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# Sharia Governance, Islamic Leadership, and Customer Religiosity in Enhancing Value Co-Creation: The Mediating Role of Customer Commitment in Islamic Financial Institutions

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## ARTICLE INFO

## ABSTRACT

### Article history:

Received: 10 June 2024  
 Revised: 12 August 2024  
 Accepted: 30 August 2024  
 Published: 10 September 2024

### Correspondence:

Khristiana 

### Keywords:

Sharia Governance; Islamic Leadership; Customer Religiosity; Value Co-Creation; Customer Commitment; Islamic Financial Institutions

### Classification:

JEL: G21; G28; M31; Z12

**Purpose** - This study examines the influence of Sharia Governance, Islamic Leadership, and Customer Religiosity on Value Co-Creation, with Customer Commitment positioned as a mediating variable in Islamic financial institutions.

**Design/methodology/approach** - This study employed a quantitative explanatory design. Data were collected from 400 customers of Islamic financial institutions in Indonesia, covering Jakarta, Surabaya, Bandung, Medan, and Makassar. The data were analyzed using Partial Least Squares Structural Equation Modeling in SmartPLS.

**Findings** - The results show that Sharia Governance, Islamic Leadership, and Customer Religiosity have positive and significant effects on Customer Commitment and Value Co-Creation. Customer Commitment also has a positive and significant effect on Value Co-Creation. The mediation analysis confirms that Customer Commitment partially mediates the relationships between Sharia Governance, Islamic Leadership, Customer Religiosity, and Value Co-Creation. Customer Religiosity demonstrates the strongest total effect on Value Co-Creation.

**Research limitations/implications** - This study was conducted using cross-sectional data from Islamic financial institution customers in five Indonesian cities. Future research should involve broader institutional settings, longitudinal designs, and comparative analysis across Islamic financial markets to improve generalisability and causal interpretation.

**Practical implications** - The findings suggest that Islamic financial institutions should strengthen Sharia governance transparency, cultivate Islamic leadership practices, and enhance customer commitment through trust-based, ethical, and value-aligned service strategies to encourage customer participation in value co-creation.

**Originality/value** - This study contributes to Islamic banking and service management literature by integrating Sharia Governance, Islamic Leadership, Customer Religiosity, and Customer Commitment into a unified value co-creation framework grounded in Value Co-Creation Theory, Social Exchange Theory, Spiritual Leadership Theory, and the Theory of Planned Behavior.

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## 1. Introduction

Islamic financial institutions have evolved from limited faith-based financial instruments into key components of the global financial system. Their operational integration has contributed to expanding new markets, promoting financial inclusion, and strengthening macroeconomic stability and resilience, particularly during periods of economic crisis (Farah et al., 2025). In Indonesia, the growth of Islamic banking assets and financing capacity has played an important role in supporting long-term improvements in real-sector productivity and overall economic development (Ayu Lestari, 2025). The competitiveness of Islamic financial institutions depends not only on their formal adherence to Sharia principles but also on their ability to allocate Islamic funds efficiently into working capital, investment activities, productive financing, and household financing (Rofik et al., 2025). From the perspective of the Islamic moral economy, the development of Islamic banking can also contribute to inclusive human development and long-term socioeconomic welfare when supported by governance structures that emphasize justice, stakeholder development, ethical conduct, and responsible financial practices (Avdukic and Asutay, 2025). Therefore, aligning Sharia-based product governance with the expansion of sustainable financing is essential to fostering a resilient, inclusive, and equitable economic system.

Value co-creation has become increasingly important in the Islamic banking industry as customers are no longer understood merely as passive recipients of financial services. Instead, they are active participants who influence service improvement, product innovation, feedback mechanisms, relational quality, and the development of institutional value. Evidence from Islamic banking shows that customer value co-creation is shaped by the interaction between rational service assessment and faith-based motivation, including religiosity, perceived value, behavioral factors, and customer commitment (Abror et al., 2023). In the Indonesian Islamic banking sector, customer participation has also been associated with higher levels of trust, satisfaction, and loyalty, suggesting that collaborative service innovation can strengthen long-term customer relationships when customers are genuinely involved in service processes (Asnawi and Setyaningsih, 2021). More recent conceptual

developments also indicate that customer-to-customer interactions in Islamic banking may co-create, negotiate, or challenge financial value through religious norms, community relations, digital platforms, market incentives, and regulatory frameworks (Moharrak and Mogaji, 2025). Thus, effective collaborative engagement in Islamic financial institutions depends not only on service quality and innovation but also on institutional behavior, customer trust, ethical relational quality, Sharia governance, and alignment with religious values.

Sharia governance serves as a vital institutional framework that distinguishes Islamic financial institutions from conventional financial institutions. It establishes the Sharia Supervisory Board as a central mechanism for ensuring compliance with Islamic principles, strengthening accountability, maintaining transparency, and building stakeholder trust. Effective Sharia governance is generally characterized by competent, independent, and well-educated Sharia board members who meet regularly, actively participate in institutional oversight, and contribute to strategic decision-making. Prior studies show that strong Sharia governance can reduce compliance risks, improve risk management, strengthen accountability, and enhance the credibility of Islamic banks (Alam et al., 2020; Firdaus et al., 2024; Mukhibad and Setiawan, 2022; Sodik et al., 2024). At the same time, Islamic leadership provides a behavioral and cultural foundation rooted in amanah, justice, moral example, sincerity, spiritual accountability, and value-based communication. Findings from Indonesian Islamic banks indicate that Islamic leadership significantly improves Sharia engagement and job satisfaction, thereby influencing organizational performance through stronger alignment with Islamic values (Sodik et al., 2024). Consequently, rigorous Sharia governance and spiritually grounded leadership are both essential for fostering trust, promoting ethical behavior, strengthening institutional legitimacy, and supporting sustainable value creation in Islamic financial institutions.

Customer religiosity also plays a vital role in Islamic financial behavior because religious belief influences customer preferences, perceived legitimacy, ethical judgments, and willingness to engage with Sharia-compliant financial services. Religiosity may encourage customers to evaluate Islamic banks not only on financial returns, product efficiency, and service convenience, but also on Sharia compliance, spiritual meaning, moral responsibility, and alignment with Islamic economic principles (Ahmed et al., 2022). In this context, customers with stronger religious orientations may be more sensitive to the perceived authenticity of Islamic banking practices, the credibility of Sharia supervision, and the ethical consistency of institutional behavior. Simultaneously, customer commitment functions as a relational mechanism through which governance, leadership, and religiosity may be translated into long-term loyalty, identification with institutional values, willingness to recommend services, and active participation in service processes. This relationship is consistent with value co-creation theory, which views value as collaboratively created through interaction between institutions and customers (Vargo and Lusch, 2004); social exchange theory, which links commitment to reciprocal benefits, trust, and perceived fairness (Cropanzano and Mitchell, 2005); spiritual leadership theory, which connects values, spiritual meaning, and organizational outcomes (Fry, 2003); and the theory of planned behavior, which explains how beliefs, attitudes, and perceived control influence behavioral intentions (Ajzen, 1991). In Islamic financial institutions, these theoretical foundations suggest that customer commitment may become a bridge between institutional values and customer participation in value co-creation.

