

The Determinants Of Customers Switching Intention Towards Syaria Bank In Indonesia

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Abstract. Islamic banking targets the same consumer sector as conventional banking, including both Muslims and non-Muslims, hence competition between the two is becoming more intense. To be able to get customers, the bank must know what factors can influence customers in selecting a bank. This research studies about determinants that can effect the switching intention of customers to shift to Islamic banks. This study employs a questionnaire as a data collection technique and examine variables such as religiosity, customer satisfaction, and customer loyalty on switching intention. The results show that customer satisfaction has positive effect on switching intention. Also, the positive effect found in the relationship between customer loyalty and switching intention.

Keywords: switching intention, syaria bank, customer satisfaction, customer loyalty, religiosity

1 Introduction

The development of the sharia industry in Asian countries is quite rapid. This can be seen in the emergence of the fashion industry, halal food, finance, and others. One of the industries that is growing rapidly in terms of sharia is finance, especially sharia banking. The merger carried out by three Islamic banks in Indonesia, namely BNI, Mandiri and BRI, shows that the Islamic banking industry is still growing and increasing in competition.

Islamic banking targets the same consumer sector as conventional banking, including both Muslims and non-Muslims, hence competition between the two is becoming more intense. To attract customers, the bank must know what factors can influence the customer's choice of the bank. The growth of Islamic banks compared to conventional banks is still slightly behind, but in several Muslim countries such as Indonesia, the growth of Islamic banks as a part of financial industry is quite rapid. [1]. Customers will undoubtedly examine these issues while selecting a bank. According to this research, traditional banking customers have a strong desire to switch (switch intensity/SI) to Islamic banks.

Customer switching intention is defined as an individual's opportunity to terminate the current service relationship [2]. Customer switching in the banking sector might be either partial or complete. Banks must learn the reasons why consumers migrate to rival banks in order to stop them and keep their current clients. Customer switching intention (SI) is one of the main concerns of service providers in the event of a failure. For example, [3] found that each resulting switch can reduce a provider's market share and profitability. Customer satisfaction appears to have a detrimental impact on customer switching intention (SI) [4].

Customers may readily switch suppliers, so they analyse the performance of their current providers and believe that better alternatives exist [5]. Customers who are dissatisfied with the service will have low loyalty and are easy to shift to another bank, whereas customers who are more loyal would have a lower switching intention.

Research conducted by [6] shows that 56% of respondents have positive customer attitudes towards Islamic banking in general that are interested in switching to Islamic banks. Sharia banking is not devoted only to adherents of the Islamic religion, but religious belief has been widely regarded as a predictor of people's behavior. In addition, the Pew Forum (2012) asserts that 70 percent of American society's daily behavior is influenced by their religious beliefs. Accordingly, the current study anticipates at least a similar or even higher proportion in an Islamic country like Egypt.

There are several factors that can affect customer's intention towards syaria banks namely religion [7], [8] and research conducted by [9] stated that religion affects customer in choosing halal products. Thus, this study analyzes the factors that can affect the switching intention of Islamic bank customers in Indonesia by analyzing customer loyalty, customer satisfaction and religiosity.

2 Literature Review

Customer satisfaction (CS) and Switching intention (SI)

Consumer switching intention (SI) is one of the main concerns of service providers in the event of a failure. For example, [3] discovered that each consequent switch has the potential to reduce a provider's market share and profitability. Penelitian terdahulu menyatakan bahwa customer satisfaction memiliki hubungan negative terhadap switching intention (SI) [4], [10]. So, the higher the level of customer satisfaction, the lower their switching intention [10]. Customer satisfaction is thought to be one of the most critical elements in a customer's decision to switch banks. Empirical evidence from previous literature shows that there is a relationship between customer satisfaction and customer switching intentions. Customer satisfaction with bank services and operational activities is an important dimension for customers when choosing a bank.[11]

H1: Customer satisfaction has a negative effect on switching intention

Customer Loyalty (CL) and Switching Intention (SI)

Banks are characterized by a high level of nature and complexity, which can encourage customers to limit their choices in order to maintain connections and maintain loyalty to their service providers. Customers can simply switch suppliers if they examine the performance of their current providers and believe that better options exist [5]. Consumers who are dissatisfied with the service will have low loyalty and are extremely inclined to switch to another supplier, whereas consumers who have a greater level of loyalty would have a lower switching intention [12].

