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THE INFLUENCE OF BRAND IMAGE AND SHARIA BUSINESS ETHICS ON CUSTOMER LOYALTY IN SHARIA BANKS

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Abstract

This study is motivated by the relatively low level of customer loyalty toward Islamic banks in Medan City, despite continuous efforts to strengthen brand image and the implementation of Islamic business ethics. This phenomenon indicates a gap between the positive image promoted by Islamic banks and the actual experiences perceived by customers. The purpose of this research is to analyze the influence of Brand Image and Islamic Business Ethics on Customer Loyalty in Islamic banking among the community of Medan City. This research employed a quantitative approach using a survey method, with data collected through an online questionnaire (Google Form) distributed to customers of Islamic banks. All variables were measured using a five-point Likert scale, and data were analyzed using the SmartPLS (Partial Least Squares) application to test validity, reliability, and the causal relationships among variables. The results show that all indicators of the research variables are valid and reliable. Structurally, Brand Image has a significant but negative effect on Customer Loyalty, indicating that a stronger brand image does not necessarily enhance customer loyalty. Meanwhile, Islamic Business Ethics has a positive but not significant effect on Customer Loyalty. These findings suggest that customer loyalty toward Islamic banks in Medan is more influenced by direct service experiences rather than by perceived image and ethical values.

Keywords : *Brand Image, Islamic Business Ethics, Customer Loyalty, Islamic Bank*

Introduction

The development of the Islamic banking industry in Indonesia has shown a positive trend in the last two decades. The Islamic financial system is one of the important pillars in supporting national economic growth based on the values of justice and sustainability. According to data from the Financial Services Authority (OJK, 2020), the market share of Islamic banks continues to increase even though it is still below 10% of the total national banking. This shows that there is great potential for Islamic banks to expand their reach and strengthen customer loyalty amid competition with conventional banks and digital financial services (Mustaghfiroh, Sisdianto, & ..., 2024). In the current era of financial digitalization, customer loyalty is a strategic asset that determines the sustainability of Islamic financial institutions.

The city of Medan as one of the economic centers in western Indonesia has the characteristics of a pluralistic society, both in terms of social, cultural, and religious. This diversity creates its own dynamics in people's behavior towards financial institutions (Chen, 2023). Many people in Medan have begun to look at

Islamic banks because of the halal factors of the products and moral values offered. However, customer loyalty to Islamic banks is still fluctuating (Pradesyah, 2020). Several studies have found that some customers move to other financial institutions due to inconsistent perception of service or a brand image that is not as strong as conventional banks (Sara, 2023). Therefore, it is important for Islamic banks to strengthen *their brand image* and consistently apply the principles of Islamic business ethics to build long-term trust.

Brand image is a perception formed in the minds of customers towards an institution. In the context of Islamic banking, brand image is not only related to logos, symbols, or promotional campaigns, but also concerns moral excellence, employee professionalism, and commitment to Islamic values. The more positive the image formed, the higher the tendency of customers to remain loyal and use the bank's products. Previous research (Putra & Pradesyah, 2023) shows that *brand image* has a significant influence on customer loyalty because it creates a sense of trust and comfort. On the other hand, if the image built is not in accordance with public expectations, loyalty will decrease, and can even cause a negative perception of Islamic financial institutions in general (Alaeddin, 2021).

In addition to brand image, another important factor that determines customer loyalty is the application of sharia business ethics. Business ethics in Islam emphasizes the values of honesty (*shidq*), justice (*'adl*), trust, and responsibility in every economic activity (Garrouch, 2022). In the context of Islamic banks, business ethics are not only compliance with the fatwa of the National Sharia Council, but also include employee behavior in serving customers, transparency in financing products, and fairness in profit sharing. The application of good ethical principles will foster trust and loyalty among customers, because they feel served with high moral values. On the contrary, ethical violations or lack of professionalism will reduce credibility and make customers reluctant to transact again.

The phenomenon in the city of Medan shows that there is still a gap between the ideals of sharia values and operational practices in the field. Some customers complained about unresponsive service, non-transparent product information, and a lack of innovation in digital services (Siregar & Pradesyah, 2023). This is a serious challenge for Islamic banks in building customer loyalty in the midst of increasingly aggressive competition with conventional banks. Therefore, research on the influence of *brand image* and Islamic business ethics on customer loyalty is relevant and important to be carried out (Tarantang, Awwaliyah, Astuti, & Munawaroh, 2019). This research is expected to provide an empirical picture of the extent to which these two factors contribute to increasing the loyalty of the people of Medan City to Islamic banks.

