THE RELATIONSHIP BETWEEN ISLAMIC BUSINESS ETHICS AND CUSTOMER RETENTION: EVIDENCE FROM SHARIA BANK IN PONOROGO

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Abstract: Customer loyalty would lead to customer retention which in turn would lead to company profit. Sadly, the lack of customer awareness on sharia bank led them to the conclusion that Islamic bank is just the same with the conventional bank. Therefore, this paper is aimed to investigate the relationship between Islamic business ethics of Prophet Muhammad character on customer retention at sharia bank in Ponorogo. Moreover, the research on this field is still few to find. The method employs in this study is quantitative method with exploratory factor analysis (EFA) and multiple regression analysis. The respondent of this study is 129 from the customer of sharia bank in Ponorogo. The data was analysed through SPSS 20 tool. This study found that EFA result indicates that from 4 variables of hypotheses which is based from 4 praiseworthy attributes of the prophet namely, siddiq, tabligh, amanah, and fathanah emerged onto 3 variables namely siddiq, tablig, and fathanah due to amanah variable merged into sidiq variables. Meanwhile, regression analysis found that siddiq (X1), tabligh (X2), and fathanah (X3) partially and simultaneously influence the customer retention (Y). The influences of independent variables on dependent variable are about 65.1%. Further analysis in the future studies is

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suggested with additional variables such as religiosity or TPB and other variables. Moreover, structural equation modelling (SEM) analysis also suggested for future studies in order to achieve advance result.

Keywords: Islamic Business Ethics, Sharia Bank, Customer Retention.

INTRODUCTION

Islamic business ethics is a set of moral principles to distinguish good and bad things in business activities, both in terms of obtaining and utilizing their assets. In the teachings of Islam, every entrepreneur is recommended not solely aiming for the maximum profit, but aiming to seek pleasure and achieve blessings for the sustenance given by Allah SWT (Zamzam & Aravik, 2020, p. 8). Muhammad SAW as an entrepreneur is the best model in commercial practice. His success in business is influenced by his personality and behaviour in which he always applies ethical values in his activities. The business ethics adopted by the prophet Muhammad include: honesty, trustworthiness, proper weighing, avoiding the practice of gharar, not hoarding goods (Ihtikar), not doing al-ghabn, tadlis and mutual benefit (Fauzia, 2018, pp. 17–19).

No doubt, Islamic business ethic in every field of business can be measure through the 4 characteristic of the prophet namely, siddiq (honesty), amanah (trustworthy), tabligh (transparency), and fathanah (innovative) (Ghafur, 2018; Yahya, 2020; Hardiati, 2021). With respect to the Islamic business ethic, in the commercial bank the 4 characteristic of the prophet should be implemented in the staff or employee activity. It is aimed to gain the trust of the customer which is

bank is the trust agent in managing cash assets (Widhiyanto & Setyono, 2020, p. 205).

Shariah bank have equal role with the conventional bank in servicing the society for financial needs. Yet, shariah bank has its own characteristics that distinguish the conventional bank in mobilizing society fund with shariah principles (Kristiyana & Santoso, 2019, p. 145). For example the service of free usury in shariah bank that provided to the customer along with the product such as mudharabah, musharakah, ijarah, wakalah, and many more.

With respect to shariah bank, the application of Islamic business ethics is important to gain trust and loyalty of the customer (Hassan & Mollah, 2018, p. 46). Some studies review that Islamic business ethics has it impact on customer retention especially in commercial bank (Aslam et al., 2023). The study shows that Islamic business ethic through the indicators of the 4 characteristic of the prophet Muhammad positively impact to the customer retention (Adzkiya', 2018, p. 23).

No doubt, customer retention as well as customer loyalty would be achieved through many factors. For example customer trust (Sarwar et al., 2012, p. 34), brand image (Ricadonna et al., 2021, p. 323), relationship quality between company and customer (Idrees & Xinping, 2017, p. 221), price or fees (Lewis, 2006, p. 22), management effort (Simanjuntak et al., 2020, p. 173), and customer satisfaction (Ruiz Díaz, 2017, p. 85). In the case of sharia Bank, customer retention and customer loyalty would be achieved more than the factors mentioned. There are also religious aspect, Islamic character aspect, Islamic principles, and many more Islamic normative aspects that

probably affect to customer retention (Latifah, 2019, p. 98; Suhanda & Fahrullah, 2020, p. 58).

