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Harnessing the Power of Brand Attributes: The Impact on Corporate Brand Image and Customer Loyalty in Indonesian Islamic Banking

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Abstract

Despite Indonesia's significant potential for Islamic banking growth due to its large Muslim population, the sector encounters intense competition from conventional banks offering similar products. This necessitates a strong focus on differentiation, with a robust and distinct brand image crucial for the long-term sustainability of Islamic banking institutions. This study investigates factors influencing customer loyalty towards Indonesian Islamic banking. It was built upon prior research on functional, emotional, and spiritual brand attributes by introducing online brand attributes as a novel perspective. The digitalization and innovation phenomenon can act as critical drivers, enhancing competitiveness and broadening service reach through online channels for Islamic banks. Using a quantitative approach with 480 sharia banking customers in Indonesia, the research employed Partial Least Squares-Structural Equation Modeling (PLS-SEM) to examine the role of brand image in fostering customer loyalty. Findings reveal that online brand attributes exerted the most significant positive impact on corporate brand image (CBI). In turn, CBI has positive impacts on customer loyalty. Among the variables examined, core service, beliefs, sharia compliance, and security were found to have the most decisive influence on CBI in Indonesian Islamic Banking.

Keywords: Corporate Reputation; Sharia Banking; Brand Loyalty; Brand Dimensions; Islamic Marketing.

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INTRODUCTION

According to the 2023 Indonesian Islamic Financial Development Report (LPKSI), the global Islamic finance industry exhibited robust growth in 2022, with an 11% increase in total assets reaching US$4.5 billion. It is projected to grow steadily, reaching US$6.7 billion by 2027. Despite this promising landscape, the market penetration of Islamic banking remains comparatively modest in Indonesia, which has the largest Muslim population in the world, reaching around 10.95% of the market share (OJK, 2023). Conventional banks continue to dominate the market share. In order to rectify this imbalance, concerted efforts are necessary to bolster the Islamic banking sector (Arif et al., 2023).

There are internal solid factors that hinder Muslim customers from switching to Islamic banks, such as habits, lack of knowledge, or doubts about the system and products of Islamic banks. These internal factors need to be further investigated to encourage the migration of Muslim customers to Islamic banks (Hati et al., 2021). Fierce competition in the Islamic banking industry, with homogeneous products and services, highlights the importance of branding. Branding is vital to building a strong and differentiated brand image, which can attract and retain customers. It is crucial to ensure the sustainability of the Islamic banking business (Hamid et al., 2023 & Peng et al., 2019). Therefore, a bank's reputation significantly influences whether people use their services. Customers' overall feelings towards the brand also influence their decision-making. Ultimately, consumers are more likely to choose a bank with a positive image (Bravo et al., 2012).

The 4.0 Industrial Revolution is characterized by rapid advancements in digital technology and driving economic growth (Husnurrosyidah, 2019). The advent of the Internet has witnessed a remarkable surge in online banking compared to traditional banking systems. This shift is driven by several factors, including significant reductions in transaction processing costs, enhanced payment efficiency, financial services, and the relationship between banks and customers (AlKailani, 2016). Similarly, Qureshi et al. (2008) and Tarhini et al. (2016) demonstrate the substantial benefits associated with the transition to electronic banking services, including perceived usefulness, perceived ease of use, security, and privacy, all enhanced by online banking. In line with data from the Financial Economics Statistics of Bank Indonesia (2023), the volume and value of Internet banking transactions have been increasing steadily over the past five years. There

was a 9% year-on-year increase in transaction volume in 2023, with $4.4 million in transactions and a nominal value of $2.6 billion. This value is projected to continue to rise in the coming years. According to these issues, authorities should strongly encourage Islamic banks to embrace branchless banking to improve the performance of Islamic banking in Indonesia (Nastiti & Kasri, 2019).

Despite the growing importance of digitalization in the banking sector, there remains a notable gap in the literature regarding the impact of online brand attributes on corporate brand image (CBI), particularly within Islamic banking. Therefore, this research will integrate previous studies investigating the influence of functional, emotional, spiritual, and online brand attributes on CBI and customer loyalty.

The findings of this study are anticipated to provide valuable insights for Islamic banks to optimize their brand strategies. Islamic banks can enhance their market position and competitiveness within the Indonesian Islamic banking sector by identifying the specific brand attributes that significantly impact CBI and customer loyalty. This research model integrates the impact of functional, emotional, and spiritual attributes on the brand image (Hamid et al., 2023) with online brand attributes (Silva & Alwi, 2008).

LITERATURE REVIEW

Theoretical Frameworks

According to Bravo et al. (2009), managers must build a distinct corporate image from competitors to enhance user interest in banking services. It can be achieved through effective communication strategies that convey the brand identity. Good communication can build a positive image and familiarity with the brand while reducing the negative impact of non-company information, such as negative Word-of-Mouth (WOM).

Theories underpinning the variables and model in this research are the Tri-Component Attitude Model (TCAM) proposed by Ajzen and Fishbein (1977) and the Brand Identity System (BIS) developed by Aaker (2000). The TCAM explains that an individual's attitude towards a brand consists of cognitive, affective, and conative components. BIS emphasizes the importance of a cohesive and consistent brand identity. TCAM and BIS are closely related and provide a solid

framework for examining the relationship between brand attributes, CBI, and customer loyalty in this study.

