

# The Role of Competitive Advantage and the Exploration of Religiosity to Decrease Customer Switching Behaviour in Islamic Banking

*Dini Maulana Lestari*<sup>1\*</sup>, *Slamet Haryono*<sup>2</sup>, and *Reni Furwanti*<sup>1</sup>

<sup>1</sup>Postgraduate Studies, State Islamic University of Sunan Kalijaga, Yogyakarta

<sup>2</sup>Faculty of Islamic Economics and Business, State Islamic University of Sunan Kalijaga, Yogyakarta

**Abstract.** This article aims to analyse and measure the relationship between sharia banking competitive advantage on customer switching behaviour, through the exploration of religiosity as an intervening variable as a fundamental factor for people which influence people's attitudes, values, and behaviours in consuming a thing. This is happened due to the phenomenon of customer switching behaviour which triggers sharia banks to keep and maintain its customer as the result of great competition between sharia and conventional banks nowadays. This is a quantitative research, using a primary data which obtained from questionnaire then, reached 102 respondents of sharia banking customers. Furthermore, the data analysed with path analysis model in order to know the direct and indirect relationship of each research variable. The result delineated that competitive advantage and religiosity able to decrease customer switching behaviour phenomenon directly then, the role of religiosity is able to strengthen the indirect relationship between competitive advantage and customer switching behaviour.

**Keywords:** Competitive Advantage, Religiosity, Customer Switching Behavior, Sharia Bank

## 1 Introduction

Numerous consumers tend to switch their financial service usage from sharia banking to conventional (Ghamry & Shamma, 2022). It is happened due to such a great competition between the former and the latter nowadays, which leads sharia banking currently having difficulty in keeping and maintaining its consumer (Rama, 2017). This condition resulted in a decreasing number of customers for several sharia banks then, raising the question why customers are tend to switch to other banks (conventional bank) (Ghamry & Shamma, 2022), where if this condition is still continues to happen, the growth of sharia banking market share will obstructed, which considered still low, reaching 6.59% (Otoritas Jasa Keuangan, 2021). Such nearly-identical products and services which provide by sharia and conventional banking are one of causes, leading customers easy to switch from sharia bank to another when they are disappointed then received such a better a better product and

---

\* Corresponding author: [maulanalestari87@gmail.com](mailto:maulanalestari87@gmail.com)

service offered by another bank (Ghamry & Shamma, 2022; Mostafa & Ibrahim, 2020). Therefore, refers to the phenomenon sharia banking have to build such a strong competitive advantage in order to characterized itself, and increase its ability to compete with other which potentially decrease customer switching behaviour.

As an Islamic financial institution, sharia banks become an alternative financial institution that offers variety of Islamic-based financial products and services (Soemitra, 2019). Therefore, every products and services of sharia bank have meet sharia compliance to ensure that all products and services of the bank are free from interest. Nevertheless, to compete in a global competition sharia banking must have their own characteristic to differ itself from conventional banks. Not only from operational standard services such as greeting *salam* and appearance, but also from the regulation relating to the product operational mechanism, which will eventually improve the performance of Islamic banks due to competitive advantage (Arfan & Athroz Arfan, 2021) then, it triggers consumers' belief to the capability of the bank. For this reason, all businesses include sharia banking have turned their focus to customer-centric strategies in order to reduce customer switching and increase profitability, as the cost of retaining a client is significantly cheaper than the cost of obtaining a new one (Putri, 2020). This is in line with Kordi Ghasrodashti (2018) and Xu et al. (2021) who delineated that majority companies are frequently consider competitive advantage as a marketing strategy to achieve certain objectives, assisting them in retaining strong and long-term relationship with their consumer. it is coined because, customers are perceived as one of intangible assets, playing a significant role for organizations to lead them reaching the goals (Thomas & Sekar, 2008). Therefore, competitive advantage is a key factor for sharia bank to convince its consumers that sharia banking able to fulfill their desires relating to financial service (David & David, 2015; Yasa et al., 2020).

Furthermore, to decrease several number of customer switching behaviour not only from the internal aspect such increasing and developing competitive advantage of the bank, but it have to consider an external aspect as well from consumer's side. Relating to this, religion has been widely perceived as a major predictor of people's behavior. It is because, religion is a fundamental and importance aspect which influence people's attitudes, values, and behaviors (Abou-Youssef et al., 2015) then, there is a tendency that the more religious people, the more people will tend to choose such products or services which do not contrary with Islamic value (Furwanti, 2021). This is also in line with Mostafa & Ibrahim (2020) statement revealed that customers' preferences when it comes to financial service providers are influenced by their religious beliefs. Based on the explanation it is clearly known that religious motivation also can affect consumers switching behavior whether they decide to keep their previous bank or switch to another bank besides competitive advantage aspect. It is because, developing internal factors of sharia banking are not enough to decrease the possibility of customer switching behaviour. Therefore, this article aims to identify and examine the influence of competitive advantage in reducing customer switching behavior in Islamic banking by exploring consumers' religious motivation, as well as being a differentiator variable which more previous researches only focused on factors which create customer switching behaviour in sharia banking.

