

The Impact of Bank Image on Customer Loyalty: Bank Syariah Indonesia (BSI)

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Abstract

The role of Islamic banks in the economic development of every country, including Indonesia, is so large that almost every sector related to financial activities requires various banking services. This study aims to determine the effect of service quality, bank image, and customer satisfaction on customer loyalty at Bank Syariah Indonesia Branch Office Dinoyo Malang. This research uses associative quantitative analysis. The population in this study is the customers of the BSI Dinoyo Malang Branch Office, which is approximately 17.000 customers. The sampling is as many as 100 customers. The data analysis technique used Structural Equation Modeling (SEM) analysis technique. Collecting data using a list of questionnaires. The results showed that service quality and customer satisfaction harmed customer loyalty, and bank image positively affected customer loyalty.

Keywords: Service Quality, Bank Image, Customer Satisfaction, Customer Loyalty

Introduction

The role of Sharia Banks in developing the economy of each country has a huge impact, especially in Indonesia. So that each sector related to finance activities needed the bank's service. Therefore, the world of banking is needed by both business people and individuals. On October 12, 2020, the Minister of State-Owned Enterprises (BUMN) inaugurated the merger of three Islamic commercial banks. The merger process is targeted to be fully completed in February 2021. On the other hand, the government assesses that the penetration of Islamic banks in Indonesia is still far behind commercial banks in general. On the other hand, public authorities see an important opportunity by demonstrating this condition as part of a combination between a larger state and generally solid Islamic banks.

According to Table 1, post-merger Bank Syariah Indonesia (BSI) are bright enough to save the country's economy. These things contribute to increasing market prices through their capital strength by combining the full power of Islamic banks. The Governor of Bank Syariah Indonesia (BSI) also responded positively by stating that the merger of the three BUMN Islamic banks would be able to improve the Islamic economy and finance and even strengthen the Indonesian Islamic banking system. Furthermore, by promoting Islamic finance, it was possible to build a halal value chain.

Tabel 1. Amount of Post-Merger BSI Bank Capital

Variable	BNI Syariah		BRI Syariah		BSM	
	2019	2020	2019	2020	2019	2020
Total Asset	44.98	55.01	43.12	57.7	112.29	126.85
Financing	43.77	47.97	34.12	49.34	99.81	112.58
DPK	32.58	33.05	27.38	40	75.54	83.43
Profit	0.5	0.5	0.074	0.25	1.28	1.43

Source: Annual Report PT. BRI Syariah, PT. BNI Syariah, dan PT. BSM 2017-2020

Bank BSI has officially been operating since February 1, 2021. BSI became an Islamic bank due to the government's policy to encourage the development of Islamic banking services which has an impact on the level of competition. In intense competition, banks need to implement a quality service system in all areas of goods and services. All products and services are aimed at meeting customer needs in all financial activities. To achieve this, banks need to provide the best service included in the product and provide for customers.

Quality of service is something that generally affects consumer loyalty. In addition, he is part of an important factor in meeting customer satisfaction, especially in service companies. Improving service quality will be part of the motivation in retaining customers, as well as being the core of the banking industry's service sector business. All products and services offered are essentially made to meet all the needs of its customers. In this case, the bank must create an idea that creates attractive products to be able to satisfy its customers.

One of the important assets owned by the company is the company's image. Most companies believe that having a good image is the key to long-term and sustainable success. Corporate image is synonymous with message, reputation, awareness, credibility, trust, communication, and relationships. Meanwhile, the company's image in the minds of customers becomes a special point of view and acts as a filter that influences perceptions of company activities. Corporate image is the basis of customer loyalty and tends to play an important role in business. This has an impact on business profitability performance, so it is very reasonable to create an image to be maintained. (Soemirat & Ardianto, 2015).

If it is able to meet customer expectations, then customer satisfaction will be fulfilled. As a young bank, Bank Syariah Indonesia (BSI) needs to pay attention to this, bearing in mind that it is not easy to increase customer satisfaction. Therefore, it is very important to implement product service quality so that customers are satisfied with the service.