Meanwhile, Ponorogo, East Java, is one of province in Indonesia that Muslim is majority and has many Islamic Boarding school called Pesantren (Isbah, 2020, pp. 65–67). Moreover, there are plenty of higher education institution formed institute or university, private or state that has many students from various region of Indonesia. There is Sunan Giri Institute of Islamic Religion (INSURI), Merdeka University, Islamic State Institute of Ponorogo (IAIN), University of Muhammadiyah, Riyadlotul Mujhidin Islamic Institute, and University of Darussalam Gontor (Kristiyana & Santoso, 2019; Rizal et al., 2020).

Sadly, with many educational institutions from low to high level as well as Muslim majority in Ponorogo the customer of sharia banking is still lacking. The problem occurred due to the awareness of the society (Nugraha et al., 2019, 2021), the level of customer trust (Hoang, 2019, p. 729), strong competitor of conventional Banks and so on (Sofilda et al., 2022, p. 46; Suandi et al., 2022, p. 61).

It is affect to the development of sharia bank in Ponorogo which is showed slow level of development. It is evidenced by small number of sharia bank branch in Ponorogo. Currently, only 2 sharia bank branches in Ponorogo Muamalat and BSI. Therefore, it can be concluded that sharia banks are not the main choice of the public for financial transactions. Moreover, based on the Bank Indonesia Circular Letter Number .15/7/DPNP dated March 8, 2013, bank is allowed to opening a branch if has disbursed MSMEs loans 10%-20% at minimum from the total portfolios. Therefore, the number of sharia bank customer in Ponorogo that utilize sharia bank for MSMEs loans

are small which is contradict to blueprint expectation of Islamic banking development (Kristiyana & Santoso, 2019, p. 145).

Therefore, this study aims to seek the relationship between the Islamic ethic business which based from prophet Muhammad characters and the retention of the Islamic Bank customer at Ponorogo.

LITERATURE REVIEW

Islamic Business Ethics

Business ethics is a set of ethical principles that distinguish between good and bad, must, right, wrong, and so on. That is, business ethics is a set of principles and norms upheld by business people in transacting and behaving in business activities (Fauzia, 2018, p. 16). Meanwhile, Islamic business ethics is business behaviours based on Islamic morals and Islamic sharia values, which is behaviours that follows the commands of Allah and His Messenger and avoids from His prohibitions. No doubt that Islamic teaching has ruled human activity in the Qur'an; there are several verses of Qur'an that explain about business and ethics (Zamzam & Aravik, 2020, p. 10). Therefore, Islamic business ethics is an ethical doctrine based on the teachings of the Islamic religion contained in the Qur'an and the Sunnah of the Prophet Muhammad, in which there are noble values and commendable qualities.

The indicators of Islamic business ethics in this research is based from 4 characteristic of Prophet Muhammad. They are, siddiq is one of Muhammad character that means honesty due to the honesty of prophet as his basic ethic in his life. Amanah is one of Muhammad character that means trustworthy which is applied in his business activities.

Tabligh means able to communicate which mean Muhammad is excellent in explaining his product in business, fathanah means creative and innovative which Muhammad able to solve problems or in now days context able to innovate the product (Ghafur, 2018; Adzkiya', 2018, p. 23; Yahya, 2020; Hardiati, 2021, p. 517).

Customer Retention

Customer retention defined as a consumer's decision to persist or repurchase a particular product or service provider in the future (Ang & Buttle, 2006, p. 83). As a form of loyalty that related to behaviours it is measured by consumer buying behaviours which is indicated by the high frequency of consumers buying a product. The aim of customer retention is to assist the company in retaining as many customers as possible, to increase the income of the company, to reduce customer acquisition cost (Latifah, 2019, p. 111).

Customer retention also defined as customers' declared continuation of a business relationship with the firm. It is become to be primary goal in a company or firm that practice relationship marketing due to it yields in economic values (Ginn et al., 2010, p. 115). Thus, company uses to monitor its performance and guide improvement effort. In line to the significant value of customer retention on the company, the measurement of it is different in each company. Therefore, any company needs to define clearly their definition of customer retention and put in place operational measure of it to achieve their goal (Aspinall et al., 2001, p. 87). Meanwhile, according to Syaqirah and Faizurrahman (2014) the indicators of customer retention are, expectation to repurchase, recommend to others, and satisfaction.