### **The Influence of Competitive Advantage and Religiosity**

Generally, competitive advantage of financial institution is determined by the amount of capital it has, and this role also applied for sharia banking industry (Surjaatmadja & Adriansyah, 2016). It is because, the highest amount capital sharia bank has, the more increase its performance and profitability. Thus, it makes sharia banking easier to attract customers' trust as well as trigger them to use sharia banks' product and services (Aslam & Haron, 2021). Furthermore, besides the amount of capital, a great firms' resources management also has a significant effect to increase firms' value which able to boost its

performance. As the reflection of firms' capability Moreover, this condition also in line with Porter (1998) who reported that competitive advantage considered as companies ability in generating such returns. This is happened because competitive advantage becomes on of strategies for companies to increase market share, gain new customers, and maintaining the previous consumers by innovating their products and services, and be different form their competitors. Dirgantoro (2001) delineated there are several factor for competitive advantage such as (1) companies' value, where as an Islamic financial institution sharia banks must be able to fulfil their majority Muslim customers expectation regarding to financial product and service which appropriate with sharia compliance; (2) product differentiation, sharia banks have to create a characteristic product and services which differ from conventional banks to gain a potential market perception; (3) quality of products and services and; (4) price, where sharia banks are able to provide such cheap products with mutual beneficial profit-sharing rate, and affordable margin and administrative cost.

Providing products and services which appropriate with sharia compliance (*halal certified*) becomes a part of sharia banking competitive advantage which conventional banks do not have (Widyastuti et al., 2020). However, even though sharia banks have such *halal* certified products and services, the bank still have to maintain and ensure the operational scheme of its thus, the bank do not caught up in the "Islamization" products and services. It is because, majority consumers specifically Muslim have such a great expectation to sharia banks as an alternative financial institution with interest free products and services. This condition happened relating to religiosity aspect, which play a significant role to influence people's preferences to determine such financial products and services which do not contrary with their belief (Mohamed et al., 2020; Putriani, 2015; Resty & Hidayat, 2021). Moreover, as religiosity becomes a fundamental aspect, it is considered to affect the psychology of people's behaviour in carrying out their daily activities (Ali et al., 2015). Therefore, based on the explanation, the formulated hypotheses depicted below:

H1: *Competitive advantage has a positive effect on religiosity*

### **The Influence of Religiosity on Customer Switching Behaviour**

Customer switching behaviour is a phenomenon when customers tend to switch their loyalty from one brand to another brand due to such tight business competition and availability of various alternative option of products or services which better than the previous brand (Ghamry & Shamma, 2022; Vyas & Raitani, 2014; Xu et al., 2021). There are to main factors called internal and external factors which able to influence customer switching behaviour (Suryawardani & Wulandari, 2020). The alteration of customer interest, lifestyle and preferences regarding to such products and services offered by companies lead internal factors affect customer switching behaviour. Meanwhile, the external factors come from unavailability of alternative product and services, social factor, recommendation and preferences from customers' peers and massive technology (Keaveney, 1995; Suryawardani & Wulandari, 2020; Xu et al., 2021).

Beside internal and external factors, loyalty also determined customer switching behaviour (Sharma & Panga, 2018). It is because loyalty comes from such great customers' expectation and experience relating to certain product or services offered by such companies. Thus, when consumer feel dissatisfied with the company, it might triggered customer to move and fine another brand which served better product and services than previous. In sharia banking industry, the phenomenon of customer switching behaviour commonly appeared due to customers' dissatisfaction and disappointment to sharia banks' product and services such as a higher margin, un-effective service, rare ATM machines and so ford, which make sharia banking customers use conventional ATM outlet for withdrawal activities with an expensive administrative fees as consequences. Thus, this condition lead

customers tend to move to other bank which provides more effective services (Garland, 2002; Ghamry & Shamma, 2022). Nevertheless, the number of customer switching behaviour could be decreased when customer have a strong tendency and trust to sharia bank as Islamic financial institution with free interest products and services. Thus, even though sharia banks facilities are still rare and difficult to grab they tend to choose and loyal to the bank (Yudiana et al., 2021). This is happened due to religiosity of customers which lead them to stay loyal to sharia bank, because the more religious people tend to choose and consume everything which appropriate with *syari'at* as their common belief (Baazeem, 2015; Saeed & Azmi, 2019). Therefore, based on the explanation, the formulated hypotheses depicted bellow:

H2: *Religiosity has a negative effect on customer switching behaviour*

### **The Influence of Competitive Advantage on Customer Switching Behaviour through Religiosity as an Intervening Variable**

Customer switching behaviour phenomenon becomes one of challenges for every organization and company, including sharia banking. This is happened due to the alteration customers' preferences over a brand that triggers them to move to others which considered more capable to fulfil their needs (Su et al., 2017). Therefore, to decrease the number of customer switching behaviour phenomenon sharia bank have to build and develop such a great competitive advantage in the term of service quality to comfort customers while using its services, product quality, a competitive price as well as heed sharia compliance. Those several aspects could be such a strong competitive advantage for sharia banking to make it differ from conventional banks, and increase its capability and performance which leads customer loyalty (Mavri & Ioannou, 2008; Putriani & Shofawati, 2015; Resty & Hidayat, 2021; Widyastuti et al., 2020).