Before changing its name to BSI, one of the ex-Bank BNI Syariah branches, the Dinoyo Malang branch, continued to strive to improve administrative

services for its customers. This is intended so that customers are satisfied with the administration provided. However, even though these efforts have been made, the results of the initial observations of this study indicate that there are several complaints submitted by its customers. Some of these complaints can be seen in the table below:

Tabel 2. The number of customer complaints PT. Bank BNI Syariah branch office Dinoyo, Malang City before becoming Bank Syariah Indonesia (BSI)

Year	Total Complaint	Percentage
2016	-	-
2017	9	6
2018	22	63
2019	76	73
2020	66	-16
Averages	42, 30	35

Source: PT Bank BNI Syariah Kantor Cabang Dinoyo Malang

The products and services offered are essentially aimed at satisfying customer needs in all of their financial activities. To fulfill this, banks must be creative in creating products and services that can meet the needs of their customers. In every company or business entity, service quality and satisfaction are important factors in building a business to create customer loyalty. If the customer is not satisfied, there will be a reluctance to use the facilities and products available at the bank. There are many things to make good service quality and satisfaction, but the most important thing is how the company can provide the best for its customers (Tjiptono & Fandy. 2006).

Loyalitas dapat terpantau dari pelayanan karyawannya yang baik dan ramah, serta cepat dalam beraktivitas, hingga kebersihan kantor. Berdasarkan latar belakang yang telah diuraikan di atas, peneliti tertarik untuk meneliti peningkatan kualitas pelayanan yang diberikan oleh bank untuk menciptakan pelayanan yang baik dan mendapatkan kepuasan nasabah dan loyalitas nasabah yang nantinya akan menimbulkan minat untuk membeli suatu produk pada bank tersebut.

Anggara, Muhammad. Rosal. (2019), The results of hypothesis testing show that all independent variables are Tangible (X1), Reliability (X2), Responsiveness (X3), Certainty (X4), and Empathy (X5) towards consumer satisfaction interest (Y). Millatina, Rohmah, and Zaki, (2020), the results of this study show the effect of a positive brand image on customer satisfaction and customer loyalty. Furthermore, there is a positive effect of online promotion strategy on customer satisfaction, but there is a negative effect on customer loyalty. Furthermore, there is a positive influence between customer satisfaction and customer loyalty. Citra, Purwadi,

Hakim, (2018), the results of this study concluded that Islamic work ethic and organizational commitment have a significant effect on the performance of employees.

Research Method

The research conducted is quantitative. The population taken in this study is all customers at PT. BSI Dinoyo Malang Branch Office. While the sampling technique in this study used a purposive sampling technique, by setting the number of responses to as many as 100 respondents. The analytical tool used in this study uses SmartPLS 3.0, because it has a limited number of samples while the model built is complex. The analysis technique uses SEM (Structural Equation Modeling) analysis.

Result

Table 3. Characteristics of Respondents Based on Gender

Sex	Frequency	Percentage
Pria	47	47%
Wanita	53	53%
Total	100	100%

Source: Primary Data (Questionnaire) Processed in 2022

Table 4. Characteristics of Respondents Based on Age

Age Range	Frequency (people)	Percentage (%)
21 – 30	56	56%
31 – 40	37	37%
41 – 50	7	7%
Total	100	100%

Source: Primary Data (Questionnaire) Processed in 2022

Table 5. Characteristics of Respondents Based on Education

Education	Frequency	Precentage
SD	-	-
SMP	-	-
SMA	10	10%
DIPLOMA	3	3%
S1-S3	87	87%
Total	100	100%

Source: Primary Data (Questionnaire) Processed in 2022

Tabel 6. Characteristics of Respondents Based on Education

Job	Frequency (people)	Precentage
Student	32	32%
Retired	2	2%
Entrepreneur	12	12%
Unemployment	2	2%
Housewife	9	9%
Employee/Professional	43	43%
Total	100	100%

