

## 2 YEARS AFTER MERGERS: SERVICE QUALITY, CUSTOMER SATISFACTION, AND CUSTOMER LOYALTY OF BANK SYARIAH INDONESIA

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### **Abstract**

*After going through the transition period until the second year, Bank Syariah Indonesia has some tasks to be carried out after mergers with three established Sharia banks that have different sectors and backgrounds of customers, making it somewhat challenging for Bank Syariah Indonesia to maintain service quality, satisfaction, and loyalty from customers of the three previous banks. This study is quantitative research; data from distributed questionnaires online to Bank Syariah Indonesia customers that have used Bank Mandiri Syariah, Bank BRI Syariah, or Bank BNI Syariah and have used Bank Syariah Indonesia for two years yielded 206 answers. The data analysis technique is SEM PLS with SmartPLS 4.0. From this study, we find a significant relationship between Service Quality with Customer Loyalty, Customer Satisfaction with Customer Loyalty, Service Quality with Customer Satisfaction, and Service Quality with Customer Loyalty through the intervention of Customer Satisfaction. Concluded that customers agree that they are still receiving service quality and satisfaction with Bank Syariah Indonesia compared with three previous banks and agree that they will give their loyalty to Bank Syariah Indonesia, and from this study, find some suggestions for bank managers to improve employee expertise in exploring a banking product as well as their expertise in seeing the gap between customer wants and needs according to customer background. By understanding customers better, the best service quality will be created and suitable for each customer.*

**Keywords:** *Mergers, Bank Syariah Indonesia, Service Quality, Customer Satisfaction, Customer Loyalty*

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## Introduction

A merger or combination of two or more companies to become one body or name (Wiyono, 2021) is an activity that occurs due to some purpose, but the main purpose is aimed at making the company bigger than before. The mergers of the three Sharia banks in Indonesia are a government initiation that is supported by the Indonesian President. This starts with the government's commitment to make Indonesia "The Center of Sharia Economic Activity" in 2024 because the ranking of Indonesia rose from ninth in 2014 to fourth in the world, and some potential, like the fact that 87 percent of Indonesians are Muslim, make the president reinforce that initiation. To lead in that direction, it needs a Sharia bank that has large and well-established assets, thereby creating freedom of access and becoming a foothold in these Sharia economics activities.

PT Bank Syariah Indonesia Tbk (BSI) is a Sharia bank that was established by a merger activity between the three existing Sharia banks: PT Bank Syariah Mandiri Tbk, PT Bank BRI Syariah Tbk, and PT Bank BNI Syariah Tbk. Because of the merger activity, there has been a combination of the branch offices and employees of the three banks into one; as of November 1, 2021, there were 1.244 branch offices and sub-branch offices and 19.449 employees. Besides the combination of all branches and employees, three different customers combined into one from BSM, BRIS, and BNIS. Faced with all of the changes from bank systems to bank services, it is not wrong that the three different customers will adapt to become PT Bank Syariah Indonesia Tbk customers.

Merger activity from the three sharia banks makes PT Bank Syariah Indonesia Tbk, as of November 1, 2021, number seven among commercial banks in Indonesia based on asset size, with a total of Rp265 trillion (rupiah), and because of that BSI has 38.24% market share, the rest are another sharia banks in Indonesia. 38.24% market share consists of customers from the previous three banks who had to adapt to a new system and practice from BSI, this is a challenge for BSI that has to maintain excellent service quality from previous banks or make it better than before, so it can impact customer satisfaction, and the last attract new customers or maintains customer loyalty from better service quality and customer satisfaction, which becomes very important for banking market and business activities.

Customer satisfaction that comes from good service quality is key to making a company live and develop, customer satisfaction is an important thing for maintaining customer loyalty (Indiani, et al. 2021), because a loyal customer is a customer that will always choose the services of a bank to fulfill their banking activity needs and wants, or even tell other people about good services quality at a bank (Manyanga, et al. 2022), which will expand bank market share and be cheap promotional ways. Customer Satisfaction is a state of balance between the service performance that the customer received and the service performance that the customer wanted. Customer Satisfaction is an assessment from the customer about the product and services that they received. Indiani, et al. (2021) mention that customer satisfaction is an important factor that forms customer loyalty, which is shown by the high commitment from the customer.

Boonlertvanich K. (2019) discovered that satisfaction is the key to banking customer loyalty among high-income customers.

