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Loyalty towards Islamic banking: service quality, emotional or religious driven?

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Abstract

Purpose – This paper aims to integrate and examine three loyalty routes (i.e. service quality, emotional attachment and religiosity) in developing customer loyalty towards Islamic banking.

Design/methodology/approach – Data were collected from 412 Islamic bank customers from Indonesia. Variance-based structural equation modelling was applied to evaluate the association between service quality, emotional attachment, religiosity and customer loyalty.

Findings – This study reveals that customer loyalty is more driven by emotional attachment and religiosity rather than by perceived service quality. Although not directly affecting customer loyalty, service quality strengthens customer satisfaction towards Islamic banks.

Practical implications – This study provides an opportunity for Islamic bank managers to increase their customer loyalty through the development of emotional attachment and religiosity. To improve customer loyalty, this study suggests that Islamic banks have to provide prompt, accurate and non-personal service. It is also important for Islamic bank managers to keep the bank operation compliant with the *Sharia* law.

Originality/value – This study is the first attempt to assess the three loyalty routes simultaneously in influencing customer loyalty.

Keywords Islamic banking, Customer loyalty, Religiosity, Service quality, Customer satisfaction, Emotional attachment

Paper type Research paper

Introduction

The Islamic banking industry is appealing to Muslim customers to fulfil their banking services needs and their religious obligations (Muslim *et al.*, 2013). Based on the principles of sharing benefit and risk, Islamic banking is a dynamic industry in most countries whose population majority are Muslim (Abou-Youssef *et al.*, 2015). Further, it can potentially attract non-Muslim customers (Saleh *et al.*, 2017). However, Islamic banking, which has

developed recently, is perceived as less popular and less experienced than conventional banks (Nizar and Marzouki, 2015). Thus, for Islamic banks, developing customer loyalty is imperative as they could favourably impact on business outcomes such as deposit amount, cost of operation and future revenues (Saleh *et al.*, 2017; Suhartanto *et al.*, 2018b) and the banks' comparative advantages (Kandampully *et al.*, 2015).

A *plethora* of studies have examined customer loyalty and the debate is what drives customer loyalty (Huang, 2017). The literature on loyalty uncovers several pathways to develop customer loyalty. The first and most common route is the cognitive-rational approach based on a quality–satisfaction–loyalty model (Cronin *et al.*, 2000). The second route in developing customer loyalty is based on customer emotional bonding towards the brand transmitted from the relationship marketing model using attachment theory (Bretherton, 1985; Levy and Hino, 2016). In addition, recent studies have recognized religiosity as an important driver of customers' behaviour (Adnan *et al.*, 2013; Aysan *et al.*, 2018; Suhartanto *et al.*, 2018b; Wahyuni and Fitriani, 2017). Although past studies have highlighted the importance of these paths in developing customer loyalty, surprisingly, no studies have integrated these loyalty routes into a single model. Thus, it is unknown how these loyalty routes affect customer loyalty simultaneously. A study as such could potentially help business managers to develop effective strategies to create loyal customers.

Driven by these research gaps, this study integrates and examines three loyalty routes (service quality, emotional attachment and religiosity) in influencing customer loyalty towards Islamic banking in Indonesia. More specifically this study attempts to:

- assess the direct effect of service quality, emotional attachment and religiosity on customer loyalty; and
- examine the satisfaction mediation role on the linkage between loyalty drivers and customer loyalty in Islamic banking.

This study investigates the Indonesian Islamic banking for two reasons. First, Indonesian Islamic banking performance is relatively substandard, indicated by its small assets base (5 per cent of the nation's banking assets) and small market share (4.6 per cent), and since 2012, its growth has been stagnant as reported in Indonesia (2017) Central Bank Report. Second, as the most populous Muslim country with a huge middle class (Vujanovic and Dutu, 2015), Indonesia is an enormous potential market for Islamic banking. Thus, developing customer loyalty is imperative for Indonesian Islamic banks.

