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## From Servicescape to Loyalty: How Muslim and Non-Muslim Customers Experience Islamic Banking through Strategic Experiential Modules (SEMs)

<sup>1</sup> Muhammad Mujahid Dakwah, <sup>2</sup> Faidal, <sup>3</sup> Mohammad Najib Roodhi

Universitas Mataram, Mataram, Indonesia

Universitas Trunojoyo, Madura, Indonesia

Universitas Mataram, Mataram, Indonesia

Article Info	Abstract
<p><b>Keywords:</b> Servicescape, Strategic Experiential Modules, Customer Satisfaction, Customer Loyalty, Islamic Banking.</p> <p><b>Paper type:</b> Research Paper</p> <p><b>*Corresponding author:</b> email: <a href="mailto:najib.roodhi@staff.unram.ac.id">najib.roodhi@staff.unram.ac.id</a></p>	<p><i>The growth of Islamic banking has continued steadily in Indonesia and globally, yet maintaining customer loyalty remains a persistent challenge amid increasing competition from conventional banks and fintech services. This study examines the mediating role of Strategic Experiential Modules (SEMs) in the relationship between servicescape elements such as ambient conditions, layout design, and signs and symbolic design, and customer satisfaction and loyalty in Islamic banking. Employing a comparative and explanatory approach, data were collected from 397 Muslim and non-Muslim customers of Islamic banks in Indonesia using purposive sampling, then analyzed using Partial Least Squares Structural Equation Modeling (PLS SEM). The results indicate that layout and symbolic design significantly influence SEMs, which in turn have a strong positive effect on customer satisfaction and loyalty. Satisfaction also acts as a significant predictor of loyalty. Notably, the SEMs framework proved effective across religious segments, affirming its relevance in both value driven and inclusive service contexts. The study underscores the need for Islamic banks to enhance physical design, symbolic cues, and emotional engagement to deliver more holistic and meaningful service experiences. These findings suggest that integrating experiential strategies with inclusive service principles is essential for building long term customer relationships in Islamic banking.</i></p>

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## BACKGROUND

The Islamic banking industry, both in Indonesia and globally, continues to demonstrate positive growth. According to the Financial Services Authority, the market share of Islamic banking in Indonesia has reached 7.12% of the total national banking industry and is projected to increase further in line with rising public preference for Islamic financial values (Nafisah & Nisa, 2024). On the other hand, the challenge of maintaining customer loyalty remains significant, especially amid intense competition from conventional banks and fintech institutions (Maherta & Vilantika, 2024). Alzahrani (2019) found that a holistic service experience plays a crucial role in shaping customer loyalty in Islamic banking.

Importantly, Islamic banking is not exclusively intended for Muslim customers. The core principles of Islamic economics emphasize justice and universal welfare, highlighting its inclusive nature. This aligns with the message of the Prophet Muhammad (PBUH), as stated in the Qur'an: "And We have not sent you, [O Muhammad], except as a mercy to the worlds" (Qur'an, Al-Anbiya: 107). This verse reinforces that Islamic teachings are meant to benefit all of humanity regardless of religion. Therefore, Islamic banks have the potential to attract customers from diverse backgrounds by upholding principles of transparency, fairness, and ethics.

This inclusive orientation is reflected in the diversity of Islamic banking products and services, including wadiah savings, murabaha and musharakah financing, and digital banking solutions that comply with sharia principles (Adhika, 2023). Albaity and Rahman (2021) emphasize the importance of service differentiation in attracting interfaith customers, while Saputra (2024) notes that the quality of customer experience in digital and front-office services is a key determinant of loyalty. The concept of inclusivity thus underscores the need for a systematic effort to create a comprehensive and meaningful customer experience in Islamic banking services (Andespa et al., 2024). Such experiences are shaped not only by functional interactions between customers and bank staff but also by the physical environment or servicescape, which forms an integral part of service perception (Bitner, 1992).

The servicescape framework introduced by Bitner (1992) serves as a foundational model for understanding how physical environments including ambient conditions, layout, and signage influence customer perceptions and behaviors. In the banking context, elements such as the comfort of waiting areas, teller arrangement, and Islamic symbols contribute to service image and impact customers' emotional and cognitive engagement.

However, relying solely on physical aspects of service may be insufficient to build long-term loyalty (Kartika et al., 2020). Recent developments have integrated this perspective with Schmitt's (1999) Strategic Experiential Modules (SEMs), which emphasize five experiential dimensions: sense, feel, think, act, and relate. SEMs provide a comprehensive framework for understanding how services not only fulfill functional

needs but also deliver meaningful experiences that drive emotional involvement and loyalty.

Although prior research has explored customer experience and loyalty within Islamic banking (Ali et al., 2016; Samad et al., 2022), several gaps remain. First, existing studies often examine direct relationships between service quality and loyalty without integrating servicescape and SEMs into a holistic experiential approach (Asghar et al., 2024; Kandampully et al., 2023; Tankovic & Benazic, 2018). Second, most studies focus predominantly on Muslim customers, despite the inclusive values of Islamic finance that invite exploration of non-Muslim customer perceptions an area that remains underrepresented in the literature (Ismail et al., 2024; Mbawuni & Nimako, 2018). Third, customer loyalty is frequently measured narrowly through repeat purchase intention, without considering its emotional, cognitive, and affective dimensions as recommended by Pan et al. (2012).

This study aims to bridge these gaps by examining the mediating role of SEMs in the relationship between servicescape and customer loyalty in Islamic banking, while also exploring how experiential perceptions differ between Muslim and non-Muslim customers. In doing so, the study contributes not only to theoretical enrichment of value-based experiential models but also to practical strategies for developing inclusive and sustainable Islamic banking services.