Source: Primary Data (Questionnaire) Processed in 2022

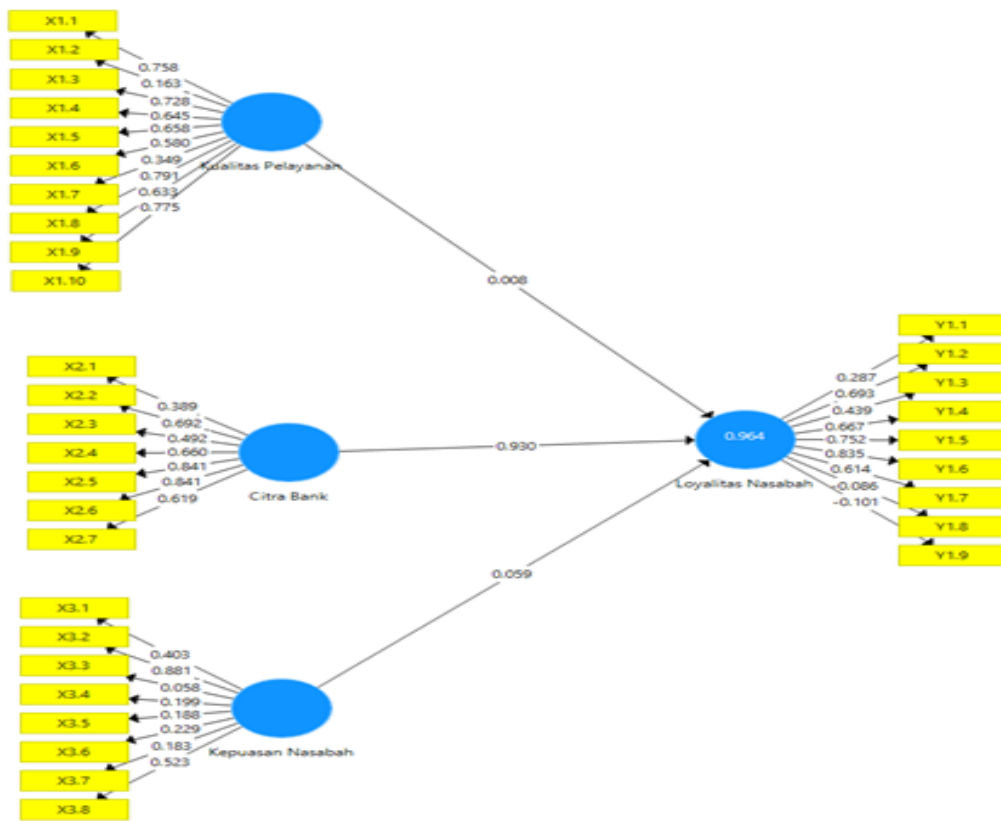


Figure 1 Outer Model Measurement Evaluation

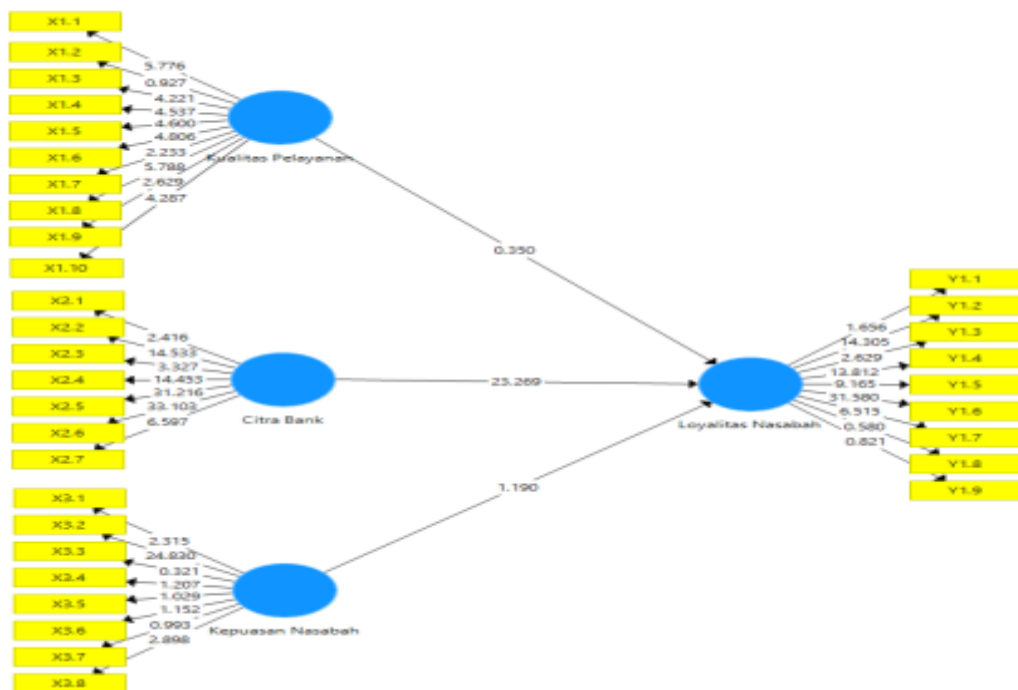


Figure 2 Evaluation of Inner Model Measurement

SEM (Structural Equation Modeling) analysis is carried out in two ways,

namely the analysis of the outer model and the inner model. The outer model is used to assess the validity and reliability of the model. The outer model with reflexive indicators is evaluated through convergent validity with the value achieved must be more than 0.6 – 0.7. And discriminant validity by looking at the cross loading value for each variable must be > 0.7. The AVE value is recommended > 0.5 from indicators forming latent constructs and composite reliability as well as cronbach alpha for the indicator block. (Ghozali, 2021).

Tabel 7. *Analysis of Loading Factor*

Loyalty	Service Quality	Bank Image	Customer Satisfaction	Customer
X1.1	0,755			
X1.3	0,774			
X1.4	0,651			
X1.5	0,667			
X1.8	0,805			
X1.9	0,690			
X1.10	0,816			
X2.2		0,782		
X2.4		0,733		
X2.5		0,866		
X2.6		0,816		
X3.2			1,000	
Y1.2				0,774
Y1.4				0,721
Y1.5				0,796
Y1.6				0,816

Source: Primary Data (Questionnaire) Processed in 2022

The inner model shows the power of estimation between latent or construct variables. Testing on the structural model is carried out by looking at the R-square value which is a goodness-fit model test and looking at the path coefficient value. Based on the results of the validity test analysis, table 7 shows that the 4 variables used in this study such as service quality, bank image, customer satisfaction, and customer loyalty in each statement representing each variable have a loading factor value of > 0.6. That is, this research states that the statement representing each variable is significant. Based on Table 8 it is known that the AVE value of the service

