

## **RELATIONSHIP MARKETING'S EFFECT ON CUSTOMER RETENTION: A CASE STUDY OF ACEH SHARIA BANK**

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### **Abstract**

*The objective of this research is to analyze the effect of relationship to customer retention of Aceh Sharia Bank. This research is conducted in five branches of Aceh Sharia Bank in Banda Aceh City. This study uses convenience sampling with 150 respondents. The independent variables used are quality service, communication, and trust. Meanwhile, the dependent variable used is customer retention. This research used quantitative descriptive analysis. Furthermore, the analytical tool used is Structural Equation Model using LISREL 8.72 software. The results show that there are positive and significant effects of quality service, communication, and trust to customer retention. The better quality of service, communication, and trust given by the bank to customers will keep customers using Aceh Sharia Bank, or customer retention rate to Aceh Sharia Bank is higher. Customer retention can be realized if Aceh Sharia Bank continuously conducts learning to provide the needs of customers and to improve quality service, communication, and trust so that it can make customers satisfied with banking services from Aceh Sharia Bank. Therefore, the satisfaction in the customer can be achieved so that the customer is expected to be loyal and will retain in Aceh Sharia Bank.*

**Keywords:** Sharia Bank, Trust, Communication, Service Quality, Customer Retention

## INTRODUCTION

In the early 20th century, many companies have realized that customer satisfaction is highly important. Nowadays, customer satisfaction is still a very relevant concept. Rangkuti (2006) states that customer satisfaction results in customer loyalty; loyalty is a combination of intellectual and emotional processes, between customers and companies, with the existence of loyal customers, companies need to retain customers (customer retention). In an effort to retain customers, the company can use a relationship marketing strategy. According to Chan (2003), relationship marketing can be defined as the introduction of each customer to be more closely by creating two-way communication by managing a mutually beneficial relationship between customers and company. Thus, it can be said that relationship marketing provides an approach that will help the company to create relationships with customers and other parties related to business processes, as well as regarding to relationship marketing as a strategy. This new trend movement (relationship marketing) was pioneered by the United States. The same phenomenon also occurs in Indonesia. One by one company in Indonesia begins to apply relationship marketing. In the banking world, relationship marketing is pioneered by Central Asia Bank (BCA), Niaga Bank, Mandiri Bank, BII, Citibank, HSBC (Chan, 2003). The banking industry is an industry that is adopting relationship marketing as a marketing strategy to build a relationship (relationship building) with the customer.

Kandampully and Duddy (1999) state that the company's success depends on its ability to retain customers (customer retention). Retention of customers (retaining existing customers) is much cheaper than finding new customers (Rangkuti, 2001). Relationship marketing leads to customer retention, customer satisfaction, loyalty increase, profit increase, and competitive advantage (Bergeron and Roy, 2008).

The rapid and fast development of Sharia banking makes tighter competition between Islamic banks. Bank will serve as good partners with savers and entrepreneurs who borrow funds. The growth of Sharia banking up to January 2017 in Indonesia based on data published by the Financial Services Authority (OJK) explaining that Sharia Commercial Bank has reached 13 units with branches of operations/branch offices as many as 474 units and sub-branch offices/units of Sharia services as many 1,207 units, cash offices of 192 units, and for Sharia Commercial Unit in form of conventional commercial banks which have Sharia business unit has reached 21 units with branch office operational/branch offices of 150 units and sub-branches/units of sharia services as many as 235 units; not including cash office. While, the Sharia Rural Funding Bank (BPRS) branches / branches of operations have reached to 97 units and cash offices reach to 188 units.

The interest of the public to become a customer of Sharia bank is on demand. This is proven by the establishment of many Sharia banks in Indonesia; one of them is a Sharia bank in Aceh, but the development of sharia banking in Aceh is experiencing some problems, such as low public knowledge of sharia banking by conventional banking dominance. As the research conducted by Aiyub(2007) which states that the structure of knowledge and community perceptions that have been built for so long towards conventional banks are certainly not easy to be directed to banks based on Islamic law. Based on data published by Sharia Banking Statistics, it reveals that the development of Islamic banks in Aceh occurred from 2015 to February 2017 based on total asset, financing, third party funds, FDR, and NPF of Sharia financing banks.

Bank of Aceh has been converted to Aceh ShariaBank since 2016 ago. Conversion of Aceh Bank itself will have an impact on the people of Aceh, especially the people who become customers of Aceh Bank. Aceh is one of the areas with its society is multiethnic characterized by Islam. Communities in the city of Banda Aceh have not felt and got sharia banking services. It is proven by the existence of an office dominated by conventional-principled banks.

The status of Bank of Aceh changes to a Sharia (Islamic) Commercial Bank in the framework of implementation of Islamic Sharia in Aceh and the understanding of the general public is the part of Banda Aceh city community who has diverse backgrounds that have an important role in running Islamic Sharia. The people of Banda Aceh as an important part of Sharia banking can be developed in terms of socialization and information from the Financial Services Authority (OJK) and Bank of Aceh itself. It is because the role of the community in the advancement of Sharia banking cannot be considered small, so are the needs of society to the banking so big in terms of economy, trade, administration, education, training, and other activities needed by the community.

Aceh Sharia Bank every year has increased. It can be seen from the total assets that are increasing every year. Table 1 shows the total assets of Aceh Sharia Bank from 2013 to 2016.

