AN ASSESMENT OF CUSTOMERS' SATISFACTION OF JAIZ   BANK'S

PRODUCTS AND SERVICES IN KANO METROPOLIS, NIGERIA

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BIENG A DISSERTATION SUBMITTED TO INTERNATIONAL INSTITUTE OF ISLAMIC BANKIN AND FINANCE, BAYERO UNIVERSITY, KANO IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF SCIENCE (MSc) ISLAMIC BANKING AND FINANCE

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CERTIFICATION

This is to certify that the Dissertation and its subsequent preparation by Tasiu Tijjani Sabiu (SPS/09/MIF/00016) were conducted under my supervision.

DEDICATION

This Dissertation is dedicated to my parent in persons of Alh. Tijjani Sabiu and Haj.HauwaKameel and the entire Muslim Ummah

APPROVAL

This is to certify that this dissertation has been read and approved as having met the partial fulfillment of the requirements for the award of Degree of Master of Science (M.Sc) in Islamic Banking and Finance, International Institute of Islamic Banking and Finance, Bayero University, Kano

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ABSTRACT

This study assessed customer satisfaction of Jaiz bank's products and services in Kano metropolis. The study investigated satisfaction level of Jaiz bank customers based on overall service quality, price and service quality dimensions. The research problem of the study is non-inclusion of price as explanatory variable in measuring customer satisfaction and as such this study augmented CARTER model by introducing price. Pearson correlation and multiple regression techniques were employed to examine the degree of association between and among the variables as well as the impact of overall service quality, service quality dimensions and price on customer satisfaction. The study reveals that Jaiz Bank customers are sensitive to price and customer satisfaction is significantly determined by assurance, compliance, responsiveness, empathy and reliability. It's, therefore, concluded that service quality and price significantly determines customer satisfaction in the Nigerian Islamic banking industry and recommends that Jaiz Bank management should charge affordable and moderate price for their products and services as well as consider most, the service quality dimensions that affects the degree of customer satisfaction in the bank.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Islamic banking refers to a system of banking or banking business that is consistent with ethics and value system of Islam.Kamal, Khir & Bala (2009) viewedit as a system of banking that complies with Islamic law (Sharia). They, further, noted that the underlying principles that govern Islamic banking are mutual and profit sharing between parties, assurance, fairness for all and that transaction are based on the underlying asset. Thus, any business activity that involves interest, gambling and speculations are prohibited.

According to Siddiqi (1981) Islamic banking is defined as a system of banking or banking activities that are in consonance with the dictates and principles of Islamic law (the sharia).Thus, Islamic law prohibits the payment or acceptance of interest (known as riba or usury) for loans money, and investing in business.

Islamic banking is the most developed part of the Islamic finance where Islamic financial system is one of the fastest growing financial systems in the international financial system. Factors that are usually accounted for its growth include: introduction of broad macroeconomic and structural reforms in the financial system, the liberalization of capital movements, privatization, the global integration of financial markets, and the introduction of innovative and new Islamic products. During the last three decade, a large scale growth is observed in Islamic Banking sector not only within the Muslim countries but also around the world. Islamic banking has proved to be a sophisticated alternative to the interest-based conventional banking in many parts of the world. In the last two decades, specifically, it has grown rapidly with its presence in most parts of the

world, including Asia, Europe, America and Africa. One dimension of the global phenomenon of Islamic banking is the fact that it has gained a remarkable acceptability in all the continents of the world with an increasing number of non-Muslim becoming experts in it both as academics and practioners. There are presently over 75 countries where Islamic banking is being operated with some of the banks operating as fully pledged Islamicwhile others operate Islamic banking windows. The report also found that worldwide, Islamic banks provide services to over 38 Million customers. (IFSB, 2007)

Nigeria in particular, has joined the rest of the world in embracing Islamic banking where the Central Bank of Nigeria (CBN) enacted new provisions for the proper establishment and operation of Islamic banking through what it conceptualized as "Non-Interest Financial Institutions" (NIFI) under section 33(1) (b) of the CBN ACT 2007 and section 4 (1) (c) of the Regulation on the scope of banking activities and ancillary matters No.3 of 2010[4]. (Sanusi,2011). Following the regulatory approvals, a first fully fledged Islamic bank called Jaiz Bank Plc. emerged and commenced its operation in January 2012. This Islamic alternative of conventional banking which is interest free that offers Islamic banking business and financial service intermediation will inevitably enhance the degree of competition in the Nigerian retail bank industry Bintube (2012) as cited in Gambo (2013).

Therefore, the coming of Jaiz bank coupled with financial liberalization makes the Nigerian banking industry more dynamic, complex and competitive leading to growing concern on customer oriented services and products. Hence, customer satisfaction becomes imperative to the continued survival of any organization specifically in the banking industry. In essence, customer satisfaction appears to be the cumulative result of customers' internal feeling about their experiences related to products and services which may result in repeated purchase behavior if

the outcomes of the product matches or meet customer's expectation (Kotler, 2000).This signifies that, customer satisfaction is the key to long term success of any organization (Pepper & Rogers, 2005). Keeping the importance of customer satisfaction in mind, banks need to maintain a stable and close relationship with their customers. Thus, the application of the knowledge of customer satisfaction is imperative to establishing and maintaining long term relationship with customers and long term competitiveness (Kumar & Reinartz, 2006).Hence, Bank recognizes the fact that delivery of quality service to the customers is essential to success and survivals in today's global and competitive banking environment (Wang, Han & Wen, 2003). Researchers have found that customer satisfaction has measurable impact on purchase intensions (Carter, 2010), on customer retention (Voss & Voss, 2008) and on firm's financial performance (Chalmeta, 2006).

These make banking financial institutions across the globe to re-examine their modus operandi on addressing their customer's needs through shifting their policies from product oriented to customer oriented philosophy, by focusing more on customers' satisfaction rather than paying attention to the products and services (Taufiq, Abdul & Shahida,2013; Chinwuba & Egene, 2013). This can be achieved through developing a business plan that will align with customer's expectation and satisfaction in order to attract new customers and retain the old ones.

Hence, every bank tries to provide superior services to keep their customers satisfied because a highly satisfied customer generally stays longer, buys more as the company introduces new products and services, upgrade existing product and services, talk favorably to others about the company, pay less attention to competing brands and cost less to serve than new customer (Hamburg, Koschate & Hoger,2005). This strengthen the bank's commitment to attract a potential customer, which increases stiff competition and thus, mandate the banks to provide

adequate and reliable delivery of high quality superior services to sustain competitive advantage in order to have satisfied customer.

In essence, providing quality service to customers is no longer a matter of value addition, it is now a requirement for survival in the field battle of business. Service providers are recognizing this matter bitterly every day and focusing their attention to get satisfied and loyal customers by ensuring quality services consistently. Banking is one of the major service providing sectors and providing quality services is equally important for this industry.Thus, it is the duty of the retail bank mangers to devote their strategies to activities that will surpass their customer's service expectation in order to achieve customer loyalty.

Therefore, banks may not be able to provide superior services to the customers unless customer expectations are known and having knowledge of satisfaction level of customers will aid in knowing their expectation through measurement of customer satisfaction. Therefore, Customer satisfaction can be measured only if the expectations of customers are determined. This necessitates identifying the expectations or determinants (explanatory variables) of customer satisfaction which are overall service quality, service quality dimensions and price and assessing the level at which they affect and meet the expectation of Jaiz bank customers in Kano metropolis.

1.2 Statement of the Research Problem

Customers have become the center for all banking activities where every bank is trying to enhance its product and service performance by improving its service quality according to customers' expectations. Islamic banks attract individual customers mainly due to their religious orientation and Sharia compliance in its banking operations but with the increasing number of

conventional banks operating Islamic banking window, other factors such as quality may play a role in determining customer patronage and satisfaction.As a result, Islamic banks operating in Islamic countries are faced with strong competition from their conventional counterpart (Naser & Moutinho, 1997).

In Nigerian retail banking industry, for instance, increasing financial liberalization coupled with deregulation, globalization and technological advancement have led to an open and integrated banking system, which create stiff competition.Hence, there is need for Islamic banks to improve their service quality towards satisfying their customers which will prevent them from switching to rival competitors. As such, marketers agree that service quality has become one of the truly significant factors for customers to distinguish competing organization and thus contribute effectively to customer satisfaction (Parasurman, Zeithmal & Berry,1985).Some of the customer expectations,determinants of customer satisfaction and factors that distinguish competing organizationsidentified by previous researches are service quality, service qualitydimensions, customer loyalty,financial performance, customer awareness, word of mouth, safety of funds among others.

However, the major determinant for customer satisfaction used by past researches in both Islamic and conventional retail banking industry are service quality dimensions or constructs and thisis evident in the works of Sabir(2014),Abdullah(2014),Islam(2014),Chinwuba(2014),Elsaghier(2013),Badara(2013),Khafa fa(2012),Muhammad(2011),Rahman(2011),Hunjra(2011), to mention but few. Some use customer awareness as explanatory variable for customer satisfaction which can be seen in the works of Nasser (1999), Metawa (1998) and Bashir(2012). Others like Singh(2011) uses word of mouth,Athemound(2009) uses availability of ATM and safety of funds, Murugiah(2013) uses

customer loyalty,and Randomir (2011) uses human resource while Ho(2011) uses spiritual element and social responsibility among others.Moreover, it was equally observed that few studies are conducted in the Nigerian Islamic retail banking industry with respect to assessing customer satisfaction which can be seen in the works of Gambo (2013) and Badara (2013).However, it was observed that in almost all the Islamic banking literature reviewed, noneof the few researches is said to have included price as a determinant for customer satisfaction in the Nigerian Islamic retail banking industry. This study, therefore, introduces one key factor in analyzing customer satisfaction with specific reference to Jaiz Bank in Kano metropolis where price in this study refers to mark-up price in debt based financing, profit/loss sharing ratio in equity financing, rental payment on the leased asset or service ijarah, as well as bank charges on fee based financial services.In addition, minimum price with maximum usage always breeds higher level of satisfaction(Jamal and Kamal, 2004).This suggest that if pricing is not suited to the needs of the customer,dissatisfaction usually occurs.

1.3Research Questions

The research was conducted to answer the following questions

i - What is the effect of Jaiz Bank's overall service quality on its customer satisfaction?

ii- To what extent, does the price of products and services of Jaiz Bank impact on customer satisfaction?

iii - What is the effect of service quality dimensions(tangibility, reliability, responsiveness, assurance, empathy and compliance) on customer satisfaction in Jaiz Bank?

1.4 Objectives of the Study

The study assessedcustomer satisfaction of Jaiz Bank customers. The specific objectives of the research accomplished are stated as:

i- To examine the effect of Jaiz Bank overall service quality on customer satisfaction.

ii-To determine the impact of price of Jaiz products and services on customer satisfaction

iii- To examine the effect of service quality dimensions (tangibility, reliability, responsiveness, assurance, empathy and compliance) on customer satisfaction in Jaiz Bank

1.5 Research Hypotheses

The following hypotheses were formulated for the study:

i- Overall service quality has nosignificant effecton customer satisfactionin Jaiz Bank

ii-Price has no significant impact on customer satisfaction in Jaiz Bank

iii- Service quality dimensions(tangibility, reliability, responsiveness, assurance, empathy and compliance) have no significant effect on customer satisfaction in Jaiz Bank.

1.6 Significance of the Study

Service quality is one of the major parameters for measuring service quality performancein the Nigerian retail banking industry. Assuch, banks could only compete favorably if the requirementsand the expectations of customers are known. This necessitates understanding of the factors contributing to customer satisfaction. Although previous studies have tried to explore and understand the factors like service quality, customer loyalty, financial performance, customer

awareness to mention but few. However, from existing literature, none of the previous researches in the Islamic banking literature in Nigerian Islamic banking industry has included price as one of the factors affecting customer satisfaction. Therefore, this study bridged this gap and the practical implication of this study is that consumers all over the world have become not only concerned about service quality delivery but also price conscious which increase consumer's expectations for moderate and affordable price. This means that if pricing is not tilting towards the needs of customers, dissatisfaction will be the order of the day and this will affect the Jaiz Bank relative performance, success and survival in today'sdynamic, complex and competitive banking environment.

