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Millennial Experience in Islamic Banking: A Comparative Study Between Clients and Non-Clients

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ABSTRACT

This study examines factors affecting millennial loyalty to Islamic banks, from the perspective of both customers and non-customers. It employed the quantitative method and was assessed with an exploratory-descriptive approach. The study was conducted in Bandung by distributing questionnaires to 200 non-customers and 200 customers of Islamic banks who were between 19-39 years old. Partial Least Square analysis was employed to evaluate the data. The results show that the exploratory-descriptive approach is able to provide complete information about the customer and non-customer loyalty toward Islamic banks. This research underlines that service quality is a significant factor in building customer loyalty while opinion leader is an influencing factor for non-customer loyalty. The study, then, provides guidelines for banking management to improve service quality and to develop marketing strategies using opinion leaders. Besides, it is also advisable for the managers to adjust themselves to the latest trends and millennials lifestyles.

KEYWORDS

Loyalty
Millennial
Islamic bank
Client
Non-client

INTRODUCTION

As the largest Muslim population country in the world, Indonesia has great potential to become the development center of the Islamic finance industries (OJK, 2018), Islamic banking is one of them (Suhartanto, Dean, Ismail, & Sundari, 2019). The Islamic banking industry has a great prospect in attracting the Muslim community because it fulfills the need for banking services that follow religious guidance (Amin, Isa, & Fontaine, 2013). Although operated on the principles of risk-and-benefit-sharing, Islamic banking is an energetic industry in most Muslim countries (Abou-Youssef, Kortam, Abou-Aish, & El-Bassiouny, 2015). However, the Islamic banks at this time are still less experienced compared to conventional businesses (Souiden & Rani, 2015) with only 5.96% of the national banking market (OJK, 2018). It seems that they face a tough challenge in appealing to customers, both Muslim and non-Muslim clients. Thus, the need to build and develop customer loyalty and attract those who have not become customers is imperative for Islamic banks (OJK, 2018).

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Customer loyalty gives a favourable impact on a bank's business performance. It affects the number of deposits, the cost for operating and marketing, customer retention, and future sustainable income (Bakar, Clemes, & Bicknell, 2017; Saleh, Quazi, Keating, & Gaur, 2017). Thus, literature puts a great concern to understand this matter in the context of the banking industry (Amin et al., 2013; Bakar et al., 2017; Keisidou, Sarigiannidis, Maditinos, & Thalassinos, 2013; Suhartanto, 2019). Customer loyalty arises because customers feel delighted with the bank services (Ali & Chin-Hong, 2015; Bakar et al., 2017; Keisidou et al., 2013; Manik, 2019). The quality of service plays an important part in meeting customer expectations and satisfaction (Ali & Chin-Hong, 2015). Therefore, to be able to compete in a competitive market, Islamic banks should prioritize customer satisfaction and loyalty in order to maintain their existence.

Another factor that encourages customer loyalty to a bank is the influence of the economic environment (Keisidou et al., 2013). Rationally, the economic benefits that customers get will make them satisfied and remain loyal to the bank since the economic factors determine overall satisfaction (Levesque & McDougall, 1996). Also, a bank must understand that customers will be loyal if the institution can provide more than what is offered by its competitors (Roig, Guillén, Coll, & i Saumell, 2013).

Customer loyalty to Islamic banks can be affected by religiosity, image, and trust (Amin et al., 2013; Suhartanto, 2019). The higher the customer's commitment to his religion, the more likely he is to have a favourable image, to create trust, and to be more loyal to an Islamic bank (Suhartanto, 2019). Besides, a more religious person will always stay with the organization in any condition to maintain the organization's performance (Amin et al., 2013). Similarly, customer trust can reduce the possibility of customers moving to another bank.

Behavior studies of a certain type of customer in the banking sector are still rare (Wahyuni & Fitriani, 2017). Among consumer generations, millennials are the target market that demands certain attention. Based on the report (Statistik, 2018), the total population of Indonesia is 264 million, 38% of whom are millennials while "Generation X", those born in 1961-1981, is around 27%. The Financial Times reports that millennials have reached almost 25% of the world's population (Tilford, 2018). In terms of earnings, they have more income, which makes them the dominant consumers compared to the previous generation (Tilford, 2018). In terms of decision-making, 74% of millennials refer to social media in making decisions (Bennett, 2014). This generation is easily persuaded by social media leaders.

