



**Determinants of Switching Intention: Empirical Evidence  
from Sharia Bank Mergers in Indonesia**

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**Abstract**

This study examines the factors that affect customers switching intention after three state-owned Indonesian banks merge. The risk of losing customers in mergers and acquisitions (M&A) is very high because during the integration phase, management often focuses on internal issues, leaving aside important customer-related tasks. Therefore, a deeper understanding of the concept of M&A in the disciplines of marketing and consumer behavior is clearly needed for the benefit of academic knowledge and marketing practice. A total of one hundred and fifty respondents are selected using the quantitative method as sources of data collection. The questionnaires are distributed using a purposive sampling method in Surakarta, Indonesia. The software used for analysis is SEM-PLS. The results of this study state that inconvenience and religious motivation influence customer switching intentions. However, attitude and availability of suitable banks as a moderating variable did not influence customer switching intentions.

**Keywords:** Mergers, Switching Intention, Inconvenience, Attitude, Religious Motivation.

**Introduction**

Due to liberalization, deregulation and economic globalization, today the business world has to face competition both domestically and globally. Mergers and acquisitions are important strategic tools to achieve a long-term competitive advantage in today's business environment. LIN et al. (2013) define a

combination merger of two or more businesses in which only one company survives. Mergers occur when two or more companies decide to pool resources under the same entity (González-Torres et al., 2020). According to Farah (2017), mergers tend to make all parties involved stronger because they can increase bank efficiency through the diversification of income and revenue streams.

At the beginning of 2021, there are three Islamic banks under Badan Usaha Milik Negara (BUMN) that is Bank Syariah Mandiri, BRI Syariah, and BNI Syariah who merged to become Bnk Syariah Indonesia (BSI). This policy is in line with one of the Ekonomi dan Keuangan Syariah Indonesia (MEKSI) Masterplan for 2019-2024 to developing Sharia financial services. Bank Syariah Indonesia will be supported by 1,200 branches with 1,700 Automated Teller Machines and 2,000 employees. With this merger, there are several important stages that will have an impact on service to customers.

The majority of Indonesia's religion is Islam which makes up more than 87.2% of the existing population. This number is far greater than the composition of Middle Eastern countries, which are also the basis of Muslims in the world. This large population of Muslims is not followed by a high market share of Islamic banks. From the data available, the market share of Sharia in Indonesia is only under 7%. BSI was formed in order to strengthen and develop the national halal industry together with other Sharia institutions. Islamic bank itself is a banking system or banking activity that is in accordance with the principles of sharia and its practical application through the development of an Islamic economy (Belwal & Al Maqbal, 2019).

According to Weber et al. (2011), The results of the latest meta-analysis show that financial and strategic variables are not significant in explaining post-acquisition performance, so researchers should focus on non-financial factors. Bekier and Shelton (2002) reported that the risk of losing customers in mergers and acquisitions (M&A) is very high because during the integration phase, management often focuses on internal issues, leaving aside important customer-related tasks. Therefore, a deeper understanding of the concept of M&A in the disciplines of marketing and consumer behavior is clearly needed for the benefit of academic knowledge and marketing practice.

In addition, some of the banks that went through the process had challenges related to customer engagement and the presence of uncomfortable customers. When a bank is acquired, merged or consolidated, many things change; brand elements, organizational culture and policies, technology and systems, staff, and overall management (Clemes et al., 2007; Farah, 2017). All

these changes and their marketing communications will be translated and analyzed by consumers. These post-merger and acquisition changes will affect customers' intention to switch to another bank.

The right marketing strategy can minimize the negative consequences that occur from M&A activities, including customer switching or loss of customer loyalty. Previous studies have extensively investigated the switching behavior of retail bank customers (Clemes et al., 2007; Farah, 2017a; Toledo & Lopes, 2016). When a customer leaves a service or product provider for another, the incident can be referred to as a customer switching (Garland, 2002). Very little is found in the literature studying the intention to switch retail bank customers after consolidations, mergers, and acquisitions (Clemes et al., 2010; Farah, 2017a; Senanu, 2019), which makes it important to carry out this research. When a bank merger occurs, it is generally characterized by a lack of communication which can cause customers, in this case, customers to feel insecure and dissatisfied and therefore encouraged to switch to other financial institutions.