Hypothesis Development and Research Framework

Based on the discussion on literature review above, some research has examined the relationship between the characteristic of Muhammad as business ethic and customer retention. The result shows that siddiq, amanah, tabligh, and fathanah have impacts on customer retention. It is due to siddiq is equal to honesty of the bank employee that proved would attract customer loyalty and lead to retention of them (Wakhidah, 2022). Furthermore, amanah equal to trustworthiness that positively significant affect to customer retention (Rahman & Shah, 2015). In addition, tabligh which is equal to communicative means able to deliver the product and handle compliment from the customer (Rosilawati & Amanullah, 2021). Last, fathanah that is equal to creative and innovative in banking industry which means the employee are able to create and innovate any invention to interest the customer retention (Pratiwi & Yusuf, 2021). Based on the relation above, the hypothesis of this study and the framework is pictured below:

H1: there is relationship between siddiq of sharia bank employee and customer retention

H2: there is relationship between amanah of sharia bank employee and customer retention

H3: there is relationship between tabligh of sharia bank employee and customer retention

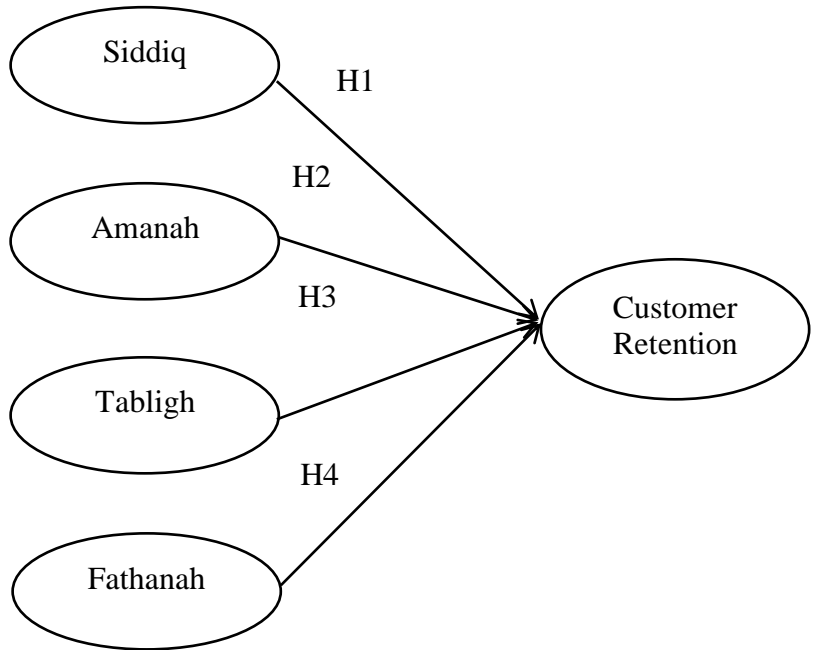H4: there is relationship between fathanah of sharia bank employee and customer retention

Figure 1. Research Framework

METHODS

This study is employs exploratory factor analysis (EFA) and regression analysis. EFA analysis is used to look into or search for a positive factor or indicator that appeared up in a set of questions with multiple variables (Susilo, 2020). In other words, EFA is used to determine the link between variables so that the results can be used for additional analysis in which the grouping variables are confirmed and to gauge the extent to which the data conform to the anticipated structure (Susilo et al., 2022). Meanwhile, regression analysis is used to seek the relationship between the extracted variables from EFA.

The data of this study obtained from the customer of Sharia Bank in Ponorogo through online questionnaire survey method. Due to randomize respondents from Sharia Bank in Ponorogo roscoe sampling methods was employed. The required sample size is number of question in questionnaire multiple by 5 or 10. In this research 25 question of questionnaire was deployed to the respondents which means it is expected to be returned about 100 (25x5). The return distributed questionnaire is 129 as data to be analysed (Arief & Susilo, 2019; Arief et al., 2021). The data was collected through simple random sampling through all Islamic Bank at Ponorogo based on the sample size. Simple random sampling was chosen due to avoid data bias. In addition, sample selection in random sampling is carried out randomly so that each member of the population has the same opportunity to be selected. This sampling technique is the simplest technique with a homogeneous population (Sugiyono, 2011).