Loyalty is an important thing right now because Sharia Bank is not only competing with other banks but in the development of technology, some platforms provided loans of funds and other bank needs and products, like The Financial Technology Platform and Online Loans (*Pinjaman Online*). Online platforms can fulfill banks' product needs, but they are different from banks because banks can give direct services to customers. This can be an opportunity for banks to give the best services, which can give satisfaction and then make customers loyal to the bank.

Service quality defined by Pasuraman, et al. (1985) at Indiani, et al. (2021) is a result of a comparison between the service that customers wish for and the service that they receive. When the actual service quality that customers receive is higher than what they wish for, it can be called "high service quality" and vice versa. Boonlertvanich K. (2019) finds that service quality is influential on customer satisfaction, which is the key to customer loyalty.

Some studies and previous research have discussed the relationship between customer satisfaction and service quality with customer loyalty but found different relationships, Indiani, et al. (2021) find a significant relationship between customer satisfaction and service quality, and a relationship both with customer loyalty, while Aisyah M. (2018) find that service quality significantly affects customer satisfaction, but service quality through customer satisfaction does not affect customer loyalty, as well as customer satisfaction also does not affect customer loyalty which means this finding is contrary to Indiani, et al. (2021), similar findings Razak A, et al. (2016) that customer satisfaction does not affect customer loyalty. A study by Manyanga, et al. (2022) found that customer satisfaction, customer experience, and word-of-mouth intention have positive and significant relationships with customer loyalty. Fianto, et al. (2020) did research on BUMN Sharia banks (state-owned) and private Sharia banks and found that service quality has a positive and significant relationship with customer loyalty for both Sharia banks, likewise, customer satisfaction has a positive and significant relationship with customer loyalty for both sharia banks. This research also found that customer satisfaction is a variable that can influence the relationship between service quality with customer loyalty for both Sharia banks. Asnawi Nur, et al. (2020) find that all hypotheses that have been tested have a positive and significant relationship, so improvement in service quality in Islamic banks will positively increase customer satisfaction and customer loyalty, then increasing satisfaction through customer satisfaction will positively improve customer loyalty. The last intervention variable that has been tested finds that relationship between service quality and customer loyalty can be intervened by customer satisfaction.

Some of the previous research found inconsistent findings in the relationship between customer satisfaction and customer loyalty; Aisyah M. (2018) and Razak A, et al. (2021) found an insignificant relationship, while Indiani, et al. (2021) found a significant one. Mediation or intervention from customer satisfaction between service quality and customer loyalty relationship found inconsistent findings; Asnawi Nur, et

al. (2020) found a relationship, while Aisyah M. (2018) found the opposite result. Aisyah M. (2018) found that customer satisfaction cannot intervene in the relationship between service quality and customer loyalty, while Asnawi Nur, et al. (2020) and Fianto, et al. (2020) find the opposite: that customer satisfaction can be an intervention between service quality and customer loyalty.

For some of the different findings from previous research, this paper will be doing research with customers of Bank Syariah Indonesia, an ex-customer of Bank Mandiri Syariah, Bank BRI Syariah, and Bank BNI Syariah. Background of the customers: customers from merged banks and being new customers for two years, will be tested for the relationship between service quality and customer loyalty, customer satisfaction and customer loyalty, and service quality and customer loyalty through customer satisfaction as an intervention, so the purpose of this study is to found an answer about whether customers that using Bank Syariah Indonesia for two years still received good service quality and customer satisfaction and are still loyal if it compares with three previous banks that they have to use before, the other purpose is to find elements that are lacking in service quality and burdens for satisfaction and loyalty.

## Literature Review

### 1.1. Service Quality

Service quality is an abstract thing, not intangible like stuff, and tends to be difficult to measure. Pasuraman (1988) defines service quality as the result of a comparison between the service customers wish for and the actual service they receive. Good service quality is when the actual service that customers receive is more than they expected, while poor service quality is when the service that customers receive is less than what they expected.

Asnawi Nur, et al. (2020) interpret service quality as a Sharia bank's ability to provide products and services to customers' needs or exceed their needs.

So, it can be concluded that service quality is an act of service that is provided that is on par with or exceed customers' expectations about the professional services that they will get. Service quality refers to maximum service, best service, and making customers satisfied.

### 1.2. Customer Satisfaction

Customer satisfaction is an important indicator in assessing the performance of a company because customer satisfaction is related to how customers deal with or take actions for the company that correlate with advantages and value for the company in the future (Anderson, et al. 1998).

