

The Effect of Brand Image and Service Quality on Purchasing Decisions for Cash Waqf Linked Deposit (CWLD) Products for Islamic Banking Customers in Malang City

Muhammad Arvian Rifanda Putra^{1*}, Rini Safitri²
Universitas Islam Negeri Maulana Malik Ibrahim Malang
Corresponding Author: Muhammad Arvian Rifanda Putra
putraarvianrifanda003@gmail.com

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ABSTRAK

This study aims to examine the effect of brand image and service quality on purchasing decisions for Cash Waqf Linked Deposit (CWLD) products as a contribution to increasing public literacy and participation in Islamic financial products. The process was conducted through a survey of Islamic banking customers in Malang City using quantitative methods and distributing questionnaires. The implementation lasted for two months, including data collection, analysis, and validation of the results. The results showed that both variables had a significant effect on purchasing decisions, with service quality as the dominant factor. The implication is that financial institutions need to improve services and build a positive brand image to encourage participation in productive waqf programs.

INTRODUCTION

In the modern economic era that increasingly demands the integration of social and financial values, Islamic financial products such as Cash Waqf Linked Deposit (CWLD) are present as one of the innovations that combine these two aspects. CWLD not only provides returns for customers, but also contributes directly to the financing of social projects through the money waqf mechanism. However, public participation in this product is still relatively low, even though the potential for money waqf in Indonesia is estimated to reach IDR 180 trillion, while the realization as of 2023 has only touched IDR 2.9 trillion (Zulfa et al., 2024). In this context, public perception of the brand image and service quality of Islamic financial institutions are important determinants in their decision to invest in CWLD. Brand image acts as an emotional bridge that forms trust in a financial product. Previous studies have shown that a strong brand image can increase purchase intent and strengthen customer loyalty to sharia products (Rihayana et al., 2022), (Iqbal et al., 2024).

On the other hand, service quality is a crucial factor that reflects Islamic values in Islamic banking practices. Fast, accurate, and empathetic service not only increases satisfaction, but also reinforces the bank's positive image in the eyes of consumers. Several studies prove that the quality of service has a direct influence on purchasing decisions for financial products, including those based on waqf (Andini & Megawati, 2023), (Pitria et al., 2024). Given the importance of these two factors, this study aims to examine how much the influence of brand image and service quality on CWLD product purchase decisions among Islamic banking customers in Malang City. By understanding these determining factors, it is hoped that Islamic financial institutions will be able to design marketing strategies that are more targeted, increase community participation in productive waqf programs, and strengthen the role of Islamic economics in sustainable social development.

In recent years, the development of Islamic financial innovation has progressed significantly, particularly in offering products that are not only financially profitable but also socially impactful. One such product is the Cash Waqf Linked Deposit (CWLD), which integrates investment principles with Islamic philanthropic values through the mechanism of cash waqf. As a relatively new instrument in the Islamic finance system, CWLD holds great potential to address the challenge of financial inclusion while supporting community-based social development (Zulfa et al., 2024).

Despite its potential, the utilization of CWLD still faces various obstacles, particularly in public perception of the product. One of the main barriers is the lack of understanding of its benefits and operational mechanisms, which stems from low Islamic financial literacy. Additionally, public trust in Islamic financial institutions is heavily influenced by brand image and service quality. Previous studies have shown that a positive perception of brand image and satisfying service experiences can significantly drive purchasing decisions of Islamic financial products, including waqf-based instruments (Rihayana et al., 2022).

Therefore, it is crucial to explore how brand image and service quality influence the decision to purchase CWLD products. By identifying these key influencing factors, Islamic financial institutions can develop more effective service strategies and marketing efforts that align with Islamic values. This study is also expected to make a theoretical contribution to the literature on Islamic marketing and offer practical insights into managing innovative waqf-based banking products (Miharta & Khusnudin, 2022).

LITERATURE REVIEW

Brand Image Theory

Kotler & Keller (2016) Brand image is a set of perceptions, impressions, and beliefs that consumers have about a brand, based on experience, interaction, and communication. A strong brand image influences consumer attitudes and drives purchasing decisions.

H1: Brand Image has a Significant Influence on the Purchase Decision of CWLD Products.

SERVQUAL Model

Service quality is measured through five dimensions: Tangible, Reliability, Responsiveness, Assurance, and Empathy. The level of service perceived by customers affects satisfaction and purchase decisions Parasuraman, Zeithaml, & Berry (1988).

H2: Quality of Service Has a Significant Influence on CWLD Product Purchase Decisions.