The results of the study state that inconvenience affects consumers' intention to switch (Colgate & Hedge, 2001; Keaveney, 1995; Narteh, 2013). Inconvenience, according to Colgate & Hedge (2001) and Gerrard & Cunningham (2004), can be classified as geographical inconvenience and time inconvenience. The merger will result in changes to the integrated banking operating system so the bank code and customer account number must be changed. In order for transactions in banking before the merger to continue, the customer is required to take care of this change at the bank after the merger. This can cause inconvenience to customers so that the intention to switch arises.

In a Muslim-majority country like Indonesia, religion influences customer preferences when choosing their banking service provider. Post-merger Islamic bank customers can choose to use Islamic banks or even switch to conventional banks. This can be influenced by their level of religious motivation. Mostafa & Ibrahim (2020) states that religious motivation has a positive relationship with switching intention, where customers will use a bank that is in accordance with their religious beliefs. Previous research by Saleh et al. (2017) also found that religiosity played a role in influencing customer intentions to switch from conventional banks to Islamic banks.

Attitudes have long been identified as constructs that cause intentions that ultimately lead to certain behaviors. The results of previous studies have found that attitudes affect customers' intentions to switch Islamic banks (Farah, 2017a). Attitude towards switching behavior refers to how customers evaluate their

willingness to choose a given alternative product or provider (Pookulangara et al., 2011).

This study intends to contribute to the literature in measuring the determinants of switching intention, namely inconvenience, religious motivation, and attitude, with the availability of suitable substitute banks as a mediator. Some of the existing literature reviews (Clemes et al., 2010; Farah, 2017a, 2017b) revealed that research on acquisitions, mergers, and switching behavior of retail bank customers is usually assumed to have a direct relationship, although there is a possibility that there are moderating variables that can influence this relationship. With the merger, customers will be attracted to competitive banks that are superior and have a more suitable service offer. It should be noted that research on switching behavior in retail banks, especially in Islamic banks is still rare, especially in the context of mergers and acquisitions (Clemes et al., 2010; Farah, 2017a; Narteh, 2013), so this research is important to do.

## **Literature Review**

### *Merger*

Mergers and Acquisitions (M&A) are increasingly popular in business practice, especially those that occur in the same industry. Krekel et al. in Harrison (2014) defines a merger as a situation in which all the merging companies give up their independence and work together to produce a joint corporation. In the financial services sector, the implications of acquisitions, mergers, and consolidations in this sector are the survival of the strongest, more efficient, and adequately capitalized industry. (Farah, 2017b). In the banking sector, mergers are intended to reap the benefits of economies of scale. Advances in information technology, financial deregulation, globalization of financial markets and real markets, financial difficulties, and increasing shareholder pressure for financial performance are also the main drivers of mergers. (Kumar 2012).

Types of mergers according to Arnold (2005); First is a horizontal merger, which is a combination of two companies with the same line of activities. The motives for this type of merger may be increased economies of scale and gains in market power. Second is a vertical merger, which is an agreement to merge two companies with different stages of the production chain. The motives for this type of merger are reduced uncertainty of supply outlets, reduced search costs, advertising contracts, and increased market power. And the last is a conglomerate merger, which is the merger of two companies operating in unrelated business

fields. The motive of the conglomerate is to achieve diversification to reduce risk, reduce costs and increase efficiency.