According to Indiani, et al. (2021), customer satisfaction is the consumer assessment of services and products with the result of a response to the balance between the service performance that was received and the service that was wished

for. Customer satisfaction is a reason for consumers to stay with a bank and not switch to another bank.

Customer Satisfaction is a determinant of banks' increasing value to consumers, which will be accumulated to be a determinant of loyalty and help banks be more competitive (Aisyah M. 2018).

It can be concluded that satisfaction by customers is a form of action from customers to the company for things that the company gives to customers, like good services, good products, and other things that give satisfaction to customers.

### ***1.3 Customer Loyalty***

Customer loyalty is the customer's commitment to repurchase products or services with the same brand consistently in the future and not be unaffiliated with other brands (Oliver 1998 on Oliver 1999).

Customer loyalty is an important indicator of the success and continuity of a company through a long-term relationship that exists between the company and its customers, which makes the company more profitable because it is easier and cheaper to sell to loyal customers than to use new selling strategies to attract new consumers (Kartika, et al. 2019).

From the meaning above, it can be understood that customer loyalty is loyalty to still using products or services from a brand, even if there are better offers from other brands. In short, customers who have loyalty to a brand will always repurchase that brand and never switch to another.

### **Research Methods**

The Research approach is a quantitative method. According to Sugiyono (2013:7), the quantitative research method is a research method based on the philosophy of positivism which views a phenomenon as having a causal relationship and being causal. The quantitative research approach is deductive which brings general discussion to a specific discussion, to answer the stated problem formulation, an existing theory is used to then be determined a hypothesis that will be tested with the collection of available data in the field, data collection is used research instruments after the data is collected it will be analyzed quantitatively using descriptive statistics, then the result of the analysis will be concluded to prove the hypothesis that has been determined, proven appropriate or not appropriate (Sugiyono, 2013:3)

An exogenous variable, or independent variable, is a variable that is a stimulus to other variables, which exogenous variable can measure, manipulate, or choose to determine the relationship with the observed (Sarwono, 2006:54). This variable is symbolized by "X", and in this paper, the variable is service quality. An intervention variable, or intermediate variable, according to Sarwono (2006:57), is a variable that has a hypothetical nature, meaning that it concretely does not seem to have an effect

but in theory can affect exogenous and endogenous variables. That variable is symbolized by "Z," and in this paper, that variable is customer satisfaction. According to Sarwono (2006:54), the dependent variable gives a reaction because it is connected to the independent variable, which then will be measured to find the magnitude of the relationship with the independent variable (Sarwono, 2006:55). This variable is symbolized by "Y" and on this paper that variable is customer loyalty.

The population of this study is customers of Indonesian Sharia banks; the sample is customers of Bank Syariah Indonesia who were previously customers of Bank Mandiri Syariah, Bank BRI Syariah, and Bank BNI Syariah. In sampling, use nonprobability sampling with purposive sampling, which does not give the same opportunity to everyone in the population to be a sample candidate.

According to Hair, et al. (2017), the minimum sample size for this study according to research using the SEM PLS method for technical analysis is the sum of the highest number of arrows that enter the endogenous latent variable multiplied by 10 and the results are 30 samples, for the minimum sample size for this study.

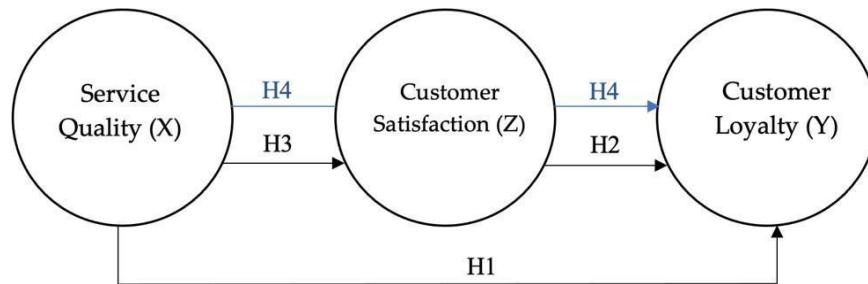
The questionnaire will be distributed online via social media. In this study using SEM-PLS (Structural Equation Model-Partial Least Square), SEM is a data analytical technique that can analyze some variables because it includes multivariate analysis (Hair, et al. 2014:2), while PLS is an SEM technique based on an iterative approach that maximizes the variance explained by the construction of the endogenous variable (Fornell and Bookstein, 1982 on Hair, et al. 2014). For analytic statistics, this study used SmartPLS software with version 4.0.