Besides, when sharia banking succeed in developing its competitive advantage by serving a good quality product and service which appropriate with customers' needs, the following impact is able to increase customers' religiosity (Khotimah, 2018). It is because, when sharia banks be able to improve its competitive advantage specifically fro sharia compliance aspect it triggers customer (Muslim) trust to the bank then, they tend to think that the bank is already appropriate with Islamic principle. Furthermore, when customers specifically Muslims consume such a *halal* product or service, they feel more peaceful. Thus, when customers are more religious, they tend to stay with sharia bank regardless of the costs that must be incurred, time, and the level of difficulty in obtaining and using products and services, because of their common *syari'at* belief, and such desires which trigger them to move to conventional bank has decreased (Baazeem, 2015; Nawaz et al., 2021). Therefore, based on the explanation, the formulated hypotheses depicted bellow:

H3: *Competitive advantage has a negative effect on customer switching behaviour through religiosity as intervening variable*

## **2 Research Method**

This is quantitative research with survey method relating to customer switching behaviour at sharia banking in Indonesia, using questionnaire as the main instrument to obtain data of this research. Further, this research picks sharia banking customers in Indonesia based on purposive sampling technique. Then, to analyse the obtained data this research use path analysis method by SPSS version 22 to show the direct and indirect effect of each variable. Thus, based on the explanation here the model of research:

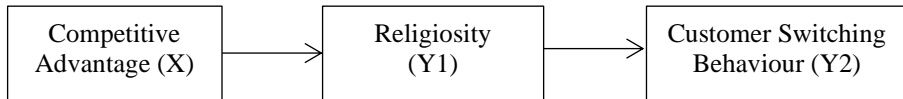


Figure 1: Research Model

$$RM = \beta_0 + \beta_1 CA + \varepsilon_1$$

$$CSB = \beta_0 + \beta_1 CA + \beta_2 RM + \varepsilon_2$$

### 3 Result and Discussion

To begin with, this research will depict the description related to the respondents as follows:

Table 1: Respondents Description

Category	Indicator	(%)
Age	< 20 aged	1.7
	21-28 aged	66.4
	29-50 aged	22.3
	>50	8.6
	Male	37.1
Gender	Female	62.9
	Using Sharia Banking Services	<1 year
Using Sharia Banking Services	1 year	28.1
	2 years	67.1
	>2 years	4.8

Source: Primary Data, 2022

The table shows that majority respondents who aged 21-28 who are using sharia banking services reached the highest percentage with 66.4%, while the lowest are those who aged under 20. Following to this, gender also consider to identify the number of sharia banking respondents then, the data depicted that female reached such a high percentage compared to male, reaching 62.9% and 37.1% respectively. Furthermore, the length of using sharia banking services, majority respondents are still in a moderate length which is 2 years gained approximately 67.1 %.

Table 2: Respondents Description Answer

Competitive Advantage	Average	Desc.
Halal certified product	5.019	Best
Annual zakat expenditure	4.960	Good
Uphold universal values (justice, togetherness, expediency)	4.862	Good
Sharia banks' socio-oriented product	4.392	Good
Sharia banking products are operating based on profit-sharing and revenue-sharing schemes	5.196	Best
Interest free product	5.333	Best
Islamic banks make special products to support MSME customers	4.635	Good
Islamic bank products are able to meet the financial needs of society in all circles	5.019	Best
An affordable margin	5.127	Best
A competitive nisbah	5.303	Best

<b>Religiosity</b>		
Believing in the truth of Islam	5.078	Best
Understanding the concept of <i>akidah</i>	5.039	Best
Understanding the concept of <i>ibadah</i>	4.980	Good
Knowledge, and understanding the Qur'an and hadith	5.098	Best
Understanding the concept of <i>muamalah</i>	4.872	Good
<b>Customer Switching Behavior</b>		
Sharia banks do not have a good reputation	5.167	Best
Sharia banks maintain high margin fees	4.980	Good
Sharia banks cannot be relied upon and trusted	5.254	Best
Sharia banking services could not meet customers' expectations	5.058	Best
Sharia banks do not provide the same services as promised	4.950	Good
ATM outlets of sharia banking are not easy to grab	4.754	Good
Sharia banks are unable to provide effective online services	4.892	Good

Source: Primary Data, 2022

### 3.1 Instrument Quality Test

After collecting data, the further step taken by this research is testing the quality of instrument, considering validity and reliability aspects. Therefore, the following result revealed (table 3) that all the research indicators are valid at 5% level with criteria p-value < 0.193 (r-table). Which means this instrument is eligible and able to tested in reliability test level. Then, the result reported that the value of cronbach's alpa > 0.60, which means this instrument is reliable.

