The effect of Islamic financial literacy, digital marketing and brand image on customer loyalty of Indonesian Sharia Bank in Garut Regency

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ABSTRACT

In an increasingly competitive Islamic banking industry, customer loyalty has become a critical determinant of sustainable organizational performance. Understanding the factors that drive customer loyalty is therefore essential for Islamic financial institutions seeking to strengthen their market position. This study examines the influence of Islamic financial literacy, digital marketing, and brand image on customer loyalty among customers of Bank Syariah Indonesia in Garut Regency, Indonesia. Employing a quantitative research design with an associative approach, the study utilizes Partial Least Squares Structural Equation Modeling (PLS-SEM) to analyze the relationships among the proposed constructs. The findings reveal that Islamic financial literacy, digital marketing, and brand image each exert a positive and significant influence on customer loyalty. Customers with a stronger understanding of Islamic financial principles are more likely to demonstrate loyalty toward Islamic banking services. Furthermore, effective digital marketing strategies enhance customer engagement and strengthen long-term relationships, while brand image emerges as the most influential determinant of customer loyalty. These results highlight the importance of integrating educational, technological, and branding strategies to foster customer retention in the Islamic banking sector. The study contributes to the growing literature on Islamic banking by providing empirical evidence that customer loyalty is shaped by both cognitive and experiential factors in the digital era. The findings offer practical implications for Bank Syariah Indonesia and other Islamic financial institutions in designing customer-centric strategies aimed at enhancing loyalty and sustaining competitive advantage.

Keywords: *Digital Marketing; Brand Image; Customer Loyalty; Islamic Financial Literacy*

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INTRODUCTION

The banking industry plays a strategic role in supporting national economic stability and growth through its financial intermediation function, which involves collecting funds from the public and channeling them into productive financing (Van Nguyen & Lu, 2024). Along with the development of the industry, competition among banks is no longer focused solely on products and pricing but also on service quality, customer experience, and the utilization of digital innovation to enhance customer satisfaction and loyalty. In this context, a customer-centric approach has become essential for sustaining banking institutions, where customer satisfaction is regarded as the primary foundation for building long-term customer loyalty(Hervina & Kurniawan, 2024).

From a regulatory perspective, the Indonesian government has implemented various policies to support the growth of the Islamic banking industry. Through the Financial Services Authority (Otoritas Jasa Keuangan/OJK), more comprehensive and well-structured regulations have been introduced to ensure that Islamic financial institutions operate in accordance with Sharia principles while complying with established standards of transparency and accountability(Sondakh et al., 2020).

These regulatory initiatives have strengthened public confidence in investing in and utilizing Islamic financial services. In addition, the government has continuously promoted public education regarding the benefits and characteristics of Islamic financial products. As a result, public interest in Islamic financial services has increased, contributing to the continuous growth of the Islamic finance market share in Indonesia.This trend is illustrated in Figure 1, which shows that Islamic finance accounts for 10.95% of Indonesia's financial market share, while conventional finance continues to dominate with 89.05%.

Source : OJK 2023

Figure 1
Market Share 2023

Based on Figure 1, the market share of Islamic finance in Indonesia reached 10.95% in 2023, according to the Financial Services Authority (Otoritas Jasa Keuangan/OJK). However, compared to the conventional financial market share of 89.05%, this figure indicates that Islamic finance still lags significantly behind. Market share reflects the extent to which Islamic financial institutions are accepted by the public.

One factor that may contribute to the slow growth of Bank Syariah Indonesia and customer loyalty toward Islamic banking is the relatively low level of Islamic financial literacy. Indonesia ranks 43rd out of 55 countries, indicating that public knowledge, understanding, and financial management skills based on Sharia principles remain limited. Consequently, many people still perceive Islamic financial literacy as less important, which may hinder the development of the Islamic banking industry(Jamila et al., 2025)

Customer loyalty is a crucial factor for the sustainability of the Islamic banking industry, as loyal customers are more likely to continue using the products and services offered by the bank and to recommend them to others(Ruano et al., 2022). Therefore, fostering customer loyalty has become one of the key priorities for Islamic banks in maintaining long-term customer relationships and achieving a sustainable competitive advantage (Sari et al, (2024)

Previous studies have reported that Islamic financial literacy, digital marketing, and brand image have a positive and significant influence on customer loyalty at Bank Syariah Indonesia (Rahmanto et al., 2023). Furthermore, Setiawan (2023) found that Islamic financial literacy and the image of Islamic banks are important factors influencing customers' decisions to become customers of Islamic banks. In addition, brand image plays a significant role in shaping customer loyalty (Dam & Dam, 2021). A positive brand image enhances customers' perceptions, trust, and confidence in the quality of services provided by the bank, thereby increasing their willingness to continue using the bank's products and services (Dinc et al., 2021). Conversely, a weak or unfavorable brand image may encourage customers to switch to other financial institutions (Firmansyah et al., 2025).

The novelty of this study lies in its simultaneous examination of the effects of Islamic financial literacy, digital marketing, and brand image on customer loyalty at Bank Syariah Indonesia within the context of Garut Regency. Furthermore, this study provides empirical evidence regarding the most dominant factor influencing customer loyalty in Islamic banking among a community with characteristics that differ from those examined in previous studies.