However, most previous studies only focus on understanding customer behavior and few have paid attention to non-customer behavior. Whereas, understanding the perceptions and expectations of non-customers (potential clients) is essential to developing the right business strategy (Kim, Xu, & Koh, 2004). Besides, understanding the behavior of loyal millennials is important to find out what products or trends they enjoy today and what suits their lifestyle. This way, the industry can formulate the right marketing strategy to target the millennial segment. Although many studies have examined millennials' behavior in many service contexts (Taylor Jr & DiPietro, 2018), there is almost no research on their behavior in Islamic banking. Thus, this study tries to examine the factors that influence loyal millennial behavior. This research is accomplished in the context of Islamic banking in Indonesia because, despite the enormous potential, this industry still has not developed very well. Therefore, this study aims to analyze the antecedents and consequences of millennial loyalty to Islamic banks, from the perspective of both customers and non-customers.

LITERATURE REVIEW

Millennial Muslim

Millennials have grown into lucrative consumers as they are in economic productive age. They are also acknowledged as trendsetters, consumptive, and technology-minded (Marmaya, Zakaria, & Desa, 2019). Millennial's behavior is easily developed by their social group (Gulamali & Persson, 2017). They usually like to follow the style of a celebrity such as in the choice of clothes, ways of communications, or the brand used (Muda, Musa, Mohamed, & Borhan, 2014).

Millennial Muslims, sometimes called Global Urban Muslims or Muslim Hipsters (Janmohamed, 2016), have a unique character that differs them from other Millennials. Millennial Muslims believe that modernity and religion are pair (Janmohamed, 2016); thus, their behavior is often influenced by those opinion leaders that have relevance to their religion. Also, their Islamic lifestyle affects their decision to use products. They tend to use Islamic products/services which are in accordance to their Islamic believe (Lestari, 2020).

Although technology, opinion leaders, and lifestyle influence this generation in making their choice, millennial Muslims still consider the brand image and product quality to meet their needs (Saeed & Azmi, 2019). Therefore, they like to see reviews of a product given by previous users (Gulamali & Persson, 2017). It, then, unconsciously shapes their decision-making (Ishak, Omar, Khalid, Ghafar, & Hussain, 2019). Because of this tendency, the Millennial generation is often considered non-loyal to a brand compared to the previous generation (Lissitsa, Kol, & Services, 2016; Valentine & Powers, 2013).

Loyalty

Conceptually, loyalty can be divided into passive loyalty and active loyalty. Active loyalty means customers' willingness to use and endorse a product or service. Meanwhile, passive loyalty refers to a client's decision to stay with a business even if he or she is not satisfied with the product or service provided (Fathollahzadeh, Hashemi, Kahreh, & Sciences, 2011). Loyalty is measured through the behaviour and attitude approaches (Pahlevi & Suhartanto, 2020; Suhartanto, 2019). The behavioural approach states that loyalty is not only seen from the commitment but also the behavioural intention. This approach views loyalty as a behaviour, in which consumers are considered loyal if they systematically buy a product in a certain period. In the banking industry, behavioural loyalty is usually assessed by the frequency of transactions and the length of the relationship with the bank (Bakar et al., 2017; Bloemer, De Ruyter, & Peeters, 1998; Hidayat, Akhmad, & Machmud, 2015). This approach can provide a realistic description of a bank's performance compared to other competitors. However, it cannot distinguish the truly loyal consumers from those who choose a bank only for the reasons of cost or convenience.

The attitudinal approach is the second approach for assessing loyalty, sometimes it is called loyalty intention or attitudinal loyalty. This loyalty refers to "a state that at first seems to contain a deeply held commitment to buy" (Johnson, Herrmann, & Huber, 2006). It is not only the intention to repurchase but also the intention to endorse and repurchase even if the price rises (Yoon & Uysal, 2005). Conceptually, this loyalty is in line with the Tripartite Theory of Attitude. This theory postulates that intention is a conative component of attitude (Fishbein & Ajzen, 2005). The attitudinal approach for measuring loyalty has a drawback in predicting the actual behavior; however, it enables a researcher to differentiate the loyalty strength, from very loyal to very unloyal (Leo et al., 2020). Therefore, since this research aims to discover future intentions, the attitudinal

approach is employed to assess the behavior of not only a current customer but also the potential ones (Kim et al., 2004; Mauri & Minazzi, 2013). It seems appropriate to use this attitudinal approach to base the conceptualizing and measuring millennial loyalty toward Islamic banks.