## LITERATUR REVIEW

### Customer Loyalty

Customer loyalty refers to the commitment to continue using a service and recommending it to others. Loyalty is not limited to behavioral aspects such as repeat purchases but also encompasses emotional attachment and trust (Ghorbanzadeh, 2021). In the Islamic banking industry, loyalty serves as a key strategic differentiator, particularly in maintaining long-term relationships with customers from diverse backgrounds. Therefore, a deep understanding of how loyalty is formed is essential for designing sustainable and competitive service strategies in Islamic banking.

### Ambient Servicescape

Ambient servicescape encompasses physical environmental elements such as lighting, temperature, cleanliness, scent, and music that collectively shape the emotional atmosphere perceived by customers (Bitner, 1992). These environmental cues influence customers' initial perceptions of service quality and contribute to a comprehensive sensory experience. A study by Baker et al. (2020) found that ambient elements have a strong impact on customer comfort and affective responses within service settings. In the context of Islamic banking, ambient elements that align with Islamic values—such as the use of Arabic calligraphy and Qur'anic recitation (murottal) can further enhance the spiritual dimension of the service experience.

**H1: Ambient Servicescape has a significant influence on Strategic Experiential Modules (SEMs).**

**Layout Design**

Layout design refers to the physical arrangement and spatial flow within a service institution, encompassing ease of access, facility placement, and customer navigation (Carpman & Grant, 2016; Värlander & Yakhlef, 2006). According to Ali et al. (2016), an efficient and functional layout not only enhances perceptions of professionalism but also reinforces the "act" dimension within Strategic Experiential Modules (SEMs), as it encourages customers to actively engage in the service process. In the context of Islamic banking, spatial layouts that consider gender privacy and compliance with sharia principles can significantly enhance customer comfort and trust (Alamad et al., 2021; ElMassah & Abou-El-Sood, 2022).

**H2: Layout Design has a significant influence on Strategic Experiential Modules (SEMs).**

**Signs and Symbolic Design**

Signs and symbolic design involve the use of symbols, colors, signage, and other visual elements that facilitate communication and reinforce brand identity (Mick, 1986). In the context of Islamic banking, the use of Islamic symbols such as Arabic calligraphy, halal certification marks, or Islamic architectural elements can strengthen the "relate" dimension of Strategic Experiential Modules (SEMs), as they connect customers to the values and social identities they uphold (Albaity & Rahman, 2021). A consistent symbolic design enhances the emotional meaning and perceived quality of the customer experience.

**H3: Signs and Symbolic Design has a significant influence on Strategic Experiential Modules (SEMs).**

**Strategic Experiential Modules (SEMs)**

Strategic Experiential Modules (SEMs) offer a strategic framework for creating customer experiences through five core dimensions: sense (sensory experience), feel (emotional), think (cognitive), act (behavioral), and relate (social identity) (Schmitt, 1999). In the context of Islamic banking, SEMs serve as a lens to understand how customers perceive added value from the services provided. A study by Srivastava and Kaul (2016) demonstrates that strong customer experiences shaped by SEMs directly contribute to increased satisfaction and loyalty.

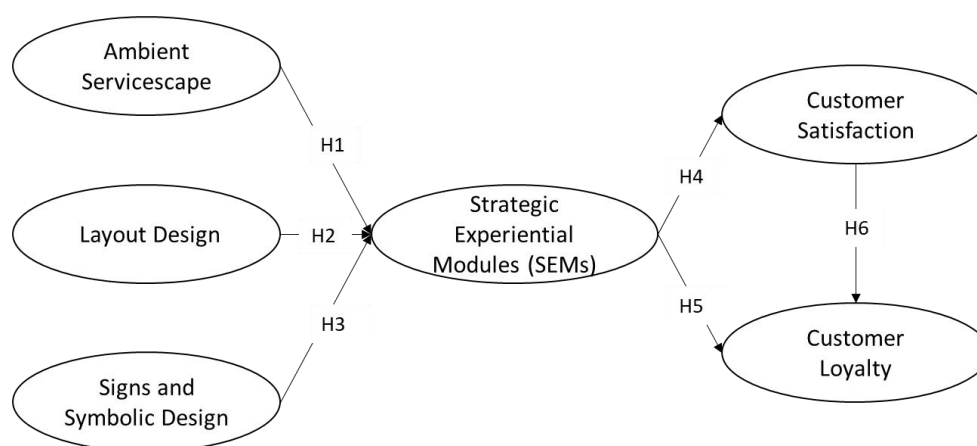
**H4: Strategic Experiential Modules (SEMs) have a significant influence on Customer Satisfaction.**

**H5: Strategic Experiential Modules (SEMs) have a significant influence on Customer Loyalty.**

## Customer Satisfaction

Customer satisfaction is an affective response to a service experience that meets or exceeds expectations (Almsalam, 2014). In the context of Islamic banking, satisfaction is also linked to the alignment of services with Islamic principles and values. Khan et al. (2022) emphasize that high levels of satisfaction strengthen long-term relationships between customers and institutions and serve as a critical mediating factor in the development of loyalty.

**H6: Customer Satisfaction has a significant influence on Customer Loyalty.**



**Figure 1 Research Model**

## METHODOLOGY

This study adopts an explanatory research design, aiming to identify and explain causal relationships among variables, particularly the mediating role of Strategic Experiential Modules (SEMs) in the relationship between servicescape and customer loyalty in the context of Islamic banking. An explanatory approach is appropriate for testing theoretical frameworks and understanding the direction and strength of associations among latent constructs. The sampling technique employed is purposive sampling, allowing for the deliberate selection of respondents based on predefined inclusion criteria relevant to the research objectives. These criteria include: (1) having used Islamic banking services for more than one year, (2) holding a minimum education level of a three-year diploma (D3), and (3) actively utilizing products and services offered by Islamic banks. The target population encompasses customers of major Islamic banks in Indonesia, namely Bank Syariah Indonesia (BSI), Bank Muamalat Indonesia, Bank Mega Syariah, and Bank Panin Dubai Syariah.

