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# Testing customer's knowledge on customer intimacy and its impact on repurchase intention

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# Testing customer's knowledge on customer intimacy and its impact on repurchase intention

## Abstract

**Purpose** – The purpose of this paper is testing customer's knowledge on customer intimacy and its impact on repurchase intention, specifically to Bank Muamalat's customers in Jakarta, Indonesia.

**Design/methodology/approach** – This research was conducted at sharia bank with research subject that is a customer of Bank Muamalat reasons to choose Bank Muamalat as a representative of other sharia banks as a place of research because it is the first sharia bank in Indonesia and more experienced in implementing sharia practices. The branch offices approved as research sites are only seven branch offices (Panglima Polim, Slipi, Tanah Abang, Kemayoran, Mangga Dua, Buaran and Kalimalang) in five areas of DKI Jakarta (Central Jakarta, West Jakarta, South Jakarta, East Jakarta and North Jakarta). Respondents at the seven branch offices are considered to represent customers of Bank Muamalat in the area of Jakarta. Data were collected from August to December 2017.

**Findings** – High customer knowledge is able to encourage customer intimacy, and high customer intimacy is also able to encourage repurchase intention. On the other hand, it was found that customer knowledge was not directly able to increase the intention of repeat purchase. However, from the mediation test (indirect effect) is seen with high customer knowledge, supported by the high customer intimacy, it can indirectly increase the high repurchasing intention.

**Originality/value** – Originality is seen from testing the mediation effect of customer intimacy on the influence of customer knowledge on purchase intentions. Furthermore, inconsistencies put the customer's familiarity with familiarity, and familiarity with the intention of repeat purchase, are re-examined in the context of sharia banks. It is assumed the test results will be different if done in different countries and institutions.

**Keywords** Customer knowledge, Customer intimacy, Repurchasing intention

**Paper type** Research paper

## 1. Introduction

In building relationships with customers, the banking industry has a high level of service, and perhaps, even more personal relationships between employees and customers. Seeing this, sharia banks should be able to create value that is different from conventional banking. The fundamental difference between a sharia bank and a conventional bank is that sharia bank require investments in lawful ones, based on the principle of profit sharing, sale or lease, profit-oriented and *falah* (welfare), customer relationships in the form of partnership relationships, collection and distribution funds shall be in accordance with the fatwa of the Sharia Supervisory Board, while in a conventional bank it is allowed to invest in the lawful and haram, using the tools of interest, profit-oriented, the relationship with the customer in the form of debtors relationship, and there is no similar board (Antonio, 2001, p. 34). Another distinguishing factor that should be the concern of sharia bank is how to deliver superior value to customers. Treacy and Wiersema (1996) introduced three approaches to delivering high value to customers, one of which is customer intimacy (customer intimacy). According



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to [Wiersema \(1993, p. 87\)](#), customer intimacy can deliver products and services to customers exactly what they want. [Buttle \(2009, p. 20\)](#) expressed customer familiarity as a crucial step in value chain processes in relational marketing.

The results of theoretical and empirical studies show there are several factors that need to be built to create customer intimacy that is:

- offer a unique coverage of excellent services ([Treacy and Wiersema, 1996, p. 159](#));
- establish credible relationships and develop customer knowledge with strategic business partners ([Brock and Zhou, 2012](#));
- building customer relationships with sincerity and true ([Lee and Kwon, 2011](#)); and
- establishing contacts and providing information about the company in the early stages of its relationship with a special welcome program ([Bugel et al., 2011](#)).

Customer intimacy is achieved once the company creates a strong bond and trusting relationship. Once trust is created, customers are likely to repurchase. Trust is the foundation necessary for long-term relationship success ([Dwyer et al., 1987](#); [Morgan and Hunt, 1994](#)) and plays an important role in building customer commitment. Trust is essential in relational exchanges as the cornerstone of strategic partnerships between sellers and customers ([Mukherjee and Nath, 2003](#)). Relationships between partners evolve through the process over time. Trust is the antecedent of commitment ([Morgan and Hunt, 1994](#)). Trust and commitment must be linked because trust is essential to creating commitment in a relational exchange.