Table 1.Total Assets of Aceh Sharia Bank

<b>Year</b>	<b>Total Assets</b>
2013	15 250 212
2014	16 385 160
2015	18 590 014
2016	18 759 191

Source: Aceh Sharia Bank Annual Report (in millions of rupiah)

In addition to assets that are increasing every year, Aceh Sharia Bank is also experiencing market share instability towards banks in Aceh. It shows that there are some constraints faced by Aceh Sharia Bank which makes the market share curve on banking in Aceh unstable. Based on data published by Aceh Sharia Bank, it shows that the performance of Aceh Sharia Bank financing is relatively still stagnant. Besides, the financing growth is not as high as other financial posts. In fact, when compared to the growth of industry, the growth of bank financing is lower. As of June 2017, the financing disbursed by Aceh Sharia Bank grew by 2.31% from the end of 2016 or to IDR 12.49 trillion. While in Sharia banking industry, the growth of financing was recorded at 10.07% in the same period. Table 2 shows the ups and downs of market share in terms of assets of Aceh Sharia Bank towards Aceh banking.

Table 2. Market Share of Aceh Sharia Bank towards Other Banks

Year	Aceh Sharia Bank (%)	Other Bank (%)
2013	40.01	59.99
2014	39.11	60.89
2015	42.74	57.26
2016	41.47	58.53

Source: Aceh Sharia Bank Annual Report

To cope with the increasing competition, Sharia banking should be able to increase customer satisfaction and ultimately to retain customers. In this case, Aceh Sharia Bank is considered necessary to follow the development of marketing strategy that has been developed rapidly which is by applying relationship marketing strategy in the hope of retaining its customers (*customer retention*). Xu and Walton (2005) claim that banks that practice relationship marketing are able to retain old customers, to improve customer satisfaction, to achieve cost savings, and to increase customer lifetime value. Banks need to use marketing strategies that can attract new customers and also maintain existing marketing strategies. Customer retention is essential because the cost of acquiring new customers is much greater than the cost of maintaining existing customers (Ravald and Grönroos, 1996). Furthermore, Kotler (2007) asserts that the cost to acquire new customers is five times more than the costs involved in satisfying and retaining current customers.

## RESEARCH METHOD

This research is conducted in five branches of Aceh Sharia Bank in Banda Aceh City from September to November 2017. This study uses primary data conducted by interviewing

respondents using questionnaires. Primary data is the data taken from the first source, namely from the results of face-to-face interviews with the respondents (Singarimbun, 1995). Besides, the method of data retrieval is done by face-to-face interview with respondent. The customer interviewed is the customer who has just finished the transaction in the branch of Aceh Sharia Bank that has been specified. The respondents are asked for availability to be interviewed for 10 to 15 minutes.

The population of this research is Aceh Sharia Bank customers in Banda Aceh City. The sample collection technique in this research is based on *non-probability sampling* method that is *convenience sampling*. Aceh Sharia Bank has 10 sub-branches in Banda Aceh City. In the selection, 5 of 10 branches of Aceh Sharia Bank in Banda Aceh City use *random sampling*. The criteria of respondents as a sample in this study are individual customers of Aceh Sharia Bank who have been using Aceh Sharia Bank more than two years. The number of respondents is determined based on the *rule of thumb* that is of 150 respondents.

This study uses three dependent variables, namely quality service, communication, and trust. Besides, the independent variable is customer retention. Each variable has its variable indicator. In the variable indicator, which distinguish this research with previous studies that is by using indicators that discuss about sharia where each variable using an indicator that describes the sharia in the bank as in variable of quality service using Sharia indicator that is product and service bank is based on Islamic sharia because will be avoided from usury, the variable of communication using Sharia indicator is the bank provides information clearly and transparently in accordance with the principles of Sharia, and the variable of trust indicator used is a predetermined profit-sharing system in accordance with the obtained by the customers. The indicators to be used are important and differentiate them from previous research. Table 3 shows the indicators and measurements of the variables used in this study and the definitions of each of the variables used.

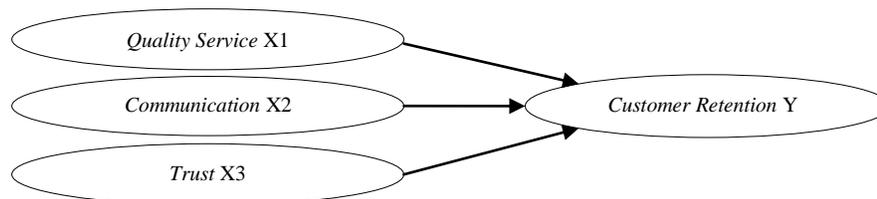
Table 3. Indicator and measurement of research variables

<b>Independent Variables</b>	<b>Variable Definitions</b>	<b>Indicators</b>	<b>Measurement Scale</b>
<i>Quality Service</i>	The way bank employees provide services to customers and how customers feel the services provided by the bank.	Products based on Islamic Sharia	Interval
		Employee discipline	<i>Likert</i> scale 1-
		Punctuality	5,
		Quick service	strongly
		Employee friendliness	disagree -
		Transaction security	strongly agree

Dependent Variables		Indicators	Measurement Scale
<i>Communication</i>	Submission of information between bank customers and bank employees in various ways	Information Transparency	Interval <i>Likert</i> scale 1-5, strongly disagree - strongly agree
		New product information	
		Promotion	
		Customer-oriented service	
		Utilization of ICT	
		Service is free of charge	
<i>Trust</i>	Refers to the customer's trust in the bank and its employees.	Profit-sharing system	
		Security guarantees	
		Meeting the needs of customers	
		Reliable information	
		Information confidentiality	
		Financial status	
<i>Customer Retention</i>	Customer's commitment to remain a bank customer on an ongoing basis	Greeting	
		Socialization	
		Recommendation availability	
		Connecting with banks is easy	
		Positive testimony	
		Ease of bank access	

Figure 1 shows the frame of mind about the effect of relationship marketing on customer retention.