Conceptual review and hypotheses development
Customer loyalty
There are many definitions of loyalty and one of the most cited is Oliver's (1999, p. 34) definition of "a deeply held psychological commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same-brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour". This definition assumes that the loyal customer will repurchase in the future and withstands marketing efforts of competitors. However, studies on loyalty mainly use a behavioural and attitudinal approach. The behavioural approach theorizes loyalty as a behaviour, where a consumer is loyal if he or she systematically purchases a product or service within a certain period. In the banking context, behavioural loyalty is typically measured by the number of transactions and the length of the relationship (Bakar *et al.*, 2017; Hidayat *et al.*, 2015). However, the use of this method cannot differentiate a true loyal bank customer from consumers who consume for cost or convenience reasons. The second approach is attitudinal; that is, loyalty intention or

attitudinal loyalty. Although this approach allows researchers to uncover the strength of loyalty from very loyal to the very disloyal, the attitudinal approach has been criticized for lack of the predictive power of the actual behaviour. Considering the drawbacks of both loyalty approaches, scholars (Tang and Li, 2015; Wahyuni and Fitriani, 2017) have suggested a composite loyalty, consisting of both behavioural and attitudinal loyalty. This approach defines loyal customers as those who exhibit positive attitudes and behaviours towards the products or services. From a managerial perspective, the composite approach is useful as it can appropriately predict customer future behaviour. Following the loyalty definition, the following sub-sections discuss three routes of developing loyalty in the context of Islamic banks.

Service quality
Research in consumer behaviour suggests that consumers are rational decision makers (Solomon *et al.*, 2013). The basis of developing this rational argument is based on the classical economic theory, which considers the consumer as a logical person who behaves rationally in purchasing products or services (Elsäßer and Wirtz, 2017). In terms of loyalty behaviour, the rational route of customer loyalty towards a product or service is based on the loyalty definition of a lasting intention to maintain a mutual benefit relationship (Čater and Čater, 2009). This commitment consists of effective and calculative commitment. While affective commitment refers to emotion aspects, the calculative commitment is associated with rational calculation, which then becomes an instrumental reason for customer behaviour. The perceived relational benefit occurs when the customers receive value beyond the core product or service expected (Sweeney and Webb, 2002). Thus, relational benefits go beyond the conventional performance of the products and services that the customer is able to obtain from maintaining a long-term relationship with a service provider.

Recent development in branding research, Keller (2013) proposes a brand resonance model, which suggests that brand resonance, such as brand loyalty, can, ultimately, be achieved via the rational route, which includes performance (e.g. price, efficiency, durability and reliability) and judgement (e.g. quality and credibility) of the product or service. In the business-to-business context, Elsäßer and Wirtz (2017) maintain that there are three components to measure customers' rational decision, such as product quality, distribution quality and service quality. In their study, these factors significantly affect both satisfaction and loyalty. Bearing in mind the differences between the characteristic of services and tangible products, in the service context, Huang (2017) suggests that perceptions of service quality is a rational reason for the customer to be loyal. This discussion advocates that all of the constructs reflected in the rational route to loyalty such as product quality, service quality and distribution quality, are derived from the very complex dimension of perceived quality of brand equity framework (Elsäßer and Wirtz, 2017).

Perceived service quality has been discussed intensively in the banking industry. Perceived service quality denotes the consumers' overall assessment of the service performance (Zeithaml *et al.*, 1996). The core service of a bank is to provide banking service to their customers with an equitable share of return, arguably the quality of the bank's service is the rational consideration for a customer to be loyal towards the bank. Furthermore, the role of perceived service quality is incorporated with other marketing variables such as customer satisfaction and post-purchase behavioural intention in banking (Bakar *et al.*, 2017). Scholars (Bakar *et al.*, 2017; Saleh *et al.*, 2017) report that when bank consumers perceive high service quality, they tend to continue their relationship with the bank by remaining a client even if the service price increases. Finally, past empirical studies

(Bakar *et al.*, 2017; Kashif *et al.*, 2015) conclude that service quality is an imperative factor in developing brand loyalty. Thus, we hypothesized the following relationship:

H1. Service quality has a significant effect on the loyalty.