From the theoretical side, this research contributes to the development of sharia marketing science and consumer behavior in the context of Islamic banking. Customer loyalty is not only influenced by economic factors or service quality, but also by the perception of value and integrity of the institution (Radiansyah, Munawaroh, & ..., 2024). Meanwhile, from a practical perspective, the results of this research are expected to be evaluation materials for Islamic banks in strengthening branding strategies and improving service systems based on Islamic ethics. By strengthening a positive image and implementing good ethics, Islamic banks can not only retain old customers but also attract new people to switch to financial services that are more in line with sharia principles (Ismail & Pradesyah, 2020).

Based on this description, it is clear that *the brand image* and ethics of sharia business have a very important role in building customer loyalty in Islamic banks, especially in the city of Medan which has the potential of a large market and a society that is increasingly aware of Islamic values. Therefore, this study will examine in depth how the *brand image* and ethics of Islamic business ethics influence customer loyalty, with the hope of providing strategic solutions in increasing the trust and sustainability of Islamic financial institutions at the local and national levels.

Literature Review

1. Brand Image

Brand image is a consumer perception of a brand that is formed through experience, communication, and interaction with certain products or services. According to Kotler and Keller (2021), *brand image* is a set of beliefs, ideas, and impressions that a person has about a brand. This means that the brand's image is not only concerned with visual aspects such as logos and symbols, but also includes the values, reputation, and beliefs inherent in the brand. Meanwhile, (Radiansyah et al., 2024) explained that *brand image* is a representation of the overall perception of a brand that is formed through direct or indirect consumer experience.

In the context of Islamic banking, *brand image* is an important factor that distinguishes Islamic financial institutions from conventional banks. Islamic banks not only sell financial products, but also offer spiritual and moral values that are in accordance with Islamic principles. Therefore, the brand image of an Islamic bank must be able to reflect religious identity, professionalism, and commitment to sharia principles in every business activity. A positive image will create trust and pride among customers, which in turn can increase loyalty.

Brand image is formed through three main dimensions, namely (Effi Abidah & Mihajat, 2025):

1) Corporate Image – the public's perception of the reputation and integrity of the institution as a whole. In Islamic banks, this includes credibility, compliance with sharia principles, and social responsibility.
2) Product Image – the perception of the quality, uniqueness, and benefits of the product or service offered. The more in line with the customer's needs and values, the stronger the image of the product.
3) User Image – an overview of who is using the product. In the context of Islamic banks, a religious, ethical, and modern image of customers can strengthen positive associations with the brand of Islamic banks themselves.

Research (Dafiq, Hidayati, & Habib, 2022) adds that a strong *brand image* has three main elements, namely *strength* (strength of brand association), *favorability* (level of liking the brand), and *uniqueness (uniqueness* that distinguishes the brand from competitors). These three elements play an important role in creating continued differentiation and competitive advantage.

In the Islamic financial system, *the brand image* is not only formed from marketing strategies, but also from the consistency of institutions in applying sharia values. A positive image emerges when Islamic banks are able to maintain honesty, fairness, and transparency in their operations. According to (Wahyuni, Hafiz, & Pradesyah, 2016), the brand image of Islamic banks is greatly influenced by public perception of sharia compliance, service quality, and management reliability in managing funds according to Islamic principles. When Islamic banks are considered to truly implement sharia principles without compromise, customer trust and loyalty will increase.

In addition, brand image is also formed through communication and customer experience. Effective promotions, friendly service, and transaction speed are factors that strengthen a positive image. In the digital era, the presence of *brand image* is also determined by online reputation. Customers often share their experiences through social media, and this can affect public perception at large (Wulandari & Pradesyah, 2023). Therefore, maintaining the brand image in the digital space is just as important as maintaining the quality of direct service at the branch office.

Many studies prove that *brand image* has a positive and significant relationship with customer loyalty. Loyalty arises when customers feel satisfied, trust, and have an emotional closeness to the brand used. According to (E. S. Lee, 2021), trust in the brand is an important mediation between *brand image* and customer loyalty. This means that when the brand image reflects the value of reliability and integrity, customers will be more likely to continue using the bank's products.

In the context of Islamic banks, this relationship is strengthened by spiritual factors. Customers who believe that Islamic banks truly practice Islamic principles will feel a moral responsibility to remain faithful. Research conducted by (K. Y. Lee, 2018) shows that the *brand image* of Islamic banks that reflects the values of religiosity and professionalism has a positive influence on customer loyalty in Malaysia and Indonesia. This shows that the brand image not only functions as a marketing tool, but also as a means of Islamic economic da'wah that instills the value of faith and spiritual awareness.