1.7 Scope and Limitations of the Study

The study surveyed customers of Jaiz Bank at Bello Road, Tafawa Balewa and Kabuga/B.U.K Road branches in Kano metropolis respectively in the year 2015 with the aim to determine their views on Jaiz bank's servicequality performance, pricing of their products and services and examined the extent to which they affect their satisfaction.The study adopted the modified scale of service quality known as CARTER model developed by Othman and Owen (2001) which consists of 34 items that measures various dimensions of service quality. However, this study utilized only 19 items of the CARTER model instead of 34 items, the rationale behind this was to reduce the bulkiness of the questionnaire to make it simple and easilyapprehendable. Another limitation of the study is the inability or unwillingness of Jaiz Bank Plc. to disclose information with regards todifferent customer segments based on income level, educational level, occupation as well as age distribution which served as impediment for not using stratified sampling technique.

1.8 Outline of the Study

This study is an assessment of customer satisfaction with respect to Jaiz bank's products in Kano metropolis. In carrying out the research, the study is divided into five chapters. Chapter one, being an introduction, introduced the topic of the research, it contained statement of the research problem, research questions and hypotheses, objectives of the study, significance of the study,limitations of the study, scope and outline of the study.Chapter tworeviewed related; conceptualempirical and theoretical literatures.Chapter three is the research methodology which comprised of population of the study, research design, sampling and sampling techniques,method of data collection and specification of the model. Chapter four dealt with analysisand presentation of the data, interpretation of the result and discussions of findings. Finally, chapterfive containedsummary, conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviewed related literature on customer satisfaction theories, service quality, and price and provided some empirical studies related to assessment or measurement of customer satisfaction on banking product and services.

2.2 Conceptual Literature

Under the conceptual literature, the concept of customer, customer satisfaction, service quality and price are reviewed.

2.2.1 Definition of a Customer in Banking

A customer can be defined as a user or potentialuser of banking services. A customerwould include an account holder, or his representative or a person carrying out casual business transactions with a bank, or a personwho, on his own initiative, may come withinthe banking fold (Talwar Committee Report 1976).In other words, customersometimes known as a client, buyer, or purchaser is the recipient of a good, service, product, or idea, obtained from a seller, vendor, or supplier for a monetary or other valuable consideration (Lee *et al*, 2001)

2.2.2 Customer Satisfaction

Customer satisfaction has gained attention within the context of the paradigm shift from transaction marketing to relationship marketing (Gronroos,1994) and has been defined in different ways:

For instance,Kotler (2000) defined satisfaction as a person's feeling of pleasure or disappointment resulting from the comparison of product perceived performance in reference to the customer's expectation. With increased competition, Customer satisfaction has become very important determinant of bank's ability to compete favorably and survive in today's global competitive banking environment.

Customer satisfaction is the feeling or attitude of a customer towards a product or service after it has been used. Customer satisfaction has traditionally been regarded as a fundamental determinant of long term consumer behavior (Oliver, 1981). Therefore, it can rightly be said that satisfied customers are valuable assets for every organization to gain the customer loyalty and retention. Oliver (1980) defined Customer satisfaction as a person's feelings of pleasure or disappointment that result from comparing a product's perceived performance (or outcome) to their expectations. Hence, customer satisfaction can be viewed as a feelings related to the customer's experiences with the firm's product. Thus, customer satisfaction can be conceived as the emotional state resulting from customer's satisfaction overtime.

Tse and Wilton (1988) defined satisfaction as the consumer's response to and evaluation of the perceived discrepancy between prior expectations and the actual performance of the product as perceived after its consumption.Thus, satisfaction can be broadly characterized as a post-purchase evaluation of product quality given pre-purchase expectations. (Anderson & Sullivan, 1993).This apparently demonstrates that customer satisfaction is composed of two components:

Client expectation and the perceived quality. Thus, a proper measure would include a separate assessment of both client expectations and the quality of the service provided which exposed the gaps between customer expectations and perceptions .Thus, customer satisfaction can only be achieved if the actual perceived quality exceeds customer expectation.

When performance of a product or service falls below expectation, the customer becomesdissatisfied. A customer becomes satisfied with a product if its performance matches his expectations. At the same time, if the performance exceeds his expectations, the customer becomes highly satisfied or delighted.

Many researchers point out the fact that satisfied customers share their experiences with about five or six people. On the contrary, dissatisfied customers are more likely to tell ten people of their experience with product or service (Angelova and Zekiri.2011). In addition,Homburg, Koschate and Hoyer (2005) are of the belief that a highly satisfied customer generally stays loyal, buys more as the firm introduces new products and upgrades existing products, talks positively to others about the firm and its products, pays less attention to competing brands and is less sensitive to price, offers product or service ideas to the firm, and costs less to serve than new customers.

As customer satisfaction rises, so does customer repurchase intention and this influences the actual purchasing behavior which significantly impacts on business performance. Hence, Customer satisfaction has also been thought to be a key performance indicator for evaluating the quality of a relationship between service provider and customers.

2.2.3Service Quality

This is the most powerful weapon in the life an organization. It's a concept that has aroused a substantial interestand debate in the literature on its definition and measurement (Wisniewski, 2001).Service quality has been defined in services marketing literature as an overall assessment of service provided to the potential customers (Al-Hawari, 2008). While other studies defined it as the extent to which a service meets customers' needs or expectations (Asubonteng, Clearly &Swan,1996; Wisniewski and Donnelly, 1996).Thus, Service is assumed to be quality when it consistently conforms to customer expectation. However, Parasuraman et al. (1985) argues that service quality is the measure of service delivered as against expected service performance.

Service quality has also been defined as the difference between customer expectations on service provided and perceived service. If the expectations are greater than performance, then perceived quality is less than satisfactory. Hence, customer dissatisfaction occurs (Lewis and Mitchell, 1990; Parasuraman et al., 1985).Service quality has been defined by the practitioners in terms of key dimensions that customers use while evaluating the service provided (Ganguli and Roy, 2011).Conceptualization of service quality should include both the service delivery process(Parasuraman et al., 1985) as well as the service outcomes (Lehtinen and Lehtinen, 1991).Gronroos (1984) offered a service quality model with dimensions of technical quality (whatconsumer gets), functional quality (howconsumer gets the service) and corporate image(how customer perceives the firm and its services).

Parasuraman et al., (1988) developed another service quality model known as SERVQUAL model which consists of five dimensions namely: tangibles (appearance of physical facilities, equipment, personnel and written materials), reliability (ability to perform the promised service dependably and accurately), responsiveness (willingness to help customers and provide prompt service), assurance (knowledge and courtesy of employees and their ability to inspire trust and

confidence), and empathy (caring and individual attention the firm provides its customers). Reliability is considered the vital core of service quality. Other dimensions will matter to customers only if a service is reliable, because those dimensions cannot compensate for unreliable service delivery (Berry, Parasuraman &Zeithaml, 1994). However, service quality in Islamic bank should be measured through the proposed 34 items instead of reducing it into the original number of SERVQUAL's five dimension and their 22 items". This sharia compliant model known to be CARTER model has an additional dimension of compliance with Islamic principles to the initial five dimensions of SERVQUAL, making it six dimensional model. The significance of this model is that while capturing customer satisfaction, it's a long way incorporating Islamic principles into the analysis.

Hence, Banks have to be of world-class standard, committed to excellence in customers' satisfaction and efficient service delivery. The efficiency of the banking sector depends on how best it can deliver services to its target customers and in order to survive in this changing and competitive banking environment of 21st century, it is imperative for banks to improve service quality in terms of service operation, environment, employees and procedures, coupled with effective implementation procedure, good feedback system and customer care system or after sales service. Thus, service quality factors can be seen as crucial indicators in the determination of success in the banking industry because a good service experienced by customer leads to customer satisfaction, loyalty and retention. Without a doubt, service quality is very important component in any business related activity. Hence, Islamic banking industry are obliged to provide excellent services to their customers in order to have sustainable competitive advantage. With the increased competition, service quality has become a popular area of academic research

and has been acknowledged as an observant competitive advantage and supporting satisfying relationships with customers (Zeithmal, 2000).

2.2.4 Price

McCarthy and Jerome (1960) defined price as process of setting a price for a product including discount. He also viewed it as critical marketing mix tool where he referred price as amount of money customers have to pay for the product which include wholesale and retail prices, discount, allowances and credit term. People should commensurate with the perceived value of the offer or else buyer will turn to competitors.

For Wruuck (2013) price,typicallyexpressed in monetary units is paid by a buyer to a seller in exchange for a good or a service. They result from the interplay of supply and demand. This is the shortest and at the same times the most comprehensive explanation of how they are determined. From the supplier's point of view, prices are the key to generate earnings, i.e. they are decisive for the viability of the company. If in the long term, it is not possible to provide a profitable offering that covers costs and enables investors to receive a decent return, the company will have to exit the market. On the demand side, customers of course react to prices and at the same time influence them with their buying behavior.

Pricing is currently more relevant for retail banks than ever before as it plays a central role for customer satisfaction and profitability, especially in the current situation, marked by cost pressure and changing customer expectations, pricing is thus of particular importance. It presents banks with challenges but at the same time with opportunities.

Technically, in this study, price refers to the marked up price in debt-based financing i.e. Murabaha, profit and loss sharing ratio in equity based financing i.e. Mudharaba, rental payment

on the leased asset as well as bank charges on fee based services such as letter of credit, letter of guarantee, SMS notification, ATM card, money transfer and cheque book, to mention but few.

2.3 Overview of Jaiz Bank Plc

Jaiz Bank Plc. was created out of the ashes of former Jaiz International Plc which was set up in 2003 as a special purpose vehicle (SPV)   to establish Nigerian first fully fledged non-interest bank. It is an unquoted company owned by over 20,000 shareholders spread across the six geographical zones of Nigeria. Jaiz Bank Plc. obtained a regional operating license from the Central Bank of Nigeria on the 11th of November, 2011to operate as a Non-Interest Bank and began full operations as the first Non-Interest Bank in Nigeria on the 6th of January, 2012.It started with three (3) branches in Abuja (FCT), Kano and Kaduna located in the Northern Nigeria; a predominantly Muslim population area.

Jaiz Bank offers all the products found in conventional banks except dealing in interest and it is available to all categories of customers irrespective of race or religion. Its mission is to be the dominant non-interest financial services provider in the sub-Saharan Africa while its vision is to provide innovative, value added as well as non-interest services to its clients.

It was incorporated with acapital base of N5 billion in 2012.Its share capitalincreasedfrom N11.7 billion (USD $75 million) to N15 billion (USD $78 million)in 2014; thus, adequate enough to enable the bank to operate in all the 36 states of the Federation, there byre-positioning itself to compete favorably and effectively in the Nigerian banking sector.

Jaiz Bank investment portfolios in the last two years have grown by more than 380 percent from N1.9 billion to N9.4 billion. The customerdepositsincreased by more than 460 percent from N3.2 billion to N18.6 billion. In addition, the bank's total earning grew by more than 750 percent courtesy of the bank's unique and robust IT platform which helps in ensuring exceptional

customer service quality delivery. This will assist the bank in achieving its notable vision of being the dominant Non-interest financial services provider in the sub-Saharan Africa, said, Muhammad Nurul Islam the Managing Director of the bank.

In essence, Jaiz Bank which started with only three branches in 2012have now expanded to 17 branches with additional 10 branches scheduled for opening by the end of 2015, with the plan to reach 100 by 2017.Jaiz Bank applied for national operating license on December,2013 andthe bank finally obtained its national operating license on 4th September, 2015 from the central Bank of Nigeria.

