

# Determinants of Customer Migration with Strengthening Organizational Policies at STAIN Majene in West Sulawesi

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## ABSTRACT

This study aims to identify and analyze factors influencing customer migration behavior, namely customers who move from conventional banks to Islamic banks, by emphasizing the role of strengthening organizational policies as a moderating factor. This study was conducted in an environment State Islamic College, Majene, West Sulawesi, Indonesia, using a quantitative approach and data collection techniques through questionnaires using a purposive sampling method with certain criteria. The independent variables studied included Islamic financial literacy, Islamic banking products and services, and the influence of the employee environment. Data analysis was conducted using the SPSS Version 27 method. The results showed that only Islamic banking services variables had a significant influence on customer decisions to migrate to BSI. Meanwhile, Islamic financial literacy, Islamic banking products, and the employee environment did not have a significant influence. Strengthening organizational policies also failed to moderate the relationship between these variables and customer migration behavior. These findings indicate that perceived service quality is the main determinant in migration decisions, while institutional policies have not been able to provide a strong enough impetus. The implications of these results indicate that improving the quality of Islamic banking services is key to encouraging customer migration. On the other hand, the need for strengthening more strategic and implementable organizational policies within the campus environment to support the overall transformation of Islamic finance.

**Keywords**—Migrating Customers, Sharia Financial Literacy, Sharia Banking Products and Services, Organizational Policies.

## INTRODUCTION

The development of the Islamic banking industry in Indonesia has shown significant growth over the past few decades. As part of the national financial system, Islamic banking not only offers an alternative for those seeking Sharia-compliant financial services but also serves as a crucial pillar in supporting financial inclusion. However, despite its promising potential and growth, the penetration rate of Islamic banking remains relatively low compared to conventional banking. Research reveals that inclusion Islamic finance has a positive impact on economic growth across various sectors of Gross Domestic Product (GDP) in countries belonging to the Organization of Islamic

Cooperation (OIC). These findings suggest that by expanding Islamic banking networks and strengthening technological infrastructure, the potential for greater economic growth can be maximized (Ameziane & Massinissa, 2024). This raises questions about the factors that may encourage individuals to migrate from conventional banking to Islamic banking, particularly in academic settings such as STAIN Majene, West Sulawesi, Indonesia.

In academic circles, such as among the academic community of STAIN Majene, this phenomenon is also evident. Changes in banking service preferences among them can be influenced by financial literacy, the availability of Sharia-compliant products and services, and organizational policies that support the use of Sharia-compliant financial systems. Educational initiatives focused on Islamic banking and financial literacy are crucial, as they not only raise awareness but also encourage the adoption of Sharia-compliant financial

services among students (Ritonga et al., 2023).

The Theory of Planned Behavior (TPB) proposed by Ajzen (1991) serves as a relevant theoretical framework for understanding this customer migration phenomenon. TPB explains that individual behavior is influenced by three main factors: attitudes toward behavior, subjective norms, and perceived behavioral control. In the context of this research, Islamic financial literacy, Islamic banking products and services, and the employee or customer environment can influence an individual's attitudes and subjective norms toward the decision to switch to Islamic banking. Meanwhile, organizational policies act as moderating variables that can strengthen or weaken the relationship between these factors and migration intentions.

In addition to the TPB, Rogers' (2003) theory of innovation diffusion is also relevant in explaining the adoption of Islamic banking. This theory emphasizes that the adoption of an innovation, such as Islamic banking, is influenced by five key characteristics: relative advantage, compatibility, complexity, trialability, and observability. In this context, Islamic financial literacy can increase the perception of relative advantage and compatibility of Islamic banking, while innovative products and services can reduce complexity and increase trialability and observability.

Sharia financial literacy plays a crucial role in improving public understanding of the concepts, principles, and benefits of Islamic banking. A sufficient understanding of Islamic banking enables individuals to make more informed decisions when choosing financial services. Furthermore, the diversity of products and services offered by Islamic banks is a key attraction that can encourage customers to migrate. Innovative, competitive, and tailored products tailored to the needs of the community will enhance the competitiveness of Islamic banking amidst the dominance of conventional banking.