Data collection was conducted over a three-month period, from February to April, yielding 397 valid responses that met the inclusion criteria. This sample size is considered sufficient for the application of Structural Equation Modeling (SEM), particularly using the partial least squares approach (PLS-SEM), which typically

recommends at least 10 times the number of indicators for the most complex construct or a minimum of 200 observations for robust model estimation. The demographic composition of the sample includes 233 Muslim respondents (58.7%) and 164 non-Muslims (41.3%), facilitating comparative analysis between these two groups. In terms of age distribution, 72 respondents (18.1%) were under 25 years old, 183 (46.1%) were aged 26–35, 103 (25.9%) were aged 36–45, and 39 (9.8%) were above 45. Geographically, 116 respondents (29.2%) were from Western Indonesia, 212 (53.4%) from Central Indonesia, and 69 (17.4%) from Eastern Indonesia. Gender distribution included 167 males (42.1%) and 230 females (57.9%).

Data were analyzed using Structural Equation Modeling with the SmartPLS 3 software. The choice of PLS-SEM is justified by its capacity to estimate complex models with latent variables, accommodate both reflective and formative indicators, and operate effectively with non-normal data and moderate sample sizes. This approach is especially advantageous in exploratory and theory-building research such as the current study. Furthermore, Multi-Group Analysis (MGA) was employed to examine whether significant differences exist in the structural paths between Muslim and non-Muslim customers. This technique not only enhances the model's explanatory power across diverse groups but also provides nuanced insights into how experiential factors in Islamic banking may be perceived and evaluated differently across religious segments, thereby contributing to the discourse on inclusive financial service strategies. A summary of the data from the questionnaire distribution is shown in Table 1.

**Table 1. Overview of Questionnaire Results**

Variable	Code	Mean	Standard Deviation
Ambient Serviscape	ASS1	4.086	1.023
	ASS2	4.048	0.968
	ASS3	3.683	1.27
	ASS4	3.935	1.026
	ASS5	4	0.994
	ASS6	4.073	0.94
Layout Design	LD1	3.733	1.106
	LD2	3.851	0.942
	LD3	3.836	0.966
	LD4	3.95	0.844
	LD5	3.904	0.912
	LD6	3.977	0.91
	LD7	3.637	1.172
Sign & Symbolic Design	SSD1	4.106	0.754
	SSD2	4.181	0.736
	SSD3	4.139	0.712
	SSD4	4.139	0.789



	SSD5	4.222	0.711
	SSD6	4.131	0.733
	SSD7	4.212	0.714
Strategic Experiential Modules	SEMS1	4.058	0.818
	SEMS2	3.804	0.961
	SEMS3	4.048	0.809
	SEMS4	3.965	0.851
Customer Satisfaction	CS1	3.975	0.86
	CS2	4.003	0.805
	CS3	3.887	0.931
Customer Loyalty	CL1	3.935	0.878
	CL2	3.995	0.858
	CL3	4.103	0.85
	CL4	4.179	0.864

Source: Data processed by researchers (2025)

## RESULT AND DISCUSSION

After the data collection process was completed and all responses were screened for eligibility based on the predefined inclusion criteria, the next stage involved evaluating the measurement model through the assessment of outer loadings. This step was conducted using SmartPLS 3, which enables the estimation of relationships between observed indicators and their respective latent constructs. The process of outer loading evaluation, which serves to validate the reliability and convergent validity of the measurement model, is illustrated in Figure 2.

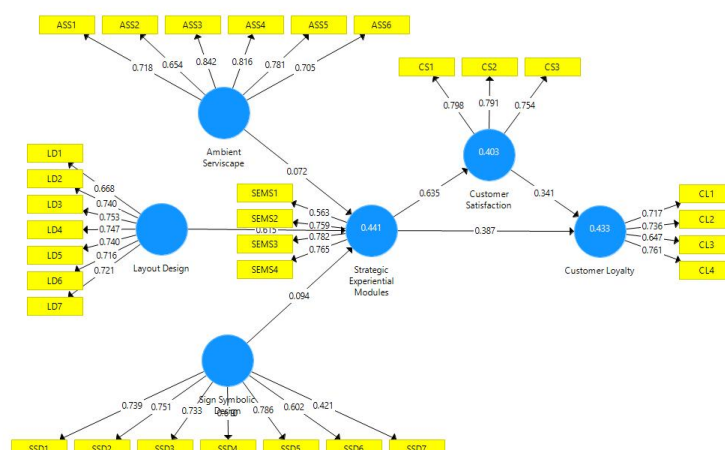
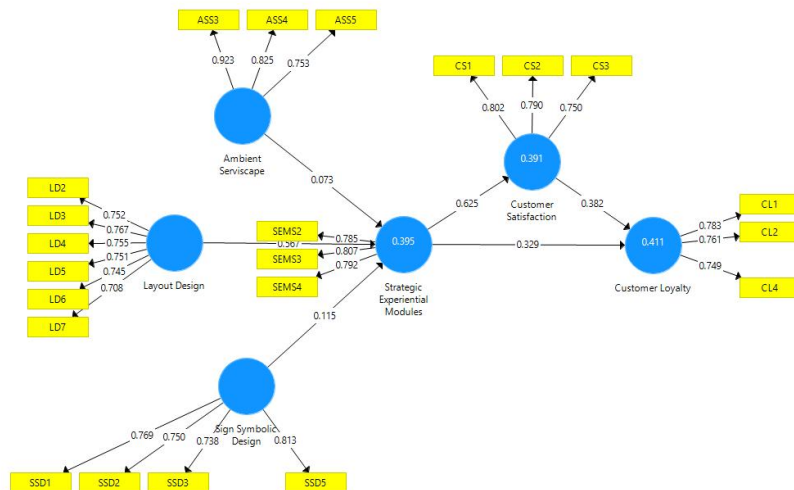


Figure 2. Initial Outer Loadings Test Results using SmartPLS

Based on the initial data analysis, several items were found to be invalid and were therefore excluded from the measurement model. These items include AAS1, AAS2,

AAS6, LD1, SSD4, SSD6, SSD7, SEMS1, and CL3. The revised model after item removal is presented in Figure 3.