**Table 3:** Validity Test Output

Variable	Indicators	Probability	Description
Competitive Advantage (Dirgantoro, 2001)	1. Value ( <i>Sharia compliance</i> )		
	- Halal certified product	.589**	Valid
	- Annual zakat expenditure	.757**	Valid
	- Carrying universal value (justice, togetherness, expediency)	.625**	Valid
	2. Product differentiation		
	- Socio-oriented products ( <i>qardh</i> )	.589**	Valid
	- Profit and <i>revenue sharing</i> product	.697**	Valid
	- Interest free product	.482**	Valid
	- Financing product for SMEs	.458**	Valid
	3. Quality product		
- Islamic bank products are able to meet the financial needs of <b>society</b> in all circles	.614**	Valid	
Religiusitas (Ancok & Suroso, 2002)	- An affordable margin	.381**	Valid
	- A competitive nisbah	.486**	Valid
	- Believing in the truth of Islam	.606**	Valid
	- Understanding the concept of <i>akidah</i>	.830**	Valid
	- Understanding the concept of <i>ibadah</i>	.687**	Valid
	- Knowledge, and understanding	.761**	Valid

	of Qur'an and hadith		
	- Understanding the concept of <i>muamalah</i>	.680**	Valid
Consumer Switching Behavior (Ghamry & Shamma, 2022)	- Sharia banking do not have a good reputation	.266**	Valid
	- Sharia banks maintain high margin fees	.600**	Valid
	- Sharia banks cannot be relied upon and trusted	.526**	Valid
	- Sharia banking services could not meet customers' expectations	.594**	Valid
	- Sharia banks do not provide the same services as promised	.469**	Valid
	- ATM outlets of sharia banking are not easy to grab	.224*	Valid
	- Sharia banks are unable to provide effective online services	.290**	Valid

Source: Data Proceed (SPSS, 2022)

**Table 4: Reliability Test Output**

No	Variable	Cronbach's alpha	No of items	Description
1	Competitive Advantage	.858	10	Reliable
2	Religiosity	.862	5	Reliable
3	Consumer Switching Behavior	.869	7	Reliable

Source: Data Proceed (SPSS, 2022)

### 3.2 Classical Assumption Test

Classical assumption tests used in this research covered normality, multicholonearity, and heteroskedasity tests. Based on the results of the classical assumption test, it can be seen that the data in this research meets the classical assumption test and can be processed to the further step as follows:

**Table 5: Classical Assumption Test**

Classical Assumption Test	Criteria	Value	Description												
<i>Normality test</i>	Sig. value > 0.05	0.200 > 0.05	Normally distributed												
<i>Multikolonearity test</i>	Tolerance value > 0.10 and VIF value < 10.00	<table border="1"> <thead> <tr> <th></th> <th>Tolerance</th> <th>VIF</th> </tr> </thead> <tbody> <tr> <td>CA -&gt; CSB</td> <td>.686</td> <td>1.458</td> </tr> <tr> <td>CA -&gt; REL</td> <td>.677</td> <td>1.477</td> </tr> <tr> <td>REL -&gt; BL</td> <td>.686</td> <td>1.458</td> </tr> </tbody> </table>		Tolerance	VIF	CA -> CSB	.686	1.458	CA -> REL	.677	1.477	REL -> BL	.686	1.458	There is no multicollinearity
	Tolerance	VIF													
CA -> CSB	.686	1.458													
CA -> REL	.677	1.477													
REL -> BL	.686	1.458													
<i>Heteroskedastisity test</i>	Sig. value > 0.05	<table border="1"> <tbody> <tr> <td>CA -&gt; CSB</td> <td>.441 &gt; 0.05</td> </tr> <tr> <td>CA -&gt; REL</td> <td>.949 &gt; 0.05</td> </tr> <tr> <td>REL -&gt; BL</td> <td>.767 &gt; 0.05</td> </tr> </tbody> </table>	CA -> CSB	.441 > 0.05	CA -> REL	.949 > 0.05	REL -> BL	.767 > 0.05	There is no heteroscedasity						
CA -> CSB	.441 > 0.05														
CA -> REL	.949 > 0.05														
REL -> BL	.767 > 0.05														

Source: Data Proceed (SPSS, 2022)



3.3 Path Analysis Model

Table 6: Output Model Summary Path Diagram I

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.561 <sup>a</sup>	.314	.307	2.159

Source : Data Proceed (SPSS, 2022)

The table depicts that the number of R-square for path diagram I is approximately 0.314, which means that the proportion of variable religiosity could be explained by the independent variable (competitive advantage) is for about 31.4%. While 68.6% more influenced by other variable outside this research.