Religiosity, Trust, and Loyalty

Religiosity is a person's dependent attitude towards his religion which makes him carry out his religious practices in everyday life (Mathras, Cohen, Mandel, & Mick, 2016). Attitude is someone's tendency to influence or oppose something (Fishbein & Ajzen, 2010) while trust is the information an individual has about something. A person's belief is closely associated with his religion, either indirectly through culture or directly through holy books (Tang & Li, 2015). Muslims with a religious attitude tend to trust in a bank that claims to adhere to Islamic principles (Suhartanto, 2019). That way, they will stay with the organization in good or bad conditions to keep the organization strong (Amin et al., 2013). Thus, it can be stated that a person's level of religiosity affects their beliefs which in turn also affects their loyal behavior. Therefore, the hypotheses formulated are as follows:

H1: Religiosity has a positive and significant effect on loyalty
H2: Religiosity is mediated by trust toward loyalty

Religiosity, Image, and Loyalty

Image describes a person's view of something. It describes the public impression of an institution. The image of a product is built by two elements; emotional and functional qualities (Grönroos, 1984). Emotional quality is described as a psychological component expressed on a product while functional quality is an aspect that can be recognized and assessed. Lee, Knight, and Kim (2008) argue that in addition to functional and emotional qualities, the image in a customer's mind is also formed by public relations, advertising, and customer interactions with the product. In the banking context, previous studies claim that customer direct experience with a bank is the prominent factor that shapes the bank's image (Saleh et al., 2017).

A bank's image is the result of relationships between trust, experiences, feelings, impressions, and knowledge (Amin et al., 2013). Thus, essentially, religiosity affects the image (Wahyuni & Fitriani, 2017). Satisfying services create a good image which then generates a positive assessment that encourages someone to be loyal. In the banking industry, previous research (Amin et al., 2013; Saleh et al., 2017; Suhartanto, 2019) uses image as a determinant of client loyalty towards an Islamic bank. This discussion implies that the image of a bank can intermediate the association between religiosity and loyalty. Therefore, for customers as well as non-customers of Islamic banks, the following hypothesis is stated:

H3: Image mediates religiosity towards loyalty

Social Media Influencer and Loyalty

A Social Media Influencer (SMI) is someone who is trusted based on his reputation, competence, and predictive abilities (Christou, 2015). Muslim millennials, like other millennials, tend to make decisions based on evaluating the results that benefit them, considering important people's perceptions, and measuring their level of trust (Amalia, Sosianika, & Suhartanto, 2020). Therefore, this age group is likely to get the most influence from the Social Media Influencers (SMI) in terms of

using products or services because the SMI will try to send positive and persuasive messages about their partners and their products. The SMI will encourage their followers to continuously purchases the product or service which later can lead to their loyalty. Furthermore, as promotional agents, the SMIs are needed to maintain the loyalty that has been obtained.

Social Media Influencers are classified as opinion leaders, celebrities, and social leaders (Gulamali & Persson, 2017). In practice, an opinion leader is someone who is an expert and has more experience with a certain product. He is educated, has a high social status, broadly open to information, and is active in sharing knowledge (Ennaji, El Fazziki, El Alaoui El Abdallaoui, Benslimane, & Sadgal, 2018). Besides opinion leaders, celebrities also have the ability to influence a person's behavior. They have certain characteristics, such as, successful and talented, inspirational, and obtain high social status (Gulamali & Persson, 2017). Besides, they are also credible and attractive (Hani, Marwan, & Andre, 2018). Due to their frequent appearances in various media, to a certain extent celebrities are often seen as role models for their audiences (Juntiwasarakij, 2018). Lastly, an individual's behavior can also be affected by their group preferences. As expressed by (Gulamali & Persson, 2017), consumer purchasing decisions can be influenced by a desire for social identification and to fit in with their social group (social leader).

Based on this explanation, it can be concluded that Social Media Influencers affect customer and non-customers loyalty toward Islamic banks. The proposed hypotheses are:

H4: Opinion leaders have a positive and significant effect on loyalty
H5: Celebrities have a positive and significant effect on loyalty
H6: Social leaders have a positive and significant effect on loyalty

Service Quality, Customer Satisfaction, and Loyalty

In the last few decades, the concepts of customer satisfaction and service quality have become two things to be considered in many marketing activities (Mahamad & Ramayah, 2010). Both of them are proven to exist in various service sectors, including banking, where service quality is a driver of customer satisfaction (Lu, Suhartanto, Gunawan, & Chen, 2020). Customer loyalty is created as a result of good relationships with consumers, which generally comes from satisfaction. Good service quality makes consumers satisfied and repeat the purchases while poor service quality can be spread from the word of mouth and reduces the sales at the end because customers move to other companies (Yang & Fang, 2004). It is in line with past studies which find a positive association between satisfaction and loyalty (Keisidou et al., 2013). Thus, it can be hypothesized that service quality will affect loyalty through its effect on customer satisfaction:

H7: Satisfaction mediates Service Quality towards loyalty

Economy, Customer Satisfaction, and Loyalty

The economic factor is one of the satisfaction drivers. There is a strong association between these variables since basically the economic factors affect satisfaction as a whole. Previous research has succeeded to prove that customers tend to give more attention to the prices of Islamic bank services. If they get lower prices, their satisfaction will increase (Keisidou et al., 2013). Most customers choose Islamic banks based on a profit motive. They prioritize the economic rationale in determining banking alternatives. The economic benefits will create bigger customer satisfaction. Then, it can

lead to loyalty. Thus, it can be hypothesized that economic factors affect loyalty through customer satisfaction. Therefore:

H8: Customer satisfaction mediates the economy toward loyalty

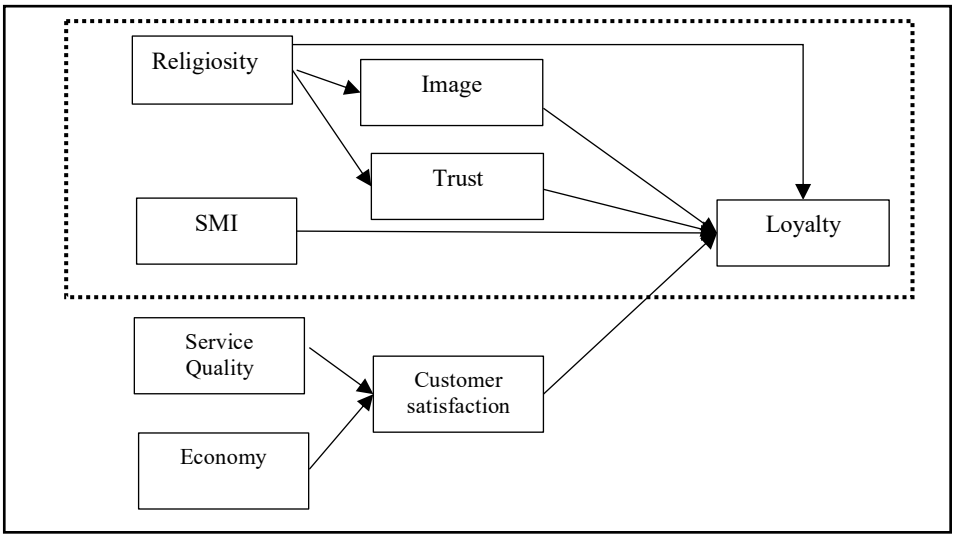


Figure 1. The loyalty model

RESEARCH METHOD

This study used seven indicators of religiosity that had also been applied by Suhartanto (2019) and another item used by Dali et al. (2019). In terms of Social Media Influencers, opinion leaders adopted three items from Ennaji et al. (2018) and four items from Gulamali and Persson (2017). Celebrities were measured by three items adapted from Gulamali and Persson (2017) and two items from Hani et al. (2018). Social leaders were measured by items from Gulamali and Persson (2017). Image was measured by three items from Suhartanto (2019) and one item from Amin et al. (2013). Trust was measured by three items from Suhartanto (2019) and two items from Ashurov and Othman (2019). Service quality was gauged by nine items from Fusva et al. (2020). Economy was measured by three items from Malik (2019). Satisfaction was assessed by three indicators from Malik (2019). Loyalty was assessed by three indicators from Suhartanto (2019) and one item from Amin et al. (2013). All indicators of the variables in the questionnaire used a Likert scale of 1-5.

This study used questionnaires to gather data from customers and non-customers of Islamic banks in Indonesia. Convenience sampling was employed to choose the respondents due to the difficulties in using random sampling. The samples of this study were 200 customers and 200 non-customers (between 19-39 years old) of Islamic banks in the Greater Bandung region. This city was chosen because it has a majority of religious Muslim millennials. The numbers of samples have fulfilled the minimum requirement of multivariate analysis (e.g. 10 times of the numbers of survey instruments) as suggested by Hair et al. (2014).

This study applied variance-based Partial Least Square (PLS) to evaluate the proposed loyalty model. PLS technique allows researchers to observe latent constructs using medium and small sample data even though the data are not normally distributed (Chin, Peterson, & Brown, 2008). PLS-SEM analysis consists of two sub-models; the measurement model (the outer model) and the structural model (the inner model).