Figure 1. Conceptual Thinking Framework



The research used *Structural Equation Modeling* method which is a statistical tool capable of analyzing latent variables, indicator variables, and measurement error directly (Sitinjak and Sugiarto, 2006). There are latent variables and observed variables in SEM, where latent variables are a concept of concern and can only be observed directly, and observed variables are indicator variables that are able to explain or measure latent variables. Based on the existing measurement model specifications, specification of structural model can be done as in

the following description. The model is used in examining customer retention of Aceh Sharia Bank which is influenced by relationship marketing (quality service, communication, and trust). In general, the above specifications can be written as:  $\eta_1 = \gamma_{11} \cdot \xi_1 + \gamma_{12} \cdot \xi_2 + \gamma_{13} \cdot \xi_3 + \zeta_1$

Where:

$\eta_1$  = Customer retention (Endogen variable);  $\xi_1$  = Quality service (Exogenous variable)

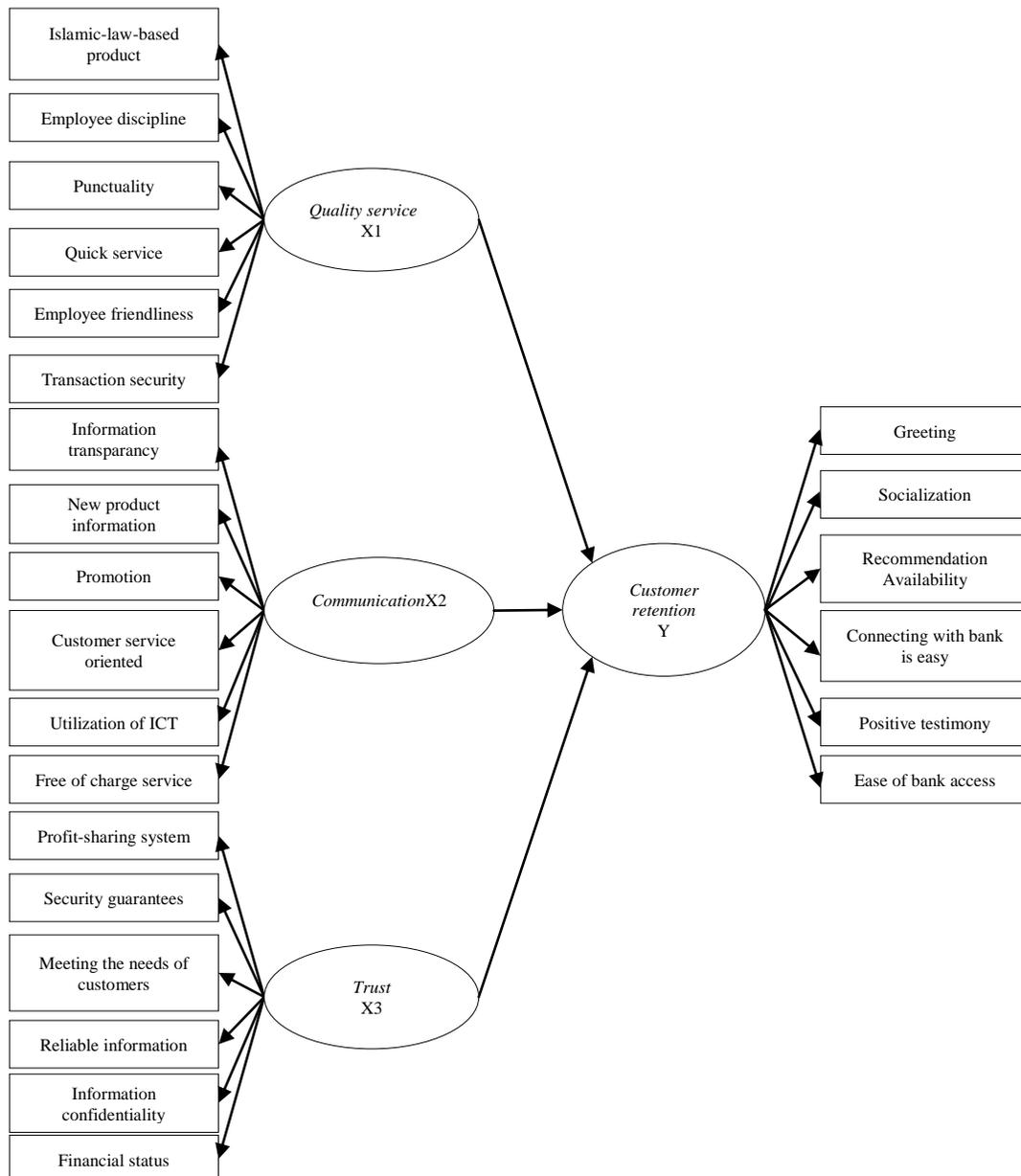
$\xi_2$  = Communication (Exogenous variables);  $\xi_3$  = Trust (Exogenous variables)

$\gamma_{ij}$  = The amount of (load factor) in forming  $\eta$   $\xi_{ii}$

$\zeta_1$  = Structural error

Based on the above model, the path diagram can be designed that becomes the research model as in Figure 2.

Figure 2. Path Diagram of Customer Retention of Aceh Sharia Bank



## RESULTS AND DISCUSSION

### Test Result of Measurement Model Fit

Hair et al. (2010) states that acceptable construct reliability is a coefficient of more than 0.70, while for extracted variance, the recommended number is more than 0.5. The results of the measurement of reliability test on the variables in the study, illustrated in Table 24, shows that all values of construct reliability and variance extracted fulfill reliability terms, i.e.  $CR > 0.70$  and  $VE > 0.50$ .