Table 7: Coefficient Model Summary Path Diagram I

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	9.370	2.329		4.022	.027
CA	.314	.046	.561	6.769	.000

a. Dependent Variable: Rel

Source : Data Proceed (SPSS, 2022)

Furthermore, the number of coefficient for competitive advantage is positive with 0.314 on religiosity then, the number of p-value which given by the former to the latter reached  $0.000 < \alpha = 5\% (0.05)$ . This condition means that competitive advantage has a positive and significant effect on religiosity therefore, when competitive advantage experienced an increasing number for about 1%, the following religiosity will increase approximately 31.4%. Based on the output of coefficient number, the path diagram I could be illustrated bellow:

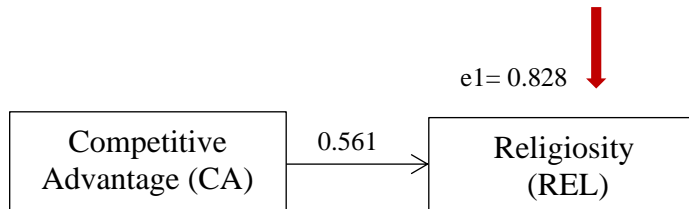


Figure 2: Model Path Diagram I

Table 8: Output Model Summary Path Diagram II

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.712 <sup>a</sup>	.508	.498	3.276

Source: Data Proceed (SPSS, 2022)

The table 8 shows that the number of R-square for path diagram II is approximately 0.508, which means that the proportion of variable customer switching behaviour could be explained by the independent variable (competitive advantage) and the intervening (religiosity) is for about 50.8%. While 49.2% more influenced by other variable outside this research.



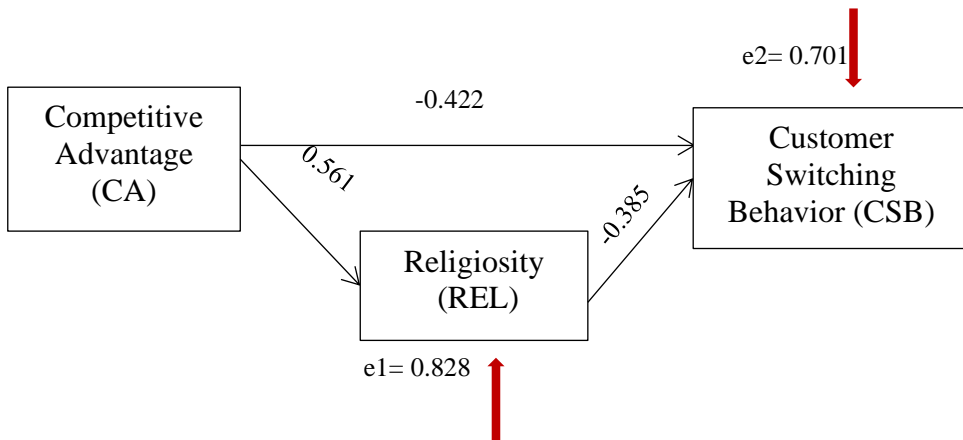
**Table 9: Coefficient Model Summary Path Diagram II**

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	2.535	3.747		.676	.500
CA	-.414	.084	-.422	-4.950	.000
REL	-.674	.149	-.385	-4.517	.000

a. Dependent Variable: CSB

Source: Data Proceed (SPSS, 2022)

Refers to the result depicted by table 9, it clearly seen that the number of coefficient for competitive advantage is negative with -0.414 on customer switching behaviour, while religiosity is -0.674. Then, the number of p-value which given by competitive advantage and religiosity to the customer switching behaviour reached  $0.000 < \alpha = 5\%$  (0.05). This condition means that competitive advantage and religiosity have a positive and significant effect on customer switching behaviour therefore, when competitive advantage and religiosity experienced an increasing number for about 1%, the following customer switching behaviour will decrease approximately 41.4% and 67.4% respectively. Based on the output of coefficient number, the path diagram II could be illustrated bellow



**Figure 3: Model Path Diagram II**

After the direct relationship between each variable already known, the following step is calculating the indirect relationship between competitive advantage on customer switching behaviour through religiosity as the intervening variable by sobel statistic. The result revealed that there is a negative result for about -2.527 with p-value  $0.011 < \alpha = 5\%$  (0.05), which means that there is a negative and significant effect for indirect relationship of the variables. Therefore, it could be seen that competitive advantage through the mediating role of religiosity able to decrease customer switching behaviour at sharia banking. The result of indirect relationship between variable is depicted bellow:

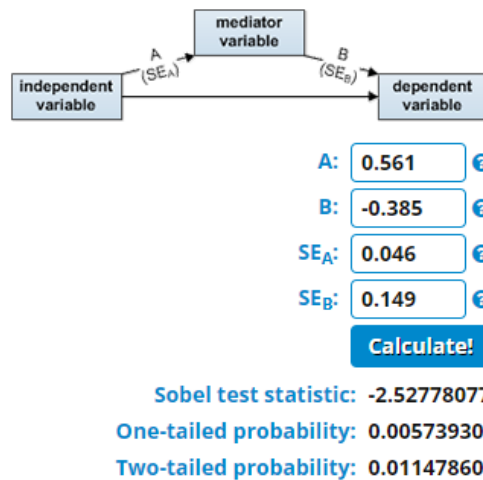


Figure 4: Sobel Test Statistic by danielsooper.com

Table 10: Hypotheses Test

Variable	Result	Effect	Desc.
CA--> REL	Coef: 0.314 Sig: 0.00<0.05	Positive Significant	Accepted
REL--> CSB	Coef: -0.674 Sig: 0.00<0.05	Negative Significant	Accepted
CA --> REL --> CSB	Direct effect: -0.422 Indirect effect: -2.527	Negative Significant	Accepted