Despite the growing body of research on Islamic banking and Islamic financial institutions, several important gaps remain. First, many previous studies have examined Sharia governance, Islamic leadership, religiosity, customer commitment, and value co-creation separately, without integrating these constructs into a single explanatory model. Second, existing studies have often emphasized organizational performance, customer satisfaction, loyalty, or Sharia compliance, while giving less attention to how institutional governance and customer religiosity jointly shape value co-creation through relational commitment. Third, while customer participation and service innovation have been discussed in Islamic banking contexts, the mediating role of customer commitment in connecting governance, leadership, and religiosity with value co-creation remains underexplored. This is important because value co-creation in Islamic financial institutions is not merely a transactional process; it involves trust, ethical legitimacy, religious congruence, customer identification, and sustained relational engagement.

This study fills that gap by investigating the direct effects of Sharia governance, Islamic leadership, and customer religiosity on Value Co-Creation, as well as the mediating role of Customer Commitment in Islamic financial institutions. The study advances the literature by developing an integrated model that combines institutional, spiritual, and customer-based dimensions of Islamic banking behavior. Theoretically, it draws on value co-creation theory, social exchange theory, spiritual leadership theory, and the theory of Planned Behavior to explain how institutional governance and religiously grounded behavior can shape customer commitment and collaborative value creation. The findings should help Islamic financial institutions strengthen Sharia legitimacy, improve customer relationships, enhance service innovation, and promote sustainable customer participation. The rest of this article is organized as follows: Section 2 reviews relevant literature and develops hypotheses; Section 3 presents the research methodology, sample, measurements, and data analysis procedures; Section 4 reports the empirical findings and discussion; Section 5 concludes the article; Section 6 discusses implications; and Section 7 presents supporting table data.

## 2. Critical Review

### 2.1 Theoretical Foundation

This research is founded on the principles of Value Co-Creation Theory, Social Exchange Theory, Spiritual Leadership Theory, and the Theory of Planned Behavior. Value Co-Creation Theory explains that value is not created by institutions alone, but emerges through collaborative interactions between service providers and customers (Vargo and Lusch, 2004). In this perspective, customers are not passive recipients of services; they become active actors who share experiences, provide feedback, participate in service improvement, and contribute to the development of relational and institutional value. This theory is particularly relevant in Islamic financial institutions because Islamic banking services involve not only financial transactions but also ethical expectations, religious alignment, trust, and customer participation in maintaining Sharia-based service quality.

Social Exchange Theory provides the relational foundation of this study by explaining that customers are more likely to develop commitment when they perceive trust, fairness, reciprocity, and mutual benefits from an institution (Cropanzano and Mitchell, 2005). In the context of Islamic financial institutions, customers may remain committed when they believe that the institution treats them fairly, delivers transparent services, protects their interests, and operates according to Islamic ethical principles. Commitment, therefore, becomes a response to perceived relational quality and institutional trustworthiness. This theoretical view helps explain why customers who experience credible governance and ethical service relationships may be more willing to support institutional activities and participate in value co-creation.

Spiritual Leadership Theory highlights the importance of Islamic Leadership by emphasizing moral vision, spiritual meaning, intrinsic motivation, ethical values, and value-based communication (Fry, 2003). Islamic leadership is closely associated with amanah, justice, sincerity, moral responsibility, and exemplary behavior. These leadership qualities are expected to build a trustworthy institutional climate where customers feel that Islamic financial institutions are not merely profit-oriented entities but organizations committed to religious values and social responsibility. In this study, Spiritual Leadership Theory supports the assumption that Islamic Leadership can shape customer perceptions, strengthen customer commitment, and encourage participation in collaborative service processes.

Meanwhile, the Theory of Planned Behavior explains how individual beliefs, attitudes, subjective norms, and perceived behavioral control influence behavioral intentions and actions (Ajzen, 1991). In Islamic financial services, customers' beliefs about Sharia compliance, their attitudes toward Islamic banking, and their perceived ability to participate in service activities may influence their commitment and willingness to engage in value co-creation. Religiosity can also shape behavioral intention because religious customers often evaluate financial institutions based on their alignment with Islamic principles. Collectively, these theories offer a comprehensive foundation for understanding how Sharia Governance, Islamic Leadership, and Customer Religiosity contribute to Customer Commitment and ultimately promote Value Co-Creation within Islamic financial institutions.

## 2.2 Antecedents of Value Co-Creation

Sharia Governance, Islamic Leadership, and Customer Religiosity are crucial antecedents of Value Co-Creation in Islamic financial institutions because they influence institutional credibility, ethical trust, customer confidence, and customer participation in service processes (Abror et al., 2023; Alam et al., 2020; Sodiq et al., 2024). In Islamic financial services, value co-creation is not limited to customer feedback or service innovation. It also involves customer trust in Sharia compliance, willingness to recommend services, active participation in product evaluation, and support for the sustainability of Islamic financial institutions. Therefore, the antecedents of value co-creation need to be understood from both institutional and customer-based perspectives.

Strong Sharia Governance enhances Value Co-Creation by ensuring that Islamic financial institutions operate in accordance with Islamic principles through competent, independent, and transparent oversight by the Sharia Supervisory Board (Alam et al., 2020; Grassa, 2016; Mukhibad and Setiawan, 2022). When customers perceive Sharia governance as credible and accountable, they are more likely to trust the institution and participate in service-related activities. This perception can encourage customers to provide feedback, engage in product improvement, support institutional innovation, and become involved in service delivery processes (Abror et al., 2023; Vargo and Lusch, 2004). In this way, Sharia Governance does not merely function as a compliance mechanism; it also becomes a relational resource that strengthens customer participation and supports value co-creation.

Islamic Leadership also enhances the value co-creation ecosystem by demonstrating amanah, justice, moral leadership, spiritual motivation, and value-based communication. Leaders who consistently express Islamic values can create a service climate that encourages cooperation, trust, and ethical relationships between the institution and its customers (Fry, 2003; Sodiq et al., 2024). In Islamic financial institutions, leadership behavior may affect how customers perceive institutional sincerity, moral responsibility, and service authenticity. When leadership is seen as ethical and spiritually grounded, customers may become more willing to collaborate, provide constructive input, and support institutional development.

Customer Religiosity also contributes significantly to Value Co-Creation because religious customers evaluate Islamic banking not only based on financial benefits but also through Sharia compliance, spiritual resonance, and ethical financial practices (Abror et al., 2023; Ahmed et al., 2022). Religiosity may strengthen customers' emotional and spiritual attachment to Islamic financial institutions when they perceive consistency between institutional practices and Islamic values. This spiritual dedication may encourage customers to share information, recommend services, participate in service improvement, and support Islamic banks that align with their religious values (Abror et al., 2023; Cropanzano and Mitchell, 2005). Consequently, the following hypotheses are formulated:

- **H1:** Sharia Governance has a positive effect on Value Co-Creation.
- **H2:** Islamic Leadership has a positive effect on Value Co-Creation.
- **H3:** Customer Religiosity has a positive effect on Value Co-Creation.

## 2.3 Sharia Governance, Islamic Leadership, Customer Religiosity, and Customer Commitment

Sharia Governance, Islamic Leadership, and Customer Religiosity are expected to increase Customer Commitment in Islamic financial institutions by integrating institutional credibility, ethical standards, and spiritual values. Customer Commitment reflects a long-term relational attachment between customers and financial institutions. In Islamic banking, this commitment is not formed only through economic satisfaction or service convenience, but also through confidence in Sharia compliance, ethical integrity, fairness, trust, and religious value alignment. Therefore, institutional mechanisms and customer religiosity are important in explaining why customers remain loyal and emotionally attached to Islamic financial institutions.