2.3.1 Jaiz Bank Product and Services

Jaiz Bank products and services are categorized into three classes namely: Equity-based financing/Deposit mobilization, Debt-based financing and Fee-based services.

2.3.2 Deposit Mobilization/Equity Financing Products

i. Current Account (Qard)

Jaiz Bank Current account operates under the principle of 'QARD' (Non-Interest Loan Current Account). It offers the flexibility of having a chequing account which enables the account holder carry out routine banking transactions with other parties, gives the customer unlimited access without any restrictions on withdrawal while enjoying a host of professional services from the Bank.This givesthe current account holders peace of mind of having their money safely deposited with the additional comfort that the Bank is investing the same in an ethical and responsible manner. Jaiz Current Account can be opened by Individuals, Sole-Proprietorships, Partnerships, Companies and other registered organizations.

ii. Saving Account (Based on Mudharaba)

This account enables customers to earn profit on their savings. Upon opening an account, the customer automatically enters into a partnership contract called Mudharaba with the Bank. Under this relationship, the customer is an investor (Rabbul Maal) and the Bank is the Manager (Mudarib). The customer's deposit is placed in a pool and the bank uses its expertise to invest the funds in viable ethical investment outlets. Profit earned therefrom is shared between depositor and the bank based on agreed ratios. However, if there is a loss due to any unforeseen circumstances and without any misconduct or negligence or breach of investment mandate on the part of the Bank, the loss will be borne by the Customer. The different forms of saving account offered by Jaiz Bank are; Jaiz Mudharaba Saving Account, Jaiz Hajj Saving Account, Jaiz Mudharaba Deposit Account as well as Jaiz Kids Saving Account.

iii. Wakala Deposit

This is an agency contract where the depositor acts as muwakkil, places his funds with the bank to invest in a suitable sharia compliant project. The bank act as wakil or agent and invest the money into various viable assets or projects. The bank as agent is entitled to receive a fee for his services while the returns will be given to the depositor.

iii. Shirk Mode/Diminishing Musharaka

Under the Jaiz Home Acquisition Plan (JHAP), the Bank partners with the customer in owning the home of his choice (Shirkatul-Milk). The Bank will transfer ownership over an agreed period through a Hire Purchase arrangement where the client agrees to a monthly payment of which a percentage/portion is for the use of the home (rent), and another for the customer's equity share (i.e. reducing the Bank's share). In fact, the total monthly payment is reduced as the customer's share in the property increases. After making full payment as agreed from the onset, the customer becomes the sole owner of the property with full title.

2.3.3Debt-based financing product; Lease based

i. **Jaiz Home Finance product**

This is a home finance product that enables customers acquire, build or complete a home under the principle of Ijarah wa iqtina (a lease to own). The asset/property is purchased/constructed and owned by both the bank and the customer jointly. The Bank then leases its part to customer against an agreedrental plus bank's share over an agreed period with the flexibility of a monthly, quarterly, biannual or annual repayment plan.

2.3.4 Debt based financing; Sale-Based Financing

i. Murabaha

This is a consumer financing product based on the principle of Murabaha (cost plus mark-up) and Bai-Muajjal (sale on credit). Under this arrangement, the bank purchases the asset (household appliance) and sells to the customer with a profit (mark up). The customer pays the Bank's sale price for the asset over an agreed period usually on a monthly repayment plan.

ii. Salam

This is a financing product offered by Jaiz Bank based on forward sale where Jaiz Bank buys a commodity from its client mostly on agricultural commodities and payment is made immediately to the client but the delivery of the commodity to the bank is in future time.

iii. **Istisnaa**

This is also a debt-based financing product where Jaiz Bank enters into a contract with its client to construct a building or manufacture a product or commodity. Prior to completion, the bank may require the customer to deposit certain percentage of the total cost to show customer's level of commitment toward the contract. When the building is completed or the good is

manufactured, Jaiz Bank now sells it to the client at a profit where the payment might be deferred which can be on either full or installment basis.

2.3.5 Fee-based Services

i. Letter of Credit (Wakala)

Under this arrangement, Jaiz Bank acts as the agent or wakil, where the client informs the bank of his letter of credit requirements and then appoint the bank as his wakil for the purpose of executing the transactions after which the bank requires the client to place a deposit to the full amount of the price of the goods to be purchased or imported which is accepted under the principles of wadiah. The bank establishes the letter of credit and makes payment to the negotiating bank representing the counterparty, utilizing the client's deposit. Subsequently, the pertinent documents are released to the client and then, the bank finally charges fees and commissions for its services.

ii. Letter of Guarantee (Kafalah)

Jaiz Bank under this facility acts a guarantor for its client liability toward the counter party. In the event of default by the client, the liability may fall on the bank and being a guarantor may be required to pay up the amount guaranteed. In essence, this is just like temporary loan by the bank to its client and the bank charges realized from such operation are bank's commission for guaranteeing the client.

Other forms of fee based services are bank's charges on SMS notification, cheque book, internet and online banking as well as bank transfer.

2.4 Empirical Literature

Under the empirical literature, related empirical literature in conventional and Islamic banking as well as comparative studiesare reviewed.

2.4.1 Empirical Literature in Conventional Banking.

Sabir and Ghafoor (2014) investigated the factors affecting customer satisfaction in the banking sector of Pakistan and examined the interrelationship between service quality, customer satisfaction and customer loyalty in the Pakistani context. Data were collected through atested structured questionnaire from 72 respondents who were selected through simple random sampling from customers of different banks in Sahiwal,Pakpattan,Okara and Arifwala. Regression analysis was used to measure the impact of service quality on customer satisfaction and that of customer satisfaction on customer loyalty as well as measure the degree of the relationship between service quality with customer loyalty and between customer loyalty with customer satisfaction. The result of this study shows that there exist significant relationship between service quality attributes and customer satisfaction. Moreover, there also exist positive relationship between customer satisfaction and customer loyalty. It is concluded that service quality leads to satisfied customers and customer satisfaction leads to customer loyalty. Thestudy recommends that in today's global competitive environment, banks can get competitive advantage by providing superior service to their customers.

Abdullahi, Manaf, Yusuf, Ahsan and Azman (2014) examined the determinants of retail bank satisfaction in New Zealand through a survey of their perception on service quality. This study therefore, tested the dimensions of service quality in New Zealand with a view to establishing thedimension that determines customer satisfaction most in retail banking. A total of 300 questionnaires were distributed to different respondents based on purposive sampling, out of which 120 were returned. However, 5 of these questionnaires were excluded for further analysis

because of non-conformity to the requirement to be used as sample and missing value. Structural equation modeling was used to test the hypothesisof this study. Thismodel initially consists of five hypotheses. However, it was discovered that some of the constructs were highly correlated, which led to review of the model that eventually reduced the hypotheses to three. It was also found that the three factors specified to determine customer satisfactions in retail banking were found to be both practically and statistically significant. The study reveals that the construct of reliability, assurance and enabling are predictors of customer satisfaction in retail bank in NewZealand. These findings are in consonant with the previous empirical works on the determinants of customer satisfaction in other part of the world. The study conforms to Levesque and Mc Doughlas(1996) that reliability, assurance and enabling factor among the construct are statistically significant. The work also corroborates Jamal and Nasser (1999) that found highly significant correlation between customer satisfaction with both core and relational factors. The study recommends that the enabling factors and relational aspect of service quality must be taken care of by the bank to satisfy their customers in order to retain their loyalty. The study further recommends the findings are expected to assist the policy makers to know which of the service quality dimension should be given the highest priority.

Kasuma,Kayan &Ung (2014) examined the loyalty of micro-enterprises owners towards their favorite bank using both local and international bank in Malaysia. This is an exploratory research carried out to assess micro-enterprise owner's level of loyalty to their bank and the effect of ethnicity. Self-administered questionnaire were collected from 356 bank's business customers of various conventional and Islamic banks. Respondent from this study were chosen from local and foreign conventional banks and Islamic banks operating in Malaysia especially within the Klang valley as a center of commerce in Malaysia. For the purpose of this study, target respondents are

the micro-enterprise owners based on the Malaysia Maltrade and SME corp. Hypothesis relationship were tested using multiple regression. The finding reveals that a bank's reputation has a direct effect on micro-enterprise owner's loyalty toward their favorite banks and that perceived service quality has a direct effect on micro-enterprise owner's loyalty to their favorite banks. The findings further reveal that relationship quality has a direct effect on micro-enterprises owner's loyalty and that ethnicity does not have a direct effect on micro-enterprises owner's loyalty towards their favorite banks. The study recommends that, having a bank that understands customer's value as language helps in building satisfaction through solving day to day bank issues.

Islam, Siddiqui & Hossain (2013) examined the interrelationship among service quality, customer satisfaction and customer loyalty in banking industry of Bangladesh. Structured closed-ended questionnaire developed based on SERVQUAL model have been administered to 200 customers who have bank account in different private banks in Khulna. The study reveals that service quality of private banks sector is average, which signifies that customers are more or less satisfied with their banks. On the other hand,the findings based on SERVQUAL model scale indicated that there is significant positive correlation between dimensions of service quality; (reliability, empathy,responsiveness,tangibility,recovery,knowledge and perceived value) withcustomer satisfaction.The studyfurther reveals that there exist a positive and significant correlation between customer satisfaction and customer loyalty. Consequently, customers are more or less satisfied with the service quality provided by their banks as service quality is perceived to be average.The study urges the need for bank to improve their service quality in order to attract more customers from their competitors to their own bank which will prevent them from switching to their rival competitors.

.Chinwuba and Egene (2013) evaluated customer perceived service quality and customer satisfaction in the Nigerian banking industry. The study seeks to evaluate the level of customer satisfaction in banks' service delivery by focusing on measurement of customer satisfaction through delivery of service quality in the banking sector of Nigeria.The population of the study consists of both staff and customers of the banks within Enugu State of Nigeria. A total of 140 questionnaires were distributed, out of which 117 questionnaires were returned and processed for the study. The study uses a quantitative research tool of multiple regressions to examine the relationship between service quality dimensions and customer satisfaction. The finding reveals that assurance, empathy and responsiveness have positive relationship and no significant effect on customer satisfaction and reliability has a negative relationship but significant effect on customer satisfaction. However, Tangibility has a positive relationship and strong impact on customer satisfaction. It is recommended for Banks to focus more on their customers rather than paying much attention to the products and services. The study further recommends that there is need for bank to apply queuing technology to the banking system as this will help manage customers waiting and banks should also embark on effective training and development skills that would help their employees deliver prompt services to the various segments of their target customers.

Lau, Cheung, Lam& Chu(2013) examined the interrelationship between service quality, customer satisfaction and customer loyalty in retail banking sector of Hong Kong aiming at finding out the most important attributes of service quality considered and perceived by customers. A survey questionnaire based on SERVQUAL model was administered to collect data from 119 retail banking customers which consist of heterogeneous population of the legal age that hold a saving or current account from Hong Kong and Shanghai Banking Co-

operation(HSBC) in order to find the influence of five service quality dimensions in the banking service environment on customer satisfaction. Descriptive statistics, factor analysis and multiple regression analysis were used for data analysis. The result indicated that the five SERVQUAL dimensions have a positive influence on customer satisfaction where tangibility, responsiveness, reliability and assurance were the more significant in contributing to customer satisfaction while empathy was the least significant. The study suggests that SERVQUAL is a suitable instrument for measuring service quality in the retail banking sector of Hong Kong and hence, banking industry practioner can consider this instrument as a tool to assess and help improve their service quality. The study recommends that banks should utilize internet terminologies to improve productivity or profitability.

