

INTRODUCTION

The development of Islamic banks has shown a consistent growth trend and has been strengthening in the last two decades, in line with the increasing awareness of the world community of the financial system based on the principles of justice, transparency, and the prohibition of usury (Mahardika et al., 2025). The Islamic banking industry is also growing rapidly, especially in Muslim-majority countries such as ASEAN (Dini et al, 2022). This growth is driven by the increasing demand for ethical financial products, increasingly adaptive regulatory support, and product innovation based on Islamic financial technology. Bank Islam is now not only focusing on profit-sharing-based financing, but also expanding services in the financing sector, international sukuk, and Islamic mobile banking. With its relatively better resilience to global financial crises and the characteristics of real asset-based businesses, Islamic banking is increasingly recognized as a stable and sustainable alternative financial system in the global economic.

Islamic financial institutions in Indonesia have shown a very rapid increase in line with public awareness of sharia principles. One of the tangible evidence of this dynamic can be seen from the performance of Bank Syariah Indonesia. In 2024, BSI's total assets will reach IDR 360.85 trillion (Bank Syariah Indonesia, 2024). This figure reflects a steady increase compared to the previous year, supported by third-party savings and savings products. Deposits from third-party funds (DPK) reached IDR 296.70 trillion, an increase of 17.50% yoy. In addition, savings performance also increased by 16.09% yoy, or reached a total of IDR 128.78 trillion (Bank Syariah Indonesia, 2024).

Data from the first quarter of 2025, public interest in non-profit parenting profit-sharing savings products *increased* by 1.22% from IDR 55.28 trillion to IDR 55.95 trillion (Bank Syariah Indonesia, 2025). This is in contrast to *mudharabah savings* which decreased by 5.12%, from IDR 85.79 trillion to IDR 81.39 trillion. Mudharabah deposit products also decreased from IDR 130.68 trillion to IDR 124.77 trillion. Interestingly, mudharabah current account products actually increased by 4.13% from IDR 37.23 trillion to IDR 38.77 trillion (Bank Syariah Indonesia, 2025). This increase shows an increase in business transaction activities and institutions that use mudharabah contracts for operational needs.

In an era of increasingly competitive banking competition, maintaining customer satisfaction is a strategic challenge. Customer satisfaction is influenced by various factors: profit sharing ratios, quality of Islamic services, sharia compliance, and technological sophistication in banking services. Competitive ratios are attractive to customers who want to place their funds. In this context, Islamic banks must be able to offer balanced, fair, and more attractive ratios than competitors, without neglecting the principles of fairness and transparency. Empirical studies from Yahyanti (2019) show that these ratios have an impact on the level of customer satisfaction of Islamic banks.

Islamic banks have conspired with investors in raising around \$8.43 billion which is quite promising. Indeed, ratios play an important role in Islamic banking products. Usually, for

example, when a mudharabah savings account or mudharabah deposit product filed with a joint profit-sharing contract model becomes the object of fundraising, the return on business resulting from running a store must be shared according to the previous agreement made between the Bank and the customer. This determines the ratio at which each party receives its share (Fatun, 2023). This savings ratio is 0.51% (Bank Syariah Indonesia, 2025). Meanwhile, mudharabah deposits usually provide a higher ratio than mudharabah savings because the funds are stored for a certain period of time, so the bank has more room to manage its funds productively. The percentage ratio obtained on mudharabah deposit products is 2.5% (Bank Syariah Indonesia, 2025). This proves that a fair and competitive ratio will provide an attraction for customers to place their funds.

In contrast to wadiah savings products, it does not use a ratio system because it is based on a deposit contract (*wadiah yad dhamanah*), where banks are obliged to deposit and return customer funds whenever requested (Syifa et al., 2024). The advantage of wadiah savings lies not only in the flexibility of withdrawals, but also in the sharia services offered to clients. The quality of sharia services is reflected in a friendly, honest, transparent, and professional attitude in managing deposits, thus fostering a sense of customer satisfaction. Empirical studies from Perdana & Fahrullah (2020) and Asna (2023) Customer satisfaction can be influenced by the quality of sharia services. On the other hand, sharia compliance is the most important basis for distinguishing between conventional banks and sharia banks. This also means that if customers feel that the bank's products and operations are in accordance with sharia, then their satisfaction level is likely to increase. Research by Nikmah and Aldi (2023) reveals that compliance with sharia principles affects the level of customer satisfaction.

In the midst of digitalization competition in the banking industry, technological sophistication such as mobile banking also determines customer satisfaction with the convenience, speed, and time efficiency of customers without the need to visit branch offices (Handayani et al., 2024). An empirical study from Hikmayanti et al. (2024) revealed that M-Banking services have an influence on customer satisfaction levels. However, high customer expectations for services and suboptimal sharia values can trigger switching behavior if the services provided do not meet expectations. Research by Mochlasin et al. (2023) and Nadia et al. (2025) revealed that service quality, compliance with sharia principles, and technological sophistication affect switching behavior, satisfaction as a mediating variable.

Previous studies from Isabella et al. (2022) showed that the quality of Sharia services affects customer satisfaction. Sharia compliance also affects customer satisfaction (Tifani & Rini, 2022). Research by c shows that technology also affects customer satisfaction. However, most of the research stops at satisfaction as a dependent variable, and does not directly link it to switching behavior. On the other hand, Mochlasin (2023) proves that even if customers feel satisfied, those conditions are not always enough to prevent transition behavior, especially when customer expectations are not fully met. Based on these gaps, this study places switching behavior as the main dependent variable, which differentiates it from previous studies. The main novelty of this study lies in the testing of customer satisfaction as a mediating variable, which bridges the influence of profit sharing, sharia service quality, sharia compliance, and

technological sophistication on customer switching behavior. This study was conducted to test the influence of independent variables on switching behavior through customer satisfaction as an intermediary, which has not been comprehensively tested in previous studies.