In the use of SEM-PLS techniques, three steps must be faced. As quoted in Hair, et al. (2014), those three steps are model estimation, outer model evaluation, and inner model evaluation.

1. Model estimation: is a process that explains the outer and inner models. The outer model shows a relationship between the latent variable and the indicator variable (reflecting the latent variable), while the inner model shows a relationship between one latent variable and another latent variable. In this study, there is an intervention variable that will be tested to see if it has an impact on the relationship between latent variables.
2. Outer model evaluation: is a validity and reliability assessment process based on all of the available constructs (indicator variables), where that construct is a reflection of a latent variable that can be measured and can be represented by that latent variable.
3. Inner model evaluation: is an assessment process for relationships between latent variables that reflect the hypotheses of the research. Measures from the inner model can be seen in the values of the original sample, P-Value, and R-Square. There is an additional test in the form of "special indirect effects" to determine the relationship between service quality and customer loyalty.

## Hypothesis

- H1: "There is an influence between Service Quality and Customer Loyalty"  
 H2: "There is an influence between Customer Satisfaction and Customer Loyalty"  
 H3: "There is an influence between Service Quality and Customer Satisfaction"  
 H4: "There is an influence between Service Quality and Customer Loyalty through Customer Satisfaction"



Picture 1 Empirical Model

## Finding and Analysis

### 1.1. Respondent Results

Overall, we received 206 respondents, but 3 of them do not fit the criteria and cannot continue fulfilling the questionnaire, and 2 respondents are out of the analysis because they are not eligible to be a questionnaire respondent, so the total number of respondents that will be processed is 201.

Table 1. Respondent Results

Characteristics	Category	Frequency	Percentage
Age	17-20 years	16	8%
	20-30 years	150	75%
	31-40 years	28	14%
	41-50 years	5	2%
	>50 years	2	1%
	<b>Totals</b>		<b>201</b>
Gender	Male	54	27%
	Female	147	73%
	<b>Totals</b>	<b>201</b>	<b>100%</b>
Education	<High School	1	0,4%
	High School	15	7,4%
	Diploma	17	8,4%
	Bachelor	153	76%
	Master (S2) etc.	15	7,4%
	<b>Totals</b>	<b>201</b>	<b>100%</b>
Income (Monthly)	< Rp 2.500.000	131	65%
	Rp 2.500.000 – Rp 7.500.000	59	29%
	Rp 7.500.000 –	7	3%

	Rp 15.000.000		
	>Rp 15.000.000	4	2%
	<b>Total</b>	<b>201</b>	<b>100%</b>

In Table 1, there are 201 respondents; the highest number of respondents are ages 20–30; there are 150 respondents, with 75% of all respondents. For gender, the highest number is women; there are 147 respondents or 73%. For education, most are bachelors, with a total of 153 respondents, or 76% of all respondents. For income, the highest number is income below Rp2.500.000 with 131 respondents, representing 65% of all respondents.

## 1.2. Estimation Results and Hypothesis Testing

### 1.2.1 Outer Model Evaluation

Outer model measurement is an evaluation of the reliability and validity of the construct that will be used. This step is the first step that is used for the next step, which is inner model measurement. In the next step, the construct will be ensured to be accurate and can be represented by the latent variables (Hair, et al. 2014).

#### A. Convergent Validity Test

The convergence validity test is a test to find out whether the extent of the relationship between indicators with available constructs in every variable is valid or not (Hair, et al. 2014:102). Validity convergent test using the value of Outer Loadings with a range of 0,70 and an Average Variance Extracted (AVE) value of 0,50 or above (Hair, et al. 2014). The higher Outer Loadings value indicates that the indicators have a lot of similarities that are captured by the construct for the variable tested.

**Table 2.** *Outer Loadings Value*

Variable	Indicators	Loading Factor	Results
Service Quality	X.1	0,774	Valid
	X.2	0,739	Valid
	X.3	0,747	Valid
	X.4	0,781	Valid
	X.5	0,791	Valid
	X.6	0,773	Valid
	X.7	0,776	Valid
Customer Satisfaction	Z.1	0,862	Valid
	Z.2	0,854	Valid
	Z.3	0,915	Valid
	Z.4	0,837	Valid
	Z.5	0,883	Valid
Customer Loyalty	Y.1	0,836	Valid
	Y.2	0,868	Valid



	Y.3	0,873	Valid
	Y.4	0,862	Valid
	Y.5	0,810	Valid
Intervention Effect	Z Intervention	1,000	Valid

From the results, the Outer Loadings value showed overall validity, which indicated that a further test could be done because the value of Outer Loadings met the requirement.