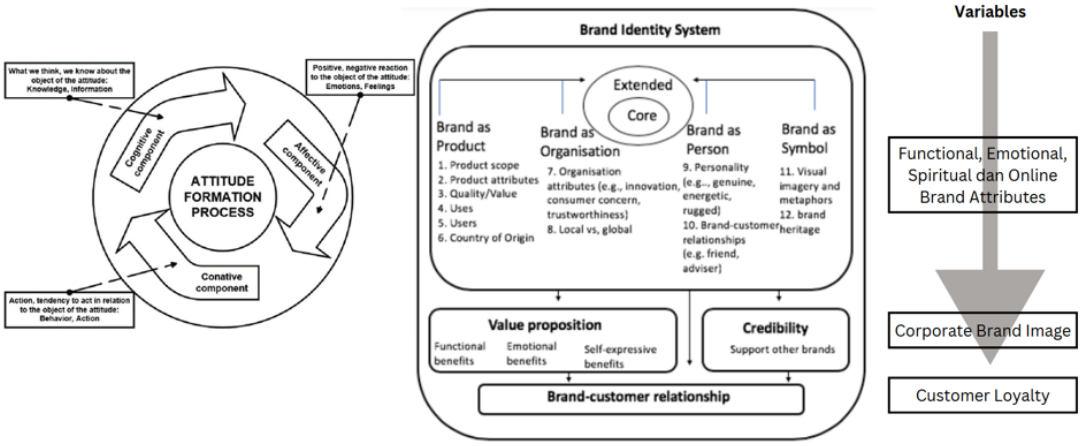


Figure 1: Grand Theory - TCAM and Brand Identity System
(Source: Ajzen and Fishbein, 1977 and Aaker, 2000)

Corporate Brand Image

Corporate brand image (CBI) encompasses consumers' perceptions, beliefs, and associations about a particular brand (Baumgarth, 2001). In Islamic banking, it is defined as customers' aggregate impression or perception of an Islamic bank. CBI forms through understanding and interacting with various bank attributes (Hamid et al., 2023).

In this study, images are defined in the context of perception. This image is influenced by various factors that can be divided into functional attributes (Tubillejas et al., 2011), emotional attributes, or a combination of both (Ibrahim et al., 2016; Palacio et al., 2002; Syed et al., 2014). In Islamic brands, some studies have shown spiritual brand attributes (Aoun & Tournois, 2015; Hamid et al., 2019; Mourad & Karanshawy, 2013) closely related to an individual's belief system. Silva and Alwi (2008) also emphasize the critical role of comprehending online consumer perceptions in effective brand management.

Functional Brand Attributes

According to Kotler and Keller (2022), functional brand attributes relate to product performance and its ability to meet consumer needs. From the definitions and previous research mentioned above, Hamid et al. (2023) used four variables to represent functional brand attributes, such as those discussed below. This study examines the influence of functional brand attributes on CBI in the context of Islamic banking in Indonesia. As defined by Kotler and Keller (2022), functional brand attributes encompass aspects of a product's performance and ability to fulfill customer needs.

Based on previous research, four critical functional brand attributes are investigated as variables: core services, contact personnel, systemization, and environment (Hamid et al., 2023). Customers choose companies based on their values and expectations of core services (Kotler & Keller, 2022). In Islamic banking, these core services must align with sharia principles (Maulan et al., 2016). Building trust and shaping customer perceptions hinges on interactions with contact personnel and the bank's representatives (Khan, 2014; Naikwadi & Chaskar, 2012). Systemization, the organization of various components into a unified structure, helps banks achieve goals through efficient procedures (Rose & Hudgins, 2015). Finally, the physical environment, encompassing equipment, layout, and even employee appearance, all contribute to the customer experience (Abdullah et al., 2011). To navigate the dynamic banking landscape, banks need flexible strategies to adapt to external risks and opportunities (McKinsey & Company, 2016).

These hypotheses are informed by research findings across various industries, including financial services (LeBlanc & Nguyen, 1996) and Islamic banking (Hamid et al., 2023). Based on those research findings, the proposed hypotheses are:

H1a: Core service has a positive and significant influence on the CBI of Islamic Banks

H1b: Contact personnel have a positive and significant influence on the CBI of Islamic Banks

H1c: Systemization has a positive and significant influence on the CBI of Islamic Banks

H1d: The environment has a positive and significant influence on the CBI of Islamic Banks

Emotional Brand Attributes

This research explores the impact of emotional brand attributes on corporate image within Indonesian Islamic banking. Brakus et al. (2009) defined emotional attributes as subjective feelings triggered by brand exposure. In the Islamic banking context, these attributes reflect Islamic values and evoke positive emotions (Zamzami & Namin, 2016).

Competence, agreeableness, and enterprise are three vital emotional attributes analyzed as influencing variables. Consumers judge brands based on their competence (ability to deliver exceptional products or services) and agreeableness (how friendly and helpful their employees are) (Chaudhuri & Holbrook, 2001; Grönroos, 2000). These qualities build a strong brand image (Aaker, 1997; Keller, 1993). Enterprise, the brand's use of itself to build trust, translates to being modern, innovative, and trustworthy (Aaker, 1997; Hamid et al., 2023). Islam promotes entrepreneurship and values hard work (Husnurrosyidah, 2019); therefore, in Islamic banking, enterprise goes further, requiring innovation within the Islamic framework to solve problems and contribute to the community (Daud & Kassim, 2016; Khan & Ahmed, 2014).

All three variables are hypothesized to positively influence CBI, drawing on previous research in Islamic banking. Therefore, this study predicts the hypotheses as follows:

H2a: Competence has a positive and significant influence on the CBI of Islamic Banks

H2b: Agreeableness has a positive and significant influence on the CBI of Islamic Banks

H2c: Enterprise has a positive and significant influence on the CBI of Islamic Banks

Spiritual Brand Attributes

This study examines the influence of spiritual brand attributes on CBI in Indonesian Islamic banking. Spiritual attributes, as defined by Alam and El-Gamal (2020), reflect Islamic values like justice and community care. Hamid et al. (2021) identified four key aspects of variables: beliefs, Corporate Social Responsibility (CSR), ethics, and sharia compliance.