Another element as a determinant of customer intimacy is to understand what the customer needs. Therefore, the most important basis is the development of customer knowledge ([Joshi and Sharma, 2004](#)). Customer preferences and requirements can be understood through repetitive learning, that is, knowledge of why customer preferences exist and change over time. Because of the customer intimacy is a construct of perception, the perceived customer knowledge of the product or service must operate as an antecedent. Without customer knowledge, it is impossible for a customer to remember a product or service that indicates customer understanding.

Evidence of implicit research supporting the influence of customer knowledge on customer intimacy has been done by [Brock and Zhou \(2012\)](#) in a business to the business context that shows customer knowledge positively and significantly affects customer intimacy. The research of [Hoffman \(2001\)](#) and [Hansen \(2003\)](#) shows that customer knowledge has a significant effect on customer intimacy.

Study of [Tseng \(2009\)](#) in terms of customer knowledge, according to the results summarized from the interview, the main approach to extracting customer knowledge is:

- the company must have knowledge management capabilities of consumers, create a sharing platform and a new knowledge process between the company and the customer; and
- through interaction with customers, the company can acquire knowledge related to new demands on products or services that can provide a reference for improvement of customer satisfaction, customer loyalty, customer productivity and employees. Then, the findings of [Bell and Eisingerich \(2007\)](#) describes customer education significant effect on loyalty.

Information from research on customer knowledge indicates not much research on this construct that is associated with customer intimacy and repurchase intention. The existing studies show only conceptual models and explorations. Therefore, this research tries to

examine the relationship between customer knowledge to customer intimacy and repurchase intention in the context of sharia bank. The extent of this research is based on the opinion of [Rowley \(2002\)](#) that customer knowledge is an intangible asset for creating value. Then, [Ahn and Shin \(2008\)](#) declare key customer knowledge to strengthen competitiveness that ultimately creates loyalty.

This research is conducted on a sharia bank that is Bank Muamalat with reason of Indonesian society majority Moslem and is a potential market for sharia bank. Bank Muamalat is the first sharia bank in Indonesia, which in practice focus on the concept of sharia. Judging from its growth, sharia banks are experiencing growth with growth rates ranging from 40 to 45 per cent per year.

The development of sharia banking business is not as fast as expected. Although the majority of the population of Indonesia is Muslim, the development of sharia products is slow and undeveloped and conventional banks. This is reflected in the market share of sharia banks until December 2014 recorded 4.9 per cent with total assets of Rp 272.34tn of total banking assets. Several factors that hinder the development of sharia banking industry are caused:

- product availability and standardization of sharia banking products;
- the level of awareness of the community is still lacking regarding the products of sharia banks; and
- the sharia banking industry has difficulties in finding competent and qualified sharia banking human resources.

In addition, the implementation of *good corporate governance* (GCG) or *sharia governance* in sharia banking has not been implemented. Implementation of GCG is proven in research in several sharia financial institutions in the Muslim world can improve the reputation and trust of the community to sharia banks ([Yunus and Yamagata, 2012](#)). According to [Ahmed and Chapra \(2002\)](#), failure in the implementation of sharia principles will make customers move to other banks by 85 per cent. It shows the implementation of GCG and the implementation of sharia principles or with the term *sharia governance* is a necessity for sharia banking in an effort to improve reputation and trust in sharia banks.

Bank Muamalat as a pioneer of sharia banking in Indonesia seeks to be the best company in implementing the implementation of *sharia governance* that is adapted to the practices prevailing in national and international banking and values that exist in Bank Muamalat Indonesia. Six aspects of sharia governance are implemented by Bank Muamalat, namely, transparency, accountability, responsibility, professionalism, fairness and social awareness.

Bank Muamalat as a pioneer in sharia banking in Indonesia established since 1991 based on the decree of the Minister of Finance of RI number 1223/MK.013/1991 dated November 5, 1991, developed quite rapidly until now. The total assets of Bank Muamalat until the end of 2014 amounted to Rp 62.41tn, with a market share of 23 per cent of the total assets of sharia banking, this is supported by the growth of Bank Muamalat's assets reaching 16.17 per cent. Bank Muamalat provides services to approximately 4.3 million customers through 457 service offices spread across 34 provinces in Indonesia and supported by a service network in more than 3,700 online system online payment point system outlets in Perseroan Terbatas. Perusahaan Opsional Surat Indonesia and 1.958 *automated teller machine*. Then for the area of DKI Jakarta, which became the place of this study, has 19 service offices plus 1 head office. The service offices are located in West Jakarta, South Jakarta, East Jakarta and North Jakarta, respectively 6, 5, 3 and 5 service offices, while its head office is located in Central Jakarta.

