

**ELEMENT OF SERVICE QUALITY EFFECT ON
CUSTOMER SATISFACTION IN
PUBLIC ISLAMIC BANK BERHAD (PIBB)**

SHARIDAH BINTI ABDULL

**BACHELOR OF BUSINESS ADMINISTRATION
(HONS.) MARKETING**

**FACULTY OF BUSINESS ADMINISTRATION AND
MANAGEMENT
UNIVERSITI TEKNOLOGI MARA (UiTM)
PULAU PINANG
2011**

ACKNOWLEDGEMENT

“In the name of Allah, The most Gracious and Peace be upon His Messenger, the holy Prophet Muhammad SAW”.

First and foremost, I am grateful to Allah the Almighty who gave me strength; sustain me in good health in order for me to complete this study.

In the course of doing the research and writing up this report, I had encounter many difficulties that might not been possible to overcome without the assistance of so many knowledgeable and experienced personalities. Their resourcefulness had greatly influenced and shaped the direction of the research process and the manner this report is presented.

Dr. Baderisang Bin Mohamed, my project advisor, whose insights on research had shed some lights on the research process in general without which, I might have run into troubled waters given the short duration of time available. Notable, his advise on the scope of the research to be done. I would like to record my greatest appreciation and respect for the intellectual brainstorming session he had provided me.

Tuan Haji Razak bin Mohd Sharif, the PLK Coordinator of Universiti Teknologi MARA, Kampus Permatang Pauh, Pulau Pinang, for his general comments, degree of tolerance in term of my resource constraint and realistic scheduling of the research process.

Prof. Dr. Zuraidah Binti Yaacob and Miss Janatul Akmar Bt Ahmad Awalluddin who had contributed in giving ideas and opinion directly in the completion of this study and for analyzing the progress of my work.

To my beloved husband, Ahmad Suhaimi Bin Haji Abdul Aziz and all my children, I thank you all for the perseverance of your patience, which had made my Endeavour of a degree possible and enjoyable.

TABLE OF CONTENTS

	PAGES
ACKNOWLEDGMENTS	iii
TABLE OF CONTENT	iv
LIST OF TABLE	viii
LIST OF FIGURE	ix
LIST OF APPENDICES	x
ABSTRACT	xi
ABSTRAK	xii

<u>CHAPTERS</u>	<u>CONTENTS</u>	
1.0	INTRODUCTION	1
1.1	Background of Public Bank	2
1.2	Background of the Study	6
1.3	Problem statement	7
1.4	Research Objective	8
1.5	Research Questions	9
1.6	Significant Of Study	10
	1.6.1 Contribution to the Industry	10
	1.6.2 Contribution to the customer	11
	1.6.3 Contribution to the organization	11
1.7	Limitation of the Study	11
	1.7.1 Time limitation	11
	1.7.2 Lack of data	12
	1.7.3 Confidentiality of Data	12
	1.7.4 Accuracy of Information	12

ABSTRACT

The purpose of this study is to examine the element of service quality that has relationship to customer satisfaction towards Islamic Banking Products offered by Public Islamic Bank Berhad (PIBB). In order to increase the business volume and company's profit, the quality of service need to be improved and this research will help to identify the element of service quality that have directly influence the customer satisfaction in adopting the Islamic Banking product offered by PIBB.

Therefore, the study has been conducted in PIBB, Pulau Pinang branch. Different background of respondent has been used in this study. Questionnaires in English and Bahasa Melayu have been distributed to 500 customers and the researcher managed to collect only 116 questionnaires from the respondents. Respondent were asked to rate their evaluation of element of service quality in order to meet their satisfaction.

Hypotheses of the study were tested using SPSS tools. The finding with overall result indicated that the independent variable and dependent variable were excellent and the study supported the hypotheses of the study and were found to be significantly related to customer satisfaction

CHAPTER 1

INTRODUCTION

The popularity of the Islamic banking system is not limited to the Islamic community only. Increasingly large international conventional banks are showing interest in the Islamic banking system. Though the Islamic banking system is different from the conventional banking system, but there are some similarities between the two. An Islamic bank conducts its activities in accordance with the Islamic Sharia'h principles that strictly prohibit any payment or receipt of interest and also offer products and services which are similar to those offered by a conventional bank. The consequence of this is that Islamic banks are faced with strong competition not only from Islamic banks but also from non-Islamic rivals (Moutinho & Naser, 1997).

When competition intensifies and when banks start to offer more or less similar products and services, it is the customer's satisfaction that can influence the performance of an Islamic bank and determines its competitiveness and success (Al-Khatib, Jamal & Naser, 1999). Hence it is of paramount importance to assess the degree of customer satisfaction towards Islamic banks.

Customer satisfaction is widely recognized as a key pressure in the formation of consumers' future purchase intentions. In today's highly competitive, increasingly consolidated world, offering personalized and differentiating services can be critical to an Islamic bank's success.