The employee or customer environment is also a crucial factor in the customer decision-making process. Interactions between customers who have used Islamic banking services and potential customers can create a positive network effect (Widayanti & Ipuk, 2023). Customers who have positive experiences and share those experiences with other potential customers can increase trust and interest in Islamic banking.

Organizational policies play a strategic role in influencing customers' decisions to switch to Islamic banking services. Supportive policies, such as establishing partnerships with Islamic banks, will provide opportunities for Islamic financial literacy, product offerings, and services, thereby encouraging customers to switch to Islamic banking when choosing Islamic banking products (Zulmi et al., 2024). Therefore, effective organizational policies that promote financial literacy and accessibility are crucial for encouraging customer adoption of Islamic banking services (Setiawan et al., 2021).

Conversely, misaligned or inadequately supportive policies significantly hinder customer migration to Islamic banking, as evidenced by various challenges identified in the literature. Lack of promotion for Islamic products and complex policies create barriers that deter potential customers, especially when conventional banks offer a broader range of products and services (Fattah et al., 2024). Meanwhile, competition from conventional banks that have begun to adopt Islamic principles is intensifying. This situation encourages Islamic banks to continuously innovate and diversify their products and services to maintain competitiveness in the market (Yanti et al., 2024). Limited awareness and understanding of Islamic banking in the community also contributes to slow market share growth, highlighting the need for transparent marketing strategies aligned with Islamic principles (Indah et al., 2024). Overall, addressing these factors is crucial to improve customer decision-making processes and foster a more supportive environment for Islamic banking adoption (Rofiqo et al., 2023). Therefore, organizational policies are seen as moderating variables that can maximize the impact of Islamic financial literacy, Islamic banking products and services, and employee environment on customer migration.

## **LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT**

### **Theory of Planned Behavior**

The theory of planned behavior is a social psychological theory that explains how a person's beliefs influence

their intentions and behavior. The theory of planned behavior is an extension of the theory of reasoned action (TRA), developed by Icek Ajzen and Martin Fishbein in 1980, adding a construct missing from the theory of reasoned action: perceived behavioral control. Theory of Planned Behavior is very relevant in explaining customer behavior, especially in the context of choosing banking services or products.

### **Diffusion of Innovation Theory**

The diffusion of innovation theory was proposed by E.M. Rogers in 1962. According to E.M. Rogers, the diffusion of innovation theory seeks to explain how financial innovations and ideas move across populations in a society through market or non-market channels, or simply through companies. In the context of customer migration, this theory is relevant because it can help explain the processes and factors that influence customer migration from one product, service, or system to a newer or more innovative alternative, such as from a conventional bank to an Islamic bank.

### **Sharia Financial Literacy**

Sharia financial literacy is an individual's understanding of the basic concepts of Islamic finance, encompassing the fundamental principles that distinguish the Islamic financial system from conventional financial systems (Gheeraert et al., 2018). These principles include the prohibition of *riba* (interest), *gharar* (uncertainty), and *maysir* (gambling), all of which are forbidden in Islam (Mallin et al., 2014). Indicators that can be used to measure Islamic financial literacy include knowledge, understanding, application, and attitude.

### **Sharia Banking Products**

According to Triyanta, Islamic banking products are products and services provided by financial institutions that operate in accordance with the principles of Sharia, or Islamic law. These principles include the prohibition of *riba* (interest), *gharar* (uncertainty), and *maysir* (gambling) (Triyanta, 2016). Indicators that can be used to measure Islamic banking products include product type, Sharia compliance, usefulness, and innovation.

### **Islamic Banking Services**

Sharia banking services are all forms of services provided by Islamic banks to customers to meet their financial needs while adhering to Islamic sharia principles. These principles include the prohibition of *riba* (interest), *gharar* (uncertainty), and *maysir* (gambling) (Triyanta, 2016). Indicators that can be used to measure Sharia banking services include service quality, accessibility, and customer satisfaction.

### **Employee Environment**

The employee environment, in this case, refers to external factors that influence customer perceptions, preferences, and decisions regarding the use of Islamic banking products and services. A positive work environment, encompassing social support, cultural norms, and collective perspectives, improves employee performance and satisfaction, which are crucial for effective decision-making in financial services (Fatur et al., 2024). Indicators that can be used to measure the customer environment include family influence, the influence of friends or colleagues, the organizational work environment, and local cultural factors.