### *Bank Switching Intention*

Brand Switching is a phenomenon when consumers change preferences from one brand to another. Keaveney (1995) states that the service literature examines behavioral intention variables, such as "intention to switch" or "intention to re-subscribe," but in some studies, "intention to switch" is one of the composite items in the "behavioral intention" variable, so this can confound contribution of quality or satisfaction to switching services. Research from Keaveney (1995) refined by D'Alessandro et al., (2015) found that there are eight reasons for customer switching in the service industry that is pricing, inconvenience, core failure, service encounter failure, personnel reaction to a service failure, competitor attractiveness, ethical issues, and spontaneous switching. Switching has been shown to be a very complex behavior, with two- and three-way interactions among the above-mentioned variables leading to intensified consumer dissatisfaction and triggering switching behavior.

In the case of mergers, especially retail banks, the motivation and intention to switch becomes important to study (Farah, 2017b). This is because more and more companies operating in the money market are disturbed because this can affect the cost of getting new customers so that it can threaten the sustainability of financial institutions. Gerrard & Cunningham, (2004) has researched customer switching behavior in the banking industry and found ways to identify incidents that lead to customers switching between banks. These incidents are: inconvenience, service failure, pricing, unacceptable behavior, staff attitudes or knowledge, unintentional/rarely mentioned incidents and competitor interest.

### *Inconvenience*

Inconvenience is all important events where customers feel disappointed with unfavorable locations, working hours, waiting times, among others, by service providers. (Keaveney, 1995). After the merger, radical changes in cultural values, technology infrastructure and leadership styles will lead to a higher tendency for customers to switch because it creates a lot of inconvenience in using bank services. (Harrison, 2014). The services provided by the post-merger bank must be as promised and not worse than the pre-merger bank. Colgate & Hedge (2001) and Ghamry & Shamma, (2020) stated that poor service can create

inconvenience so as to encourage customers to switch banks. From the theory described above, the following hypotheses can be made:

H1a: inconvenience has a positive effect on customers' switching intention after a sharia bank mergers

### *Religious Motivation*

Religion plays an important role in a person's life because it can affect psychology, activities, and behavior (Amin et al., 2011). The literature identifies four different approaches to measuring religion, that is, religious affiliation, religious commitment and/or religiosity, religious motivation and/or orientation, and religious knowledge (Mostafa & Ibrahim, 2020). The terms "religiosity" and "Religion" are often used interchangeably to define the same concept, namely worship, devotion, and individual belief in God (Souiden & Rani, 2015). Religious motivation is the basis of religious orientation, which consists of two types, extrinsic and intrinsic (Allport & Ross, 1967). Extrinsically motivated individuals will "use" their religion, while extrinsically motivated individuals will "live" their religion.

In general, the preference of Muslim consumers is to use halal goods or services and avoid haram ones. In Islam, all types of interest are prohibited, so Muslims try to adhere to their religion, and therefore using Islamic banks is more acceptable as compared to conventional banks. Islamic banks position themselves as banks that operate using Islamic jurisprudence rules (Kaakeh et al., 2018). Islamic banks offer benefits based on risk instead of guaranteed bank interest.

According to Choi et al., (2013); Mostafa & Ibrahim, (2020) and Riptiono et al., (2020) stated that religious consumers may exhibit different switching behavior depending on their level of religiosity. When a Sharia bank merger occurs, customers who have high religious motivation will think again about switching banks after the merger. From the theory described above, the following hypotheses can be made:

H1b: religious motivation has a negative effect on customers' switching intention after a sharia bank mergers

### *Attitude*

When customers have a positive attitude towards a particular channel or service provider, they tend to choose it when they face the decision to buy a product. Therefore, when customers have an unfavorable attitude towards

switching, they are less likely to feel compelled to switch to another channel or service provider (Pookulangara et al., 2011). According to Ajzen (1991), Attitudes consist of various beliefs that affect a person's overall behavioral intentions. Attitude indicates a person's psychological tendency to evaluate the liking of a particular behavior.

In the more specific context of brand switching behavior, a person's attitude indicates the degree and manner in which customers will consider the behavior to be beneficial or detrimental. (Yadav et al., 2015). Attitudes stem from salient behavioral beliefs that reflect a person's perceived outcomes, and the desirability of the associated switching consequences (Ajzen, 1991). Research from Amin et al., (2011) states that the more positive a person's attitude is, the more likely it is that sharia financing will be used.