Emotional attachment

The current competitive business environment has changed the marketing orientation from transaction-based relationships to the creation and maintaining long-term relationships with customers (Levy and Hino, 2016). Relationship marketing *paradigm* seems to direct customers' attachment to brand emotion (Mattila, 2001; Morgan and Hunt, 1994). Shifting from transaction to relationship causes the firm marketing efforts to emphasize building customer trust, commitment and loyalty to developing long-term ties with customers. Considering the importance of emotional attachment, to build a relationship with its customers, banks currently invest enormous amount of resources, both financial and human resources to build a unique service value to create customers' long-term relationship (Levy and Hino, 2016; Mattila, 2001). This effort has facilitated the banks' brand to develop a robust emotional association with their customers. This emotional relationship goes beyond conventional service quality and could create emotional values of empathy, sympathy and affection towards a brand, which could help to create brand differentiation (Mattila, 2001).

Emotion is an important factor that motivates customers to select and relate to a particular service or product (Levy and Hino, 2016). Berry (2000) argues that the emotional association between a firm and its customers is shaped incrementally and influences their decision-making relating to a product or service. The literature has discussed and supported the probability that customers can create emotional bonds towards brands (Berry, 2000; Thomson *et al.*, 2005). The development of the emotional bond between a customer and a brand can be explained by Bowlby's attachment theory. Bowlby theory suggests that the emotional attachment intensity towards an object envisages the nature of a person's dealings with the object (Bretherton, 1985). This theory was originally used to explain the relationship between humans; however, past research studies suggest that consumers may ascribe human characteristics towards brands (Levy and Hino, 2016). In other words, based on the attachment theory, how customers develop a relationship with a brand is similar to how they relate to other people. Therefore, it makes sense that a customers' emotional attachment towards a certain brand can envisage his or her satisfaction and loyalty towards the brand (Thomson *et al.*, 2005).

Levy and Hino (2016) maintain that emotional attachment reflects a feeling or mental state associated with a brand. Berry (2000) suggests that successful brands make an emotional association with the targeted customers. These brands reach further than the simply rational level to trigger the feelings of imminence, fondness and trust. Thus, customers' emotional attachment is not the result of the relationship between the customers and the providers in the short-term but in the long-term. This attachment arises during the customer experience with the service and as a result of the firm's comprehensive marketing efforts (Levy and Hino, 2016). Services such as bank offerings are assumed to be emotionally evaluated by customers due to their intangible characteristic (Elsäßer and Wirtz, 2017). Thus, customers' emotional attachment has been identified as a significant aspect in customer assessment, customer satisfaction (Elsäßer and Wirtz, 2017; Thomson *et al.*, 2005) and customer loyalty (Levy and Hino, 2016). Accordingly, in the context of Islamic bank, we hypothesized the following relationship:

H2. Emotion attachment has a significant effect on the loyalty.

Religiosity factor

The terms "religiosity" and "religion" are often used interchangeably to define the same concept; that is an individual's veneration, devotion and conviction towards a divinity (Nizar and Marzouki, 2015). Religion denotes a structured order of beliefs, symbols and rituals to enable an individual closeness to God and as a guide for the individual relationship with others (Nizar and Marzouki, 2015). This definition notes that religion offers its followers a specific set of beliefs, rituals, values and community (Mathras *et al.*, 2016). In a similar vein, Kim Shyan *et al.* (2004) define religion as the ideals for life, reflecting in the follower's values and attitudes. Religiosity, on the other hand, indicates a person's degree of adherence to the religious practices in day-to-day living (Mansour and Diab, 2016). In a similar manner, McDaniel and Burnett (1990) maintain religiosity as faith in God with the allegiance to comply with the rules set by God. These definitions imply that religiosity is an indication of ones' derivative towards his or her religion. The personal commitment to comply with the divine rule could affect not only his or her personal social communication but also in making decisions on selecting and consuming the product and service (Mathras *et al.*, 2016).