Murugiah and Akagam (2013) evaluated customer satisfaction in the banking sector in Libya based on customer perception of service quality as well as exploring the key factors influencing the level of customer satisfaction in Libyan commercial banking. Data were collected through a well-structured questionnaire administered to 150 customers, where respondents were randomly selected based on convenience sampling from customers that visited the sampling location during the stipulated time intervals. The study employed multiple regression models in examining responses from 150 bank customers as well as testing the hypothesis. The result indicated that customer satisfaction has a significant positive relationship with customer loyalty and service quality but a negative relationship with security. The study concludes that customer loyalty is the main factor influencing customer satisfaction and this has been supported by past studies as in Luiz,Moutinho and Anne Smith(2002).The study recommends that for a successful banking sector, banks must provide services to their customers that at least meets or exceeds

their expectation and this study further provides some guideline for the policy makers of banks to take appropriate decision to improve the quality of services in Libyan banking sector

Elsagier and El-Biely (2013) investigated the quality of service from customer's perspective in the Egyptian banking system in order to analyses service quality of banking services provided by banks in Egypt as well as the difference in relative importance they attached to the various quality dimensions using SERVQUAL model. Self-administered questionnaire were personally administered to a sample size of 150 customers chosen from Egyptian banks. The survey questionnaire is designed and distributed to the target respondents randomly based on convenience sampling where the target respondent are the general public who are at the legal age of holding a saving or current account in the Banks of Egypt. Based on SERVQUAL model scale, regression analysis was used to assess the extent to which SERVQUAL dimensions affect customer satisfaction. The findings indicated that customer satisfaction in the Egyptian banking services is significantly affected by reliability, empathy, assurance and responsiveness while the effect of dimension of tangibility does not have significant impact on customer satisfaction. It is also indicated that customer satisfaction is highest in the reliability area and this result is consistent with the Parasurman, Zeithaml & Berry, 1985; 1988; Yang & Fang, 2004). The study recommends that bank managers should have a better understanding of customer's perception of service quality in banking and improve their satisfaction with respect to dimensions of service quality. The study recommends that the findings are important to enable bank managers to have a better understanding of customer's perception of service quality of banking and improve satisfaction with respect to the aspect of service quality that matter most to the customers.

Randomir,Wilson & Scrindon (2011) explored the relationship between three service quality dimensions and customer satisfaction with Ro Bank territorial unit and determined which service

attributes or dimensions that have the highest impact on customer satisfaction. 618 research questionnaires were administered in the area of Cluj-Napoca where 618 were returned and considered for data analysis. Principal component regression was used to determine the impact of three service dimensions on customer satisfaction with territorial bank unit. The study also attempted to compare different methods that can help bank managers to decide upon which service quality aspectthat needs improvement and further investment. The findings suggest that the impact measures, importance-performance measures and gap method lead to a similar conclusions and highlight the areas that need improvement. The result obtained indicated that there exist a strong positive relationship between the three considered quality dimensions and customer satisfaction in bank territorial unit.Thus,human resources has the highest impact on customer satisfaction followed by convenience and efficiency as well as tangible aspect, respectively. This means that human resource influences customer satisfaction more than convenience and efficiency as well as physical evidence. The study recommends that giving high impact that bank personnel has on customer satisfaction, the bank management must ensure continuity and even improvement of employees' performance. The study further recommends that it is important to invest in convenience and efficiency given the gap existing between its performance score and score for importance.

Mohammad and Alhamdani (2011) examined the level of service quality perceived by the customers of commercial banks in Jordan and its effect on customer satisfaction. 260 questionnaires were distributed randomly to customers of 13 commercial banks located in Jordan where multiple regression analysis was employed to test and examine the impact of service quality on customer satisfaction. The findings showed that SERVQUAL appears to be consistent and reliable scale for measure banking service quality. The study indicates that service

quality is an important antecedent of customer satisfaction. The study reveals that the five dimension of service quality have significant influence on customer satisfaction. The dimensions include: tangibles, reliability, responsiveness, assurance and empathy. Hence,The result of this study indicates that service quality is an important determinant of customer satisfaction and this result is consistent with (Anadeeb and Conway, 2006;Gotlieb, Grewal,& Brown,1994;Buttle 1996,Zeithmal and Bitner,1996;Lee,Lee &Yoo, 2000;Zeithmal and Bitner,2003).The findings reinforces the need for bank managers to place more emphasis on the five dimensions of service quality in the Jordanian commercial bank by improving the element of service quality that make significant contribution to customer satisfaction.

Singh and Kaur (2011) studied customer perception of service quality, both transactions based and I.T based, as well as gained an insight into the customer satisfaction level with the quality of services provided by public sector, private sector and foreign banks of Delhi, India. Three public sector banks(state bank of India, Punjab National bank and Canara bank),two private sector bank(ICICI and Centurion Bank of Punjab), and one foreign bank(standard charted bank) were selected for the study. Multi-stage random sampling was used for selecting 10 customers randomly from each bank making a total of 60 customers as sample. The studyemployed multiple regression analysis,which reveals that the customers of nationalized banks were not satisfied with the employee behavior and infrastructure while respondent of private and foreign bank were not satisfied with high charges, accessibility and communication. The study further showsthat only few respondents pledged complain to their bank mostly on delay in transaction and extra charges. Thestudy recommends that training on stress management and public dealing should be given to the employees of nationalized banks. The study further recommends that

nationalized banks need to improve their infrastructure and ambience in order to compete with private and banks in India.

Khondaker and Mir (2011) explored the factors that affect and explained customer satisfaction in Bangladeshi state owned commercial banks with a focus on customer satisfaction indicators that can influence the policy measures in shaping and refining the state owned banks which are reeling from poor quality service and management as well as corruption. The study was conducted in two phases where 98 and 214 survey questionnaireswere administered in the first and second phase respectively. In the first phase, five branches of each of the four SCBs have been selected randomly where in each branch five respondents were selected systematically. In the second phase, ten branches of each of the four SCBs were chosen randomly, where in each branch, six respondents were selected systematically. The study reveals that responsiveness dimension of service quality was the most important for customer satisfaction, followed by physical comfort and assurance ranked third in importance. The study further reveals that inappropriate behavior and variety of services have been considered as the ones that have least impact on SCB customer satisfaction. The study is expected to guide state owned commercial banks as well as private, foreign and Islamic bank in Bangladesh to improve their levels of customer satisfaction.

Masukujjaman and Akter (2010) examined the relationship between service quality and customer satisfaction among various private commercial bank in Dhaka city by evaluating customer satisfaction of the service quality and assess whether bank services provided by these institutions are satisfactory to Bangladeshi customers, especially in terms service category like general banking, credit banking and foreign banking services. Interview technique and structured questionnaire were used for the purpose of data collection to a sample size of 480 customers

from 16local private commercial banks.The study employed Pearson's correlation and ANOVA to empirically test and examine the relationship between service and customer satisfaction.The findings reveals that overall service quality in private commercial bank in Bangladesh is moderate and considerable where service quality in general banking services is better than credit banking services and foreign exchange services. The study further reveals that top ranked banks have higher service quality in all categories of services; while lower ranked banks are struggling seriously with credit and foreign exchange services. The study recommends that lower ranked banks should give more emphasis on both credit and foreign banking service quality

Munusamy, Chelliah & Mun (2010) investigated the relationship between service quality dimensions and customer satisfaction in the banking sector of Malaysia.A total of 140 copies of questionnaires were administered but only 117 were returned and considered for data analysis .Multiple regression model is one of the statistical tools applied to examine the impact of service quality dimensions on customer satisfaction. The study reveals that tangible has a positive relationship but significant impact on customer satisfaction while assurance, empathy and responsiveness have a positive relationship but no significant impact on customer satisfaction. However, reliability has a negative relationship but no significant impact on customer satisfaction. It is suggested for marketers in the banking industry to improve service quality delivery because one of the ways of obtaining loyal customers is by having products and services that meet the expectation of its customers.

2.4.2 Empirical Literature in Islamic Banking

Abdulaziz, Shukor and Abdullah (2014) examined the relationship between service quality dimensions and customer satisfaction towards customer loyalty in Maybank Islamic Berhad and Bank Islam Malaysia Berhad. The research was conducted in order to measure and compare

service quality and its influence on customer satisfaction and customer loyalty regarding two auto financing products namely; Al-ijarah Thumma Al-Bai (AITAB) from maybank Islamic Berhad and vehicle financing-i(Bai' Bithaman Ajil-BBA) from bank Islam Malaysia. 500 questionnaires were administered to the prospective respondents, which consist of 250 Islamic auto financing account holders from Maybank Islamic berhad and 250 from Bank Islam Malaysia berhad respectively through convenience sampling. Descriptive statistics, Pearson correlation, multiple hierarchical regressions, one way ANOVA as well as independent sample t-test were used for data analysis.

The study has provided evidence that the customers will form the service quality perceptions based on their evaluations on service quality factors; compliance, assurance, reliability, tangibles, empathy, responsiveness and after sales service. Thus, the seven service quality dimensions will contribute significantly to the customer satisfaction and customer loyalty in Islamic banking industry because the findings have indicated that the dimensions of service quality factors are important to the provision of superior service quality as suggested by Parasurrman et al,(1980).The study shows that this research will serve as a guide to managers as they endeavor to enhance customer service experiences. The findings further suggests that the outcomes of this study can be a guiding factor to the management of the bank to be more conscious about customer satisfaction and the factors that contributed to customer loyalty.

Badara ,Nik & Mujtaba (2013) examined the direct effect of service quality dimensions on customer satisfaction and customer loyalty in Nigerian Islamic bank. Data were collected from 209 Nigerian students studying at University Utara Malaysia. Data were analyzed using structural equation modeling and convergent validation was performed using confirmatory factor analysis and composite reliability. The findings reveal that responsiveness is a significant

predictor of customer satisfaction and has a significant effect on customer satisfaction. This is consistent with the findings of Khondoker et al., (2011) which found that customer satisfaction is significantly influenced by responsiveness and it was also the most important dimension of service quality for customer satisfaction. Likewise, assurance is a significant predictor of customer satisfaction and has a significant effect on customer loyalty. This is consistent with the findings of Murugiah et al., (2013) and Kasuma et al., (2014) where customer loyalty is significantly influenced by assurance. The study further reveals that responsiveness and assurance were the main factors of service quality in the Nigerian Islamic bank. The study suggests that Islamic banks are required to do more promotion and focus on strategic choice in providing products and services which are more innovative in order to gain competitive. The study recommends that Islamic bank should provide financial counseling to attract Muslim and non-Muslim to use more of Islamic banking products and service. Hence, for Islamic banks to maintain loyal customers, they should give assurance in terms of Islamic banking compliance

Razak and Sakrani (2013) examined the factors that influence customer satisfaction towards the quality of services provided by bank Islam Malaysia Berhad (BIMB).Primary data were obtained by distributing questionnaires to 50 customers who were selected based on systematic random sampling. Multiple regression analysis was used in examining the impact of service quality on customer's satisfaction. The result obtained indicates that all the independent variable; reliability, assurance, responsiveness, empathy and tangibles have significant relationship with the dependent variable which is customer satisfaction towards the quality of services provided by bank Islam Malaysia Berhad (BIMB).The study recommends that for BIMB to remain competitive, it has to retain its high value customers. It was also suggested that the marketing

manager of BIMB should seek to improve the areas where customers were not satisfied and that customer care and customer retention programme should be taken into consideration.

Ijaz and Ali (2013) assessed service attitude and service quality measures of five Islamic banks that are listed with state bank of Pakistan. An adapted SERVQUAL instrument of service quality containing five dimensions of service quality; tangibles, reliability, assurance, responsiveness and empathy were used to assess the service quality measures which were found reliable at 0.86 cronbacha's alpha. A total 250 customers (50 from each bank), 100 management trainees officers (20 from each bank) and 25 branch managers (5 from each bank) constituted the sample. However, a total of 217 customers, 84 management trainee officers and 20 branch managers of the sampled bank of Pakistan based on convenience sampling participated in the survey, representing overall response rate of 85.6% which were considered for data analysis. Mean scores and one-way ANOVA were used for significance and variance analysis. The study reveals that Islamic bank managers showed greater satisfaction on service quality followed by MTOs but customers were not satisfied with the service of Islamic banks and that the difference opinion found among customers, management trainee officers and managers showed a true image of service attitude. The findings recommend that bank's customer service measures need urgent improvement in order to have ultimate survival in the banking sector which can be achieved if the Islamic banks in Pakistan embark upon customer oriented service quality measures.