To increase the growth of sharia banking, Bank Muamalat expanded the service coverage and increased the variety and quality of banking products and services that can be enjoyed by more customers in various circles. The consumer segment served is consumer and commercial segment (small and micro enterprises) with 47 per cent or Rp 18,503bn in the same year, of which approximately 65 per cent of this amount is financing to consumer segment.

Interest in conducting research on customer familiarity and antecedents (customer knowledge) and its impact on repurchase intentions is based on research findings as follows: first, customer interaction antecedents vary and can still be developed. The customer's familiarity antecedents in the Brock and Zhou (2012) study consist of customer knowledge, and Hoffman (2001) includes perceived expertise, customer knowledge and shared values. While the literature review Borzooei and Asgari (2014) proposed a relational model of consumers mediating the influence of customer confidence on the intention of purchasing halal products. Second, the relationship between customer intimacy with repurchase intention. Research of Bugel *et al.* (2011) shows different results the influence of customer intimacy on the intention. The study of Ercis *et al.* (2012) suggests affective commitment has a significant effect on repurchase intentions, while ongoing commitments have no significant effect on repurchase intentions.

Based on empirical reviews, this research tries to develop customer's intimacy antecedents by testing customer's knowledge of customer intimacy, and the impact of customer intimacy on purchasing intentions. Thus, originality is seen from testing the mediation effect of customer intimacy on the influence of customer knowledge on purchase intentions. Furthermore, inconsistencies put the customer's familiarity with familiarity, and familiarity with the intention of repeat purchase, are re-examined in the context of sharia banks. It is assumed the test results will be different if done in different countries and institutions.

To support this research, Hidayat *et al.* (2015) found that the quality of service and customer trust of Islamic banks jointly had a significant effect on customer satisfaction. Service quality and customer trust affect customer loyalty, directly and indirectly, mediated by customer satisfaction in Islamic banks in East Java. Meanwhile, religious commitment does not affect satisfaction.

From the above phenomenon, this research focuses on how testing customer's knowledge on customer intimacy and its impact on repurchase intention, specifically to Bank Muamalat's customers in Jakarta, Indonesia.

## 2. Literature review

According to Baraba (1999), Islamic banks are one of the personifications or abstract individuals of people who make *sharia-muamalah* contracts. The implementation of sharia contracts is not only applied at banks but also other institutions, such as finance companies, insurance companies, security companies, etc. Consequently, all Islamic bank products are the embodiment of Islamic products. For example, if Islamic banks do *Murabahah* (buying and selling process whose profits are agreed upon by both of them), the bank must sell in the real meaning. This means that the banks truly sell goods to customers completed with certificates.

### 2.1 Operational definition of variables

1. Customer knowledge is understanding what customers know (their experience with the bank), customers' needs, and how the bank treats customers. Customer knowledge indicators are: good information about services and products, explanation of the concepts of

products and services offered, getting information as needed, explanation of the advantages of recommended products and services, have a good knowledge of services and products, know a lot about the services and products used, understand the services that the product has to offer (Sharma and Patterson, 1999; Burton, 2002).

2. Customer intimacy is the ability of the bank to provide the best value for its products or services by making adjustments to products or services to meet customer's specific needs. Indicators of customer intimacy are: feel the friendliness of employees and comfort when visiting the bank, assess more banks, have a good understanding of the bank, enjoy the experience while in the bank, get a very pleasant experience during a visit to the bank, can speak freely with bank employees associated with the services and products offered (Bugel *et al.*, 2011; Yim *et al.*, 2008; Hansen, 2003).

3. The repetitive intention is the customer's decision to re-transact with the bank, taking into account the current situation and the circumstances that permit. As for indicators of recurring purchase, intentions are: transact more frequently, stay loyal with the bank, and say positive things about the bank, encourage friends and family to transact with the bank (Joseph Cronin *et al.*, 2000; Zeithaml *et al.*, 1996).