Some of the factors that affect the formation of *the brand image* of an Islamic bank include:

1) Service Quality: Fast, friendly, and efficient service is a tangible proof of the bank's commitment to customer satisfaction.
2) Sharia Compliance: Compliance with fatwas and sharia principles is the core value that distinguishes Islamic banks from conventional banks.
3) Marketing Communication: Educational promotion in accordance with Islamic ethics strengthens the positive perception of the public.
4) Trust and Reputation: A good reputation will foster a sense of security and confidence to remain a customer.
5) Social Performance: The bank's participation in social and humanitarian activities strengthens its image as an institution oriented towards the welfare of the people.

2. Business Ethics

Sharia business ethics is a set of moral principles and Islamic values that serve as guidelines in carrying out economic and business activities. This ethics not only regulates the relationship between humans and others in economic activities, but also emphasizes human responsibility to Allah SWT as the source of all laws. According to (Parmujianto, 2020), Islamic business ethics are based on the Qur'an and Sunnah which direct business people to behave honestly, fairly, transparently, and trustworthily in every transaction. Thus, business does not solely aim to make a profit, but must also bring benefits to society and maintain the values of justice.

In the context of Islamic banking, the application of business ethics has a very important meaning. Islamic banks operate based on sharia principles that reject usury, gharar (ambiguity), and maisir (speculation). The values of honesty and fairness are the main foundation in maintaining customer trust. According to (Muslimah, 2021), business ethics in Islamic financial institutions are reflected in the attitude of employees who serve with honesty, openness in explaining products, and fairness in determining profit sharing. Ethical service will build long-term trust between banks and customers, ultimately increasing loyalty.

Sharia business ethics also emphasizes the principle of social responsibility. Every economic activity must provide benefits not only for the bank, but also for the wider community. This principle of social justice is in accordance with the concept *of falāh* in Islam, namely happiness and welfare in this world and the hereafter. Therefore, Islamic banks must ensure that each of their products and services does not cause losses to other parties and remains within the Islamic corridor. The attitude of professionalism based on Islamic ethics also reflects the positive image of the institution, because customers judge Islamic banks not only from the financial aspect, but also from their moral integrity.

In addition, sharia business ethics are closely related to customer loyalty. When customers feel that Islamic banks practice the principles of honesty and responsibility, they will be more trusting and tend to be loyal. The results of research by (Misbahudin, Albab, Udilah, Toyib, & Puliono, 2023) show that the application of ethical values in Islamic banking services has a positive effect on customer satisfaction and loyalty. This is because customers not only assess product quality, but also honesty and sincerity in business interactions. Thus, Islamic business ethics serve as the heart of the ongoing relationship between banks and customers.

Theoretically, Islamic business ethics can be considered as a trust-forming factor and the basis for value-oriented business behavior. In the perspective of modern management, ethics become a competitive advantage that is difficult to replicate because it is rooted in organizational culture and spiritual values. Therefore, the application of ethics

Sharia business in Islamic banks is not just a normative obligation, but also a strategy to strengthen customer loyalty through authentic moral values. When ethical principles are applied consistently, trust increases, brand image improves, and customer loyalty is maintained.

3. Loyalty

Customer loyalty is a strong commitment from a customer to continue to use the products or services of a financial institution in a sustainable manner, even though there are many other options in the market. According to (Ahsani & Andriani, 2021), loyalty is a form of customer loyalty to a brand that is reflected in repurchase behavior and the desire to recommend it to others. In the context of banking, customer loyalty is an important indicator of the long-term success of a financial institution because loyal customers tend to provide income stability and become natural promoters for the bank.

Customer loyalty does not appear suddenly, but through a process of repeated positive experiences between customers and financial institutions. Oliver (1999) explained that loyalty is formed through four stages, namely *cognitive loyalty* (based on knowledge), *affective loyalty* (based on feelings), *conative* *loyalty* (based on intention), and *action loyalty* (based on actions). This process illustrates that loyalty develops from a perception of service quality, to emotional attachment, to finally becoming a habit to continue using the same product (Hotdiana, Nasution, & ..., 2023). In the context of Islamic banks, factors such as trust, satisfaction, and conformity with religious values are the main reinforcers of the formation of loyalty.

