



Measuring Islamic Compliance on The Moderating Effects of Islamic Knowledge Level and The Relationship Between Trust and Loyalty Intention

Muhammad Nafik HR

*Syariah Economics Department, Faculty of Economics and Business,
Universitas Airlangga, Surabaya - Indonesia
Email: muhamadnafik@yahoo.com*

Ririn Tri Ratnasari

*Ph.D Student of Islamic Economics
Post Graduate
Universitas Airlangga, Surabaya – Indonesia
Email: ririnsari03@yahoo.com*

Abstract

Purpose : *This research examines moderating effect of Islamic knowledge level and the relationship between Islamic compliance, trust, and loyalty intention built by the customers on the basis of the high and low Islamic knowledge level in an Islamic banking.*

Methodology - *This study was using survey data collecting and partial least square to examine hypotheses. This study use compliance to Islamic marketing measurement based on Abdullah and Ahmad (2010) and Hassan et al. (2008). To measure the customers trust, used Hennig-Thurau et al. (2002). To measure the customer loyalty intention to Islamic banking, used Harris and Ezzeh (2008). The sampling methods are purposive and convenience samplings. The number of respondents are 200 Islamic banking customers.*

Findings : *The results reveal that the influence of Islamic compliance on trust between the high Islamic knowledge and low Islamic knowledge is different. The high Islamic knowledge affects the weak of relation between Islamic compliance and trust. In addition, the results of this study indicate that trust influences customer loyalty intention. But, the Islamic compliance does not influence the customer loyalty intention to the Islamic banking in Surabaya.*

Keywords: *Islamic Compliance, Islamic Knowledge Level, Trust, Loyalty Intention*

INTRODUCTION

This study aims to examine the perceptions of Muslim consumers regarding the extent of compliance of businesses to general Islamic guidelines on marketing. Islam is the religion of a vast and growing number of consumers around the world. Sharia marketing now is risen. Muslim consumers have enormous and growing purchasing power in countries such as Indonesia, Egypt, Iran, India, Malaysia, Morocco, Turkey, Saudi Arabia and South Africa. According to a latest estimation by the Pew Forum on Religion and Public Life, there are about 1.57 billion Muslims in the world, and they comprise 23% of the global population of 6.8 billion. Over 60% of

them live in Asia, and one-fifth in the Middle East and North Africa. More than 300 million Muslims live as minority communities.

Based on the data from Central Intelligence Agency (2009), Islam can be categorized as Indonesia's dominant religion and approximately 86%, or about 200 million, of its population identify as Muslims, composing it the world's largest Muslim population. Further, The Middle East has seen a 78% growth in brand value, based on high demand for Islamic banking products and services (2010 The BrandFinance® Global 500). Most of the muslim customers need shari'ah marketing.

Ratnasari and Prayogo (2012) said that Shari'ah marketing is a phrase that comes from two words namely "al-Shari'ah" (الشريعة) and "marketing". The word "*al-Shari'ah*" (الشريعة) derives from the Arabic root word *syara'a* (شرع), which ethymologically (*Lisānul Arab, VIII/175*) means flowing water sources that were humans or animals to drink. while the terminology (*Mu'jam al- Wasith, I/479*), defined by:

ما شرعة الله لعباد من العقائد والاحكام
mā syir'atillahi li- 'ibādihi mina 'l- 'aqāidi wa 'l-ahkami

The meaning: "all things that exist in *syir'ah Allah* to creatures who worship Him who covers the rules and laws."

The word *syir'ah* (الشرعة) that described in these terms, interpreted as a rule. It is in accordance with the word of Allah *Ta'ala* in QS. Al-Maidah [5]: 48:

... لكل جعلنا منكم شرعة ومنهاجا ...

Likullin ja'alnā minkum syir'atan wa minhājā

The meaning (Shahih International): "To each of you, We prescribed a law and a method".

The purpose of the implementation of sharia for human benefit, because Allah *Ta'alā* gives command or prohibition to place the balance in human life and gain benefit for themselves. Al-Syatibi in Romli (2007:129) says that:

ان الاحكام شرعت لمصالح لعباد

Inna'l-ahkāmā'sy-syari'ata li maṣālihil-'ibādi

The meaning: "The provisions of law which prescribed God is for human benefit"

Shariah (Islamic) marketing can be defined as a series of processes to deliver value brought by an organization to the parties who have an interest in any process against him as well as closely related to rules or laws set by Allah *Ta'alā*.