The discussion on the definition of religiosity strongly relates to customers' attitude. Fishbein and Ajzen (2010) maintain that attitude is the amount of affection for or against an object. The authors argue that belief represents the information an individual has about an object. A person's beliefs are likely to be strongly related to his/her religion, either by direct effect, via sacred texts or by indirect effect through individual culture (Nizar and Marzouki, 2015). Thus, we can conclude that both customer attitude and behaviour is associated with religion. Supporting this view, Tang and Li (2015) maintain that it is the religious identity that a person has that influences his/her behaviour and his/her attitude. If individuals perceive the Islamic bank's services reflect *Sharia* or Islamic values, their attitude will be favourable towards the Islamic bank. Support for this perception is found in empirical studies that have associated religiosity on loyalty in the Chinese market specifying that there is a positive relationship between these variables across various products (Tang and Li, 2015). The impact of religiosity on attitude towards Islamic banking is also reported in past studies (Abou-Youssef *et al.*, 2015; Nizar and Marzouki, 2015; Suhartanto *et al.*, 2018b) and on consumer behaviour of various products in Malaysia (Alam *et al.*, 2011). Thus, in the context of customer loyalty towards Islamic banks, we hypothesized the following relationship:

H3. Religiosity has a positive and direct effect on customer loyalty.

Mediation role of customer satisfaction

Satisfaction is a feeling of pleasure when customers' expectation is met by the performance of the product or service (Suhartanto *et al.*, 2018a). Satisfaction as a consequence of the disconfirmation of expectations is termed evaluative satisfaction, whereas satisfaction as a result of non-rational processes is termed emotion-laden (Rebekah and Sharyn, 2004). The level of perceived service quality is a significant contributor to the evaluative satisfaction (Kashif *et al.*, 2015). Therefore, it is imperative that marketers deliver a high service quality before looking at the marketing significances such as satisfaction and loyalty (Caruana, 2002; Cronin *et al.*, 2000). In addition, other studies specify the emotional brand attachment as an emotion-laden process will impact on customer satisfaction and, eventually customer loyalty (Elsäßer and Wirtz, 2017; Mattila, 2001). This discussion confirms the mediation role of satisfaction on the association amongst service quality, emotional attachment and customer loyalty. We hypothesized the following relationship:

H4. Customer satisfaction mediates the association between perceived service quality and customer loyalty.

H5. Customer satisfaction mediates the association between emotional attachment and customer loyalty.

In terms of religiosity, recent studies highlight the belief that religiosity is an important factor in influencing customer choice and patronization towards Islamic banks (Aysan *et al.*, 2018; Kashif *et al.*, 2015; Nizar and Marzouki, 2015). The literature in the Islamic banking clearly designates a strong relationship between religiosity and customers' loyalty, which depends greatly on customer satisfaction with the service offered (Alam *et al.*, 2011; Hidayat *et al.*, 2015; Wahyuni and Fitriani, 2017). This discussion reflects the assumption that customer satisfaction mediates the relationship between religiosity and customer loyalty in Islamic banking. Thus, we hypothesized the following relationship:

H6. Customer satisfaction mediates the association between religiosity and customer loyalty.

Figure 1 illustrates the formation of customers' loyalty towards Islamic banking with three important drivers.

Research method
This study focusses on customer loyalty towards Islamic banks based on service quality, emotional attachment and religiosity factor. This study adopts six items of religiosity scale from Rehman and Shabbir (2010) and one item "Keep away from earning through *haram* means" from Alam *et al.* (2011). The adoption of these religiosity scales is based on Islamic values and is psychometrically reliable and valid. To adjust the identified measurement scales in our study, we interviewed some Islamic banking experts and consumers. Based on the interview, the religiosity scale is developed from seven items (Table II) reflecting religiosity elements.