Islamic banking branding hinges on four key pillars: belief, social responsibility, ethical practices, and sharia compliance (Hamid et al., 2019). Customers value a bank's commitment to Islamic values like transparency, justice, community care, and adherence to sharia principles (Ajmal & Khan, 2019; Alam & El-Gamal, 2020) CSR is another crucial aspect where Islamic banks contribute to the Muslim community's economic and social development, fulfilling religious obligations and customer expectations for positive social impact (Daud & Kassim, 2016; Khan & Ahmed, 2014). Ultimately, ethical practices are paramount. Islamic banks must avoid misleading tactics and prioritize responsible, transparent operations that consider social and environmental well-being (Belch & Belch, 2004; Fill, 2011; Smith & Quelch, 2009). In this context, ethics are guided by Islamic principles like the prohibition of *riba* and a commitment to fairness, openness, and honesty (Carroll, 2000). Finally, sharia compliance ensures Islamic banks operate within Islamic law and sharia economic rules, fostering trust through fair, transparent, and responsible practices (El-Gamal, 2008; Othman & Owen, 2001). Muslims prefer sharia-compliant products, as they adhere to Islamic principles (Adiba, 2019).

These analyses are grounded in previous research on Islamic banking (Ajmal & Khan, 2019; Shabbir et al., 2018) and general marketing principles (Belch & Belch, 2004; Du et al., 2010). Therefore, the following hypotheses are proposed in this study:

H3a: Beliefs have a positive and significant influence on the CBI of Islamic Banks

H3b: CSR has a positive and significant influence on the CBI of Islamic Banks

H3c: Ethics has a positive and significant influence on the CBI of Islamic Banks

H3d: Sharia compliance has a positive and significant influence on the CBI of Islamic Banks.

Online Brand Attributes

Consumers' online experience is a critical factor influencing their perception of a brand. Businesses should prioritize five key attributes to build a robust online brand image (Chaffey & Mayer, 2020; Kapferer, 2012; Keller & Aaker, 2019; Silva & Alwi, 2008). The first attribute is ease of use, which refers to how effortlessly customers can navigate and interact with a brand's website or online platform. It encompasses a user-friendly interface that is intuitive and straightforward, clear and well-organized navigation that allows users to find what they need quickly, and comprehensive information that is easy to understand and locate (Silva & Alwi, 2008). Security is another crucial attribute, as consumers are increasingly concerned about the safety of their personal information online. Brands that demonstrate a commitment to data protection by employing robust security measures like encryption and secure payment gateways can instill trust and confidence in their customers (Chaffey & Mayer, 2020). Personalization goes beyond simply offering products and services. It involves tailoring online experience to individual consumers based on their preferences and past behavior (Chaffey & Mayer, 2020). It can take the form of personalized recommendations for products or services, targeted content relevant to their interests, and customized interactions that feel unique and engaging. Building positive customer relationships requires responsive and helpful customer care. Brands should provide multiple channels for customer support, such as live chat, email, and social media, to ensure accessibility (Keller & Aaker, 2019).

Furthermore, knowledgeable and empathetic customer service representatives who can effectively address customer issues are essential for fostering trust and loyalty. The final attribute is reliability. Consumers expect websites and online platforms to be consistently available, reliable, and performant (Kapferer, 2012; Keller & Aaker, 2019). It translates to websites with high uptime, accurate information free from errors, and fast loading times, ensuring a smooth and frustration-free user experience (Chaffey & Mayer, 2020). By focusing on these five critical online brand attributes, businesses can create an engaging online environment that attracts customers and fosters trust and loyalty, ultimately leading to long-term success.

These hypotheses are grounded in research on online brand attributes and their influence on brand image (Silva & Alwi, 2008). Thus, the hypotheses proposed are:

H4a: Ease of use of digital banking has a positive and significant influence on CBI of Islamic Banks

H4b: The security of digital banking has a positive and significant influence on the CBI of Islamic Banks

H4c: Personalization has a positive and significant influence on the CBI of Islamic Banks

H4d: Customer care has a positive and significant influence on the CBI of Islamic Banks

H4e: Reliability in digital banking has a positive and significant influence on the CBI of Islamic Banks

Customer Loyalty

Customer Loyalty means to what extent someone will resist switching or leaving one offer for another (Marshall & Johnston, 2019). Customers are more likely to be loyal to brands with a positive reputation, leading to increased satisfaction and repurchase behavior. Similar findings are also found in the Islamic banking industry in Malaysia, where the CBI of companies has been proven to influence customer loyalty significantly (Aziz, 2018). Therefore, the following hypothesis will be tested in this research:

H5: The CBI of Islamic banking in Indonesia positively and significantly influences customer loyalty.

RESEARCH METHOD

Research Design

This study analyzes the influences of functional, emotional, spiritual, and online attributes on CBI. The research examines the mediating role of branding image in the relationship between brand attributes and customer loyalty. The research design employs a quantitative approach using survey-based data collected from Islamic banking customers in Indonesia. Related to online attributes, it refers to the specific digital banking functionalities offered by Islamic banks. It includes functionalities accessible through internet banking platforms and mobile applications on app stores like Google Play Store and App

Store. Integrating primary brand attributes in the Islamic Banking sector, such as functional, emotional, and spiritual (Hamid et al., 2023) with online brand attributes, the research model (Silva & Alwi, 2008) of this study is shown in Figure 2.