In the Islamic banking system, customer loyalty has a broader meaning than loyalty to conventional banks. In addition to rational factors such as service and ease of transactions, loyalty is also driven by spiritual and moral values. Customers not only assess the bank's financial performance, but also the extent to which the bank consistently applies sharia principles in its operations. Research by (Rofiqo, 2021) shows that the loyalty of Islamic bank customers is influenced by the perception of fairness, transparency, and compliance with sharia. When customers feel confident that the bank is operating ethically and in accordance with Islamic teachings, their loyalty level increases significantly.

Another factor that helps strengthen loyalty is *the brand image* and sharia business ethics. A positive brand image builds a perception of reliability and credibility, while the application of business ethics creates trust and convenience in transactions. Emotional connections formed from the experience of ethical service will foster long-term loyalty. According to research by Wibowo and Nisa (2022), customer loyalty in Islamic banks is greatly influenced by trust in Islamic values which is embodied in the institution's behavior and work culture. Therefore, loyalty is seen not only as a result of satisfaction, but also a reflection of religious beliefs and spiritual relationships with trusted institutions.

Theoretically, customer loyalty has several main indicators that can be measured, including the intention to continue using Islamic bank products, the reluctance to move to other banks, and the willingness to recommend the bank to other parties. These three indicators reflect a strong emotional connection and trust in the institution (Budiman, 2020). Thus, customer loyalty in the context of Islamic banking is the result of synergy between service satisfaction, trust in sharia ethics, and positive perception of brand image. When these three aspects are well maintained, customer loyalty will be an important capital in maintaining the sustainability and reputation of Islamic banks in the midst of increasingly fierce competition in the financial industry.

Methodology

The methodology of this study uses a quantitative approach with the aim of testing the influence of brand image and sharia business ethics on customer loyalty in Islamic banks in the city of Medan. This approach was chosen because it was able to objectively measure the relationship between variables based on numerical data obtained from respondents. The population in this study is active customers of Islamic banks in Medan City, with samples taken using purposive sampling techniques, namely respondents who have used Islamic bank services for at least six months.

Data

Data collection was carried out through the distribution of online questionnaires using Google Form, so that researchers could reach respondents more widely and efficiently. The questionnaire was compiled using a five-point Likert scale, ranging from "strongly disagree" to "strongly agree", to measure respondents' perception of each indicator of the study's variables.

Model Development

The research instrument consists of three main variables, namely brand image, sharia business ethics, and customer loyalty. Each variable is measured through several statements that have been adjusted to previous theories and research. Before use, the questionnaire is tested for validity and reliability to ensure that each statement item is suitable as a measuring tool.

Method

The collected data is then processed using the SmartPLS (Partial Least Squares) application. This application is used because it is able to test models of relationships between latent variables simultaneously and effectively, especially in studies with a relatively moderate number of samples. The analysis was carried out through two stages, namely testing the measurement model (outer model) and the structural model (inner model). The outer model is used to assess the validity and reliability of the construct, while the inner model is used to test the causal relationship between variables and their power of influence.

The results of data processing through SmartPLS are expected to provide an empirical picture of the extent to which brand image and Islamic business ethics affect the loyalty of Islamic bank customers in the city of Medan. Thus, this research not only provides an academic contribution in enriching the literature on the behavior of Islamic banking customers, but also provides practical input for banks in improving service quality and maintaining customer loyalty through brand image and consistent application of Islamic business ethics. The hypotheses proposed in this study are as follows:

1 H0 No Influence of Brand Image (X1) on Loyalty of Sharia Bank Customers (Y) in Medan City Ha There is an Influence of Brand Image (X1) on the Loyalty of Sharia Bank (Y) Customers in Medan City.
2 H0 No Influence of Business Ethics (X2) on the Loyalty of Sharia Bank Customers (Y) in Medan City There is an influence of Business Ethics (X2) on the loyalty of Sharia Bank customers (y) In the city of Medan.