Following Elsäßer and Wirtz (2017), the service quality factor is measured by perceived service quality by nine items (Bakar *et al.*, 2017; Saleh *et al.*, 2017). Likewise, emotional attachment is measured by six items (Levy and Hino, 2016; Mattila, 2001). Customer satisfaction is measured by two items (Bakar *et al.*, 2017; Saleh *et al.*, 2017); while customer loyalty is measured by three items, namely, preference of the bank over others, intention to recommend and intention to continue with the bank service (Hoq *et al.*, 2010; Wahyuni and
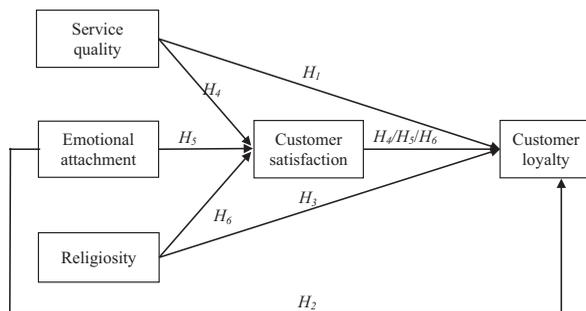
Figure 1.
Relationship between service quality, emotional attachment, religiosity and customer loyalty model

Fitriani, 2017). The constructs instruments are displayed in Table II. All indicators of service quality, emotional attachment, religiosity, customer satisfaction and customer loyalty are measured on a 5 five-point Likert scale (5 = strongly agree and 1 = strongly disagree).

This study used self-administered questionnaires to gather the data from Islamic bank customers in Indonesia. Convenience sampling was used to select the respondents due to the practical difficulties in detecting the target population. This method was used because of the practical difficulties involved in obtaining a comprehensive listing of our target population that would have allowed for a probabilistic approach to sampling. The surveys were administered to 506 customers of Islamic banks during the period of May-July, 2017 in the city of Bandung. A total of 406 respondents completed the questionnaires, yielding a response rate of 80 per cent. The minimum sample requirements for using multivariate analysis (e.g. ten times the number of survey instrument) as suggested by Hair *et al.* (2014) is satisfied in our study.

This study examines the construct validity and reliability by applying the variance-based structural equation modelling-partial least square (SEM-PLS). This method was used to validate our proposed loyalty model. The SEM-PLS technique enables a researcher to assess the latent constructs using a small and medium sample and non-normality distributed data (Chin *et al.*, 2008). Additionally, SEM-PLS is a well-acknowledged technique to estimate the coefficient path in structural models (Hair *et al.*, 2014). To test the mediation role, an assessment of path coefficient between two different models (with and without mediation) was carried-out to test the mediation role of customer satisfaction following Baron and Kenny (1986)'s recommendation.

Results
Table I presents the profile of the respondents' characteristic.

Measurement model
To evaluate the proposed loyalty model, this study uses two stages of examination. The first stage examines the measurement model by evaluating the average variance extracted (AVE), outer loading and composite reliability (CR) to test both the discriminant and convergent validity and the construct reliability. The convergent validity test (Table II) reveals that the prerequisite for validity is met as AVE is higher than 0.5 and the factor loadings exceed 0.6 (Hair *et al.*, 2010). This result satisfies the requirement of discriminant validity of the construct variables.

Variable	Description	Frequency	(%)
Gender	Male	142	34.98
	Female	264	65.02
Age	17-25 years	217	53.45
	26-35 years	106	26.11
	36-45 years	49	12.07
	>45 years	34	8.37
Highest education level	<high school	4	0.99
	High school	215	52.95
	Bachelor/Diploma	158	38.92
	Post graduate	29	7.14

Table I.
Respondent demographic characteristics

Construct/indicator	Loading**	α	CR	AVE
Religiosity		0.925	0.940	0.693
Regularly offer compulsory prayer	0.820			
Fast during the month of Ramadan	0.823			
Pay *zakat* as prescribed criteria	0.711			
Always avoid sin	0.906			
Follow Islamic commands in all life affairs	0.892			
Keep away from *haram* earnings	0.810			
Recite the Koran regularly	0.850			
Service quality		0.911	0.926	0.584
The tool and equipment modern	0.808			
Provide individual attention	0.749			
Prompt service	0.783			
Service accuracy	0.798			
Staff knowledgably	0.707			
Staff perform professionally	0.769			
Provide various service	0.787			
Compatible with conventional bank service	0.712			
Using latest technology	0.757			
Emotional attachment		0.897	0.922	0.663
Bank concerns with Islamic principles	0.851			
Bank keeps the deposit safe	0.844			
Bank has a good image	0.858			
Bank has a good reputation	0.757			
Love my bank	0.809			
Commit with my bank	0.758			
Customer satisfaction		0.910	0.957	0.917
Overall satisfaction	0.958			
The service beyond expectation	0.936			
Customer loyalty		0.917	0.948	0.858
Prefer the bank over the others	0.912			
Intent to recommend the bank to other	0.946			
Intent to continue to be the client the bank	0.921			