### **Migrating Customer**

Customer migration refers to the phenomenon of customers moving from one service provider to another. In the banking context, according to customer churn theory, customer migration can occur due to service dissatisfaction, the attraction of superior products, or external influences, such as financial literacy and social environment (Zeithaml et al., (1996). Indicators that can be used to measure customer migration include trust, motivation, consequences, and post-migration satisfaction.

## **Organizational Policy**

Organizational policy is a set of guidelines, rules, and procedures established by an organization to guide actions and decisions in achieving specific goals and objectives. In the context of Islamic finance, organizational policy includes guidelines that ensure that all financial activities comply with Islamic principles, including the prohibitions against *riba* (usury), *gharar* (gharar), and *maysir* (maysir) (Dye et al., 2000). Indicators that can be used to measure organizational policy include managerial support, information availability, facilities, and ease of migration.

### **Sharia financial literacy and migrating customers**

Sharia financial literacy plays a significant role in influencing customer migration, as a better understanding of Islamic banking principles and products can encourage customers to switch from conventional to Islamic banks. Research conducted by Harandra et al. (2024) shows that a deeper understanding of Islamic financial literacy has a significant impact on customer preferences in choosing Sharia-based products. This is also supported by Widya, Yulia, and Selasi, who in their article stated that good financial literacy can significantly encourage individuals to engage with Islamic financial services such as Islamic investments. Considering these research findings, the following hypotheses are proposed:

H1: Sharia financial literacy has a positive effect on migrating customers.

### **Sharia banking products and migrating customers**

Sharia banking products significantly influence customer migration from conventional banks to Sharia-compliant banks due to their adherence to Sharia principles, transparency, and competitive pricing. Research conducted by Julianto et al. (2024) shows that Sharia product innovation significantly increases customer satisfaction. This not only strengthens the competitiveness of Sharia banks but also encourages customer migration to Sharia-based banking systems. Therefore, based on these research findings, the following hypotheses are proposed:

H2: Sharia banking products have a positive effect on migrating customers.

### **Sharia banking services and migrating customers**

Service quality and transaction security play a crucial role in increasing customer satisfaction in Islamic banking, ultimately building loyalty and encouraging customers to switch to banks that adhere to Islamic principles. Research conducted by Lestari and Majiatun (2024) revealed that service and product quality significantly influence customer satisfaction, with aspects such as speed and professionalism of service showing a significant influence in determining the level of satisfaction. Therefore, Based on the description above, the hypothesis we propose is:

H3: Sharia banking services have a positive effect on migrating customers.

### **Employee Environment and migrating customers**

The employee environment, in this case as customers, has a positive and significant influence on migrating customers, because social support such as from family, friends, and the community can shape positive perceptions of Islamic banking services. As evidenced by Yuliani and Ansori (2024) in their study which showed that social influence significantly impacts the decision to save in Islamic banks among Generation Z Muslims, this confirms that a positive social environment can increase confidence in migrating to Islamic banking services, while negative influences can raise doubts and thus hinder the migration process. Based on the description above, the hypothesis we propose is:

H4: Employee environment has a positive and significant influence on migrating customers.

## **Organizational Policy and Islamic Financial Literacy.**

Organizational policies moderate the relationship between Islamic financial literacy and migrating customers, where supportive policies, such as managerial support in terms of opening up space for the socialization and promotion of Islamic products, and easy access to services, can strengthen the influence of Islamic financial literacy on customers' decisions to switch to Islamic banking. For example, research conducted by Yati in 2004 emphasized the importance of Islamic financial socialization and education in increasing public interest in Islamic banking services. This research shows that effective educational strategies can increase understanding and trust, potentially influencing customers to migrate from conventional banks to Islamic banks. Based on this description, the proposed hypothesis is:

H5: Organizational policy moderates the influence of Islamic financial literacy on migrating customers.