### *2.2 The relation of customer knowledge to customer intimacy*

There are a previous research finding of the linkages of relationship knowledge to customer intimacy. The results of Brock and Zhou (2012) study suggest that through the process of repetitive learning about customer preferences and needs can be understood, namely, knowledge of why customer preferences exist and evolve over time. Furthermore, it will reveal a need for a deeper understanding of what basic product customers want, why customers use certain products, why customers bid competitors and why customers stop using bids. Without knowledge, customers are unlikely to be customers considering suppliers' products and services to demonstrate customer understanding and build customer camaraderie. Customer's familiarity as a construct of perception, perceived by the customer, then the knowledge of the product and service must function as an antecedent. In addition, Joshi and Sharma (2004) stated that the most fundamental importance understood to be developed is customer knowledge.

The result of Hansen (2003) research shows that customer knowledge can improve familiarity. Described, service companies are encouraged to educate customers by spending more time explaining the main service products offered at each meeting. By increasing the level of product-specific knowledge among customers, the company may get a number of customers becoming more involved in the service, and the results of this also reveal further information about themselves. Hoffman (2001) states that perceived expertise, customer knowledge and shared values have an impact on customer familiarity processes. These results indicate that to build customer familiarity, service providers must be particularly competent in their field of expertise. In addition, service providers must be knowledgeable about the types of needs customers have.

Based on the description, it can be proposed the following hypothesis:

*H1.* Increased customer knowledge, will be able to improve customer intimacy.

### *2.3 Customer knowledge relationship to repurchase intentions*

The relationship of the customer's knowledge to the repurchase intention. The concept of Burton (2002) describes customer education as the extent to which employees provide customers with the skills and abilities to use information. Customer education will lead to

increased loyalty because educating customers is considered a valuable addition to the process, investment in customer education will strengthen customer perceptions of the company's position as a high-quality service provider. Educating customers also tend to contribute to improving customer efficiency, which is associated with higher customer rates than repeat purchases (Xue and Harker, 2002).

The results of Bell and Eisingerich (2007) research explain that customer loyalty is related to customer service and education quality. The company should integrate customer education into a relational marketing philosophy, companies need to look at customer relationships dynamically. Customers will change the way they view and engage with the service from time to time. Improving customer education and expertise will cause customers to focus on the increasingly technical elements of service offerings.

The research Tseng (2009) through a qualitative approach found:

- the company must have customer knowledge management capability. Then, create a *platform* of various new knowledge and processes between companies and customers; and
- through interaction with customers, companies can acquire knowledge related to new demands on products and services that can provide a reference for improvement of customer satisfaction, loyalty, customer and productivity and employees.

From the description, it can be proposed the following hypothesis:

H2. Increased customer knowledge will be able to increase the intention of repeat purchase.

#### 2.4 Customer relationship to repurchase intentions

Previous research related to customer's intimacy to repurchase intention. The concept of Yim *et al.* (2008) expresses the importance of familiarity that requires companies to redesign interactions between staff and customers. Further explained, how affection bond affects loyalty. Using two service contexts to examine the role of affectionate bonding between service firms and customers to build loyalty. The findings suggest building loyalty requires the fertilization of bonds of compassion that comprise intimacy and passion.

The results of Lee and Kwon (2011) research explain the affective concept of familiarity and intimacy. The results show that the intention of using the continuation is influenced jointly by cognitive factors, such as perceived usefulness and affective factors, such as *familiarity* and *intimacy*. Furthermore, affective effects such as intimacy are greater than cognitive factors such as perceived usefulness. In addition, the results indicate *intimacy* affects the user's continuing intention greater than *familiarity*. While the findings of Brock and Zhou (2012) show customer intimacy has a positive impact on repurchase intention (Figure 1).

Based on the description, it can be proposed the following hypothesis:

H3. The intimacy of the customer will increase the intention of repeat purchase.

### 3. Research methodology

This research was conducted at sharia bank with research subject that is a customer of Bank Muamalat reasons to choose Bank Muamalat as a representative of other sharia banks as a place of research because it is the first sharia bank in Indonesia and more experienced in

implementing sharia practices. The branch offices approved as research sites are only seven branch offices (Panglima Polim, Slipi, Tanah Abang, Kemayoran, Mangga Dua, Buaran and Kalimalang) in five areas of DKI Jakarta (Central Jakarta, West Jakarta, South Jakarta, East Jakarta, and North Jakarta). Respondents at the seven branch offices are considered to represent customers of Bank Muamalat in the area of Jakarta. The time that is needed to collect data from August to December 2017.