**Figure 3. Revised Outer Loadings Results after Refinement using SmartPLS**

The detailed results of the validity and reliability assessment of the measurement model, following the refinement process, are presented in Table 2.

**Table 2. Construct Validity and Reliability Assessment**

Construct	Item	Loading Factor	Cronbach Alpha	CR	AVE
Ambient Serviscape	ASS3	0.923	0.805	0.874	0.7
	ASS4	0.825			
	ASS5	0.753			
Layout Design	LD2	0.752	0.841	0.883	0.558
	LD3	0.767			
	LD4	0.755			
	LD5	0.751			
	LD6	0.745			
	LD7	0.708			
Sign and Symbolic Design	SSD1	0.769	0.769	0.852	0.59
	SSD2	0.75			
	SSD3	0.738			
	SSD5	0.813			
Strategic Experiential Modules	SEMS2	0.785	0.708	0.837	0.631
	SEMS3	0.807			
	SEMS4	0.792			
Customer Satisfaction	CS1	0.802	0.681	0.824	0.61
	CS2	0.79			
	CS3	0.75			
Customer Loyalty	CL1	0.783	0.646	0.809	0.585
	CL2	0.761			



CL4 0.749

Source: Data processed by researchers (2025)

The results presented in Table 2 demonstrate that all constructs in the measurement model have met the thresholds for convergent validity and internal consistency reliability. All outer loading values exceed the minimum recommended value of 0.70, indicating that each item reliably represents its respective construct. Cronbach's Alpha and Composite Reliability (CR) values for all constructs are above 0.70, confirming acceptable internal consistency. Additionally, all Average Variance Extracted (AVE) values surpass the 0.50 threshold, indicating that each construct explains more than 50% of the variance of its indicators. These results collectively confirm that the measurement model demonstrates strong validity and reliability, supporting the adequacy of the constructs for further structural analysis.

Following the above assessments, discriminant validity was further examined using the Heterotrait-Monotrait Ratio (HTMT) criterion. As shown in Table 3, all HTMT values fall below the threshold of 0.90, indicating satisfactory discriminant validity. Therefore, the measurement model is considered acceptable, and the analysis can proceed to the next stage of structural model evaluation.

**Table 3. HTMT Output Results**

	Ambient Servicescape	Customer Loyalty	Customer Satisfaction	Layout Design	Sign and Symbolic Design	Strategic Experiential Modules
AAS						
CL	0.254					
CS	0.177	0.883				
LD	0.176	0.844	0.764			
SSD	0.079	0.46	0.365	0.386		
SEMs	0.196	0.84	0.89	0.79	0.397	

Source: Data processed by researchers (2025)

The final step of the analysis involves testing the structural model and evaluating the proposed hypotheses. This stage was carried out using Structural Equation Modeling (SEM) through SmartPLS. The overall results of the structural model estimation are illustrated in Figure 4 and summarized in Table 4, which represent the complete dataset combining all respondent groups. To gain deeper insights into group-specific differences, a Multi-Group Analysis (MGA) was conducted by dividing the sample into two groups: Muslim and non-Muslim respondents.

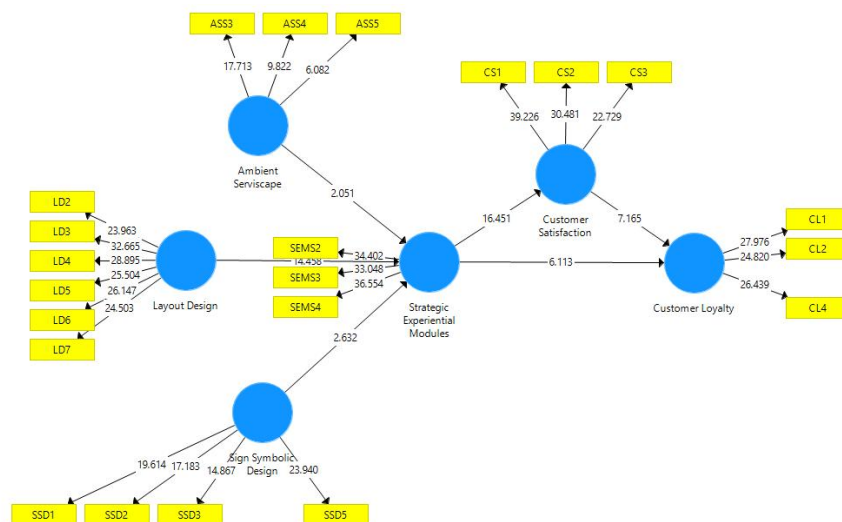
The results for the Muslim group are presented in Figure 5 and summarized in Table 5, while Figure 6 and Table 6 display the outcomes for the non-Muslim group. This approach allows for a comparative analysis to assess whether structural relationships among constructs differ significantly across religious groups. The interpretation and discussion of the findings are provided in accordance with the

sequence of the tested hypotheses, highlighting both the general patterns and the variations between the two groups.