RESULTS

Of the 400 respondents, the data from 179 customers and 200 non-customers of Islamic banks were gotten. Table 1 describes the characteristics of the respondents.

Table 1. Characteristics of the respondents

Characteristics	Description	frequency	%	frequency	%
		Customer		Non-Customer	
Gender	Male	74	41.3	81	39.3
	Female	105	58.7	125	60.7
Age	19-24	65	36.3	95	46.1
	25-29	86	48	89	44.5
	30-34	12	6.7	12	6
	34-39	16	8.9	10	5
Education	< High school	5	2.8	2	1
	High school	20	11.2	44	21.3
	Undergraduate/Diploma	138	77.1	151	73.3
	Graduate students	16	8.9	9	4.4
Profession	BUMN/D	21	11.7	12	5.8
	Civil servants	9	5	11	5.3
	Public workers	76	42.5	81	39.3
	Entrepreneur	26	14.5	27	13.1
	Students	35	19.6	50	24.3
	Others	12	6.7	25	12.1
Long Time Customer	< 3	93	52	-	-
	3-5	63	35.2	-	-
	6-10	23	12.8	-	-

A two-stage assessment was employed to test the proposed customer and non-customer loyalty models. The first stage was analyzing the measurement model which consisted of evaluating the loading factor, composite reliability (CR), and the average variance extracted (AVE). The convergent validity test (Table 2) reveals that the prerequisite for validity is that AVE must be above 0.5 and the loading value exceeds 0.6 (Hair, Black, Babin, & Anderson, 2010). The results of testing the customer and non-customer models meet the discriminant validity requirements of the construct variables. Thus, the reliability test states that the proposed construct is reliable.

Table. 2 Evaluation Outer Model

Constructs	Customer			Non-customer		
	Loading	CR	AVE	Loading	CR	AVE
Religiosity		0.893	0.512		0.894	0.515
Regularly offer compulsory prayer	0.733			0.738		
Fast during the month of Ramadan	0.674			0.667		
Pay zakat as prescribed criteria	0.663			0.633		
Always avoid sin	0.733			0.713		
Follow Islamic commands in all life affairs	0.723			0.808		
Keep away from haram earnings	0.656			0.749		
Recite the Koran regularly	0.769			0.692		
My religious beliefs influence what I buy	0.765			0.725		
Image		0.867	0.622		0.905	0.706
Reputable to keep promise to clients	0.830			0.861		
Has goodwill in the banking industry	0.872			0.891		
Well known to mass people	0.648			0.728		
attractive products and services	0.788			0.870		
Trust		0.907	0.662		0.945	0.774
Trustily concerned with Islamic principles	0.799			0.860		
Keep the deposit safe	0.855			0.893		
Keep the privacy safe	0.771			0.852		
I have Trust in Islamic banking system because it deals with clients in a fair way.	0.851			0.914		
Trust Islamic bank because it focuses more on social responsibility.	0.789			0.878		
SMI (Opinion Leader)		0.930	0.729		0.894	0.515
Have a high social status	0.883			0.738		
Educated	0.905			0.667		
Expertise/knowledgeable	0.897			0.633		
Experience	0.860			0.713		
Objective	0.709			0.808		
Domain specific	0.883			0.749		
SMI (Celebrities)		0.906	0.663	0.692		
Admirable	0.790			0.725		
Social elite	0.864				0.905	0.706
Successful and talented	0.853			0.861		
Attractiveness	0.908			0.891		
Credible	0.626			0.728		
SMI (Social Leader)		0.919	0.791	0.870		
Relatable	0.849				0.945	0.774
Similar to self	0.920			0.860		
Identifies with the consumer social group	0.897			0.893		
Service Quality		0.939	0.634	0.852		
The tool and equipment are modern	0.743			0.914		
Provide individual attention	0.801			0.878		
Prompt service	0.853					
Service accuracy	0.829					
Staff knowledgably	0.781					
Staff perform professionally	0.849					
Provide various service	0.847					
Compatible with conventional bank service	0.752					
Using latest technology	0.693					

Constructs	Customer			Non-customer		
	Loading	CR	AVE	Loading	CR	AVE
Economy		0.872	0.695			
The revenue sharing is appropriate	0.743					
Low transaction service costs	0.843					
The amount of time and cost required is quite low	0.907					
Customer Satisfaction		0.938	0.790			
Products and services meet customer expectation	0.886					
Satisfied as a customer	0.875					
Satisfied with service	0.928					
Products and services meet customer expectation	0.864					
Loyalty		0.923	0.750		0.944	0.809
Intent to use the banking service in the future	0.850			0.901		
Intent to recommend the bank	0.920			0.925		
Want to/continue to be the client the bank	0.817			0.865		
Customers intention to say positive things about Islamic banks to other people	0.874			0.906		