The unit of analysis and sample unit in this study are customers of Shariah Bank Muamalat. While the research population is all customers of Bank Muamalat at 7 (six) branches spread across five areas of DKI Jakarta, namely, in central Jakarta, North Jakarta, South Jakarta, West Jakarta and East Jakarta have done at least several transactions and are Muslim. Consideration of selecting respondents who have made several transactions on the grounds that within the period of time the customer is considered to have felt the presence or absence of relational benefits and able to determine its commitment and repurchase intention, while for the criteria of Islam because the majority of Indonesia's population is Muslim and very potential to use sharia banks in financial transactions. The total number of unknown population (infinite population) because the number of customers is a secret company and not to be published.

The sampling method used in this study using non-probability sampling approach, with the sampling technique used is purposive sampling. Purposive sampling technique aims to select respondents in accordance with predefined criteria. How to meet respondents, by coming to customers who will conduct transactions in the banking hall. Respondents were asked to respond in accordance with their perceptions of item statements relating to trust, religious commitment, customer knowledge, customer intimacy, relational commitment and repurchase intention. As this research uses structural equation modeling (SEM) analysis tools with WarpPLS 4.0 program, then the criteria for determining the sample according to [Fernandes \(2017\)](#) are:

- if parameter estimation using maximum likelihood method then in this study the suggested amount of sample is between 100-200;
- sample of 5-10 times the number of parameters in the model and will be suspected; and
- the sample is equal to 5-10 times the number of manifest variables (indicators) of the entire variable.

This study has a total of 34 indicators, meaning that if the need for analysis refers to a sample rule equal to 5-10 times the indicator, then the sample of this study should be in the range of 170-340 respondents. The total sample of 195 respondents was taken in six branches of Bank Muamalat (Panglima Polim, Slipi, Tanah Abang, Mangga Dua, Kemayoran, Buaran and Kalimalang) in five areas of DKI Jakarta. Of the total

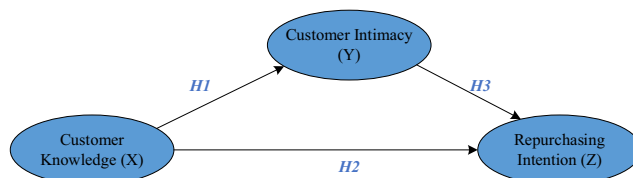


Figure 1.  
Conceptual  
framework



questionnaires considered feasible to be used as a sample of 175 questionnaires, as filled in completely.

#### 4. Results and discussion

The partial least square (PLS) program used to analyze the data is WarpPLS 4.0 because in identifying nonlinear relationships among the latent variables and correcting the path coefficient values is based on that relationship. Because of most relationships between variables are nonlinear, WarpPLS can find actual relationships between latent variables in SEM analysis. The results of analysis using PLS show the goodness of fit with approach value of Q2 predictive relevance equal to 77.34 per cent, it means equal to 77.34 per cent obtained model able to explain the real situation, while the rest of 22.66 per cent which cannot be explained. Hair *et al.* (2013) gives a cut off value of >75 per cent then the model obtained is very good and can be used to test the hypothesis in the next stage. The results of the analysis appear in Figure 2 below, which shows that high customer knowledge is able to encourage customer intimacy, and high customer intimacy is also able to encourage repurchase intention. On the other hand, it was found that customer knowledge was not directly able to increase the intention of repeat purchase. However, from the mediation test (indirect effect) is seen with high customer knowledge, supported by the high customer intimacy, it can indirectly increase the high repurchasing intention.

##### 4.1 The influence of customer knowledge on customer intimacy

The results of the test using empirical data prove that the hypothesis, which states the higher the customer knowledge, the more increasing the level of customer intimacy can be accepted and proven empirically in this study. The results of this test also conclude that the level of customer knowledge about the products and services of sharia banking can build customer intimacy.

Customer knowledge shows the company's understanding of what customers know and need, and how the company treats customers. Customer knowledge is a tool to assess the products and services offered to the customer. Customer knowledge can also help to solve any problems that may arise so customers can switch to new or better products and services. Moreover, customer knowledge reflects the extent to which employees have informed customers and explained the pros and cons of those products and services. Customer intimacy indicates the company's ability to provide the best value to its products or services by making adjustments according to customer needs.