Previous studies have reported mixed findings regarding the factors influencing customer loyalty in Islamic banking. Sari et al., (2024)found that Islamic financial literacy, digital marketing, and brand image positively influence customer loyalty. However,(Setiawan, 2023) reported that the most influential factors affecting customer loyalty are the image of Islamic banks and customer trust, while the effect of digital marketing tends to vary across different research contexts. Meanwhile, Putri et al., (2024) found that brand image has a positive and significant effect on customer loyalty at Bank Syariah Indonesia (BSI). These inconsistent findings indicate the existence of an empirical research gap that warrants further investigation, particularly in the context of Bank Syariah Indonesia customers in Garut Regency.

In addition, from a theoretical perspective, there is still debate regarding the mechanisms through which customer loyalty is developed in Islamic banking. Some studies emphasize the importance of Islamic financial literacy in enhancing customers' understanding of Sharia principles, whereas others highlight the roles of digital marketing strategies and brand image in fostering customer loyalty. These differing perspectives suggest the existence of a theoretical gap concerning the most influential factors in shaping customer loyalty in Islamic banking.

This study aims to analyze the effects of Islamic financial literacy, digital marketing, and brand image on customer loyalty toward Bank Syariah Indonesia in Garut Regency.

Specifically, the study seeks to examine the individual contribution of each variable in influencing customer loyalty and to identify which factor has the strongest influence. By investigating these relationships, the study is expected to provide a more comprehensive understanding of the determinants of customer loyalty in the context of Islamic banking, particularly in regions where the market share of Islamic financial institutions remains relatively limited despite their continuous growth.

The findings of this study are expected to contribute both theoretically and practically. Theoretically, the study enriches the existing literature on customer loyalty in Islamic banking by integrating Islamic financial literacy, digital marketing, and brand image into a single research framework. Practically, the results are expected to serve as a reference for the management of Bank Syariah Indonesia in formulating effective strategies to enhance customer loyalty through improving customers' Islamic financial literacy, strengthening digital marketing initiatives, and building a stronger brand image. Furthermore, the findings may provide valuable insights for policymakers and other Islamic financial institutions in designing policies and programs that support the sustainable development and competitiveness of the Islamic banking industry in Indonesia.

LITERATURE REVIEW

Grand Theory

The grand theory underlying this study is Relationship Marketing Theory. This theory was first introduced by Berry, (2002), who argued that the objective of marketing is not only to acquire new customers but also to establish, maintain, and strengthen long-term relationships with existing customers. From this perspective, the success of an organization depends on its ability to develop sustainable relationships that encourage customers to continue using the products and services offered.

Relationship Marketing Theory was further developed by Morgan & Hunt, (1994) through the Commitment-Trust Theory of Relationship Marketing. This theory argues that trust and commitment are the two key determinants of successful long-term relationships between organizations and customers. The higher the levels of customer trust and commitment, the stronger the customer loyalty that will be established.

In the context of Islamic banking, Islamic financial literacy enhances customers' understanding of Sharia principles and Islamic banking products, thereby strengthening their trust in the bank. Digital marketing facilitates effective communication and interaction between the bank and its customers, while a positive brand image reinforces customers' confidence and commitment toward the bank. Therefore, these three variables are expected to strengthen the relationship between Bank Syariah Indonesia and its customers, ultimately fostering higher customer loyalty.

Financial Literacy

According to Agustin, (2025), Islamic financial literacy refers to an individual's ability to understand, manage, and make financial decisions in accordance with Islamic Sharia principles. This capability includes understanding how to obtain and evaluate financial information, enabling individuals to consider the consequences of their financial decisions while adhering to Sharia guidelines. Islamic financial literacy encompasses various aspects, including money and asset management, financial planning, investment, retirement planning, and financial protection(Fadli et al., 2022). A high level of Islamic financial literacy enables individuals to manage their finances more effectively and avoid potential financial problems in the future (Arisandy et al., 2024). Financial problems are not always caused by low income but may also result from poor financial management. Limited knowledge of financial concepts often leads individuals to make inappropriate financial decisions, which may increase the risk of financial difficulties in the future (Kalsum & Utami, 2025).

According to the Organisation for Economic Co-operation and Development (OECD/INFE, 2011), as cited in Khafifa and Aminy (2025), financial literacy is a combination of awareness, knowledge, skills, attitudes, and behaviors required to make informed financial decisions and ultimately achieve individual financial well-being. Individuals with a high level of financial literacy are more capable of managing their finances, planning for the future, and making sound economic decisions (Kadoya & Khan, 2020).

In the context of Islamic finance, financial literacy also includes an understanding of Sharia principles in financial management. Furthermore, Kusmiati & Ungkari (2021) stated that Islamic banks function not only as financial intermediaries that collect and distribute public funds but also as social institutions by managing and distributing zakat, infaq, sadaqah, grants, and other social funds in accordance with Sharia principles.

