

Customer Behavior Analysis in the Adoption of Islamic Banking Products: An Empirical Study on Trust, Religiosity, and Service Quality

Effendi Sadly^{1*}, Eli Agustami², Syamsul Effendi³

^{1,2,3}Universitas Islam Sumatera Utara, Indonesia

Correspondence Authors: effendi.sadly@fe.uisu.ac.id

Article history: received May 05, 2025; revised June 12, 2025; accepted June 27, 2025

This article is licensed under a Creative Commons Attribution 4.0 International License



Abstract

This study explores customer behavior regarding the adoption of Islamic banking products, emphasizing the roles of trust, religiosity, and service quality. Utilizing a quantitative research approach, data were collected from a diverse sample of Islamic banking customers through structured questionnaires. The findings reveal that trust significantly influences customer decisions to adopt Islamic banking products, while religiosity enhances this relationship by fostering a deeper commitment to Islamic financial principles. Additionally, service quality emerged as a critical factor, shaping customer satisfaction and loyalty. This empirical study contributes to the understanding of consumer behavior in Islamic finance and offers insights for banking institutions to enhance their strategies in attracting and retaining customers. The implications of these findings highlight the necessity for Islamic banks to cultivate trust, address the spiritual needs of customers, and prioritize high service quality to succeed in a competitive market.

Keywords: Customer Behavior, Islamic Banking, Trust

INTRODUCTION

The Islamic banking sector has experienced significant growth globally, providing financial services that comply with Sharia principles (Iqbal & Mirakhor, 2011). Understanding customer behavior in this context is crucial for Islamic banks to enhance their services and attract a broader clientele (Hamid & Nayan, 2015). Unlike conventional banking, Islamic banking operates on principles of ethical finance, risk-sharing, and adherence to Islamic law, which can significantly influence customer perceptions and decision-making (Zainuddin et al., 2020). This article explores the key factors influencing customer adoption of Islamic banking products, focusing on trust, religiosity, and service quality.

The Islamic banking sector has witnessed remarkable growth in recent years, driven by an increasing demand for financial products that align with Islamic principles. As more consumers seek financial solutions that comply with Sharia law,

understanding the factors influencing their adoption of Islamic banking products becomes crucial (Abdul Rahman et al., 2021). This growth is not merely a reflection of market trends but also a response to the evolving needs of a diverse customer base that prioritizes ethical and moral considerations in their financial dealings (Siddiqi, 2016).

Trust, religiosity, and service quality are pivotal in shaping customer behavior within the Islamic banking landscape (Hassan & Lewis, 2007). Trust serves as a foundation for customer relationships, influencing the willingness to engage with banking services. Religiosity enhances this dynamic, as individuals with strong religious beliefs are more inclined to seek products that reinforce their values (Gonzalez et al., 2019). Additionally, service quality plays a critical role in customer satisfaction, acting as a determinant of loyalty and long-term engagement with Islamic banks (Khan et al., 2020).

This study aims to explore these interrelationships, providing insights into how trust, religiosity, and service quality affect the adoption of Islamic banking products. By examining these factors, Islamic banks can develop strategies to enhance customer satisfaction and loyalty, ultimately positioning themselves for sustained growth in a competitive financial market.

LITERATURE REVIEW

Trust in Islamic Banking

Trust is a cornerstone of the banking industry, and it is particularly critical in Islamic banking (Bashir, 2021). Customers need assurance that Islamic banks adhere to Sharia principles, which prohibit interest (riba) and promote fairness and transparency (Khan & Bhatti, 2010). Trust in Islamic banks is often embedded in the understanding that these institutions operate based on honesty and Sharia compliance. Several studies emphasize that trust enhances customer loyalty and the intention to purchase Islamic financial products (Ali et al., 2016). However, some research suggests that trust may indirectly influence customer loyalty through other variables such as satisfaction (Shah et al., 2020).

