

Digital Service Quality, Sharia Compliance, Security, and Financial Literacy on BSI Customer Loyalty

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ABSTRACT

The rapid evolution of financial technology requires Islamic banks to synchronize operational excellence with religious integrity to maintain a competitive advantage. Despite significant sector growth, fostering sustainable loyalty among the younger generation of digital natives remains a primary challenge due to the existing gap between Sharia identity and functional digital utility. This quantitative research study surveyed 211 active digital banking users of Bank Syariah Indonesia residing in the Java region predominantly within the Jakarta Metropolitan Area (Jabodetabek) and its surroundings. Data collected via purposive sampling were analyzed using Partial Least Squares Structural Equation Modeling to evaluate the framework of system functionality, cybersecurity, and religious adherence. Findings reveal that digital service quality and robust security frameworks significantly and directly enhance customer retention. Surprisingly, strict adherence to religious principles does not exert a direct influence on loyalty, revealing a pronounced attitude-behavior gap among consumers. However, this relationship is fully transformed through the mediation of Sharia-based financial literacy, which emerges as the most powerful determinant of long-term commitment and spiritual attachment. It is concluded that functionality and values must coexist; technical reliability acts as a prerequisite, while financial literacy serves as the critical bridge to achieving spiritual loyalty. Strategic recommendations emphasize prioritizing advanced threat detection and interactive digital education tools to secure trust and mitigate risks among the sensitive younger demographics

INTRODUCTION

The Islamic banking industry has experienced rapid global growth over the past two decades (Savitri et al., 2024). This expansion is attributed to the emergence of alternative financial systems, positioning Islamic banking as one of the fastest-growing sectors in international finance (Savitri et al., 2024). Indonesia with the largest Muslim population globally of 249 million people, presents massive strategic market potential for the sharia-based financial industry (Fauzi et al., 2023). This growth has been facilitated by government commitment through strategic policies, including the Indonesian Sharia Economic Masterplan 2019–2024. The culmination of these efforts was the merger that established PT Bank Syariah Indonesia Tbk (BSI), which now serves as the dominant market leader with a 41.2% share of the sharia industry and stands as the only sharia bank included in the top 10 largest financial institutions in Indonesia (Nugraha & Saputra, 2026). However, a significant market paradox remains as the national Islamic banking market share stagnates at approximately 7.49% as of September 2025, a penetration rate considerably lower than other Muslim-majority countries such as Saudi Arabia (75%) and Malaysia (33%) (Bank Syariah Indonesia, 2026).

Behind the massive efficiency of digital integration, Islamic banking in Indonesia faces a rapid structural shift in service delivery patterns (OJK, 2025). Data from Statista (2026) indicate a gradual decline in the number of Islamic commercial bank office networks from 2,023 units in 2021 to 1,825 units in 2024 (Statista, 2026). This reduction in physical infrastructure reflects an accelerated adoption of the digital ecosystem, where BSI has led the migration through its integrated platform, BYOND by BSI to serve over 7.2 million mobile users (BSI, 2026). However, operational challenges such as technical glitches during system migrations and past cyber-attack incidents have the potential to erode customer trust particularly among digital native users in major metropolitan hubs such as Jabodetabek (Maulana and Nasrullah., 2024). Understanding customer retention in this volatile digital landscape is critical for the sustainability of the national sharia banking industry.

A research gap exists regarding the factors influencing customer loyalty in Islamic banking, particularly in the post-merger era (Fadlullah Hana & Uzha Safitri, 2025). While several studies indicate that sharia compliance exerts a positive and significant influence, recent findings suggest that its effect on loyalty is indirect and must be mediated by consumer perception (Fadlullah Hana & Uzha Safitri, 2025). Divergent results have also been observed for digital service quality, with some contexts revealing significant but negative associations with customer satisfaction (Anisa et al., 2024). Furthermore, sharia financial literacy has been found ineffective in moderating the influence of belief and religiosity in certain previous models (Reza Alfiyon & Rachmah Damayanti, 2025). These inconsistencies highlight the importance of testing these variables within a comprehensive structural framework to identify the primary drivers of sustainable commitment (Fadlullah Hana & Uzha Safitri, 2025).

The focus on literacy is driven by a pronounced attitude-behavior gap where customers feel proud using Islamic banks, yet their actual transaction intensity remains low if not supported

by tangible digital excellence (Galih & Setiawan, 2024). Sharia compliance principles often act as a baseline identity but fail to translate into active loyalty behavior among the younger generation if technical reliability is compromised (Fadlullah Hana & Uzha Safitri, 2025; Sholikha & Haryanti, 2026a). Consequently, Sharia Financial Literacy is positioned in this study as a critical cognitive bridge to synchronize technical functionality with spiritual values ((Fielnanda & Nofriza, 2025). Higher levels of literacy enable customers to be more rational and calm in evaluating a bank's security commitment, ensuring they remain loyal despite cyber incidents (Nasrulloh et al., 2024; Muttaqien et al., 2026).