Gambo (2013) identified the factors that motivate customers to deal with an Islamic bank as well as measuring customer's perception of the service quality delivery in Jaiz Bank of Kano state of Nigeria. The study also assessed the customer satisfaction with the performance of Jaiz bank. Customer's responses regarding service quality were collected using CARTER model instrument through self-administered questionnaire where both purposive and convince were utilized in the

study. Descriptive statistics and structural equation modeling were used for data analysis. The study reveals that non-interest nature of Islamic bank is the motivating factor that attracts customers to Jaiz bank and customers perceived the six CARTER dimensions of reliability, responsiveness, tangibles, assurance and compliance with Islamic law to be very effective and the result further indicates their overall satisfaction with the quality of service provided by Jaiz bank which shows that more than 50% of customers are either satisfied or highly satisfied with the performance of the bank. The findings can be used as a guide for bank managers to improve crucial quality attributes, enhance service quality and business performance. The study recommends that Jaiz bank should pursue an aggressive customer awareness campaign about Islamic banking products and their benefits to the customers.

Khafafa and Shafii (2012) measured customer satisfaction through perceived service quality in Libyan Islamic windows by examining the relationship between service quality perception and customer satisfaction as well as the factors influencing customer satisfaction in Libyan three commercial banks namely Gumhouria bank, Wahda bank and Sahara bank. A total of 600 questionnaires were distributed out of which 366 questionnaires were considered for the analysis. Specifically, questionnaires were distributed based on simple random sampling to every customer who has bank dealings inform of owing a bank, obtaining finance or conducting money transfer between banks during the business hour of 8-4 from Monday to Friday. The study also employed a structural equation modeling to determine the relationship between customer's satisfaction and the underlying construct of perceived service quality. The study reveals that service quality has a positive impact on customer satisfaction and that service quality construct will significantly affect customer satisfaction. Thus, there exist a positive and significant relationship between customer satisfaction and the construct of perceived service quality. The

study reveals that SERVQUAL is an appropriate instrument of quality of banking services. The study recommends that the findings will be useful for policy making by authorities in Libya that are responsible for development of banking sector.

Bashir (2012) examined the effects of both service quality and product quality and that of satisfaction awareness of Islamic banking in Brunei Darussalam as well as the reasons for selecting Islamic bank. A total of 136 questionnaires were distributed to the customers of two Islamic banks, namely bank Islam Brunei Darussalam (BIBD) and Tabung Amana Islam Brunei, of which 116 responses were received, yielding a response rate of 85%. Regression analysis is used to test the hypothesis postulated in the research and the intention was to measure the awareness and level of satisfaction with Islamic bank's various basic elements of service delivery system. The study reveals that there exist significant relationship between awareness and customer satisfaction in Brunei Islamic banking. Hence, the establishment of higher level of awareness will lead to a higher level of customer satisfaction. The findings further indicate that awareness is positively correlated with customer satisfaction and the effect of service quality, product quality on awareness is positive and significant but the effect of service and product quality on customer satisfaction is not direct but rather indirect through customer awareness. It is suggested that Islamic banking industry should geared its effort to formulate suitable polices which will attract more customers.

Hunjra and Akthar (2011) sought to measure the level of customer awareness in Islamic banks and determined the relationship between service quality and customer satisfaction of Islamic banks operating in Pakistan. A total of 285 questionnaires were administered to the customers of Islamic banks based on convenience sampling where only 187 questionnaires were returned but 167 were processed for the study. Multiple regression analysis was used for data analysis. The

result reveals that customer satisfaction is positively related with service quality in Islamic banking and hence, there exist a positive and significant relationship between customer satisfaction and constructs of service quality. The result of this study is in line with Yavas (1987) who had conducted a study on Turkish bank's service quality where he pointed out that service quality is an important element of customer satisfaction. In another study conducted by Ducan (2002) with respect to credit union, he tried to build association between financial performance and service quality. The study recommends that Pakistan Islamic bank should concentrate more on compliance and responsiveness because of the higher influence they have on customer satisfaction. In addition, Islamic banks need to conduct awareness campaign about Islamic banking terminologies as customer responded that they don't know. This study has pointed out the important areas on which focus is required in Islamic banking by investing in training and development of human resources so that they can handle the customers' problems which will ensure the retention of their existing customers.

Ho,Hamali & Roslee (2011) examined the critical factors of service quality as perceived by bank customers that influence their level of customer satisfaction and loyalty towards service quality provided by Islamic bank in Malaysia. The study used structured questionnaire and adapted service quality scale developed by Sureschandar, Rajendran & Anantharaman (2002).The adapted version comprises of six dimensions of service quality, namely: the spiritual element, core services, the human element of service delivery, systematization of service delivery, tangibles of service delivery and social responsibility. A total of 300 questionnaires were distributed to the customers of Bank Islam Malaysia Berhad (BIMB) and Bank Mu'amalat Malaysia Berhad where quota sampling was used in order to select the qualified respondents which covers the entire staff and students of University Teknologi MARA in Kota Samarahan.

Multiple regression analysis was employed to test the hypothesis postulated in the study. The result reveals that socialresponsibility is a significant factor in influencing customer satisfaction towards Islamic banking service quality. The spiritual element plays an important role in influencing customer loyalty as it enables them to transact in line with religious beliefs. More importantly, customer satisfaction significantly influences customer loyalty towards Islamic banking services. The findings of this study are in line with these objectives where two critical factors (i.e. social responsibility and spiritual element significantly influences customer satisfaction and customer loyalty. The findings of this study can serve as a benchmark for further investigation as well as provide information and direction for future researches.

Othman and Owen (2001) conducted a study on customer satisfaction by using the service quality model. The study utilized a survey of 360 customers based on systematic random sampling. Using CARTER model scale, their result suggested that customer satisfaction in Islamic bank should be measured through the proposed 34 items instead of reducing it into the original number of SERVQUAL's five dimension and their 22 items". The result indicates that in Islamic banks, managers and practitioners should be aware of cultural and religious dimensions

2.4.3Comparative Empirical Literature inIslamic and Conventional Banking

Beguim (2014) explored customer preferences, customer level of satisfaction and motivational factors towards Islamic banks and conventional banks, as well as determined which serves its people best. Both primary and secondary data were utilized for this study where primary data was collected through surveys, questionnaires and interview and that of secondary data through newspaper, journal and internet as well. A total of 80 questionnaires were distributed among the respondents based on stratified sampling aimed at finding out the satisfaction level of bank's

customers regarding facilities provided by the Islamic bank and conventional banks in the Sultanate of Oman. Data were analyzed using t-test and descriptive statistics to examine the customer satisfaction of Islamic and conventional bank. The study reveals that customers of both Islamic and conventional banks were satisfied with the services provided by their respective banks but customers of conventional banks are a bit more satisfied than that of Islamic banks. The study further reveals that financial benefit, interest on deposit and tough worldwide image were the reasons that inspired customers towards conventional banking and in the case of Islamic banks, customers were encouraged to transact with the bank because of interest free loan, Islamic teaching and sharia as well as awareness of religious up bring in the country. The study suggests that Islamic bank can enhance more customers by introducing efficient markets campaign to increase awareness about their products and services.

Qureshi, Khan & Zaman (2012) examined the determinants of expected service quality in conventional and Islamic banking in Pakistan. Questionnaires were administered based on convenience sampling to 800 customers from eighty branches of five conventional and five Islamic banks in Khyber Pakhtookhaha province in Pakistan where 513 filled questionnaires were returned out of which 38% were filled by female customers and 62% by male customers forming a rate of 64% of total distributed questionnaires. The study used partial least square based on structural equation modeling to investigate the role banks tangibles, reliability, responsiveness, assurance and empathy played in determining the banks expected service quality in Pakistan. Thus, the basic objective of the study is to examine the determinants of expected service quality in conventional and Islamic banking in Pakistan. The findings reveals that bank's tangible and responsiveness has a positive impact on expected service quality of commercial banks and a negative relationship is depicted between assurance and expected service quality in

case of commercial banks. On the other hand, in case of Islamic banks, the result showed that tangibles, reliability and assurance has significant impact on expected service quality and a negative relationship is depicted between responsiveness, empathy over expected service quality of Islamic bank in Pakistan. The result are in line with finding of Ahmad, Rehman & Saif (2010) which showed that there exist a significant relationship between expected service quality and customer satisfaction in case of Islamic banking in Pakistan.

El-Nagar and El-Biely (2011) analyzed and compared customer satisfaction and service quality in Islamic banks in Egypt and KSA as well as investigated the relationship between bank overall customer satisfaction and service quality factors. 400 questionnaires were distributed based simple random sampling but 300 were returned (160 from Egypt Islamic bank and 140 from KSA Islamic bank) and processed for the study. The result of the multiple regression analysis reveals that all the dimensions of service quality are statistically significant in KSA but only tangibles are statistically significant for Egyptian Islamic bank. Moreover, in KSA, the assurance, empathy dimensions of the scale had the highest impact on overall customer satisfaction while in Egypt, empathy, responsiveness and assurance dimension had the highest impact on customer satisfaction.it is suggested that Islamic banks should pay much attention to improve satisfaction of their customers especially in Egypt and explore ways for improving customer satisfaction with the products and services that did not receive average satisfaction. However, Islamic banks in both countries need to redefine their corporate image to the one that emphasizes service quality by introducing standard for service excellence by offering quality services while maintaining its Islamic credential and reputation. The study further recommends that Islamic banks should embrace good customer service policies to reap its potentials as a

strategic tool to achieve competitive advantage to enhance reputation and secure customer's allegiance.

Ahmad, Rehman & Saif (2010) carried out a study with the view to find the relationship between service quality and customer satisfaction regarding Islamic banks as well as conventional banks in Pakistan. The study also investigated how service quality affects customer satisfaction by assessing the magnitude of the relationship between selected variables. A total of 1000 questionnaires based on stratified sampling were distributed among the respondents in ten major cities of Pakistan but 720 completed and useable questionnaire were considered for data analysis. Pearson correlation and regression analysis were applied to examine the relationship between service quality and customer satisfaction. The result showed that there exists a strong, direct and positive relationship between service quality and customer satisfactions. Thus, the magnitude of the relationship between service quality and customer satisfaction is higher in Islamic bank as compared to conventional bank. This findings are consistent with the previous studies(Sureschander et al, 2002;Jamal & Naseer,2004;Arsali,Turan&Mehtap-Samadi,2005; Al-hawari & Ward,2006; Razak &Sakrani,2007).The study recommends that bankers can attract more customers by launching effective marketing campaign to enhance customer awareness towards quality services and bank managers should take initiatives to improve their products by considering the demographic characteristics of the respondents

Amin and Isa (2008) examined the relationship between service quality perception and customer satisfaction in the Malaysian Islamic Bank by adapting a modified SERVQUAL model known as CARTER model consisting of six dimensional structures; tangibles, reliability, responsiveness, assurance and empathy plus the compliance dimension to measure Malaysian Islamic banking service Quality. However, the respondents are the both Muslim and non-Muslim customers who

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have an account with one of the fully pledged Islamic banking and dual banking system who visit the bank counters and are selected based quota sampling technique. Structural equation modeling is one of the statistical tools employed to test the research hypothesis. The findings reveals that the standard model of Islamic banking service quality dimensions should consist of six dimensions and that CARTER model is a good determinant of customer satisfaction. The study reveals that there exists a significant relationship between service quality and customer satisfaction. Thus, the majority of Islamic banking customers were satisfied with the overall service quality provided by their banks. However, the result show that the proportion of Malaysian's awareness of Islamic banking products and services were high compared to non-Muslim customers. The study recommends that since there is a potential target market for Islamic banking which remained untapped coupled with 60% of the Malaysian population as Muslim, hence, more financial consulting should be put in place in order to attract Muslim customers to use more Islamic banking products and services.