Sharia Governance improves relational commitment by assuring customers that products, operations, contracts, and institutional strategies are aligned with Islamic principles and supervised by an accountable Sharia Supervisory Board (Alam et al., 2020; Grassa, 2016; Mukhibad and Setiawan, 2022). When governance structures are perceived as credible, independent, and transparent, customers feel more psychologically secure and emotionally attached to the institution. This sense of security can reduce uncertainty and increase long-term loyalty. In this context, Sharia Governance provides assurance that Islamic financial institutions operate according to religious and ethical expectations, thereby strengthening customer trust and commitment.

Islamic Leadership further strengthens Customer Commitment by promoting amanah, justice, moral role modeling, and value-based communication. These qualities help create a trustworthy service environment and deepen customer identification with institutional values (Fry, 2003; Sodiq et al., 2024; Waseem et al., 2025). Customers may become more committed when they perceive that leaders and employees act ethically, communicate transparently, and reflect Islamic values in their service practices. Islamic Leadership therefore becomes an important driver of emotional attachment because it connects institutional behavior with customers' expectations of moral and religious authenticity.

Customer Religiosity also functions as an internal motivator because highly religious customers assess Islamic banking not only by financial outcomes but also through Sharia compliance, ethical consistency, and spiritual harmony. When customers perceive a strong value alignment between their religious beliefs and institutional practices, they are more likely to develop emotional commitment and recommend the institution to their community (Abror et al., 2023; Muffih et al., 2020; Suhartanto et al., 2020). Religious customers may also view continued engagement with Islamic financial institutions as part of their ethical and spiritual responsibility. Therefore, Customer Religiosity can strengthen commitment by connecting financial behavior with religious identity and moral conviction. Based on this reasoning, the following hypotheses are proposed:

- **H4:** Sharia Governance has a positive effect on Customer Commitment.
- **H5:** Islamic Leadership has a positive effect on Customer Commitment.
- **H6:** Customer Religiosity has a positive effect on Customer Commitment.

### 2.4 Customer Commitment and Value Co-Creation

Customer Commitment is a key predictor of Value Co-Creation in Islamic financial institutions because committed customers are more likely to maintain long-term relationships, align their personal values with the institution’s ethical identity, and actively participate in service improvement. In Islamic banking, commitment is built not only on economic satisfaction but also on relational trust, perceived fairness, ethical integrity, and confidence in Sharia compliance. Customers who develop emotional bonds with an Islamic bank tend to provide constructive feedback, participate in innovation, recommend services, and collaborate in resolving service-related problems.

This argument is consistent with Social Exchange Theory, which explains that customers respond to fair, trustworthy, and beneficial treatment with supportive behaviors (Cropanzano and Mitchell, 2005). When customers perceive that an Islamic financial institution provides ethical and reliable services, they are more likely to reciprocate through loyalty, positive word of mouth, and active participation. It is also consistent with Service-Dominant Logic and Value Co-Creation Theory, which view value as co-created through resource sharing, interaction, and collaboration between providers and committed customers (Vargo and Lusch, 2004). In this sense, customer commitment becomes a relational condition that enables customers to move from passive service consumption to active value creation.

Empirical studies in Islamic banking also support the idea that religiosity, perceived value, behavioral factors, service fairness, satisfaction, engagement, and loyalty enhance customers’ willingness to co-create value and maintain long-term relationships (Abror et al., 2023; Moharrak and Mogaji, 2025; Roberts-Lombard and Petzer, 2025; Suhartanto et al., 2020). In Islamic financial institutions, customers who are committed may feel responsible for supporting the sustainability of Islamic banking services because such services represent not only financial products but also religiously and ethically meaningful alternatives. Therefore, the following hypothesis is proposed:

- **H7:** Customer Commitment has a positive effect on Value Co-Creation.

### 2.5 Mediating Role of Customer Commitment

Customer Commitment is expected to serve as an essential mediator linking Sharia Governance, Islamic Leadership, and Customer Religiosity to Value Co-Creation. Conceptually, institutional credibility, ethical leadership, and religious value alignment may not automatically generate active customer participation unless they are first transformed into long-term psychological attachment and relational commitment. Customers may recognize that an institution has strong governance, ethical leadership, or religious alignment, but value co-creation requires deeper relational involvement. Commitment provides this relational bridge by converting trust, moral evaluation, and religious congruence into participatory behavior.

Sharia Governance promotes Value Co-Creation through Customer Commitment by strengthening customers’ confidence in transparency, accountability, and Sharia compliance. When customers perceive that credible and independent Sharia governance mechanisms supervise Islamic financial institutions, relational uncertainty decreases and affective commitment increases. This commitment then encourages customers to provide feedback, participate in product evaluation, recommend services, and support collaborative service improvement (Abror et al., 2023; Alam et al., 2020; Mukhibad and Setiawan, 2022). Thus, Sharia Governance may influence Value Co-Creation both directly and indirectly through the development of customer commitment.

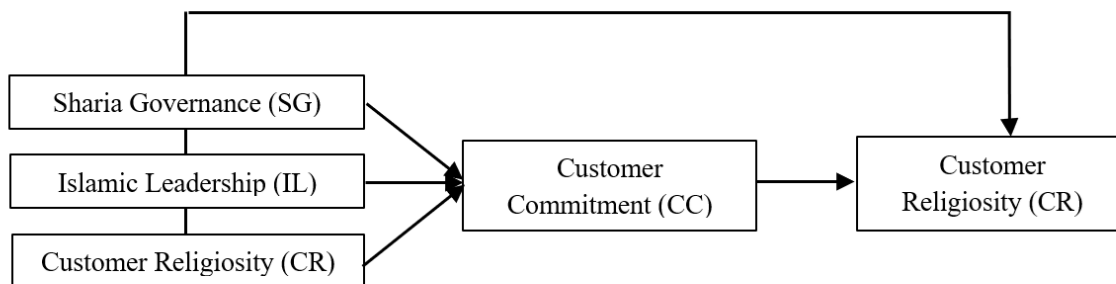


Figure 1. Conceptual Framework

Islamic Leadership also indirectly enhances Value Co-Creation through Customer Commitment. Leaders who consistently demonstrate amanah, justice, moral integrity, sincerity, and value-based communication can foster a trustworthy service climate. Such ethical and spiritually grounded relationships encourage customers to maintain long-term relational bonds and actively support institutional service development (Cropanzano and Mitchell, 2005; Sodiq et al., 2024). When customers feel that the institution’s leadership reflects Islamic moral values, they are more likely to become emotionally committed and willing to participate in activities that improve the service experience.

Similarly, Customer Religiosity strengthens Value Co-Creation through Customer Commitment when customers perceive strong value congruence between their religious beliefs and the actual practices of Islamic financial institutions. This religious alignment creates emotional and spiritual attachment, which motivates customers to engage in customer citizenship behavior, recommend services, share information, and contribute to the sustainability of Islamic banking services consistent with Islamic ethical principles (Abror et al., 2023; Vargo and Lusch, 2004). Accordingly, the following mediation hypotheses are proposed:

- **H8:** Customer Commitment mediates the relationship between Sharia Governance and Value Co-Creation.
- **H9:** Customer Commitment mediates the relationship between Islamic Leadership and Value Co-Creation.
- **H10:** Customer Commitment mediates the relationship between Customer Religiosity and Value Co-Creation.

### 2.6 Conceptual Framework

Figure 1 presents the conceptual framework of this study. The framework shows that Sharia Governance, Islamic Leadership, and Customer Religiosity influence Value Co-Creation both directly and indirectly through Customer Commitment. The model is grounded in Value Co-Creation

Theory and Social Exchange Theory, which explain that institutional credibility, ethical leadership, and religious value alignment can foster customer commitment and encourage collaborative participation in service value creation (Abror et al., 2023; Cropanzano and Mitchell, 2005; Vargo and Lusch, 2004). The framework also integrates Spiritual Leadership Theory and the Theory of Planned Behavior by emphasizing the role of Islamic leadership values, customer beliefs, attitudes, and religious motivation in shaping commitment and participatory behavior in Islamic financial institutions.