The novelty of this research lies in examining a customer loyalty model in the post-merger context of an established giant with sharia financial literacy serving as a mediating mechanism (Fielnanda & Nofriza, 2025). This study aims to identify the strength of the relationship between digital service quality, sharia compliance, and digital security on customer loyalty to bridge the current state of the art (Fadlullah Hana & Uzha Safitri, 2025; Reza Alfiyon & Rachmah Damayanti, 2026). Practically, the findings are intended to serve as a reference for bank management in aligning proactive cybersecurity initiatives with comprehensive literacy education programs (Bank Syariah Indonesia, 2026). By securing this spiritual-transactional attachment BSI can effectively mitigate the risk of customer churn and break the current market share stagnation (Sulistiyawan et al., 2024).

H1: Digital Service Quality positively affects customer loyalty. Digital service quality encompasses customers' comprehensive evaluation of the effectiveness and reliability of electronic banking platforms (Fadlullah Hana & Uzha Safitri, 2025). Reliable digital services that address customer needs transparently and without technical issues have been shown to enhance customers' intentions to maintain long-term relationships (Sulistiyawan et al., 2024).

H2: Digital Security positively affects customer loyalty. Digital security is defined as customers' confidence in encryption systems and the protection of personal data privacy from unauthorized access (Muttaqien et al., 2026). A bank's commitment to enhancing system security is essential for maintaining customer loyalty following service interruptions (Galih & Setiawan, 2024) .

H3: Sharia Compliance positively affects customer loyalty. Sharia compliance refers to the consistent application of Islamic law principles to ensure the permissibility of every transaction (Fadlullah Hana & Uzha Safitri, 2025). Strong sharia integrity within a bank fosters customer loyalty by establishing inner bonds and spiritual trust (Fielnanda & Nofriza, 2025; Muttaqien et al., 2026).

H4: Sharia Financial Literacy positively affects customer loyalty. Islamic financial literacy refers to an individual's ability to manage financial resources in accordance with Islamic law principles (Reza Alfiyon & Rachmah Damayanti, 2026). Customers with high levels of literacy

are more likely to appreciate the spiritual value of sharia products, resulting in more stable loyalty (Fielnanda & Nofriza, 2025; Lailaturrahmi & Abror, 2025).

H5: Sharia Financial Literacy moderates the relationship between digital service quality and customer loyalty. Financial literacy enables customers to utilize technology and financial services more effectively (Reza Alfiyon & Rachmah Damayanti, 2026). Higher levels of understanding enhance the usability of applications and promote active customer participation (Fielnanda & Nofriza, 2025; Reza Alfiyon & Rachmah Damayanti, 2026).

H6: Sharia Financial Literacy moderates the relationship between digital security and customer loyalty. Digital literacy encompasses customer knowledge of cyber risks and self-protection strategies (Muttaqien et al., 2026). Customers with higher literacy are more rational in evaluating a bank's security measures and are more likely to remain loyal despite cyber incidents (Maulana and Nasrulloh.,2024; Muttaqien et al., 2026).

H7: Sharia Financial Literacy moderates the relationship between sharia compliance and customer loyalty. A comprehensive understanding of contractual principles enables customers to recognize the benefits of the Islamic banking system (Lailaturrahmi & Abror, 2025). High levels of literacy reinforce the impact of sharia values on customers' long-term commitments by increasing awareness of the spiritual benefits of these products (Fadlullah Hana & Uzha Safitri, 2025; Fielnanda & Nofriza, 2025).