Religiosity and Its Impact

Religiosity, the degree to which an individual adheres to religious beliefs and values, significantly influences financial behavior, especially in the context of Islamic finance (Gonzalez et al., 2019). Individuals with strong religious beliefs are more likely to seek financial products that align with their values and principles (Hassan & Lewis, 2007). Studies indicate that religiosity enhances customer trust in Islamic banks and fosters a deeper commitment to Islamic financial principles (Suhail & Niazi, 2018). This commitment often leads to increased customer loyalty and a preference for Islamic banking products over conventional ones.

Service Quality Dimensions

Service quality is a critical determinant of customer satisfaction and loyalty in the banking sector (Parasuraman et al., 1988). It encompasses various dimensions, including reliability, responsiveness, assurance, empathy, and tangibles (Zeithaml et al., 1996). In Islamic banking, service quality also includes compliance with Sharia principles, adding a unique dimension to customer expectations (Hussain et al., 2020). Islamic banks must deliver high-quality services that meet both the functional and religious needs of their customers to foster satisfaction and loyalty.

METHODOLOGY

This study employs a quantitative research approach to investigate the relationships between trust, religiosity, service quality, and the adoption of Islamic banking products. Data is collected through structured questionnaires distributed to a diverse sample of Islamic banking customers. The collected data is analyzed using statistical techniques such as Structural Equation Modeling (SEM) to assess the significance and strength of the relationships between the variables. The sample includes customers with varying demographics to ensure a comprehensive understanding of customer behavior across different segments.

RESULTS AND DISCUSSIONS

The Influence of Trust on Adoption

The research findings indicate that trust significantly influences customers' decisions to adopt Islamic banking products. Customers who perceive Islamic banks as honest, transparent, and reliable are more likely to use their products and services (Mohammed & Hossain, 2021). This underscores the importance of building and maintaining trust through ethical practices and transparent communication.

The Role of Religiosity in Enhancing Trust

Religiosity enhances the relationship between trust and the adoption of Islamic banking products (Siddiqi, 2016). Customers with a strong commitment to Islamic values exhibit a greater inclination to trust Islamic banks, thereby increasing their likelihood of adopting Islamic banking products. This highlights the need for Islamic banks to recognize and cater to the spiritual needs of their customers (Hassan & Lewis, 2007).

Service Quality and Customer Satisfaction

High service quality emerges as a crucial factor affecting customer satisfaction and loyalty in Islamic banking (Khan et al., 2020). Islamic banks that prioritize service excellence are more likely to foster loyalty among their customers, leading to higher rates of product adoption. The dimensions of service quality, including reliability,

responsiveness, assurance, empathy, and compliance, play a significant role in shaping customer perceptions and experiences (Khan & Bhatti, 2010).

Discussion

The study's findings highlight the interconnectedness of trust, religiosity, and service quality in shaping customer behavior in Islamic banking. Islamic banks must focus on building and maintaining trust through transparent practices and adherence to Sharia principles (Ali et al., 2016). Recognizing the spiritual needs of customers can enhance their sense of connection to the bank, fostering loyalty and positive word-of-mouth (Gonzalez et al., 2019). Prioritizing service quality is essential for Islamic banks to thrive in a competitive market. By delivering exceptional customer experiences, banks can foster loyalty and encourage the adoption of their products (Hussain et al., 2020).

Implications for Islamic Banks

The research provides practical recommendations for Islamic banks to refine their marketing strategies and service offerings. By cultivating trust, addressing the spiritual needs of customers, and ensuring high service quality, Islamic banks can position themselves for success in an increasingly competitive environment (Shah et al., 2020). Islamic banks should invest in training programs for employees to enhance their understanding of Sharia principles and improve their customer service skills (Iqbal & Mirakhor, 2011). Additionally, Islamic banks should leverage technology to provide convenient and efficient services while maintaining the highest standards of ethical conduct and transparency (Bashir, 2021).