For structural model testing, this study used a bootstrap procedure to evaluate the significance of indicators and path coefficients (Chin et al., 2008). The empirical analysis of the customer model shows that religiosity, image, trust, social media influencers (consisting of opinion leaders, celebrities, and social leaders), service quality, economy, and satisfaction simultaneously influence the formation of customer loyalty by 68%. Meanwhile, the empirical analysis of the non-customer model shows that religiosity, image, trust, social media influencers simultaneously influence the formation of customer loyalty by 50.7%. The GOF has a value of 0.408 for the customer model and 0.567 for the non-customer model, which means that the model is satisfactory, above the recommended conditions of 0.36 (Hair Junior et al., 2014). In other words, the proposed loyalty model can be used. In addition, the Q2 test results reveal that all constructs are greater than zero, which indicates that they meet the prediction of relevance (Hair Junior et al., 2014).

Table 3 presents the relationship between the variables tested in the customer model. The results show that religiosity has a positive effect on image and trust. Meanwhile, trust has a positive effect on loyalty but image does not. Religiosity has no direct effect on loyalty, but overall, they have a significant relationship. It shows the important role of trust and image in mediating the link between religiosity and loyalty. For the Social Media Influencer (SMI), only opinion leaders have a positive impact on customer loyalty. Service quality and economy have a positive influence on customer satisfaction while customer satisfaction itself has a positive impact on customer loyalty. More details can be seen in Table 3.

The test results of the variables in the non-customer model show that religiosity has a significant effect on image and trust. Trust and image have a positive effect on loyalty. Meanwhile, religiosity has no direct impact on loyalty, but overall, they have a significant relationship. It shows the crucial role of trust and image variables in mediating the association between religiosity and loyalty. For the Social Media Influencer (SMI), only opinion leaders have a positive impact on loyalty More details can be seen in table 4.

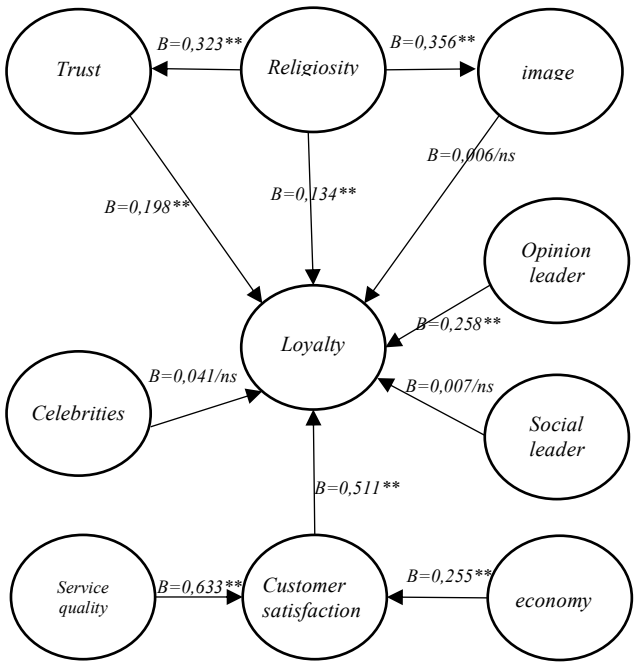
Table 3. Path Coefficient Model Customer

	Direct Effect		Indirect Effect		Total Effect	
Path	β	P-Value	β	P-Value	β	P-Value
Religiosity→Image	0.356	0.000			0.356	0.000
Religiosity→Trust	0.323	0.000			0.323	0.000
Religiosity→Loyalty	0.067	0.155	0.067	0.047	0.134	0.025
Trust →Loyalty	0.198	0.034			0.198	0.034
Image → Loyalty	0.008	0.923			0.008	0.923
Opinion Leader → Loyalty	0.254	0.002			0.254	0.002
Celebrities→Loyalty	-0.041	0.670			-0.041	0.670
Social Leader → Loyalty	0.007	0.922			0.007	0.922
Service Quality → Customer Satisfaction	0.663	0.000			0.663	0.000
Economy → Customer Satisfaction	0.255	0.001			0.255	0.001
Customer Satisfaction → Loyalty	0.511	0.000			0.511	0.000