Meanwhile, respondents of this study consists of 58.9% are male and 41.1% are female. Majority of respondents are in between 21-25 years old about 68.2% followed by 16-20 years old about 14.7%, above 30 years old about 12.4%, and 26-30 years old about 4.7%. Based on level of education, majority of respondents are graduated from high school around 48.8% and graduated from university is about 41.9%. Respectively, diploma and postgraduate is about 4.7% and 3.9%. Majority of the respondent are have a saving product from sharia bank which is about 93% with credit product about 3.9% and current account about 3.1% of respondents. Based on occupation, mostly the respondents are the undergraduate student which about 60.5% followed by private employee 21.7%, entrepreneur about 13.2% lecturer 3.1%

and government employee about 1.6%. Meanwhile, the favourite product of sharia bank by customer is saving which is about 90.7% of respondent use it while credit, current account, and virtual account respectively about 2.3%, 4.7% , and 2.3%. The summary of respondent profile presented as follow:

Table 4. Summary of profile respondents

Content	Frequency	Percentage
Gender		
Male	76	58.9%
Female	53	41.1%
Age		
Between 16-20	19	14.7%
Between 21-25	88	68.2%
Between 26-30	6	4.7%
Above 30	16	12.4%
Level of Education		
High School	63	48.8%
Undergraduate	54	41.9%
Diploma	6	4.7%
Postgraduate	5	3.9%
Occupation		
Government Employee	2	1.6%
Entrepreneur	17	13.2%
Private Employee	28	21.7%
Students	78	60.5%
Lecturer	4	3.1%
Current Bank Product Used		
Saving	120	93.0%
Current Account	4	3.1%
Credit	5	3.9%
Favourite Banking Product		
Saving	117	90.7%
Current Account	6	4.7%

Credit	3	2.3%
Virtual Account	3	2.3%
Total	**129**	**100%**

RESULT AND DISCUSSION

Before further analysis pilot study has been conduct to seek the validity and reliability of the question. The result of validity test shows that all questions are valid except question no 12. Therefore, to proceeds for further analysis those question need to be eliminated. The summary of validity as follow:

Table 1. Validity Test Results

Variable	Item	Validity Test Result	Notes
Siddiq (X1)	VAR00001	.822**	Accepted
	VAR00002	.721**	Accepted
	VAR00003	.876**	Accepted
	VAR00004	.691**	Accepted
	VAR00005	.758**	Accepted
Amanah (X2)	VAR00006	.669**	Accepted
	VAR00007	.722**	Accepted
	VAR00008	.706**	Accepted
	VAR00009	.886**	Accepted
	VAR00010	.835**	Accepted
Fathanah (X3)	VAR00011	.509*	Accepted
	VAR00013	.773**	Accepted
	VAR00014	.650**	Accepted
Tabligh (X4)	VAR00015	.871**	Accepted
	VAR00016	.584**	Accepted
	VAR00017	.622**	Accepted
	VAR00018	.818**	Accepted
	VAR00019	.662**	Accepted
Customer Retention (X4)	VAR00020	.681**	Accepted
	VAR00021	.512*	Accepted

	VAR00022	.608**	Accepted
	VAR00023	.842**	Accepted
	VAR00024	.817**	Accepted
	VAR00025	.849**	Accepted

Furthermore, after validity test shows the data was valid reliability test is necessary for further analysis. The result of reliability test as follow:

Table 2. Reliability Test Result

Reliability Statistics

Cronbach's Alpha	N of Items
.959	24

The result shows that the reliability data can be seen from the value of Cronbach's Alpha about 0.959 that above the minimum requirement 0.6 which means the data is reliable and able to proceed for further analysis.

After validity and reliability test, the question needs to reduce into variable factors for any further analysis. The data then tested with factor analysis using Exploratory Factor Analysis (EFA). EFA use to calculate the factor loadings and which question that actually emerged into expected variables. Therefore, identifying the relationship between extracted or emerged variables is able to use for several analysis (Susilo, 2020, p. 8). The result of EFA shows that the 24 factors are emerged into 4 variables which is 3 variables is independent while the rest of it is dependent variable. The emerged independent variables are siddiq (X1), fathnah (X2), and tabligh (X3) while dependent variable is customer retention (Y) means the previous expected amanah variable is eliminated. The result of EF is shown in the table follow:

Table 3. EFA Test Results for Emerged Variable Factors

Factors	Measurement Items	Factor Loading
Siddiq (X1)	Islamic banks guarantee that they are free from gharar	0.678
	Islamic banks always try to adjust to what has been promised to the customer	0.695
	Islamic banks serve customers with full honesty	0.824
	Islamic banks explain their products honestly	0.765
	Islamic banks do not do al-ghab (lie) or tadlis (cheat)	0.646
	Islamic banks attempts to be on time in carrying out their duties	0.621
	Islamic banks are always efficient in managing income resources	0.584
	Islamic banks always uphold the high mandate	0.574
Tabligh (X2)	Islamic banks never disappoint customers	0.585
	Islamic banks are always responsible and give best quality in their work	0.741
	Islamic banks always deliver easy language to the customers	0.853
	Sharia bank employees are good at socializing with customers	0.764
	Islamic banks are able to convince many customers	0.806
Fathanah (X3)	Islamic banks are always communicative and responsive	0.532
	Islamic banks always have the latest innovations every year	0.786
	Sharia bank employees have high creativity	0.76
	Islamic banking based on high wisdom	0.628
	Islamic banks are able to compete with other banks	0.796
	Islamic banks are able to work with stakeholders to be successful	0.703

	I will continue to use Islamic banking products	0.753
	I will offer my family and colleagues to save in an Islamic bank	0.777
Customer Retention (Y)	I believe Islamic banks always give the best	0.682
	I believe customers will be satisfied with the system from Islamic banks	0.659
	I believe Islamic banks satisfy the hearts of customers	0.57

After requirement for regression analysis has been completed, the data then analysed through 3 steps for regression. Partial test, simultaneous test, regression equation, and determinant coefficient test (R^2). Normality test also included before the hypotheses test as mentioned. The result of normality test is shown on the figure and table below:
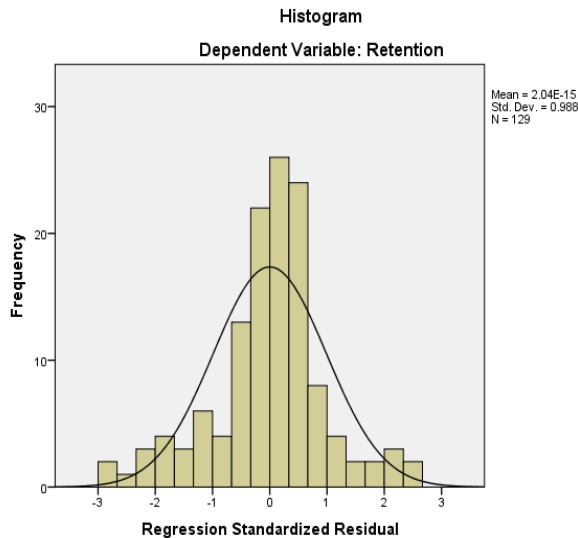

Figure 2. Histogram of normality test

Based on the figure above, it can be seen that the curve of histogram is bell shaped. Therefore, it can be conclude that the data is normally distributed and able to continue for further analysis. To

ensure the normality data, table below sum up the result of normality test through Monte Carlo test.

Table 5. Summary of normality test Monte Carlo

One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residual
N			129
Normal Parameters[a,b]	Mean		0E-7
	Std. Deviation		2.10217418
Most Extreme Differences	Absolute		.121
	Positive		.098
	Negative		-.121
Kolmogorov-Smirnov Z			1.376
Asymp. Sig. (2-tailed)			.045
Monte Carlo Sig. (2-tailed)	Sig.		.054[c]
	95% Confidence Interval	Lower Bound	.015
		Upper Bound	.093

a. Test distribution is Normal.
b. Calculated from data.
c. Based on 129 sampled tables with starting seed 2000000.

In order to reduce the false of normality test, Monte Carlo normality test is required and the result shows that the data normally distributed with confidence level 95% (error rate 5%). It can be seen through the 2 tailed significant level of Monte Carlo about 0.054 which is equal or above 0.05 means the data is normally distributed.