### 3. Research Methodology

#### 3.1 Research Design

This study employed a quantitative explanatory research design to examine the causal relationships among Sharia Governance, Islamic Leadership, Customer Religiosity, Customer Commitment, and Value Co-Creation in Islamic financial institutions. The explanatory design was considered appropriate because the study aimed to test theoretically grounded hypotheses and evaluate both direct and mediating effects among latent variables. In this context, the research sought not only to describe customer perceptions but also to explain how institutional, spiritual, and relational factors influence customers' participation in value co-creation. Quantitative explanatory research is suitable for studies that investigate relationships among variables using structured measurement instruments and statistical modeling (Sekaran and Bougie, 2009, 2016).

A cross-sectional survey approach was used to collect data from respondents at a single point in time. This approach enabled the study to capture customers' perceptions of Sharia governance practices, Islamic leadership values, religiosity, commitment, and value co-creation behavior within Islamic financial institutions. The cross-sectional design was selected because it allows researchers to measure customer attitudes and behavioral tendencies efficiently across a broad sample. It is also widely used in customer behavior, service management, and Islamic banking research where structured questionnaires are used to analyze relationships among customer perceptions, relational mechanisms, and service outcomes (Creswell and Poth, 2018; Hair and Alamer, 2022). Therefore, this research design provides a suitable methodological basis for examining the proposed model and testing the mediating role of Customer Commitment.

#### 3.2 Population, Sample, and Data Collection

The population of this study consisted of customers of Islamic financial institutions in major Indonesian cities, namely Jakarta, Surabaya, Bandung, Medan, and Makassar. These cities were selected because they represent important economic and financial centers with active Islamic banking operations and diverse customer segments. The respondents were selected purposively based on three criteria. First, the respondent had been an active customer of an Islamic financial institution for at least one year. Second, the respondent owned at least one active Islamic savings or financing product. Third, the respondent was at least 21 years old. These criteria were used to ensure that respondents had sufficient experience with Islamic financial services and were capable of evaluating governance, leadership, religiosity, commitment, and value co-creation behavior.

A total of 400 valid responses were collected and analyzed. The sample size was considered adequate for Partial Least Squares Structural Equation Modeling because the research model involved multiple latent variables and several structural paths. A larger sample size also improves the stability of parameter estimates and supports more reliable interpretation of direct and indirect effects. Data were collected using a structured questionnaire distributed to customers who met the inclusion criteria. The questionnaire used a five-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree. This scale was selected because it is commonly applied in behavioral research, customer perception studies, and Islamic banking studies to measure attitudes, beliefs, and perceived service experiences (Hair and Alamer, 2022; Kock et al., 2019; Sekaran and Bougie, 2016). The final sample profile is presented in Table 1.

#### 3.3 Measurement Instrument

The measurement instrument was developed based on established theories and prior empirical studies related to Islamic banking, Sharia governance, Islamic leadership, customer religiosity, customer commitment, and value co-creation. The study consisted of five latent variables: Sharia Governance (SG), Islamic Leadership (IL), Customer Religiosity (CR), Customer Commitment (CC), and Value Co-Creation (VCC). Sharia Governance, Islamic Leadership, and Customer Religiosity were treated as independent variables. Customer Commitment was positioned as a mediating variable, while Value Co-Creation was treated as the dependent variable.

Sharia Governance was measured using indicators related to the size of the Sharia Supervisory Board, frequency of Sharia board meetings, independence, qualifications, and transparency of fatwa decisions. These indicators reflect the institutional mechanisms through which Islamic financial institutions ensure compliance with Islamic principles and maintain stakeholder trust (Alam et al., 2020; Mukhibad and Setiawan, 2022). Islamic Leadership was measured through trust-based leadership, justice in decision-making, worship orientation in work, moral role modeling, and Islamic value-based communication. These indicators represent leadership behavior rooted in amanah, justice, spiritual accountability, and moral example (Fry, 2003; Sodiq et al., 2024). Customer Religiosity was measured through belief in Sharia compliance, religious rituals, knowledge of Islamic economics, involvement in religious activities, and spiritual value orientation (Abror et al., 2023; Ahmed et al., 2022).

Customer Commitment was measured using indicators related to loyalty, willingness to maintain a long-term relationship, identification with institutional values, and willingness to recommend the institution. These indicators represent customers' psychological and relational attachment to Islamic financial institutions (Abror et al., 2023; Suhartanto et al., 2020). Value Co-Creation was measured through customer participation in product development, collaboration in problem-solving, information feedback provision, involvement in co-design, and shared responsibility. These indicators reflect customers' active role in service development and collaborative value formation (Abror et al., 2023; Moharrak and Mogaji, 2025; Vargo and Lusch, 2004). All constructs were modeled reflectively because the indicators were designed to represent manifestations of their respective latent variables rather than form the constructs independently (Hair and Alamer, 2022; Jarvis et al., 2003). The research instrument is shown in Table 2.

#### 3.4 Data Analysis Technique

The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). This technique was selected because the study used a prediction-oriented model involving multiple latent variables, reflective indicators, and mediating effects. PLS-SEM is suitable for analyzing complex models in behavioral, management, and social science research, especially when the research objective is to predict endogenous constructs and evaluate relationships among latent variables (Hair and Alamer, 2022). The analysis was conducted in two main stages: measurement model assessment and structural model assessment.

The measurement model was evaluated by examining indicator reliability, internal consistency reliability, convergent validity, and discriminant

**Table 1.** Final Sample Profile

| Category       | Sub-category           | Frequency | Percentage |
|----------------|------------------------|-----------|------------|
| Age            | 21–30 years            | 120       | 30%        |
| Age            | 31–40 years            | 160       | 40%        |
| Age            | 41–50 years            | 80        | 20%        |
| Age            | >50 years              | 40        | 10%        |
| Education      | High School            | 100       | 25%        |
| Education      | Bachelor’s Degree      | 240       | 60%        |
| Education      | Master’s/Doctorate     | 60        | 15%        |
| Occupation     | Private Employee       | 180       | 45%        |
| Occupation     | Government/State-Owned | 100       | 25%        |
| Occupation     | Entrepreneur           | 80        | 20%        |
| Occupation     | Other                  | 40        | 10%        |
| Banking Tenure | 1–3 years              | 140       | 35%        |
| Banking Tenure | 4–7 years              | 160       | 40%        |
| Banking Tenure | >7 years               | 100       | 25%        |