The hypotheses table shows that competitive advantage has a positive significant effect on religiosity. It means that competitive advantage which sharia bank has, potentially increase customers' religiosity. This condition happened because when sharia banking develop its competitive advantage specifically for sharia compliance aspect, it will trigger customer (specifically Muslim) trust to the bank because, as a Muslim they tend to choose such financial services which carried out sharia compliance aspect properly (Putriani & Shofawati, 2015). It is in line with a common tendency which revealed that the more religious people would be chose sharia banking products and services due to avoiding the interest. Moreover, the table.2 also reported that that majority customer choose sharia banking services because of free interest product indicator, reaching 5.333 and becoming the highest number of competitive advantage indicator. Therefore, by maintaining and developing competitive advantage which appropriate with sharia compliance aspect, sharia banks contribute in retaining its customer to keep their trust at sharia bank, which have such preferences that sharia bank is an alternative financial institution that offers several products and services based on sharia compliance and differ from conventional bank (Ozair et al., 2019; Rahman, 2016; Widyastuti et al., 2020). This is also in line with Saeed & Azmi (2019) and Ozair et al. (2019) who stated that religiosity is a fundamental aspect for people in choosing and using financial services which appropriate with their belief (*syari 'at Islam*).

Furthermore, religiosity also affect people's psychology and behaviour in executing their daily activities (Ali et al., 2015). This condition triggers such customers expectation specifically Muslims to sharia banking as an alternative financial institution which able to meet their financial service need (Lestari & Qoyum, 2021; Qoyum, 2018). This is in line with the result of interview with one of Islamic banking customers who argued that she is trusted to sharia banking due to *halal* certified products and services which offered by sharia bank Thus, it is clearly seen that to build customers' trust the banks must have a strong competitive advantage which make it differ from another, while one of strongest aspect of competitive advantage which sharia bank have is a free interest products.

The table.10 also depicted that the level of customers' religiosity determines customer switching behaviour. It is because the more increase customers' religiosity, the more decrease customer switching behaviour. This is in line with the result revealed by table.9 that religiosity has a negative effect on customer switching behaviour. While majority customers are doing switch because of sharia banking does not have a good reputation enough while offering services (table.2). Owing to that by the existing of religiosity will also be more motivated to using sharia banking products and services even though they have to spend more cost, time, and the such difficulties in obtaining such minimum sharia banking services (Baazeem, 2015). This is in line with the result of table.2 which leads that indicator of common believes become the second highest indicator of religiosity, reaching approximately 5.078.

Meanwhile, for the indirect effect, the role of religiosity is able to mediate and strengthen the relationship between competitive advantage on customer switching behaviour, which means that competitive advantage able to increase religiosity then leads a decreasing number of customer switching behaviour (Khotimah, 2018; Mavri & Ioannou, 2008). Therefore, sharia bank have to build and develop such a great competitive advantage in the term of service quality to comfort customers while using its services, product quality, a competitive price as well as heed sharia compliance. Those several aspects could be such a strong competitive advantage for sharia banking to make it differ from conventional banks, and increase its capability and performance which leads customer trust and religiosity (Mavri & Ioannou, 2008).

## 4 Conclusion

The phenomenon of customer switching behaviour becomes the great challenge for sharia banking industry. It is because as a growing sharia-financial industry, sharia banks have to maintain and retain its customer to be loyal and willing to use sharia banking products and services. Thus, improving the competitive advantage is one the best ways to realize the goal. However, such external factor such as customers' religiosity also has a significant role in this phenomenon. Relating to this, it is evidence that sharia banking competitive advantage has a significant direct effect in decreasing customer switching behaviour phenomenon but, able to increase customers' religiosity. Meanwhile, for indirect effect religiosity is able to mediate, and strength the relationship between competitive advantage and customer switching behaviour. Thus, it is highly suggested for sharia banking to develop and improve its competitive advantage in competing in a global market with conventional bank.

## References

Abou-Youssef, M. M. H., Kortam, W., Abou-Aish, E., & El-Bassiouny, N. (2015). Effects of religiosity on consumer attitudes toward Islamic banking in Egypt. *International*