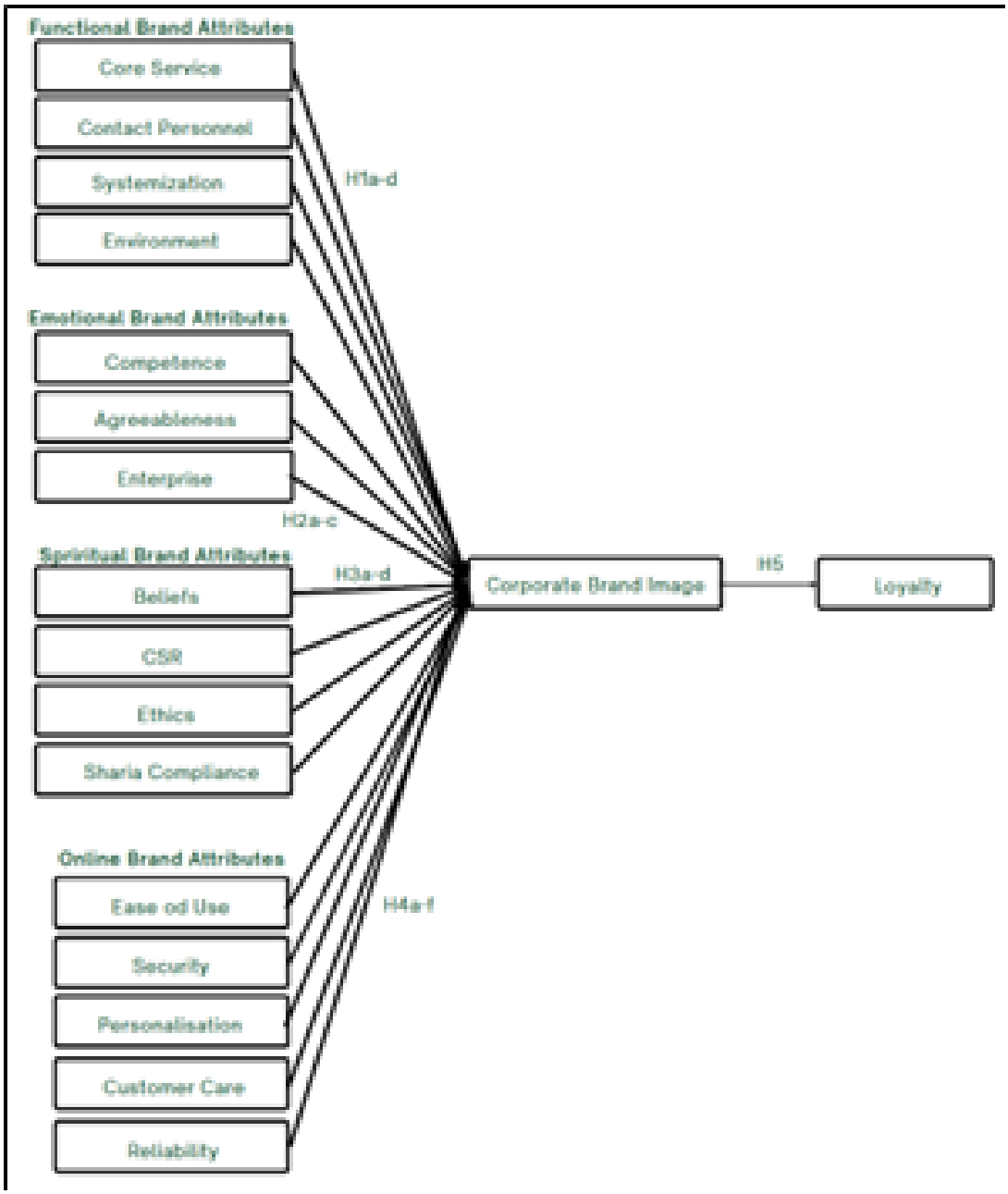


Figure 2: Research Model

Sample Selection and Data Sources

The study employed a purposive sampling method, selecting 480 respondents based on specific criteria: 18 years or older, actively transacting with Indonesian sharia banks for the past six months, and using sharia banking products and digital banking. An online questionnaire distributed via social media ensures efficient and geographically diverse data collection (Sekaran & Bougie, 2016; Wright, 2015).

Data Collection

The questionnaire aligns with established research in Malaysian Islamic banking (Hamid et al., 2023) and Online Bookstores in the UK (Silva & Alwi, 2008). It gathers information through three sections: screening, demographics, 71 questions on brand attributes, three on brand image, and five on customer loyalty questions based on indicators of each construct.

The questionnaire employs closed-ended questions with predetermined answers, translated into Indonesian for clarity. A pre-test will be conducted with 30 respondents using a 7-point Likert scale. This scale provides more data points for statistical analysis, allowing for more robust and reliable findings compared to fewer options (Field, 2013).

Data Analysis

Partial Least Squares-Structural Equation Modeling (PLS-SEM) with the SmartPLS tool is employed due to its suitability for analyzing novel models with limited existing knowledge (Wold, 1979) and complex data structures (Hair et al., 2019). This method goes beyond identifying direct and indirect causal relationships by delving deeper into the underlying mechanisms driving these relationships, providing a more nuanced understanding of the research context (Hair et al., 2019).

The research prioritizes establishing a robust measurement of outer and inner models and then hypothesis testing. First, the outer model explains how each indicator relates to the latent variable it represents (Hair et al., 2022). This outer model measurement is divided into Convergent Validity, Discriminant Validity, and Reliability analysis. Convergent validity, assessed through the Average Variance Extracted (AVE) test, ensures that indicators accurately reflect their

intended constructs. Discriminant validity is examined using the Fornell-Larcker criterion and Heterotrait-Monotrait (HTMT), which verifies the distinctness of constructs. Finally, Composite Reliability (CR) and Cronbach's Alpha assess the internal consistency and reliability of the data. These rigorous procedures ensure a solid foundation for further analysis and interpretation of the research model.

