



# The Influence of Green Trust and Green Brand Image on Islamic Bank Customer Loyalty The Moderating Role of Eco-Labeling Awareness

Aulya Risky Afradini\*, Yenik Lidiawati, Sumin, Luqman, Nur Atiqah

Magister Ekonomi Syariah, IAIN Pontianak

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\*Correspondence: Aulya Risky Afradini

Email: [afradinia@gmail.com](mailto:afradinia@gmail.com)

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**Abstract:** The banking sector is undergoing a transformation toward sustainable business models to mitigate climate change risks, yet the emergence of "greenwashing" has increased customer skepticism. This study aims to analyze the influence of Green Trust and Green Brand Image on Islamic Bank Customer Loyalty, with Eco-Labeling Awareness as a mediating variable. Using a quantitative approach and PLS-SEM analysis on a sample of Millennial and Gen Z banking customers in Indonesia, the results reveal that Green Trust (X1) has a positive and significant effect on Customer Loyalty (Y) ( $T = 9.727$ ,  $P = 0.000$ ). Conversely, Green Brand Image (X2) does not significantly impact loyalty ( $T = 1.599$ ,  $P = 0.110$ ). Furthermore, Eco-Labeling Awareness (Z) serves as a significant mediator for the influence of Green Trust on loyalty ( $T = 9.727$ ,  $P = 0.000$ ), but fails to mediate the relationship between Green Brand Image and loyalty ( $T = 1.599$ ,  $P = 0.110$ ). These findings suggest that for Islamic banks, building deep trust through transparent environmental standards is more effective for fostering long-term loyalty than relying solely on brand image

**Keywords:** Green Trust, Green Brand Image, Eco-Labeling Awareness, Customer Loyalty, Islamic Bank

## Introduction

The banking sector is currently undergoing a major transformation toward sustainable business models to mitigate climate change risks. However, alongside the massive promotion of eco-friendliness, the phenomenon of "greenwashing" has emerged, where financial institutions make unsubstantiated green claims to bolster their reputation. Reports from Climate Action 100 indicate that global customers are becoming increasingly skeptical their Green Trust is no longer easily earned through visual campaigns alone, but through tangible evidence of asset transparency. This is crucial because trust serves as the psychological foundation before a customer decides to become loyal to a financial services institution (Abdullah et al., 2023).

Indonesia, this commitment is realized through the Indonesia Sustainable Finance Taxonomy (TKBI) initiated by the Financial Services Authority (OJK). Data shows highly positive growth in the Green Loan sector. As of the second quarter of 2024, OJK recorded that credit distribution to sustainable business activities (KUUB) reached over Rp1,600

trillion. Major banks such as Bank Mandiri and BRI have even reported that their green portfolio portions have reached approximately 20-25% of total credit. These statistics prove that, operationally, banks have endeavored to build a Green Brand Image; however, the question remains: does this numerical growth align with the perceptions and trust at the retail customer level (Ahmad et al., 2021).

National facts indicate that Indonesian banks are beginning to use environmental aspects as a differentiation strategy. National banks have started highlighting Green Building certifications for their headquarters and publishing annual Sustainability Reports as concrete proof of their commitment. However, this image-building often only touches the surface for the general public. A Green Brand Image that is strong in the eyes of investors does not necessarily have an equally strong impact on retail customer loyalty if it is not accompanied by a communication strategy capable of building deep Green Trust regarding the honesty of the bank's claims (Al-Gasawneh et al., 2021).

Socially, bank customer loyalty is currently highly dynamic and prone to switching due to intense competition among digital banking applications. Data from various consumer surveys show that Millennials and Gen Z have a higher tendency to choose brands that care about social and environmental issues. However, their loyalty is driven not only by feature convenience but by shared ethical values. This social fact indicates that long-term loyalty will be more easily formed if customers feel proud to be associated with a bank that has a genuine environmental commitment (Alam et al., 2016).

An interesting phenomenon in the field shows a wide information gap between bank claims and customer knowledge. For example, although "Bank X" may have spent significant amounts to achieve Green Building certification or replace their debit cards with recycled materials (rPVC), many customers are unaware of or even indifferent to these efforts. Customers often perceive the use of recycled debit cards merely as a marketing "gimmick" because they do not understand the underlying environmental standards. This underlies the importance of the role of Eco-Labeling Awareness in this research (Ali et al., 2017).

Furthermore, field observations show that ecological symbols in annual reports or promotional materials are rarely understood by lay customers. Many do not yet know the difference between an investment in renewable energy and a merely ceremonial tree-planting program. This low awareness of ecological labels causes "green" messages from banks to be delivered ineffectively. In fact, a good understanding of ecological labels should act as a catalyst that strengthens how a bank's green image is translated into loyal actions by customers.

