



**THE RELATIONSHIP BETWEEN SERVICE QUALITY AND
CUSTOMER SATISFACTION OF ISLAMIC BANKING
SECTOR.**

(A CASE STUDY IN BANK RAKYAT, BATU PAHAT, JOHOR)

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ABSTRACTS

Service quality is an important indicator of customer satisfaction and therefore it has been identified as a key determinant of the intention to use a service. The objective of this paper to identify the relationship of service quality namely compliance, tangibility, reliability, responsiveness, assurance, and empathy towards customer satisfaction of Islamic banking sector. The survey of this study were conducted at Bank Rakyat, Batu Pahat, Johor, where data were collected by distributed 150 questionnaire to the respondent who are attend and using services in Bank Rakyat. The Pearson correlation and descriptive analysis are analyzed are used in order to measure the strength of relationship between service quality and customer satisfaction by using SPSS tools. The variable independent of these studies which are compliance tangibles, reliability, responsiveness, assurance, and empathy (service quality). The variable dependent of this study is customer satisfaction. The expected result for this study is a positive and significant relationship between service quality and customer satisfaction.

CHAPTER 1

INTRODUCTION

1.1 Background of study

The service quality has been regarded as the key factor in order to succeed and have endurance in banking industry especially when there has been continuously growing pressure from other institutions working in the same industry and demanding customer requirements. Islamic banking business has been regarded as fastest growing business in the world in the last decade. It has got acknowledgement not only by Muslims but also by non Muslim (Gerrard, P. and J.B. Cunningham, 1997). The functions of Islamic financial institutions are normally as similar as other conventional banks do in the industry but the difference lies in rules, regulations. The Islamic banks conduct their affairs in accordance with the principles set by the religion Islam. The main aim of Islamic financial institutions have been to achieve economic progress as well as social well being with the help of teachings and principles guided by Islam. Due to growing and escalating competition in the banking industry by local and foreign financial institutions it is necessary for financial institutions offering Islamic products to enhance the standard of their service quality of products and services being offered to their customers. Therefore, continuously demanding customer choices for banking products and services, service quality has emerges as an important factor. Due to the globalization of economies and liberal policies