Islamic marketing practices in the Islamic Banking is very important. Islamic compliance based on the Islamic ethics. Islamic ethics dictate that under no



circumstances should marketers exploit their customers or in any way involve themselves in dishonesty, fraud or deceit (Saeed, Ahmad and Mukhtar, 2001). In this research, the means of Islamic compliance is compliance to Islamic marketing. Baker (2011:44), said that within Islamic markets, adding the word “Islamic” to marketing will be understood to mean Shariah-compliant practices, i.e., adhering to the teachings of Islam regarding all facets of trade, applying Islamic business ethics and observing the market manners as dictated by the religion of Islam. In other words, shariah-compliance is a brand ability to fulfil the Islamic law and operate under the principles of Islamic banking. Perception of compliance to Islamic marketing will drive to customers trust.

In Islamic perspective, the relationship (*silaturahmi*) is very important. Morgan and Hunt (1994) stated that in building the relationship marketing, attention should be paid to the primary key, namely, trust from all parties that are involved in the activities. In order to make the relationship marketing run well, the company should know the customers’ understanding about the relationship marketing in the field of service based on their own perspective. For the customers, in order to be able to engage in the relationship marketing, trust is required. Findings from Abdullah and Ahmad (2010) suggest that there are still many businessmen who do not observe the marketing practices as outlined in the Quran and Sunnah, particularly in the promotion of their products and sell their products. These activities can make customer distrust. Further, Abdullah and Ahmad (2010) explain that the educational backgrounds of the Muslim consumers were found to affect their level of awareness and perceptions toward the degree of compliance to Shariah. Those imbued with religious knowledge tend to be well-versed with the requirements of Shariah and could judge the extent to which these are practiced among businesses.

2. RESEARCH FRAMEWORK AND HYPOTHESES

Marketing plays a very important role in fulfilling consumers’ needs, besides achieving company goals. In fulfilling these goals, Muslim marketers must ensure that all aspects of marketing activities, such as planning of goods and services, pricing and distribution strategies, as well as the promotional techniques used, are in accordance with the regulations stipulated in the Quran and the Sunnah. Islamic guidelines ensure that the interest of all parties in a transaction, that is, the buyers, sellers, business partners and the community are safeguarded. As such, Muslim businesses are able to maintain a balance between their responsibilities to the company in terms of profits, to the consumers in terms of providing safe and quality products, and towards ensuring the welfare of society. According to Baker (2011:44), that Islamic-compliant practices Islamic business ethics, particularly in Islamic marketing ethics.



2.1. Compliance to Islamic Marketing

Hassan *et al.* (2008) explain that under the Islamic approach, the production process has to be guided by the criteria of the value and the impact of the product upon the whole society. This is due to the highest importance given to the actualization of the optimum welfare of a human being and society (al-Faruqi, 1992). The primary objective of the development of suitable banking product is to deliver, elevate and satisfy basic human needs. Miller (1996) suggest that the main thrust behind unethical decision-making on the part of business persons to produce sub-optimal products is usually some form of costconscious strategy. The Islamic perspective, on the other hand, encourages a societal and welfare approach rather than decisions based on the profit maximization.

Hassan *et al.* (2008) said that in terms of Islamic marketing ethics, it is unethical for the salesman or customer relation advisor (CRA) to over-praise his products and attribute to them qualities which they do not possess (Ibn al-Ukhuwwah, 1938). Furthermore, giving a false impression of any kind to promote or sell a product is strictly prohibited within the Islamic ethical framework of international marketing practices. Therefore, in the area of product promotions, Islamic marketing ethics will follow the following rules : avoidance of false and misleading advertising; rejection of high pressure manipulations, or misleading sales tactics; and avoidance of sales promotions that use deception or manipulation.