There is a significant research gap in current green marketing literature. The majority of research on Green Trust and Eco-Labels has focused on physical product industries (consumer goods), such as organic food or eco-friendly cosmetics. There is still very little empirical evidence testing these mechanisms in the intangible banking services sector. Given that banks sell "trust," the mechanism of forming loyalty through green variables in this sector has characteristics far different from manufactured products (Amer et al., 2012).

Additionally, the moderating role of Eco-Labeling Awareness is rarely placed within a single structural model alongside Green Trust and Green Brand Image. Most previous

studies only test direct effects without considering customer knowledge levels as a relationship strengthener. This gap presents an excellent research opportunity to prove whether it is true that, without awareness of ecological labels, the influence of a bank's green image on customer loyalty will weaken or even become insignificant (Asnawi et al., 2019).

The urgency of this research lies in the need for strategic validation for banking management. With strict regulations from OJK and global market trends, banks must invest heavily in green initiatives. If banks do not understand how trust and customer awareness variables work, those investments risk becoming marketing-wise futile. This research is urgently needed so that banks can map out whether they need to focus more on building trust through data transparency or on public education regarding the ecological standards they uphold. The primary objective of this study is to analyze and demonstrate the influence of Green Brand Image and Green Trust on retail customer loyalty within the Indonesian banking sector, as well as to examine the extent to which Eco-Labeling Awareness serves as a moderating variable that strengthens this relationship in creating authentic loyalty (Bashir et al., 2024)

## Review Literatur

### Synthesis of Primary Theories

This research is anchored in Signaling Theory and the integration of Maqasid al-Shari'ah values. Signaling Theory This theory posits that companies (banks) transmit "signals," such as a Green Brand Image and ecological certifications, to reduce information asymmetry with their customers. In the context of intangible banking services, these signals are crucial for establishing Green Trust. Maqasid al-Shari'ah (Hifz al-Bi'ah) Within the Islamic economic framework, environmental protection (*Hifz al-Bi'ah*) is an integral part of safeguarding the public interest (*Maslaha*). Islamic banks have a moral obligation to integrate *Halal-Thayyib* (permissible and wholesome) principles into their operations, which theoretically strengthens customer loyalty through shared ethical values (Farooq et al., 2022)

### Review of Relevant Previous Research

Prior studies provide the foundation for this conceptual framework, Chen (2010) demonstrated that in the manufacturing industry, Green Brand Image and Green Trust have a strong positive correlation. However, a research gap remains regarding the intangible financial services sector. Awan et al. (2019) found that Millennial customers tend to be loyal to brands with social responsibility, yet this loyalty is vulnerable to "greenwashing" concerns. Liao (2018) emphasized that consumer knowledge regarding environmental labels (Eco-Labeling Awareness) is the key to ensuring marketing messages are not perceived merely as a "gimmick." (Gurlek et al., 2019).

### Hypothesis Development

Based on the theoretical synthesis and previous research, the following hypotheses are proposed: H1: Green Brand Image has a positive and significant effect on Islamic Bank Customer Loyalty. (Positive signals regarding the bank's environmental image increase

customer pride and their intention to remain with the bank). H2: Green Trust has a positive and significant effect on Islamic Bank Customer Loyalty. (The belief that the bank is honest in its green claims reduces perceived risk and reinforces long-term loyalty). H3: Eco-Labeling Awareness moderates the relationship between Green Brand Image and Customer Loyalty (Hair et al., 2021).

### Conceptual Framework

In this model, Green Brand Image and Green Trust serve as the independent variables, Customer Loyalty as the dependent variable, and Eco-Labeling Awareness as the moderating variable that influences the strength of the relationship between the variables. Would you like me to help you draft the Methodology section, specifically the SEM-PLS analysis procedures, for this research. H3: Eco-Labeling Awareness memoderasi hubungan antara Green Brand Image terhadap Loyalitas Nasabah (Hasan et al., 2018).