quality variable is > 0.5 or 0.518 , for the bank image variable value is > 0.5 or 0.642 , for the Customer Satisfaction variable value > 0.5 or 1.000 , and the customer loyalty variable value > 0.5 or equal to 0.605 . This shows that each variable has a good discriminant variable.

Meanwhile, the results of the reliability test analysis show that Table 9 shows the value of each variable of service quality, bank image, customer satisfaction, and customer loyalty resulting in a composite reliability value of > 0.7 . Based on Table 10 it is known that the value of each marketing strategy variable, product quality, and customer satisfaction results in a Cronbach alpha value > 0.7 .

Tabel 8. Analisis Average Variance Extracted (AVE)

(AVE)	Average Variance Extracted
Service Quality (X1)	0,518
Bank Image (X2)	0,642
Customer Satisfaction (X3)	1,000
Customer Loyalty (Y1)	0,605

Source: Primary Data (Questionnaire) Processed in 2022

Table 9. Analysis of Composite Reliability

Reliability	Composite
Service Quality	0,895
Bank Image	0,877
Customer Satisfaction	1,000
Customer Loyalty	0,859

Source: Primary Data (Questionnaire) Processed in 2022

Table 10. Analysis of Cronbach Alpha

	Cronbach's Alpha
Service Quality	0,868
Bank Image	0,812
Customer Satisfaction	1,000
Customer Loyalty	0,781

Source: Primary Data (Questionnaire) Processed in 2022

Table 11 shows that the influence of service quality, bank image, and customer satisfaction variables on customer loyalty variables is 0.970 or 97.0%. Based on Table 12, shows that the statistical T value from service quality to customer loyalty is <1.96 and is not significant with a P value > 0.05. Meanwhile, the statistical T value from bank image to customer loyalty was >1.96 and significant at P=0.05, and the statistical T value from customer satisfaction to customer loyalty was <1.96 and not significant at P=0.05. So there is a positive effect of bank image on customer loyalty and there is a negative effect of customer satisfaction and service quality on customer loyalty.