The Prophet Muhammad (Peace be upon him) expressly condemned all manipulative promotional behaviour stating that, "One who cheats us is not one of us" (al-Nawawi 2: 770, Hassan *et al.*, 2008). In Islamic ethics, promotional techniques must not use sexual appeal, emotional appeal, fear appeal, false testimonies and pseudo research appeal, or contribute to the dullness of the mind or encourage extravagance. Within the Islamic framework, these methods are unethical since they are utilized purely to exploit the basic instinct of consumers worldwide with a view to gain profits and greater market share. Furthermore, Islamic ethics strictly prohibits stereotyping of women in advertising, and excessive use of fantasy. The use of suggestive language and behaviour, and the use of women as objects to lure and attract customers are also not allowed.

2.2. Trust

Customer trust relates to a belief on the part of the customer that obligations will be fulfilled. In other words, the customer believes and feels that the seller of an Islamic bank product can be relied upon to behave in such a manner that the long-term interest of the customer will be served (Hasan *et al.*, 2008). Moorman *et al.* (1993) defined trust as " ... a willingness to rely on an exchange partner in whom one has confidence. A betrayal of this trust (by the supplier or service provider) can lead to



defection (Ndubisi *et al.* , 2004). Gronroos (1990) asserted that the resources of the seller – personnel, technology and systems – have to be used in such a manner that the customer’s trust in the resources involved and, thus, in the firm itself is maintained and strengthened. Schurr and Ozanne (1985) defined the term as the belief that a partner’s word or promise is reliable and a party will fulfill his/her obligations in the relationship. Other authors have defined trust in terms of, shared values, mutual goals, opportunistic behavior, making and keeping promises, uncertainty, and actions with positive outcomes (Anderson and Narus, 1984; Morgan and Hunt, 1994).

2.3. Loyalty Intention

Intentions are probability, as rated by the subject, that he or she will perform the behavior. The intention is made up of attitudes and subject norms (Ajzen and Fishbein, 1980 in Akarapanich, 2007). Loyalty is a primary goal of relationship marketing and sometimes even with the relationship marketing concept itself (Sheth, 1996). Jacoby and Chestnut (1979, in Akapanich, 2007) explain that loyalty is not merely a behavior; it is a function of underlying psychological factors as well.

Based on the principles of marketing ethics from an Islamic perspective, customer loyalty intention to the Islamic bank is conceptualized as a customer’s intention to maintain an ongoing relationship with the Islamic bank (Haron, Ahmad, and Planisek, 1994; and Jamal and Naser, 2003). Recent research shows the appropriateness of considering the preferences of customers. The willingness to recommend the service provider is the key indicator for measuring loyalty intentions (Reicheld, 2003; Akarapanich, 2007).

2.4. Islamic Knowledge Level

Glock (1962) and later Glock and Stark (1965, in Azam *et al.*, 2002) explain the definition of Islamic knowledge level is the level of someone who have knowledge and understanding principles in their religiosity. It’s include of commands and prohibitions in holy book (Robertson, 1995:295). Principles in their religiosity are Islamic pillars, faith pillars, Islamic law (eg. fiqh muamalah), Islamic histories, etc (Ancok and Suroso, 2001). It suggested intellectual (Islamic knowledge) has deep influence on every aspects of human behavior whether it is life style or consumption behavior.

2.5. The moderating effect of Islamic knowledge level on the relationship between Islamic compliance, trust, and loyalty intention

The more Islamic knowledge a respondent possesses the more equipped he or she will be in evaluating whether the Islamic guidelines are adhered to. In addition, since it is observed that there are differences in the awareness level of the Shariah



knowledge and requirements in the conduct of daily life and business activities based on the state one resides in (Abdullah and Ahmad, 2010). A marketer must uphold the trust Allah (swt) has in him through proper management of the resources bestowed upon him for the betterment of society and the surrounding environment. There must be sincerity in fulfilling consumers' needs and ensuring consumer safety, as well as having a sense of brotherhood in dealing with business partners and consumers. This would not only ensure success in business but would also uphold the trust and loyalty intention among consumers (Abdullah and Ahmad, 2010).

2.5.1. The influence of Islamic knowledge level as a moderator variable in the relationship between Islamic compliance and trust

Morgan and Hunt (1994) stated that trust is a self-confidence of the customers to a reliable service provider with high integrity. Moorman, Deshpande, and Zaltman (1993), Silverhart (2004) and Harris and Goode (2004) added that trust is the willingness to entrust something to someone else who can be trusted by him. Hoffman (2002) asserted that in a business context, trust is a key factor of economic exchange that is separate from relational exchange. It can be understood that the customers who invest times in building personal relationships based on the business, will psychologically be more confident with the service provider.