Consumer Decision Making Model

Engel, Blackwell, & Miniard (1995) Purchasing decisions consist of five stages: problem recognition, information searching, alternative evaluation, purchasing decisions, and post-purchase behavior. It is influenced by psychological, social, and perception factors towards brands and services.

H3: Brand image and Service Quality Simultaneously Have a Significant Influence on CWLD Product Purchase Decisions.

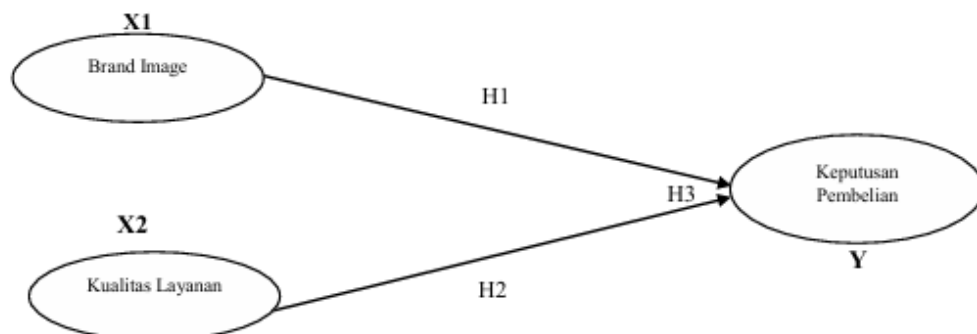


Figure 1. Conceptual Framework

METHODOLOGY

This study uses a quantitative approach with a survey method to test the influence of brand image and service quality on the purchase decision of *Cash Waqf Linked Deposit* (CWLD) products. The quantitative approach was chosen because it is suitable for empirically testing hypotheses and measuring the relationships between variables with statistically analyzeable numerical data (Cooper & Schindler, 2014). The population in this study is Islamic banking customers in Malang City who have used CWLD products. The sampling technique was carried out by purposive sampling, taking into account respondents who had experience in transacting using CWLD, as suggested in the selection of non-probability samples for applied research (Sugiyono, 2018).

The data in this study consists of primary and secondary data. Primary data was collected through the distribution of a closed questionnaire using a Likert scale (1-5) to measure respondents' perception of brand image, service quality, and purchasing decisions, as commonly used in sharia marketing research (Ibrahim et al., 2024). Secondary data was obtained from OJK's financial statements, publications of Islamic financial institutions, and internal bank documentation. Data analysis was carried out through several stages, starting with a validity test using Pearson correlation and a reliability test using Cronbach's Alpha to ensure the consistency and accuracy of the measurement instrument (Syauqoti & Ghozali, 2018).

After that, a classical assumption test was carried out which included normality, multicollinearity, and heteroscedasticity tests to ensure that the data met the requirements of linear regression. The main technique used is multiple linear regression analysis to measure the influence of brand image (X1) and service quality (X2) on purchasing decisions (Y), both partially and simultaneously (Boyd, 2020). The t-test is used to test the influence of each independent variable on a purchase decision, while the F-test is used to determine the co-influence of the two variables. The coefficient of determination (R^2) was also calculated to assess the extent to which independent variables were able to explain variations in CWLD purchasing decisions (Chadwick, 2007).

RESEARCH RESULTS

This research began with the distribution of questionnaires to 90 respondents who are Islamic banking customers in Malang City who have used the *Cash Waqf Linked Deposit* (CWLD) product. The analysis process begins with a validity and reliability test of all items in the questionnaire. The validity test was carried out using Pearson correlation, and the results showed that all items had a > correlation value of 0.30 with a significance of < 0.05, so they were declared valid (Syauqoti & Ghozali, 2018). Reliability tests using Cronbach's Alpha showed that the alpha value for all variables was above 0.70, indicating that the instrument used was reliable enough to measure the construct under study (Maulana, 2022).

The next step is to perform a classical assumption test to ensure that the data meets the regression analysis requirements. The normality test was performed using the Kolmogorov-Smirnov method, with results showing a significance value of > 0.05 , which means that the data is normally distributed (Ibrahim et al., 2024). The multicollinearity test showed that the Variance Inflation Factor (VIF) value for all variables was below 10 and the tolerance value was above 0.10, so there were no symptoms of multicollinearity. The heteroscedasticity test conducted through a scatterplot showed a random distribution of points without a specific pattern, indicating that the data was free of heteroscedasticity (Boyd, 2020).