### Analysis of T-Count and Loading Factor

This research has three hypotheses tested, among others the effect of Aceh Sharia Bank customer retention by every element of relationship marketing consisting of quality service, communication and trust. Figure 6 shows all existing variables having t-counts above 1.96, indicating that customer retention of Aceh Sharia Bank is influenced by the three elements of relationship marketing.

Figure 3. Result of t-count model analysis after modification

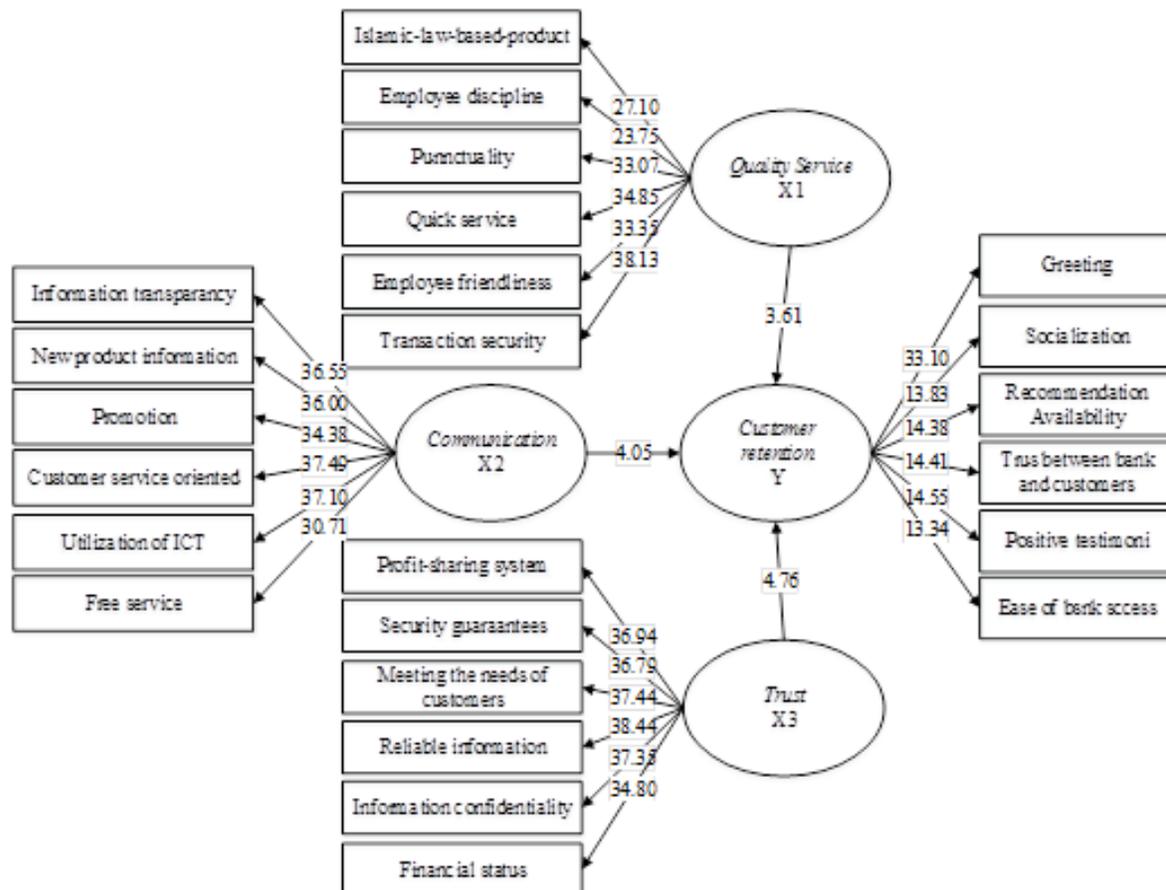
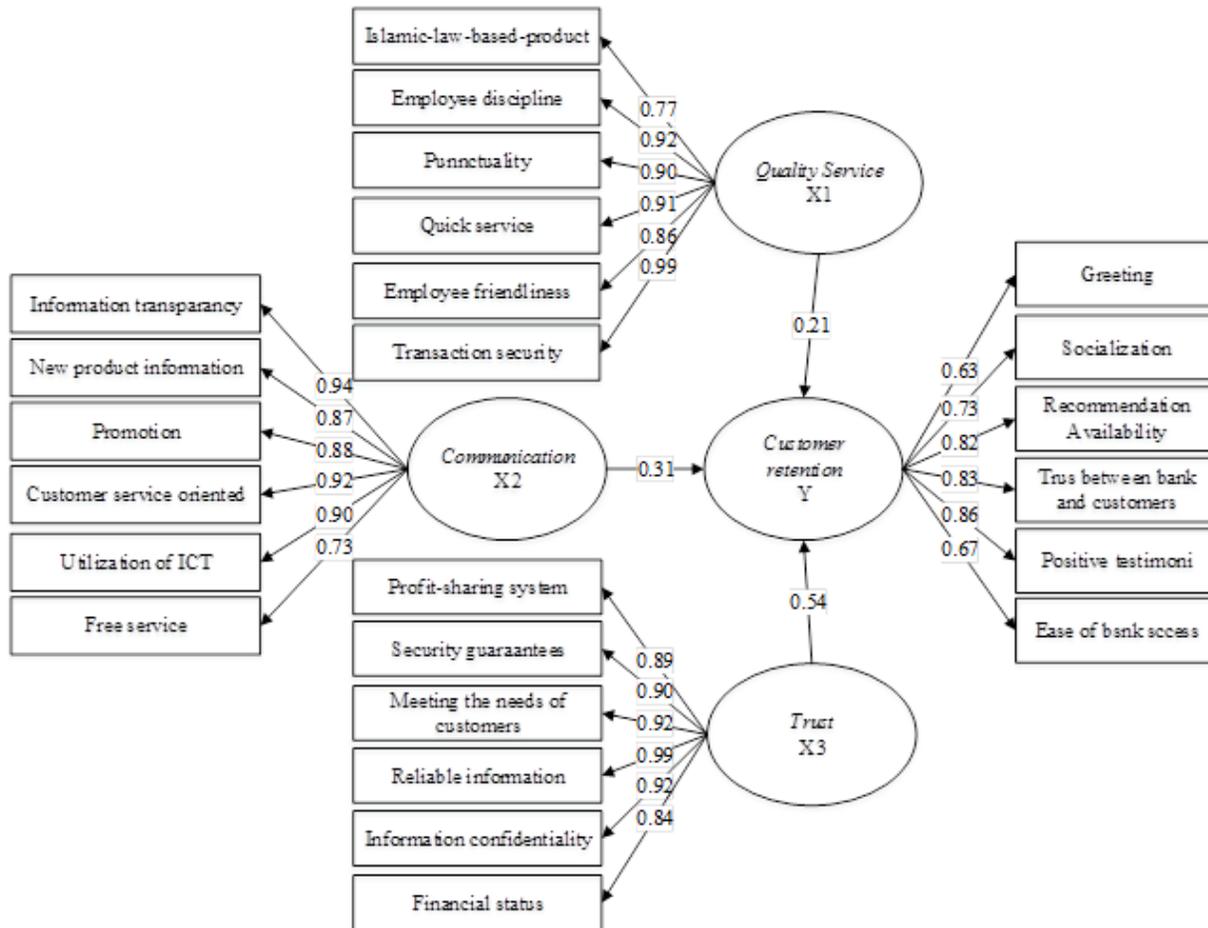