**Table 4.** Path Coefficients Output Results (Complete)

Hypotheses	T Statistics	P Values
Ambient Serviscape -> Strategic Experiential Modules	2.004	0.046
Customer Satisfaction -> Customer Loyalty	7.429	0
Layout Design -> Strategic Experiential Modules	15.032	0
Sign and Symbolic Design -> Strategic Experiential Modules	2.715	0.007
Strategic Experiential Modules -> Customer Loyalty	6.431	0
Strategic Experiential Modules -> Customer Satisfaction	16.349	0

Source: Data processed by researchers (2025)



**Figure 4.** Path Coefficient Output Results (Complete)

**Table 5.** Path Coefficients Output Results (Complete)

Hypotheses	T Statistics	P Values
Ambient Serviscape -> Strategic Experiential Modules	0.774	0.439
Customer Satisfaction -> Customer Loyalty	5.7	0
Layout Design -> Strategic Experiential Modules	9.872	0
Sign and Symbolic Design -> Strategic Experiential Modules	1.275	0.203
Strategic Experiential Modules -> Customer Loyalty	3.821	0
Strategic Experiential Modules -> Customer Satisfaction	12.685	0

Source: Data processed by researchers (2025)

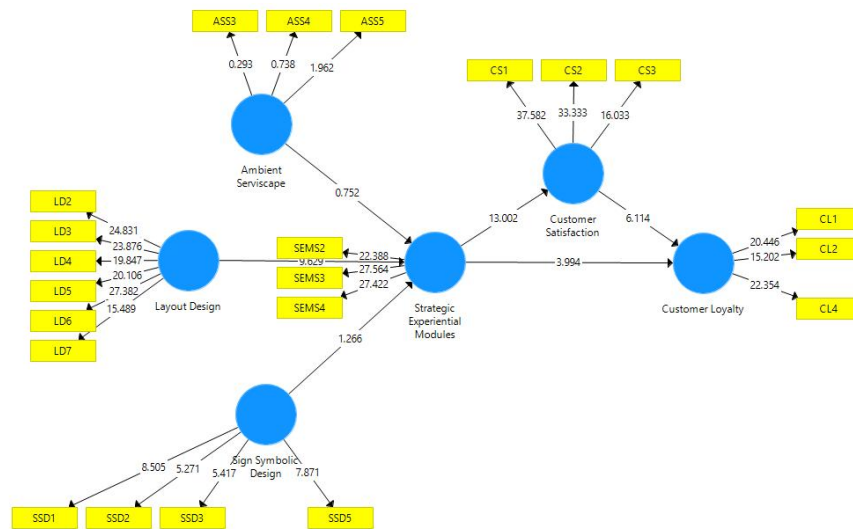


Figure 5. Path Coefficient Output Results (Muslim)

Table 6. Path Coefficients Output Results (Non-Muslim)

Hypotheses	T Statistics	P Values
Ambient Serviscape -> Strategic Experiential Modules	1.876	0.061
Customer Satisfaction -> Customer Loyalty	3.124	0.002
Layout Design -> Strategic Experiential Modules	9.284	0
Sign and Symbolic Design -> Strategic Experiential Modules	2.355	0.019
Strategic Experiential Modules -> Customer Loyalty	4.616	0
Strategic Experiential Modules -> Customer Satisfaction	9.743	0

Source: Data processed by researchers (2025)

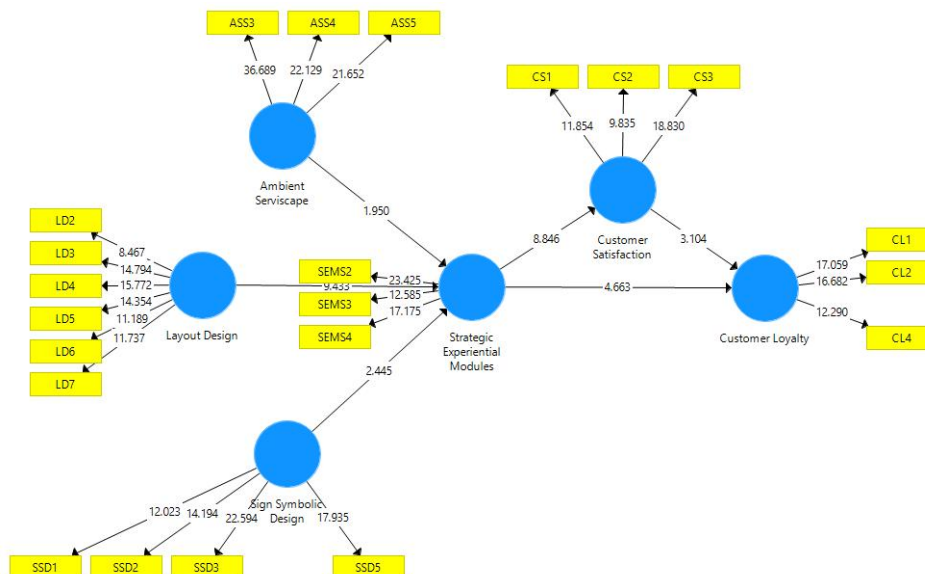


Figure 6. Path Coefficient Output Results (Non-Muslim)

**H1: Ambient Servicescape has a significant influence on Strategic Experiential Modules (SEMs).**

The hypothesis testing for the full sample (complete model) reveals that Ambient Servicescape has a significant effect on Strategic Experiential Modules (SEMs) with a t-value of 2.004 and a p-value of 0.046, as shown in Table 4. These values exceed the minimum threshold for statistical significance at the 5% level, thus confirming that the ambient elements of the physical environment positively influence customers' experiential perceptions in the context of Islamic banking. This finding reflects the crucial role of sensory and emotional atmospherics—such as lighting, scent, cleanliness, and soundscapes (e.g., Qur'anic recitations)—in enhancing the overall experiential engagement of customers. Given the spiritual and service-oriented nature of Islamic banks, the environment contributes not only to physical comfort but also to the reinforcement of Islamic values, which in turn deepens emotional and symbolic resonance with customers.