Table 11. Analysis of *Goodness-Fit*

<i>Adjusted</i>	<i>R Square</i>	<i>RSquare</i>
Customer Loyalty (Y1)	0,970	0,969

Source: Primary Data (Questionnaire) Processed in 2022

Table 12. Analysis of Path Coefficient

	<i>Original</i>		<i>Standard</i>		
	<i>Sample</i>	<i>Sample</i>	<i>Devitation</i>	<i>T Statistics</i>	<i>P-Value</i>
	<i>(O)</i>	<i>Mean (M)</i>	<i>(STDEV)</i>	<i>(O/STDEV)</i>	
Service Quality (X1)					
-> Customer Loyalty	0,046	0,042	0,024	1,896	0,058
Bank Image (X2)					
-> Customer Loyalty	0,933	0,936	0,028	32,755	0,000
Customer Satisfaction (X3)					
-> Customer Loyalty	0,045	0,043	0,024	1,858	0,064

Source: Primary Data (Questionnaire) Processed in 2022

Discussion

Based on the explanation above, service quality has a negative influence on the level of customer loyalty, some customers are still not satisfied with the quality of service provided by PT. BSI KC Dinoyo Malang, therefore from that onward to be supervised by the bank so that problems can be minimized. The relationship between service quality and customer loyalty.

The hypothesis in this study can be described as follows:

The Effect of Service Quality on Customer Loyalty

The results of the research above show that service quality does not affect customer loyalty so H1 is rejected. It can be seen from Table 11 that the quality of service to customer loyalty has an original sample (O) of 0.045, a T statistic of 1.896

(smaller than 1.96), and a P value of 0.056 (greater than 0.05) indicating that service quality is negative and not significant to customer loyalty at PT. BSI KC Dinoyo Malang. Several things make the service quality variable not affect customer loyalty based on observations in the field, most of the respondents are students who mostly come to the bank less than 5 times, and only use savings facilities to open accounts so they are less responsive to the services provided. Provided by PT.BSI KC Dinoyo Malang.

While on the effect of bank image on customer loyalty at PT.BSI KC Dinoyo Malang. With the bank's image in the eyes of its customers, it will create customer loyalty to PT. BSI KC Dinoyo Malang is getting higher. The relationship between bank image and customer loyalty the hypothesis in this study can be described as follows:

Effect of bank image on customer loyalty

The results of this study indicate that bank image has a positive effect on customer loyalty so H2 is accepted and H02 is rejected. It can be seen from Table 4.21 that the bank image on customer loyalty has an original sample (O) of 0.933, T statistic of 32.755 (> 1.96), and P values of 0.000 (< 0.05) which indicates that the bank image has a positive and significant effect on loyalty customers. Bank image is a perception of a bank that is reflected in the associations contained in the customer's memory. Bank image describes the overall impression made by the public about the bank and its products. Based on the results of the respondents' answers, it can be concluded that the image of PT. BSI KC Dinoyo Malang in the eyes of its customers will create customer loyalty to PT. BSI KC Dinoyo Malang is getting higher. This can be seen from the answers of respondents who are in the "agree" category. In this case, the customer thinks that PT. BSI KC Dinoyo Malang is well-known, stable, reliable, and trustworthy. Furthermore, it can increase customer loyalty.

Meanwhile, the influence of customer satisfaction on customer loyalty, namely the number of product variations according to needs, has a high influence on customer satisfaction. Relationship of customer satisfaction to customer loyalty. The hypothesis in this study can be described as follows:

The Effect of Customer Satisfaction on Customer Loyalty

The results of this study indicate that customer satisfaction has no positive effect on customer loyalty so H3 is rejected and H03 is accepted. It can be seen from Table 4.21 that customer satisfaction with customer loyalty has an original sample (O) of 0.933, T statistic 1.858 (< 1.96), and P values 0.064 (> 0.05) indicating that customer satisfaction is negative and not significant to loyalty customers. Several things make the variable customer satisfaction not affect customer loyalty. If we observe from the questions in the questionnaire, some respondents come only to use savings products, and some customers come only < 5 , which means the respondents only come to visit PT. BSI KC Dinoyo Malang only once or twice, so some of the respondents or customers of PT. BSI KC Dinoyo Malang did not know about the bank's products. In

this case, it could be that the respondent is not very satisfied so the respondent does not understand the products available at bank PT. BSI KC Dinoyo Malang.

Discussion

Service quality is important in creating customer loyalty. Customers can be loyal if they customer is very comfortable if the quality of service provided by PT BSI Dinoyo Malang Branch Office can meet its customers; if the customer is satisfied, the better the bank's image will make customers more loyal. Based on the analysis and discussion of this study, bank image variables have a positive effect on customer loyalty. In contrast, service quality and customer satisfaction variables hurt customer loyalty.

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