**B. Validity Test: Average Variance Extracted (AVE)**

AVE or Variance Extracted is the value that is needed for the assessment of validity in a convergent test. AVE is known as a value that, on average, explains how many latent variables or constructs can describe the variables of every indicator. The accepted AVE value is 0,50 or above (Hair, et al. 2014:103) value greater than 0,50 is better because it shows that latent variables or constructs can interpret half or more variants from every indicator.

**Table 3.** AVE Result

Variables	AVE	Results
X Service Quality	0,591	Valid
Z Customer Satisfaction	0,758	Valid
Y Customer Loyalty	0,723	Valid

From the processing result, the AVE value from the three variables is valid because it has a value greater than 0,50. This means that variables or constructs from the three can absorb information from every indicator that variables have more than 50 percent or a half.

**C. Reliability Test**

A reliability test is a test to determine how reliable a construct is based on every variable. A reliable test can be seen using Cronbach's Alpha value or composite reliability. Because of some limitations on Cronbach Alpha, it is suggested to use composite reliability with an accepted value between 0,60 and 0,70, according to Hair, et al. (2014:102), Values above 0.60 are rejected because they show less reliability.

**Table 4.** Composite Reliability Results

Variable	Composite Reliability
X Service Quality	0,910
Z Customer Satisfaction	0,929
Y Customer Loyalty	0,940

From the processing results, the composite reliability value is above 0,70, which means that the three variables have internal consistency that can be used for the measurement of latent variables or constructs and is considered reliable.

**D. Discriminant Validity Test**

A discriminant validity test is a test to know how far every construct is different from other constructs, so every construct can have a unique and capture different phenomena according to every variable (Hair, et al. 2014:105). One of the methods that can be used for assessing discriminant validity is to see the cross-loading value of every variable that has a bigger value for itself than other variables' values to them.

**Table 5. Cross Loadings Value**

Indicators	X Service Quality	Z Customer Satisfaction	Y Customer Loyalty	Moderation Effect on Customer Satisfaction
X.1	<b>0,774</b>	0,576	0,512	0,014
X.2	<b>0,739</b>	0,652	0,444	0,035
X.3	<b>0,747</b>	0,552	0,526	0,068
X.4	<b>0,781</b>	0,571	0,525	0,091
X.5	<b>0,791</b>	0,601	0,462	0,076
X.6	<b>0,773</b>	0,599	0,456	0,116
X.7	<b>0,776</b>	0,595	0,529	0,146
Z.1	0,674	<b>0,862</b>	0,566	-0,031
Z.2	0,657	<b>0,854</b>	0,454	0,089
Z.3	0,673	<b>0,915</b>	0,520	0,009
Z.4	0,650	<b>0,837</b>	0,490	0,134
Z.5	0,698	<b>0,883</b>	0,601	0,011
Y.1	0,554	0,513	<b>0,836</b>	0,021
Y.2	0,564	0,585	<b>0,868</b>	-0,058
Y.3	0,560	0,486	<b>0,873</b>	-0,006
Y.4	0,537	0,516	<b>0,862</b>	-0,051
Y.5	0,513	0,476	<b>0,810</b>	-0,039
<b>Z.Intervention</b>	0,102	0,046	-0,031	<b>1,000</b>

From the processing results, it can be known that the cross-loading value of every construct shows a bigger value of theirs than others' to theirs, so it can be stated that every construct has a good discriminant value.

### 1.2.2 Inner Model Evaluation

Evaluation of inner models, also known as model structural evaluation, is a measurement using known relationships between latent variables and relationships between constructs. Inner Model Evaluation can be seen in the Original Sample Value, P Value, dan R-Square value.

#### A. R-Square

R-Square, or analysis of the coefficient of determination according to Hair, et al. (2014:174) is a predictive accuracy measure from a model that is the squared correlation between the actual value and the predicted value of the construct on a particular endogenous variable. The R-Square value shows a combined effect from the independent variable to the dependent variable.