### Methodology

This study employs a quantitative approach with a causal-explanatory design to examine the relationship between green trust, green brand image, and customer loyalty. Data were collected through an online survey using a purposive sampling technique, targeting Indonesian banking customers from the Millennial and Gen Z generations who possess an interest in sustainability programs. The sample size was set at a minimum of 150–200 respondents to ensure the stability of the model estimation. The research instrument consists of a structured questionnaire utilizing a 5-point Likert scale, designed to measure latent variables through indicators validated by previous research (Hassan et al., 2025)

Data analysis was conducted using the Partial Least Squares-Structural Equation Modeling (PLS-SEM) method, supported by SmartPLS software. The analysis stage began with an evaluation of the outer model to ensure convergent validity, discriminant validity, and instrument reliability through Average Variance Extracted (AVE) and Composite Reliability values. Subsequently, inner model testing was performed to test the hypotheses through path coefficients and significance values (P-values). Specifically, this study utilizes interaction analysis to examine the moderating role of eco-labeling awareness, aiming to determine whether the level of customer understanding regarding ecological certifications strengthens the impact of brand image on their loyalty (Hidayat, 2022)

The conceptual framework of this research illustrates the relationships between variables, namely Green Trust ( $X_1$ ), Green Brand Image ( $X_2$ ), Eco-Labeling Awareness (M), and Bank Customer Loyalty (Y). The following is the diagram of the research's conceptual framework

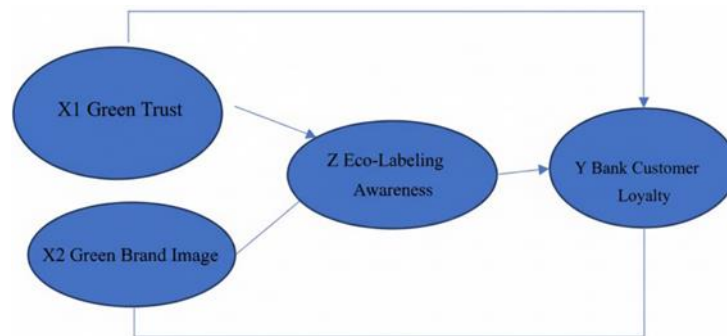


Figure 1. Conceptual Framework

Hypothesis testing in this study is conducted to determine the acceptance or rejection of the proposed research hypotheses. The hypotheses for this study are as follows:

a. *Direct Effect*

H1: Green Trust has a significant effect on Eco-Labeling Awareness.

H2: Green Brand Image has a significant effect on Eco-Labeling Awareness.

H3: Eco-Labeling Awareness has a significant effect on Bank Customer Loyalty.

b. *Indirect Effect*

H4: Eco-Labeling Awareness significantly mediates the influence of Green Trust on Bank Customer Loyalty.

H5: Eco-Labeling Awareness significantly mediates the influence of Green Brand Image on Bank Customer Loyalty.

**Result and Discussion**

**Descriptive Analysis**

Descriptive analysis includes the frequency distribution of respondents' responses to the questions for each variable: Green Trust (X1), Green Brand Image (X2), Eco-Labeling Awareness (Z), and Bank Customer Loyalty (Y). The descriptive analysis to describe respondents' responses to each statement is classified into five categories: Very Poor, Poor, Fair, Good, and Very Good, with the following calculation:

Maximum Value = 5

Minimum Value = 1

Thus, the following scores (intervals) are obtained:

Table 1. Likert Scale Measurement Instrument

Skor	Keterangan
1	Sangat Tidak Setuju (STS)
2	Tidak Setuju (TS)
3	Netral (N)
4	Setuju (S)
5	Sangat Setuju (SS)

Source: Likert Scale Measurement Instrument

The following are the respondents' responses to each variable: Green Trust (X1), Green Brand Image (X2), Eco-Labeling Awareness (Z), and Bank Customer Loyalty (Y).

## Evaluasi Model Pengukuran Outer Model (Menilai Validitas dan Reabilitas Model)

The measurement model (Outer Model) is evaluated using convergent validity and discriminant validity.

### a. Convergent Validity

#### 1. Loading Factor

The convergent validity test in PLS with reflective indicators, as used in this research model, is based on the loading factor of the indicators measuring the construct. An indicator is considered sufficient if its loading factor value is  $> 0.7$ . The following are the results of the loading factor test using PLS software:

**Table 2.** Outer Loading

No. Item	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T	P values
X1.1	0.949	0.948	0.019	48.698	0.000
X1.2	0.966	0.967	0.014	70.829	0.000
X1.3	0.940	0.939	0.033	28.700	0.000
X2.1	0.856	0.855	0.045	19.226	0.000
X2.2	0.852	0.852	0.042	20.431	0.000
X2.3	0.931	0.930	0.023	40.833	0.000
X4.3	0.897	0.894	0.040	22.440	0.000
Y3.1	0.979	0.978	0.011	92.250	0.000
Y3.2	0.971	0.970	0.014	71.643	0.000
Y3.3	0.974	0.973	0.013	76.446	0.000
Z4.1	0.935	0.934	0.028	33.055	0.000
Z4.2	0.965	0.965	0.012	80.826	0.000

Source: Processed with SmartPLS 4 (2026)

Based on the convergent validity test results, the following is a detailed description of each indicator's contribution to its respective latent variable Green Trust Variable (X1)The *Green Trust* variable is measured through three indicators (X1.1, X1.2, and X1.3). The results show that indicator X1.2 has the strongest influence with a loading factor of 0.966. Overall, all three indicators have values well above 0.7, meaning that every statement in this instrument represents consumer trust in environmental aspects exceptionally well (Jaiswal et al., 2018).