Empirically, these results indicate that customer knowledge is on providing useful information about products and services. The bank officers also should tell the relevant products and services. Customers also need to be informed about the recommended concepts of products and services according to their wholeness. Giving the explanations about the products and services is the basis of the creation of customer intimacy. It can be through the employees' friendliness and the bank's comfortable situation. The goal is for customers to

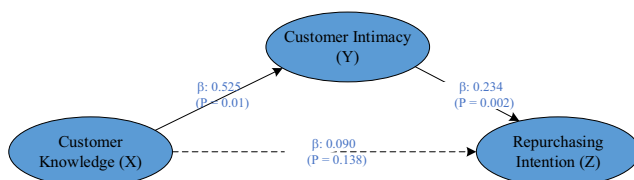


Figure 2.  
Result analysis

enjoy and have a pleasant experience during a visit to the bank. The convenient here is when customers can talk freely with the bank employee in discussing the services and products.

Based on the outer loading, the dominant indicator in improving the customer knowledge is to provide information according to customers' needs; the customer also gives the same perception of the same thing. Customer intimacy is because of a very pleasant experience indicator during a visit. The highest perception of the customer is the employee's friendliness and the convenience of the bank. Customers will get a very satisfying experience while visiting Bank Muamalat if the bank provides information according to the needs of customers.

Bank Muamalat as one of the sharia banks in Indonesia needs to educate customers about sharia products and services because the majority of customers are not familiar with the provisions regarding sharia banking. Providing information about products and services according to customer needs can build customer intimacy. So, the bank shall develop customer knowledge. The way to make that happen is by doing constant learning, so that customer preferences and needs can be understood.

This study supports the idea of [Brock and Zhou \(2012\)](#), which states that understanding is an essential factor as a determinant of customer intimacy. Through the process of constant learning regarding customer preferences and needs, we can find why customer preferences exist and improve over time.

Moreover, the bank also needs to know about the primary products that the customers require, why customers accept several products, why customers admit the proposal provided by the rival bank and why customers quit using the offer. Without customer knowledge, it is impossible for the customer to remember or think about the products and services offered that it will show the customer's understanding and the gap to build customer intimacy. Customer intimacy is a perceptual construction perceived by the customer. Hence, the knowledge of products and services should serve as antecedents. [Joshi and Sharma \(2004\)](#) state that the most fundamental thing to develop is customer knowledge.

[Hansen \(2003\)](#) found that customer knowledge can improve customer intimacy. A service company is encouraged to educate customers by spending more time to explain products and services at each meeting. By increasing the customer knowledge, the company may get many active customers to use the service. The results of this process will reveal more information about the customer itself.

[Hoffman \(2001\)](#) states that bank employees' skills, customer knowledge and shared values have an impact on customer intimacy. These results indicate that to build customer intimacy, service providers must be competent, especially in their expertise. The service provider must know about the type of needs desired by the customer. For example, the claim adjuster must hire an expert lawyer, especially in the insurance industry. Finally, customers should look for service providers who are considered to have the same value or moral system.

#### *4.2 The effect of customer knowledge on repurchasing intention*

The results of the empirical data testing from the hypothesis about the increased customer knowledge will improve the repurchasing intention is unacceptable and proven statistically. The meaning of the results of the analysis indicates that customer knowledge about sharia banking products and services has not been able to increase the intensity of customer repurchasing intention.

The following hypotheses are not proven, among others: customer knowledge is built through the provision of reliable information on products and services, information of the

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bank about the concepts of products and services, providing information regarding the customers' needs, explanation of the recommended products and services advantages. Knowledge about the products and services offered cannot adequately be used to form repurchasing intention, reflected in the increasing intensity of the transaction.

Conversely, the aspect that increases the intensity of transaction is a regular customer who uses the products and services of the bank who say positive things about bank services and recommends it to their family and friends.

The dominant repurchasing intention is formed by indicators recommending to family and friends, in line with the perceptions of the customer which contribute to creating a high-value notice.

The customers will recommend the products and services of Bank Muamalat to family and friends if they get information according to their needs.