**Table 6.** *R-Square Value*

<b>Endogenous Variable or Dependent Variable</b>	<b>R-Square</b>
Z Customer Satisfaction	0,592
Y Customer Loyalty	0,443

From processing results, the R-Square from the Customer Satisfaction Variable is 0,592, or 59%, which means that the variant from the Customer Satisfaction Variable can be explained by the Service Quality Variable as much as 59%, while the rest is explained by other variables. As well, the R-Square value of Customer Loyalty is 0,443, or 44%, so it can be interpreted that the variant of the Customer Loyalty variable can explain by Service Quality as much as 44%. According to Hair, et al. (2014:175), an R-Square value above 0,20 is considered a high value for assessing the results of consumer behaviors studies like customer satisfaction and customer loyalty, so the results are considered good.

#### B. Path Coefficient Estimation and Special Indirect Effect

The path coefficient is a measurement to determine the relationship between latent variables or between every variable. For significance testing or the relationship between variables, we can use the T statistic value, which is the value of the t-value greater than the value of the t-table (1,96) or the value of the P-value less than 0,05, or significance 5%. On the SmartPLS software, those results can be known after calculations using bootstrapping. While Special Indirect Effects is a testing method that is used to see relationships between endogenous variables and exogenous variables

through the third construct (the moderation variable) from the research method that will be researched (Hair, et al. 2014:240).

**Table 7.** Path Coefficient Value

Variable	Original Sample (O)	T Statistic ( O/STDEV )	P Values	Results
X Service Quality > Y Customer Loyalty	0,443	4,689	0,000	Significant
X Service Quality -> Z Customer Satisfaction	0,771	24,488	0,000	Significant
Z Customer Satisfaction -> Y Customer Loyalty	0,270	2,558	0,011	Significant

**Table 8.** Special Indirect Effect

Variable	Original Sample (O)	T Statistic ( O/STDEV )	P-Values	Results
X Service Quality -> Z Customer Satisfaction -> Y Customer Loyalty	0,208	2,505	0,012	Significant

From the results of Path Coefficient and Special Indirect Effect can be concluded that,

1. Hypothesis One: "There is an influence between Service Quality and Customer Loyalty" accepted. Path Coefficient results show a positive and significant relationship between Service Quality and Customer Loyalty, This is indicated by Original Sample Value being positive (0,443), the T statistic being greater than T Table 1,96 (4,689), dan P-Value less than the significance value 0,05 (0,000). So in this study, conclude that Service Quality at Bank Syariah Indonesia and the third previous bank has a positive and significant relationship with customer loyalty. Service Quality that BSI and the third previous bank can increase their customers' loyalty levels, it can be said that the customers of the third previous bank have been loyal to the third previous bank and the bank that they use now (BSI) because of the service quality that they received, which proved willingness from

customers to do changes after mergers and adapt to a new merger bank and always use their services. From that, it can be said the customers have felt a good service and are proven to be using the service continuously, like what Indiani, et al. (2021) said from their findings. Indiani also mentioned that Service Quality is an important antecedent and a trigger for Customer Loyalty. Aisyah M. (2018) agrees that with a high level of Service Quality, customers will tend to increase the level of service usage to meet their needs, and the next stage will increase their loyalty.

This study finds that from service quality, BSI customers and the three previous bank customers agree that the best service quality that they have received is from employee services, customers are even willing to give BSI and the third previous bank's employees a sense of trust because indicators that mention it have a higher score, followed by indicators that mention security transactions and employee willingness to provide excellent services. Some previous studies have the same finding, like Badara, et al. (2013) on Asnawi et, al. (2019) find that one aspect of increased loyalty to Islamic banks in Nigeria is good and responsive employee services.

This study supports some previous findings that a higher quality of service will increase customer loyalty, like Indiani, et al. (2021). Boonlertvanich K. (2019), Aisyah M. (2018), and Asnawi Nur dkk. (2019), but contrary to their findings, Fianto, et al. (2020) finds that there is no relationship between Islamic Bank Service Quality and Customer Loyalty. This study concludes that Service Quality influences Customer Loyalty in a positive and significant relationship.

2. Hypothesis Two: "There is an influence between Customer Satisfaction and Customer Loyalty" accepted. Path Coefficient results show a positive and significant relationship between Customer Satisfaction and Customer Loyalty, This is indicated by Original Sample Value being positive (0,270), the T statistic being greater than T Table 1,96 (2,558), dan P-Value less than the significance value 0,05 (0,011). So in this study, conclude that Customer Satisfaction at Bank Syariah Indonesia and the third previous bank has a positive and significant relationship with customer loyalty. It can be said that BSI and the third previous bank customers have the satisfaction that drives them to continue using the services of the third previous bank until now, when they changed to BSI, followed by satisfaction received because of the quality of service. Indiani, et al. (2021) mean that customer satisfaction is a custom assessment of the service that

the customer received, whether it meets, exceeds, or even falls short of their expectations.