H2: Customer Loyalty (CL) has a negative effect on Switching Intention (SI)

Religiosity (RG) and Switching Intention (SI)

[6] found that religiosity is one of the most important factors influencing customers to switch from conventional banks to sharia banks. Religiosity is defined as the state of a person who believes, obeys and is committed to behaving in accordance with the values adhered to in daily life. In other words, religiosity is an indicator of someone choosing and consuming a product based on religious thoughts. Some Muslims are completely committed to Islam, while others are not. This shows that there are disparities in individual adherence to Islam, which shows differences in levels of religiosity between Muslims, which can change and have an impact on their behavior. Behavior formed between individuals can influence consumer switching intentions. The religiosity of religious consumers will influence changes in consumer behavior according to their level of religiosity. This is supported by the results of previous research which show that religiosity has a unidirectional and significant relationship with consumer attitudes in Islamic banks [1], [9] [13].

H3: Religiosity has a positive effect on Switching Intention (SI)

3 Research Methodology

This research is a quantitative study that uses survey data to test hypotheses. The research data was obtained from the results of questionnaires to customers of Bank Syariah Indonesia. The sampling technique is a purposive random sampling technique. This study used a questionnaire as a research instrument and as many as 50 respondents were involved in this study. We use the measurement for customer satisfaction based on [14], customer loyalty based on [5], switching intention used by [15], and religiosity. We use likert scale 1-5 from strongly disagree to strongly agree. Respondent criteria are customers who have accounts at Islamic banks, both government and private Islamic banks.

Hypothesis testing is conducted using multiple regression analysis techniques. Regression analysis techniques can measure how the relationship between variables and can show the direction of the relationship. The research model is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e \quad (1)$$

Information:

Y = Switching Intention; α = Constant; $\beta_1, \beta_2, \beta_3$ = Regression direction coefficient; X_1 = Customer Satisfaction; X_2 = Customer Loyalty; X_3 = Religious e = Residual Variable

The classic assumption test which consists of the classic assumption test which consists of a linearity test, multicollinearity test, autocorrelation test and heteroscedasticity test and will be carried out before testing the hypothesis test is declared accepted if the results are significant.

4 Result

Validity and Reliability Test

Table 1. Validity Test Result

Customer Satisfaction		
Item		
1	0,855***	Valid
2	0,760***	Valid
3	0,931***	Valid

Customer Loyalty		
1	0,587***	Valid
2	0,528**	Valid
3	0,481**	Valid
4	0,585***	Valid
5	0,758***	Valid
Religiuitas		
1	0,629***	Valid
2	0,740***	Valid
3	0,888***	Valid
4	0,651***	Valid
5	0,795***	Valid
Switching Intention		
1	0,870***	Valid
2	0,914***	Valid
3	0,880***	Valid

***sig at level 1%, **sig at level 5%

Table I shows the validity test results for all research instruments and the test results show that all question items in this study were declared valid at the 1% and 5% levels.

After testing the validity of the instrument, a reliability test of the research instrument was carried out. The results of reliability testing stated that all research instruments is reliable with the cronbach alpha > 0.7.

Classical assumption testing can be shown as follows:

a. Normality Test

Table 2. Normality Test

No	Variabel	Asymp. Sig. (2-tailed)	Criteria	Conclusion
1	Customer Satisfaction	0.062	0.062 > 0,05	Normal
2	Customer Loyalty	0.072	0.072 > 0,05	Normal
3	Religiosity	0.075	0.075 > 0,05	Normal
4	Switching Intention	0.057	0.057 > 0,05	Normal

This research data is normally distributed with a value > 0.05

b. Multicollinearity Test

Multicollinearity tests are used to examine whether there is a linear relationship between two independent variables. Based on the Multicollinearity Test calculation findings using Pair Wise Correlation, the coefficient correlations between independent variables are 0.70, implying that the regression model formed does not exhibit symptoms of multicollinearity.

c. Autocorrelation Analysis

This test is designed to detect whether or not there is a correlation between a set of observational data. since of the presence of autocorrelation, the estimator has non-minimum variance and the t test cannot be employed since it will yield incorrect results. The calculated Durbin-Watson value is 1.791 in the Durbin-Watson curve, which is between $dU = 1.6739$ and $4 - dU = 2.3261$, indicating that the regression equation model does not exhibit autocorrelation symptoms.

d. Test for Heteroscedasticity

The heteroscedasticity test analyses whether there is an inequality in residual variance in the regression model from one observation to the next. According to the summary of the calculation results, all sig. > 0.05, indicating that there is no systematic association between the explanatory

variable and the absolute value of the residual or that the regression model does not exhibit signs of heteroscedasticity.