In order to verify the model's robustness, an inner model analysis was performed using a structural model assessment procedure consisting of collinearity, significance, coefficient determination (R2), effect size (f2), and predictive relevance (Q2) testing. Following those steps, several hypotheses were examined to determine whether each variable of brand attributes influences CBI positively. A hypothesis was also tested on the effect of the CBI of sharia banks on their customer loyalty. Finally, the impact of each variable on CBI is analyzed through path coefficients in the bootstrapping process of PLS-SEM to prove the hypotheses.

RESULTS AND DISCUSSION

Results

Four hundred and eighty respondents participated in this research. This research reveals a higher participation rate of female respondents, accounting for 57.7% of the total respondents. Based on the generational groupings, the study's respondents are predominantly Millennials (aged 24-39 years), comprising 64.1%.

The number of married and unmarried respondents is relatively balanced, with 55.2% being married and the rest unmarried. Fifty-one percent of the respondents had a bachelor's degree or equivalent; the most common occupation among the respondents was private sector employees. Half of the respondents had a monthly expenditure range of IDR1,2 - IDR6 million (around $74 - $370), considered upper-middle class according to the World Bank's social status classification. Most of the respondents were Muslims (88%). Sixty-four percent of respondents resided on Java Island and its surrounding areas, and the highest concentrations of respondents were in Sumatra and Sulawesi, each representing 11%.

Respondents in this research are the majority customers of Bank Syariah Indonesia (87.7%), the brand-new and largest Islamic Bank in Indonesia. It was formed by merging three Indonesian State-owned Sharia Banks (Bank Syariah Mandiri, Bank BRI Syariah, and Bank BNI Syariah). They are followed by Bank

Mega Syariah and Bank Muamalat. The most used sharia banking products in this research are Saving, Consumer Financing, and Pawning.

PLS-SEM was employed to analyze the main test data. This technique is particularly effective for models with limited prior research (Wold, 1979). It can analyze highly complex data, such as models involving numerous latent variables and intricate relationships (Hair et al., 2022).

The Outer Model Testing

The indicators of each variable in this research fulfill the rule of thumb regarding convergent validity, discriminant validity, and reliability. The number of Average Variance Extracted (AVE) for all indicators' variables in this data is more than 0.5, and for scores of outer loadings, it is more than 0.7. This means convergent validity is fulfilled, and all indicators capture the same essential aspect of the measured variable. The reliability test also indicates that variables have CR > 0.7 and CA > 0.6. Those numbers reflect the consistency and reliability of the variables.

This research analyzes the discriminant validity of variables by examining the HTMT in Table 1 and the Fornell–Larcker measurement reflected in Table 2. The finding indicates that the HTMT values for all the investigated variables are below 0.90, suggesting discriminant solid validity. It implies that the different ariables in the model effectively measure distinct concepts.

Table 1: Result of The Heterotrait–Monotrait (HTMT) Testing

Variables	AGR	BEL	CSR	COM	CONT	COR	CBI	CUS	CLO	EOU	ENT	ENV	ETH	PER	REL	SEC	SHA	SYS
AGR																		
BEL	0,729																	
CSR	0,609	0,757																
COM	0,719	0,670	0,677															
CON	0,665	0,734	0,692	0,687														
COR	0,614	0,766	0,614	0,696	0,680													
CBI	0,705	0,890	0,798	0,808	0,829	0,835												
CUS	0,676	0,776	0,796	0,724	0,678	0,685	0,891											
CLO	0,631	0,760	0,775	0,695	0,673	0,677	0,847	0,764										
EOU	0,714	0,749	0,713	0,688	0,725	0,693	0,868	0,772	0,739									
ENT	0,738	0,723	0,725	0,790	0,721	0,689	0,865	0,768	0,737	0,735								
ENV	0,649	0,656	0,646	0,712	0,580	0,635	0,693	0,602	0,614	0,655	0,753							
ETH	0,665	0,787	0,720	0,710	0,670	0,663	0,763	0,780	0,705	0,695	0,681	0,596						
PER	0,636	0,697	0,753	0,704	0,725	0,730	0,874	0,734	0,763	0,802	0,768	0,727	0,752					
REL	0,659	0,744	0,706	0,664	0,680	0,702	0,844	0,698	0,775	0,741	0,703	0,594	0,690	0,753				
SEC	0,561	0,742	0,683	0,635	0,687	0,639	0,855	0,784	0,674	0,759	0,684	0,590	0,662	0,710	0,715			
SHA	0,666	0,804	0,716	0,713	0,668	0,671	0,851	0,784	0,714	0,708	0,725	0,611	0,785	0,709	0,658	0,688		
SYS	0,663	0,644	0,634	0,751	0,700	0,680	0,709	0,710	0,660	0,695	0,703	0,577	0,667	0,714	0,623	0,609	0,676	

Additionally, the Fornell-Larcker discriminant validity analysis of the measurement model yielded satisfactory results. The absence of correlations between variables is greater than the correlation between each variable and itself evidenced it. Discriminant validity is also confirmed when each indicator's loading factor on its intended construct exceeds its loading factors on other constructs (Hair et al., 2022). Table 4 demonstrates that all indicators have stronger relationships with their variables than others, reinforcing the model's discriminant validity.