This study's construct about customer satisfaction finds that BSI and the third previous bank customers agree that they have received overall satisfaction on service by the employee, product quality, satisfaction after the transaction, and satisfaction on the relationship between customer and bank, this indicates that Bank Syariah Indonesia succeeded in providing approaches and treatment to customers for adapting time about employee service, product, and system on the transaction from previous banks, so customers succeeded on adapting period and in the end moved their loyalty to Bank Syariah Indonesia. This is very important because customer satisfaction has an important role in increasing customer loyalty which then influences optimal performance in banking (Indiani, et al. 2021) and the sustainability of Bank Syariah Indonesia as a bank resulting from merger activity.

Previous studies found similar results: there is a positive and significant relationship between Customer Satisfaction and Customer Loyalty, like Indiani, et al. (2021), Fianto, et al. (2020), and Asnawi Nur, et al. (2019), and Manyanga, et al. (2022), but Aisyah M. (2018) found that Customer Satisfaction does not affect customer loyalty saying that the satisfaction level of Bank Syariah Indonesia customers is not high enough to develop their loyalty. It was concluded that this study found that customer satisfaction affects customer loyalty in a positive and significant relationship.

3. Hypothesis Tree: "There is an influence between Service Quality and Customer Satisfaction" accepted. Path Coefficient results show a positive and significant relationship between Service Quality and Customer satisfaction, this is indicated by Original Sample Value being positive (0,771), the T statistic being greater than T Table 1,96 (24,488), dan P-Value less than the significance value 0,05 (0,000). So this study, concludes that Service Quality at Bank Syariah Indonesia and the third previous bank has a positive and significant relationship with customer satisfaction. It can be said that Bank Syariah Indonesia and the three previous bank customers have the satisfaction that comes from the service quality that they received, because according to Indiani et al. (2021), a high level of service quality significantly created customer satisfaction, so when service quality is improved, consumer loyalty will also increase.

On this study's construct on service quality and customer satisfaction, both get agree to answers about how service quality,

especially about service from employees that meets customers' needs, is in line with Fianto, et al. (2020) mention that employee ability to give a solution from services to a customer's problem makes customers feel more satisfied. So it can be captured that Bank Syariah Indonesia and the third previous bank customer agree that how service quality at the bank correlates with how satisfaction will grow, and that it is a good service quality and service that meet customers' expectations that will grow customer satisfaction (Aisyah M. 2018)

Some previous research has found a relationship between service quality and customer satisfaction, like Indiani et al. (2021) and Fianto et al. (2020) which found that service quality affects customer satisfaction for each bank, BUMN sharia banks (state-owned) and private sharia banks that were used as study objects. Aisyah M. (2020) finds a similar relationship in which Islamic service quality influences customer loyalty significantly, and Asnawi Nur et al. (2019) also finds a similar relationship. It was concluded that this study contributed to the finding of a positive and significant relationship between Service Quality and Customer Satisfaction.

4. Hypothesis Four: "There is an influence between Service Quality and Customer Loyalty through Customer Satisfaction" accepted. Customer Satisfaction as an intervention variable that mediates the relationship between service quality and Customer Loyalty seen on Special Indirect Effect, Path Coefficient value shows a positive and significant relationship, with Original Sample value (0,208), T Value more than T Table 1,96 (2,505), and P-Value less than significance 0,005 (0,012). So, this study captured that the relationship between service quality to customer loyalty has positive and significant through customer satisfaction, which is a variable of customer satisfaction that could be an intervention or moderate relationship between service quality and customer loyalty, or it can say there is a positive and significant relationship between service quality that customers receive to customer loyalty that customer have through customer satisfaction as a mediate variable between them.

Service quality, customer satisfaction, and customer loyalty are variables that are actually interconnected because, from the beginning, creating good service quality will bring satisfaction, and if service quality and customer satisfaction are maintained well, it will make customers loyal. Boonletvanich K. (2019) states that currently the pattern of service quality in banking is comprehensively aimed at increasing customer loyalty, where achieving loyalty is difficult if customers do not have several things that support them, like customer satisfaction, which can be the first link between service quality and customer loyalty. In this study, constructs from three

variables can be connected with constructs that discuss services in banking because, on every construct from three variables, there's a point that mentions services.