Green Brand Image Variable (X2) For the *Green Brand Image* variable, indicator X2.3 is the largest contributor with a value of 0.931, followed by X2.1 (0.856) and X2.2 (0.852). Although X2.2 has the lowest value among the indicators in this variable, it remains significantly above the 0.7 threshold. This indicates that the eco-friendly brand image in the eyes of the respondents is solidly formed through these indicators (Jan et al., 2018).

Eco Labeling Awareness Variable (Y3) The *Eco Labeling Awareness* variable shows highly impressive results. All three indicators (Y3.1, Y3.2, and Y3.3) have very high and consistent loading factor values, exceeding 0.97. Indicator Y3.1 is the most dominant (0.979). This indicates that respondents have a very clear and measurable awareness of the eco-labels being used. Bank Customer Loyalty Variable (Z) The customer loyalty variable in this model is represented by indicators X4.3, Z4.1, and Z4.2. Indicator Z4.2 recorded the highest value at 0.965. All indicators have very large T-statistics (above 1.96) and P-Values of 0.000, confirming that these indicators significantly and validly describe the loyalty of bank customers in this study. Since all indicators have loading factor values  $> 0.7$  and Pvalues  $< 0.05$ , it can be stated that this research model possesses excellent convergent validity. All indicators are declared feasible for use in the next stage of analysis (Inner Model or hypothesis testing) (Khan et al., 2023)

2. Construct reability and validity Average Variance Extracted (AVE)

The Average Variance Extracted (AVE) value describes adequate convergent validity, meaning that a latent variable is able to explain more than half of the variance of its indicators on average. The rule of thumb used for AVE is greater than 0.5.

Table 3. Construct Reability and Validity

Construct	Cronbach's $\alpha$	CR (rho_a)	CR (rho_c)	AVE
Eco Labeling Awareness	0.974	0.974	0.983	0.950
Green Trust	0.948	0.952	0.967	0.906
Green Brand Image	0.854	0.857	0.912	0.776
Bank Customer Loyalty	0.925	0.931	0.953	0.870

Source: Processed with SmartPLS 4 (2026)

Based on the evaluation of the measurement model (Outer Model), the Average Variance Extracted (AVE) value is utilized to demonstrate adequate convergent validity, implying that a latent variable is capable of explaining more than half of the variance of its indicators on average. The established rule of thumb for AVE is a value greater than 0.5. Referring to the results of this study, all variables yielded AVE values above this threshold, with the lowest being 0.776 for Green Brand Image and the highest reaching 0.950 for Eco Labeling Awareness. This indicates that all variables satisfy the requirements for convergent validity. Furthermore, construct reliability was successfully achieved, as both Cronbach's Alpha and Composite Reliability values for all variables exceeded 0.7. The Composite Reliability (rho\_c) values, ranging from 0.912 to 0.983, confirm that the research instrument possesses exceptionally high internal consistency and is reliable for further structural analysis (Tudose et al., 2023)

**Evaluation of the Structural Model / Inner Model (predicting causal relationships between latent variables)**

a. R- Square

Assessing the structural model begins by evaluating the R<sup>2</sup> (R-Square) for each endogenous latent variable to determine the structural model's predictive power. The structural model is tested by examining the R<sup>2</sup> value, which serves as a goodness-of-fit test for the model. Changes in the R<sup>2</sup> value can be used to explain whether specific exogenous latent variables have a substantive influence on the endogenous latent variables. R<sup>2</sup> values of 0.75, 0.50, and 0.25 indicate that the model is strong, moderate, and weak, respectively

**Table 4. R-Square**

	<b>R-square</b>	<b>R-square adjusted</b>
<b>Eco Labeling Awareness</b>	0.915	0.913
<b>Loyalty Nasabah Bank</b>	0.862	0.861