The influence of religion (Islamic knowledge) on society's value systems and the effect of these value systems on consumer behaviour cannot be underestimated (Delener 1989). Islamic knowledge from customer influences the emphasis placed on material life and the attitudes toward owning and using goods and services. Studies in the marketing literature argue that religion and the part of it, Islamic knowledge is often a key element of culture, greatly influencing behaviour, which in turn affects purchasing decisions (Hirschmann 1981; Delener 1990a in Essoo and Dibb, 2004). Thus, customer perception about Islamic compliance or more specific, compliance to Islamic marketing practices in the Islamic banking will influence customer trust. In Islamic banking context, we can adopt Global Head of HSBC Amanah (2007) statement, that is "Understanding and trust will be the key factors driving growth in the rapidly expanding Islamic banking services sector in the years to come. When customers are confident that the product is *Shariah*-compliant, you build up a reciprocal trust that is essential for Islamic banking to expand".

H1: Islamic compliance has A Positive Effect on Trust but High Islamic Knowledge weakened the influence of Islamic compliance to trust



2.5.2. Relationship between trust and loyalty intention

Anderson and Narus (1990) said that the existence of the trust, as one of the main keys in the relationship marketing built by the customers, makes the service companies and the customers have mutual trust; so, it will positively impact both parties. Therefore, the service provider should be seen by the customers as a trusted party that can build the worth and meaningful relationships for the customers (O'Malley, Patterson, & Evans, 1997).

According to Johnson and Grayson (2005) and Hennig-Thurau *et al.* (2002), loyalty intention is a direct result of the trust that comes from the customer minds that will give benefits for the customers fostering the emergence of the customer loyalty to the service provider (Garbarino & Johnson, 1999; Hennig-Thurau *et al.*, 2002; and Morgan & Hunt, 1994). The loyalty built between the service providers and the customers can shape the customers willingness to cooperate with the service providers. Thus, a service provider with trust in it will be able to encourage the loyalty intention emergence between each party (Schurr & Ozanne, 1995).

H2: Trust has A Positive Effect on Loyalty Intention

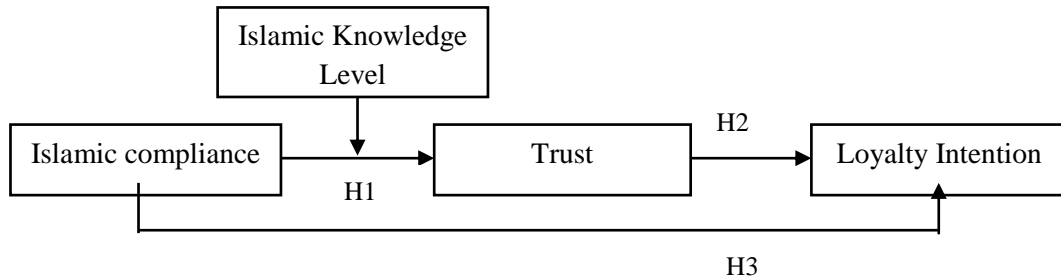
2.5.3. Relationship between Islamic compliance and loyalty intention

Metawa dan Almosawi (1999) explain that the main factors to maintain a relationship with service providers or loyalty intention to Islamic bank is complied Their Islamic principles. Islamic bank on the contrary are mainly profit sharing institutions that emphasize the application of the Islamic principles in their financial transactions in order to achieve economic and social development. Customer decides to keep the Islamic banks relating to matters of faith and confidence in the prohibition of riba for Muslims customer. However, compliance with one's religion does not necessarily make it irrational in selecting and loyal to the Islamic bank either. That it shows the good and bad customer adjustment truth values of Islam in the Islamic banking operations are included in the marketing aspect has a major influence in encouraging the Muslims who are religious and loyal to understand the prohibition on usury to commercial banks despite conventional banks offering Islamic products are more varied and profitable but questionable halal status.

H3: Islamic Compliance has A Positive Effect on Loyalty Intention

The conceptual model of this research which is based on the five constructions has dimensions relied on the previous researches and theories which can be seen in the Figure 1.

