craved comprehensive Islamic banking in the land of Rencong. The researchers are interested in seeing why Acehnese people are not loyal to Islamic banks.

According to Sebayang and Situmorang, (2019) loyalty is one of the keys to running a business in an all-competitive environment. Thielemann et al. (2018) state that loyalty is a repurchase, providing positive word of mouth, and recommending a product or service. Furthermore, Rini and Absah (2017) researched spiritual marketing to see the loyalty of Islamic bank customers. Loyalty is the most important element that the entire company wants to achieve.

Every company demands customer loyalty must have perfect service quality. In the business of quality services determine whether the customer will be loyal or not. Satti et al, (2020) said that the quality of service has a significant effect on customer loyalty. The companies must be aware that consistent service can lead them to acquire new customers and retain old customers.

## 2 MANUSCRIPT PREPARATION

### 2.1 Customer Loyalty

In its rights, all companies aim to make their customers loyal. Bowen and Chen, (2001) say there is a strong correlation between loyalty and profit. Indeed, loyalty is a condition for a business to be sustainable (Etemad-Sajadi and Rizzuto, 2013) Because only company loyalty can survive and get sustainable profits. According to Smith, (2020) Customer loyalty is easily explained that the customer's love for products or services. Companies that do not focus on loyalty will be made a lot of investments. Conversely, with company loyalty, it is easier to retain old customers than to find new customers.

Finding customer loyalty is not easy. Loyalty is the most important thing for the company in the current era of business competition Situmorang, (2019). Furthermore, Rini and Absah (2017) stated that customer loyalty is the attitude of customers who repeatedly use products or services. To be able to make customers make repeated purchases, the customer must instill a positive perception of the service. According to (Shuaibu Badeggi and Muda, 2021) the positive perception of customers is shown by recommendations, feeling satisfied, and increasing loyalty. Then loyalty becomes important to be able to compete in the banking industry (Tariq et al, 2019).

Service quality affects customer satisfaction indirectly on loyalty Palazzo, et al. (2021). Companies that are perceived positively by customers, in general, can go through recommendations and increase satisfaction and loyalty (Shuaibu Badeggi and Muda, 2021). In addition Makudza, (2020) loyal customers also collaborate with service providers in suggesting products. More deeply, loyalty is also conceptualized in shared experiences Närvänen et al, (2020).

This study will be in adopsi from theory (Etemad-Sajadi and Rizzuto, 2013) then there are 3 measured from loyalty.

1. Reusing
2. Talking Positive Things to Others
3. Recommend to friends and family

### 2.2 Service Quality

The theory that is often used to measure the quality of service is using Parasuraman et al (1988) service quality, namely differences in perception and customer expectations on the quality received. the quality of service between the perception of service

users of global excellence adrift with the services of Guillén Perales et al, (2020). The quality of service of a company can be a reflection of how the performance is led. So that it can be seen for customers if the quality is felt good, it will be perceived well and if the customer does not get a good quality of service then the perception is low.

The increased quality of service can make the company acquire new customers and increase the loyalty of old customers (Satti et al, 2020). Consistent service quality provides more benefits for the company due to the increase in loyal customers. And if the quality of service is poorly provided by the service provider, ultimately causes customers to be dissatisfied (Tariq et al, 2019). Customers who are disappointed in the quality of service provided will have a bad impact on the company in the future.

Service quality is an invisible aspect and is considered a multi-dimensional aspect Zia, (2020). Then the different dimensions of service quality play a role in generating customer emotions that affect customer engagement and customer advocacy Arguello, et al. (2019).

To reach customers who are involved and even protect the company, it must be with good service quality.

Dimensions used the theory adopted from (Parasuraman et al, 1988) where there are 5 dimensions of service quality

1. Tangible
2. Reliability
3. Responsiveness
4. Assurance
5. Empathy

### 2.3 Spiritual Marketing

Spiritual marketing is a business whose transactions have the pleasure of Allah, and sincerely make it hindarsah et al (2021). The concept of spiritual marketing is more about following Islamic religious values so that blessings are sought rather than transactional. In spiritual marketing, a customer considers what is the purchase decision so that it has an important meaning after the death of Rini and Absah (2017).

Spiritual marketing saves basic worship qualities such as honesty, morals, and ethics in business that can make customers trust Rini and Absah (2017). Customer trust is a high price where the company must really apply the concept of Islam in its business, so that spiritual marketing runs well. Furthermore, Hindarsah et al (2021) although companies use very advanced technology and competent people,

companies must have the spiritual value of expressing universal love.