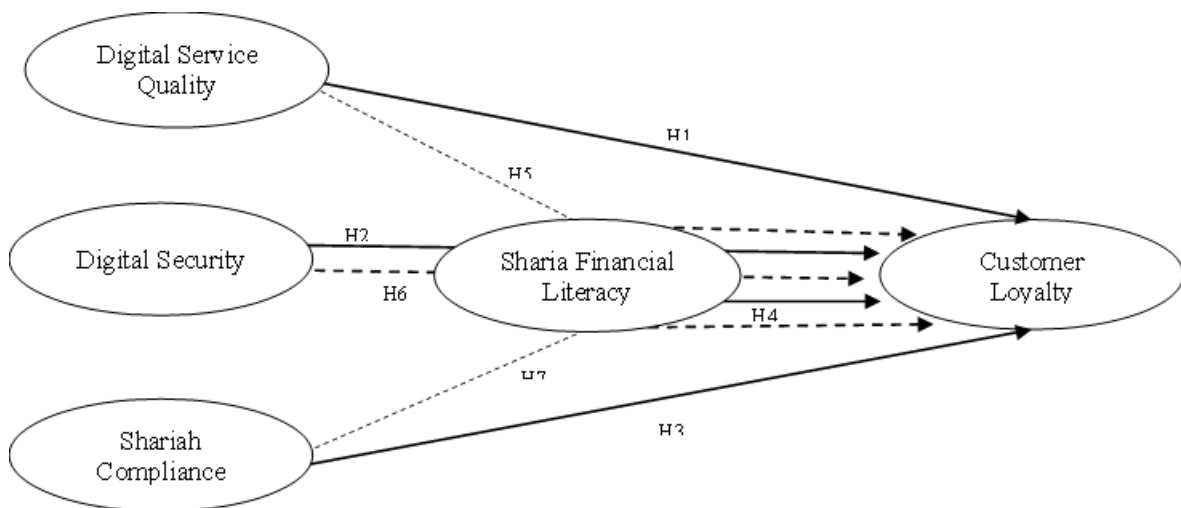


Figure 1. Conceptual Framework

Source: (Fadlullah Hana & Uzha Safitri, 2025; Fielnanda & Nofriza, 2025)

RESEARCH METHODS

The research method used in this study is an explanatory quantitative approach, aimed at testing the cause-and-effect relationship between the hypothesized variables (Hair et al., 2020). The subject of this study is Muslim customers of PT Bank Syariah Indonesia Tbk (BSI) residing in major metropolitan areas specifically Jabodetabek who actively use digital banking services such as BSI Mobile or BYOND. The research population is treated as an infinite population,

comprising all active BSI digital customers. Sample size determination in this study follows SEM-PLS statistical power guidelines, which suggest a minimum of 100 to 200 respondents to ensure model estimation stability (Hair et al., 2020). The total sample used in this analysis was 211 respondents. The sampling technique used was purposive sampling based on four main inclusion criteria: (a) active Muslim customers of BSI, (b) having made digital transactions for at least the last six months, (c) being at least 17 years old, and (d) having an understanding of Islamic bank operations (Fadlullah Hana & Uzha Safitri, 2025). Primary data were collected through an online questionnaire using Google Form with a five-point Likert scale, adapted from previous literature to ensure instrument validity and reliability (Sekaran and Bougie, 2022).

The variables in this study were operationalized using indicators grounded in strong theoretical foundations (Hair et al., 2020). The independent variables consist of Digital Service Quality, measured through four indicators: efficiency, reliability, response speed, and ease of access (Hana et al., 2025); Sharia Compliance, measured through the perception of business halalness, contract transparency, and Islamic social features (Muttaqien et al., 2026); and Digital Security, measured through unauthorized access prevention, transaction security, privacy protection, and system updates (Maulana and Nasrulloh, 2024). The moderation variable, namely Sharia Financial Literacy, is measured through three indicators: product knowledge, contract essence, and profit-sharing system ((Reza Alfiyon & Rachmah Damayanti, 2026). The dependent variable, Customer Loyalty, is measured using three indicators: the intensity of repeat transactions, interest in new products, and spiritual satisfaction (Fielnanda & Nofriza, 2025).

Data analysis was carried out using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0, given its robustness in handling complex models without assuming normal distributions (Hair et al., 2020). The test was carried out in two main stages (Sekaran and Bougie, 2020). The first stage is the analysis of the outer model to test convergent validity (loading factor > 0.7 ; AVE > 0.5), Fornell-Larcker discriminant validity, and construct reliability (Cronbach's Alpha > 0.7) (Hair et al., 2020). The second stage was an internal model analysis to assess predictive strength using R-square (R^2) and effect size (f^2), as well as testing the direct influence hypothesis and moderation using a bootstrapping procedure with 5,000 samples (Hair et al., 2020). The significance criteria for this test were a t-statistic > 1.96 and a p-value < 0.05 .

RESULTS & DISCUSSION

The research model aims to evaluate the impact of several variables digital service quality, on customer loyalty. The study also examines the role of sharia compliance in shaping customers' commitment to sustainable use of bank services. It explores the effect of digital security, particularly regarding data privacy and encryption reliability, on the decision to remain loyal. The research examines the influence of Islamic financial literacy both its direct positive impact on customer loyalty and its role as a moderating factor in the relationship between the other key variables and customer loyalty.