Digital Marketing

Digital marketing is a marketing strategy that utilizes digital media to communicate information about a company's products, services, and competitive advantages to a broader audience (Dwivedi et al., 2021). Through digital marketing, companies can reach customers more effectively, increase public awareness of their products and services, and encourage greater adoption and usage of those offerings (Huda & Millah, 2024). According to Stanton, as cited in Sahara et al., (2025), marketing can be understood from two perspectives the social perspective and the commercial perspective.

From a social perspective, marketing refers to a series of exchange activities aimed at satisfying human needs and wants(Lim et al., 2022). From a commercial perspective, marketing encompasses business activities such as planning, pricing, promotion, and the distribution of products or services to meet the needs of target markets(Antara et al., 2020). In the context of Islamic banking, digital marketing serves as an effective tool for communicating the advantages of Islamic banking products and services while also enhancing public Islamic financial literacy (Abdillah & Hasan, 2025).

According to Rauf (2021), digital marketing consists of four main dimensions that collectively support the achievement of marketing objectives. The first dimension is digital marketing, which refers to the use of digital media and the internet to promote products or services to consumers. The second dimension is branding, which focuses on building a brand's identity, image, and credibility to make it easily recognized by the public. The third dimension is social media marketing, which involves marketing activities conducted through various social media platforms to reach and engage with consumers. The fourth dimension is content marketing, which emphasizes the creation and distribution of valuable, relevant, and engaging content to establish and maintain long-term relationships with the target audience.

Brand Image

Brand image represents consumers' overall perception of a brand, which is developed through the information, experiences, and interactions they have had with it (Park & Ha, 2021). It reflects consumers' beliefs, impressions, and preferences toward a brand, thereby influencing how they evaluate and choose the products or services offered (Amanda et al., 2024). Brand image refers to the perception that consumers develop and retain about a brand. It is formed through a network of interconnected associations that shape consumers' beliefs and perceptions regarding a particular brand. These beliefs play a crucial role in consumers' decision-making processes (Jia et al., 2022).

Furthermore, brand image is influenced by the various symbols, identities, and elements employed by a company, which are interpreted and integrated by consumers into an overall perception of the brand (Gómez-Rico et al., 2023). In addition, Kusmiati & Ungkari (2021) explained that customer trust is built through consistently positive experiences and the reputation of an institution. Therefore, a bank's reputation is a key factor influencing customers' perceptions of service quality and institutional credibility.

According to Kotler and Keller (2016), as cited in Rahmatika et al., (2025), brand image can be measured through three main dimensions : strength of brand associations, uniqueness of brand associations, and favorability. Strength of brand associations refers to the extent to which consumers associate a brand with product attributes such as quality, price, features, and perceived benefits. Uniqueness of brand associations reflects the distinctive characteristics of a brand that differentiate it from competitors through its unique attributes, services, and identity. Meanwhile, favorability represents the degree of consumers' positive attitudes toward a brand, as reflected in favorable perceptions, brand recall, and the alignment between the brand image and consumers' expectations and needs.

Customer Loyalty

Customer loyalty refers to a strong and enduring commitment to continuously use a company's products or services over the long term (Lim et al., 2022). It is reflected in customers' willingness to repeatedly conduct transactions, maintain long-term relationships with the company, and resist switching to competing products or services (Chaerunisa et al., 2025). Furthermore, (Cristiana et al., 2025) defined customer loyalty as a consistent commitment and intention to repurchase or continue using the same products and services in the future. Such loyalty reflects customers' satisfaction, trust, and emotional attachment to the products or services they use. To build customer loyalty, companies must understand and address the unique characteristics and needs of each customer. Customer loyalty represents a strong commitment to consistently use specific products or services despite competitive marketing efforts or other factors that may encourage customers to switch to alternative providers (Oliver, 1999). It is also reflected in customers' willingness to make repeat purchases or continue using the same services as an expression of their ongoing trust and support for the company. Based on the theoretical framework and findings of previous studies, the following hypotheses are proposed :

H1: Islamic financial literacy has a positive effect on customer loyalty at Bank Syariah Indonesia in Garut Regency.

H2: Digital marketing has a positive effect on customer loyalty at Bank Syariah Indonesia in Garut Regency.

H3: Brand image has a positive effect on customer loyalty at Bank Syariah Indonesia in Garut Regency.

METHOD

This study employed a quantitative approach with an associative research design (Creswell & Creswell, 2023). The quantitative approach was used to examine the effects of Islamic financial literacy, digital marketing, and brand image on customer loyalty at Bank Syariah Indonesia in Garut. Quantitative research is based on the philosophy of positivism and is conducted by collecting data from a specific population or sample using research instruments, followed by statistical data analysis to test the proposed hypotheses. Meanwhile, the associative research design aims to examine the relationships and causal effects between the independent variables and the dependent variable (Sugiyono, 2019).

The data used in this study were primary data collected directly through questionnaires distributed to customers of Bank Syariah Indonesia in Garut Regency. The sampling technique employed was purposive sampling, a method of selecting respondents based on specific criteria relevant to the research objectives (Campbell et al., 2020). Using this technique, respondents were intentionally selected because they met the characteristics required for the study (Sugiyono, 2019). The respondents in this study were active customers of Bank Syariah Indonesia (BSI) in Garut Regency who were at least 17 years old and had used Islamic banking products and services, including BSI's digital banking services. The sample size was set at 200 respondents based on (Sugiyono, 2020), who suggested that SEM-PLS requires a minimum sample size of 5–10 times the number of research indicators. Since this study included 38 indicators, a sample of 200 respondents was considered sufficient to perform the analysis and produce reliable model estimates.