Results from this study about the relationship between service quality and customer loyalty through customer satisfaction are in line with previous studies like Fianto et al. (2020) find that customer satisfaction is a moderating variable in the relationship between service quality and customer loyalty in BUMN Sharia banks (state-owned) and private sharia banks. Asnawi Nur et al. (2019) find that Muslim customer service quality has a positive and significant relationship with Muslim customer loyalty through Muslim customer satisfaction. But there is the opposite finding Aisyah M. (2018) finds that customer satisfaction is not a variable that can be a link for a relationship between service quality and customer loyalty. It can be concluded that this research contributed to the finding of a positive and significant relationship between service quality and customer loyalty through the intervention variable of customer satisfaction.

## Conclusion

The findings of the relationship for service quality, customer satisfaction, and customer loyalty with path analysis, and the relationship between service quality and customer loyalty through customer satisfaction with Special Indirect Effect, on the customers of Bank Syariah Indonesia ex-customers of three banks before mergers activity, Bank Mandiri Syariah, Bank BRI Syariah, and Bank BNI Syariah concluded that,

- Service quality has a positive and significant effect on customer loyalty for Bank Syariah Indonesia and the third previous Sharia bank customers with a positive Original Sample value of 0,443, T Statistic Value of 4,689, and P Value of 0,000.
- Customer Satisfaction has a positive and significant effect on customer loyalty for Bank Syariah Indonesia and the third previous Sharia bank customers with a positive Original Sample value of 0,270, T Statistic Value of 2,558, and P Value of 0,011.
- Service quality has a positive and significant effect on customer satisfaction for Bank Syariah Indonesia and the third previous Sharia bank customers with a positive Original Sample value of 0,771, T Statistic Value of 24,488, and P Value of 0,000.
- Service quality has a positive and significant effect on customer loyalty through customer satisfaction for Bank Syariah Indonesia and the third previous Sharia bank customers in Special Indirect Effect with a positive Original Sample value of 0,208, T Statistic Value of 2,505, and P-Value 0,012.



- Additional conclusions: Based on the results of a questionnaire, it can be concluded that Bank Syariah Indonesia is able to maintain quality of service, customer satisfaction, and customer loyalty for customers who have switched from the previous three Islamic banks, as proven by their willingness to go through the transition period and still use Bank Syariah Indonesia today. The overall mean value of respondent answers is represented by the word "agree" for the three available constructs.

Empirical results from this study that can be implemented as a correction with Bank Syariah Indonesia management to make customers more satisfied and loyal from service quality is from the lowest mean value by the construct of Service Quality with a total mean of 3,91 (compared with the highest ones 4,23), talking about "Bank Syariah Indonesia employee that understanding customer needs and wants", its mean that customers' needs more approach and understanding from Bank Syariah Indonesia employee to better understood through providing the most appropriate advice or actions according to the customer needs and wants, this can be done by strengthening employees' understanding of the products and services that Islamic banking can provide to customers so that employees will better understand the small gaps between customer needs and desires that are most appropriate and meet customer expectations by submitting recommendations to them. Then cross-selling can also be carried out in accordance with the needs and background of the customer because apart from being an opportunity for promotion, in cross-selling there is a moment of understanding and a more customer-centric approach. After all, the recommendations given come from different needs and backgrounds of customers. Another construct Customer Satisfaction with the lowest mean of 3.94 (compared with the highest one of 4,00) about "Customer Satisfaction about the relationship of customers and bank" in line with the indicator with the lowest score in the Service Quality construct that customers want a closer and intimate understanding and relationship with Bank Syariah Indonesia, because financial services are a form of fulfilling customer needs relating to savings or loans for individual customers, not a general topic that is easy to talk about to anyone, and they entrust a bank to meet those needs. There are practical steps that can be taken by banks; in this case, they can carry out strategies by always maintaining relationships with customers even though they have finished making transactions. This can be done by always keeping in touch with customers through sending messages or promotions regularly via customer email or WhatsApp, including a greeting to the customer, or it can be done by asking for regular feedback from the customer regarding services that the customer has received or related to products that the customer has used or has the potential to use. In a number of these ways, the bank will always maintain the relationship between the customer and the bank.

For future research, more or other variables can be added that may influence the loyalty levels of Sharia banking customers, like other variables that have to do with religiosity or business activity (like profit sharing rate).

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