Table 2: Result of The Fornell-Larcker Testing

Variables	AGR	BEL	CSR	COM	CONT	COR	CBI	CUS	CLO	EOU	ENT	ENV	ETH	PER	REL	SEC	SHA	SYS
AGR	**0,771**																	
BEL	0,561	**0,768**																
CSR	0,473	0,590	**0,778**															
COM	0,556	0,518	0,529	**0,770**														
CON	0,533	0,586	0,556	0,550	**0,766**													
COR	0,491	0,609	0,494	0,559	0,563	**0,771**												
CBI	0,537	0,675	0,609	0,618	0,648	0,655	**0,812**											
CUS	0,498	0,569	0,591	0,534	0,517	0,523	0,644	**0,792**										
CLO	0,513	0,617	0,634	0,568	0,564	0,570	0,675	0,592	**0,795**									
EOU	0,590	0,620	0,591	0,570	0,616	0,591	0,703	0,608	0,641	**0,760**								
ENT	0,570	0,562	0,565	0,613	0,580	0,555	0,661	0,570	0,602	0,609	**0,776**							
ENV	0,520	0,522	0,520	0,568	0,481	0,525	0,543	0,460	0,515	0,556	0,606	**0,768**						
ETH	0,534	0,632	0,583	0,571	0,556	0,553	0,603	0,600	0,597	0,597	0,551	0,495	**0,772**					
PER	0,482	0,529	0,574	0,533	0,567	0,573	0,650	0,531	0,608	0,647	0,584	0,569	0,591	**0,812**				
REL	0,510	0,579	0,550	0,519	0,545	0,563	0,643	0,518	0,631	0,614	0,551	0,476	0,557	0,572	**0,831**			
SEC	0,448	0,594	0,550	0,509	0,567	0,529	0,671	0,600	0,567	0,648	0,550	0,487	0,552	0,557	0,574	**0,769**		
SHA	0,534	0,643	0,575	0,571	0,550	0,553	0,665	0,597	0,598	0,604	0,584	0,503	0,651	0,554	0,528	0,569	**0,765**	
SYS	0,530	0,514	0,512	0,602	0,578	0,564	0,559	0,542	0,556	0,595	0,567	0,479	0,554	0,561	0,503	0,505	0,558	**0,772**

The Inner Model Testing

The study employed various statistical tests to validate the proposed model and assess its robustness. In Table 3, multicollinearity testing revealed no significant correlations among independent variables, indicating the absence of collinearity issues. Further analysis highlighted five non-significant relationships (P-value > 0.05): systemization-CBI, environment-CBI, agreeableness-CBI, CSR-CBI, and ethics-CBI, as shown in Table 3.

Table 3: Result of Structural Model Testing

	VIF		R^2	Q^2	f^2	
Construct	CBI	CLO			CBI	CLO
AGR	2,000				0,003	
BEL	2,554				0,021	
CSR	2,170				0,000	
COM	2,250				0,014	
CON	2,191				0,017	
COR	2,168				0,026	
CBI		1.000	0.711	0.453		0.863
CUS	2,218		0.455	0.283	0,017	
CLO						
EOU	2,829				0,019	
ENT	2,414				0,020	
ENV	2,010				0,002	
ETH	2,427				0,005	
PER	2,333				0,018	
REL	2,096				0,016	
SEC	2,244				0,024	
SHA	2,412				0,022	
SYS	2,138				0,008	

In Table 3, the R-squared values for CBI and customer loyalty were 0.711 and 0.455, respectively, indicating that the model explains 71.1% and 45.5% of the variance in these variables. Effect size (f^2) analysis revealed four exogenous variables (agreeableness, CSR, environment, ethics, and systemization) with a weak effect on the endogenous variable. Predictive relevance testing (Q^2) indicated that the model could moderately explain 45.3% of the variance in CBI and 28.3% in customer loyalty in a new sample.

Discussion

The Hypotheses Testing

The assessment of each hypothesis is analyzed in Table 4. Variables give significant influence if firstly showing a significant level < 0.05 because this

research implements a 95% confidence level. Then, hypotheses are accepted when t-statistics indicate a higher score than t-table. The t-table is 1.64 as these hypotheses are in a two-tailed test. After fulfilling those criteria, the relationship between variables could be seen through their coefficients.

Table 4 *Result of Significance & Hypotheses Testing*

Hypotheses		Path Coefficient	SD	T-Statistics	P-Value (Sign)	Lower Bound	Upper Bound	Decision	Result on Previous Studies
H1a	COR → CBI	0.126	0.044	2.839	0.005	0.037	0.208	Accepted	Accepted
H1b	CON → CBI	0.103	0.039	2.610	0.009	0.022	0.177	**Accepted**	Rejected
H1c	SYS → CBI	-0.069	0.045	1.526	0.128	(0.152)	0.018	Rejected	Rejected
H1d	ENV → CBI	-0.036	0.043	0.853	0.394	(0.119)	0.053	Rejected	Rejected
H2a	COM → CBI	0.094	0.043	2.189	0.029	0.007	0.178	Accepted	Accepted
H2b	AGR → CBI	-0.039	0.05	0.773	0.440	(0.142)	0.050	**Rejected**	Accepted
H2c	ENT → CBI	-0.018	0.039	3.016	0.003	0.044	0.192	**Accepted**	Rejected
H3a	BEL → CBI	0.124	0.057	2.178	0.030	0.023	0.245	Accepted	Accepted
H3b	CSR → CBI	0.016	0.044	0.377	0.706	(0.064)	0.113	Rejected	Rejected
H3c	ETH → CBI	-0.056	0.044	1.273	0.204	(0.139)	0.026	**Rejected**	Accepted
H3d	SHA → CBI	0.124	0.046	2.716	0.007	0.039	0.210	**Accepted**	Rejected
H4a	EOU → CBI	0.122	0.054	2.272	0.024	0.024	0.225	Accepted	Accepted
H4b	SEC → CBI	0.123	0.052	2.363	0.019	0.019	0.226	Accepted	Accepted
H4c	PER → CBI	0.11	0.043	2.522	0.012	0.020	0.195	Accepted	Accepted
H4d	CUS → CBI	0.104	0.047	2.202	0.028	0.002	0.191	Accepted	Accepted
H4e	REL → CBI	0.096	0.043	2.217	0.027	0.012	0.182	**Accepted**	Rejected
H5	CBI → CLO	0.675	0.039	17.233	0.000	0.598	0.749	Accepted	Accepted

Out of all hypotheses, five of them are rejected. There are H1c, H1d, H2b, H3b, and H3c. Those five variables that indicated not having a positive and significant influence on Islamic Banking corporate brand are systemization and environment (from functional brand attributes), agreeableness (the variable representing emotional brand attributes), and CSR and ethics (categories of spiritual brand attributes).