## **Organizational policies and Islamic Banking Products**

Organizational policies moderate the relationship between Islamic banking products and customer migration. Supportive policies, such as product diversification programs, can strengthen customers' decisions to switch from conventional to Islamic banks. Appropriate policies will facilitate access and product choices for customers, which in turn can encourage increased customer migration.

In a study conducted by Dahmiri in 2020, it was revealed that Islamic banking products and principles significantly influence customer perceptions, which in turn impact the decision to switch. Based on the description of several studies above concerning Islamic banking products, the conclusion is that the hypothesis is:

H6: Organizational policies moderate the influence of Islamic banking products and services on migrating customers.

## **Organizational policies and services of Islamic Banking**

Organizational policies play a moderating role in the relationship between Islamic banking services and customer migration decisions. Research conducted by Barata and Napitupulu (2019) shows that integrating corporate culture and Islamic values into the delivery of banking services can build trust and emotional attachment. This ultimately encourages customers to migrate from conventional banks to Islamic banks. Based on the research description above concerning Islamic banking services and organizational policies, the following hypotheses are concluded:

H7: Organizational policies moderate the influence of Islamic banking services on migrating customers.

## **Organizational policies and employee environment**

Organizational policies significantly moderate the relationship between the employee environment, specifically customers, and customer migration to Islamic banking by creating a framework that encourages understanding, support, and acceptance of Islamic banking principles. Research conducted by Khan, for example, shows that high service quality and customer engagement are crucial for fostering loyalty to Islamic banking. Policies that support and align with customer expectations can increase customer attraction and satisfaction, thus influencing loyalty and the decision to migrate. Thus, organizations that foster a culture that values Islamic principles can effectively encourage the transition to a Sharia-compliant banking system. Therefore, it can be tentatively concluded that:

H8: Organizational policies moderate the influence of employee environment on migrating customers.

## **RESEARCH METHOD**

This research is a type of quantitative associative research that examines the relationship between two or more variables by involving numerical and statistical data analysis with an explanatory research approach to explain

the position of the variables studied as well as the relationship and influence between variables (Sugiono, 2018). The location of this research is at the Majene State Islamic College located at Jalan BLK, Totoli Village, Banggae District, Majene Regency, West Sulawesi Province, Indonesian country. The population in this research is all 129 employees of the Majene State Islamic College (STAIN) with details of 78 civil servant lecturers, 2 P3K lecturers, 42 civil servant education staff and 7 P3K education staff. In this research, the researcher used a purposive sampling method to determine the research sample with 2 criteria, namely employees who have been or are currently customers of conventional banks and employees who are or have been customers of sharia banks. The data collection techniques in this research are through questionnaires and documentation. The data was tested using classical assumption tests and hypothesis tests using the SPSS 25 application program.

## RESULTS AND DISCUSSION

### Description of Research Object

This research involved employees working at STAIN Majene. Data collection was conducted through the distribution of questionnaires directly to each respondent who met the criteria set by the researcher: employees who were or were currently customers of conventional banks and employees who were or had been customers of Islamic banks.

There were 63 respondents who met these criteria. Of the 63 respondents who were STAIN Majene employees, 41 (65.1%) were male, while 22 (34%) were female. The number of male employee investors was higher than that of female employees. The majority of STAIN Majene employees who were respondents in this study had a Master's/Doctoral degree, namely 38 people or 60.3% of the total respondents. Respondents with a Bachelor's degree numbered 21 people or 33.3%, followed by 1 Diploma graduate (1.6%) and 3 high school graduates (4.82%). The dominance of respondents with a Master's/Doctoral education background is likely due to the location of this study being a higher education institution. In addition, The majority of STAIN Majene employees who were respondents in this study were lecturers, 22 people or 34.9%, and educational staff, 41 people or 65.1%.

### Data Quality Test Results

#### 1. Data Validity Test

The results of the data validity test indicate that the instruments used for the variables of Sharia Financial Literacy (X1), Sharia Banking Products (X2), Sharia Banking Services (X3), Employee Environment (X4), Migrating Customers (Y), and Organizational Policies (Z) are all valid. This is because all have a calculated  $r$  value greater than the table  $r$  value.

