

THE ROLE OF SOCIAL CAPITAL TO IMPROVE CUSTOMER LOYALTY OF ISLAMIC BANKING IN CENTRAL JAVA

ABSTRACT

Social capital is a strategic asset that could play a role in meeting the needs of the organization and contribute to the reputation of Islamic banking, improve "trust" of Islamic banking community, decline the number of non-performing financing and fund raising for the party which increase in use of variations of Islamic banking products. This study aims to examine the role of social capital, which consists of them dimensions of cognitiverelational and structural toward the loyalty of Islamic banking customers in Central Java. The samples in this study are 80 customers of Islamic banks in Central Java by using purposive sampling technique. Method of data collection is through interviews and questionnaires. Data analysis technique is administered by using partial least square (PLS). Based on the results of data analysis, the cognitive dimension has no significant influence on loyalty. Yet, the relational and the structural dimensions of socialcapital significantly and positively influence loyalty.

Key Words: Social Capital, Cognitive, Relational, Structural, Loyalt