According to Rini and Absah, (2017) spiritual marketing is formed from:

1. Based on Islamic sharia
2. Avoiding the usury system
3. Honesty

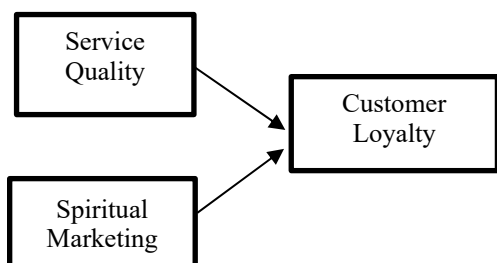


Figure 1: Conceptual Frameworks

### 2.4 Research Hypothesis

H1: Service Quality has a positive and significant effect on Customer Loyalty at Sharia Bank

H2: Spiritual Marketing has a positive and significant effect on Customer Loyalty at Sharia Bank

## 3 RESEARCH METHODS

This type of research is basic research with an associative research approach. That is to explain the influence of endogenous variables on exogenous variables. Using quantitative methods, data research using research instruments, data analysis is statistical with the scheme of testing Sugiyono's hypothesis, (2021). The population in this study was customers who saved at Islamic banks in Langsa City. The city of Langsa was chosen because the eastern Aceh area is the most developed (Nurlina et al. 2019). This study uses nonprobability sampling techniques, sampling methods using quota sampling using google form through Whatapp. The number of samples in this study was 100 respondents processed using SmartPLS. The copyright form is located on the authors' reserved area.

## 4 RESULTS

### 4.1 Demographic Analysis

Respondents gave answers about their personal data of gender, age, education marital status, and

occupation. Table 1 is presented the demographics of respondents to this study. And an evaluation of the measurement model is carried out to confirm validity and reliability.

Table 1: Respondent Demographics

Group	Item	No.	%
Gender	Woman	54	54
	Man	46	46
Age (year)	20-30	44	44
	31-40	31	31
	41-50	18	18
	>51	7	7
Status	Marry	59	59
	Unmarried	41	41
Education	SMA	10	10
	D3	11	11
	S1	61	61
	S2	17	17
	S3	1	1
Work	Farmer	3	3
	Student	12	12
	Self employed	8	8
	State Officer	29	29
	Private Employees	20	20
	And others	28	28

Respondents who participated in this study were Women as many as 54 respondents and men 46 respondents. For the age of most respondents are in the age range of 20-30 years 44 respondents, the age of 31-40 years as many as 31 respondents and respondents slightly in the ring age 50 years and above. For the status of married respondents as many as 59 and 41 respondents are not married. In addition, there were 10 high school respondents, 11 D3 respondents, 17 respondents, S3 1 respondents, and the highest respondents were at the undergraduate education level as many as 61 respondents. The type of work as many as 3 farmer respondents, 12 student respondents, 8 self-employed respondents, 29 respondents of civil servants, 20 respondents of private employees, and 28 respondents chose and others.

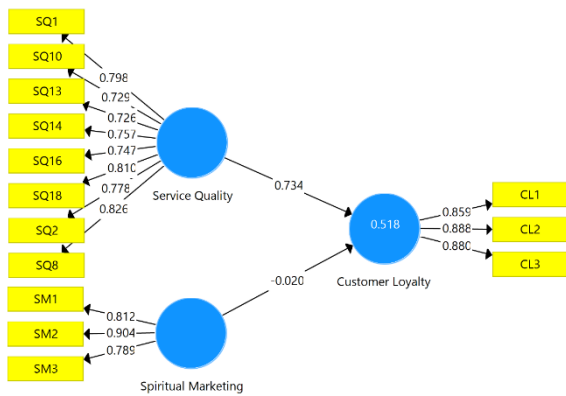


Figure 2: Path Analysis

### 4.2 Measurement Model

It is important to test the validity and reliability of research because researchers want the data to be usable. To get it, researchers use convergent validity and discriminant validity. For the validity of finding the loading factor is greater than 0.70 and the AVE is greater than 0.5 and for discriminant validity researchers use Cronbach @ and the composite reliability value the number must be greater than 0.70 to be reliable (Fornell and Larcker, 1981). In research, all instruments have been tested and are very reliable in value. Table 2 is the loading factor value of all instruments already above 0.70. In table 3 criteria Fornell Larcker the value of the variable against the variable is higher than other variables. Table 4 shows the reliability of constructs and the value of convergent validity in already reliable research.

Table 2: Loading Factor

	SQ	CL	SM
CL1		<b>0.859</b>	
CL2		<b>0.888</b>	
CL3		<b>0.880</b>	
SQ1	<b>0.798</b>		
SQ10	<b>0.729</b>		
SQ13	<b>0.726</b>		
SQ14	<b>0.757</b>		
SQ16	<b>0.747</b>		
SQ18	<b>0.810</b>		
SQ2	<b>0.778</b>		
SQ8	<b>0.826</b>		
SM1			<b>0.812</b>
SM2			<b>0.904</b>
SM3			<b>0.789</b>

In Table 2 all indicators have an outer loading value above 0.70 meaning that all of the above indicators are by the requirements for testing.