Tabel 3. Descriptive Statistic

Gender		
Male	19	38%
Female	31	62%
Total	50	100%
Age		
12-22 years old	5	10%
23-28 years old	3	6%
29-34 years old	22	44%
35-40 years old	10	20%
>40 years old	10	20%
	50	100%
Religion		
Islam	50	100%
Education		
High School	4	9.1%
Diploma	2	5.5%
Bachelor	7	14.5%
Master	34	63.6%
Doctoral	3	7.3%
	50	100%
Occupation		
Lecturer	6	12%
Sivil Servant	20	40%
Entrepreneur	6	12%
Student	6	12%
Private employee	8	16%
Other	4	8%
	50	100%

Table 3 shows descriptive statistics in this study such as gender, age, religion, education, and occupation. We can see from the table that the respondents of this research are 31% female and 19% male. As many as 44% of respondents have an age range of 29-34 years. The respondents' education is at master's level as much as 63.6% and the respondents' work as civil servants is 40%. The respondents involved in this research all embraced Islam.

Table 4. Hypothesis Result

Dependent Variabel: Switching Intention (SI)				
	B	Std. Error	t	Sig
Constant	23.154	1.842	12.572	0.000***
Customer Satisfaction	-0.260	0.121	-2.149	0.037**
Customer Loyalty	-0.486	0.095	-5.103	0.000**
Religiosity	-0.10	0.061	-0.161	0.973
R-square	0.841			
Adj R-Sq	0.707			
Obs	50			

** significant at 5%

Discussion

Hypothesis 1 is supported because Customer Satisfaction has a negative significant effect on Switching Intention at the 5% level. The findings indicate that customer satisfaction plays a significant influence in reducing consumer intent to switch to another bank. It is critical for Syaria Bank to maintain client satisfaction in this regard. [16] emphasises that a bank's inability to sustain client satisfaction causes unhappiness and encourages customers to transfer banks.

Hypothesis 2 asserts that customer loyalty has a negative effect on switching intention, which is supported by a 1% significance threshold. According to the findings, the more clients who are loyal to their bank, the less likely they are to switch. The findings of this study are consistent with previous research that shows that when customers are dissatisfied with a provider, they have little loyalty and are extremely inclined to switch to another provider, whereas when their switching intentions decrease if consumers have a higher level of loyalty [5], [12].

According to Hypothesis 3, religiosity has a positive effect on switching intention. Hypothesis 3 is, however, unsupported. This study's findings contradict to prior research, which found that religiosity had a linear and substantial link with consumer sentiments in Islamic banks. [8], [13]. This explains that the role of religion or no matter how religious a person is does not affect the intention to limit the use of bank services. Especially in leaving conventional banks which have business processes that are categorized as haram (interest). This insignificant cause is suspected due to the use of indicators that are too broad so that they do not focus on level religion, as well as other factors related to understanding of Islam in banking related to the understanding and perception of usury (interest) so that religious influence is not described in this study.

5 Conclusion

5.1 Conclusion

The goal of this research is to examine the relationship that exists between customer satisfaction, customer loyalty, and religion as it relates to switching intention. The analysis results demonstrate that not all variables have a substantial effect. This study can be summarised as follows:

1. Customer satisfaction and customer loyalty have a significant effect on switching intention.
2. Religious has an insignificant effect on switching intention.

5.2 Suggestions and limitations

Based on the results of the analysis and conclusions, this can be used as advice to Islamic banking for the development of products and services provided to the public so as to attract potential customers. The following are suggestions that can be given to Islamic banks and further researchers:

1. For Islamic Banks

To increase satisfaction and loyalty that can be provided by Islamic banks, namely providing good services, providing appropriate and affordable prices for financing programs, increasing the distribution of microfinance financing, and developing fintech.

2. The next researcher

This research was limited in time and data collection, so it had an impact on several things, namely the number of samples that were too small. Then, there are several variables that were

not examined in this study. Therefore, for further research it is recommended to use a large sample and examine the supporting variables for switching intention (Technological, Financial, and Customer Service Factors).

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