Ali and Zhou (2003) investigated and compared the service quality perceived by customers of Islamic and conventional bank in Pakistan with a focus on three major cities, namely: Peshawar, Karachi and Islamabad. The study seeks to find out the elements of service quality that are more important for bank's customers. 1000 questionnaires were distributed among the banking customers based on convenience sampling technique where 520 were returned from two Islamic and six conventional banks respectively. Specifically, out of 1000 distributed questionnaires, 190 were returned by Islamic bank customers and 330 from conventional bank's customers from the three major cities in Pakistan. Descriptive and t-statistics were used for data analysis. The study reveals that customer satisfaction is relatively highest on the assurance dimension of Islamic banks and on the tangibles dimension of conventional banks. However, customer perception is

highest in the technology and responsiveness area of Islamic banks. The findings further indicate that the overall perception about service quality is highest in Islamic banks. It is suggested that Islamic banks can improve their services through internet and online services and conventional banks can improve their services by comprehensive training of employees.

In view of the above empirical studies reviewed, it could be observed that the major determinants of customer satisfaction identified in the literature which are employed by past researches are service quality dimensions which are used as explanatory variables for customer satisfaction and benchmark for predicting service performance. Other determinants of customer satisfaction explored are: customer loyalty, financial performance,human resources, social responsibility,customer retention, convenience and efficiency,fast banking service, physical comfort, safety of fund, positive word of mouth, availability of ATMs in several location, awareness to mention but few.

There were many studies conducted on retail banking industry that capture the perception of customers on service performance and satisfaction by adapting SERVQUAL model. This is the most well-known and widely used model to measure service quality given by Parasuraman et. al (1988) which consist of 22 items that are compiled into five dimension namely tangibility, reliability, assurance, responsiveness and empathy. However, another model is developed by Othman and Owen (2001) to complement SERVQUAL which focus on Islamic banking industry. This is sharia-compliant model has an additional dimension of compliance with Islamic principles to the initial five dimensions of SERVQUAL, making it six dimensional models. The significance of this model is that while capturing customer satisfaction, it's a long way incorporating Islamic principles into the analysis. The major and most cited work on customer satisfaction in the Islamic banking literature are Metawa and Almossawi (1998).

Naseer,Jamalandalkhatib(1999), Othman and Owen (2001), Al-Tamimi and Al-Amiri (2003), Okumuş (2005), Abdul Kader and Norizan (2009), Osmanet al (2009), Hossain and Leo (2009), Golmohammadi and Jahandideh (2010) and recently Abduh (2011).

The major statistical tools that are applied by previous researchers in analyzing the relationship between thedependent andindependent variables are structural equation modeling and multiple regression analysis.

The major findings of the previous researches on customer satisfaction and service quality assessment reveals that service quality attributes have strong impact on customer satisfaction and it is evident from the literature that there exist positive and significant relationship between customer satisfaction and dimensions of service quality.

Most of the literatures reviewed recommend for banks to focus more on their customers rather than paying attention to the products and services. There isthe need for bank to improve their service quality and performance towards customer satisfaction which will prevent their customers from switching to their competitors.Thus,improving service quality delivery is inevitable means of obtaining loyal customers.

In addition, the studies further recommend that for Islamic banks to maintain loyal customers, they should give assurance in terms of Islamic banking compliance and improve their internet and online services. It was also suggested that for Islamic banking industry to gear its efforts towards formulating suitable policies which will attract more customers especially by embarkingon aggressive customer awareness campaign about Islamic banking products andservices.Hence, this study adopts an augmented CARTER model by introducing one most important determinants of customer satisfaction which is price from economics literature.

Further, the study employs Pearson correlation and multiple regressions in analyzing customer satisfaction

2.5Theoretical Framework

The consumer behavior literature is known for its traditional suggestion that customer satisfaction is a relative concept and is always judged in relation to standard (Olendar, 1977).There were three theories under this subsection which are expected to shape and guide this study. They are dissonance theory, contrast theory and expectancy disconfirmation theory. Therefore, this section undertook a critical review of these theories and selected the one that fits best in this study.

2.5.1 Cognitive Dissonance Theory: This theory suggests that a person who expected a high value product and received a low value product would recognize the disparity and experience a cognitive dissonance (Cardozzo, 1995).Thus, if a disparity exist between product expectation and product performance, consumers will have a psychological discomfort or tension which they try to reduce by changing their perception on the product through raising their evaluation when the cost of the product to individual is high. However, where small discrepancy exists, it may be largely discounted while large discrepancy may result in negative evaluation.

The dissonance theory fails as valid theory for explaining customer satisfaction because of its unrealistic postulation of the fact that expectations are not static but may change during consumption experience. Thus, this theory has not gained much support from researchers because it's not clear whether consumers would engage in such discrepancy adjustments as the model predicts in every consumption situation

2.5.2 Contrast Theory: According to this theory, when actual product performance falls short of consumers' expectation about the product, the contrast between the expectation and outcome will

cause the consumer to exaggerate the disparity (Yi, 1990). This theory predicts that product performance below expectations will be rated poorer than it is in reality (oliver & Disabo, 1988). In other words, the contrast theory would assume that "Outcomes deviating from expectations will cause the subject to favorably or unfavorably react to the disconfirmation experience in that a negative disconfirmation is believed to result in a poor products evaluation whereas positive disconfirmation should cause the product to be highly appraised (Oliver, 1977).

Thus, if contrast theory were applied to consumption context, then, the poor product performance would be worse than simply poor and a good performance would be better than rating of good. The above shortcoming has rendered this theory not feasible for explaining customer satisfaction.

2.5.3 Expectancy Disconfirmation Theory: Oliver (1977;1980) proposed expectancy disconfirmation theory as the most promising theoretical framework for assessing customer satisfaction. Consumers purchase goods and services with pre-purchase expectation and once a product or service is used, outcomes are compared against expectation. If the outcome matches expectation, confirmation occurs. Disconfirmation occurs where there is difference between expectations and outcomes. A customer is either satisfied or dissatisfied as a result of positive or negative difference between expectation and performance Thus, when service performance is better what the customer initially expected; there is a positive disconfirmation between expectation and performance which results in satisfaction. While when service performance is not as good as what customer expected, negative disconfirmation occurs between expectation and performance which causes dissatisfaction

The literature reviewed demonstrates that this model has found a great degree of support from researchers in other disciplines and has been used widely to evaluate satisfaction of different products and services (Oliver, 1980).

Hence, this study adopted expectancy disconfirmation theory as its theoretical framework due to the fact that it is the most promising theory that fits best for evaluating customer satisfaction which matches this study of assessing the variability in customer satisfaction that depends on service perceived performance relative to buyers' expectations. If the service performance falls short of expectations, the customer will be dissatisfied. If performance matches expectation, the customer will be satisfied. If performance exceeds expectations, the customer will be over satisfied. Consequently, highly satisfied customers' repeat purchases and tell others about their good experiences with the services (Kotler & Amstrong, 2006).

As evident from the above expectancy disconfirmation theory, in order to measure satisfaction, it is necessary to measure both expectations at the time of purchase and reactions at some time after purchase. If actual consequences equal or exceed expected consequences, the customer is satisfied, but if actual consequences fall short of expected consequences, the customer is dissatisfied. Thus, satisfaction by definition seems to be an attitude. For that, it is necessary to measure the customer expectations and their consequences. Hence, it is important to understand the ranges of customer expectations and consequences which need to be assessed.

However, contrary to other studies revealed this field; to the best of my knowledge, this is the first of its kind to adopt this theoretical framework in the Islamic banking literature. Although, existing studies in the conventional bankingliterature and other conventional management and marketing fields have adopted it in several researches. This is evident in the work of Oliver and Desarbo(1988) as well as Szymanski and Henard (2001).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter comprised the research design, population of the study, sample size and sampling technique, instrument of data collection, method of data collection and techniques of data analysis and model specification.

3.2 Research Design

The study is primarily an explanatory work that used survey design to `analyze the determinants of customer satisfaction and examinedhow the explanatory variables such as overall service quality, service quality dimensions and Price influence customer satisfaction of Jaiz bank's customers in Kano metropolis.

3.3 Population of the Study

The population of the study consistedof thirty two thousand one hundred and eighteen (32,118) customers of Jaiz Bank from three branches (Tafawa Balewa Road branch, Bello Road branch and Kabuga/B.UK branch) within Kano metropolis as at 15th November, 2014.

3.4Sample Size and Sampling Techniques

Sample size of 379 respondents from the stated three branches of Jaiz Bank (Tafawa Balewa Road branch, Bello Road branch and Kabuga/B.UK branch) was considered in the analysis.This is guided by Crecy and Morgan table (1970) where they stated that for a population ranging from 30,000 to 34,999 a sample size of 379 should be considered. The study also employed simple random sampling techniques in selecting the respondents from these three branches and the copies of the questionnaires wereallocated to these branches on pro rata basis.

3.5Method ofData Collection.

The primary source of data was used for the purpose of this study, which involves administering questionnaire to the customers of the three branches of Jaiz Bank at Bello Road, Tafawa Balewa

and Kabuga/B.U.K branches of Kano metropolis. The questionnaire usedin this study contained four sections. The first part was on the demographic characteristics of the respondent, which include age, gender, occupation, monthly income and marital status. The second part of the questionnaire constituted overall assessment of satisfaction derived with respect to Jaiz Bank service quality performance which is based on 5-likert scale. Here, the numbers on the scale represented1-Very dissatisfied, 2-dissatisfied, 3-Neutral, 4-Satisfied and 5-Very satisfied. The third part adoptedthe modified scale of service quality developed by Othman and Owen (2001).This scale i.e. CARTER model measuresvarious dimensions of service quality. The respondent were asked to give their perception of Jaiz bank service quality based on 5- likert scale i.e.1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly agree. The final part contained questions on the prices of Jaiz bank product and services also based on the above 5-Likert scale.(See Appendix I)

3.6Methods of Data Analysis.

In any simple linear regression, the general form for the equation of any straight line on the graph is: $Y = a + bx + e$where "Y" is the dependent variable, "a" is the intercept on "Y" "b" is the beta or slope of the line,x is the independent variable, while *"e"* stands for the error term in the model. However, since we have more than one explanatory variable in this study, a multiple regression model is deemed appropriate. Moreover, this study used multiple regression models in examining the relationship between customer satisfaction with service quality and price on the ground that the model was applied by previous researches in analyzing customer satisfaction and service quality constructs (See Lau,2013;Murugiah,2013;Elsaghier,2013;Chinwuba,2014)Similarly, to test the robustness of the model in finding the degree of association between the dependent and independent variables, the

study employed Pearson correlation to find the nature and direction of the association between the variables. Hence, the regression coefficients were estimated using SPSS softwareversion 21.

The study also used descriptive statistical tools including; tables, percentages, mean, standard deviations, minimum and maximum values in order to describe the characteristics of the respondentsespecially, socioeconomic and demographical attributes of the respondent.This is done to provide a clear and concise numerical or graphical summary of the data to complement the inferential statistical analysis.

Further, data screening procedures such as test of missing values, analysis of outliers, reliability test, normality test, Multicollinearity test, factor analysis, KMO's and Bartlett's test were also conducted.

3.6.1Model Specification

The econometric model employed consisted of two (2) multiple regression models specified below:

MODEL 1

This model investigated the impact of overall service quality and price on Jaiz Bank customers.