Meanwhile partially, the hypothesis test proof that siddiq, tabligh, and fathanah effects to customer retention. The result of partial test is shown on the table below:

Table 6. Hypotheses Partial Test

Coefficientsª

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.824	1.343		.614	.540
1 Siddiq	.272	.064	.398	4.284	.000
Tabligh	.233	.089	.220	2.612	.010
Fathanah	.233	.070	.269	3.317	.001

a. Dependent Variable: Retention

Based on the table above, partially siddiq (X1) variable have a positive significant impact on customer retention with significant level 0.000 which below than 0.05 while the t test result is 4.284 which greater than t table 1.979. Meanwhile, tabligh (X2) variable have a 0.010 level of significant which is below than 0.05 with the t test result 2.612 that greater than t table 1.979, means tabligh (X2) variable have a positive significant impact on customer retention. Moreover, fathanah (X3) variable show 0.001 significant level that below than 0.05 with the t test result 3.317 which is greater than 1.979 of t table, means fathanah (X3) variable also positively significant impacting to customer retention. Therefore, it can be conclude that all hypotheses variable is supported partially. On the same table, the constant value for dependent variable (Y) is 0.824 while coefficient value for siddiq variable is 0.272, coefficient value for tabligh and fathanah respectively is 0.233. Therefore, the regression equation also can be formulated as follow:

$$Y = 0.824 + 0.272 \ siddiq \ (X1) + 0.233 \ tabligh \ (X2) \\ + 0.233 \ fathanah \ (X3) + e$$

Based on the equation above, the constant value of Y variable is 0.824 means if there is no affection of any variable the value of Y is 0.824. Meanwhile, the constant value of siddiq (X1) variable is about 0.272 means if there is a change value of siddiq by 1 point, the Y variable (customer retention) would be affected or changed by 0.272. Moreover, the constant value of tabligh (X2) variable is about 0.233 means if there is a change value of fathanah by 1 point, the Y variable (customer retention) would be affected or changed by 0.233. Furthermore, the constant value of fathanah (X3) variable is about 0.233 means if there is a change value of fathanah by 1 point, the Y variable (customer retention) would be affected or changed by 0.233. Simultaneously, regression test result is based from ANOVA table which shows the relationship between siddiq (X1), tabligh (X2), fathanah (X3) on customer relationship at sharia bank in Ponorogo. The result is described in the table below:

Table 7. Simultaneous test of factors that impacting customer retention

ANOVAᵃ

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1055.157	3	351.719	77.725	.000ᵇ
lResidual	565.649	125	4.525		
Total	1620.806	128			

a. Dependent Variable: Retention
b. Predictors: (Constant), Fathanah, Tabligh, Siddiq

Based on the table above, the F test value is 77.725 which greater than F table that about 2.68 with significant level 0.000 which is below

than 0.05. Therefore, it can be conclude that simultaneously X1, X2, and X3 variables were influence the Y variable. Meanwhile, the quantity of the influence of independent variables on dependent variable is described on the table below:

Table 8. R Square coefficient determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.807[a]	.651	.643	2.12725

a. Predictors: (Constant), Fathanah, Tabligh, Siddiq
b. Dependent Variable: Retention

Based on the table above, R square value is about 0.651 means independent variables of this research which is siddiq, tabligh, and fathanah, influence or explains the dependent variable (customer retention) at sharia bank in Ponorogo about 65.1% while the rest of it which is about 34.9% is influence or explains by other variables excluded from this research.

Based on the data analysis, the result of EFA indicates that one of hypothesis should be eliminated due to merged variables. The hypotheses of this study is based from 4 variables of 4 praiseworthy attributes of the prophet namely, siddiq, amanah, tabligh, and fathonah. However, the result of EFA should eliminate the amanah variables due to it merging to other variables. Hence, the rest of variables namely, siddiq, tabligh, and fathonah remain and able to be investigated it relationship to customer retention. This result is a further analysis of the result by Susilo et al (2022) which exploring the determinants of Islamic business ethic on customer retention in Islamic Bank. The

result shows that the existing variable that able to be analysed to various analysis from Islamic business ethic are siddiq, tabligh, and fathanah.

Based on the data analysis, siddiq have positive significant impact on customer retention at sharia bank in Ponorogo. There is no doubt that honesty of the employee would built trust to the customer that in turn would lead to the loyalty of the costumer (Othman et al., 2020, p. 58) and indeed their retention to use banking product at sharia bank (Tabrani et al., 2018, p. 848; Mulia et al., 2021, p. 1123). The honesty of the sharia bank employee is one of the standards operational in sharia bank that is needs to be accountable and transparent (Masruki et al., 2020, p. 6954).