A person who holds a strong belief that a positive outcome is the outcome of a behavior will have a positive attitude towards that behavior and vice versa. Existing research has also suggested that attitudes towards switching intentions will influence switching decisions (Farah, 2017a, 2017b). Thus, if the customer has control over his ability to switch, then a positive attitude towards the switch will result in a strong intention to switch. However, if the customer has no control over their ability to switch, even with a positive attitude towards the switch, the chances of successful switching will decrease (Abdullah et al., 2016). Thus, the following hypothesis can be made.

H1c: attitude has a positive effect on customers' switching intention after a sharia bank mergers

#### *Availability of suitable substitute banks*

Several existing literature reviews (Clemes et al., 2010; Farah, 2017a; Gerrard & Cunningham, 2004) have examined the switching behavior of retail bank customers who carry out mergers and acquisitions using the assumption of a direct relationship even though there is the possibility of moderating variables. In the competitive Islamic banking industry in Indonesia, the public is faced with many offers with almost the same types of products through various communication channels. Apart from Islamic banks themselves, product offerings from conventional banks are also often given to Muslim consumers.

When a merger occurs, customers may be lured by attractive offers from other, more superior banks. Customers may switch because of good promotions from competitors or seek superior service. The operationalization of the availability of suitable substitute banks is the relative suitability of competitive

offerings to predictors of switching intention. A suitable substitute can mean a situation where the customer believes that after a merger and acquisition, the service and product offering of the alternative bank is better, similar, or worse than the current service provider or bank (Senanu, 2019). The suitability of alternative bank products and services with the customer's banking needs can affect the direction or magnitude of the relationship between the factors causing the intention to switch (inconvenience, service quality, religiosity, and attitude) to the intention to switch banks after the merger. A suitable substitute may mean a situation where the customer believes that following a merger, consolidation, or acquisition, the service and product offering of the alternative bank is better, similar, or worse than that of the current service provider or bank (Colgate & Hedge, 2001). However, if there is no substitute bank that matches the customer's wishes, they will remain committed to the bank resulting from the merger. Based on this assumption, this research hypothesizes that

H2: inconvenience has a positive effect on customers' intention after a sharia bank mergers

## Methods

This study uses quantitative methods that provide researchers with the opportunity to explain and evaluate the level of association or relationship between variables (J. F. Hair et al., 2014). Primary data was obtained by using a questionnaire containing the opinions or perceptions of customers of three Islamic banks before the merger (BNI Syariah, BRI Syariah, and Bank Syariah Mandiri) about the indicators of the variables studied using the survey method (Ferdinand, 2006). The population of this research is all elements that collectively have the same characteristics or phenomena that are of interest to researchers, in this case, are BNI Syariah, BRI Syariah dan Bank Syariah Mandiri bank customers before being merged into Bank Syariah Indonesia.

The sampling technique used was non-probability sampling, which is a sampling technique that does not provide equal opportunities or opportunities for each element or member of the population to be selected as a sample. The sampling technique used is purposive sampling where the respondents who are used as samples in this study are customers who have previously used BNI Syariah, BRI Syariah and Bank Mandiri Syariah in Surakarta and Semarang for at least one year. The sample size is 150 respondents.

The questionnaire in this study was developed based on a review of the literature in accordance with this study. All variables were measured using a 5-



point Likert scale, which was used to indicate the respondent's level of agreement or disagreement with the indicator statements below.

