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Islamic Ethical Behavior to Bear out Customer Trust: Perspective Islamic Bank in Indonesia

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Abstract:

The biggest challenge for Islamic bank in Indonesia is maintaining customer trust. Changes in organizational structure, service adjustment processes, and other changes are prone to creating a decrease in customer trust which will have an impact on decreasing customer satisfaction and loyalty. This study aims to obtain the influence of Islamic ethical behavior on customer trust. This study uses an explanatory survey method. The sample technique used is a purposive sampling technique as many as 150 respondents. The data analysis technique used is Regression analysis. The results show that Islamic ethical behavior has a positive and significant influence on customer trust.

Keywords: Islamic ethical behavior, customer trust

1. Introduction

Based on data from The State of Global Islamic Economy Indicator Report, Indonesia's sharia economic activity has increased very rapidly. In 2018, Indonesia's sharia economy was ranked 10th in the world and rose to 5th in the world in 2019. However, from the point of view of the domestic banking industry, the market potential of Islamic banks is quite large and has not been fully exploited. This is because there are 30.27 million new Islamic bank customers as of November 2020. When compared to the total Muslim population in Indonesia, which is 180 million, there is still a fairly large gap indicating this figure is far from expectations (CNN Indonesia, 2021).

One of the efforts to reduce the gap is the establishment of the Indonesian Islamic Bank. Bank Syariah Indonesia is a bank merger of three Islamic banks under state-owned enterprises, including BRI Syariah (BRIS), BNI Syariah (BNIS) and Bank SyariahMandiri (BSM) which officially operates as of February 1, 2021. The establishment of Islamic bank in Indonesia is expected able to strengthen competitiveness by increasing the Indonesian Islamic financial market to occupy a higher position at the world level (Fathoni, 2021). Other goals in the establishment of the Indonesian Islamic Bank include increasing efficiency and expanding distribution so that it is affordable by the community in various regions (Mahadi, 2020) Distinctive capability has a significant and positive effect on competitive advantage (Lisnawati, 2011).

The biggest challenge for Islamic bank in Indonesia as a merged company is maintaining customer trust. Changes in organizational structure, service adjustment processes, and other changes are vulnerable to creating a decrease in customer trust which will have an impact on decreasing customer satisfaction and loyalty (Pratiwi & Seminari, 2015; Ardiyanto, 2013). Purchase behavior is a complex phenomenon, unpredictable and has its own challenges to understand (Widjajanta, 2018).

Figure 1. Total Indonesian Banking Assets shows that Indonesian Islamic Banks have not succeeded in entering the top 5 with the most total assets. Whereas with the model of the company resulting from the merger, Islamic bank in Indonesia is expected to be able to compete with the total assets owned by conventional banks. This indicates that customer confidence in saving or depositing their money at Islamic bank in Indonesia still needs to be improved.

Figure 1: Total Indonesian Banking Assets
Source: (The Finance, 2021)

One of the factors that can increase customer confidence in Islamic bank in Indonesia is the application of Islamic ethical behavior (Che Mohd Salleh et al., 2013). By implementing Islamic principles in each of its products and services, Islamic bank in Indonesia is expected to be able to gain the trust of customers in Indonesia as a country with a majority Muslim community.

Based on the description above, a research paradigm was drawn up, clearly depicted in Figure 2.

Figure 2: Research Paradigm

Based on the research paradigm, the research hypothesis can be formulated:

- H₁: There is an influence of Islamic ethical behavior on customer trust

2. Literature Review

2.1. Islamic Ethical Behavior

One source of fundamental strength in a society is Islamic ethics which is also one of the five pillars of Islam (Laeheem, 2018). The fundamental and universal Islamic ethics provide not only protection in law, but also an ethically effective system (Laeheem, 2018). Islamic ethical behavior is a universal standard of right and wrong that governs what humans should do as taught by the Qur'an, and is shown in the life (deeds and words) of the example of the Prophet Muhammad (Laeheem, 2018). Islamic ethical behavior in this definition includes actions which considered a good deed according to the terminology of the Qur'an (Haneef, 2006; Hashi, 2011; Zaroug, 1999). The dimensions of Islamic ethical behavior in this study consist of:

2.1.1. Shiddiq (True)

The definition of shiddiq itself is correct (Prasetyo & Pratiwi, 2016). The application of the nature of shiddiq includes telling something correctly, not hiding the elements of something, and there is no intention to deceive. The character of Siddiq also means not betraying, not making up, not cheating and not lying (Sula, M. S., & Kartajaya, 2006). Siddiq as one of the characteristics of the Prophet Muhammad has an honest and true understanding (Sula, M. S., & Kartajaya, 2006). Companies that apply Islamic ethical behavior are always honest in explaining the benefits of the product by previously seeking the truth of the information to be provided. If there are defects or deficiencies in the products being marketed, companies that apply Islamic ethical behavior will be honest with potential buyers in conveying the defects of their products (Prasetyo & Pratiwi, 2016).

2.1.2. Amanah (Trustworthy)

Sula, M. S., & Kartajaya (2006) stated that Amanah means trustworthy, credible and responsible. Amanah also means being responsible if given tasks and obligations. Amanah can show honesty, openness, and optimal service to customers. By applying the character of Amanah, a company will form an attitude of full responsibility and ultimately increase credibility (Prasetyo & Pratiwi, 2016).

2.1.3. Tabligh (Communicative)

This is in line with previous research (Wijaya et al., 2021) which stated that the Tabligh/Communicative dimension represents Islamic ethical behavior through communication and corporate openness. The tabligh character shows that a company must be able to convey information and communicate with both internal and external parties (Ratten et al., 2017). Promotions carried out by companies must be communicative, reflect eligible services, and the language used is clear and uncomplicated so that promotional messages can be received. Companies must be able to convey the advantages of their products and services by not lying and deceiving. In addition, the tabligh character reflects a company that is able to argue, dialogue and discuss well in accordance with the Shari'a (Prasetyo & Pratiwi, 2016).

2.1.4. Fathanah (Intelligent and Wise)

Sula, M. S., & Kartajaya (2006) stated that Fathanah means being clever, wise and intellectual. The definition of Fathanah according to Shaykh Muhammad al-Nawawi is the ability or intelligence in arguing. In the field of marketing, conveying information and statements to consumers correctly must implement the character of Fathanah (intelligence). Companies can provide answers to statements submitted by consumers, as well as solutions to problems faced as long as the company understands the main problem correctly. On the other hand, the company will not be able to provide answers and solutions if they do not have the characteristics of Fathanah. Companies are not only required to have intellectual intelligence but also spiritual intelligence (Prasetyo & Pratiwi, 2016).

2.2. Customer Trust

Trust refers to the belief that one can rely on promises made by others and that the other will act in good faith and in a friendly manner (Grazioli & Jarvenpaa, 2000). In many cases, customer trust is based on the bank's interactions with previous customers (Gefen, 2000). Although previous interactions do not guarantee that the bank's service will be as expected by the customer, customer confidence will increase if the bank previously provided services that were in line with expectations. The dimensions of customer trust in this study consist of:

2.2.1. Integrity

This is in line with previous research (Gunarso et al., 2020) which showed that the ability and integrity of the company are the main factors that are closely related to customer trust and participation. Therefore, companies need to continue to maintain and improve their ability to serve consumers while still focusing on the integrity of the company. Thus, consumers will then continue to trust and maintain their participation (Gunarso et al., 2020). Integrity is very important in banking because it helps generate the trust that is the determinant for the financial system to thrive (Cowton, 2002).

2.2.2. Reputation

The result of a company's long-term relationship history with the context of its function can be expressed as reputation (Casalo et al., 2007). Based on the previous series of interactions generated between the company and its customers, it will be a source of information for customers in assessing the quality of the company and compared with other available alternatives. The result of a comparison between what the company promises and what customers get will result in a reputation. Thus, reputation determines the customer's assessment of how honest the company is and how much the company cares about its customers (Doney & Cannon, 1997).