Figure 3 shows all existing variables have t-count above 1.96, indicating that customer retention of Aceh Sharia Bank is influenced by the three elements of relationship marketing. Figure 4 shows the results of t-calculated that processed through LISREL 8.30.

Figure 4. Standardized Loading Factors



Based on these results, it can be seen how much contribution owned by each variable forming customer retention at Aceh Sharia Bank. Relationship marketing formed from quality service, communication, and trust have value of each loading factor equal to 0.21, 0.31, and 0.54, so it can be concluded that from relationship marketing, the variable which has most contribution to customer retention is *trust*, that is equal to 0.54 formed by six indicators, such as X31 (0.89), X32 (0.90), X33 (0.92), X34 (0.99), X35 (0.92) and X36 (0.84) having a higher contribution than other variables to customer retention of Aceh Sharia Bank in Banda Aceh City.

Trust has the greatest contribution compared to variable of quality service and communication on customer retention of Aceh Sharia Bank. Therefore, it can be concluded that

customer retention process at Aceh Sharia Bank in Banda Aceh City is more influenced by the level of customer confidence in Aceh Sharia Bank compared to other relationship forming elements. Trust itself includes a system of profit sharing provided or determined by banks, security guarantees, customer needs, reliable information, information confidentiality, and financial status of Aceh Sharia Bank. However, communication variable has a difference in the value of the loading factor that is not too far away with the trust, which is 0.23. It also reveals that communication, such as transparency of information provided by the bank to customers, information related to new products of banks, promotions made by banks, trained employees who have an impact on ability and knowledge in giving services to customers, utilization of ICT and the free services provided by the bank to customers also have a significant effect on customer retention of Aceh Sharia Bank. Likewise with variable of quality service which has difference of loading factor value with trust variable equal to 0.33 which use six variable indicators where the variable also has significant influence to customer retention of Aceh Sharia Bank. Hence, it can be said besides variable of trust, customer retention is also influenced by quality service and communication to customer retention of Aceh Sharia Bank in Banda Aceh City. Based on Figure 4, it can be seen that the structural equation model of this research is as follows:

$$\text{Customer retention} = 0.21 * \text{quality service} + 0.31 * \text{communication} + 0.54 * \text{trust}$$

### **Contribution Indicator Forming Quality Service Variable**

Viewed from factor loading value, it is concluded that transaction security is an indicator that provides the biggest contribution to quality service variable (equal to 0.99), as shown in the Figure 4. It indicates that the security provided by Aceh Sharia Bank to customers in transactions is the most in the attention by customers in using Aceh Sharia Bank in terms of quality service.

Furthermore, data processing produces information about the magnitude of influence, the indicator on the exogenous variable of quality service to the endogenous variables of the study. All these influences can be seen from the amount of loading factor and the coefficient of construct of each indicator in research variable. For indicators on variable of quality service, the magnitude of the effect of loading factor and the coefficient of construct can be seen in Table 4. Sequentially, based on the magnitude of the influence of indicators on the variable of quality service, the greatest one is the transaction security (X16) of 0.20 and the smallest influence is on the indicator of product based on Islamic law (X11) of 0.16.

Table 4. Influence, Loading Factor, and Product Variable Constructive Coefficients

No.	Indicators	Loading Factor	Coefficient of Constructs	Great Influence
1	X11: Products based on Islamic Law	0.77	0.21	0.16
2	X12: Employee discipline	0.92	0.21	0.19
3	X13: Punctuality	0.90	0.21	0.18
4	X14: Quick service	0.91	0.21	0.19
5	X15: Employee friendliness	0.86	0.21	0.18
6.	<b>X16: Security of transactions</b>	<b>0.99</b>	<b>0.21</b>	<b>0.20</b>

### Contribution Indicator Forming Communication Variable

In communication variable, the biggest contributing indicator is X21 (0.94) that is information transparency, as shown in Figure 4. The variable of communication is influenced by information transparency provided to customers. Indicators on communication variable, magnitude of influence, loading factor, and construct coefficient can be seen in Table 5 below. Sequentially, based on the magnitude of the indicator influence on the communication variable are X21 (0.29), X24 (0.28), X23 (0.27), X25 (0.27), X22 (0.26), and X26 (0.22).