In this study, all respondents are digital banking users, thereby minimizing customer bureaucracy and systematization complexities. Tangible aspects can also complement and create a positive initial impression but cannot be the sole focus in building a strong CBI. By enabling online transactions without the need to visit a bank branch, the bank has effectively met the fundamental banking needs of the customers in this study. Although some studies show a positive relationship between ethics and CBI, some experts argue that ethics may only sometimes positively and significantly impact brand image. Woodcock and Starkey (2012) found that ethical standards continually evolve and change.

According to Amaroh (2024), by prioritizing risk management, operational efficiency, adaptability, regulatory compliance, and capital adequacy, Islamic banks exemplify a real-world application of ethical business practices, providing a model for ensuring stability and resilience in the face of economic uncertainty and offering valuable insights for policymakers and industry professionals. Lastly, it is a concern that customers may need to be better informed about the CSR programs conducted by Islamic banks because they mostly have a separate foundation that manages CSR activities. Take BSI, Indonesia's most prominent Islamic bank, which has BSI Maslahat, which operates its online platform and social media channels distinct from BSI. This separation may lead customers to perceive CSR foundation and banks as different entities, potentially diminishing the impact of CSR activities on sharia bank's CBI.

The rest of the hypotheses are accepted. Several variables positively influence CBI. From functional brand attributes, there are core service and contact personnel. Emotional brand attributes, competence, and enterprise positively influence the CBI of Islamic banks. Beliefs and sharia compliance are variables in spiritual brand attributes and positively impact CBI. Other than that, all variables in online brand attributes (ease of use, security, personalization, customer care, and reliability) indicate significant and positive effects on CBI. The CBI of sharia Banks is also influencing customer loyalty significantly and positively.

The most influential brand attributes to CBI could be seen through the highest score of coefficients or their original samples. Those variables are **core service** (0.126) representing functional brand attributes, **beliefs, and sharia compliance** (both are 0.124) representing spiritual brand attributes, **security** (0.123) as a variable from online brand attributes, and **competence** (0.094) referring to emotional brand attributes. Moreover, the most substantial relationship effect between CBI and customer loyalty is based on its coefficient (0.675). The output of the bootstrapping path coefficient embedded in the research model is shown in Figure 3.

The study also examined the mediating role of CBI in the relationships between various brand attributes and customer loyalty, indicated by their p-value (less than 0.05) and confidence interval of lower bound and upper bound between 0-1, as shown in Table 6. The findings suggest that CBI significantly mediates the relationships between all brand attributes except systemization, environment, agreeableness, CSR, and ethics to customer loyalty.

The Comparative Analysis

Several differences exist in the hypothesis results compared to previous studies. Four brand attributes initially influenced CBI in this research, but they did not during the last study. Those brand attributes are contact personnel, enterprise, sharia compliance, and reliability.