Based on outer loading, the dominant indicator in developing customer knowledge is providing information according to customers' needs; the same thing as perceived by the customer.

The findings of this study show the insignificant results between the influence of customer knowledge on the repurchasing intention. Customer perceptions of customer knowledge show good results. It indicates that the customer does not understand the products and services of Bank Muamalat. The bank needs to socialize their sharia products and services to the public, especially to the customers of Bank Muamalat to solve these problems. This finding implies reinforced by qualitative information. Based on the results of the interview, there is information that most customers are not aware of the requirements in the sharia system and they are difficult to mention the provisions of sharia. To socialize sharia products and services, Bank Muamalat via customer service shall explain in detail the products and regulations of sharia bank when customers open their accounts. Then, the bank needs to meet the communities and agencies, to participate in exhibitions and to broadcast through websites, radio and TV.

Furthermore, the lack of transaction intentions also influenced by customers' considerations of repurchasing intention from various aspects. The aspect is not only from the knowledge about sharia banking but also the compliance with sharia and competitiveness.

Burton (2002) explains that providing education to customers is evident from the extent to which employees provide customers with the skills and abilities to use information. Educating customers will lead to increased loyalty for several reasons. First, the effort to educate customers is a valuable effort in the process of providing services (Burton, 2002). Second, the attempt to educate customers also contribute to help efficiency for customers. It is related to customer rates higher than repurchasing intention (Xue and Harker, 2002).

Finally, educating customers will strengthen customer perceptions of the company's position as a high-quality service provider (Burton, 2002). As the perception of improving the quality of service at a certain price, customers are more likely to intend to be loyal to the company.

Bell and Eisingerich (2007) also support the above explanation in their study. They describe customer loyalty has a relation to the quality of customer services and knowledge. Moreover, it gives managerial implications. First, companies must integrate customer knowledge into a relational marketing philosophy. Second, the companies must dynamically contact with customers. Customers will change the way they view and engage with the

service from time to time. Improving customer knowledge will cause customers to focus on the increasingly technical elements of the services offered.

Tseng (2009) through a qualitative approach found that: the company must have the ability to manage customer knowledge.

It builds a platform of new knowledge and processes between the company and the customer; through interaction with the customer, the company can acquire knowledge related to the new provisions on the products and services.

It will be a reference to make changes in satisfaction, loyalty and productivity of customers and employees. The results of interviews on customer knowledge to enrich the findings of this study are as follows.

#### *4.3 The effects of customer knowledge on repurchasing intention with customer intimacy as mediation*

The results of empirical data testing from the hypothesis stating that the better the customer knowledge will encourage the creation of repurchasing intention through customer intimacy can be accepted and proven statistically in this study.

The results of this study conclude that customer knowledge of sharia banking products and services is beneficial to improve the repurchasing intention, which is influenced by customer intimacy as mediation.

Customer intimacy as a mediation demonstrates the bank's understanding of the customer needs. The most important indicator is the enjoyable experience during a customer visit. Customer intimacy is the result of an assessment of the bank's operational practices that are in line with the customer knowledge because customer knowledge is a tool to assess the offer of an appropriate product and service. Regarding customer knowledge of the products and services of Bank Muamalat, the majority of customers have not understood, especially about the provisions in sharia banking. Based on these empirical facts, customers still need consideration to conduct repurchasing intention with Bank Muamalat.

The findings of this study support a study conducted by Brock and Zhou (2012). There is an indirect relationship between customer knowledge and repurchasing intention because of customer intimacy. Mutual understanding is also an essential factor to customer intimacy. The principal factor that must be developed to produce a spirit of mutual understanding is to increase the customer knowledge (Joshi and Sharma, 2004).

Through the process of continuous learning about the preferences and the needs of customers, it will arise a variety of knowledge. The knowledge is about the existence of customer preferences which develops over time.

Considering that customer intimacy as a perceived customer perception construct, knowledge of the supplier's products/services must operate as an additional preliminary. Without customer knowledge, it is impossible for the customer to remember/think of the products and services offered to demonstrate the customer's understanding. In this way, customer intimacy can be well-formed.

#### *4.4 The effects of customer intimacy against repurchasing intention*

The results of testing using empirical data prove that the hypothesis that states increasing customer intimacy, then the higher repurchasing intention can be accepted and proven empirically in this study. The results of this study indicate that customer intimacy as a form of understanding to customer needs can create the repurchasing intention.