The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS software. PLS-SEM was selected because it is appropriate for examining the relationships among multiple latent constructs measured by multiple indicators, particularly in predictive research models. The analysis consisted of two stages: evaluation of the measurement model (outer model) and evaluation of the structural model (inner model). The measurement model assessment included indicator reliability (outer loading), internal consistency reliability (Cronbach's Alpha and Composite Reliability), convergent validity (Average Variance Extracted/AVE), discriminant validity (HTMT), and collinearity (Variance Inflation Factor/VIF). The structural model assessment involved evaluating the coefficient of determination (R^2), predictive relevance (Q^2), effect size (f^2), path coefficients, and hypothesis testing using the bootstrapping procedure (Hair et al., 2011).

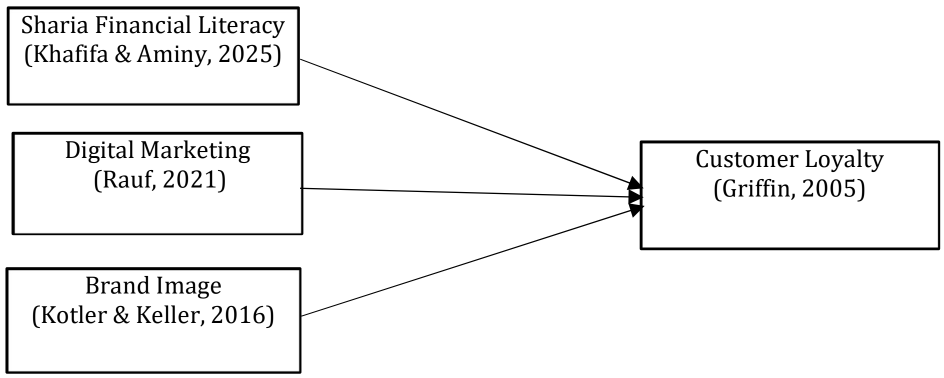
Based on the theoretical framework discussed previously, each research variable was operationalized into specific dimensions and indicators to facilitate empirical measurement. The operationalization of the variables used in this study is presented in Table 1.

Tabel 1
Operational Variables

Variable	Dimension	Indicator
Sharia Financial Literacy (X1) (Khafifa & Aminy, 2025)	Knowledge	Understanding Sharia
	Behavior	Using Islamic Banking Produk
	Skills	Financial Management Skills
Digital Marketing (X2) (Rauf, 2021)	Content Marketing	Engaging Content
	Social Media	Sosial Media Interaction
	Branding	Informasion digital
Brand Image (X3) (Rahmatika et al., 2025)	Strength	BSI Reputation
	Uniqueness	Service Uniqueness
	Favorability	Positive Brand
	Repeat Purchase	Image

Customer Loyalty (Y) (Griffin, 2005)	Recommendation	Willingness to Recommen
	Retension	Resistance to switching Banks

Source: Data Analyzed, 2026



Source: Data Analyzed 2026

Figure 2
Research Model

RESULTS AND DISCUSSION

A descriptive analysis of respondent characteristics was conducted to provide an overview of the demographic profile of the study participants. The analysis includes the distribution of respondents by gender and age, which helps describe the composition of the sample used in this research.

The demographic characteristics of the respondents were analyzed to provide an overview of the sample used in this study. The distribution of respondents by gender and age is presented in Table 2.

Tabel 2
Respondent Characteristics

Characteristics	Total	Percentage
Gender		
Male	102	51%
Female	98	49%
Age	Total	Percentage
17-20	35	17,5%
21-25	110	55%
26-30	40	20%
>30	15	7,5%

Source: Data Analyzed, 2026

Respondent characteristics were analyzed descriptively to provide an overview of the demographic profile of the research participants. Based on age, the majority of respondents were between 21 and 25 years old (55.0%), followed by those aged 26–30 years (20.0%), 17–20 years (17.5%), and over 30 years (7.5%). These findings indicate that young adults constitute the dominant customer segment of Bank Syariah Indonesia in Garut Regency. In terms of gender, the respondents consisted of both male and female customers, with a relatively balanced distribution.

Validity and Reliability Test

Data were analyzed using SmartPLS 3.0 with the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach, a variance-based alternative to covariance-based Structural Equation Modeling (SEM). PLS-SEM is widely used to assess the relationships among latent variables while maximizing the explained variance of the endogenous constructs(Sarstedt et al., 2021).

The measurement model was evaluated by examining factor loadings, Average Variance Extracted (AVE), and discriminant validity to assess construct validity. Reliability was evaluated using Cronbach's Alpha and Composite Reliability (CR). After the measurement model met the required validity and reliability criteria, the structural model was assessed by analyzing the path coefficients, t-statistics, p-values, and the coefficient of determination (R^2) (Ringle et al., 2020). Accordingly, the PLS-SEM approach enabled a comprehensive and simultaneous evaluation of both the measurement and structural models.