**Table 1 Variable and Indicators**

Variable	Indicators
<b>Switching Intention (Y)</b>	<ol style="list-style-type: none"> <li>1. Intend to defect to a suitable alternative bank after the merger</li> <li>2. Intend to have an account with a merged bank and other banks</li> <li>3. Intend to change bank to a more suitable one a year after the merger</li> <li>4. Intend to transfer all the money to an alternative bank (Senanu, 2019)</li> </ol>
<b>Inconvenience (X1)</b>	<ol style="list-style-type: none"> <li>1. Bank Operational Hours</li> <li>2. E-<i>banking</i></li> <li>3. Integration Process (Senanu, 2019)</li> </ol>
<b>Religious Motivation (X2)</b>	<ol style="list-style-type: none"> <li>1. The importance of Islamic motivation in choosing a bank</li> <li>2. Understanding of Islamic finance before using it</li> <li>3. Understanding of the mechanisms and contracts of Islamic finance (Murabahah, Ijarah dan Musyarakah) (Kaakeh et al., 2018)</li> </ol>
<b>Attitude (X3)</b>	<ol style="list-style-type: none"> <li>1. Islamic banks are good to use</li> <li>2. Islamic banks are preferred</li> <li>3. Islamic Bank are profitable</li> <li>4. Islamic Bank are Flexible</li> <li>5. Islamic banks implement a justice system (Amin et al., 2011; Lada et al., 2009a)</li> </ol>
<b>Availability of suitable substitute banks (Z)</b>	<ol style="list-style-type: none"> <li>1. Be aware of the products and services of substitute banks</li> <li>2. Substitute banks have more diverse products</li> <li>3. Lower substitute bank administration fees (Senanu, 2019)</li> </ol>

To examine the relationship between variables, the Structural Equation Model (SEM) approach was used because this method allows multivariate analysis techniques that combine factor analysis and path analysis. The relationship between independent and dependent variables can be tested simultaneously with existing indicators (Ghazali, 2018). The research hypothesis was tested using Partial Least Square (PLS) software, which is an appropriate

analytical method for exploration and theory development and is suitable for analyzing moderating effects. The primary data that has been collected will be analyzed into two parts, namely (1) assessing the Outer model by testing Convergent Validity, Discriminant Validity and Composite Reliability and (2) assessing the inner model or structural model.

## Result and Discussion

### *Descriptive Statistics*

In the section below, we will describe the data obtained from the respondents of this study. This descriptive data describes the profile or consistency of the respondents that need to be considered as additional information in understanding the research results. A total of 175 questionnaires were distributed to BNI Syariah, BRI Syariah, and Bank Mandiri Syariah in Semarang and Surakarta, and 150 of the questionnaires were returned.

**Table 2: Respondent Characteristics**

Demographics	Prosentage
<i>Bank Pre-Merger</i>	
Bank Syariah Mandiri	43.3
BRI Syariah	30.7
BNI Syariah	26
<i>Gender</i>	
Male	18.7
Female	81.3
<i>Age</i>	
Under 20 years old	44.7
21-30 years old	53.3
31-40 years old	1.3
41-50 years old	0.7
<i>Pre Merger Membership</i>	
1-2 years old	77.3
2-3 years old	15.3
4-5 years old	5.3
Over five years old	2.0

Sources: Researchers' Survey, 2021

### *Outer Loading Factor Results*

A loading factor value of 0.50 or more is considered to have a strong enough validation to explain the latent construct (J. Hair et al., 1998). The value of outer loading on the variables of inconvenience, religious motivation, attitude, availability of suitable substitute banks and switching intention can be seen in Table 3. According to Yamin & Kurniawan (2011) indicators that have a

loading factor value between 0.5 – 0.6 are acceptable.

**Tabel 3**  
**Outer Loading**

	Inconvenience (X1)	Religious Motivation (X2)	Attitude (X3)	Availability of suitable substitute banks (Z)	Switching Intention (Y)
X1.1	0.871				
X1.2	0.775				
X1.3	0.733				
X2.1		0.845			
X2.2		0.816			
X2.3		0.615			
X3.1			0.775		
X3.2			0.840		
X3.3			0.872		
X3.4			0.812		
X3.5			0.797		
Z1				0.724	
Z2				0.734	
Z3				0.884	
Y1					0.837
Y2					0.613
Y3					0.885
Y4					0.856