The model, in functional form, can be expressed as follows:

CS = f(SQ, P) ----------------------------- (1)

WhereCS= Customer satisfaction which is the dependent variable

SQ=Overall service quality which is a predictor variable

P= Price which is also a predictor variable

The functional relationship can be expressed algebraically below:

$CS = \alpha_0 + \alpha_1 SQ + \alpha_2 P +$ $_1$------------------------ (2).

Where α_0 is the intercept;

α_1 is the parameter estimate of overall service quality;

α_2 isthe parameter estimate of price;

$_1$ is the random term which captured the impact of other variables not included in the model.

On a priori, the sign of the parameter estimate of overall service quality is expected to be positive i.e. α_1 0;while the coefficient of price is expected to be negative i.e. α_2 0.

MODEL 2

This model investigated the relative importance Jaiz Bank customers attach to the various dimensions of service quality using CARTER model. This comprisedof six dimensions of service quality perceived by Jaiz Bank customers, which are aimed at identifying the most influentialfactor or service quality dimension that matters most to Jaiz customers or affect the degree of customer satisfactionin Jaiz bank. Ultimately, this would enable the bank to improve service quality to achieve better customer satisfaction, loyalty and retention.

The model is expressed as follows:

CS = f(TAN,REL, RES, ASS, EMP, COM)------------------------ (3)

Where CS is the customer satisfaction which is the dependent variable

TAN= is the tangibility which is a predictor variable

REL= Reliability is a predictor variable

RES= Responsiveness is also a predictor variable

ASS= Assurance which is also a predictor variable

EMP= Empathy is a predictor variable

COM= Compliance is also a predictor variable

The functional relationship can be expressed algebraically below:

$$CS=\beta_0 + \beta_1 \, TAN + \beta_2 \, REL + \beta_3 RES + \beta_4 ASS + \beta_5 EMP + \beta_6 COM + \epsilon_2 \text{------------ (2).}$$

Where β_0 is the intercept;

β_1 is the parameter estimate of tangibility;

β_2 is the parameter estimate of reliability;

β_3 is the parameter estimate of responsiveness;

β_4 is the parameter estimate of assurance;

β_5 is the parameter estimate of empathy;

β_6 is the parameter estimate of compliance;

ϵ_2 is the random term which captures the impact of other variables not included in the model. The estimators of the parameters $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5,$ and β_6 are theoretically expected to be positive i.e. $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6 \geq 0$.

3.7 Measurement of Variables

The variables used in the study were the independent variables consisting of; overall service quality, service quality dimensionsand pricewhich were hypothesized as having no impact and relationshipon customersatisfaction. Thefollowing instruments as measured by other researchers some of which were adopted in the study.

3.7.1. Dependent Variable

There is only one dependent variable in the study i.e. customer satisfaction

3.7.2 Customer Satisfaction

In order to satisfy the objective related to the satisfaction of customers, some items from the work of Levesques & Doughlas (1996) were adopted and modified to suit Islamic banking industry in Nigeria to meet the needs of this research. Hence, customer satisfaction was measured by threeitems which include: Level of satisfaction for Jaiz Bank's service quality performance in relation to customer's expectation, efficient time management in service

delivery, confidencein Jaiz bank's sharia committee. These questions were measured based on five likert scale based on 5-likert scale.Here, the numbers on the scale represented1-Very dissatisfied, 2-dissatisfied, 3-Neutral, 4-Satisfied and 5-Very satisfied.

3.7.3 Independent Variables

There are three independent variables for this study i.e. Overallservice quality, Service quality dimensions and Price.

3.7.4 Service Quality

Quality is a multi-dimensional phenomenon. This study therefore adopted the CARTER model based on five likert scales to measure service quality in Islamic banking.According to Othman and Owen (2001a), SERVQUAL has proven to be the most popular instrument for measuring service quality because it affords technology techniques for measuring and managing service quality. However, since the Islamic banking industry operates under different principles and cultures as compared to other service industries, they argued that an additional dimension should be added to the SERVQUAL method. The authors developed an instrument called CARTER to measure service quality in Islamic banking. In addition to the existing five dimensions in SERVQUAL, CARTER incorporates an extra dimension which is "compliance with Islamic Law".This dimension includes such items as run on Islamic law and principles, no interest neither paid nor taken on savings and loans, provision of Islamic products and services, provision of free interest loans and provision of profit-sharing products (Othman and Owen, 2001a).

3.7.5 Price

With regards to measurement of price in this study, (four) items from the work of Jamal and Nasser, (2004) in conventional retail banking were adopted and modified to meet the needs of this research by capturing and reflecting price on Islamic banking products and services .The

pricing of Jaiz product and services were captured with respect to mark-up price on Murabaha, PLS ratio in Mudharaba saving or Time deposit a/c, rental payment on leased asset as well as bank charges on fee based services which is measured based on 5-likert scale. Here, the numbers stands for 1-Strongly disagree 2-Disagree 3-Neutral 4-Agree 5-Strongly agree.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presented the results of empirical regression obtained from the field survey, various tests were conducted as outlined in the methodology of the study as well as showing results and discussion analysis and their interpretation in respect of customer's satisfaction on Jaiz Bank'sproducts andservices.

4.2 Response Rate

The data for this study wascollected from the customers of the three branches of Jaiz Bank at Bello Road, Tafawa Balewa and Kabuga/BUK branches of Kano metropolis. Three hundred and seventy nine copies of the questionnaires were administered to the respondents, 319 representing 84.2% were completed and returned while the remaining 60 questionnaires representing 15.8% of the sampled customers were not returned by the respondents.

4.2.1 Analysis of Missing Values

According to Tabachnick and Fidell (2007), testing for missing values comprises two key steps; firstly, the numbers of missing values need to be assessed. Secondly, the possible patterns of missing values need to be detected in order to assess whether missing values occur randomly or relate to specific items, which could threaten the generalization of the research findings (Hair, et al, 2007). Starting with the calculation of the amount of missing values, the researcher listed all variables for missing values. Out of all the relevant variables which are the dependent variables as in satisfaction and the independent variables which are servicedimensions (tangibility,

reliability, responsiveness, assurance, empathy and compliance) indicated thatthere is only one missing value detected from a single respondent in the item TAN01 under the variable of tangibility and based listwise criterion, the software deleted the respondent affected. (See table 4.1, below)

Table 4.1:Missing Values Statistics

Item	(Valid)	Missing	Item	N (Valid)	Missing
SAT01	300	0	ASS01	300	0
SAT02	300	0	ASS02	300	0
SAT03	300	0	ASS03	300	0
TAN01	299	1	EMP01	300	0
TAN02	300	0	EMP02	300	0
TAN03	300	0	EMP03	300	0
REL01	300	0	COM01	300	0
REL02	300	0	COM02	300	0
REL03	300	0	COM03	300	0
REL04	300	0	PRC01	300	0
RES01	300	0	PRC02	300	0
RES02	300	0	PRC03	300	0
RES03	300	0	PRC04	300	0

Source:Field Survey, 2015

4.2.2Analysis of Outliers

Outliers have been defined as "observation so different in magnitude from the rest of the observations that the analyst chooses to treat it as a special case" (Churchill Jr. & Lacobucci, 2009:677). The investigation of outliers is an important step of the initial data examination

because outliers can "seriously distort statistical tests" (Hair et al, 2007:73) and in particular can "lead to results that do not generalize except to another sample with the same kind of outlier" (Tabachnick and Fidell, 2007:73).

Apart from the missing data, another significant step of data screening is the evaluation and handling of outliers, which are the excessive case scores that may likely have a considerable negative impact on the outcomes Maiyaki & Moktar, (2011) cited in Goron Dutse and Hillman (2013). Univariate method wasemployedto get rid of the outliers as advocated by Tabachnick and Fiddle (2007). Univariate outliers were checked using SPSS version 21 by detecting cases with large z-score values. Hence, cases with standardized z-score values of more than 3.29 were considered to be potential univariate outliers (Tabachnick & Fidell, 2007).Therefore,19 outliers were found and deleted

Thus, after taking care of the missing values as well as the outliers a total of 299 questionnaires representing 78.9% were analyzed using SPSS version 21.

4.3 Overall Reliability Statistics

Reliability measurement is established by testing for both consistency and stability. Cronbach's Alpha is the reliability coefficient that indicates how the items in a set correlated positively to one another. The closer alpha values to 1, the higher the internal consistency. Reliability analysis was measured with Cronbach's alpha which showedthat the overall Cronbach's alpha for the 32 items prior to conducting factor analysis is found to be adequate with the value of 0.857 which indicated that the respondents have answered the questions without bias, but, with consistency and stability

Table 4.2: Overall Reliability Analysis

Cronbach's Alpha	No of Items
.857	32

Source:Field Survey,2015

From the above table 4.2, the Cronbach'salpha indicated that the instruments were reliable. This is in agreement with recommendation of Sekran, U. (2003) that a Cronbach's alpha of 0.50 and higher is considered to be appropriate.

Therefore, the instrument adopted in this study has a very good reliability as far as internal consistency is concerned, that is the instrument gave consistent results on the impact of overall servicequality, service quality dimensions and price on customer satisfaction of Jaiz Bank customers

4.4Normality of Data/Normality Test

The normality of distribution isalso examined because normal distribution is an important assumption for most statistical tests (Hair et al, 2007). According to Hair et al. (2007), normality refers to "the shape of the data distribution for an individual metric variable and its correspondence to the normal distribution, the benchmark for statistical methods". In order to test the variables for normality, skewness and kurtosis measures were used (Tabachnick and Fidell, 2007).

In the first step of normality test, graphical examination was performed by examining the histogram and the normal probability plot, which indicated that there is no any deviation from normality for all the variables. The histogram is shown in fig I

Figure I: Histogram Indicating Normality of Distribution

Histogram
Dependent Variable: SATISFACTION

Mean = 8.15E-17
Std. Dev. = 0.990
N = 299
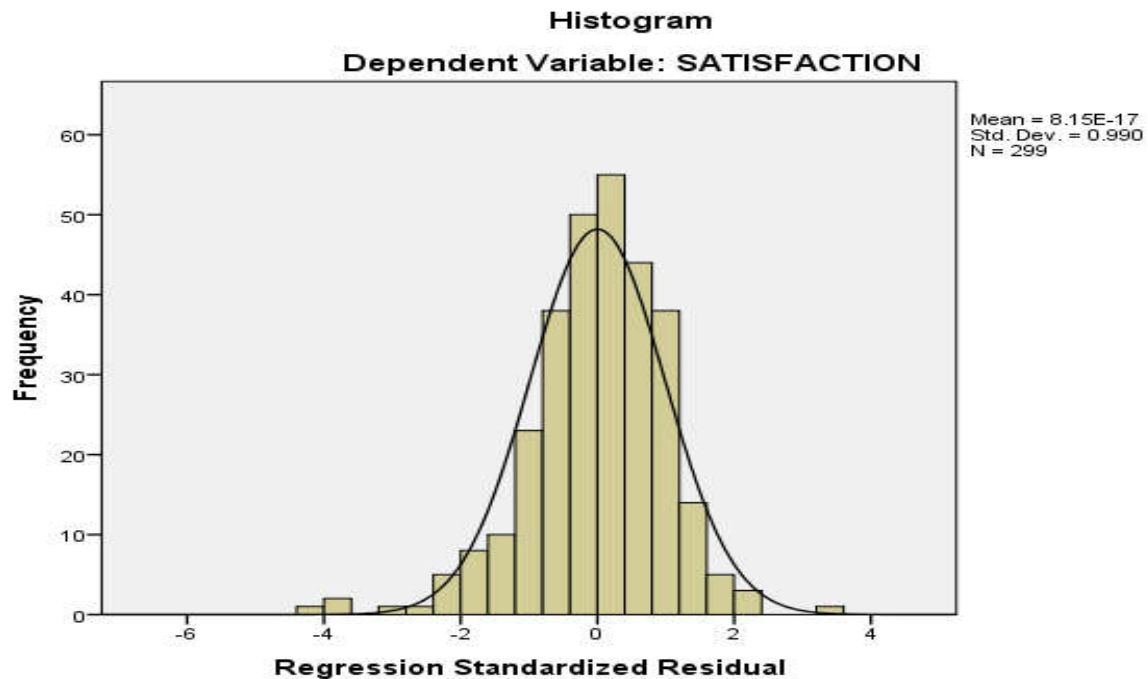
Field Survey, 2015