Table 5. Influence, Loading Factor, and Coefficient of Constructing Variable Communication

No.	Indicators	Loading Factor	Coefficient of Constructs	Great Influence
1	<b>X21: Information Transparency</b>	<b>0.94</b>	<b>0.31</b>	<b>0.29</b>
2	X22: New product information	0.87	0.31	0.26
3	X23: Promotion	0.88	0.31	0.27
4	X24: Oriented on Clients/Customers	0.92	0.31	0.28
5	X25: Utilization of ICT	0.90	0.31	0.27
6.	X26: Service is free of charge	0.73	0.31	0.22

### Indicator Contribution of Trust Variable Former

The next variable is trust; the indicator that has the greatest influence in contributing is X34 (0.99), that is reliable information according to what is shown in Figure 4.

For indicators on trust variable, the magnitude of influence, loading factor, and construct coefficient can be seen in Table 6 below. Consecutively based on the magnitude of the effect of

indicators on trust variables, they are X34 (0.53), X33 and X35 (0.49), X31 and X32 (0.48) and X36 (0.45).

Table 6. Influence, Loading Factor, and Trust Variable Construct Coefficient

No.	Distribution channel variables	Loading Factor	Coefficient of Constructs	Great Influence
1	X31: Profit sharing system	0.89	0.54	0.48
2	X32: Security guarantees	0.90	0.54	0.48
3	X33: Needs fulfillment and needs of customers	0.92	0.54	0.49
<b>4</b>	<b>X34: Reliable information</b>	<b>0.99</b>	<b>0.54</b>	<b>0.53</b>
5	X35: Information confidentiality	0.92	0.54	0.49
6	X36: Financial status	0.84	0.54	0.45

#### Indicator Contribution of Customer Retention Variable Former

The customer retention variable is measured by six indicators. The first indicator is greeting (Y11). The purpose of this indicator is to give greeting to customers from the bank in certain events. This indicator also has a loading factor value of 0.63 with a t-count value of 33.10. The second indicator is socialization (Y12) by having the loading factor value of 0.73 and the t-count value of 13.83.

The third indicator is the recommendation availability (Y13). The purpose of this indicator is the availability of customers to recommend friends, family, relatives and the people closest to use Sharia bank, especially using Aceh Sharia Bank. Inviting others to Sharia affiliation is a virtue rewarded in the sight of Allah as the hadith narrated by Imam Muslim which means "*whosoever lead to good, he shall be rewarded as the reward of the one who worked it.*" The hadith is also reinforced by the Qur'an in the letter of Ali Imron [3] verse 104 which means "*and let be among you a people who call upon the good, tell the ma'ruf and prevent from the evil. They're the lucky ones.*" This indicator has a loading value of 0.82 with a t-count value of 13.38. The fourth indicator is linked with an easy bank (Y14), meaning the customer is very easy to connect with the bank for transaction and other purposes either with ATM facilities or by contacting the bank through a call center. It will make the retention rate of customers to keep using Aceh Sharia Bank higher. This indicator has a loading factor value of 0.83 with a t-count value of 14.41.

The fifth indicator is positive testimony (Y15) meaning that customers will discuss positive things about Aceh Sharia Bank to their relatives, friends, or others. Believers are commanded to always say the good as commanded in the hadith narrated by Imam Bukhari and Muslim which means "*whoever believes in Allah and the Last Day, let him say good or silence.*" No single person or agency is perfect; they must have its shortcomings. We are forbidden to search for the ugliness of others then cursing it as described in the letter of Al-Hujurat [49] verse 12 which means "... *and do not search for evils of others, and do not swear at each other ...*" talking about the ugliness of other people or agencies a particular form of honor. It has a loading value of 0.67 with a t-count value of 13.34. The sixth indicators forming customer retention variable is already valid and significant in forming customer retention variable.

The last indicator is ease of access (Y16), meaning that ease of access to bank perceived by customers such as ease of customers in using ATM and also using mobile banking which has been provided by bank also will increase customer retention to Aceh Sharia Bank. This indicator has a loading value of 0.86 which is the most dominant variable indicator of customer retention variable with a t- count value of 14.55.

### Research Hypothesis Testing

The result of hypothesis testing shows that quality service, communication, and trust have a significant positive effect on customer retention of Aceh Sharia Bank as shown in Table 7. Trust has more dominant influence on customer retention with 0.54 loading factor value compared to communication and quality service with loading factor value of 0.31 and 0.21 respectively. *R-square* of 98% means the diversity of customer retention of Aceh Sharia Bank which can be explained by the model of 98%, while the remaining 2% is explained by other factors outside the model.

Table 7. Estimation Result of SEM Model

Variables	Standardized loading factor	t-count   > 1.96	Conclusion
Quality service → Customer retention	0.21	3.60 *	Significant
Communication → Customer retention	0.31	4.05 *	Significant
Trust → Customer retention	0.54	4.76 *	Significant

Description: \*) t-count value > t-table 1.96 means significant influence

### **Effect of Quality Service Variable on Customer Retention**

The result of influence test leads to the finding that the first hypothesis, that is quality service, has positive and significant effect to customer retention. It is proven by the coefficient of quality service line to customer retention of 0.21 with t-count of 3.60. It can be explained that the variable of quality service positively and significantly influences customer retention so that it accepts the first hypothesis stating that quality service quality positively and significantly influences customer retention so that it positively and significantly influences to customer retention.