**Table 2.** Professional Instrument

| Variable                  | Code | Indicator  | Source   |
|---------------------------|------|--|--|
| Sharia Governance (SG)    | SG1  | Size of Sharia Supervisory Board                 | (Mukhibad and Setiawan, 2022)                      |
|                           | SG2  | Frequency of Sharia Supervisory Board meetings   | (Mukhibad and Setiawan, 2022)                      |
|                           | SG3  | Sharia Supervisory Board independence            | (Alam et al., 2020; Mukhibad and Setiawan, 2022)   |
|                           | SG4  | Sharia Supervisory Board qualifications          | (Alam et al., 2020)                                |
|                           | SG5  | Transparency of fatwa decisions                  | (Grassa, 2016; Mukhibad and Setiawan, 2022)        |
| Islamic Leadership (IL)   | IL1  | Trust-based leadership or amanah                 | (Sodiq et al., 2024)                               |
|                           | IL2  | Justice in decision-making                       | (Fry, 2003; Sodiq et al., 2024)                    |
|                           | IL3  | Worship orientation in work                      | (Sodiq et al., 2024)                               |
|                           | IL4  | Moral role modeling                              | (Fry, 2003)  |
|                           | IL5  | Islamic value-based communication                | (Sodiq et al., 2024; Waseem et al., 2025)          |
| Customer Religiosity (CR) | CR1  | Belief in Sharia compliance                      | (Abror et al., 2023; Ahmed et al., 2022)           |
|                           | CR2  | Frequency of religious rituals                   | (Abror et al., 2023)                               |
|                           | CR3  | Knowledge of Islamic economics                   | (Muflih et al., 2020)                              |
|                           | CR4  | Involvement in religious activities              | (Abror et al., 2023)                               |
|                           | CR5  | Spiritual value orientation                      | (Ahmed et al., 2022; Suhartanto et al., 2020)      |
| Customer Commitment (CC)  | CC1  | Loyalty to the institution                       | (Abror et al., 2023)                               |
|                           | CC2  | Willingness to maintain a long-term relationship | (Suhartanto et al., 2020)                          |
|                           | CC3  | Identification with institutional values         | (Abror et al., 2023)                               |
|                           | CC4  | Willingness to recommend the institution         | (Abror et al., 2023; Suhartanto et al., 2020)      |
| Value Co-Creation (VCC)   | VCC1 | Participation in product development             | (Abror et al., 2023; Vargo and Lusch, 2004)        |
|                           | VCC2 | Collaboration in problem-solving                 | (Moharrak and Mogaji, 2025)                        |
|                           | VCC3 | Information feedback provision                   | (Abror et al., 2023)                               |
|                           | VCC4 | Involvement in co-design                         | (Vargo and Lusch, 2004; Moharrak and Mogaji, 2025) |
|                           | VCC5 | Shared responsibility in service improvement     | (Abror et al., 2023)                               |

validity. Indicator reliability was assessed using outer loading values. Internal consistency reliability was evaluated through Cronbach’s alpha and composite reliability. Convergent validity was assessed using average variance extracted, while discriminant validity was examined using the heterotrait–monotrait ratio. These procedures were applied to ensure that each construct was measured reliably and validly before testing the structural relationships.

After the measurement model met the required criteria, the structural model was assessed by examining path coefficients, coefficient of determination, predictive relevance, effect size, and mediation effects. The significance of the direct and indirect relationships was tested using a bootstrapping procedure with 5,000 subsamples. This procedure was used to evaluate whether Sharia Governance, Islamic Leadership, and Customer Religiosity significantly influenced Value Co-Creation directly and indirectly through Customer Commitment. The mediating role of Customer Commitment was determined by analyzing the significance and direction of the indirect effects. Through this analytical procedure, the study was able to examine the explanatory power of the proposed model and determine the extent to which institutional, spiritual, and relational factors contribute to value co-creation in Islamic financial institutions.

#### 4. Results and Discussion



**Table 3.** Descriptive Statistics of Research Variables

| Variable                  | N   | Mean  | SD    | Min.  | Max.  |
|---------------------------|-----|-------|-------|-------|-------|
| Sharia Governance (SG)    | 400 | 3.060 | 0.808 | 1.000 | 5.000 |
| Islamic Leadership (IL)   | 400 | 2.993 | 0.795 | 1.200 | 5.000 |
| Customer Religiosity (CR) | 400 | 2.981 | 0.824 | 1.000 | 5.000 |
| Customer Commitment (CC)  | 400 | 3.201 | 0.872 | 1.000 | 5.000 |
| Value Co-Creation (VCC)   | 400 | 3.230 | 0.868 | 1.000 | 4.800 |

**Table 4.** Indicator Reliability and Collinearity Assessment

| Construct                 | Indicator | Outer Loading | Indicator Reliability | Outer VIF | Decision |
|---------------------------|-----------|---------------|-----------------------|-----------|----------|
| Customer Commitment (CC)  | CC1       | 0.863         | 0.745                 | 2.247     | Accepted |
|                           | CC2       | 0.861         | 0.741                 | 2.223     | Accepted |
|                           | CC3       | 0.843         | 0.710                 | 2.050     | Accepted |
|                           | CC4       | 0.850         | 0.723                 | 2.191     | Accepted |
| Customer Religiosity (CR) | CR1       | 0.832         | 0.692                 | 2.097     | Accepted |
|                           | CR2       | 0.803         | 0.645                 | 1.997     | Accepted |
|                           | CR3       | 0.841         | 0.707                 | 2.363     | Accepted |
|                           | CR4       | 0.812         | 0.659                 | 1.973     | Accepted |
|                           | CR5       | 0.852         | 0.726                 | 2.243     | Accepted |
| Islamic Leadership (IL)   | IL1       | 0.804         | 0.646                 | 1.877     | Accepted |
|                           | IL2       | 0.788         | 0.621                 | 1.879     | Accepted |
|                           | IL3       | 0.824         | 0.679                 | 2.089     | Accepted |
|                           | IL4       | 0.834         | 0.696                 | 2.040     | Accepted |
|                           | IL5       | 0.782         | 0.611                 | 1.806     | Accepted |
| Sharia Governance (SG)    | SG1       | 0.830         | 0.689                 | 2.227     | Accepted |
|                           | SG2       | 0.811         | 0.658                 | 1.872     | Accepted |
|                           | SG3       | 0.827         | 0.684                 | 2.113     | Accepted |
|                           | SG4       | 0.812         | 0.659                 | 2.023     | Accepted |
|                           | SG5       | 0.819         | 0.671                 | 1.939     | Accepted |
| Value Co-Creation (VCC)   | VCC1      | 0.830         | 0.689                 | 2.235     | Accepted |
|                           | VCC2      | 0.834         | 0.696                 | 2.255     | Accepted |
|                           | VCC3      | 0.859         | 0.738                 | 2.350     | Accepted |
|                           | VCC4      | 0.823         | 0.677                 | 2.097     | Accepted |
|                           | VCC5      | 0.854         | 0.729                 | 2.379     | Accepted |

#### 4.1 Descriptive Statistics

Descriptive statistics were used to summarize the respondent profile and the distribution of the research variables. As presented earlier in Table 1, the study involved 400 customers of Islamic financial institutions from major Indonesian cities. The dominant respondent group was aged 31–40 years, representing 40.00% of the sample, followed by those aged 21–30 years at 30.00%. Regarding education, most respondents held a bachelor's degree, accounting for 60.00% of the total sample. The occupational profile shows that private employees formed the largest group at 45.00%, while government or state-owned employees accounted for 25.00%. In terms of banking tenure, most respondents had maintained relationships with Islamic financial institutions for four to seven years, representing 40.00% of the sample. These characteristics indicate that the respondents had sufficient experience and demographic diversity to evaluate Sharia governance, Islamic leadership, customer religiosity, customer commitment, and value co-creation.

As shown in Table 3, the descriptive statistics of the research variables indicate that all constructs were measured on a five-point Likert scale and produced moderate average scores. Value Co-Creation recorded the highest mean value ( $M = 3.230$ ,  $SD = 0.868$ ), followed by Customer Commitment ( $M = 3.201$ ,  $SD = 0.872$ ), Sharia Governance ( $M = 3.060$ ,  $SD = 0.808$ ), Islamic Leadership ( $M = 2.993$ ,  $SD = 0.795$ ), and Customer Religiosity ( $M = 2.981$ ,  $SD = 0.824$ ). These results suggest that respondents generally perceived value co-creation and commitment at a relatively favorable level, while governance, leadership, and religiosity were also rated within a moderate range. The standard deviation values indicate acceptable variability across responses, suggesting that the data provide sufficient dispersion for further multivariate analysis.