Note: **Significant at $p < 0.01$

Table II.
Measurement model indicators

Henseler *et al.* (2015) recommend the Heterotrait–Monotrait Ratio (HTMT) to check for the construct discriminant validity, with a suggested cut-off value of 0.9. The HTMT test results range from 0.510 to 0.894, suggesting that the discriminant validity is satisfied. The reliability test specifies the constructs are consistent with the values of the composite reliability, which are over the recommended level of 0.7 (Hair *et al.*, 2010). The Cronbach's alpha is also more than the cut-off level of 0.7 (Table II).

Structural model
To test the structural model, this study uses the procedure of bootstrapping with 5,000 repetitions to evaluate the significance of the indicators and the coefficient of the path (Chin *et al.*, 2008). The empirical analysis indicates religiosity, emotional attachment and service quality explain variance customer satisfaction 0.599 (59.9 per cent). The other variables explain 0.55 (55 per cent) variance of customer loyalty. Chin (2008) classify the R^2 into three groups, weak ($R^2 = 0.19$), moderate ($R^2 = 0.33$) and substantial ($R^2 = 0.76$). Based on Chin's classification, we conclude that R^2 in our model is between moderate to substantial. To

assess the predictive relevance of the construct, Chin (2008) recommends using the predictive sample reuse technique (Q^2). The result in our study indicates that the Q^2 for all constructs assessed are above the cut off level recommended and exhibit positive values (Chin *et al.*, 2008). In other words, this finding suggests that the proposed model of customer loyalty towards Islamic banks can explain the data. Further, a standardized root mean square residual (SRMR) and normal fit index (NFI) was used to assess the model fit. The SRMR value is 0.057 (lower than the recommended maximum value of 0.8) and NFI value is 0.892 slightly less than the recommended level of 0.9 (Nitzl *et al.*, 2016). Thus, the results and inferences from the data analysis are relatively robust.

Table III shows the result of the structural estimate of the proposed loyalty model. The table shows the estimated coefficient of the path between emotional attachment and loyalty (0. 224) and between religiosity and loyalty (0.334) are significant ($p < 0.01$), while service quality and loyalty (-0.014) is insignificant ($p > 0.05$). Thus, both *H1* and *H2* are supported, while *H3* is not supported.

Mediation test
To assess the mediation role of customer satisfaction, an estimation path coefficient value of two altered models was executed using SmartPLS software. The results of the customer satisfaction mediation role on the association between service quality and loyalty indicate that the path between service quality and loyalty (-0.014, $p > 0.05$) are insignificant. This insignificant path indicates that satisfaction plays no mediation role on the relationship between loyalty and service quality. Thus, *H4* is not supported. Similarly, the mediation role of customer satisfaction on the relationship between religiosity on loyalty shows that the path between religiosity and satisfaction is also insignificant (-0.051, $p > 0.05$). Thus, there is no indication that customer satisfaction mediates the association between religiosity and loyalty; therefore, *H5* is not supported. Finally, the relationships between emotional attachment, satisfaction and loyalty are significant at $p < 0.01$. The Sobel test shows that customer satisfaction mediates the association between emotional attachment and loyalty as shown by the significant value of the Sobel test (4.458, $p < 0.01$). This finding reveals a mediation role of satisfaction on the relationship between emotional attachment and loyalty. Therefore, *H6* is supported.

Effects of the variables
To have a better understanding of the association between the variables, it is important to assess the direct and indirect effect of the variable tested. Table IV shows the results of both the direct and indirect effect of the tested variables.