Sources : Research Result, run with *SmartPLS* 3.0, 2022

From the results of table 3, it can be seen that all research indicators have an outer loading value above 0.6 so they have a fairly strong validation. This research model can be seen in the following final path diagram image:

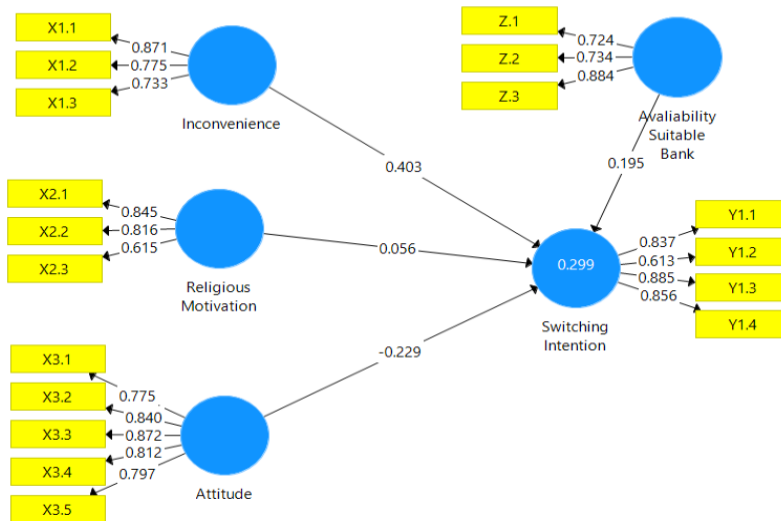


Figure 1: Path Diagram

Before starting the actual model analysis, the significance level of the conceptual model variables will be tested. The reliability of the instrument in this study was measured by two criteria, that is the value of composite reliability and Cronbach's alpha. The results can be seen in table 4 below

**Table 4**  
*Construct Reliability and Validity*

Variable	Cronbach	rho_A	Compos	Average Variance Extracted (AVE)
Inconvenience	0.701	0.806	0.826	0.615
Religious Motivation	0.878	0.883	0.911	0.672
Attitude	0.701	0.712	0.807	0.586
Availability suitable bank	0.714	0.765	0.837	0.632
Switching Intention	0.817	0.864	0.879	0.648

Sources : Research Result, run with *SmartPLS* 3.0, 2022

Table 4 shows that all research variables have composite reliability above 0.70 and Chronbach's alpha above 0.60. Thus, the indicators used in this research are said to be reliable. Meanwhile, to test the validity of using the average variance extracted (AVE) value with a limit value above 0.50. In table 3, it can be seen that all variables have an AVE value above 0.50. This means that all indicators and variables are declared valid.

A discriminant correlation test was conducted to see the correlation between the constructs with other constructs. If the value of the square root of the average AVE for each construct is greater than the correlation value between the construct and other constructs in the model, it can be concluded that the construct has a good level of validity.

**Table 5**  
**Discriminant Validity Value**

	<b>Inconvenienc e</b>	<b>Religious Motivatio n</b>	<b>Attitud e</b>	<b>Availabilit y suitable bank</b>	<b>Switchin g Intention</b>
<b>Inconvenienc e</b>	0.237				
<b>Religious Motivation</b>	0.307	0.82			
<b>Attitude</b>	0.251	0.681	0.766		
<b>Availability suitable bank</b>	0.237	-0.282	-0.143	0.795	
<b>Switching Intention</b>	0.235	-0.244	-0.108	0.505	0.805

*Sources: Research Result, run with SmartPLS 3.0, 2022*

In table 5 the comparison of the AVE root values shows that each of these values is greater than the correlation between other variables, so it can be concluded that all latent variables in the study have good construct validity and discriminant validity.

Structural model testing was conducted to see the relationship between the construct, significance value and R square of the research model. The R-square value can be used to assess the effect of certain independent variables on the dependent variable. The estimated value of R-square can be seen in Table 6 below.