#### 4.2 Measurement Model Assessment

The measurement model assessment was conducted to evaluate indicator reliability, internal consistency reliability, convergent validity, discriminant validity, and collinearity. As shown in Table 4, all indicators have outer loading values ranging from 0.782 to 0.863, exceeding the recommended threshold of 0.700. The indicator reliability values range from 0.611 to 0.745, indicating that each indicator explains an acceptable proportion of variance in its respective construct. In addition, the outer VIF values range from 1.806 to 2.379, which are below the conservative threshold of 3.300. This confirms that the measurement model does not suffer from problematic indicator collinearity. Therefore, all indicators were retained for further analysis.

As shown in Table 5, the results for internal consistency and convergent validity meet the recommended standards. Cronbach's alpha scores range from 0.866 to 0.896, rho\_A scores range from 0.871 to 0.901, and composite reliability scores range from 0.903 to 0.923. All these values are above the minimum threshold of 0.700, indicating strong construct reliability. In addition, the average variance extracted values range from 0.651 to 0.730, exceeding the recommended threshold of 0.500. This demonstrates that all constructs exhibit adequate convergent validity.

Discriminant validity was evaluated using the heterotrait–monotrait ratio. As shown in Table 6, all HTMT values range from 0.062 to 0.433, remaining below the standard threshold of 0.850. This confirms that each construct is empirically distinct from the others. Overall, the measurement model demonstrates acceptable reliability, convergent validity, discriminant validity, and collinearity diagnostics, confirming the appropriateness of the data for structural model analysis.

**Table 5.** Construct Reliability and Convergent Validity

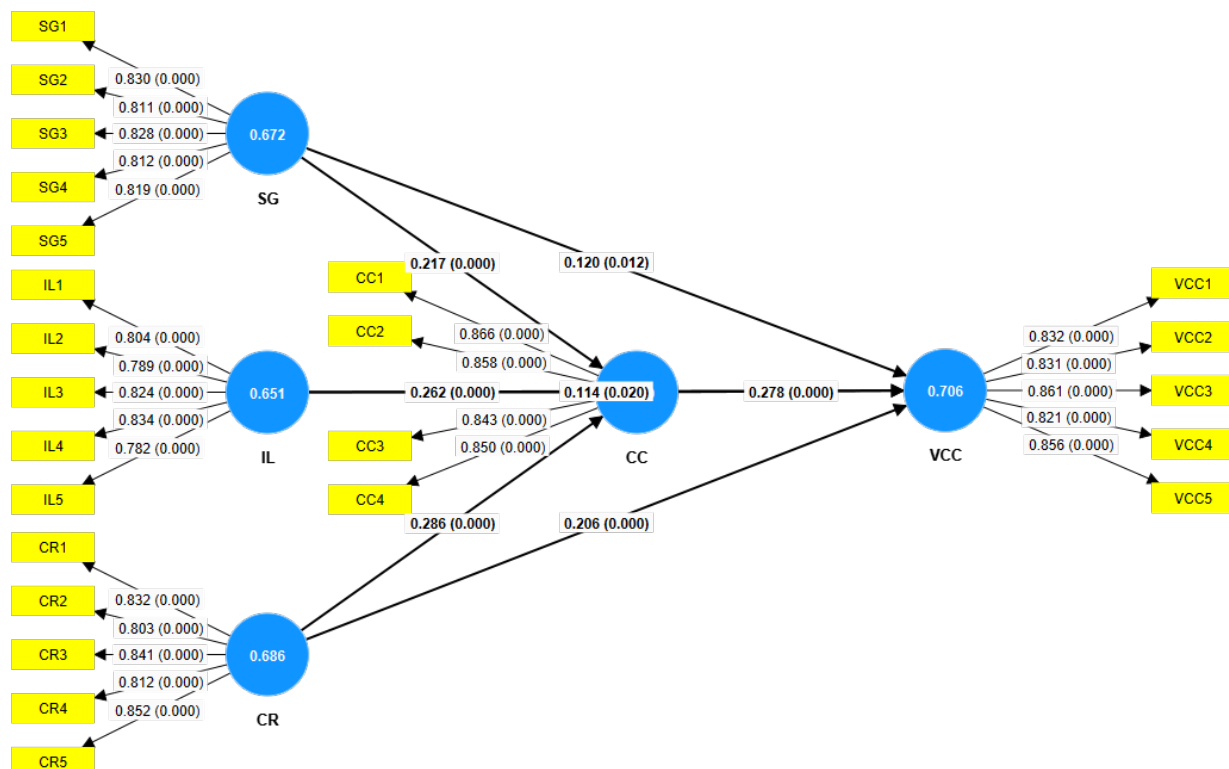
| Construct                 | Cronbach's Alpha | rho_A | CR    | AVE   |
|---------------------------|------------------|-------|-------|-------|
| Customer Commitment (CC)  | 0.877            | 0.877 | 0.915 | 0.730 |
| Customer Religiosity (CR) | 0.886            | 0.892 | 0.916 | 0.686 |
| Islamic Leadership (IL)   | 0.866            | 0.871 | 0.903 | 0.651 |
| Sharia Governance (SG)    | 0.878            | 0.880 | 0.911 | 0.672 |
| Value Co-Creation (VCC)   | 0.896            | 0.901 | 0.923 | 0.706 |

**Table 6.** Discriminant Validity Assessment

| Construct Pair | HTMT  |
|----------------|-------|
| CR ↔ CC        | 0.302 |
| IL ↔ CC        | 0.294 |
| IL ↔ CR        | 0.062 |
| SG ↔ CC        | 0.235 |
| SG ↔ CR        | 0.080 |
| SG ↔ IL        | 0.068 |
| VCC ↔ CC       | 0.433 |
| VCC ↔ CR       | 0.299 |
| VCC ↔ IL       | 0.205 |
| VCC ↔ SG       | 0.188 |

**4.3 Structural Model Assessment**

The structural model assessment was conducted to evaluate the predictive power and causal relationships among the latent constructs. As illustrated in Figure 2, Sharia Governance, Islamic Leadership, and Customer Religiosity were specified as exogenous constructs predicting Customer Commitment and Value Co-Creation, while Customer Commitment was positioned as the mediating construct predicting Value Co-Creation. The structural model shows that all direct path coefficients are positive and statistically significant, indicating that governance, leadership, religiosity, and commitment are relevant predictors in the proposed Islamic financial value co-creation model.



**Figure 2.** Structural Model Results

The results presented in Figure 2 indicate that Customer Religiosity has the strongest effect on Customer Commitment ( $\beta = 0.286, p < 0.001$ ), followed by Islamic Leadership ( $\beta = 0.262, p < 0.001$ ) and Sharia Governance ( $\beta = 0.217, p < 0.001$ ). The figure also shows that Customer Commitment has a significant positive effect on Value Co-Creation ( $\beta = 0.278, p < 0.001$ ). Among the direct predictors of Value Co-Creation, Customer Religiosity shows the strongest direct effect ( $\beta = 0.206, p < 0.001$ ), followed by Sharia Governance ( $\beta = 0.120, p = 0.012$ ) and Islamic Leadership ( $\beta = 0.114, p = 0.020$ ). These results confirm that both institutional-religious drivers and the relational mechanism of Customer Commitment shape Value Co-Creation.