3. Methodology

This study has a dependent variable, namely customer trust includes integrity and reputation. Furthermore, the object of research as an independent variable is Islamic ethical behavior which includes *shiddiq* (true), *amanah* (trustworthy), *tabligh* (communicative), *fathanah* (intelligent and wise). The research method used in this research is the cross sectional method, where research studies the object is not sustainable in the long term (within a certain period of time), because this research was conducted in a period of less than one year. This research is one-shot or cross-sectional because the collection of information from research subjects is only done once in a period of time (Maholtra, 2010). In this study, the units of analysis or respondents used are customer of Bank Syariah Indonesia.

The sampling technique used refers to non-probability sampling random type. The process of selecting a sampling unit is that every sampling unit in the population in a simple random sampling technique has the same opportunity to be selected as sampling (Sanusi, 2012). The sample in this study was 150 people. The data sources used consist of primary data derived from respondents' responses and secondary data from several literatures. Data collection techniques used are library research and field studies. The verification data analysis technique used to determine the relationship in this study is Simple Linear Regression with IBM SPSS version 20.0 for Windows tools.

4. Results and Discussion

4.1. Classical Assumption Test for Simple Linear Regression Model

Before evaluating the measurement model in a simple linear regression regarding the effect of Islamic ethical behavior on customer trust, it is necessary to test the classical assumptions used in this study.

The normality test was conducted to see whether the research data were normally distributed or not. Normality test was performed using IBM SPSS version 20.0 for Windows. The output of this normality test can be seen in the following Figure 3.

Figure 3: Normality Test Output

Based on Figure 3, it can be seen that the data is distributed diagonally and follows the diagonal direction. Then the regression results obtained, namely the population meets the assumption of a normal distribution. In addition, to further strengthen the evidence whether the research data is normally distributed, the researcher uses the Kolmogorov-Smirnov Test to test for normality. In the Kolmogorov Smirnov test, if the significance is less than 0.05, it indicates that there is a significant difference, if it is more than 0.05, it indicates that there is no significant difference. The application of the Kolmogorov Smirnov test if the significance is less than 0.05 means that the data to be tested is different from normal data, then the data is not normal. The output of the normality test is shown in Table 1.

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		150
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	3.93775075
Most Extreme Differences	Absolute	.118
	Positive	.118
	Negative	-.095
Test Statistic		.118
Asymp. Sig. (2-tailed)		.003 ^c
Exact Sig. (2-tailed)		.133
Point Probability		.000
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Table 1: Kolmogorov Smirnov Test

Based on Table 1, it is known that the significant level is 0.133 or greater than 0.05 so it can be said that the data is normally distributed.

After it is known that the Islamic ethical behavior and customer trust variables are normally distributed, then it is necessary to know whether the two variables really have a linear relationship, for that it is necessary to do a linearity regression test. This linearity test is intended to determine the possibility of a linear relationship between the variables of Islamic ethical behavior and customer trust. The results of data analysis obtained Anova output in Table 2.

ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
Customer_Trust * Islamic_Ethical_Behavior	Between Groups	(Combined)	3219.545	14	29.967	28.059	.000
		Linearity	2015.597	1	2015.597	245.931	.000
		Deviation from Linearity	1203.948	13	92.611	1.300	.084
	Within Groups		1106.429	135	8.196		
	Total		4325.973	149			

Table 2: Linearity Test

From the results of Table 2, it is known that the deviation from linearity value has a significance value of $0.084 > 0.05$. So it can be concluded that there is a significant linear relationship between Islamic ethical behavior and customer trust. The independent variable in this study is Islamic ethical behavior while the dependent variable is customer trust. To test whether there is an independent effect on the dependent variable, it is done by simple regression testing. Determinant coefficient analysis is used to determine the percentage of influence that occurs from the independent variable on the dependent variable. So in this study the determinant coefficient is used to determine the percentage of the influence of Islamic ethical behavior on customer trust. By using the SPSS 20.0 for windows program, the results of the coefficient of determination are obtained in Table 3.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.683 ^a	.466	.462	3.951
a. Predictors: (Constant), Islamic_Ethical_Behavior				