FIGURE 1. CONCEPTUAL FRAMEWORK



3. METHODS

Sample

This study used customers as sample who are saving their money or apply financing in the Islamic Banking in Surabaya more than one year. A sample of 200 respondents were selected using purposive and convenience sampling.

Measures

The constructs in this study were measured using seven-point Likert scales drawn and modified from the existing literature. This study use 7 items to measure Islamic compliance based on research conducted modification by Abdullah and Ahmad (2010) and Hassan *et al.* (2008). To measure the customers trust used each statement based on 4 items of research has been done by Hennig-Thurau *et al.* (2002). To measure customer loyalty intention used 6 items taken based on the measurement of loyalty intention that has been done by Harris and Ezze (2008).

Measurement Model

We use latent constructs with multiple measurement items to explain the drivers of Islamic compliance and trust. As noted by Hair *et al.* (2006), when estimating such models, we need to simultaneously take into account both the measurement and structural components. Partial least squares (PLS) path modeling is commonly used in marketing (Hennig-Thurau, Henning, and Sattler 2007) where researchers have to simultaneously estimate the factor loadings of the measurement model and path coefficients of the structural model (Anderson and Swaminathan, 2011). PLS can run to confirm some theories and explain the relationship between variables, include of moderator variables.

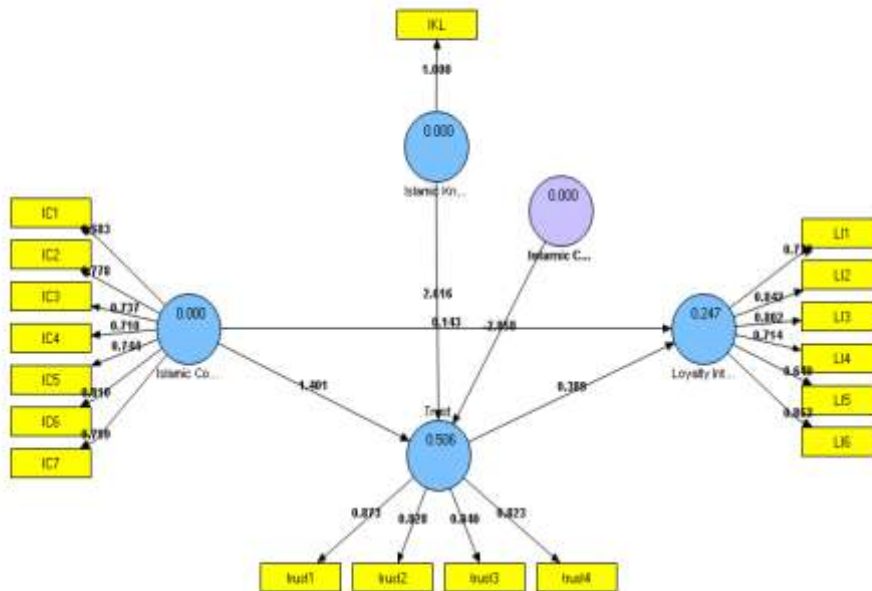
Validity and Reliability

Internal validity test conducted on the items on the questionnaire statement by calculating the corrected item to total correlation. After testing, the test results showed that almost all claims greater than 0.4 indicators so that these items declared invalid. Reliability test results show that all variables have an alpha value greater than 0.6 (Cronbach Alpha).

4. RESULTS

The PLS result as shown at Figure 1 :

FIGURE 2 STRUCTURAL MODEL



Source : Result of research data

Here is the estimate of their value - each study relationships among variables based on Table 1 :

1. Koesifien magnitude estimate of the Islamic compliance on trust is 1.401. The coefficient is positive that if the enhanced Islamic compliance, the greater the trust. Conversely, the lower the Islamic compliance, the lower the trust with PLS coefficients for 1.401.
2. Koesifien magnitude estimate of the moderation to the trust is -2.858. Coefficients are negative which was further enhanced when the moderation factor, the lower the trust. Conversely the fall factor moderating the increase



trust with the PLS coefficient of -2.858. The negative sign means that Islamic Knowledge level weaken the influence of Islamic compliance on trust.