Results and Analysis

This study uses a quantitative approach, where the variables used consist of two variables, where the independent variables used are two, namely Brand Image (X1), then Islamic Business Ethics (X2), while the bound variable used in the study is Customer Loyalty (Y). Each variable has eight statements that are disseminated to the public, in order to obtain existing research data. In this case, the framework built by the researcher is as follows:

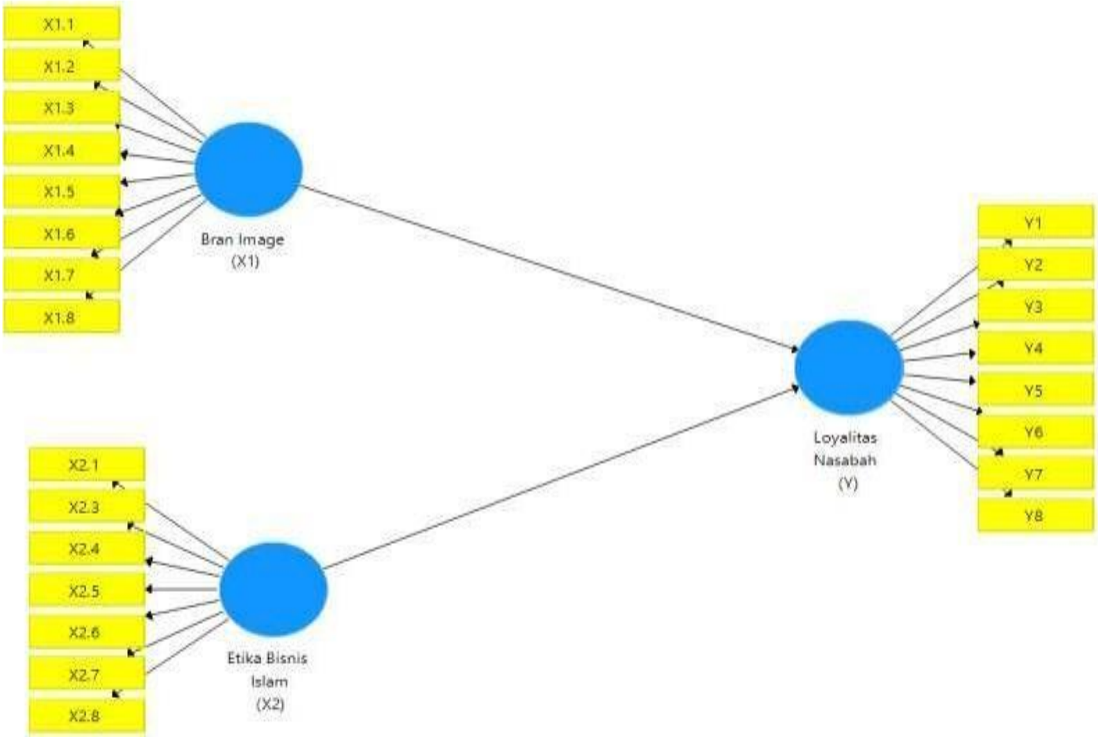

Figure.1. Research Framework

The above framework of thought explains that each variable has eight statements proposed in the study, both independent variables and bound variables. Then after that, an outer loading test was carried out using the smartPLS application. The results obtained are as follows:

Table.1. Validity Test (Outer Loading)

	Bran Image_(X1)	Business Ethics Islam_(X2)	Loyalty Nasabah_(Y)
X1.4	0,860		
X1.7	0,849		
X1.8	0,834		
X2.4		0,848	
X2.5		0,792	
X2.6		0,779	
X2.7		0,871	
X2.8		0,845	
Y1			0,734
Y2			0,849
Y3			0,756
Y5			0,819
Y7			0,864

Source : Processed Data

Based on the results in Table 1, all indicators from the **variables Brand Image (X1), Sharia Business Ethics (X2),** and **Customer Loyalty (Y)** have *an outer loading* value above 0.70. The indicator in the Brand Image variable has the highest value at X1.4 of **0.860**, while the lowest value is **0.834** at X1.8. This shows that every statement used in measuring Brand Image is able to reflect the construct well.

For the Sharia Business Ethics variable, the *outer loading* value ranges from **0.779 to 0.871**, which means that all indicators are also valid because they meet the minimum criteria of 0.70. The X2.7 indicator with a value of 0.871 is the most dominant in explaining this variable. Furthermore, the Customer Loyalty variable shows an *outer loading value* between **0.734 to 0.864**, which also meets the validity standard. Thus, all items in the questionnaire can be declared **valid** because the loading factor value is above the threshold. Then it is further confirmed with the results of the outer loading test using the outer loading image, the results are as follows:

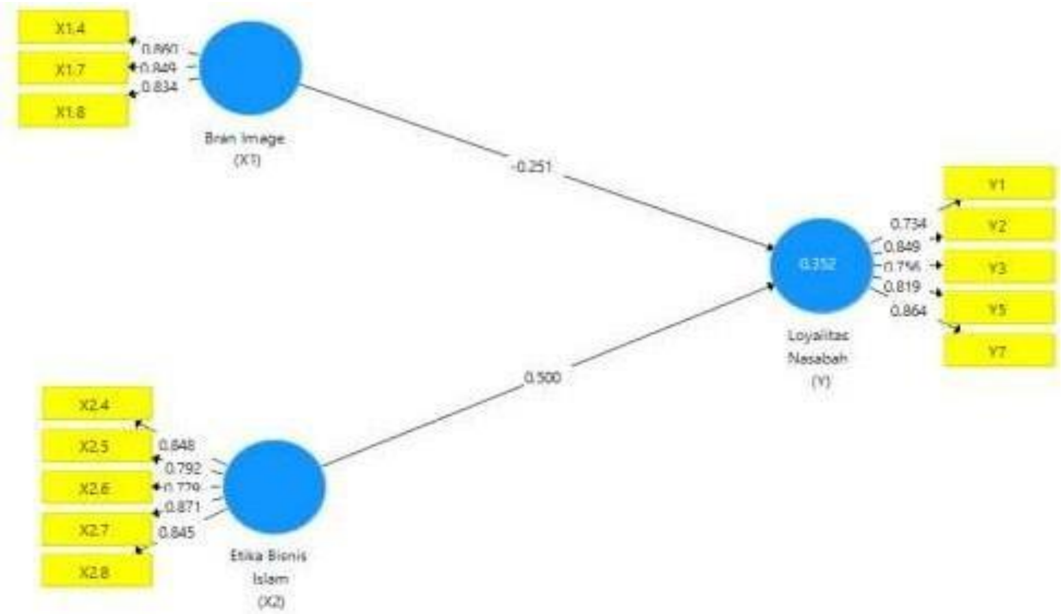

Figure.1. Outer Loading Test

The next step is to conduct a thorough test of the reliability and validity of the construct. The results of the tests carried out are as follows:

Table.2. Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Bran Image_(XI)	0,810	0,843	0,884	0,718
Business Ethics Islam_(X2)	0,889	0,969	0,916	0,685
Loyalty Nasabah_(Y)	0,887	1,006	0,902	0,650

The results in Table 2 show that all variables meet the criteria of reliability and validity of the construct. **Cronbach's Alpha** value for each variable is above 0.70, namely: Brand Image (0.810), Sharia Business Ethics (0.889), and Customer Loyalty (0.887). This means that all items have good internal consistency.

The **Composite Reliability** value also shows satisfactory results as everything exceeds 0.70, indicating that the construct has excellent reliability. In addition, the Average Variance Extracted (AVE) value for each variable is greater than 0.50 — Brand Image (0.718), Sharia Business Ethics (0.685), and Customer Loyalty (0.650). This confirms that each variable is able to explain more than 50% of the variance of its indicators. Thus, over all the model meets the requirements of convergent validity and construct reliability, making it feasible to proceed to the structural analysis stage.

The next stage is to test the relationship between latent variables using *path coefficient* analysis. The results obtained in this test are as follows:

Table.3. Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Bran Image_(X1)-> Loyalty Nasabah_(Y)	-0,251	-0,238	0,128	1,967	0,050
Business Ethics Islam_(X2)-> Loyalty Nasabah_(Y)	0,500	0,472	0,297	1,683	0,093

Based on Table 3, the *path coefficient results* show two main relationships between the research variables. First, the influence of Brand Image (X1) on Customer Loyalty
(Y) showed a coefficient value of -0.251 with *a t-statistic value* of 1.967 and *a p-value* of 0.050. Since *p-value* = 0.05 ≤ 0.05, this relationship is statistically significant. This means that Brand Image has an influence on Customer Loyalty, even though the direction of the relationship is negative, which means that the perception of brand image does not completely increase customer loyalty. This can be caused by a mismatch between people's expectations of the image of Islamic banks and the actual experience they feel.

Second, the influence of Sharia Business Ethics (X2) on Customer Loyalty (Y) showed a coefficient value of 0.500, with *a t-statistic* of 1.683 and *a p-value* of 0.093. Since *the p-value* > 0.05, this relationship is not statistically significant. Although the direction of influence is positive, these results show that the application of sharia business ethics has not been fully able to increase customer loyalty in a real way. It can be interpreted that most customers may not have experienced firsthand the difference in service ethics between Islamic banks and conventional banks, or have not had a deep understanding of the sharia principles applied in banking activities.

