

What Reduces Switching Behavior in Indonesian Islamic Banking? The Mediating Role of Customer Satisfaction

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Abstrak. Switching behavior is a marker in measuring customer loyalty to Islamic banking. Empirical phenomena show that there are fluctuating dynamics of fundraising products, where wadiah savings increased by 1.22% from IDR 55.28 trillion to IDR 55.95 trillion and mudharabah current accounts increased by 4.13% from IDR 37.23 trillion to IDR 38.77 trillion. However, a decrease occurred in mudharabah savings by 5.12% from IDR 85.79 trillion to IDR 81.39 trillion and mudharabah deposits from IDR 130.68 trillion to IDR 124.77 trillion (Bank Syariah Indonesia, 2025). This decrease indicates a tendency towards customer switching behavior. This study aims to analyze the determinants of switching behavior with customer satisfaction as a mediating variable. The method used is a quantitative approach with Structural Equation Modeling based on Partial Least Squares (SEM-PLS). The sample was produced as many as 265 respondents of Islamic bank customers in Indonesia. The results of the study show that independent variables do not have a direct effect on switching behavior, but have a significant effect on customer satisfaction. Customer satisfaction is proven to fully mediate the relationship, so that the higher the satisfaction, the lower the tendency to switch behavior. Practically, this study emphasizes the importance of the right strategy to provide a positive experience of transacting at Islamic banks so that customers are satisfied and can minimize switching behavior. Therefore, banks must maintain and increase customer satisfaction through optimizing profit sharing, Islamic service quality, sharia compliance, and technology sophistication. This strategy is expected to strengthen the competitiveness of the position of Islamic banks in the long term.

Keywords: Profit-Sharing, Islamic Service Quality, Sharia Compliance, Technology, Switching Behavior