Table 1. Respondent Characteristics

Characteristics	Category	Frequency (N)	Percentage (%)
Gender	Women	123	58,29%
	Men	88	41,71%
Respondent Age	17 – 25 Years	153	72,51%
	26 – 41 Years	49	23,22%
	41 Years and Older	9	4,27%
Main Occupations	Student	147	69,67%
	Private Employees / SOEs	30	14,22%
	Others (Housewives, etc.)	13	6,16%
	Civil Servants (ASN / TNI / Polri)	12	5,69%
	Self-Employed / Entrepreneur	9	4,26%
Average Expenditure per Month	< IDR 2,000,000	103	48,82%
	IDR 2,000,000 – IDR 5,000,000	55	26,07%
	IDR 5,000,001 – IDR 10,000,000	28	13,27%
	IDR 10,000,000	25	11,85%
Digital Transaction Frequency per Month	1 – 5 transactions	96	45,50%
	6 – 15 transactions	68	32,23%
	> 15 transactions	47	22,27%
Number of Sharia Bank Accounts	1 Active accounts	121	57,35%
	2 Active accounts	66	31,28%
	> 2 Active accounts	24	11,37%

Source: Primary Data Processed (2026)

Based on Table 1 the respondents are predominantly female (58.29%) and young (72.51%). This shows that digital banking technology adoption in Indonesia is driven by digital natives with a strong understanding of mobile applications. Most respondents are students with monthly expenditures below 2,000,000 rupiah.

Table 2. Validity Test and Descriptive Results

Variable	Indicator	Mean	Outer Loading	AVE
Digital Service Quality	I can make fast transactions via the BSI Mobile / BYOND application.	4.25	0.842	0.612
	The BSI Mobile / BYOND application rarely experiences errors during transactions.	4.18	0.815	
	Technical issues or complaints are responded to and resolved quickly by BSI.	4.20	0.896	
	Information on balances, transaction history, and admin fees is transparent.	4.30	0.834	
Digital Security	The application's login security is strong against hijacking risks.	4.42	0.879	0.620

Variable	Indicator	Mean	Outer Loading	AVE
Sharia Compliance	I feel secure and confident when making large financial transactions.	4.38	0.870	0.634
	The bank is committed to protecting my personal data privacy from being leaked.	4.45	0.863	
	The bank routinely updates the system to prevent cyber threats and phishing.	4.51	0.863	
	I believe the savings and financing systems purely use halal profit-sharing without Riba.	4.45	0.888	
	All fees and transaction agreements are transparent from the beginning.	4.35	0.834	
	I believe the bank only channels financing to halal and beneficial businesses.	4.40	0.856	
	Features in the application make it easy to pay Zakat, Infaq, Sadaqah, and Waqf.	4.50	0.873	
Sharia Financial Literacy	I have good knowledge of the various types of products in Islamic banks.	4.15	0.883	0.655
	I understand the legal consequences of the contract principles I choose.	4.10	0.876	
	I can clearly differentiate between the profit-sharing and the interest system.	4.22	0.735	
	My understanding of Sharia finance helps me make blessed financial decisions.	4.35	0.848	
Customer Loyalty	I use BSI as my main account for daily transactions.	4.18	0.804	0.598
	I am interested in trying new savings features or services launched by BSI.	4.25	0.806	
	I am willing to actively recommend the BSI application to my family and friends.	4.30	0.792	
	I feel proud and gain spiritual peace by consistently using an Islamic bank.	4.59	0.719	

Source: Primary Data Processed (2026)

Table 2 presents the descriptive statistics and item factor loadings. All indicators for the constructs—Digital Service Quality, Sharia Compliance, Digital Security, Sharia Financial Literacy, and Customer Loyalty—met the convergence validity criteria with (Average Variance Extracted) values exceeding 0.50. Every statement within the instrument is confirmed as valid because all loading factors exceed the ideal limit of 0.70 (Hair et al., 2022). The data showed strong consistent respondent approval with all items averaging in the high to very high range, confirming that each indicator accurately and consistently reflected its respective construct.

Following the assessment of convergent validity, discriminant validity is examined to ensure that each latent construct is statistically unique and does not overlap with other variables in the

model (Hair et al., 2022). This study utilizes the Fornell-Larcker Criterion, which requires the square root of the Average Variance Extracted (AVE) for each construct to be higher than its highest correlation with any other latent variable (Hair et al., 2022).

Table 3. Discriminan Validity Test

Variabel	KL	KM	KS	LKS	LY
Digital Service Quality	0,773				
Digital Security	0,623	0,831			
Shariah Compliance	0,709	0,571	0,746		
Sharia Financial Literacy	0,642	0,572	0,695	0,748	
Customer Loyalty	0,655	0,610	0,619	0,707	0,802

Based on Table 3, it can be explained that the square root of the AVE for each variable (indicated by the bold values on the diagonal) is consistently greater than the correlation coefficients between variables in the same column and row. This confirms that no conceptual overlap exists and the measurement model satisfies the requirements for discriminant validity within the BSI customer framework (Hair et al., 2020).