**Tabel 6**  
**R-square Value**

	<i>R-Square</i>	<i>R-square Adjusted</i>
<b>Intention to Switch Banks</b>	0.316	0.282

Sources: Research Result, run with *SmartPLS* 3.0, 2022

Based on Table 6, it is known that the R-square value for the Bank Switching intention variable is 0.316 which can be interpreted that on average the factors causing the merger of Indonesian Islamic Banks used in this study explain around 31.6%. Whether or not a proposed hypothesis is accepted, it is necessary to test the hypothesis using the Bootstrapping function on SmartPLS 3.0. The hypothesis is accepted when the significance level is less than 0.05 or the t-value exceeds the critical value (Hair et al., 2014). The value of t statistics for a significance level of 5% is 1.96.

**Table 7**  
**Path Analysis Value**

Variable/ Construct	Original Sample (O)	Sample Mean	Standard Deviation	T Statistics	P Values	Result
Inconvenience → Intention	0.195	0.202	0.080	2.431	0.015	Accepted
Motivation → Intention	-0.229	-	0.102	2.246	0.025	Accepted
Attitude → Intention	0.056	0.023	0.095	0.597	0.551	Rejected

Sources: Research Result, run with *SmartPLS* 3.0, 2022

After basic testing has been carried out, moderation testing is carried out on the relationship between variables which in the direct influence test show significant results. The hypothesis that shows no influence, that is attitude to bank switching intention, is omitted in the moderation test.

**Table 8**  
**Moderation Effect Result**

Variable/ Construct	Original Sample (O)	Sample Mean	Standard Deviation	T Statistics	P Values	Result
<b>Availibility à Intention</b>	0.41	0.41	0.078	5227	0	Accepted

<b>Moderating Effect 1 à Inconvenience</b>	0.083	0.061	0.087	0.953	0.341	Rejected
<b>Moderating Effect 2 à Religious Motivation</b>	0.046	0.049	0.093	0.495	0.621	Rejected

Sources: Research Result, run with SmartPLS 3.0, 2022

From table 8 it can be seen that the relationship between the moderating variable, that is the availability of substitute banks and the dependent variable (switching intention) has a significant positive relationship ( $\beta = 0.410$ ,  $t$ -value = 5227,  $p$ -value = 0.000). Testing the interaction effect of the availability of substitute banks and inconvenience has a positive and insignificant relationship ( $\beta = 0.083$ ,  $t$ -value = 0.061,  $p$ -value = 0.341) with the intention to change banks after the merger. This indicates that the availability of a suitable substitute bank does not have a positive effect on the relationship between inconvenience and bank switching intention after the merger. At the same time, the results of the interaction effect of the availability of substitute banks and religious motivation have a positive and insignificant relationship ( $\beta = 0.046$ ,  $t$ -value = 0.495,  $p$ -value = 0.621) with the bank switching intention after the merger. This indicates that the availability of a suitable substitute banks does not have a positive effect on the relationship between religious motivation and bank switching intention after the merger. From these results, it can be seen that the type of moderation in the study is included in the Predictor Moderator type because the moderating variable, that is, the availability of substitute banks, only acts as an independent variable in the model formed.

The first objective of this study was to establish whether there is a significant relationship between the predictors of post-merger bank customer switching intention from the existing literature review (Abdullah et al., 2016; Colgate & Hedge, 2001; Farah, 2017a, 2017b; Ghamry & Shamma, 2020; Mostafa & Ibrahim, 2020). To test the hypotheses 1a, 1b, and 1c, which represent the variables of inconvenience, religious motivation, and attitudes, are tested and concluded, respectively.

From hypothesis 1a, it can be concluded that inconvenience has an effect on the intention to switch banks after the merger. Customer inconvenience arises because, after the merger, there was a change in the system and integration process, so the bank code and account number changed (Narteh, 2013). When

this integration process occurs, customers inevitably have to take care of these various changes to the nearest branch office so that their transactions run smoothly. Result from Farah (2017b) stated that as long as there are still comfortable bank branches resulting from the merger, it will not cause customers to switch.