Table 3: Coefficient of Determination

Based on Table 3, the result of calculating the coefficient of determination for Islamic ethical behavior toward customer trust is 46.6%, while 53.4% is influenced by factors not examined in this study. To test the significance of Islamic ethical behavior effect on customer trust, the F test on Table 4 can be used.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2015.597	1	2015.597	129.117	.000 ^b
	Residual	2310.376	148	15.611		
	Total	4325.973	149			
a. Dependent Variable: Customer_Trust						
b. Predictors: (Constant). Islamic Ethical Behavior						

Table 4: F Test Significance Value

Table 4 shows the test for the F test taken from Anova with a probability level (Sig) = 0.000, the significance level of 0.05 is $0.000 < 0.05$, which indicates that there is an influence of Islamic ethical behavior on customer trust at Bank Syariah Indonesia. The results of hypothesis testing are in Table 5.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	20.829	6.654		3.130	.002
	Islamic_Ethical_Behavior	.699	.062	.683	11.363	.000
a. Dependent Variable: Customer Trust						

Table 5: Test Significance Value

Based on Table 5, the calculation of the t-test with the help of the SPSS 25.0 for windows program obtained a t-count of 13,420 with a significance level of 5%. Compared to the t-table value, the t-count value is higher than the t-table value ($11,363 > 1,976$), so it can be concluded that there is a positive effect of Islamic ethical behavior on customer trust in Bank Syariah Indonesia.

In accordance with the results of the study showing that Islamic ethical behavior significantly affects consumer trust, this is in accordance with previous research that Islamic ethical behavior can increase customer commitment, customer loyalty, customer trust (Che Mohd Salleh, Abdullah and Razali, 2013; Widana *et al.*, 2015; Zainal *et al.*, 2018). Ethics in marketing has a huge role in the sustainability of a business to survive in the face of competition between companies. Islamic ethical behavior is an effort that is carried out on a basic basis in the form of good, controlled, and altruistic actions that apply rules to achieve common goals under morality and sharia in Islam. Islamic ethical behavior or Islamic ethical behavior is the behavior, habits, character, character, and personality of individuals/organizations that are based on Islamic law following the Qur'an and the sunnah of the Prophet SAW to be applied in various activities of sharia economic Law by service company personnel. Islamic ethical behavior is also defined as moral values or good/accepted behavior determined by Islamic principles/values in the Qur'an, hadith, ijtihaan and qiyas (Kalid, Rushdan and Jailani, 2019). The principles of Islamic ethical behavior offer a way to create and improve the standard of living of a person/organization through commercial activities through the value of profit and blessing. The relationship between service personnel and customers is the implementation of business ethics that can create profits or losses. In Islamic business ethics, the relationship between personnel and customers can maintain a relationship or attract attention and create new customers for-profit and blessing. Therefore, the experts determined that Islamic ethical behavior is a

prerequisite in carrying out successful business activities. Ethical and unethical provisions in Islam are transcendental, that is, they cannot be contested by humans, only determined by the rules of Allah SWT in the Qur'an and hadith. Islamic business ethics defines humans as good nature, upholding the value of justice and their respective rights.

5. Conclusions

Based on the results described above that has been carried out with verification analysis using the Simple Linear Regression analysis between Islamic ethical behavior and customer trust in Bank Syariah Indonesia, the following conclusions can be drawn. Based on the research results, it was revealed that Islamic ethical behavior affected customer trust. This showed that the higher Islamic ethical behavior, the higher the customer trust. The existence of this research is expected to be able to assist further researchers in examining Islamic ethical behavior and customer trust either by using the same or different indicators from more diverse theoretical sources and on different objects. Because of the many limitations in this study, especially those related to research methods and data collection techniques.

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