Outer loadings were used to assess the convergent validity of the indicators in the measurement model(Hair et al., 2011). An indicator was considered valid if it had an outer loading value greater than 0.70, whereas indicators with loadings below this threshold were considered inadequate and excluded from further analysis. The initial outer loading assessment showed that all indicators exceeded the recommended threshold of 0.70, except for four indicators with lower loading values(Henseler et al., 2016). Consequently, these indicators were removed to improve the validity of the measurement model.

After the elimination process, all remaining indicators satisfied the convergent validity criterion and were retained for subsequent analyses. To evaluate construct reliability, Composite Reliability (CR) and Cronbach's Alpha were employed. A construct was considered reliable when both CR and Cronbach's Alpha values exceeded 0.70. The results demonstrated that all constructs achieved Composite Reliability values above 0.70, indicating satisfactory internal consistency. Likewise, all constructs produced Cronbach's Alpha values greater than 0.70, confirming that the measurement instrument possessed good reliability. The results of the measurement model evaluation indicate that all indicators meet the reliability and validity criteria.

The outer loading, VIF, Cronbach's Alpha, Composite Reliability, and Composite Reliability rho_A values for each construct are presented in Table 3, while the Average Variance Extracted (AVE) value used to assess convergent validity is presented in Table 4.

Table 3
Validity Test Results

Variables	Indicator	Outer Loading	VIF	Cronbarch's Alpha	Composite Realibility rh0_A	Composite Realibility rh0_C
Islamic	X1_1	0,751	1.932			
Financial	X1_3	0,728	1.560			
Literacy	X1_6	0,710	1.945	0,775	0,782	0,810
(X1)	X1_9	0,747	1.785			
	X2_1	0,732	2.059			
	X2_2	0,737	2.233			
	X2_4	0,715	2.071			
Digital	X2_6	0,735	1.871	0,825	0,826	0,738
Marketing	X2_7	0,702	2.262			
(X2)	X2_8	0,719	2.229			
	X2_9	0,719	2.424			
	X3_1	0,717	2.343			

	X3_10	0,719	2.251			
	X3_2	0,790	2.178			
	X3_4	0,758	2.592			
Brand Image (X3)	X3_5	0,720	2.441	0,738	0,840	0,847
	X3_6	0,723	2.522			
	X3_7	0,734	2.889			
	X3_8	0,715	2.081			
	X3_9	0,728	2.724			
	Y1_1	0,712	2.901			
	Y1_10	0,704	3.100			
	Y1_2	0,703	3.109			
Customer Loyalty (Y)	Y1_3	0,797	2.774			
	Y1_4	0,708	2.781			
	Y1_5	0,730	2.638	0,733	0,833	0,743
	Y1_7	0,724	3.168			
	Y1_8	0,735	2.842			
	Y1_9	0,734	2.773			

Source: Data Analyzed, 2026

Table 4
AVE Result

Indicators	Average Variance Extracted (AVE)
Islamic Financial Literacy (X1)	0,610
Digital Marketing (X2)	0,785
Brand Image (X3)	0,702
Customer Loyalty (Y)	0,685

Source: Data Analyzed, 2026

The table 4 shows that the Islamic Financial Literacy, Digital Marketing, and Brand Image constructs each have an Average Variance Extracted (AVE) value greater than 0.50, indicating that each latent construct explains a substantial proportion of the variance in its indicators. Therefore, the indicators used to measure these constructs are considered valid, as they satisfy the recommended criterion for convergent validity.

Discriminant validity was assessed using the cross-loading criterion to examine the degree of correlation between each indicator and the latent constructs. A cross-loading value of 0.70 or higher indicates that an indicator is more strongly associated with its intended construct than with other constructs. Table 5 shows that each indicator has a higher loading on its corresponding construct than on the other constructs, confirming that the measurement model demonstrates satisfactory discriminant validity.

Tabel 5
Cross Loading Result

Variables	Islamic Financial Literacy (X1)	Digital Marketing (X2)	Brand Image (X3)	Customer Loyalty (Y)
X1_1	0,776	0,439	0,431	0,340
X1_3	0,771	0,371	0,411	0,336
X1_6	0,794	0,460	0,405	0,356
X1_9	0,767	0,444	0,439	0,333
X2_1	0,447	0,456	0,457	0,384
X2_10	0,444	0,444	0,533	0,386
X2_2	0,444	0,418	0,458	0,361
X2_3	0,504	0,470	0,437	0,385
X2_5	0,411	0,387	0,384	0,257
X2_6	0,393	0,767	0,489	0,439

X2_7	0,378	0,802	0,476	0,514
X2_8	0,488	0,773	0,537	0,490
X2_9	0,340	0,753	0,489	0,490
X3_1	0,471	0,763	0,539	0,517
X3_10	0,462	0,791	0,499	0,459
X3_2	0,467	0,790	0,523	0,463
X3_3	0,478	0,814	0,524	0,538
X3_4	0,469	0,795	0,526	0,490
X3_5	0,453	0,786	0,411	0,450
X3_6	0,447	0,461	0,771	0,499
X3_7	0,447	0,492	0,819	0,581
X3_8	0,410	0,497	0,812	0,568
X3_9	0,489	0,506	0,812	0,533
Y1_1	0,418	0,596	0,829	0,619
Y1_10	0,401	0,558	0,833	0,593
Y1_2	0,354	0,529	0,822	0,573
Y1_3	0,401	0,531	0,845	0,551
Y1_4	0,348	0,474	0,762	0,517
Y1_5	0,369	0,559	0,830	0,586
Y1_6	0,369	0,504	0,575	0,838
Y1_7	0,261	0,501	0,616	0,840
Y1_8	0,442	0,527	0,618	0,854
Y1_9	0,414	0,523	0,604	0,831
X1_1	0,776	0,517	0,579	0,830