Table 3: Fornell-Larcker Criterion

	SQ	CL	SM
SQ	<b>0,772</b>		
CL	<b>0,719</b>	<b>0,876</b>	
SM	<b>0,722</b>	<b>0,510</b>	<b>0,837</b>

Table 3 tests variables against their variables and other variables. In theory, Fornell Larcker is considered reliable that the value of a variable against the variable is higher than the value of the variable against other variables.

Table 4: Cross Loadings

	Service Quality	Customer Loyalty	Spiritual marketing
CL1	0,587	0,859	0,455
CL2	0,661	0,888	0,434
CL3	0,638	0,880	0,453
SQ1	0,798	0,517	0,552
SQ10	0,729	0,507	0,514
SQ13	0,726	0,448	0,496
SQ14	0,757	0,587	0,563
SQ16	0,747	0,600	0,546
SQ18	0,810	0,597	0,621
SQ2	0,778	0,583	0,546
SQ8	0,826	0,571	0,608
SM1	0,532	0,402	0,812
SM2	0,654	0,491	0,904
SM3	0,628	0,376	0,789

Table 4 examines the cross-loading value of discriminant validity, so the value of the CL variable to CL must be higher than the CL to other variables. The data above has met the criteria so that the value of the variable is higher than the other variables.

Table 5: Construct Reliability and Validity

	Cronbach's Alpha	CR	AVE
SQ	0,903	0,922	0,596
CL	0,848	0,908	0,767
SM	0,785	0,875	0,700

Table 5 Construct reliability and validity with Cronbach's alpha and composite reliability values above 0.70 it is reliable and AVE above 0.50.

### 4.3 Evaluation of Structural Model

After testing the evaluation of the measurement model, the next step is to evaluate the structural model so that it is known that the results of this study are accepted or rejected. We can see this in table 6, 7, 8, and 9.

Table 6: R Square

	R Square	R Square Adjusted
CL	0,518	0,508

Table 6 the results of this study can be r squared by 0.518 means that 51% of the influence of customer loyalty influenced by the quality of service and spiritual marketing. And there is 49% of loyalty influenced by other variables that were not studied in this study.

Table 7: Path Coefficients and T Statistic

	Original Sample (O)	T Statistics	P Values
SQ -> CL	0,734	7,068	0,000
SM -> CL	-0,020	0,164	0,870

Table 7 explains that the path coefficients of the original sample value find that service quality has a positive effect and there is a strong relationship between service quality and customer loyalty. And for the t statistic obtained a significant relationship with the p values of 0.000. Spiritual marketing has a negative effect on customer loyalty with the original sample value of -0.020, meaning that there is no influence of spiritual marketing on customer loyalty. Furthermore, for the t statistic, the value is lower than

the t table so it is not significant with a p-value of 0.870 which means it is higher than 0.05.

Table 8: Construct Cross validated Redundancy

	SSO	SSE	Q <sup>2</sup> (=1-SSE/SSO)
SQ	800,000	800,000	
CL	300,000	186,846	0,377
SM	300,000	300,000	

Table 8 explains that the predictive relevance value is how good the observation value is. A value above 0 means the predictive relevance is good and if the value is below 0 then the predictive relevance is not good Ghozali, (2021). So the results obtained from this study were 0.377, meaning that above 0 the observations produced were good.

Table 9: Model Fit

	Saturated Model	Estimated Model
SRMR	0,068	0,068
d_ULS	0,488	0,488
d_G	0,304	0,304
Chi-Square	172,254	172,254
NFI	0,802	0,802

Table 9 explains that how well the model carried out in this study can be seen at the NFI 0.802, meaning that this model is 80% fit.

## 5 DISCUSSIONS

The results of path coefficients in this study found that the quality of service has a positive and significant effect on the loyalty of Islamic bank customers. This is in line with Satti et al research, (2020) which found that the influence is positive and significant in the hospitality industry. In this study, the quality of service had a positive effect of 0.734 and the statistics were 7,068 greater than t table 1.96 meaning significant to customer loyalty and H1 received. Furthermore, spiritual marketing has a negative and insignificant effect on customer loyalty. This research is not in line with research conducted by Rini and Absah (2017) which found that spiritual marketing has a positive and significant attitude towards the loyalty of Islamic bank customers in Medan City. This is due to the different demographics and policies of his government. It can be seen that

Aceh it has used the concept of sharia as a whole in the banking sector, so that when there is a migration from conventional to Shariah customers are not ready to accept the changes that occur. This is also a comparison when using conventional banks and Islamic banks customers began to feel the difference obtained so in this study H2 was rejected. The results of this study also answered why the phenomenon of decreasing the number of accounts in Aceh, especially Langsa City, has dropped significantly.

## 6 CONCLUSIONS

Service quality has a positive and significant effect on customer loyalty of Islamic bank. And spiritual marketing has a negative and insignificant effect on customer loyalty. Finally, these findings can be input for managers of Islamic banks in Aceh, especially in Langsa City, how customer loyalty really depends on the quality of service provided. And managers must better understand the different characteristics of each province so that it can become a new mindset to win the current competition.

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