As shown in Table 7, the coefficient of determination indicates that Sharia Governance, Islamic Leadership, and Customer Religiosity explain 18.9% of the variance in Customer Commitment, with an adjusted R-square value of 0.183. Table 7 also reports that Sharia Governance, Islamic Leadership, Customer Religiosity, and Customer Commitment explain 14.2% of the variance in Value Co-Creation, with an adjusted R-square value of 0.136. Although the explanatory power is relatively modest, the results remain acceptable for customer behavior research because Value

**Table 7.** Coefficient of Determination and Predictive Relevance

| Endogenous Construct     | R-square | R-square Adjusted |
|--------------------------|----------|-------------------|
| Customer Commitment (CC) | 0.189    | 0.183             |
| Value Co-Creation (VCC)  | 0.142    | 0.136             |

**Table 8.** Direct Effect Hypothesis Testing

| Path                 | $\beta$ | STDEV | t-statistics | p-values |
|----------------------|---------|-------|--------------|----------|
| SG $\rightarrow$ VCC | 0.120   | 0.048 | 2.528        | 0.012    |
| IL $\rightarrow$ VCC | 0.114   | 0.049 | 2.326        | 0.020    |
| CR $\rightarrow$ VCC | 0.206   | 0.047 | 4.393        | 0.000    |
| SG $\rightarrow$ CC  | 0.217   | 0.045 | 4.859        | 0.000    |
| IL $\rightarrow$ CC  | 0.262   | 0.041 | 6.350        | 0.000    |
| CR $\rightarrow$ CC  | 0.286   | 0.044 | 6.494        | 0.000    |
| CC $\rightarrow$ VCC | 0.278   | 0.054 | 5.155        | 0.000    |

**Table 9.** Specific Indirect Effect Results

| Specific Indirect Path                | $\beta$ | STDEV | t-stat. | p-values | 95% CI      |
|---------------------------------------|---------|-------|---------|----------|-------------|
| SG $\rightarrow$ CC $\rightarrow$ VCC | 0.060   | 0.017 | 3.567   | 0.000    | 0.032–0.097 |
| IL $\rightarrow$ CC $\rightarrow$ VCC | 0.073   | 0.018 | 4.001   | 0.000    | 0.040–0.111 |
| CR $\rightarrow$ CC $\rightarrow$ VCC | 0.080   | 0.020 | 3.927   | 0.000    | 0.043–0.123 |

**Table 10.** Total Effect Results

| Path                 | Direct | Indirect | Total | t-stat. | p-values |
|----------------------|--------|----------|-------|---------|----------|
| SG $\rightarrow$ VCC | 0.120  | 0.060    | 0.181 | 3.920   | 0.000    |
| IL $\rightarrow$ VCC | 0.114  | 0.073    | 0.187 | 4.011   | 0.000    |
| CR $\rightarrow$ VCC | 0.206  | 0.080    | 0.286 | 6.627   | 0.000    |
| SG $\rightarrow$ CC  | 0.217  | –        | 0.217 | 4.859   | 0.000    |
| IL $\rightarrow$ CC  | 0.262  | –        | 0.262 | 6.350   | 0.000    |
| CR $\rightarrow$ CC  | 0.286  | –        | 0.286 | 6.494   | 0.000    |
| CC $\rightarrow$ VCC | 0.278  | –        | 0.278 | 5.155   | 0.000    |

Co-Creation may also be influenced by broader psychological, institutional, technological, and contextual factors beyond the current model.

The direct effect results in Table 8 show that all proposed direct hypotheses are supported. Sharia Governance has a positive and significant effect on Value Co-Creation ( $\beta = 0.120$ ,  $p = 0.012$ ) and Customer Commitment ( $\beta = 0.217$ ,  $p < 0.001$ ), supporting H1 and H4. Islamic Leadership positively affects Value Co-Creation ( $\beta = 0.114$ ,  $p = 0.020$ ) and Customer Commitment ( $\beta = 0.262$ ,  $p < 0.001$ ), supporting H2 and H5. Customer Religiosity positively affects Value Co-Creation ( $\beta = 0.206$ ,  $p < 0.001$ ) and Customer Commitment ( $\beta = 0.286$ ,  $p < 0.001$ ), supporting H3 and H6. Finally, Customer Commitment significantly affects Value Co-Creation ( $\beta = 0.278$ ,  $p < 0.001$ ), supporting H7. These findings indicate that Customer Religiosity and Customer Commitment are the strongest predictors in the structural model.

#### 4.4 Mediation Analysis

A mediation analysis was conducted to determine whether Customer Commitment mediates the effects of Sharia Governance, Islamic Leadership, and Customer Religiosity on Value Co-Creation. As shown in Table 9, all specific indirect effects are positive and statistically significant, confirming that Customer Commitment acts as an important relational mechanism within the proposed model. Specifically, Sharia Governance indirectly affects Value Co-Creation through Customer Commitment ( $\beta = 0.060$ ,  $t = 3.567$ ,  $p < 0.001$ ), supporting H8. Islamic Leadership has a significant indirect effect on Value Co-Creation through Customer Commitment ( $\beta = 0.073$ ,  $t = 4.001$ ,  $p < 0.001$ ), supporting H9. In addition, Customer Religiosity has the strongest indirect effect on Value Co-Creation through Customer Commitment ( $\beta = 0.080$ ,  $t = 3.927$ ,  $p < 0.001$ ), supporting H10. These results indicate that Customer Commitment strengthens the mechanism through which institutional credibility, Islamic leadership values, and religiosity are translated into collaborative value creation.

As presented in Table 10, the total effect results provide further evidence that Customer Commitment complements the direct effects of the exogenous variables on Value Co-Creation. Customer Religiosity has the strongest total effect on Value Co-Creation ( $\beta = 0.286$ ,  $t = 6.627$ ,  $p < 0.001$ ), followed by Islamic Leadership ( $\beta = 0.187$ ,  $t = 4.011$ ,  $p < 0.001$ ) and Sharia Governance ( $\beta = 0.181$ ,  $t = 3.920$ ,  $p < 0.001$ ). Since the direct effects remain significant and the specific indirect effects are also significant, the mediation type is classified as partial mediation for all three relationships. This means that Sharia Governance, Islamic Leadership, and Customer Religiosity influence Value Co-Creation both directly and indirectly through Customer Commitment.

#### 4.5 Discussion

The results reveal that Sharia Governance, Islamic Leadership, and Customer Religiosity are key factors driving Value Co-Creation in Islamic financial institutions. The positive effect of Sharia Governance indicates that customers are more inclined to participate in service improvement and collaborative value generation when they perceive Islamic financial institutions as transparent, accountable, and aligned with Sharia principles. This finding is consistent with previous research showing that Sharia governance systems, particularly the role of the Sharia Supervisory Board, strengthen institutional credibility, reduce concerns about Sharia non-compliance, and build stakeholder trust (Alam et al., 2020; Grassa, 2016; Mukhibad and Setiawan, 2022). In Islamic banking, trustworthy governance does not only function as a formal compliance mechanism. It also serves as a relational signal that encourages customers to engage more actively with the institution, provide feedback, support service innovation, and participate in value co-creation.