- Journal of Bank Marketing*. <https://doi.org/10.1108/IJBM-02-2015-0024>
- Ali, M., Raza, S. A., & Puah, C.-H. (2015). Factors affecting intention to use Islamic personal financing in Pakistan : Evidence from the modified TRA model . *Munich Personal RePEc Archive*.
- Ancok, D., & Suroso, F. N. (2002). *Psikologi Islam: Solusi Islam atas Problem- Problem Psikologi (Islamic psychology. Islam solution for psychological problems)*. Pustaka Pelajar.
- Arfan, A., & Athroz Arfan, I. (2021). A strategy for strengthening public perception toward sharia banking. *Banks and Bank Systems*. [https://doi.org/10.21511/bbs.16\(2\).2021.16](https://doi.org/10.21511/bbs.16(2).2021.16)
- Aslam, E., & Haron, R. (2021). Corporate governance and banking performance: the mediating role of intellectual capital among OIC countries. *Corporate Governance (Bingley)*. <https://doi.org/10.1108/CG-08-2020-0312>
- Baazeem, T. A. (2015). How Religiosity Influences Consumption: The Impact of Consumer Religiosity on Perceptions of Psychological and Social Risk. In *Doctoral Disertation*.
- David, F. R., & David, F. R. (2015). *Strategic Management: Concept and Cases*. Pearson Education.
- Dirgantoro, C. (2001). *Keunggulan Bersaing Melalui Proses Bisnis*. PT. Grasindo.
- Furwanti, R. (2021). *Pengaruh Religiusitas, Islamic Social Reporting, Dan Local Wisdom Terhadap Loyalitas Nasabah Dalam Menggunakan Produk Perbankan Syariah Melalui Kepuasan Sebagai Variabel Intervening (Studi Kasus Masyarakat Bugis Muslim Di Kawasan BOSOWASI)*. UIN Sunan Kalijaga.
- Garland, R. (2002). Estimating customer defection in personal retail banking. *International Journal of Bank Marketing*. <https://doi.org/10.1108/02652320210451214>
- Ghamry, S., & Shamma, H. M. (2022). Factors influencing customer switching behavior in Islamic banks: evidence from Kuwait. *Journal of Islamic Marketing*. <https://doi.org/10.1108/JIMA-01-2020-0021>
- Keaveney, S. M. (1995). Customer Switching Behavior in Service Industries: An Exploratory Study. *Journal of Marketing*. <https://doi.org/10.2307/1252074>
- Khotimah, N. (2018). Pengaruh Religiusitas, Kepercayaan, Citra Perusahaan, Dan Sistem Bagi Hasil Terhadap Minat Nasabah Menabung Dan Loyalitas Di Bank Syariah Mandiri. *Jurnal Ilmu Ekonomi & Manajemen*, 05(01), 37–48. <https://doi.org/DOI:10.30996/jmm17.v5i01.1712>
- Kordi Ghasrodashti, E. (2018). Explaining brand switching behavior using pull-push-mooring theory and the theory of reasoned action. *Journal of Brand Management*. <https://doi.org/10.1057/s41262-017-0080-2>
- Lestari, D. M., & Qoyum, A. (2021). Measuring Maslahah on Collateral Implementation in Mudaraba Contract at Sharia Banking. *Global Review of Islamic Economics and Business*, 9(1), 079. <https://doi.org/10.14421/grieb.2021.091-06>
- Mavri, M., & Ioannou, G. (2008). Customer switching behaviour in Greek banking services using survival analysis. *Managerial Finance*. <https://doi.org/10.1108/03074350810848063>
- Mohamed, N., Taheri, B., Farmaki, A., Olya, H., & Gannon, M. J. (2020). Stimulating satisfaction and loyalty: transformative behaviour and Muslim consumers.