Table 4. Reliability Test

Variable	Cronbach's Alpha	Composite Reliability (CR)
Digital Service Quality	0,776	0,856
Digital Security	0,851	0,899
Shariah Compliance	0,734	0,834
Sharia Financial Literacy	0,737	0,835
Customer Loyalty	0,813	0,877

Source: Primary Data Processed (2026)

Cronbach's Alpha and Composite Reliability metrics were used to assess the constructs' reliability, which are shown in Table 4. The results show that all constructs demonstrate reliability, as their Cronbach's Alpha coefficients surpass the 0.70 benchmark. Composite Reliability scores fall within the 0.834-0.899 range, well above the 0.70 minimum requirement, confirming robust construct reliability.

Table 5. Multicollinerity Test

Variable	Variance Inflation Factor
Digital Service Quality	2,445
Digital Security	1,809
Shariah Compliance	2,542
Sharia Financial Literacy	2,215

Source: Primary Data Processed (2026)

The multicollinearity test was performed by evaluating the Variance Inflation Factor (VIF) for each independent variable, as shown in Table 5. The results show that the highest VIF was

2.542 for the Sharia Compliance construct. Since all VIF values are well below the conservative threshold of 5.0, the structural model is free of multicollinearity and ready for subsequent hypothesis testing.

Table 6. Coefficient Determination

Variable	R ²	R ² Adjusted
Sharia Financial Literacy (Z)	0,549	0,542
Customer Loyalty (Y)	0,595	0,587

Source: Primary Data Processed (2026)

According to the statistical analysis, the Customer Loyalty variable yielded an R² value of 0.595. This indicates that 59.5% of the variance in Indonesian consumers' loyalty to Islamic digital banking is collectively explained by the independent variables, including digital service quality, digital security, sharia compliance, and sharia financial literacy. Furthermore, the Sharia Financial Literacy variable yielded an R² value of 0.549, indicating that 54.9% of its variance is explained by the model. The remaining variance is attributed to external factors not captured within the current research framework.

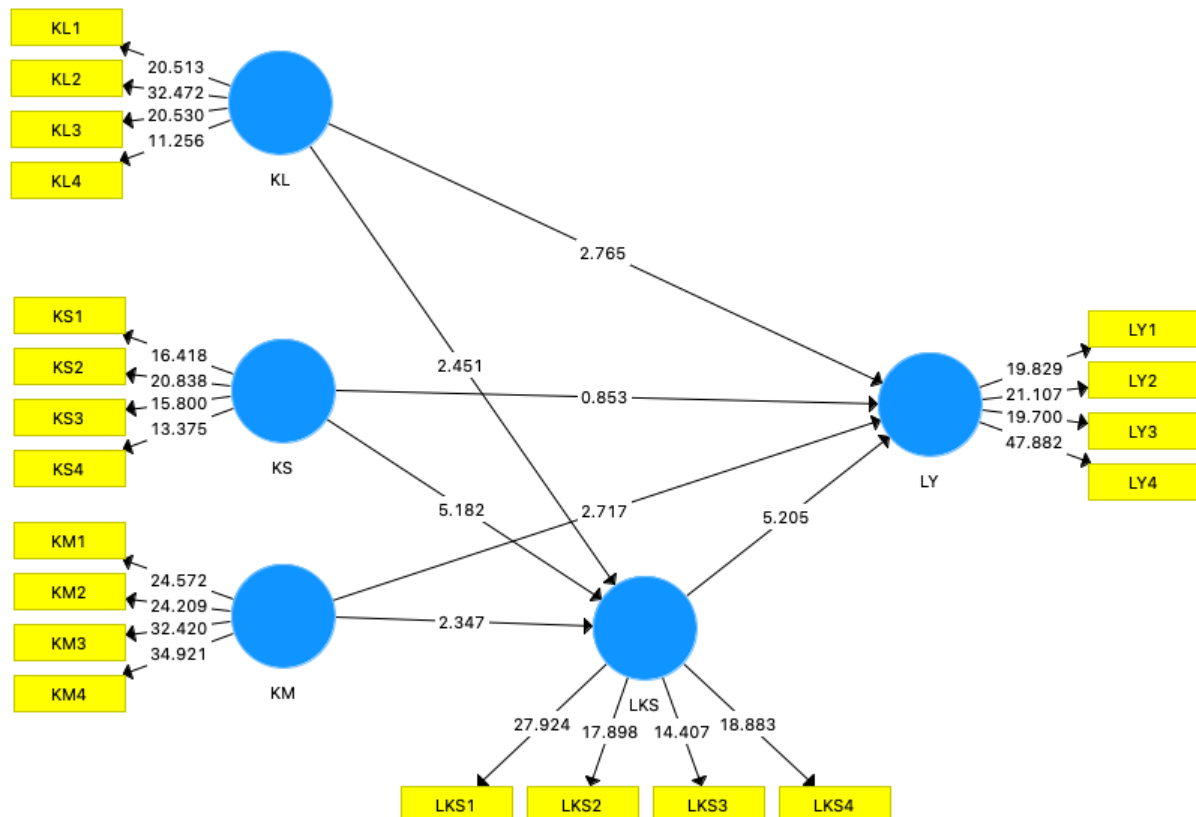


Figure 2. Structural Model Analysis

Source: Primary Data Processed (2026)