The results of hypothesis 1b, that is religious motivation has a negative effect on the intention to switch banks after the merger is proven to be accepted. The decision to use a bank for Muslim customers is influenced by their religious motivation (Mostafa & Ibrahim, 2020). When their religious motivation is strong, they will look for service providers that match their beliefs. When there was a merger of 3 Islamic banks in Indonesia, they felt confident that they would still serve according to Islamic religious beliefs and values so that they would not cause customers to switch to other banks.

From hypothesis 1c, it is found that attitude has no effect on the intention to switch banks after the merger. The application of the Theory of Planned Behavior (TPB) implies that switching behavior is not only influenced by one's attitude towards changes in banking services but also on the merger situation faced. (Farah, 2017b). Customers from Bank Syariah Mandiri, BRI Syariah and BNI Syariah consider switching banks to be useless and have more negative impacts, so they prefer to stay. Merger information to bank customers prior to the merger is also obtained only through news and is not conveyed by the bank directly to its customers so that it does not affect their attitude. This is in accordance with the results of research from Thorbjørnsen & Dahlén (2011) which states that customer rejection attitudes will arise if they are not given information about the merger.

The second hypothesis that examines the moderating effect of the availability of suitable is not proven. This implies that customers already believe that after the merger by these three banks, the condition of the post-merger bank will remain the same and could even be better. This is also because the three Islamic banks that have merged are banks under Badan Usaha Milik Negara (BUMN). By continuing to use sharia principles accompanied by a larger capital and expansion of service coverage, the availability of substitute banks does not attract customers to switch to other banks.

## **Conclusion**

The results of this study are consistent with research from Abdullah et al. (2016); Ghamry & Shamma, (2020) and Mostafa & Ibrahim (2020). This study



found a significant relationship between discomfort and religious motivation on the intention to switch banks after the merger. Customer inconvenience arises because, after the merger, there was a change in the system and integration process, so the bank code and account number changed. When their religious motivation is strong, they will look for service providers that match their beliefs. When there was a merger of 3 Islamic banks, they felt confident that they would still serve according to Islamic religious beliefs and values so that they would not cause customers to switch to other banks.

Meanwhile, attitude proved to have no effect on the intention to switch banks after the merger. In addition, the availability of suitable substitute banks was also not proven as a mediator variable in the relationship between the predictor variables causing bank switching and the intention to switch banks after the merger. Customers from Bank Syariah Mandiri, BRI Syariah and BNI Syariah consider switching banks to be useless and have more negative impacts, so they prefer to stay. The unsupported moderator variable implies that customers already believe that after the merger by these three banks, the condition of the post-merger bank will remain the same and could even be better. This is also because the three Islamic banks that have merged are the banks under Badan Usaha Milik Negara (BUMN).

With the merger of 3 Islamic banks under BUMN, there is an opportunity to grow and expand the business by taking advantage of the existing economic scale and scope. The threat that arises from this merger process is the switch of customers to other banks so that some institutions have to focus on customer retention programs (Senanu, 2019). Communication to customers about the merger process must be carried out properly so as to assure them that the bank's service process will not be disrupted, and thus their intention to switch banks can be suppressed.

The sample used in this research is from the customer population in 2 cities in Central Java, that is Semarang and Surakarta, so it does not reflect the customer population of the three post-merger banks in Indonesia. Future research should consider the broader demographic so that the results of the factors that cause customers to intend to switch banks post-merger are more specific. The predictor variables for switching banks after the merger in this study were only discomfort, religious motivation and attitudes. In the next research should consider the use of Theory of Planned Behavior (TPB), such as research from Farah (2017a), for a further understanding of the behavior of switching bank customers after the merger. This study focuses on the perception of bank customers. Future research

can explore the perceptions of bank employees to get their views on why customers consider switching banks when a merger occurs. Perceptions of customers and employees can then be compared to deepen understanding of the Sharia switching banks behavior.

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