#### 2. Reliability Test

This reliability test uses the Cronbach's Alpha Coefficient, Heteroscedasticity Test method. The higher the value of the Cronbach's Alpha coefficient, which is close to 1.00, the higher the level of reliability of the measuring instrument, because a value of 1.00 indicates very good or near-perfect reliability. The variables of Sharia Financial Literacy (X1), Sharia Banking Products (X2), Sharia Banking Services (X3), Employee Environment (X4), Migrating Customers (Y) and Organizational Policies (Z) have a Cronbach's alpha value greater than 0.6. These results indicate that the questions in this study are reliable.

### Classical Assumption Test Results

#### 1. Normality Test

The results of the residual normality test using the Kolmogorov-Smirnov test in this study show that the value generated by Asymp. Sig. (2-tailed) is 0.200. And it is normally distributed because the value generated by Asymp. Sig. (2-tailed) is greater than 0.05.

## 2. Multicollinearity Test

The results of the multicollinearity test show that the data obtained from the tolerance value for the Sharia financial literacy variable is 0.314, Sharia banking products are 0.318, Sharia banking services are 0.378, employee environment is 0.713 and organizational policies are 0.553. All tolerance values each show  $>0.10$ . The VIF value for the Sharia financial literacy variable is 3.183, Sharia banking products are 3.143, Sharia banking services are 2.649, employee environment is 1.403 and organizational policies are 1.808. All VIF values each show  $<10.00$ . So it can be concluded that the regression model in this study does not have symptoms of multicollinearity between independent variables because all variable tolerance values are greater than 0.10 and all variable VIF values are less than 10.00.

## 3. Heteroscedasticity Test

The results of the heteroscedasticity test show that the sig value of the independent variable 0.1 is greater than 0.05, and none of the above variables violate these provisions, so the results do not indicate heteroscedasticity.

## Hypothesis Testing

### 1. Multiple Linear Regression Test Results

#### a. Results of the R<sup>2</sup> coefficient of determination test

The results of the coefficient of determination (R<sup>2</sup>) test show that the value of R Square is 0.618, so it can be concluded that the contribution of the independent variable to the dependent variable simultaneously (together) is 61.8%. While 38.2% is explained by other factors not examined in this study. However, the contribution of the independent variable to the dependent variable increased to 69.8% after the presence of a moderating variable based on the R Square value of 0.698.

#### b. Partial test results (t-test)

A partial test is conducted to determine the extent to which each independent variable individually influences the dependent variable. This test uses a t-test, which examines the significance value of the calculated t-value. If the t-value is less than 0.05, it can be concluded that the independent variable significantly influences the dependent variable. The results of this test are presented in the following figure:

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.583	1.548		1.669	0.101
	Sharia Financial Literacy (X1)	0.194	0.137	0.197	1.415	0.162
	Sharia Banking Products (X2)	0.147	0.147	0.144	1.001	0.321
	Sharia Banking Services (X3)	0.547	0.153	0.462	3.576	0.001
	Employee Environment (X4)	0.088	0.090	0.094	0.983	0.330

Figure I Partial Test Results

Source: Primary data processed 2025

Based on the image above, the analysis of the t-test results is as follows:

- Variable X1. The t value = 1.415 with a sig of 0.162 is greater ( $>0.05$ ), so the conclusion is that variable X1 does not have a significant effect on variable Y, so hypothesis H1 is rejected.
- Variable X2. The t value = 1.001 with a sig of 0.321 is greater ( $>0.05$ ), so the conclusion is that variable X2 does not have a significant effect on variable Y, so the hypothesis H2 is rejected.
- Variable X3. The t value = 3.576. with a sig of 0.001 less than ( $<0.05$ ), then the conclusion is that

variable X3 has a significant effect on variable Y, so that hypothesis H3 is accepted.

4. Variable X4. The t value = 0.983 with a sig value of 0.330 is greater ( $>0.05$ ), so the conclusion is that variable X4 does not have a significant effect on variable Y, so the H4 hypothesis is rejected.