Figure 2 displays the study's conceptual framework following structural equation modelling (SEM) analysis. In this framework, Sharia Financial Literacy functions as a mediator, illustrating the connections between digital service quality, sharia compliance, digital security, and customer loyalty.

Table 7. Hypothesis Testing

Hypothesis	Original Sample	Standard Deviation	T-Statistics	P-Values	Conclusion
Digital Service Quality → Customer Loyalty	0.226	0.082	2.765	0.006	Accepted
Digital Security → Customer Loyalty	0.204	0.075	2.717	0.007	Accepted
Sharia Compliance → Customer Loyalty	0.063	0.074	0.853	0.394	Rejected
Sharia Financial Literacy → Customer Loyalty	0.401	0.077	5.205	0.000	Accepted
Digital Service Quality → Sharia Financial Literacy → Customer Loyalty	0.087	0.040	2.153	0.032	Accepted
Digital Security → Sharia Financial Literacy → Customer Loyalty	0.076	0.034	2.266	0.024	Accepted
Sharia Compliance → Sharia Financial Literacy → Customer Loyalty	0.174	0.051	3.419	0.001	Accepted

Source: Primary Data Processed (2026)

The Influence of Digital Service Quality on Customer Loyalty. The results of this research indicate that digital service quality positively and significantly influences customer loyalty. Table 5 shows a T-statistic of $2.765 > 1.96$ and a p-value of $0.006 < 0.05$, so H1 can be accepted. In BSI this finding is closely associated with the strategic launch of the BYOND by BSI application, which has successfully integrated various banking features into a faster and more reliable transaction platform (Bank Syariah Indonesia, 2026). These results align with studies by Fielnanda & Nofriza (2025) and Fadlullah Hana & Uzha Safitri, (2025) which show that the quality of digital services has a positive, significant impact on maintaining long-term customer relationships. They also reinforce the Technology Acceptance Model (TAM) which posits that perceptions of system usability and efficiency are the primary drivers of emotional attachment (Sulistiyawan et al., 2024). This finding aligns with the current market shift documented by the Financial Services Authority (2025) where Islamic commercial bank office networks declined from 2,023 units in 2021 to 1,825 units in 2024, forcing BSI to prioritize digital-first service delivery to maintain its 41.2% market share. This finding aligns with the characteristics of the respondents, who are predominantly Gen Z digital natives with high adaptability and reliance on financial technology. Reliable digital platforms, characterized by fast transactions and transparent balance information, strengthen customers' intentions to establish long-term relationships free from technical errors. Therefore, delivering high-quality digital experiences is a primary factor in building customer retention in the Islamic banking ecosystem (Galih & Setiawan, 2024).

The Influence of Digital Security on Customer Loyalty. The study's findings demonstrate that customer loyalty is positively and significantly impacted by digital security. Table 5 illustrates that the T-statistic of $2.717 > 1.96$, and the p-value of $0.007 < 0.05$. Therefore, H2 can be accepted. In the specific context of Bank Syariah Indonesia (BSI), this significance is directly supported by the bank's operational strategy which prioritized an IT system availability rate of 99.85% as of early 2026 to ensure platform stability (Bank Syariah Indonesia, 2026). These results align with previous studies indicating that data protection guarantees and cyber system security are important factors in building a customer retention ecosystem on digital banking platforms (Galih & Setiawan, 2024; Violla et al., 2025). BSI has addressed digital risks through a proactive strategy on data privacy and the implementation of an AI-driven monitoring layer to ensure real-time threat detection (Bank Syariah Indonesia, 2026). From the perspective of Risk Mitigation Theory, the implementation of encryption techniques and data management transparency serves as an important instrument for mitigating risks (Khaerunnisa et al, 2024). This is reflected in the high mean scores for BSI's personal data protection (4.45) and routine system updates (4.51) which provide the necessary peace of mind for Gen Z digital native users in urban hubs like Jabodetabek. Consequently, strong privacy protections and reliable security frameworks effectively lock in long-term customer commitment within BSI's digital ecosystem (Fadlullah Hana & Uzha Safitri, 2025).