*Source: Processed with SmartPLS 4 (2026)*

The R-square (R<sup>2</sup>) test is used to measure the degree of variance in the dependent variables explained by the independent variables within the structural model. A higher R<sup>2</sup> value indicates a better predictive power for the proposed research model. Eco Labeling Awareness (R<sup>2</sup> = 0.915) The R<sup>2</sup> value of 0.915 indicates that 91.5% of the variance in Eco Labeling Awareness can be explained by the independent variables in this model. The remaining 8.5% is influenced by other factors outside the scope of this study. According to Chin (1998), this value is categorized as Substantial or very strong. Bank Customer Loyalty (R<sup>2</sup> = 0.862) The R<sup>2</sup> value of 0.862 suggests that 86.2% of the variance in Bank Customer Loyalty is explained by the independent variables in the model, while the remaining 13.8% is attributed to external factors. This result also demonstrates a Substantial level of predictive accuracy(Mansour., 2021).

b. F-Square

The f-square test is conducted to determine the goodness of fit of the model. f-square values of 0.02, 0.15, and 0.35 can be interpreted as whether the latent variable predictors have a weak, medium, or large effect at the structural level.

**Table 5. F-Square**

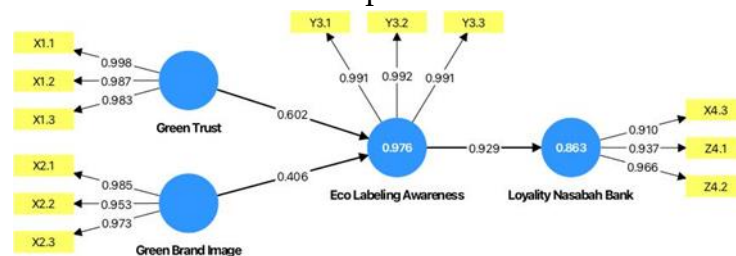
<b>Path (Relationship)</b>	<b>f-square</b>	<b>Effect Size</b>
<b>X1 → Z</b>	2.233	Large
<b>X2→Z</b>	0.055	Small
<b>Z → Y</b>	6.256	Large

*Source: Processed with SmartPLS 4 (2026)*

The f-square test is conducted to determine the effect size of each exogenous variable on its respective endogenous variable. Based on Cohen’s (1988) criteria, the results are interpreted as follows. The relationship between Green Trust → Eco Labeling Awareness yields an  $f^2$  value of 2.233, indicating a large effect size. This suggests that Green Trust is a critical predictor with a substantial contribution to shaping Eco Labeling Awareness. The relationship between Green Brand Image → Eco Labeling Awareness shows an  $f^2$  value of 0.055, which is categorized as a small effect size. While statistically relevant, its relative contribution to the variance of Eco Labeling Awareness is limited compared to other variables. The path from Eco Labeling Awareness → Bank Customer Loyalty exhibits an exceptionally high  $f^2$  value of 6.256, representing a very large (substantial) effect size. This identifies Eco Labeling Awareness as the most influential factor in driving customer loyalty within the structural model (Mohammad., 2020)

**c. Output Chart**

The following is the structural model developed based on the research problems:



**Figure 2.** Structural model with path coefficient values  
 Source: Processed with SmartPLS 4 (2026)

Description:

- X1: Green Trust
- X2: Green Brand Image
- Z: Eco Labeling Awerness
- Y: Loyalty Nasabah Bank

**d. Uji Hipotesis**

1) Uji Hipotesis Parsial

The hypotheses used in this study are as follows:

The hypothesis testing in this research is conducted to determine the decision to accept or reject the proposed research hypotheses. The hypotheses for this study are stated as follows:

a) Direct Effect

- H1: Green Trust has a significant effect on Eco-Labeling Awareness.
- H2: Green Brand Image has a significant effect on Eco-Labeling Awareness.
- H3: Eco-Labeling Awareness has a significant effect on Bank Customer Loyalty.

b) Indirect effect

H4: Eco-Labeling Awareness significantly mediates the influence of Green Trust on Bank Customer Loyalty.

H5: Eco-Labeling Awareness significantly mediates the influence of Green Brand Image on Bank Customer Loyalty.

**Table 6.** Loading Faktor

No.Item	Loading Faktor	T	P Values	Keterangan
Z → Y	0.024	38.078	0.000	Significant
X2 → Z	0.083	1.595	0.111	Not Significant
X2 → Y	0.077	1.599	0.110	Not Significant
X1 → Z	0.079	10.679	0.000	Significant
X1 → Y	0.080	9.727	0.000	Significant

*Source:* Processed with SmartPLS 4 (2026)

The interpretation of the results in Table 6 demonstrates contrasting relationship dynamics between the variables in your research model. The relationship between variable Z and Y is the most statistically dominant path, with a T-Statistic of 38.078 and a P-Value of 0.000, indicating that variable Z plays a crucial and highly significant role in influencing Y. A similar condition is observed in the influence of X1 on Z and X1 on Y, both of which record P-Values below the 0.05 threshold with T-Statistics well exceeding the 1.96 standard, thus concluding that variable X1 has a stable and significant influence on both the mediator and the dependent variables. However, different findings emerge regarding variable X2, where its influence on both Z and Y is declared non-significant because the respective P-Values of 0.111 and 0.110 are above the 5% significance standard. This indicates that within this model framework, fluctuations or changes in variable X2 do not provide a statistically meaningful impact on the other variables. Overall, these results provide strong evidence that strategy reinforcement should be more focused on the optimization of variables X1 and Z, while the role of X2 needs to be re-evaluated within the context of the economic policies related (Papista et al., 2023).