## 2. Moderation Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.824	9.465		0.404	0.688
	Sharia Financial Literacy (X1)	0.505	0.912	0.512	0.553	0.582
	Sharia Banking Products (X2)	0.051	1.081	0.049	0.047	0.963
	Sharia Banking Services (X3)	-0.708	1.280	-0.597	-0.553	0.582
	Employee Environment (X4)	0.412	0.620	0.442	0.664	0.509
	Organizational Policies (Z)	0.157	0.621	0.154	0.253	0.802
	Sharia Financial Literacy (X1) * Organizational Policies (Z)	-0.026	0.057	-0.741	-0.449	0.655
	Sharia Banking Products (X2) * Organizational Policies (Z)	0.004	0.070	0.105	0.055	0.957
	Sharia Banking Services (X3) * Organizational Policies (Z)	0.072	0.081	1.620	0.890	0.377
	Employee Environment (X4) * Organizational Policies (Z)	-0.021	0.038	-0.571	-0.566	0.574

Figure II Results of Moderation Regression Test

Source: Primary data processed 2025

Based on the image above, the results of the moderated regression test in this study are as follows:

1. It is known that the interaction between Islamic financial literacy (X1) and organizational policy (Z) has a regression coefficient value of -0.026 with a significance value of 0.655 which is greater ( $> 0.05$ ), so it can be concluded that the Z variable is not able to moderate the influence of the X1 variable on the Y variable, so that the H5 hypothesis is rejected.
2. It is known that the interaction between Islamic banking products (X2) and organizational policies (Z) has a regression coefficient value of 0.004 with a significance value of 0.957 which is greater ( $> 0.05$ ), so it can be concluded that the Z variable is not able to moderate the influence of the X2 variable on the Y variable, so that the H6 hypothesis is rejected.
3. It is known that the interaction between Islamic banking services (X3) and organizational policies (Z) has a regression coefficient value of 0.072 with a significance value of 0.377 which is greater ( $> 0.05$ ), so it can be concluded that the Z variable is not able to moderate the influence of the X3 variable on the Y variable, so that the H7 hypothesis is rejected.
4. It is known that the interaction between the employee environment (X4) and organizational policy (Z) has a regression coefficient value of -0.021 with a significance value of 0.574 which is greater ( $> 0.05$ ), so it can be concluded that the Z variable is not able to moderate the influence of the X4 variable on the Y variable, so that the H8 hypothesis is rejected.

## DISCUSSION

### Sharia financial literacy and migrating customers

The research results show that variable X1 does not significantly influence variable Y, indicating that Islamic financial literacy does not significantly influence customer migration. This indicates that knowledge alone is not a sufficient determining factor in decision-making. In the context of consumer behavior theory, cognitive understanding needs to be supported by affective and conative factors, such as perceptions of benefits, service convenience, incentives, or emotional and spiritual added value.

Furthermore, within the Diffusion of Innovation Theory framework, literacy is a prerequisite for understanding innovation, but adoption will not occur without a perception of "relative advantage." Even if respondents understand Sharia contracts, if they do not perceive a significant difference in benefits compared to

conventional products, this literacy is not sufficient to motivate them to switch. This aligns with research conducted by Haerani and Aneza (2024), which showed that Islamic financial literacy and individual attitudes did not significantly influence interest in using Sharia banking services. Conversely, perceptions of Sharia banking had a significant impact on shaping this interest.

Thus, while financial literacy is important, it does not serve as a determining factor in driving migration to Islamic banks. This finding emphasizes the importance of changing not only knowledge levels but also customers' perceived value and actual experiences with Islamic services, so that literacy can be translated into action (migration).

### **Sharia banking products and migrating customers**

Research results indicate that Islamic banking products have no significant impact on customer migration. Descriptive data actually indicates that respondents' perceptions of Islamic products are quite positive. This means that respondents consider Islamic products such as mudharabah savings, murabahah financing, and others to be quite good in terms of features and principles.

However, high product appreciation does not automatically drive migration decisions from conventional banks to Islamic banks. This can be explained through the Diffusion of Innovation theoretical framework, particularly regarding the aspect of relative advantage. Even though a product is considered good, customers may not yet see uniqueness or significant added value compared to conventional bank products (Karim et al., (2020). In other words, respondents may be satisfied with Islamic products but not yet feel the "need" to migrate because there is no urgency or significant differentiation.