The Influence of Sharia Compliance on Customer Loyalty. Surprisingly, this study's findings indicate that sharia compliance does not have a significant direct effect on customer loyalty. Table 5 shows that the T-statistic (0.853) is < 1.96 and the p-value (0.394) is > 0.05 . Consequently, H3 is rejected. Within the BSI ecosystem, this phenomenon is explained by a significant shift in market trends where the Universalist segment, which demands both functional benefits and spiritual values, has grown to 30.0% of the market as of 2024 (BSI, 2026). These findings reinforce previous studies that found that the direct sharia compliance dimension has not been a main driver of customer loyalty ((Fadlullah Hana & Uzha Safitri, 2025; Jamshed & Uluyol, 2024; Muttaqien et al., 2026). Respondents tend to view sharia compliance as a standard of identity inherent in Islamic banking institutions, but not as the main differentiating factor that drives their transaction behaviour (Sholikha & Haryanti, 2026). This reveals the phenomenon of an attitude-behaviour gap where young customers prioritize digital efficiency over religious identity alone, meaning customer awareness of sharia values is not directly translated into real active loyalty behaviour (Jamshed & Uluyol, 2024). This reveals a pronounced attitude-behavior gap where pragmatic BSI customers treat the sharia label as a standard commodity, making them sensitive to digital inefficiencies (Muttaqien et al., 2026). Therefore, while BSI successfully maintains the largest Wadiah saving balance in the Indonesian market reaching IDR 79.20 trillion, this religious integrity must be synchronized with tangible digital excellence to maintain its dominance (Bank Syariah Indonesia, 2026). Customer awareness of sharia values at BSI is not directly translated into active loyalty behavior unless it is accompanied by superior technological performance through platforms like BYOND

The Influence of Sharia Financial Literacy on Customer Loyalty. The results of this study indicate that customer loyalty is most significantly positively influenced by sharia financial literacy. Table 5 indicates that the T-statistic of $5.205 > 1.96$, and the p-value of $0.000 < 0.05$. Thus, H4 can be accepted. Within the Bank Syariah Indonesia (BSI) ecosystem, this dominant influence is closely linked to the bank's success in capturing the universalist segment, which has grown to 30.0% of the market by prioritizing both functional benefits and spiritual values (Bank Syariah Indonesia, 2026). These results are in line with previous studies demonstrating that customer insight and understanding of Islamic banking operations are the most dominant drivers of strengthening customer retention and long-term loyalty (Albaity & Rahman, 2021; Lailaturrahmi & Abror, 2025; Reza Alfiyon & Rachmah Damayanti, 2026). BSI has strategically utilized its digital platforms to provide fractional investment options like Digital Gold, which requires a higher level of financial literacy for customers to appreciate the advantages over conventional products (Bank Syariah Indonesia, 2026). The findings align with the respondents' profile: predominantly educated Gen Z digital natives with the cognitive capacity to objectively distinguish the profit-sharing system from conventional interest rates (Anisa et al., 2024). As documented in BSI's performance highlights, the significant growth of non-Muslim customers reaching 13.24% in early 2026 also emphasizes that sharia literacy is no longer just about religion, but an understanding of superior and ethical financial management (BSI, 2026). A deep understanding of the essence of Islamic contracts functions as a cognitive fortress, ensuring that customers are not easily swayed by conventional bank promotional offers (Fielnanda & Nofriza, 2025). This is empirically supported by BSI's ability to maintain the largest Wadiah saving balance in Indonesia at IDR 79.20 trillion, proving that literate customers remain committed to stable, sharia-compliant liquidity instruments (Bank Syariah Indonesia, 2026). Consequently, strong financial literacy becomes an ideological defense that enables customers to deeply appreciate the spiritual value and blessings of sharia products, effectively locking in their active and sustainable loyalty (Fadlullah Hana & Uzha Safitri, 2025; Fielnanda & Nofriza, 2025).

The Influence of Digital Service Quality on Customer Loyalty through Sharia Financial Literacy. The results of this study show that sharia financial literacy significantly mediates the relationship between digital service quality and customer loyalty. Table 5 demonstrates that the T-statistic of $2.153 > 1.96$, and the p-value of $0.032 < 0.05$. Thus, H5 can be accepted as partial mediation. Within the context of Bank Syariah Indonesia (BSI), these findings indicate that high-quality digital platforms like BYOND act not only as transaction tools but also as critical educational mediums that enhance customers' understanding of sharia operational mechanisms. These findings indicate that the quality of the digital platform not only triggers instant loyalty through technical convenience but also serves as an educational medium that enhances customers' understanding of sharia operational mechanisms. This aligns with previous research indicating that Islamic financial literacy serves as a cognitive bridge, helping the digital society make optimal use of banking innovations (Reza Alfiyon & Rachmah Damayanti, 2026). By providing an intuitive user interface and transparent profit-sharing information, BSI successfully fosters a spiritual belief that understanding sharia principles brings product blessings, effectively locking in long-term emotional bonds. The findings align with the

respondents' profile: predominantly Gen Z digital natives with high cognitive capacity to absorb information. A good understanding of sharia values, gained through the experience of transparent, efficient digital transactions, supports the spiritual belief that understanding sharia brings product blessings. Consequently, this creates emotional bonds and long-term loyalty that are significantly stronger than those of customers who value only functional technology aspects (Lailaturrahmi & Abror, 2025).

