

UNIVERSITI TEKNOLOGI MARA

**THE ROLE OF CUSTOMER SERVICE IN
ENHANCING CUSTOMER LOYALTY AT
MAYBANK ISLAMIC BAGAN**

AIDA KHAIRANI BINTI ZAIDI

Thesis submitted in fulfilment
of the requirements for the degree of
Bachelor of Muamalat (Hons)

Academy of Contemporary Islamic Studies (ACIS)

January 2025

ABSTRACT

Maintaining customer loyalty has become more challenging than ever for financial institutions like Maybank Islamic. The swift shift to digital banking and the emergence of fintech competitors have reshaped customer expectations, pushing banks to go beyond traditional services. Today's clients demand more than just quick and efficient transactions as they seek personalized experiences and meaningful interactions that build trust and satisfaction. In this regard, the research assesses the contributions of customer service towards building client loyalty with special emphasis on the critical elements of relationships. The researcher used the qualitative research method supported by a review of literature and semi-structured interviews with 7 employees. The findings reveal that personalized customer service, responsiveness, and the availability of Shariah-compliant products are critical factors influencing customer loyalty. Employees highlighted the importance of proactive engagement through initiatives such as community events and tailored product recommendations, which help build trust and strengthen customer relationships. However, difficulties such as irregular service delivery and technology restrictions were identified as areas for improvement. Addressing these gaps by leveraging technology, streamlining processes, and providing continuous staff training were emphasized as crucial steps to meet customer expectations effectively.

ACKNOWLEDGEMENT

Praise be to Allah SWT for all the blessings and opportunity to complete this academic writing in my Bachelor's Degree programme titled "The Role of Customer Service in Enhancing Customer Loyalty at Maybank Islamic Bagan."

First and foremost, I would like to express my sincere gratitude to my supervisor, Dr. Mohd Miqdad Aswad Ahmad for his continuous assistance and provide guidance throughout the preparation of this final year project paper. His expertise and insightful feedback have been instrumental in shaping the direction and quality of this work.

I am also deeply grateful to the staff and management of Maybank Islamic for their cooperation and willingness to share their experiences and insights, which were crucial to the success of this study. I am profoundly thankful to my family and friends for their endless encouragement, understanding, and belief in me during the challenging times of this project.

TABLE OF CONTENTS

CONFIRMATION BY PANEL OF EXAMINERS	ii
AUTHOR’S DECLARATION	iii
ABSTRACT	v
ACKNOWLEDGEMENT	vi
TABLE OF CONTENTS	vii
LIST OF TABLES	ix
LIST OF FIGURES	x
LIST OF ABBREVIATIONS	xi
CHAPTER ONE	1
INTRODUCTION	1
1.1 Introduction	1
1.2 Research Background	1
1.3 Problem Statement	3
1.4 Research Questions	4
1.5 Research Objectives	4
1.6 Scope and Limitations of Study	5
1.7 Significance of Study	5
1.8 Definition of Terms	7
CHAPTER TWO	8
LITERATURE REVIEW	8
2.1 Introduction	8
2.2 Concept of Customer Service in Islamic Banking	8
2.3 Customer Loyalty as a Pillar of Banking Success	10
2.4 Service Quality and Its Relationship with Customer Loyalty	11
2.5 Key Factors Influencing Customer Loyalty in Islamic Banking	13
2.6 Empowering Employees to Optimize Customer Service in Banking	15
2.7 Conclusion	16
CHAPTER THREE	17
RESEARCH METHODOLOGY	17

CHAPTER ONE

INTRODUCTION

1.1 Introduction

In today's competitive banking industry, customer service is an important differentiator in building and retaining customer loyalty. As banks strive to set themselves apart from their competitors, the quality of customer service they provide often determines whether customers choose to stay. This is particularly true for Maybank, which places a strong emphasis on delivering excellent service as part of its customer-focused strategy. Customer service at Maybank spans a lot more than just transactions as it covers each stage of the journey right from account setup to ongoing operations, support, and maintenance of the customer base.

As customers' expectations evolve in the digital age, Maybank's ability to adapt and meet these demands is vital in maintaining customer satisfaction and loyalty. Research by Muhammad Aqib Shafiq (2023) emphasizes that high-quality customer service, which builds trust and commitment, is essential for retaining customers. The 2022 McKinsey report further highlights the need for banks to combine technology with human-centric service models to meet rising customer satisfaction standards (Adarkar, 2022). For Maybank Islamic, this requires investing in advanced technology while delivering personalized service across all channels to keep pace with these evolving expectations.

1.2 Research Background

Maybank Islamic Berhad is a subsidiary of Maybank Group and one of the largest Islamic financial institutions in ASEAN and the world. It has a strong presence in the Islamic finance space, offering a wide range of Shariah compliant products and services to individuals and corporates. With over 354 branches in Malaysia and presence in Dubai, Indonesia, Singapore, Hong Kong, London and Labuan, Maybank Islamic is a major player in cross border Islamic banking and finance (Maybank Islamic, 2024). The bank offers retail banking, corporate banking, investment banking and wealth management, all structured in accordance with Islamic law.