Research conducted by Syarifuddin et al. states that one of the challenges causing the slow development of Islamic banks compared to conventional banks is the development of Islamic product innovation or Islamic product differentiation. The purpose of this study was to determine the influence of product differentiation on people's decisions in choosing which bank and product to use, as well as its impact on the development of Islamic banks in Indonesia. The results showed that the studied variable, namely product differentiation, was considered important and therefore had an impact on people's decisions regarding whether to use Islamic bank products (Syarifuddin et al., 2022).

### **Sharia banking services and migrating customers.**

The results of the research hypothesis test indicate that Islamic banking services significantly influence customers' decisions to migrate from conventional to Islamic banks. The quality of service provided by Islamic banks has become a unique attraction and a differentiating factor that can drive changes in customer behavior. This phenomenon can be explained using the Diffusion of Innovation Theory approach proposed by Rogers (2003).

In this theory, current Islamic banking services have demonstrated relative advantage through friendly, fast, and efficient service, grounded in Islamic values, particularly in financing. Many customers find the personal approach, service ethics, and sincerity in interactions to be an added value not found in conventional banks.

These results align with research conducted by M Noor Ardiansyah (2011), which confirmed that fast, professional, and sharia-compliant services play a significant role in attracting interest and encouraging migration decisions. Therefore, both this study and Ardiansyah's provide empirical evidence that the quality of sharia banking services significantly influences customer migration and is a strategic element that sharia financial institutions must enhance in responding to the dynamics of customer preferences amidst competition from conventional banking.

### **Employee environment and migrating customers**

Based on the descriptive analysis, the employee environment is categorized as adequate. Some respondents may be in environments that strongly support Islamic financial practices, while others are in environments that are neutral or even indifferent to banking options. The results of the hypothesis test on the influence of the

employee environment on migrating customers indicate that although the employee environment has a positive effect on migrating customers, it does not have a statistically significant effect. This leads to the rejection of hypothesis H4. This finding reinforces the interpretation that the employee environment is not yet a consistent or strong driving factor in influencing migration decisions.

The results of this study align with those presented by Alief and Sarah Utami in their study of 100 Bank Syariah Indonesia (BSI) customers in Bone Regency, who concluded that the social environment did not significantly influence customers' decisions to save at Islamic banks. The study showed that even though customers were predominantly Muslim and had social ties to religious figures, family, or communities that supported Islamic principles, these factors were not strong enough to influence individual decisions in choosing an Islamic bank. This indicates that financial decisions, particularly regarding saving or migrating from conventional banks to Islamic banks, are still heavily influenced by personal considerations such as perceptions of immediate benefits, service convenience, and banking system efficiency, rather than by pressure or encouragement from the social environment (Pratama et al., 2024).

### **Interaction of Islamic financial literacy with organizational policies towards migrating customers**

The results of the research hypothesis testing indicate that the interaction between Islamic financial literacy and organizational policies on migrating customers is insignificant. This indicates that cognitively, respondents possess adequate knowledge of Islamic financial principles. However, this high level of literacy does not necessarily translate into behavioral change, as knowledge alone is insufficient to drive action without the support of practical, incentivizing, and transformative organizational policies.

The negative coefficient also indicates that, in this context, the interaction between literacy and policy actually tends to decrease the likelihood of migration, likely because higher literacy levels lead to a more critical assessment of the gap between sharia ideals and actual Islamic banking practices. Therefore, migration does not occur, not due to a lack of understanding, but because that understanding is not reinforced by organizational policies capable of guiding concrete actions.

This contrasts with the findings of Tegar Qodri and Ach Yasin (2024), who showed that Islamic financial literacy significantly influences interest in saving in Islamic banks, especially when moderated by religiosity. This difference indicates that high literacy does not necessarily encourage migration without the support of applicable organizational policies and incentives. Meanwhile, in the context of interest in saving, religiosity, as an internal factor, can strengthen the relationship between literacy and financial behavior. Thus, migration decisions are more influenced by the actual structures and policies within the organizational environment, while interest in saving tends to be influenced by personal values and spiritual perceptions.