Path	β	t-value
Emotional attachment $\Rightarrow$ Customer loyalty	0.224	2.208*
Emotional attachment $\Rightarrow$ Customer satisfaction	0.353	3.566**
Religiosity $\Rightarrow$ Customer loyalty	0.334	4.259**
Religiosity $\Rightarrow$ Customer satisfaction	-0.051	0.729[ns]
Service quality $\Rightarrow$ Customer loyalty	-0.014	0.129[ns]
Service quality $\Rightarrow$ Customer satisfaction	0.492	5.612**
Customer satisfaction $\Rightarrow$ Customer loyalty	0.324	4.043**

Notes: **Significant at $p < 0.01$; *significant at $p < 0.01$; [ns]not Significant

Table III.
Structural estimates

Variable	Effect	Customer satisfaction	Customer loyalty
Emotional attachment	Total	0.353**	0.339**
	Indirect		0.115**
Service quality	Total	0.492**	0.145^{ns}
	Indirect		0.16**
Religiosity	Total	−0.051^{ns}	0.317**
	Indirect		−0.017^{ns}
Customer satisfaction	Total		0.324**

Table IV.
Effect of variables

Notes: **Significant at $p < 0.01$; ^{ns}not significant

Table IV shows that emotional attachment and religiosity exhibit a considerable total effect on customer loyalty, but their indirect impacts are different. The result shows emotional attachment has a significant indirect effect on loyalty, but religiosity indirect effect on loyalty is insignificant. In terms of quality, the impact of service quality on loyalty tends to be indirect rather than direct. This is because the direct effect is insignificant. This finding suggests that emotional attachment and religiosity have a significant impact on loyalty, while service quality does not.

Discussion and conclusion
While the literature has clearly identified three loyalty routes (Aysan *et al.*, 2018; Keller, 2013; Tang and Li, 2015), none of the past studies have examined these loyalty routes simultaneously. The results of this study offer a plausible explanation using three integrated pathways, i.e. service quality, emotional attachment and religiosity, directly impact on customer loyalty towards Islamic bank and indirectly through customer satisfaction. Overall, this study reveals customers' emotional bonding with the bank and their religiosity drive loyalty towards Islamic banks rather than the delivery of the service. The finding of both emotional attachment and religiosity (not service quality) in influencing customer loyalty in Islamic banking is new as no published research has reported such a finding.

First, this study offers a conceptual model and empirically scrutinizes the customers' emotional attachment with their satisfaction and loyalty towards Islamic banks. This study reveals that customers' emotional attachment affects their loyalty towards Islamic banks directly and indirectly through their satisfaction. This finding suggests that customers who are emotionally attached to Islamic banks tend to be loyal customers. This finding supports past studies' findings (Hussein *et al.*, 2018; Kandampully *et al.*, 2015; Levy and Hino, 2016) that customers attached to a brand tend to be satisfied, retain long-term relationships and spread favourable word-of-mouth communication about the service to others. This study also supports the positive association between customer satisfaction and customer loyalty towards Islamic banks. The more the customers are satisfied with the banks' services, the more they are loyal towards the Islamic banks. The positive association between emotional attachment, satisfaction and loyalty implies that emotions towards the Islamic banks might momentarily keep unhappy customers and maintain their loyalty towards the banks.

Second, this study shows religiosity is an important determinant of loyalty. This finding suggests that as customers increasingly commit to their religion, they tend to become more loyal towards the Islamic banks. This study substantiates previous research studies, which report the positive association between religiosity and customer attitude and behaviour in

the Islamic banking sector (Adnan *et al.*, 2013; Aysan *et al.*, 2018; Hidayat *et al.*, 2015; Wahyuni and Fitriani, 2017) and in other products (Essoo and Dibb, 2004; Khalil *et al.*, 2012; Tang and Li, 2015). However, the result of the mediation test suggests that the effect of religiosity on loyalty is direct rather than through satisfaction. This result advocates that, for Islamic bank customers, religiosity does not strengthen their satisfaction towards the Islamic bank as a financial institution, but directly affects their intention to remain the bank's client and endorse the bank to others. This finding suggests that as a customer commits to his or her religion, he or she tends to display positive loyalty towards the Islamic bank, even if he or she is not happy temporarily with the banking services. These findings strengthen scholars' (Abou-Youssef *et al.*, 2015; Khalil *et al.*, 2012) assertion that consuming a bank service that is compliant with *Sharia* law is not only to fulfil the customers' banking and financial services but also a way of fulfilling their religious duty.