Several studies found that accountability of sharia bank and their transparency would affect to the customer trust. Indeed, the trust of customer to the sharia bank would build their loyalty and intention to retention. Nugraheni & Fauziah, (2019) found that transparency and accountability as corporate governance of Islamic financial institution would affect to customer satisfaction and customer loyalty. At the same line, Mahmudi & Prastmawati, (2020) found that accountability and transparency positively affect to customer loyalty.

Moreover, tabligh have positive significant effect on customer retention. Tabligh is related to customer services quality in sharia bank (Ab Hamid et al., 2021, p. 5) that found by researches affecting to customer satisfaction that in turn would affect to their retention to sharia bank. Suseno & Muthohar, (2018) examine the relationship between service quality, customer satisfaction, and customer loyalty and found that customer satisfaction influenced by service quality

while loyalty influenced both by service quality and costumer satisfaction. In the same line, Rusmahafi & Wulandari, (2020) investigated the relationship between brand image, service quality, and customer value on customer satisfaction. The result found that service quality and customer value significantly impact to customer satisfaction while brand image have no effect.

Furthermore, fathanah have positive significant effect on customer retention. Fathanah means the ability of the employee or bank to innovate the product of sharia bank whether saving product, funding product or any other services. Nafiah & Nugraha Pratama, (2021) examine the relation between costumer intimacy, promotion, Islamic brand image on customer satisfaction. The result shows that costumer intimacy and Islamic brand image as innovation of sharia bank have a positive significant impact on customer satisfaction while promotion did not have a positive impact on customer satisfaction that lead to customer retention. Meanwhile, Nurhidayati & Cahyani, (2021) investigate the factors that affect customer satisfaction and loyalty at BSI Ponorogo and found that easiness and service quality would affect to customer satisfaction and customer loyalty while customer satisfaction also directly affect to customer loyalty.

On the other hand, in the side of Islamic business ethics based on Muhammad peace be upon him characteristic this research was in line with Latifah, (2019) that investigate the relationship between Islamic business ethic of Muhammad on customer retention and company income and found that Islamic business ethic have a positive significant impact on customer retention and increment of income of the sharia bank. Moreover, Wakhidah, (2022) also examined Islamic

business ethic and found that Islamic business ethic have a positive significant impact partially and simultaneously to customer retention by 61.6%.

As a conclusion, the data analysis has been proofed that Islamic business ethics which based from the characters of the prophet Muhammad is able to applied in sharia bank and have a positive effect to the retention of the customer. Moreover, the application of Islamic business ethic is highly recommend by the customer that trust is established between sharia bank and the customer. Therefore, it is important for sharia bank to put in the Islamic business ethic as operational standard for their activity to keep the retention of the customer. In addition, to increase the loyalty of the customer as well as the retention of the customer, it is important to sharia bank realized that promotion or socialisation about financial literacy and financial inclusion is important. Sharia bank is able to cooperate with university that have concern with Islamic banks and awareness for their students to have financial inclusion (Nugraha et al., 2019, p. 161).

CONCLUSION

The result of EFA shows that the Islamic business ethic which is based from 4 praiseworthy attributes of the prophet namely siddiq, amanah, tabligh, and fathanah has been merged onto 3 variables only which is siddiq (X1), Tabligh (X2) and Fathanah (X3) which then analysed it relationship to customer retention in Islamic Bank at Ponorogo. The analysis data result shows that siddiq (X1), tabligh (X2), and fathanah (X3) have a positive relationship on customer retention. Partially, X1 have significant value around 0.000 that is

below than 0.05 while X2 have a significant value about 0.010 which below than 0.05 and X3 also have significant value about 0.000 that is below than 0.05 as well. Meanwhile, simultaneously all independent variables are affects the dependent variable with 0.000 level of significant and about 65.1% influences.

This study is limited only on 2 Islamic Banks at Ponorogo which probably need another size of sample from another bank. Accordingly, other variables such as religiosity, TAM theory or TPB theory also suggested to be utilized. Therefore, future research scheduled to be duse the suggested variables and another method of analysis such as SEM. Meanwhile, as an implication it is important for sharia bank to put in the Islamic business ethic as operational standard for their activity to keep the retention of the customer. Sharia bank is able to cooperate with university that have concern with Islamic banks and awareness for their students to have financial inclusion for decreasing the lack of sharia bank awareness.

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