TABLE 1
THE ESTIMATED COEFFICIENTS BETWEEN VARIABLES

Relationships between variables	Original Sample Estimate
Islamic Compliance → Trust	1.401
Moderasi → Trust	-2.858
Trust → Loyalty	0.389
Islamic Compliance → Loyalty Intention	0.143

Source : Result of research data

Koesifien magnitude estimate of the trust on loyalty is 0.389. The coefficient is positive that if the enhanced trust, the greater the loyalty intention. Conversely, the lower the trust, the lower the loyalty intention with PLS coefficients for 0.389.

Koesifien magnitude estimate of Islamic compliance to loyalty intention is 0.143. The coefficient is positive that if the enhanced Islamic compliance, the greater the loyalty intention. Conversely the lower the Islamic compliance, the lower the loyalty intention with PLS coefficients for 0.143.

Here is a table of hypothesis testing using t test :

TABLE 2
TEST THE INFLUENCE BETWEEN VARIABLES

Relationships between variabels	t-Statistic	t-tabel
Islamic Compliance → Trust	5.658	> 1.96
Moderasi → Trust	-3.408	< 1.96
Trust → Loyalty Intention	3.030	> 1.96
Islamic Compliance → Loyalty Intention	1.191	< 1.96

Source : Result of research data

Tabel 2 can be interpreted by :

There is influence significantly between Islamic compliance and trust with 5.658 t score > 1.96.



There is influence significantly moderator variabel (Islamic knowledge level) and Islamic compliance to trust with -3.408 t score < 1.96 . It said that the level of Islamic knowledge weakened the influence of Islamic compliance to trust.

There is influence significantly between trust and loyalty intention with 3.030 t score > 1.96 .

There is no influence significantly between Islamic compliance and loyalty intention with 1.191 t score < 1.96 .

DISCUSSION

This research specifically divided the respondents into two groups, the customers who have high Islamic knowledge level and low Islamic knowledge level. The results of this study indicate that the first hypothesis is accepted: Islamic compliance has a positive effect on Trust but higher Islamic knowledge weakened the influence of Islamic compliance to trust. It supports that religion and the part of it, Islamic knowledge is greatly influencing behaviour, the which in turn affects purchasing decisions (Hirschmann 1981; Delener 1990a in Essoo and Dibb, 2004). Thus, customer perception about Islamic compliance or more specific, compliance to Islamic marketing practices in the Islamic banking will influence customer trust. In Islamic banking context, we can aim of adopting Global Head of HSBC Amanah (2007) statement, that is "Understanding and trust will be the key factors driving growth in the rapidly expanding Islamic banking services sector in the years to come. When customers are confident that the product is Shariah-compliant, you build up a reciprocal trust that is essential for Islamic banking to expand".

So, the result show that Islamic compliance influences customer trust. But, based on this finding, it is the show that customers have higher levels of Islamic knowledge That drives them to have perception and expectation about Islamic banking. The customers who have higher levels of Islamic knowledge have good perception about compliance to Islamic marketing eg. Islamic bank are following Islamic guidelines on advertising (no vulgarity) and avoid false and misleading advertising. They have good perception about fair use Islamic bank dealings in their conduct of business activities and the Islamic bank's rejection of misleading sales tactics, and Islamic banks avoidance of sales promotions that use deception or manipulation based on their Islamic knowledge level. Customer service employees in the Islamic bank did not necessity customers to open new products. That is why the customers get trust to the Islamic banking.



But, the level of Islamic knowledge that the customer has it higher, the higher the knowledge and understanding of the teachings of his religion as knowledge of Islamic laws in the field of commerce (fiqh muamalah) will further enhance compliance with the commands and prohibitions of Allah (Ratnasari and Prayogo, 2012). They are increasingly able to criticize the application of the product by the Islamic bank. They believe that Islamic bank (Sharia General Banking) operations based on profit sharing, no usury. But, they can make-criticism about the compliance of Islamic products, because they do not conduct many products according to Islamic guidelines (Al-Qur'an and the Sunnah). Almost, Islamic banks are same products with conventional bank products. They just different in name (use products Arabian Islamic bank name). Actually, they think there are no significant different at all. So, Islamic compliance has a positive effect on high trust but Islamic knowledge weakened the relationship between Islamic compliance and trust. In addition, customers who have a higher Islamic knowledge who have studied Islam in the form of normative Islamic economics, but less understood form of practices. This causes a gap between what they learn with the facts on the ground that the application requires flexibility but do not break the rules of Islam. This has weakened the link between Islamic compliance with customer trust.