Third, this study discloses that the direct consequence of service quality on customer loyalty is insignificant. This insignificant effect of service quality on loyalty *insinuates* that to continue to be clients and recommend the Islamic banks to others, customers of Islamic banks do not rely on the quality of Islamic bank services. However, although perceived service quality does not directly affect loyalty, the significant total impact of service quality on customer loyalty means that service quality strengthens satisfaction and indirectly affects loyalty. Thus, poor service quality will not directly affect customers' loyalty towards Islamic banks, but will make them dissatisfied, which eventually affects their loyalty. This result confirms scholars (Suhartanto *et al.*, 2018b)' contention that service quality does not necessarily create a loyal customer, but it can satisfy customer need.

Theoretical implications

This study extends our knowledge on customer loyalty in Islamic banks by integrating three loyalty routes, namely, the service quality path, emotional attachment path and religiosity path. This study lends support to Bowlby's attachment theory (Bretherton, 1985) and religiosity–behaviour model (Khalil *et al.*, 2012; Mathras *et al.*, 2016) to explain customer loyalty in the Islamic banks. The support for these theories is evident from the positive link between emotional attachment and religiosity with customer loyalty towards Islamic banks. This study shows that a customer who is highly attached towards an Islamic bank and has a high religious commitment tends to continue his or her clientele and recommend the Islamic bank to others. In addition, this study extends the brand resonance model (Keller, 2013) by including religiosity as a determinant of brand resonance in the Islamic bank context. The relevance of this model is supported by the positive association between religiosity and customer loyalty towards Islamic banks.

Managerial implications

First, this study bears significant practical implications for managers of Islamic banks. This study highlights the importance of emotional attachment between customer and Islamic banks. Therefore, Islamic banks need to find methods and strategies to psychologically connect with their customers. A sustainable relationship based on customer emotion bonding should be based on the human-based connection and not on promotional campaigns alone. In other words, this relationship reflects the feelings of intimacy, fondness and trust with the customers. Thus, to develop this emotional attachment, having employees who can provide prompt, accurate and personal service is essential for the Islamic banks. For this purpose, a continuous service skill improvement programme through training is recommended especially for employees who have direct contact with customers.

Additionally, the employee recruitment process enables the bank to identify and select applicants with excellent service personality.

Second, this study demonstrates the importance of religiosity on loyalty formation of Islamic bank customers. Thus, convincing the customer that the bank is fully compliant with Islamic principles (*Sharia*) will prevent their customers from switching to conventional banks and encourage them to recommend Islamic banks to others. The finding of this study implies that, besides a strong brand, Islamic values are an important platform for managing the customers of Islamic banks. This platform, subsequently, forms an operational system and procedures that enable the bank to create loyalty amongst customers. To *Sharia*-compliant, the Islamic banks can establish a *Sharia* Consultative Board to observe and guarantee that the banking activities and operations are in accordance with *Sharia* law. Establishing this council is important to enhance customer trust towards the Islamic banks. Further, a communication strategy focussing on the compatibility of Islamic banks with *Sharia* values could convince the customers on the suitability of Islamic banks' services to meet their banking and religious needs.

Limitation and future research

First, this study focusses on the customers of Islamic bank in Bandung, Indonesia. Therefore, the sample of this study is not entirely typical of the Muslim target population. Subsequently, the findings of this study cannot be generalized to all Muslims in Indonesia. To obtain a better and more representative result of the model, future research could test the relationship between the variables in other provinces in Indonesia. Second, the focus of this study is attributed to the role of service quality, emotional attachment and religiosity as the drivers of loyalty towards Islamic banks. They are many other variables influencing customer loyalty, such as image and value. There is also conceptually link between religiosity and emotion (Abou-Youssef *et al.*, 2015; Alam *et al.*, 2011). To obtain a comprehensive model of loyalty, a future study could include these variables in the model. Finally, the extended loyalty model could be tested in other Islamic product and services (e.g. Islamic insurance, halal food, etc.).

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