Quality service itself has six indicators, namely products based on Islamic law, employee discipline, punctuality, quick service, employee friendliness, and transaction security. Transaction security is an indicator that contributes most strongly with the load factor value of 0.99. The security provided by the bank makes the customer comfortable in doing the transaction. The sense of security in the customer makes the relationship between customer and bank easier and can improve customer's decision and customers will remain using Aceh Sharia Bank for long period of time.

This analysis is also supported by the previous research that has been done by Caroline and Elizabeth (2014) which states that the variable of quality service has a significant effect on customer retention and also research from Agutze (2014) which obtains the same result that is the quality service of bank as an important prerequisite to satisfy and retain valuable customers. Superior service quality decreases the level of customers moving to other banks, improving customer loyalty, and improving word-of-mouth recommendations. It indicates that with the increasing quality of service conducted by Aceh Sharia Bank, and then the level of customer retention of bank will increase as well. The results of this study are also in line with Al-Ajmiet al. (2009) stating that quality service is a significant factor in banking selection, other reasons analyzed include the main impact of customer decisions, i.e. customer service quality is the most important factor, followed by the friendliness of bank staff, knowledge and competence of staff and social responsibility and comfort are also quite important.

### **Effect of Communication Variable on Customer Retention**

The result of the influence test leads to the finding that the second hypothesis of communication influences significantly to *online trust*. It is seen from the coefficient of the path of 0.31 with t-count of 4.05 and it can explain that communication variable affects positively and significantly customer retention. Hence, it is obtained that the results of the study accept the second hypothesis and state that the communication affects customer retention.

Communication variable consists of six indicators, namely information transparency, new product information, promotion, customer service orientation, ICT utilization, and free services. The strongest contributing indicator with the 0.94 loading factor value is information transparency. It means that banks provide information to customers clearly and transparently so that customers understand the information provided by banks, bank employees can also adjust the language used by customers so easy for customers to receive information provided by the bank. It is also supported by other indicators that trained bank employees have an impact on their ability and knowledge in providing services to customers with a loading factor value of 0.92.

The results of this study are in accordance with research conducted by Wanjiku (2013) which stipulates that effective pricing policy communication and flexible pricing for various services offered play the best role in customer retention. The results of this study are also in accordance with research conducted by Rootman et al. (2011) which reveals that communication is one of the key variables that have a strong positive relationship in customer retention in banking. The results are also in line with the research of Kuria (2010) which reveals that information communication technology (ICT) has increased customer retention and loyalty in banks and that (ICT) plays an important role in customer satisfaction. This analysis is also supported by previous research conducted by Muketha et al.(2016) who also use communication variable in their research. The research shows that the communication has a positive and significant effect on customer retention with using some indicators of communication variable i.e. the bank informs customers about new products/services, banks provide clear information, well trained and service-oriented human resources for customers, banks utilize ICT in transmitting information to customers, and banks offer free services to customers.

### **Effect of Trust Variable on Customer Retention**

Relation of trust variable (X2) and customer retention (Y) has t-count value > 1.96 that is 4.76 which means trust has positive and significant effect to customer retention variable. The results of this study are in accordance with the research conducted by Soimo *et al* (2015) which states that there is a significant relationship between trust with customer retention. Hence, it is obtained that the results of the study accept the third hypothesis and state that trust affects customer retention.

There are six indicators on the variable of trust, and which contributes most strongly with a factor value of 0.99 i.e. reliable information. Information related to loans provided by Aceh Sharia Bank in accordance with what is applied, therefore the customers easily believe in

information provided by Aceh Sharia Bank and will continue to use Aceh Sharia. In addition to these indicators, there are also five other indicators that share the same contribution of trust variable such as profit-sharing system provided by the bank to the customer in accordance with the contract, the guarantee of securing the money stored by the customer, the bank is able to meet the needs and desires of the customers when transacting, confidentiality bank information that can be trusted by the customer, and also the financial status of a healthy bank. Bank customers survive because bank employees pay close attention to high levels of trust as they serve them.

This analysis is in accordance with previous research conducted by Zulkifli (2012) which states that Relationship Marketing is an important component for company, especially for the banking world. It is shown from the results of research showing that Relationship Marketing consisting of trust variable has a significant influence on customer retention. In this context, the bank must always maintain and retain its marketing relationships. This effort can be done by maintaining commitment, trust, and relationship satisfaction with its customers. It needs to be done since the level of competition in the banking world is getting higher and moreover associated with the increasingly dynamic needs and desires of its customers are always growing every time. Customers may still remain as customers of Aceh Sharia Bank, but at other times, they may move to another bank, or reduce the volume of transactions. This study is also in line with Wanjiku's (2013) study which stipulates that firms operating in high-price competition-based environments should seek to build trust among their customers.

### **Discussion of Research Results in Islamic Perspective**

From the research that has been done, it shows that relationship marketing consisting of quality service (X1), communication (X2), and trust (X3) have positive relation and significant effect on dependent variable of customer retention (Y) of Aceh Sharia Bank in Banda Aceh City. Based on this research, Sharia bank as an institution that gives relationship marketing to its customers must pay attention to the deficiency that is still felt by the customer. This is done in order to improve customer retention in Sharia bank.