2) Uji Hipotesis Tidak Langsug

H4: Eco-Labeling Awareness significantly mediates the influence of Green Trust on Bank Customer Loyalty.

H5: Eco-Labeling Awareness significantly mediates the influence of Green Brand Image on Bank Customer Loyalty.

**Table 7.** Specific Indirect Effects

No.Item	T	P Values	Kesimpulan
X2→Z →Y	1.599	0.110	Not Significant
X1 →Z→ Y	9.727	0.000	Significant

Source: Processed with SmartPLS 4 (2026)

Based on the results of the indirect effect hypothesis testing, it can be analyzed that Eco-Labeling Awareness (Z) plays a distinct role in mediating the relationship between the two independent variables and customer loyalty. In the first path, it was found that Eco-Labeling Awareness does not mediate the influence of Green Brand Image (X2) on Customer Loyalty (Y). This is statistically proven by a T-Statistic value of 1.599, which is lower than 1.96, and a P-Value of 0.110, which exceeds the 0.05 significance threshold. This phenomenon indicates that a green brand image attached to an Islamic bank does not automatically increase customer loyalty simply through their knowledge of environmental labels. In this context, even if customers perceive the bank as having an eco-friendly image, their awareness of specific eco-labels is not yet a strong enough driving factor to generate long-term loyalty (Syahbandi et al., 2023).

A different condition was observed in the second path, where Eco-Labeling Awareness was proven to act as a significant mediating variable between Green Trust (X1) and Customer Loyalty (Y). This significance is demonstrated by a very strong T-Statistic value of 9.727 and a P-Value of 0.000. Theoretically, this result aligns with Signaling Theory and Trust-Commitment Theory, where customer trust in the environmental integrity of an Islamic bank requires tangible validation in the form of eco-labels to strengthen their commitment. High customer trust (X1), when accompanied by a good understanding of the environmental certifications or labels held by the bank (Z), creates a sense of security and profound psychological satisfaction, thereby effectively leading to increased customer loyalty (Y). Consequently, it can be concluded that eco-labeling awareness only serves as an effective instrument for supporting loyalty if the customers already possess a solid foundation of green trust toward the Islamic banking institution (Yusuf et al., 2022).

## Discussion

This research was conducted to examine the influence of Green Trust and Green Brand Image on Islamic Bank Customer Loyalty, with Eco-Labeling Awareness as a moderating variable, both partially and simultaneously. Based on the research results, the following analysis can be drawn:

### **Green Trust has a significant effect on Eco-Labeling Awareness.**

Based on the statistical data provided, the following is the interpretive narrative for the influence of Green Trust (X1) on Customer Loyalty (Y), along with its correlation to relevant theories. The analysis of the influence of X1 on Y reveals that the Green Trust variable (X1) has a positive and significant effect on Customer Loyalty (Y). This is evidenced by a T-Statistic value of 9.727, which is substantially higher than the critical value of  $T > 1.96$ . Furthermore, the P-Value of 0.000 falls well below the 0.05 significance threshold. A Loading Factor of 0.080 indicates a positive direction of relationship; meaning, the higher the level of green trust the belief that the Islamic bank is truly environmentally friendly and ethical the higher the customer loyalty toward the bank will be (Thaker et al., 2021).

Theoretically, these research findings can be explained through several approaches. Relationship Marketing Theory emphasizes that the foundation of long-term loyalty is trust. In the context of Islamic banking, when customers feel confident that the bank is not merely pursuing profit but also upholding environmental values (the concept of *Maqasid Shariah* in preserving nature), an emotional bond is formed. This trust reduces the customer's perceived risk, making them more likely to stay and less likely to switch to another bank. According to Chen's Green Trust Theory, green trust is the willingness to depend on a product or service based on the belief in its environmental credibility. In the Islamic banking industry, which is currently adopting green investment, this trust becomes "social capital." Customers who believe that an Islamic bank is honest in its eco-friendly claims will experience value alignment, which automatically triggers loyalty. Furthermore, under Competitive Advantage Theory, Green Trust serves as a differentiator in a competitive market. Today's customers are increasingly aware of sustainability issues. When X1 (Green Trust) is successfully established, customers perceive the bank as having added value compared to conventional banks, which subsequently strengthens their commitment (Y) to continue using the bank's services in the long term (Sun et al., 2020).