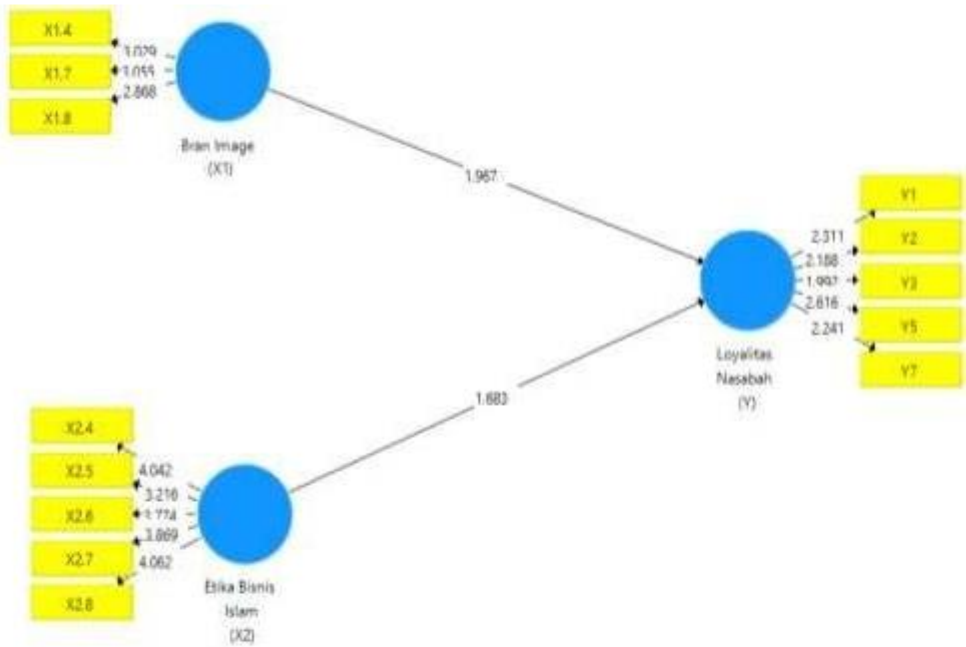

Figure.2. Inner Model

Figure 2 below shows the *inner model* of data processing results using the Smart PLS application. The structural model seen in the image shows two main relationship directions:

1. **The Influence of Brand Image (X1) on Customer Loyalty (Y)** with a line coefficient value of **1.967**. This value indicates a statistically significant direction of influence according to the results *of the t-statistical test* at the previous stage. This means that changes in the brand image of Islamic banks affect changes in customer loyalty levels. However, based on the previous coefficient table, this influence has a negative value (-0.251), which means that an increase in perception of brand image is not necessarily followed by an increase in loyalty. This can be interpreted as customers have high expectations for the bank's religious image, but are not fully satisfied with the implementation of services in the field.
2. **The Influence of Sharia Business Ethics (X2) on Customer Loyalty (Y)** with a line coefficient value of **1.683**. This value shows that Islamic business ethics have a positive influence on loyalty, although it is not statistically significant (*p-value* 0.093). This means that the application of ethical values such as fairness and honesty in Islamic bank services does form a positive perception among customers, but it is not strong enough to encourage high loyalty.

In general, the results of the study show that the model used meets the validity and reliability, but not all relationships between variables have a significant effect. The negative influence of Brand Image on Customer Loyalty can be interpreted that customers have high expectations for the reputation and services of Islamic banks, but the reality of the services received may not be fully suitable. This is an important input for Islamic banks to strengthen the consistency between the image displayed and the quality of real services in the field.

Meanwhile, results showing the influence of Sharia Business Ethics have not been significant giving an indication that the ethical dimension, although morally important, has not been fully the main factor in forming loyalty. Therefore, Islamic banks need to strengthen education to customers about the Islamic values applied in their products and services, so that a positive perception of business ethics can develop into stronger loyalty.

Discussion

This study aims to analyze the influence of brand image and sharia business ethics on the loyalty of Islamic bank customers in the people of Medan City. The results of the analysis using the SmartPLS application showed that the research model met the criteria of validity and reliability, but not all relationships between variables showed significant influence.