The results showed that the second hypothesis is also accepted. The results are consistent with theories proposed by Adamson, Chann, and Handford (2003) stating that in the relational marketing in the service sector, the customers want to pursue a relationship with a marketer, because the customers have to build trust. Trust will significantly reduce the risk perceived by the customers when they have to make decision to deposit their money in the Islamic Banking. Trust will provide benefits to the customers that foster the emergence of their loyalty intention. According to Johnson and Grayson (2005) and Hennig-Thurau et al. (2002), loyalty intention is a direct result of the trust that comes from the customer minds that will benefit the customers fostering the emergence of the customers loyalty intention to the service provider (Garbarino & Johnson, 1999; Hennig-Thurau et al., 2002; and Morgan & Hunt, 1994). In this study, the customers are trust with their chosen Islamic Banking in Surabaya. The customers believe that they know what to expect when they go in, that is no usury. The customers remain with QS. Al-Baqarah:275 :

الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ مِنَ الْمَسِّ... وَمَنْ عَادَ فَأُولَئِكَ أَصْحَابُ النَّارِ هُمْ فِيهَا خَالِدُونَ (٢٧٥)

“Those who consume interest cannot stand (on the Day of Resurrection) except as one stands who is being beaten by Satan into insanity... But whoever returns to (dealing in interest or usury) - those are the companions of the Fire; they will abide eternally therein”.



The customers believe that Islamic bank's employees have high integrity, honest and truthful. That's why the customers who have trust then will have loyalty intention to be Islamic bank customer. Thus, Trust has a positive effect on loyalty intention.

The results showed that the third hypothesis is not accepted. The results are not consistent with theories proposed by Metawa and Almossawi (1999) which say that the main factor maintaining the customer relationship or intend to remain loyal to the Islamic bank is their adherence to Islamic principles. This turned out to be understood more deeply and more widely by the customer, that Islamic principles are adhered to by the customer is not only related to their rituals of worship, but also in practical terms of daily transactions are done. The customer plans to remain a customer of Islamic bank due to issues related to faith and confidence in the prohibition of riba for Muslims. When customers understand that Sharia does not apply the General Banking system of usury, but the profit sharing system, he believed in the Islamic bank, and will encourage them to remain a customer at the Islamic Bank. In general, customers do not see significant differences between the conventional bank and Islamic bank in addition to profit sharing and usury.

Thus, customer perceptions regarding compliance to Islamic marketing carried out by Islamic Bank can not influence them to have the loyalty intention. This is due to the customer must first have trust that the Islamic Banking has been carrying out the teachings of Islam in its marketing strategies, such as murabaha and aqad mudaraba-correct Islamic guidance. Once customers believe it, just they intend to remain loyal to the Islamic bank's customers. In addition, customer expectations of the Islamic compliance adopted by Islamic banks so they can encourage them to keep the loyalty intention is not only focused on compliance to Islamic marketing, but all activities are carried out by Islamic banks, including services, funding, and financing. This is a limitation in this study.

6. MANAGERIAL IMPLICATIONS FOR ISLAMIC BANKING

Based on the results of this study, the implications can be useful for Islamic Banking are:

The Islamic bank conduct activities according to Islamic guidelines and regulations (to Shariah) better in every segments, not just in marketing, but in funding and financing. Specifically, it can make-clearly difference about Islamic bank and conventional bank.

The future of Islamic banks hinges on having the most highly-qualified management team. Professionalism and competence are key ingredients for successful relationships with Islamic bank customers.



Training programs may prove to be a useful tool for improving the managerial capabilities of Islamic bank staff in order to avoid lack of Islamic knowledge between higher Islamic knowledge customers and the management include of staffs.

Improve Islamic advertising that it does not use women (stereotyping) in their advertisements to customers, hold out to avoid false and misleading advertising. Such conditions may contribute to build a better trust in higher Islamic knowledge customers.

7. DIRECTIONS FOR FURTHER RESEARCH

In the future, research needs to be more deeply by including the financial performance, size of Islamic banking variable as an exogent variables. It is very interesting to investigate to explore the antesedent of trust in Islamic banking.

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