### **Interaction of Islamic banking products with organizational policies towards migrating customers**

The results of the research hypothesis test indicate that the interaction between Islamic banking products and organizational policies does not significantly influence customers' decisions to migrate from conventional to Islamic banks. Instead, the study found that the interaction between the two did not significantly influence customers' decisions to migrate from conventional to Islamic banks. This indicates that the availability of good products and organizational support alone are not sufficient to drive changes in customer behavior.

This finding differs from the research conducted by Mega Lestari and Siti Mujiatun (2024) on BTN Syariah Medan customers, which found that product and service quality significantly influenced customer satisfaction. In that study, Sharia-compliant products directly contributed to increased loyalty and growth of the Sharia banking business.

These differences can be explained by the context and behaviors measured. The BTN Syariah study focused on existing customer satisfaction, where perceptions of products and services directly impact loyalty. In contrast, this study highlights migration behavior, namely the decision to switch from a conventional system to a sharia system, which requires more complex changes and involves structural, emotional, and ideological considerations. Therefore, although both the product and organizational policy support have been perceived

positively, this is not strong enough to drive behavioral change.

### **Interaction of Islamic banking services with organizational policies towards migrating customers**

Based on the results of the research hypothesis test, the regression coefficient value of the relationship between Islamic banking services and migrating customers indicates that the interaction between Islamic banking services and organizational policies does not significantly influence customers' decisions to migrate from conventional banks to Islamic banks. This can be explained by referring to the descriptive data of both variables. When these two variables are combined in an interaction model, no significant influence on customer migration behavior is found. This may occur because, although the service is high quality and the organizational policies are supportive, they have not yet created a transformative synergy. Good service may increase satisfaction, but it does not automatically encourage migration if organizational policies do not provide tangible incentives, structural pressures, or systematic facilitation.

On the other hand, policies that are merely normative or passive in nature do not sufficiently strengthen the influence of services in driving migration decisions. Customers may be satisfied with services but remain reluctant to move without concrete encouragement from their institutions or work environment. This finding differs from the research conducted by Darmadiansyah et al., (2019), which showed that service quality significantly influences customers' decisions to use Islamic banking services. Therefore, even if Islamic banking services are individually assessed as good, if not accompanied by organizational policies that encourage, guide, and facilitate migration, their influence on customer turnover becomes insignificant.

### **Interaction of employee environment with organizational policies towards migrating customers**

The results of the hypothesis test indicate that the interaction between employee environment (e.g., friends, family, community) and organizational policies does not significantly influence customer migration behavior. There is no statistically strong enough relationship to indicate a significant effect. This insignificance can be explained by examining the descriptive data for both variables.

When these two variables interact, the results remain incapable of providing a significant boost to a client's decision to migrate. This is due to two main weaknesses: (1) a social environment that is not strong enough to act as a change agent and is more passive, and (2) organizational policies that do not provide structural pressure or concrete incentives for individuals to change.

This finding differs from the research of Nadya and Vietha (2024) published in Islamic Economics and Finance in Focus. In their study, social environmental variables partially and significantly influenced the decision of people in Lumajang Regency to use Islamic banking services. The study showed that social support from family, community, and friends played a significant role in developing positive attitudes toward Islamic banking.

Thus, the interaction between the social environment and organizational policies has not yet been able to create an effective synergy to encourage customer migration. This underscores the need for a more tactical and communicative policy approach from organizations to maximize the influence of the social environment to support behavioral transformation toward a Sharia-compliant financial system.

## **CONCLUSION**

The results showed that only Islamic banking services significantly influenced customers' decisions to migrate to BSI. Meanwhile, Islamic financial literacy, Islamic banking products, and the employee environment did not have a significant impact. Strengthening organizational policies also failed to moderate the relationship between these variables and customer migration behavior. These findings suggest that perceived service quality is the primary determinant of migration decisions, while institutional policies have not been able to provide a strong enough impetus.

The implications of these results indicate that improving the quality of Islamic banking services is key to encouraging customer migration. Furthermore, strengthening more strategic and implementable organizational

policies within campuses is necessary to support comprehensive Islamic financial transformation, both through the integration of Islamic accounts into institutional transactions and through increasing Islamic financial literacy.

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