The Influence of Digital Security on Customer Loyalty through Sharia Financial Literacy.

The testing shows that Sharia financial literacy significantly mediates the relationship between digital security and customer loyalty. Table 5 demonstrates that the T-statistic of $2.266 > 1.96$, and the p-value of $0.024 < 0.05$. Thus, H6 can be accepted as partial mediation. These findings indicate that a strong sense of security regarding personal data protection encourages customers to be more confident in exploring and learning sharia operational mechanisms. In the specific ecosystem of BSI, achieving an IT system availability rate of 99.85% in 2026 provides the necessary platform stability for customers to confidently explore and learn about sharia financial products without fear of technical failure (Bank Syariah Indonesia, 2026). This aligns with previous research indicating that the assurance of a secure transaction system fosters a positive perception, allowing customers to focus on product benefits without worry (Muttaqien et al., 2026). The findings correlate with the respondents' profile, who are predominantly educated Gen Z students with a high sensitivity to cybercrime risks. According to risk mitigation theory, reliable privacy and cyber data protection effectively serve as a key psychological trigger, increasing customer risk literacy. Consequently, this provides peace of mind that effectively locks in long-term loyalty to the digital banking platform (Fadlullah Hana & Uzha Safitri, 2025; Wahyuningsih & Iqbal, 2024). Consequently, for digital native users in metropolitan hubs like Jabodetabek this security-driven literacy provides peace of mind that effectively transforms technical safety into long-term transactional commitment.

The Influence of Sharia Compliance on Customer Loyalty through Sharia Financial Literacy.

In the relationship between sharia compliance and customer loyalty, sharia financial literacy was found to play a significant role as a full mediator. Table 5 demonstrates that the T-statistic is $3.419 > 1.96$, and the p-value is $0.001 < 0.05$. Thus, H7 can be accepted as full mediation. Because the direct influence of sharia compliance on BSI customer loyalty was found to be insignificant, these findings empirically demonstrate that spiritual identity can only generate loyalty when bridged by adequate literacy. This is particularly relevant for BSI's universalist segment, which has grown to 30.0% of the market and demands both spiritual values and tangible functional benefits. While pragmatic Gen Z respondents tend to view the sharia label as a mere institutional standard, an in-depth understanding of profit-sharing systems and Islamic contracts allows them to truly appreciate the bank's spiritual superiority (Sholikha & Haryanti, 2026). Therefore, BSI's ability to maintain the largest Wadiah saving balance in Indonesia at IDR 79.20 trillion is not solely a result of its sharia label, but rather the result of literacy transforming passive awareness into a strong commitment to active loyalty).

CONCLUSION & SUGGESTION

Based on the findings, Islamic financial literacy and the reliability of digital security infrastructure play a very crucial role in shaping the loyalty of Bank Syariah Indonesia (BSI) customers. This study confirms that factors of understanding Sharia Financial Literacy and technological functionality significantly outperform the formality aspects of sharia compliance in the Indonesian banking market. The principles of sharia compliance are widely recognized as a bank's identity but have no direct effect on customer loyalty. This reveals a real attitude-behavior gap, where passive awareness of the sharia label fails to be realized in active loyalty actions. Furthermore, Islamic financial literacy acts as a cognitive bridge that transforms the technical and religious perceptions of customers into long-term commitments. The full mediation status on the sharia compliance path makes it clear that the spiritual value of the bank will not generate loyalty without adequate public education.

This research provides important implications for BSI to improve customer retention. Bank management must prioritize the development of proactive cybersecurity infrastructure, including the implementation of biometrics and artificial intelligence-based threat detection to maintain an ecosystem of customer trust that is highly sensitive to digital risks. In addition, stakeholders are encouraged to digitize literacy education through interactive features on digital applications and redesign public education campaigns by linking sharia values more directly to the personal economic benefits. However, this study has limitations in using purposive sampling focused on Generation Z students. Therefore, further research is recommended to use probability sampling techniques across different geographic regions and professional age groups, as well as extending the theoretical model by including external variables such as brand image or customer satisfaction to provide a more comprehensive national context.

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