Source: Data Analyzed, 2026

Path coefficient is a standardized coefficient that indicates the direction and strength of the direct relationship between latent variables in a structural model. It is used to test hypothesized relationships, determine whether the effect is positive or negative, and measure the magnitude of one variable's influence on another. Path coefficient values range from −1 to +1, where values closer to ±1 indicate stronger relationships and values closer to 0 indicate weaker relationships. In PLS-SEM, hypothesis testing is based on the significance of the path coefficient obtained through the bootstrapping procedure; a hypothesis is supported when the t-statistic > 1.96 and p-value < 0.05 (at the 5% significance level), whereas a t-statistic ≤ 1.96 or p-value ≥ 0.05 indicates that the hypothesized relationship is not statistically significant(Hair et al., 2019).

Table 6 presents the results of the path coefficient analysis, including the original sample (O), sample mean (M), standard deviation (STDEV), t-statistics, and p-values for the relationships between Islamic financial literacy, digital marketing, brand image, and customer loyalty.

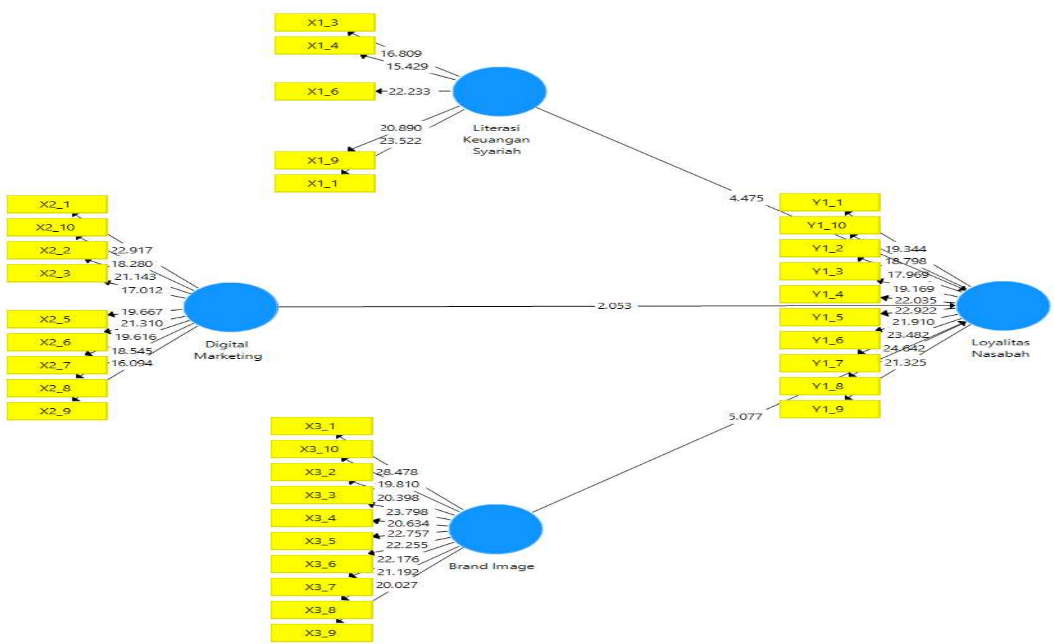
Tabel 6
Path Coefficient Result

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Brand Image (X3) -> Customer Loyalty	0,244	0,253	0.069	5077,000	0.000
Digital Marketing (X2)-> Customer Loyalty	0,106	0,108	0.075	2053,000	0.041
Islamic Financial Literacy (X1)-> Customer Loyalty	0,185	0,187	0.060	4475,000	0.000

Source: Data Analyzed, 2026

The results of the structural model indicate that Islamic Financial Literacy (X1) has a t-statistic of 4.475 (> 1.96), a p-value of 0.000 (< 0.05), and a path coefficient of 0.185, indicating a positive and statistically significant effect on customer loyalty. This finding suggests that higher levels of Islamic financial literacy are associated with greater customer loyalty. Furthermore, Brand Image (X3) has a t-statistic of 5.077 (> 1.96), a p-value of 0.000 (< 0.05), and a path coefficient of 0.244, indicating a positive and significant effect on customer loyalty. Among the three independent variables, brand image exhibits the strongest influence on customer loyalty.Meanwhile, Digital Marketing (X2) has a t-statistic of 2.053 (> 1.96), a p-value of 0.041 (< 0.05), and a path coefficient of 0.106, indicating a positive and significant effect on customer loyalty. However, its effect is the weakest compared with the other independent variables.