- International Journal of Contemporary Hospitality Management*.  
<https://doi.org/10.1108/IJCHM-04-2020-0330>
- Mostafa, R. H. A., & Ibrahim, M. M. (2020). The effects of customer equity and religious motivation on customer retention and switching intention: A study of the Egyptian banking sector. *Journal of Islamic Marketing*. <https://doi.org/10.1108/JIMA-06-2019-0136>
- Nawaz, M., Ashraf, M. S., Amin, M., & Talha, I. (2021). Moderating Role of Muslim Religiosity and Collectivism among Sight Cues, CSR and Customer Loyalty through Corporate Image in Islamic Banks. *GISRAS Journal of Management & Islamic Finance (GJMIF)*, 1(2), 44–73. <http://gjmf.com/index.php/GJMIF/article/view/13>
- Otoritas Jasa Keuangan. (2021). *Snapshot Perbankan Syariah Indonesia 2021*. [https://www.ojk.go.id/id/kanal/syariah/berita-dan-kegiatan/publikasi/Documents/Pages/Snapshot-Perbankan-Syariah-September-2021/Snapshot Perbankan Syariah September 2021.pdf](https://www.ojk.go.id/id/kanal/syariah/berita-dan-kegiatan/publikasi/Documents/Pages/Snapshot-Perbankan-Syariah-September-2021/Snapshot%20Perbankan%20Syariah%20September%202021.pdf)
- Ozair, K., Luqman, M., & Hussain Hamdani, S. N. (2019). Conceptualizing the Impact of Religiosity on the Preferences for Islamic Banking in Mirpur (Azad Jammu and Kashmir): An Empirical Analysis. *Lahore Journal of Business*, Vol. 8(No. 1), 73–90. <https://doi.org/10.35536/ljb.2019.v8.i1.a4>
- Porter, M. E. (1998). Competitive Advantage: Creating and Sustaining Superior Performance. In *The Free*. <https://doi.org/10.1016/j.neubiorev.2009.11.015>
- Putri, Y. A. (2020). Peran Komunikasi Pemasaran Dalam Mempertahankan Konsumen Di Sandang Mas Indonesia. *Network Media*. <https://doi.org/10.46576/jnm.v3i2.851>
- Putriani. (2015). Pola Perilaku Konsumsi Islami Mahasiswa Muslim Fakultas Ekonomi Dan Bisnis Universitas Airlangga Ditinjau Dari Tingkat Religiusitas 1) Yolanda. *ISSN 2502-3632 (Online) ISSN 2356-0304 (Paper) Jurnal Online Internasional & Nasional Vol. 7 No.1, Januari – Juni 2019 Universitas 17 Agustus 1945 Jakarta*.
- Putriani, Y. H., & Shofawati, A. (2015). Pola Perilaku Konsumsi Islami Mahasiswa Muslim Fakultas Ekonomi dan Bisnis Universitas Airlangga Ditinjau Dari Tingkat Religiusitas. *Jurnal Ekonomi Syariah Teori Dan Terapan*. <https://doi.org/10.20473/vol2iss20157pp570-582>
- Qoyum, A. (2018). Maqasid Ash-Shari'ah Framework and the Development of Islamic Finance Products: The Case of Indonesia. *Tazkia Islamic Finance and Business Review*. <https://doi.org/10.30993/tifbr.v12i2.150>
- Rahman, A. U. (2016). Customer Loyalty Toward Islamic and Conventional Banks; Mediator Role of Customer Satisfaction. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.2860534>
- Rama, A. (2017). An Exploration Of Customers' Switching Behavior In Islamic Banking Industry. *Journal of Islamic Monetary Economics and Finance*. <https://doi.org/10.21098/jimf.v2i2.653>
- Resty, N. N. H., & Hidayat, A. (2021). Factors Affecting Millennial Customers' Savings Intention in Islamic Banks. *European Journal of Business and Management Research*, 6(4), 116–122. <https://doi.org/10.24018/ejbmr.2021.6.4.949>
- Saeed, M., & Azmi, I. B. A. G. (2019). The nexus between customer equity and brand switching behaviour of millennial Muslim consumers. *South Asian Journal of*

- Business Studies*, 8(1), 62–80. <https://doi.org/DOI: 10.1108/SAJBS-04-2018-0046>
- Sharma, V., & Panga, M. D. (2018). Determinants of Switching Behaviour in Consumer Electronic Goods. *Prestige International Journal of Management and Research*, 10(4), 107.
- Soemitra, A. (2019). Bank dan Lembaga Keuangan Syariah. In *Bank dan Lembaga Keuangan Syariah*.
- Su, L., Jiang, Y., Chen, Z., & Nathan Dewall, C. (2017). Social exclusion and consumer switching behavior: A control restoration mechanism. *Journal of Consumer Research*. <https://doi.org/10.1093/jcr/ucw075>
- Surjaatmadja, S., & Adriansyah, A. (2016). Does islamic banking have a competitive advantage over conventional banking in indonesia?: A study of perspectives. *Pertanika Journal of Social Sciences and Humanities*.
- Suryawardani, B., & Wulandari, A. (2020). Determinant Factors of Customers Switching Behavior to Customer Satisfaction and Loyalty in Online Transportation Users in Bandung. *Jurnal Dinamika Manajemen*. <https://doi.org/10.15294/jdm.v11i1.21432>
- Thomas, B. J., & Sekar, P. C. (2008). Measurement and validity of Jennifer Aaker's brand personality scale for colgate brand. *Vikalpa*. <https://doi.org/10.1177/0256090920080304>
- Vyas, V., & Raitani, S. (2014). Drivers of customers' switching behaviour in Indian banking industry. *International Journal of Bank Marketing*. <https://doi.org/10.1108/IJBM-04-2013-0033>
- Widyastuti, U., Febrian, E., Sutisna, S., & Fitrijanti, T. (2020). Sharia compliance in sharia mutual funds: A qualitative approach. *International Journal of Economics and Business Administration*. <https://doi.org/10.35808/ijeba/483>
- Xu, H., Wang, J., Tai, Z., & Lin, H. C. (2021). Empirical study on the factors affecting user switching behavior of online learning platform based on push-pull-mooring theory. *Sustainability (Switzerland)*. <https://doi.org/10.3390/su13137087>
- Yasa, N. N. K., Ketut Giantari, I. G. A., Setini, M., & Rahmayanti, P. L. D. (2020). The role of competitive advantage in mediating the effect of promotional strategy on marketing performance. *Management Science Letters*. <https://doi.org/10.5267/j.msl.2020.4.024>
- Yudiana, F. E., Kusuma, H., & Qizam, I. (2021). Gender Roles in the Relationship between Hijrah Intention, Satisfaction, and Islamic-Bank Customer Loyalty. *Pertanika Journal of Social Sciences and Humanities*. <https://doi.org/10.47836/pjssh.29.4.28>