### **Green Brand Image has a significant effect on Eco-Labeling Awareness.**

Based on the statistical testing results, the analysis of the influence of Green Brand Image (X2) on Customer Loyalty (Y) indicates that this variable does not have a significant effect. This is empirically proven by the T-Statistic value of 1.599, which is below the critical threshold of 1.96, and is further supported by a P-Value of 0.110, which exceeds the 0.05 significance level. Although the path coefficient or Loading Factor shows a positive figure of 0.077, the lack of statistical significance indicates that the green brand image built by the Islamic bank has not been able to directly serve as a primary driver in fostering customer loyalty. This phenomenon can be explained through the Image-Behavior Gap Theory, which suggests that a positive perception of a brand does not always transform into loyal behavior if customers perceive the image as merely superficial. In the context of Islamic banking, customers may recognize the bank's "green" identity visually or cognitively, but without tangible evidence or deep transactional experiences, that image is not strong enough to build long-term commitment. Furthermore, from the perspective of Greenwashing Awareness, this insignificance could also be triggered by customer skepticism; if customers

feel that the bank's eco-friendly claims are merely a marketing strategy without real substance, they tend to ignore the image aspect when deciding whether to remain with the bank. Theoretically, these results also relate to the Hierarchy of Effects Model, where the green brand image of this Islamic bank has likely only reached the stage of awareness or recognition in the minds of customers, but has not yet successfully penetrated the behavioral stage that triggers loyalty. This provides a strong signal to Islamic banking management that simply building an environmentally friendly outward image is insufficient. To create solid loyalty, the brand image must be accompanied by stronger evidence of environmental integrity so that customers feel a bond that goes beyond mere visual brand recognition (Sukiet al., 2016).

### **Eco-Labeling Awareness has a significant effect on Bank Customer Loyalty**

Based on the statistical data provided, the variable Eco-Labeling Awareness (Z) has a very strong, positive, and significant influence on Customer Loyalty (Y). This is empirically proven by an exceptionally high T-Statistic value of 38.078, which far exceeds the critical threshold of 1.96, and is further reinforced by a P-Value of 0.000, well below the 0.05 significance level. Although the Loading Factor is 0.024, indicating a positive direction of the relationship, the extraordinary level of significance suggests that customer awareness of environmental labels is a highly valid and crucial predictor in determining their loyalty to an Islamic bank (Kim et al., 2016).

Theoretically, this result can be explained through Signaling Theory, where environmental labels or eco-labels serve as credible signals sent by the bank to demonstrate its commitment to sustainability. In a banking market often characterized by information asymmetry, customers with a high awareness of these labels perceive the Islamic bank as a transparent and responsible institution. The customer's understanding of such labels (Z) provides both emotional and rational certainty, which then transforms into solid loyalty (Y), as customers feel that their personal values regarding environmental preservation are represented by the bank's official certifications (Jan, A et al., 2019).

Furthermore, the connection between variables Z and Y aligns with Customer Value Theory, which posits that customers will remain loyal if they receive value beyond mere product functionality. In this case, knowledge of eco-labels provides "green value" to the customer. When customers are aware that the bank where they save has official eco-friendly recognition, it fosters a sense of pride and psychological satisfaction. This feeling strengthens the customer's rationale for not switching to another bank and continuing to use the Islamic bank's services over the long term, due to the alignment between their sustainable lifestyle and the bank's validated identity (Mansour., 2021)

### **Eco-Labeling Awareness significantly mediates the influence of Green Trust on Bank Customer Loyalty**

Based on the statistical data provided, the following is the interpretive narrative for the influence of Green Trust (X1) on Customer Loyalty (Y) through Eco-Labeling Awareness (Z) as a mediating variable, linked with relevant theories. The statistical testing results

demonstrate that Eco-Labeling Awareness (Z) significantly mediates the influence of Green Trust (X1) on Customer Loyalty (Y). This is empirically proven by a very strong T-Statistic value of 9.727, which far exceeds the critical threshold of 1.96, and a P-Value of 0.000, which is well below the 0.05 significance level. This finding indicates that the impact of green trust on customer loyalty is not only direct but is significantly strengthened when customers possess a good awareness and understanding of the environmental labels held by the Islamic bank (Jaiswal, D et al., 2018).