Figure 2 illustrates the structural model and the bootstrapping results, showing the relationships among Islamic Financial Literacy, Digital Marketing, Brand Image, and Customer Loyalty, along with the t-statistics for each indicator and structural path.



Source : Data Analyzed 2026

Figure 2
Hipotesis Result

H1: The Effect of Islamic Financial Literacy on Customer Loyalty

The effect of Islamic financial literacy on customer loyalty yielded an original sample coefficient of 0.185, a t-statistic of 4.475, and a p-value of 0.000. Since the t-statistic exceeds 1.96 and the p-value is below 0.05, Islamic financial literacy has a positive and statistically significant effect on customer loyalty. Therefore, H1 is supported.

H2: The Effect of Digital Marketing on Customer Loyalty

The effect of digital marketing on customer loyalty produced an original sample coefficient of 0.106, a t-statistic of 2.053, and a p-value of 0.041. Because the t-statistic is greater than 1.96 and the p-value is less than 0.05, digital marketing has a positive and significant effect on customer loyalty. Therefore, H2 is supported.

H3: The Effect of Brand Image on Customer Loyalty

The effect of brand image on customer loyalty resulted in an original sample coefficient of 0.244, a t-statistic of 5.077, and a p-value of 0.000. Since the t-statistic exceeds 1.96 and the p-value is below 0.05, brand image has a positive and statistically significant effect on customer loyalty. Therefore, H3 is supported.The hypothesis testing results indicate that all independent variables have positive and significant effects on customer loyalty at Bank Syariah Indonesia in Garut Regency. Among the three predictors, brand image has the strongest effect on customer loyalty ($\beta = 0.244$), followed by Islamic financial literacy ($\beta = 0.185$) and digital marketing ($\beta = 0.106$).

Furthermore, the R^2 value of 0.519 indicates that 51.9% of the variance in customer loyalty is explained by Islamic financial literacy, digital marketing, and brand image, while the remaining 48.1% is attributable to other variables not included in the research model. In addition, the Q^2 value of 0.514 demonstrates that the model has strong predictive relevance, indicating that it is capable of explaining customer loyalty effectively.

Table 7 presents the results of the coefficient of determination (R^2), adjusted R^2, and predictive relevance (Q^2) for the endogenous construct in the structural model.

Table 7
R-Square and Q-Square Results

Variable	R square	R square adjust	SSO	SSE	Q^2 (=1-SSE/SSO)
Customer Loyalty	0,519	0,515	1.900.000	1.515.294	0,514
Brand Image			1.900.000	1.900.000	
Digital Marketing			1.710.000	1.710.000	
Islamic Financial Literacy			950.000	950.000	
Customer Loyalty			1.900.000	1.900.000	

Source: Data Analyzed, 2026

The R^2 test results indicate that the customer loyalty construct has an R^2 value of 0.519 and an adjusted R^2 value of 0.515. These results indicate that Islamic financial literacy, digital marketing, and brand image jointly explain 51.9% of the variance in customer loyalty, while the remaining 48.1% is explained by other variables not included in the research model.

Furthermore, the Q^2 value of 0.514 indicates that the model has high predictive relevance. This result suggests that Islamic financial literacy, digital marketing, and brand image have strong predictive capability in explaining customer loyalty.

Table 8 presents the model fit assessment results, including the standardized root mean square residual (SRMR), d_ULS, d_G, Chi-square, and normed fit index (NFI) for both the saturated and estimated models.

Table 8
SRMR Result

	Saturated Model	Estimated Model
SRMR	0.084	0.084
d_ULS	5.696	5.696
d_G	4.145	4.145
Chi-Square	1683.645	1683.645
NFI	0.617	0.617

Source: Data Analyzed, 2026

A structural model is considered to have an acceptable fit when the Standardized Root Mean Square Residual (SRMR) is less than 0.10, while an SRMR value below 0.08 indicates a good fit.The SRMR test result of 0.084 indicates that the proposed model demonstrates an acceptable level of model fit, as the value is below the recommended threshold of 0.10. Therefore, the research model is considered adequate and suitable for further analysis.

CONCLUSION AND SUGGESTION

Hypothesis testing results indicate that all three variables, Islamic financial literacy, digital marketing, and brand image, have a positive and significant effect on customer loyalty, with brand image emerging as the strongest predictor, followed by Islamic financial literacy, and digital marketing as the weakest predictor. This pattern aligns with the Commitment-Trust Theory proposed by(Morgan & Hunt, 1994)which serves as the grand theory of this study: trust built upon the bank's reputation forms the primary foundation of loyalty, while commitment arising from customers' understanding of Sharia values further strengthens this long-term relationship. These results reinforce the findings ofSari et al., (2024) andPutri et al., (2024). The findings of this study are also consistent with previous studies that identified brand image as the dominant factor influencing customer loyalty in Islamic banking.

Regarding H1, the results indicate that Islamic financial literacy has a positive and significant effect on customer loyalty at Bank Syariah Indonesia in Garut Regency. This finding suggests that the better customers understand Islamic financial principles, including Sharia contracts (akad), profit-sharing, and the prohibitions of riba (interest), gharar (uncertainty), and maysir (gambling), the more likely they are to continue using Islamic banking products and services. Islamic financial literacy not only enhances customers' cognitive understanding of Islamic banking products and services but also strengthens their confidence that financial transactions are conducted in accordance with Islamic principles. Consequently, this understanding reinforces customers' trust in the bank, which subsequently fosters long-term commitment and customer loyalty.