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Customer intimacy arises because the company builds a strong bond with customers. The trick is to provide total solutions to customers. While the repurchasing intention indicates the customer's decision to re-transact, taking into account the current situation and the circumstances that permit. The study proves that empirically that the bank can create customer intimacy. It can be through the employees' friendliness, the bank's comfortable situation, high appreciation for the bank, good understanding about the bank, enjoying the pleasant experience when visiting the bank talk freely with the bank employee in discussing the bank services and products. These factors can certainly encourage the creation of repurchasing intention as indicated by the increasing number of transactions, loyalty to the bank and say positive things about the bank and encourage friends and family to transact with the same bank.

Based on the outer loading, the dominant indicator in creating customer intimacy is a pleasant experience while visiting the bank. The highest perceived factor by the customer is the employee's friendliness and bank's comfort situation. While the repurchasing intention is dominantly formed by the customer's recommendation to family and friends, as well as the highest perceived by customers with the same indicators. It means that the customers will recommend Bank Muamalat to family and friends if they get a truly delightful experience from the bank.

The results of this study reinforce the concept formulated by [Yim et al. \(2008\)](#). They argue that customer intimacy is so important, then the company requires to redesign the interaction between staff and customers. For instance, Cathay Pacific rejuvenates customer intimacy by launching a "serving from our heart" program. They also describe how affection relationships also encourage loyalty. Therefore, it takes two service contexts to examine the role of the bond of affection between the service company and the customer to build loyalty. The findings of this study indicate that creating loyalty requires bonding affection that consists of intimacy and passion. [Lee and Kwon \(2011\)](#) explain that the concept of affective consists of intimacy and familiarity.

The conclusions of the study confirm repurchasing intention gets affected by the cognitive factors such as the perceived benefits and the affective factors, for instance, familiarity and intimacy. Affective factors such as intimacy are higher than cognitive factors, for instance, the perceived benefits.

The results of this study also show that intimacy can influence the development of repurchasing intention rather than familiarity. Customer intimacy has a significant influence on repurchasing intention/loyalty. According to [Brock and Zhou \(2012\)](#) findings, customer intimacy has a positive impact on repurchasing intentions.

Qualitative information in the form of interviews with customers complements these findings. It reveals that the intimacy creates the transaction more convenient.

The customers also need interpersonal relationships in the form of continuing reports on products and services, such as through WhatsApp and other easily accessible media. The other desire of customers is the need for a closer relationship in the form of friendship such as meeting regularly to create Ukhuwah Islamiyah. According to the information from branch managers, employees will undergo training to create intimacy as relevant to the culture of the customers they are facing.

Relationship manager (RM) should also establish friendships with customers by asking their news via mobile phone and meeting with them directly. Then, RM should present good services like providing solutions for customer funds management, by cooperating with the marketing division as a financial consultant. Furthermore, RM can share information about

revenue sharing and product information to the customers. RM may also hold gathering for big customers every once a year. They may say happy birthday to them too. To make a tighter relationship, customer service may contact 15-20 customers who have fund below 50 million via phone call.

#### 4.5 Research limitations

The results of this research have answered various formulation of the problems, but there are still many limitations, such as:

- the object of the analysis is only conducted at Bank Muamalat DKI Jakarta as sharia institution, without comparing with other sharia banks, so we cannot know the difference and level of excellence of the Bank Muamalat; and
- the assessment of this research conducted on the savings customers.

### 5. Recommendation

Some suggestions that can be studied more deeply include:

- to compete for other banks, Bank Muamalat shall have differentiation and superiority compared to other banking service providers. As a service entity that interacts with customers, customer intimacy should be a concern, as this is very useful to understand the needs of customers and things that are often different from what customers say. Furthermore, customer intimacy can also improve relational commitment, and ultimately, increase the repurchasing intention;
- bank Muamalat as the first Shariah entity in Indonesia has a corporate culture and value regarding sharia principles in partnership with customers. The future research needs to add customer value variables and organizational culture as an antecedent development of customer intimacy. The culture of an organization is difficult to be imitated by rivals, as it becomes a source of strength and a sustainable competitive advantage; and
- the future study needs to involve customer financing as a sample, so the respondents will be more diverse.

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