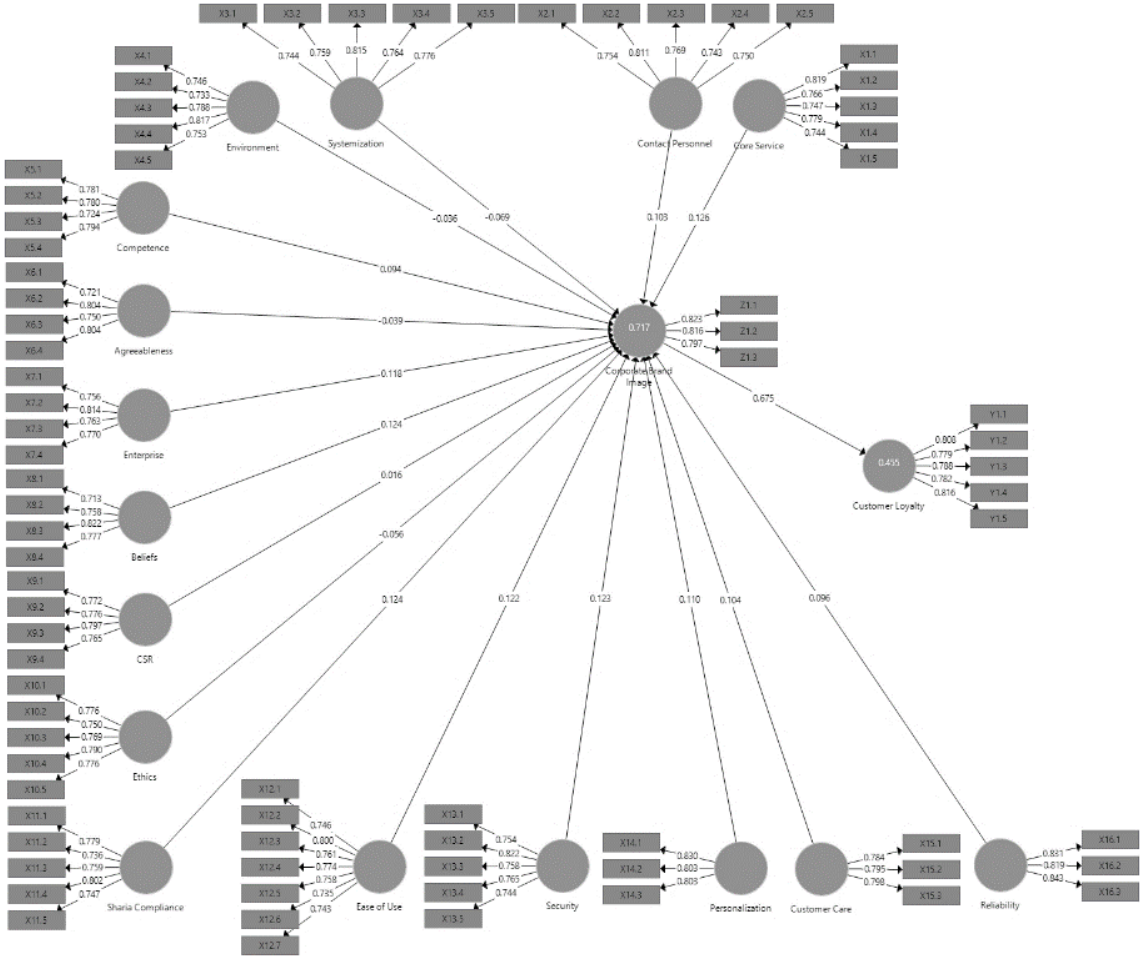


Figure 3: Bootstrapping Path Coefficient Output

Second, the enterprise aspect positively and significantly impacts CBI. According to Smidt et al. (2005), companies that demonstrate entrepreneurial characteristics in their strategies and operations can build a brand image that is agile, flexible, and capable of facing future challenges. Such a brand image can

attract customers looking for innovative and adaptive companies. Particularly in the dynamic banking industry with intense competition, Osterwalder et al. (2010) add that entrepreneurial banks can develop innovative business models to address new challenges and opportunities, such as digital disruption, globalization, and changing customer preferences. Third, since 88% of the respondents are Muslim and 30% desire to follow Islamic law, sharia compliance is a significant factor for customers when choosing Islamic Banks. Lastly, other studies have emphasized the significance of reliability in building a strong corporate brand. Haverland and Bechtoldt (2020) argued that reliable online platforms enhance a company's reputation as trustworthy, competent, and customer-centric, thereby improving its competitive advantage in the digital age.

Although previous studies have shown that agreeableness and ethics significantly influence CBI, these findings suggest otherwise. Petrick and Zeitner (2000) posit that customers with varying personalities may have divergent expectations regarding the level of friendliness they encounter. While some customers appreciate warm and personal interactions, others may prefer efficient and professional service. It is also challenging to gauge agreeableness, especially given that all respondents in this study were online banking users and direct interactions with employees are limited. Despite several studies that have established a positive correlation between corporate ethics and brand image, other scholars argue that the impact of ethics on brand perception is not always straightforward or significant. Porter and Kramer (2006). For instance, consumers may not always appreciate a company's ethical commitments if these commitments negatively impact product prices, quality, or customer service.

The findings of this study are consistent with established theoretical frameworks, specifically the Technology Acceptance Model (TAM) and the BIS. These models provide a foundation for understanding how consumers perceive and engage with corporate brands, particularly within the digital banking sector. Key drivers of CBI identified in this research include core service quality, security, sharia compliance, and religious beliefs. These factors strongly influence customer perceptions, supporting the idea that cognitive (rational, fact-based) and affective (emotional, belief-driven) aspects shape how customers evaluate a brand. For instance, security and service quality are cognitive factors, while religious beliefs and sharia compliance appeal to affective dimensions of customer perception.

Notably, the study reveals that agreeableness (a personality trait), CSR, and ethics exert only a limited influence on the brand image within the digital banking environment. This finding suggests that in an online banking context, where direct human interaction is inherently reduced, traditional relational factors such as personal warmth and ethical reputation may play a less significant role. Instead, attributes, including digital brand presence, user-friendly interfaces, and seamless technological experiences, appear to be more instrumental in shaping brand perceptions and fostering customer loyalty.

Furthermore, as Gayatri et al. (2021) highlighted, psychographic segmentation provides a valuable basis for market differentiation within Islamic banking. Consumers may be categorized based on attributes like their degree of religiosity, entrepreneurial aspirations, economic motivations, perceptions of sharia compliance, and expectations of service quality. This underscores the necessity for Islamic banks to adopt tailored branding and service strategies that align with their target consumer segments' specific motivations and expectations.

CONCLUSION

This study investigated the impact of various brand attributes on CBI and customer loyalty in the Indonesian Islamic banking industry. The findings reveal that online brand attributes, core service, contact personnel, beliefs, and sharia compliance positively influence CBI. However, systemization, environment, agreeableness, CSR, and ethics do not significantly impact brand image. Moreover, a strong positive relationship exists between CBI and customer loyalty.

To leverage these insights, Islamic banks should prioritize core service innovation, sharia compliance enhancement, and robust online security measures. By effectively communicating sharia principles, collaborating with religious figures, and investing in cybersecurity, Islamic banks can build trust, strengthen their brand image, and foster customer loyalty. Sharia Banks might enable consistent public communication that highlights the bank's values in relation to the attributes mentioned earlier and promotes a positive brand image of the bank by introducing a public communication policy. Explicit messages that convey the bank's compliance with sharia principles, concerns about security in banking transactions, or how each Bank employee aims for service excellence

can be devised as a standardized format that must be present in every public message the bank delivers.

Future research could explore the impact of brand attributes on different customer segments and delve deeper into the role of digital marketing in shaping brand image and customer behavior in the Islamic banking context.

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