However, when analyzed through the lens of Muslim respondents only, the results indicate that the relationship is not statistically significant, with a t-value of 0.774 and a p-value of 0.439 (Table 5). This suggests that for Muslim customers, ambient elements may not substantially influence their experiential perceptions, possibly due to a stronger internalization of service expectations based on religious alignment rather than environmental cues. Muslim customers might perceive ambient servicescape as a baseline standard that aligns with the ethos of Islamic banking, thereby diminishing its relative weight in shaping experiential evaluations. Consequently, their focus may shift more toward service interactions, product alignment with sharia principles, or spiritual congruence rather than aesthetic or atmospheric factors.

In contrast, the non-Muslim group shows a marginally non-significant relationship between Ambient Servicescape and SEMs, with a t-value of 1.876 and a p-value of 0.061 (Table 6), which is just slightly above the conventional 0.05 threshold. This implies a potentially meaningful trend, suggesting that non-Muslim customers are more perceptive to the physical atmosphere when forming experiential judgments. As outsiders to the religious framework of Islamic banking, non-Muslims may rely more on visible and tangible elements of the service environment to assess the brand experience. The ambience likely acts as a substitute or symbolic reassurance of professionalism, inclusivity, and trustworthiness for those who do not share the religious background but seek ethical, transparent financial services.

These results are in line with Bitner's (1992) theory of servicescape, which posits that ambient conditions influence customer perceptions and behaviors through affective and cognitive mechanisms. Further, Baker et al. (2020) highlight that ambient cues play a pivotal role in service satisfaction, particularly in banking contexts where sensory and emotional comfort are key. However, the variation across groups also echoes findings by Ali et al. (2016) and ElMassah & Abou-El-Sood (2022), which emphasize the

moderating effect of religiosity on customer responses to service environments. In sum, while ambient servicescape does impact experiential perceptions overall, its effect is contingent on customer background—underscoring the importance of contextual sensitivity in designing Islamic banking experiences that are both spiritually resonant and universally welcoming.

## **H2: Layout Design has a significant influence on Strategic Experiential Modules (SEMs).**

The analysis of the full sample model (complete dataset) confirms that Layout Design has a significant positive influence on Strategic Experiential Modules (SEMs), with a t-statistic of 15.032 and a p-value of 0.000 (Table 4). This strong and statistically significant relationship indicates that the physical arrangement and spatial flow of Islamic banking environments greatly shape how customers perceive and experience the service. An efficient layout—such as clear navigation between service points, gender-sensitive spatial arrangements, and appropriate allocation of private consultation areas—enhances the "act" and "feel" dimensions of the SEMs framework. These spatial features contribute to a smoother service journey, reduce uncertainty, and create a sense of professionalism and inclusiveness, which are especially important in the service-driven context of Islamic financial institutions.

Within the Muslim respondent group, the relationship between layout design and SEMs remains robust and highly significant, with a t-value of 9.872 and a p-value of 0.000 (Table 5). This suggests that for Muslim customers, spatial layout is an essential factor in shaping their overall experiential impression. This could be attributed to their expectations for service settings that not only ensure comfort and functionality but also align with Islamic principles—such as privacy during transactions, separation of male and female service areas, or availability of prayer facilities. These spatial considerations reflect a service philosophy grounded in religious propriety and modesty, reinforcing a more meaningful and immersive customer experience.

The findings are also consistent for the non-Muslim group, with a t-statistic of 9.284 and a p-value of 0.000 (Table 6), indicating a similarly strong influence of layout design on experiential perceptions. For non-Muslim customers, a well-organized layout serves as a proxy for the institution's credibility, accessibility, and customer-centric orientation. As they may not interpret service encounters through a religious lens, physical layout becomes a salient indicator of professionalism and service quality. Clear pathways, prompt service counters, and coherent spatial organization help foster a sense of ease and efficiency, which translates into more favorable experiential outcomes within the SEMs framework.

These results are aligned with prior studies that underscore the importance of layout in service experience design. According to Bitner (1992) and Chang & Lin (2024), layout design significantly influences customer satisfaction by enhancing

physical comfort and facilitating service flow. Moreover, Ali et al. (2016) emphasize that an effective spatial arrangement stimulates customer participation, aligning with the “act” component of SEMs. In Islamic banking, where customer diversity is growing, the layout must function as both a culturally sensitive space for Muslim customers and an accessible, inclusive environment for non-Muslim customers. This dual function confirms the critical strategic role of layout design in delivering holistic service experiences that resonate across religious and cultural lines.

### **H3: Signs and Symbolic Design has a significant influence on Strategic Experiential Modules (SEMs).**

The results from the complete sample model show that Signs and Symbolic Design has a significant effect on Strategic Experiential Modules (SEMs), with a t-statistic of 2.715 and a p-value of 0.007 (Table 4). This supports the hypothesis that symbolic elements such as Islamic calligraphy, halal signage, visual motifs, and culturally resonant colors enhance customer experience by activating the “relate” and “feel” dimensions of SEMs. In Islamic banking, symbolic cues are more than decorative features; they function as cultural and religious signifiers that communicate brand values, ethical compliance, and spiritual alignment. These signs help customers, regardless of their background, to connect with the service environment at a deeper emotional and identity-based level, reinforcing the holistic experiential framework intended by SEMs.