Table 4. Path Coefficient Model Non-Customer

	Direct Effect		Indirect Effect		Total Effect	
Path	β	P-Value	β	Path	β	P-Value
Religiosity → Image	0.299	0.000			0.299	0.000
Religiosity → Trust	0.272	0.000			0.272	0.000
Religiosity → Loyalty	0.001	0.989	0.192	0.000	0.193	0.004
Image -→ Loyalty	0.345	0.001			0.340	0.001
Trust → Loyalty	0.328	0.002			0.328	0.002
Opinion Leader → Loyalty	0.176	0.037			0.176	0.037
Celebrities → Loyalty	0.015	0.883			0.015	0.883
Social Leader → Loyalty	-0.047	0.659			-0.047	0.659

The results of the overall structural model tests can be seen in the following figure:



** *Significant at p<0.01; ns: not significant; italic international sample*

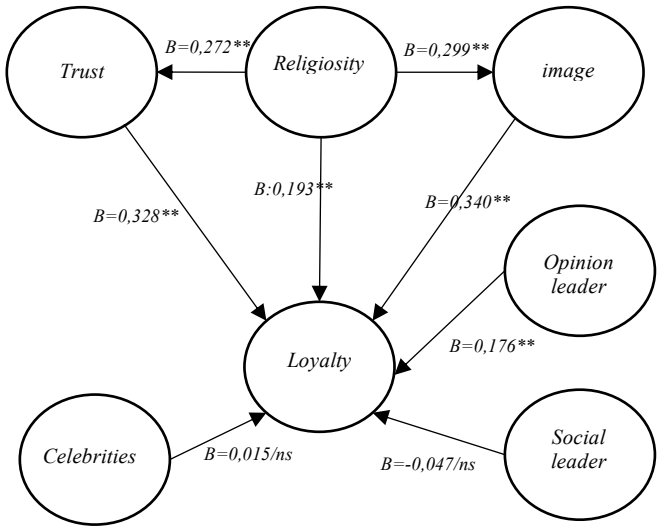
Figure 2. Evaluation Structural Model (Customer)

DISCUSSION

This study offers a broader understanding of millennial loyalty from the perspective of both Islamic banks' customers and non-customers.

Customer Perspective

The data analysis results on the sample of Islamic bank customers show that religiosity is a crucial factor of image, trust, and loyalty even though a Muslim customer does not really depend on the image of the Islamic bank to continue using and recommending the bank to others. This finding is in line with past studies regarding the association between religiosity, trust, image, and loyalty (Suhartanto, 2019). The current finding, therefore, recommends Islamic banks improve their services by still paying attention to religious principles so that they can provide trust and a positive image to customers which, then, leads to their loyalty.



***Significant at p<0.01; ns: not significant; italic international sample*

Figure 3. Evaluation Model Structural (Non-Customer)

Furthermore, the relationship between Social Media Influencers (SMI) and loyalty proves opinion leaders as an important determinant of loyalty. It is because the opinion leaders have high social status, objective opinions, and a good understanding of the banking industry. They are also educated, well-known, knowledgeable, and experienced in the world of banking. It supports the previous finding of Nunes, Ferreira, Freitas, and Ramos (2018) which concludes that the persuasive message presented directly by the opinion leader has a positive effect on the acceptance of information on repeat buying behavior. Meanwhile, celebrities and social leaders do not influence customer loyalty behavior. However, this finding differs from the previous study of Gulamali and Persson (2017) which states that consumer behavior is influenced by the desire to make social identification and to be noticed by their social group, and that of Muda et al. (2014) which stays that usually, consumers follow the style of celebrities, such as in terms of clothing, communication, or the brand used. This current finding, therefore, recommends Islamic banks improve marketing strategies through an opinion leader to increase customer loyalty. The finding needs to be developed based on new solutions to reach consumers in the world of marketing.

Service quality, economy, and satisfaction show a positive association. It is in line with previous research of Malik (2019). An Islamic bank customer is satisfied if the bank provides good services, including a sense of empathy from the employees, high responsiveness, security, and modern facilities for customer convenience. Customers are also satisfied if the profit they receive is competitive, the transaction costs are low, and the transaction process is easy. Customers tend to pay more attention to the prices or costs of products and services offered by Islamic banks. If they get cheaper costs, their satisfaction with the banks will increase (Keisidou et al., 2013). Satisfaction will lead to loyalty. It is in line with the opinion which states that customer satisfaction is the most important key when the company has a goal to build long-term relationships with consumers (Lu et al., 2020).