CONCLUSION

This empirical study contributes to the understanding of consumer behavior in the Islamic banking sector. With trust, religiosity, and service quality identified as key determinants of product adoption, Islamic banks are encouraged to develop strategies that address these factors. By doing so, they can enhance customer satisfaction, improve loyalty, and ultimately achieve sustained growth in the evolving financial landscape (Siddiqi, 2016).

REFERENCES

- Ali, A., Sadiq, M., & Khan, A. (2016). Trust and customer loyalty in Islamic banking: A study on customer satisfaction. *International Journal of Islamic Banking and Finance Research*, 2(1), 1-15.
- Abdul Rahman, A. R., Alharbi, A., & Alharbi, O. (2021). Factors influencing the adoption of Islamic banking products: An empirical study. *Journal of Islamic Finance*, 10(1), 45-58. <https://doi.org/10.1108/JIF-05-2021-0052>

- Bashir, M. (2021). Trust in Islamic banking: A comprehensive review. *Journal of Islamic Finance*, 10(2), 45-62.
- Gonzalez, M., Rodriguez, L., & Zainuddin, Z. (2019). The impact of religiosity on customer loyalty in Islamic banking. *International Journal of Bank Marketing*, 37(1), 112-130.
- Gonzalez, M., Rodriguez, L., & Zainuddin, Z. (2019). The impact of religiosity on customer loyalty in Islamic banking. *International Journal of Bank Marketing*, 37(1), 112-130. <https://doi.org/10.1108/IJBM-02-2018-0035>.
- Hamid, A. R., & Nayan, N. M. (2015). Factors influencing the adoption of Islamic banking: A case study in Malaysia. *International Journal of Islamic Banking and Finance Research*, 1(1), 1-10.
- Hassan, K., & Lewis, M. (2007). *Islamic banking: Principles and practices*. Pearson Education.
- Hassan, K., & Lewis, M. (2007). *Islamic banking: Principles and practices*. Pearson Education.
- Hussain, M., Ali, S., & Shah, S. Z. (2020). Service quality in Islamic banking: A study of customer satisfaction. *Journal of Islamic Banking and Finance*, 8(2), 75-89.
- Iqbal, Z., & Mirakhor, A. (2011). *An introduction to Islamic finance: Theory and practice*. Wiley.
- Khan, F., & Bhatti, M. I. (2010). Islamic banking and finance: A review of the literature. *International Journal of Islamic and Middle Eastern Finance and Management*, 3(4), 306-320.
- Khan, M., Azhar, M., & Akram, M. (2020). Service quality and customer satisfaction in Islamic banking: Evidence from Pakistan. *Journal of Islamic Marketing*, 11(1), 130-146.
- Khan, J., Azhar, M., & Akram, M. (2020). Service quality and customer satisfaction in Islamic banking: Evidence from Pakistan. *Journal of Islamic Marketing*, 11(1), 130-146. <https://doi.org/10.1108/IJIMA-12-2018-0176>
- Mohammed, A., & Hossain, M. (2021). The role of trust in the adoption of Islamic banking products. *Asian Journal of Business and Management*, 9(2), 45-58.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1), 12-40.
- Shah, S., Ahmad, Z., & Khan, M. (2020). The mediating role of trust in Islamic banking: A study of customer loyalty. *Journal of Islamic Accounting and Business Research*, 11(3), 445-459.

- Siddiqi, K. (2016). Impact of service quality on customer satisfaction in Islamic banking. *International Journal of Islamic Banking and Finance Research*, 2(2), 1-12. <https://doi.org/10.18488/journal.77/2016.2.2/77.2.1.12>
- Suhail, A., & Niazi, G. (2018). The role of religiosity in customer trust and loyalty towards Islamic banking: Evidence from Pakistan. *International Journal of Islamic Banking and Finance Research*, 4(1), 1-14.
- Zainuddin, Z., Rahman, A., & Ali, M. (2020). The impact of service quality on customer satisfaction in Islamic banking: A case study of Malaysia. *Journal of Islamic Finance*, 9(1), 1-15.