Among Muslim respondents, however, the relationship between symbolic design and SEMs was not found to be statistically significant, with a t-statistic of 1.275 and a p-value of 0.203 (Table 5). This result suggests that Muslim customers may perceive symbolic elements as standard or expected features in Islamic financial institutions, and thus may not respond to them as distinct experiential enhancers. Since these visual and semiotic elements are closely tied to Islamic identity, Muslim customers may regard their presence as normative rather than exceptional, focusing more on service substance, ethical congruence, and religious alignment than on symbolic reinforcement. In other words, the signs and symbols reinforce familiarity rather than trigger novelty or emotional arousal in the experiential process.

Conversely, the impact of Signs and Symbolic Design on SEMs is significant among non-Muslim customers, with a t-value of 2.355 and a p-value of 0.019 (Table 6). For this group, symbolic cues in Islamic banking may serve as important indicators of institutional integrity, transparency, and differentiation. Since non-Muslims may not be fully attuned to the theological meanings of Islamic symbols, their experience is shaped more by how these symbols are interpreted as markers of authenticity, trustworthiness, or ethical banking practices. The presence of symbolic elements can foster a sense of cultural curiosity, inclusiveness, or even reassurance in engaging with a faith-based financial institution. Therefore, symbolic design plays a more pronounced experiential role among non-Muslims by reducing perceived distance and strengthening the



perceived value of the banking experience.

These findings are consistent with prior research that emphasizes the semiotic power of symbols in service environments. According to Mick (1986), signs and symbols in consumer settings influence meaning-making processes that shape emotional and cognitive evaluations. Similarly, Albaity and Rahman (2021) highlight that Islamic symbols positively impact customer perception and brand loyalty, particularly when the symbols reinforce trust and align with customer expectations. The divergent responses between Muslim and non-Muslim groups also align with ElMassah and Abou-El-Sood (2022), who found that religious background moderates customer reactions to service design elements in multicultural banking contexts. Overall, symbolic design is not merely aesthetic but is an experiential tool that carries differential impact depending on the cultural and religious standpoint of the customer.

#### **H4: Strategic Experiential Modules (SEMs) have a significant influence on Customer Satisfaction.**

The analysis of the complete model confirms that Strategic Experiential Modules (SEMs) have a significant positive impact on Customer Satisfaction, with a t-statistic of 16.349 and a p-value of 0.000 (Table 4). This result strongly supports the hypothesis that a well-designed experiential framework—encompassing sensory stimulation, emotional engagement, cognitive involvement, behavioral activation, and social connection—leads to higher levels of customer satisfaction in Islamic banking. These dimensions of SEMs enrich the service experience beyond mere transactional efficiency by creating meaningful and memorable interactions that resonate with customers' expectations. The integrated experience not only fulfills functional needs but also reinforces psychological comfort and trust, which are essential to satisfaction in high-involvement financial services.

For the Muslim customer group, SEMs also show a statistically significant influence on customer satisfaction, with a t-value of 12.685 and a p-value of 0.000 (Table 5). This affirms that Muslim customers positively respond to experiential components of service delivery, particularly when these experiences are aligned with Islamic values and ethical service standards. The spiritual and cultural familiarity embedded in SEMs—such as respectful staff interaction, Islamic ambiance, and transparent financial products—supports not only the “sense” and “feel” aspects, but also enhances the perception of sharia compliance, which is central to satisfaction among Muslim clients. Thus, satisfaction is driven not only by performance but also by the congruence between experience and religious values.

A similarly strong relationship is observed in the non-Muslim customer group, with a t-value of 9.743 and a p-value of 0.000 (Table 6), indicating that SEMs significantly impact satisfaction across diverse customer segments. For non-Muslim customers, who may not directly relate to the religious symbolism in Islamic banking,

satisfaction arises from the overall service quality, professionalism, and ethical business practices communicated through experiential elements. The “think” and “relate” components of SEMs are especially relevant in this group, as they reflect the institution’s competence, values, and inclusiveness. This underscores that well-designed experiential strategies are effective in meeting the expectations of both faith-aligned and non-faith-aligned customers, supporting Islamic banking’s inclusive vision.

These findings are consistent with the theoretical framework proposed by Schmitt (1999), who emphasized that strategic experiences enhance satisfaction by engaging customers holistically across emotional, cognitive, and behavioral domains. In the context of Islamic banking, Junaidi et al. (2022) and Osman et al. (2024) also found that experiential quality, when aligned with value-driven service principles, significantly predicts satisfaction. The confirmation of this hypothesis in both Muslim and non-Muslim groups strengthens the argument that SEMs serve as a universal driver of customer satisfaction, particularly when implemented with cultural sensitivity and a customer-centric mindset. Overall, this reinforces the practical importance of experience design in fostering sustainable satisfaction within ethically grounded financial services.

#### **H5: Strategic Experiential Modules (SEMs) have a significant influence on Customer Loyalty.**

The hypothesis testing for the complete model reveals that Strategic Experiential Modules (SEMs) significantly influence Customer Loyalty, with a t-statistic of 6.431 and a p-value of 0.000 (Table 4). This finding affirms that the quality and depth of experiential engagement—across dimensions such as sensory stimulation, emotional connection, cognitive engagement, behavioral activation, and social relevance—play a critical role in fostering customer loyalty within Islamic banking services. The SEMs framework offers more than functional value; it delivers immersive experiences that strengthen customer attachment and encourage continued patronage. In the context of Islamic banking, this loyalty stems not only from satisfaction but also from a deeper sense of alignment with the bank’s values, service ethics, and relational approach.

For the Muslim respondent group, SEMs also demonstrate a significant and positive effect on customer loyalty, with a t-statistic of 3.821 and a p-value of 0.000 (Table 5). This result highlights that Muslim customers tend to form stronger emotional and psychological bonds with Islamic banking institutions when their service experiences are consistent with Islamic principles. Elements such as ethical product transparency, spiritual ambiance, respectful staff behavior, and communal identity contribute to meaningful experiences that go beyond transactions. This deeper resonance with the customer’s religious values and social identity fosters a high level of trust and commitment, which are foundational to sustained loyalty in faith-based financial institutions.