Non-Customer Perspective

The data analysis results on the sample of non-customers of Islamic banks show that religiosity is also a crucial driver of image, trust, and loyalty. The results indicate that the level of non-customer religiosity does not directly affect their desire to use Islamic banks, but it is mediated through trust and a positive image of the banks. This result is in accordance with previous research of Suhartanto (2019) regarding the existence of a positive relationship between religiosity, trust, image, and loyalty. Non-customers in this study include conventional bank customers. Thus, these findings recommend the Islamic banks comprehensively improve their services to fulfil religious principles. That way they can provide trust and develop a positive image for non-customers in order to make them use Islamic banks and recommend them to others.

Furthermore, the relationship between Social Media Influencers (SMI) and loyalty shows that opinion leaders are also a crucial driver of non-customer to use Islamic banks and recommend them to others. It is because the opinion leaders have high social status, objective opinions, and a good understanding of the banking industry. They are also educated, well-known, knowledgeable, and experienced in the world of banking. Meanwhile, celebrities and social leaders do not influence customers in choosing to use the banks or recommending them to others. It is different from the fashion industry or the food industry. Consumer behavior is also influenced by the desire to carry out social identification in order to be noticed by certain social groups (Gulamali & Persson, 2017), and consumers usually follow celebrity styles (Muda et al., 2014). However, it does not apply to the choice of using Islamic banks or recommending them to others. Thus, Islamic banks need to improve their marketing strategy through an opinion leader to increase customer desire to use Islamic banks and recommend them to others. It is developed based on the new solutions to reach consumers in the marketing world.

Overall, the results of this study offer a broader explanation of the determinants of loyalty, not only from the factors of religiosity, image, and trust as practiced by Suhartanto (2019) but also the factors of service quality, economy, and satisfaction carried out by Malik (2019). There is also another influencing factor; social media influencers which consist of opinion leaders, celebrities, and social leaders.

MANAGERIAL IMPLICATION

The result of this study has several practical implications for the Islamic banking industry. First, it reveals that customers who receive good service quality tend to feel satisfied and loyal to Islamic banks. Furthermore, it emphasizes that customers who pay lesser costs for the products and services will also be satisfied and loyal. It is also recommended for the Islamic banks to build trust and a good

image in the community as well as provide an alternative for customers and non-customers in the selection of the financial industry. Therefore, it is hoped that the managers of Islamic banks can improve services, provide low costs, give competitive profit sharing, and build trust and a good image so that customers are satisfied and become loyal.

The second implication, apart from the factors of the bank itself, is that the influence of Social Media Influencers (SMI) in shaping the loyalty behaviour of both customers and non-customers of Islamic banks. Among the three influencers, opinion leaders, celebrities, and social leaders, only the first one can make non-customers choose Islamic banks as an alternative for their financial institutions. Therefore, Islamic bank managers should make innovations by using opinion leaders for promotional activities. The development in the marketing world requires marketers to implement new solutions in reaching their consumers, one of which is through marketing Influencer or Key Opinion Leader (KOL). These Key Opinion Leaders (KOL) independently carry out their duties as third-party endorsers to help partner companies influence someone's decision (Ennaji et al., 2018). Key Opinion Leaders influence the internet user community in resulting brand awareness (85%), reaching new audiences (71%), and generating sales/conversions (64%) which in turn generate sufficient income. Additionally, 89% of companies say that the ROI from using marketing influencers is better than other marketing strategies previously employed (Cocheo, 2020).

Third, the intention of non-customers (prospective customers) to be customers and to endorse the banks to others is not affected by their religious factor. Instead, it is determined by the image of the bank and customer trust in the bank. In order to attract non-customers and induce them to have favourable attitudes towards Islamic banks, the managers should focus on convincing them that the banks are fully in accordance with Islamic principles. They also need to emphasize that the banks offer excellent service, have a favourable reputation, and are trusted.

RESEARCH LIMITATIONS

The first limitation of this study is the sample of respondents. The study was only conducted in Bandung to millennials between 19-39 years old. It does not fully represent the Muslim population. To get better and representative results, further research can examine the association between variables in other locations. Second, this research focuses on 4 Islamic Commercial Banks. Further research is expected to examine all Islamic Commercial Banks, Islamic Business Units, Islamic Financing Banks, and Islamic Microfinance Institutions to see the results of the diversity of the research. Finally, this research model only focuses on millennial circles, so that in order to understand the loyalty behavior of various generations, further researchers can use other generations as research samples (for example generation X and Z).

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