These findings are consistent with the Commitment-Trust Theory proposed by Morgan & Hunt, (1994)which argues that long-term relationships between companies and customers are built upon trust and commitment. They also support the concept of trust through value alignment within Relationship Marketing Theory proposed by Berry, (2002)which suggests that alignment between customers' personal values and a company's organizational values strengthens relationships and enhances customer loyalty. In the context of Islamic banking, this value alignment is reflected in customers' understanding of the Sharia principles underlying the bank's products and services. Furthermore, the results are in line with previous studies demonstrating that Islamic financial literacy contributes to customer loyalty by enhancing customers' understanding, trust, and confidence in the Islamic banking system. However, these findings differ from those reported by Hindiana et al., (2026) who found that Islamic financial literacy did not significantly influence customers' decisions to become clients of Bank Muamalat, whereas trust emerged as the more influential factor. This discrepancy may be explained by differences in the research context. Hindiana et al., (2026) examined customers' initial decisions to become bank clients, whereas the present study focuses on the loyalty of existing customers who have already experienced the services of Bank Syariah Indonesia. At the loyalty stage, customers' understanding of Islamic financial principles is likely to have developed through repeated banking experiences, making Islamic financial literacy a more influential determinant of their intention to maintain long-term relationships with the bank. Moreover, the respondent profile, which was dominated by individuals in the productive age group, may have strengthened this relationship, as this group generally has greater access to information, Islamic financial education, and digital media, resulting in higher levels of Islamic financial literacy and stronger loyalty toward Bank Syariah Indonesia.

Regarding H2, the positive and significant effect of digital marketing on customer loyalty indicates that digital marketing activities play an important role in strengthening the relationship between Bank Syariah Indonesia and its customers. However, compared with the other independent variables, digital marketing exhibits the weakest effect. This finding suggests that, for the majority of respondents, who belong to the productive age group and are familiar with digital technology, digital banking services are no longer perceived as a primary factor in fostering customer loyalty. Instead, they are regarded as a hygiene factor or a basic service requirement that customers naturally expect from modern banking institutions. In other words, convenient access to information through social media, websites, and digital banking applications has become a standard expectation rather than a distinctive feature capable of creating strong emotional bonds with the bank.

From the perspective of Relationship Marketing Theory proposed by Berry, (2002), digital marketing serves as a medium for establishing and maintaining long-term relationships between companies and customers through continuous communication and interaction. Nevertheless, the effectiveness of digital marketing in fostering customer loyalty depends not only on the availability of digital platforms but also on the quality, relevance, and value of the interactions experienced by customers. Therefore, although digital marketing contributes positively to customer loyalty, its impact is relatively weaker than that of Islamic financial literacy and brand image because digital services have become an expected standard rather than a source of competitive differentiation(Hervina & Kurniawan, 2024).

These findings differ from those reported in a study conducted at Bank Syariah Indonesia (BSI) Cianjur Branch, which found that digital innovation did not have a significant effect on customer loyalty, whereas customer loyalty was primarily influenced by service quality and brand image. This discrepancy may be attributed to differences in the measurement of digital marketing. The present study conceptualizes digital marketing more broadly, encompassing the dissemination of information, promotional activities, communication, and customer interactions through various digital platforms. Consequently, digital marketing continues to make a positive contribution to customer loyalty, although its effect is relatively modest. These findings suggest that an effective digital marketing strategy should not be limited to disseminating information or promoting products. Instead, it should be integrated with continuous improvements in service quality and the strengthening of brand image to establish stronger and more sustainable relationships with customers.

Regarding H3, the dominant effect of brand image reflects the importance of value-based trust, which is a distinctive characteristic of Islamic banking. Customers evaluate not only the bank's business reputation but also its consistency in adhering to Sharia principles. These findings are consistent with those reported by Amelia Putri et al., (2024) and Firmansyah et al., (2025), who also identified brand image as a significant determinant of customer loyalty. However, the results differ from those of Istnaini & Firmansyah, (2024) who found that brand image did not significantly influence customer loyalty at Bank Syariah Indonesia (BSI) KCP Malang Soetta, despite employing a similar research method and sample size.

This discrepancy may be explained by differences in the competitive environment. In regions with a greater number of Islamic banking alternatives, such as Malang, brand image alone may not be sufficient to differentiate one bank from another. In contrast, in Garut, where customers have fewer Islamic banking options, the brand image of Bank Syariah Indonesia as the largest merged Islamic bank serves as a more influential reference point, thereby exerting a stronger impact on customer loyalty.

These findings indicate that customer loyalty toward Bank Syariah Indonesia is driven primarily by trust in the bank's reputation and Sharia compliance, reinforced by customers' understanding of Islamic financial principles, while digital marketing plays a supporting rather than a decisive role. Overall, this study answers its research objective by demonstrating that trust-based and value based factors are more influential than technological convenience in shaping customer loyalty in the Islamic banking context.

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