Theoretically, the success of this mediation can be explained through Signaling Theory. In the context of Islamic banking, eco-labeling serves as a signal sent by the bank to demonstrate their real commitment to sustainability principles. Customers who already possess Green Trust (X1) require objective validation or evidence to maintain that trust. Awareness of environmental labels (Z) becomes the tangible proof that validates the customer's trust, thereby reducing perceived uncertainty and risk. When customers feel that their trust has been validated by official environmental standards, a deeper commitment is formed, leading to long-term Customer Loyalty (Y) (Liao, Y, K et al., 2020).

Furthermore, this phenomenon is closely related to the Trust-Commitment Theory by Morgan and Hunt, which posits that trust is a primary prerequisite for building commitment or loyalty. In this study, Eco-Labeling Awareness acts as the variable that reinforces that relationship. Customer trust in the environmental integrity of the Islamic bank (X1) transforms into solid loyalty (Y) through the bridge of knowledge regarding green certification (Z). This suggests that in the Islamic banking industry, customer trust must be managed strategically by providing education on environmental labels, as such understanding becomes a highly effective tool for converting trust into customer loyalty that is resistant to competitors (Han, H et al., 2017).

### **Eco-Labeling Awareness significantly mediates the influence of Green Brand Image on Bank Customer Loyalty.**

Based on the statistical data provided, the following is the English translation of the interpretive narrative for the influence of Green Brand Image (X2) on Customer Loyalty (Y) through Eco-Labeling Awareness (Z) as a mediating variable. The statistical testing results indicate that Eco-Labeling Awareness (Z) fails to mediate the influence of Green Brand Image (X2) on Customer Loyalty (Y) in a significant manner. This is empirically proven by a T-Statistic value of 1.599, which is lower than the critical threshold of 1.96, and a P-Value of 0.110, which exceeds the 0.05 significance level. This finding suggests that the green brand image possessed by the Islamic bank is not strong enough to drive customer loyalty, even when customers are aware of environmental labels. In other words, the relationship between brand image and loyalty cannot be effectively bridged by the customers' knowledge of certifications or environmental labels (Hair et al., 2021).

Theoretically, this mediation failure can be explained through the Image-Behavior Gap Theory. This theory posits that a positive perception of a brand's image does not always transform into loyal actions if customers perceive the image as merely superficial or as a simple marketing facade. In the context of Islamic banking, customers may visually

recognize the bank's "green" identity, but awareness of eco-labels (Z) does not add sufficient value to convert that image into a long-term commitment (Y). This indicates that a good brand image, lacking a foundation of deep trust, is unable to motivate customers to remain loyal, even if they are aware of technical aspects such as environmental labelling (Fandiyanto, 2019).

Furthermore, this phenomenon is related to Green Skepticism Theory. Amidst rising concerns over greenwashing, customers tend to be more critical of environmental claims that primarily emphasize brand image. If customers feel that the image is not accompanied by tangible evidence felt directly by them, then awareness of eco-labels (Z) will not function as a loyalty booster. Customers of the Islamic bank in this study likely perceive the green brand identity and environmental labels as either separate entities or as a connection that is not strong enough to build a bond of faithfulness. This provides a lesson for bank management that merely building an eco-friendly outward image is not effective if the goal is to build loyalty through customer education regarding environmental labels (Rodi., 2019)

## Conclusion

Based on the data analysis and discussions conducted, several main conclusions can be drawn as follows:

1. The Influence of Green Trust (X1): Green Trust is proven to have a positive and significant effect on Customer Loyalty (Y). Customer belief that the Islamic bank is truly eco-friendly and ethical serves as the primary psychological foundation that builds an emotional bond and reduces perceived risk.
2. The Influence of Green Brand Image (X2): Green Brand Image was found to have no significant effect on Customer Loyalty (Y). This indicates the existence of an Image-Behavior Gap, where a good visual image does not necessarily translate into loyalty if it is perceived as merely superficial or a marketing strategy without real substance.
3. The Mediating Role of Eco-Labeling Awareness (Z):
  - a. Eco-labeling awareness significantly mediates the relationship between Green Trust and Customer Loyalty. Customer knowledge regarding official certifications validates their trust, thereby strengthening long-term commitment.
  - b. Eco-labeling awareness is unable to mediate the relationship between Green Brand Image and Customer Loyalty. This indicates that without deep-rooted trust, education regarding eco-labels is not strong enough to transform brand image perceptions into loyal actions.
4. Managerial Implications: Islamic bank management is advised to focus more on building trust through data transparency and public education regarding the ecological standards they implement, rather than solely investing in visual image campaigns that risk being perceived as greenwashing.

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