1. The Influence of Brand Image on Customer Loyalty

The results of the study show that the *brand image* variable has a significant effect on customer loyalty with a *p-value* of 0.050. However, a negative relationship direction (-0.251) indicates that higher perceptions of brand image are not necessarily followed by increased customer loyalty. This phenomenon is interesting because it is different from most of the results of previous research that showed a positive relationship between brand image and loyalty (Hayati & Siregar, 2019) (Munawaroh, 2021) In the context of Islamic banking in Medan City, this result can be interpreted that a strong brand image has not been fully balanced with experience

service that meets customer expectations. Many customers know Islamic banks as an institution based on Islamic values, fairness, and free of usury. However, in practice, this perception has not always been realized in daily services such as transaction speed, employee friendliness, or the convenience of digital banking. Thus, even though the brand image of Islamic banks is known to be positive, customer loyalty can actually decline when reality does not match expectations.

These findings are in line with the *expectancy disconfirmation* theory put forward by Oliver (1999), which states that customer satisfaction and loyalty are formed when the actual experience matches or exceeds initial expectations. When there is a mismatch between the promised image (brand promise) and the actual service, customer perception of the brand can decrease. In this context, Islamic banks need to review their communication strategies so that the image built truly reflects the quality of services provided. Strengthening the *brand experience*, namely how customers experience sharia values directly in interactions with banks, will be more effective in building long-term loyalty than relying solely on religious image campaigns.

2. The Influence of Sharia Business Ethics on Customer Loyalty

The results of the study showed that Islamic business ethics had a positive but not significant influence on customer loyalty (coefficient of 0.500; *p-value* 0.093). Statistically, this means that the implementation of Islamic business ethics has not significantly increased the loyalty of Islamic bank customers in the city of Medan. These results differ from several previous studies that found a significant relationship between sharia business ethics and loyalty, such as research by Rahman and Hassan (2020) and (Safarilla & Pradesyah, 2023)

The insignificance of this relationship can be explained from several aspects. First, most customers may not fully understand the concept of sharia business ethics run by banks. Principles such as honesty, fairness, and transparency are indeed upheld, but if they are not clearly communicated to customers, these values are difficult to feel in real terms. Second, the loyalty of Islamic bank customers in Medan seems to be influenced more by functional factors such as ease of service, branch location, and digital facilities, rather than ethical and spiritual aspects. In other words, the dimension of business ethics has not been the main differentiator in determining customer loyalty.

However, conceptually, sharia business ethics still have an important role in building long-term relationships with customers. Islamic banks that consistently apply the values of honesty (*shidq*), trust, and justice (*'adl*) in services will foster trust, which is the basis of loyalty. When customers feel that banks treat them fairly and responsibly, trust increases, although the results of this study have not shown a statistically significant effect. This indicates that ethical values need to be emphasized more in service communication and daily interactions so that they can be felt directly by customers.

3. Implications of Research Findings

Theoretically, the results of this study enrich the understanding that customer loyalty to Islamic banks does not only depend on the strength of brand image and the application of Islamic business ethics, but is also influenced by the directly felt service experience factor. Relationship *marketing* theory explains that loyalty is formed from continuous interaction between institutions and customers that foster trust and satisfaction. Therefore, Islamic banks need to balance between symbolic strategies (imagery) and relational strategies (services).

The practical implication of this research is the need to increase consistency between the brand image communicated and the real experience received by customers. Islamic banks in Medan City can strengthen their positive image through improving the quality of digital services, strengthening the culture of Islamic service within employees, and building a reputation based on real customer experience, not just promotion.

In addition, to strengthen the influence of sharia business ethics, banks need to educate the public on how sharia principles are applied in every product and transaction. Transparency in the distribution of results, clarity of contracts, and trustworthiness in service must be shown clearly so that sharia values can be felt directly by customers. When the customer understands and feels moral integrity bank, They will Read More Easy Grow Loyalty The based on spiritual beliefs.

4. The Relationship Between Empirical Findings and Theory

The results of this study are in line with the theory *of brand trust* put forward by Lau and Lee (2000), that customer loyalty does not only depend on the brand image, but also on the level of trust formed through direct experience. In this context, a high brand image without adequate service experience support can reduce loyalty. In addition, the findings on the insignificant influence of sharia business ethics show that moral values have not automatically transformed into loyalty without the presence of emotional involvement and customer understanding of the sharia values themselves.

Conclusions and Recommendations

Conclusion

Overall, the results of the study show that brand image has a significant but negative influence on customer loyalty, while sharia business ethics has a positive but not significant influence. This confirms that the loyalty of Islamic bank customers in the city of Medan is still greatly influenced by real experience factors and service perceptions, not only by the image and ethical values communicated.

Recommendations

Islamic banks need to integrate branding, service, and ethical education strategies in one sustainable customer relationship management system.

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