The non-Muslim group also exhibits a statistically significant relationship between SEMs and customer loyalty, with a t-statistic of 4.616 and a p-value of 0.000

(Table 6). This suggests that even in the absence of religious affiliation, experiential value delivered through SEMs can effectively cultivate customer loyalty. For non-Muslim clients, loyalty may be driven more by perceived service excellence, innovation, transparency, and inclusivity embedded in the overall experience. Dimensions such as “think” and “relate” are particularly impactful in this group, as they communicate the bank’s professionalism and ethical positioning. These results demonstrate that loyalty in Islamic banking can be built through universally resonant experiences, regardless of religious background.

The findings are aligned with prior research emphasizing the experiential foundation of customer loyalty. According to Schmitt (1999), emotionally and cognitively engaging experiences create lasting impressions that influence repeat behavior and advocacy. In the context of Islamic financial services, Baker et al. (2020) and Ali et al. (2016) found that holistic service experiences contribute significantly to customer trust and loyalty across diverse consumer segments. Furthermore, Chen (2024) identified experiential satisfaction as a key mediator of loyalty, reinforcing the importance of meaningful service design. These results validate that SEMs function as a strategic lever not only for satisfaction but also for long-term relationship building in a competitive and value-sensitive industry.

#### **H6: Customer Satisfaction has a significant influence on Customer Loyalty.**

The results of the complete model analysis strongly support Hypothesis 6, indicating that Customer Satisfaction has a significant positive impact on Customer Loyalty, with a t-statistic of 7.429 and a p-value of 0.000 (Table 4). This finding confirms that satisfied customers are more likely to develop a long-term commitment to their banking institution, exhibit repeat usage behavior, and act as brand advocates. In the context of Islamic banking, satisfaction stems not only from the functional delivery of services but also from perceived fairness, ethical alignment, and spiritual resonance. These factors contribute to affective and attitudinal loyalty, reinforcing the idea that customer satisfaction is a key antecedent of loyalty, particularly in value-driven service environments.

For the Muslim customer segment, the relationship between satisfaction and loyalty is also statistically significant, with a t-value of 5.700 and a p-value of 0.000 (Table 5). This indicates that Muslim customers tend to remain loyal when their satisfaction is driven by services that align with their religious beliefs, ethical expectations, and socio-spiritual values. Elements such as adherence to sharia principles, Islamic service etiquette, and spiritual ambiance in banking experiences foster a strong sense of trust and emotional attachment. These experiential and value-based satisfactions translate into a higher likelihood of continued engagement, preference over conventional alternatives, and willingness to recommend the bank to others within the Muslim community.

The non-Muslim group likewise shows a significant relationship between satisfaction and loyalty, with a t-statistic of 3.124 and a p-value of 0.002 (Table 6). Although the underlying motivations may differ, the results suggest that non-Muslim customers are also inclined to maintain loyalty when they are satisfied with the overall service quality, ethical practices, and professionalism demonstrated by Islamic banks. For this group, satisfaction may be driven more by transparency, innovation, and inclusive customer service rather than religious affiliation. This highlights that Islamic banks are capable of attracting and retaining customers beyond their faith-based core, provided they deliver consistently excellent and ethically responsible service experiences.

These findings align with established theories in service marketing, including the expectation-confirmation theory and the attitude-behavior loyalty framework, which posit that satisfaction is a key driver of repeat behavior and long-term commitment. Prior research by Yusfiarto et al. (2023) similarly emphasized that satisfaction serves as a critical mediator in the development of loyalty within Islamic banking. The consistency of results across both Muslim and non-Muslim groups further reinforces the universal importance of satisfaction as a strategic priority. In summary, delivering meaningful, ethical, and high-quality service experiences is vital for sustaining customer loyalty across diverse religious and cultural segments in the Islamic financial services landscape.

## CONCLUSION

This study confirms the pivotal role of physical and symbolic elements within the servicescape in shaping customer experience in Islamic banking through the mediation of Strategic Experiential Modules or SEMs. Among the servicescape dimensions, layout design demonstrates the strongest influence on SEMs by facilitating efficient service flow and enhancing customer engagement. Signs and symbolic design also contribute significantly by reinforcing emotional and identity-based connections with the service environment. Although ambient elements exhibit a relatively modest effect overall, they still contribute to the sensory and spiritual dimensions of the customer experience. The integration of SEMs across sensory emotional cognitive behavioral and relational aspects proves to be a critical mechanism in enhancing customer satisfaction and ultimately building customer loyalty.

The findings further reveal that customer satisfaction plays a significant mediating role in strengthening the relationship between experiential engagement and loyalty. Both Muslim and non-Muslim customers respond positively to SEMs although with different emphasis. Muslim customers value congruence with Islamic principles and ethical service delivery while non-Muslim customers appreciate the professionalism inclusiveness and symbolic assurances conveyed through the experience. These results affirm the universal applicability of SEMs in driving satisfaction and loyalty across diverse customer profiles. The consistent influence of SEMs across religious groups

underscores the strategic value of experience-based service design in fostering sustainable customer relationships within Islamic financial institutions.

Based on these findings Islamic banks are advised to adopt an experience-centered approach in their service strategies by optimizing spatial arrangements embedding culturally meaningful symbols and enhancing sensory environments in line with sharia values. Emphasis should be placed on delivering experiences that are ethically grounded yet accessible and appealing to a broad customer base. Future research should consider expanding the scope of experiential analysis into digital banking platforms examining longitudinal impacts of SEMs on behavioral outcomes and conducting cross-national comparisons to deepen understanding of customer experience within varied Islamic banking ecosystems.

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