After all prerequisites were met, multiple linear regression analysis was performed to determine the influence of brand image (X1) and service quality (X2) on CWLD (Y) product purchase decisions. The results of the analysis show that simultaneously, brand image and service quality have a significant effect on purchase decisions, as evidenced by the significance value on the F test that is smaller than 0.05 (Andini & Megawati, 2023) . 2022)

Partially, the results of the t-test showed that brand image had a significant influence on the purchase decision, with a significance value of <0.05 , which supported the first hypothesis (H1). Similarly, service quality also shows a significant influence on purchase decisions (H2), with a higher coefficient value than brand image, so service quality is considered more dominant in influencing customers' decisions to choose CWLD (Pitria et al., 2024). These findings are reinforced by previous research that shows the importance of brand image and service quality in influencing decisions to purchase Islamic financial products simultaneously or partially (Rihayana et al., 2022)

DISCUSSION

The results of this study show that brand image has a significant influence on the purchase decision of *Cash Waqf Linked Deposit* (CWLD) products by Islamic banking customers in Malang City. These findings reinforce the theory from Kotler & Keller (2016) that brand image reflects a series of beliefs, perceptions, and impressions formed in the minds of consumers through repeated interactions with a brand. In the context of CWLD products that combine financial and social aspects, trust is a key element in encouraging customer participation. The image of Islamic financial institutions that are considered professional, transparent, and trustworthy can increase public confidence to place their funds in this waqf-based product (Rihayana et al., 2022). This is in line with previous research that confirms that a positive brand image can increase consumer purchase intent and loyalty to Islamic financial products (Iqbal et al., 2024) .

In addition, the quality of service was also found to have a significant effect on CWLD purchase decisions. These findings support the SERVQUAL model of Parasuraman et al. (1988) which emphasizes the importance of the five dimensions of service reliability, responsiveness, assurance, empathy, and tangibles in shaping consumer perception and satisfaction. In the context of Islamic finance, fast, accurate, friendly, and empathetic service is a reflection of Islamic principles such as honesty (*shiddiq*) and social care (*ukhuwah*), which ultimately increases customer loyalty and purchase intent (Andini & Megawati, 2023) .

Simultaneously, the combination of brand image and service quality has a significant influence on CWLD purchasing decisions. This reinforces the view that the two do not stand alone, but complement each other in shaping customer experiences and perceptions of Islamic financial institutions. The success of CWLD's products does not only depend on the innovation of the product design, but also on how customers perceive the identity and services of the institution that offers it (Miharta & Khusnudin, 2022) Therefore, for Islamic financial institutions, building a trustworthy brand image and providing high-quality services is a key strategy to increase public participation in innovative waqf products such as CWLD.

Overall, these findings make a practical contribution to the development of sharia marketing strategies, especially in increasing public trust in money waqf products. These findings also confirm the importance of a value-based and relationship *marketing approach* in the marketing of Islamic financial products, in line with the characteristics of customers who prioritize ethics, trust, and social usefulness in the purchase decision-making process.

CONCLUSIONS AND RECOMMENDATIONS

This study concludes that both brand image and service quality have a significant effect on the purchasing decisions of Cash Waqf Linked Deposit (CWLD) products among Islamic banking customers in Malang City. Service quality was found to be the more dominant factor, highlighting the importance of providing professional, responsive, and Shariah-aligned services in fostering customer trust and engagement. From an Islamic perspective, these findings reflect the relevance of values such as *shiddiq* (truthfulness), *fathanah* (competence), *amanah* (trust), and *tabligh* (communication), which must be embodied in the operational and service standards of Islamic financial institutions. CWLD, being a philanthropic investment vehicle grounded in *waqf* principles, requires not only innovative product design but also strong institutional credibility and service excellence to encourage public participation.

In addition, Islamic financial institutions are encouraged to position CWLD not merely as a financial product, but as a form of *worship maliyah* (financial worship) that enables Muslims to participate in sustainable socio-economic development. This religious framing can strengthen customer motivation by aligning the purchase decision with their spiritual aspirations. To support this, banks can collaborate with religious leaders and waqf institutions to disseminate knowledge and increase public awareness about the dual benefits worldly and hereafter) offered by CWLD. By synergizing economic incentives with religious

enlightenment, CWLD can evolve into a mainstream financial product that bridges the gap between faith and finance.

ADVANCED RESEARCH

This study has limitations in terms of geographical coverage and the number of respondents is relatively limited to one city, so the results cannot necessarily be generalized to other regions with different demographic and economic characteristics. In addition, the variables used only include brand image and service quality, while there are many other factors such as financial literacy, religious beliefs, and perceptions of the social benefits of CWLD that have the potential to influence purchasing decisions. Therefore, for further research, it is recommended to involve respondents from various regions and consider additional variables that can provide a more comprehensive picture of customer motivation in choosing waqf-based Islamic financial products. A qualitative approach can also be considered to delve deeper into the subjective perceptions and experiences of customers.

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