The positive effect of Islamic Leadership on Value Co-Creation and Customer Commitment shows that leadership grounded in amanah,

justice, moral role modeling, and value-based communication can enhance ethical service relationships. This finding supports Spiritual Leadership Theory, which emphasizes that value-based leadership fosters meaning, trust, and intrinsic motivation within organizations (Fry, 2003). In Islamic financial institutions, leadership practices are not limited to managerial coordination but also represent moral and spiritual guidance. Leaders who demonstrate sincerity, fairness, accountability, and Islamic ethical conduct can build a service environment that strengthens customer confidence. This is also consistent with empirical evidence from Islamic banking, which indicates that Islamic leadership improves Sharia engagement, job satisfaction, and performance by encouraging stronger internalization of Islamic values (Sodiq et al., 2024). Therefore, Islamic Leadership provides a behavioral foundation for creating a trustworthy service climate that motivates customers to support institutional development and participate in collaborative value creation.

Customer Religiosity has the strongest direct effect on both Customer Commitment and Value Co-Creation, highlighting that alignment with religious values is central to customer behavior in Islamic financial institutions. This result supports previous studies indicating that religiosity influences Islamic banking preferences, perceived value, trust, satisfaction, loyalty, and co-creation activities (Abror et al., 2023; Ahmed et al., 2022; Suhartanto et al., 2020). Religious customers tend to evaluate Islamic banking not only by financial returns, pricing, product convenience, or service quality, but also by Sharia compliance, ethical standards, and spiritual meaning. When Islamic financial institutions are perceived as consistent with customers' religious beliefs and ethical expectations, customers become more willing to give feedback, recommend services, participate in service improvement, and maintain long-term relationships. This confirms that religiosity functions not only as a personal belief system but also as a behavioral driver that shapes customer commitment and participatory value creation.

The significant effect of Customer Commitment on Value Co-Creation confirms that committed customers are more likely to become active partners in the service process. This finding supports Social Exchange Theory, which explains that customers reciprocate institutional trustworthiness and fairness through supportive behaviors (Cropanzano and Mitchell, 2005). It also aligns with Service-Dominant Logic, which views value as co-created through interaction and resource integration between institutions and customers (Vargo and Lusch, 2004). In Islamic financial institutions, committed customers are more likely to share information, provide constructive feedback, collaborate in problem-solving, participate in product development, and recommend services to others. Empirical evidence further confirms that trust, satisfaction, loyalty, fairness, and engagement are important relational outcomes that strengthen customer participation in Islamic banking services (Asnawi and Setyaningsih, 2021; Moharrak and Mogaji, 2025; Roberts-Lombard and Petzer, 2025). Thus, Customer Commitment serves as a relational asset that enables Islamic financial institutions to transform customer satisfaction and trust into active participation.

The mediation results show that Customer Commitment partially mediates the effects of Sharia Governance, Islamic Leadership, and Customer Religiosity on Value Co-Creation. This indicates that institutional credibility, ethical leadership, and religiosity influence value co-creation both directly and indirectly by strengthening customers' emotional attachment and long-term relational orientation. Strong Sharia Governance can directly increase customer confidence, but its contribution to value co-creation becomes stronger when customers develop commitment to the institution. Islamic Leadership can directly shape ethical service relationships, but its impact also operates through customers' identification with institutional values. Similarly, Customer Religiosity directly motivates customer participation, but its effect is further strengthened when religious value alignment produces loyalty and relational commitment. Therefore, Customer Commitment functions as a bridge connecting institutional and spiritual drivers with collaborative customer behavior.

These findings expand Value Co-Creation Theory by demonstrating that customer participation in Islamic financial institutions is shaped not only by transactional service experiences but also by Sharia legitimacy, spiritual values, ethical leadership, and relational commitment. The results also extend Social Exchange Theory by showing that reciprocal customer behavior in Islamic banking is influenced by both rational evaluations of fairness and religious evaluations of institutional authenticity. From a practical perspective, Islamic financial institutions should strengthen transparency in Sharia governance, improve the visibility and credibility of Sharia Supervisory Board activities, promote Islamic leadership practices among managers and employees, and develop trust-building strategies that reinforce customer commitment. Institutions should also recognize the role of religiosity by designing services, communication, and engagement programs that reflect Islamic ethical values while remaining responsive to customers' financial and relational needs.

## 5. Conclusion

This study concludes that Sharia governance, Islamic Leadership, and customer religiosity play significant roles in enhancing value co-creation in Islamic financial institutions. The results show that all three antecedent variables positively influence both customer commitment and value co-creation, confirming that institutional credibility, Islamic value-based leadership, and religious value alignment are important foundations for encouraging customer participation in service value creation. Among the predictors, customer religiosity demonstrates the strongest total effect on value co-creation, indicating that customers' religious orientation is a central factor in shaping their commitment, participation, feedback behavior, and support for Sharia-compliant financial services.

The findings also confirm that customer commitment significantly contributes to value co-creation and partially mediates the relationships among Sharia governance, Islamic leadership, and customer religiosity. This indicates that value co-creation in Islamic financial institutions is not only driven directly by governance, leadership, and religiosity but also through the formation of long-term relational commitment. Customers who trust the institution, identify with its Islamic values, and perceive strong Sharia compliance are more likely to maintain relationships, recommend services, and actively collaborate in improving service outcomes.

Theoretically, this study contributes to Islamic banking and service management literature by integrating Sharia governance, Islamic leadership, customer religiosity, and customer commitment into a unified value co-creation framework. The study extends Value Co-Creation Theory and Social Exchange Theory by showing that both institutional mechanisms and relational commitment shape collaborative customer participation in Islamic financial institutions. It also supports spiritual leadership theory and the theory of Planned Behavior by demonstrating that Islamic values, moral leadership, and religious beliefs can influence customer attitudes and participatory behavior.

Practically, Islamic financial institutions should strengthen Sharia governance transparency, improve the effectiveness of Sharia Supervisory Board communication, cultivate Islamic leadership practices, and build customer commitment through ethical, trustworthy, and value-aligned service strategies. Managers should also encourage customer feedback, involvement in service improvement, and participatory product development to strengthen sustainable value co-creation.

This study has several limitations. The data were collected using a cross-sectional design from customers in five Indonesian cities, which may limit causal interpretation and generalizability. Future studies should adopt longitudinal designs, include broader Islamic financial sectors, such as takaful and Islamic fintech, and examine additional variables, including digital engagement, service innovation, trust, customer experience, and perceived Sharia compliance, to provide a more comprehensive understanding of value co-creation in Islamic financial institutions.

## Ethical Statement

This study was conducted in accordance with ethical research principles. All respondents participated voluntarily, and their identities were kept confidential. The data were used solely for academic research purposes.

## Informed Consent Statement

Informed consent was obtained from all respondents prior to data collection. Participants were informed about the purpose of the study, the voluntary nature of their participation, and the confidentiality of their responses.

## Author Contributions

Yenni Khristiana, S.T., M.Si.: conceptualization, methodology, data curation, formal analysis, writing—original draft, and writing—review and editing.

Muhammad Khoiruman, S.E., M.M.: conceptualization, literature review, validation, interpretation of findings, writing—review and editing, and final manuscript approval.

All authors have read and approved the final version of the manuscript.

## Funding

This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

## Data Availability Statement

The data supporting the findings of this study are available from the corresponding author upon reasonable request.

## Acknowledgements

The authors would like to express their appreciation to Universitas Dharma AUB Surakarta for academic support during the preparation of this manuscript. The authors also thank the respondents who participated in this study and provided valuable information for the completion of the research.

## Conflict of Interest

The authors declare that they have no competing interests or conflicts of interest related to this research, authorship, and publication of this article.

## Declaration of Generative AI and AI-Assisted Technologies

The authors declare that no generative artificial intelligence tool was used to produce the research data, analysis, or findings of this study. Any language refinement support, if used, was limited to improving readability and did not replace the authors' intellectual contribution, interpretation, or responsibility for the content.

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## Author Biographies



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