In conducting relationship marketing, it is not separated with the service which is one of the activities in the field of business. One of the characteristics of the Prophet in business is must be honest, which means always base the words, beliefs, and deeds on Islamic teachings. Therefore, Allah commands those who believe to always have the character of *shiddiq* and also demanded to create a *shiddiq* environment. In the business world, honesty can also be revealed in the form of sincerity and accuracy, both punctuality, promise, service, reporting, acknowledging the weaknesses and shortcomings that are then repaired continuously, and

keep away from lying and cheating. The aspect including lying information is advertisements in the written and electronic media. Businesses filled with lies and manipulations will not get mercy and blessings from Allah SWT (Kertajaya and Sula 2006).

In addition to doing honest, based on quality work, it is because a quality work is a job that is loved by Allah SWT. According to Tasmara (2002) that the supposedly Muslim and noble Muslim personality will make every action a quality service so that the people around him feel their peace, as in the hadith of Prophet Muhammad SAW narrated from Abdullah bin Amrra. That the Messenger of Allah had said *"a Muslim is a person who does not harm another Muslim with his tongue or both hands."* From the expression of hadith, then the performance of a person who provides services have good ethics does not hurt or cheat to others.

The next is to provide ease to those who are in difficulty. Helping customers who have difficulty in making transaction process in Sharia bank so that it makes it easy for all parties as in hadith of Prophet Muhammad SAW narrated from Annas bin Malik *"Make it easy do not you make difficult and tell the good news and do not you scare."* In creating the wishes and expectations of the customers, then the relationship marketing needs to be improved for the betterment. Islam only orders or advocates good work and beneficial to humanity, so that every job can provide added value and can raise the degree of human beings both individuals and groups. That verse is a message of faith that brings man to the orientation of value and quality. Standard work is a work that is beneficial to individuals and society, materially and morally spiritual. The benchmark is a Sharia message that is merely a mercy to mankind.

## MANAGERIAL IMPLICATION

Relationship Marketing is an important component for companies especially for the banking world. It is shown from the results of research using SEM method reveals that the Relationship Marketing consisting of *quality service, communication, and trust* variables have a significant effect on Customer Retention. Trust has the greatest effect on customer retention compared to the other two variables, namely quality service and communication. In this context, the bank must always maintain and retain relationship marketing. This effort can be done by maintaining the quality of service, communication, and trust with its customers. It needs to be done since the level of competition in the banking world is higher and moreover associated with the increasingly dynamic needs and desires of its customers which are always growing every time. The customer may currently still maintain himself as a customer of Aceh Sharia Bank, but at another time, the client may move to another bank, or reduce the volume of the transaction.

In quality service, to improve the overall customer retention, the bank's marketing manager must improve the encounter technology by always adjusting to the ever-evolving

technology by creating new systems or technologies such as customers can directly communicate or technical support chat with online bank employees if there are problems in the transaction process, and managers need to develop other new banking products in order to also be made transactions through internet banking. The factors of closeness with the customer (empathy) and good complaint handling become vital organs that must keep continually being noticed by the bank to know what the customer needs and with it will know where the exact location of quality that must be improved. Hence, it will make it easier for the bank to improve the product or service.

From the results of the study, it also shows that trust is very influential on customer retention. It means that the Aceh Sharia Bank can continue to monitor the variable of trust. It means that the banks need to pay attention to these variables seriously as a problem of trust that causes customers remain with the bank because the trust that customers remain loyal to the bank, especially considering the company's bank is actually the trust business.

The majority of Aceh Sharia Bank customers are employees of State-Owned Enterprises (BUMN)/Region-Owned Enterprises (BUMD) and civil servants, in which when measuring customer loyalty, it will get biased results. But in addition to the civil servants, Aceh Sharia Bank customers today are also many of the private sectors and students, as the respondents of this study. To achieve the expected performance targets, it is necessary to have strategic planning supported by relationship marketing that focuses on developing and maintaining long-term relationships with customers. The strategy should be able to realize the creation of customer retention through relationship made by improving the quality of service, harmonious communication, enhancing customer trust by continuously providing information in a transparent manner and always giving a sense of security when transacting, increasing satisfaction by always giving sincere attention the employee of Aceh Sharia Bank will be able to increase customer retention. Customer retention can be realized if Aceh Sharia Bank continuously learns to provide customers' needs and improve service quality so that customers can be satisfied with banking services from Aceh Sharia Bank. Thus, customer satisfaction is achieved so that it expected that they become loyal customers at Aceh Sharia Bank and retain at it.

## CONCLUSION

The results reveal that quality service, communication, and trust have a significant effect on customer retention of Aceh Sharia Bank in Banda Aceh City. Quality service has positive and significant effect on customer retention of Aceh Sharia Bank with loading factor value equal to 0.21. These results indicate that the better level of quality service provided by the bank to its customers will make the level of customer retention towards Aceh Sharia Bank higher.

Communication has a positive and a significant effect on customer retention of Aceh Sharia Bank in Banda Aceh with loading factor value of 0.31. These results indicate that the better communication provided by the bank to customers will keep customers using Aceh Sharia Bank, or the level of customer retention towards Aceh Sharia Bank is higher. Trust has a positive and significant effect on customer retention of Aceh Sharia Bank in Banda Aceh City. The value of loading factor is 0.54, in which it is the most influential variable to customer retention of Aceh Sharia Bank. These results indicate the better the trust formed in the eyes of the customers will make customer retention of Bank Aceh Sharia in Banda Aceh higher.

### LIMITATIONS OF THE STUDY

The study was only done in Aceh Sharia Bank with the sample of 150 people. Therefore, the obtained results may not be enough or representative. This study was done in 3 months from September 2017 until November 2017 because of the limitation of study time. The results of this study may be stronger in wider scope of study such as some banks in Banda Aceh City, Indonesia. The results may also be different with the findings of this study and add more useful information.

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