In thesecond step, the shape of the distribution is inspected by examining the skewness and kurtosis measures of the distributions (Hair et al, 2007; Tabachnick and Fidell, 2007). Thus, skewness provides information about the degree of symmetry of a distribution and kurtosis provides information on the flatness of a distribution.Hence, Z-values calculated from Skewness and Kurtosis scores exceeding a critical value of ±2.58 (0.01significance level) indicate deviation from normal distribution (Field, 2009; Hair et al, 2007; Tabachnick and Fidell, 2007). Table 4.3summarized the results of examining normality based on Skewness and Kurtosis characteristics. As indicated in the table below, based on likert scale, the minimum observation is 1 and the maximum is 5 for each item. However,based on the threshold, neither the Skewness nor kurtosis of each of the items measuring the variables exceeded the critical value of ±2.58. In addition, the standard errors of Skewness and kurtosis are 0.141 and 0.281 respectively, which

implied low variability across the observations. Hence, the data used in this study was found to be normally distributed

TABLE 4.3: Results of Skewness and Kurtosis

Descriptive Statistics

	N	Minimum	Maximum	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Ass_1	300	1	5	-.986	.141	.944	.281
Ass_2	300	1	5	-.954	.141	1.203	.281
Ass_3	300	1	5	-.966	.141	1.291	.281
Bank_Ch	300	1	5	-1.292	.141	1.599	.281
Com_1	300	1	5	-.777	.141	.430	.281
Com_2	300	1	5	-.823	.141	.757	.281
Com_3	300	1	5	-.497	.141	.121	.281
Emp_1	300	1	5	-.866	.141	.650	.281
Emp_2	300	1	5	-.782	.141	.527	.281
Emp_3	300	1	5	-.876	.141	1.121	.281
Mark_up	300	1	5	-.674	.141	-.012	.281
PLS	300	1	5	-.953	.141	.484	.281
Rel_1	300	1	5	-.657	.141	.647	.281
Rel_2	300	1	5	-.823	.141	.699	.281
Rel_3	300	1	5	-.937	.141	1.294	.281
Rel_4	300	1	5	-.856	.141	.941	.281
Rent_Pay	300	1	5	-.780	.141	.438	.281
Res_1	300	1	5	-.920	.141	.700	.281
Res_2	300	1	5	-.648	.141	.046	.281
Res_3	300	1	5	-.927	.141	.734	.281
Sat_1	300	1	5	-.964	.141	.935	.281
Sat_2	300	1	5	-.989	.141	1.545	.281
Sat_3	300	1	5	-1.023	.141	.850	.281
Tan_1	299	1	5	-1.212	.141	1.778	.281
Tan_2	300	1	5	-1.043	.141	1.519	.281
Tan_3	300	1	5	-.931	.141	1.203	.281
Valid N (listwise)	299						

Source:Field Survey, 2015

4.5 Socio-Economic and Demographic Characteristics

This section presented the statistical frequency distribution of the respondents based on their characteristics. The table in appendix II showed that 200 (66.7%) were male while 100 (33.3%) were female. Age of the respondents showed that age distribution of 26-33 years were the highest with 110 (36.7%) followed by age category 18-25 with 109 (36.3%) while the least was 56-57 with 5 (1.7%). With regard to themarital status, majority of the respondents were single amounting to 180 (60%) and that of married were 108 (36%) while divorced and widows were 9 (3%) and 3 (1%) respectively. Furthermore, monthly income distribution showed that respondents that earned less than N18,000 were the majority amounting to 51 (17%), followed by N18,000-27,999 with 49 (16.3%), N28,000-37,999 were 49 (16.3%) and the least belong to N68,000-77999 category with 8 (2.7%).Regarding the occupational status of the respondents, the findings of this study revealed that the majority of the respondents i.e. 122 (40.7.7%) were wage and salary earners followed by self-employed 118(39.3%), unemployed were 39 (13%) and lastly, those who fall under the category of others were 21 (7%) of the total respondents.

4.6 Factor Analysis, Reliability and Validity Assessment

The study employed questionnaire items from existing literature because this study adopted a service quality model known as CARTER MODEL. Hence, exploratory factor analysis is conducted to make sure the items loaded adequately on their designed construct with a very high reliability. The EFA was conducted at once in order to remove the poor loaded items/indicators from each of the construct before carrying out the reliability test and to be the sure the items in each construct were measuring the same thing (Hair, et al., 2010)

The initial questionnaire items for the dimension of service quality consisted of 19 manifest indicators and that of price consisted of 4 manifest indicators as well as 3 manifest indicators for customer satisfaction. Thus, these manifest indicators of service quality, price and customer satisfaction were maintained and used for this study. This is in line with Muthen (2001), who recommended that conducting EFA will help in conforming more concrete nature of the structural model.

Principal Axis Factoring (PAF) of the factor extraction technique using promax rotation option (clockwise and anti-clockwise) was used. This is appropriate for variable reduction prior to performing any means of estimating co-efficient or parameters. All the items or manifest indicators had a factor loading of either equals to or above 0.4 on their construct. The result of the factor analysis was presented in Table 4.5. Hence, a factor loading that is equal to or greater than 0.40 were retained for data analysis and this tally with Hair. et al. (1998),who recommended that all individual loadings should be equal to or above 0.4 cut off point.

Data on the various multi-item constructs representing the different components of Service Quality, customer satisfaction and price were also tested for reliability and validity by computing Cronbach's alpha values, Using Cronbach coefficient , internal consistency for servicedimensions was estimated as 0.87 for tangibles dimension., 0.835 for reliability dimension., 0.787 for empathy dimension, 0.747 for assurance dimension, and 0.755 for responsiveness dimension ,0.835 for compliance dimension, internal consistency for price and customersatisfactionis estimated at 0.838 and 0.736 respectively. Their Cronbach's alpha was above the 0.7 threshold andAccording to Nunnaly (1978) Cronbach's alpha coefficient greater than 0.7 is deemed to be acceptable and appropriate. Thus, we concluded that the instruments

adapted in this study were reliable since the Cronbach's alpha for each of the variable is greater than 0.7, consequently, all variables were retained for the analysis.

In social science, with respect to percentage of variance explained, a model is expected to explain 60% variance for an acceptable level of analysis. In this research, the service quality model (CARTER model) plus price dimensions explain 59.9% which is approximately 60%. Hence, all the eight factors explained nearly 60% of the variability; it means only a 40% loss of information. According to Kenova and Jonasson (2006) and Garson, (2002) 60% is arbitrary level for good factor loadings in likert scale cases. (See Appendix VI)

Communality Extraction or communalities were estimates of the variance in each variable accounted for by the components. Table 4.5 revealed that, communalities were ranging from .399 to .873 which indicated that the extracted components represented the variables well and that items in the construct have met a minimum of 0.4 and where any item with less 0.4 was dropped. With respect to Eigen value, eight factors were supposed to be extracted in Table 4.4. Conventionally, the threshold is that every factor with a minimum of .5 and above Eigen value will be accepted for analysis, but in this research, 6 factors were extracted but due to the nature of the model which requires 8 constructs in the model, the construct were fixed in the extraction process.

TABLE4.4:Results of EFA, Reliability Test and Communalities.

Construct	Factor loading	Communalities	Reliability
Satisfaction			0.736
Sat_1	0.812	0.604	
Sat_2	0.613	0.593	
Sat_3	0.46	0.399	
Price			0.838
Rental pay	0.861	0.676	
Mark up	0.845	0.723	
PLS	0.685	0.524	
Bank_ch	0.647	0.506	
Tangibility			0.835
Tang_2	0.984	0.873	
Tang_3	0.704	0.611	
Tang_1	0.590	0.559	
Compliance			0.835
Com_1	0.873	0.720	
Com_2	0.863	0.755	
Com_3	0.541	0.570	
Responsiveness			0.755
Res_2	0.826	0.494	
Res_1	0.596	0.652	
Res_3	0.565	0.465	
Empathy			0.787
Emp_2	.0734	0.607	
Emp_3	.0726	0.593	
Emp_1	0.717	0.645	
Assurance			0.747
Ass_2	0.772	0.654	
Ass_1	0.573	0.469	
Ass_3	0.538	0.595	
Reliability			0.835
Re_3	0.768	0.652	
Re_2	0.641	0.566	
Re_1	0.502	0.429	

Source:Field Survey, 2015

4.6.1 KMOsand Bartlett's Test

Table 4.6 below gave the result of the Kaiser-Meyer-Okin measure of sampling adequacy

(KMO) and Barlett's Test of spherity.The KMO is 0.866 and the level of significance for

Barlett's test of spherity is also 0.000 indicating the sample size is suitable for the analysis.Hence, Kaiser-meyer-olkin measure of sampling adequacy is above the recommended value of .05 (Andy,2005,Hair,1995,Tabachinik,2007).

TABLE 4.5: Measure of Sampling Adequacy

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.866
Bartlett's TestSphericity	Approx. Chi-Square	3611.261
	Df	300
	Sig.	0.000

Source: Field Survey, 2015

4.7 Analysis of the Regression Results

The following is an analysis of the regression results of the study.

4.7.1Tests of Model Specification

Before analyzing the models, it will be proper to test the specification of the models. In this regard, test of Multicollinearityand normality test were conducted to determine the robustness of the results of the models. Also, Pearson correlation was employed to measure the degree of association between the variables.

4.7.2Multicollinearity Test

Multicollinearity is the interrelations of the independent variable (Garson, 2002). It occurs when the variables have redundant information. However, the assessment of multivariate

Multicollinearity is determined by using the tolerance or VIF (Variance Inflation Factor). As a rule of thumb, if tolerance is less 0.20, a problem with Multicollinearity is indicated. Thus, when the tolerance is close to zero, implies there is high Multicollinearity between the predictors which make t-value and beta coefficient unstable which can be depicted by higher value of the standard error of the regression coefficient (Garson, 2002).

On the other hand, a high VIF can also be used to assess the existence of Multicollinearity problem. A high VIF will indicate that there is high Multicollinearity and instability of the t-value and beta coefficient. According to Garson (2002) a VIF greater than 4.0 shows "too much Multicollinearity of given independent variable shows "to much Multicollinearity of a given independent variable. Therefore, as shown in table 4.6.2 Multicollinearity does not exist in this study since the tolerance is greater than 0.20 and VIF less than 4.0 for all the predictors in both the first and the second model. (See Table 4.7)

TABLE 4.6: Multicollinearity Diagnostic Table

Dimension	Tolerance	VIF
Assurance	0.736	1.358
Tangibles	0482	2.076
Compliance	0.561	1.781
Responsiveness	0.412	2.428
Empathy	0.547	1.829
Reliability	0.315	3.176
Service quality	0.500	1.998
Price	0.500	1.998

Source:Field Survey, 2015

4.7.5Pearson Correlation

This was used to measure the degree of association that exists between dependent and independent variables. The dependent variables is the degree of customer's satisfaction and the

independent variables were overall service quality, service quality dimensions and price. However, due to the importance of service quality dimension in this research, they were also included as sub-variables in order to depict the nature of association they have with customer satisfaction. The correlation values range from– 1 which shows perfect negative correlation and + 1 showing perfect positive correlation. If the value is 0, the indication is there is no relationship among thevariables.In the present study, Pearson correlation was utilized to test the degree of association between customer satisfaction with overall service qualityand price and as well as that of customer satisfaction withservice quality dimensions of Jaiz bank.

Table 4.7:Model 1 Variables Correlations

NO	Variables	Satisfaction	Overall Service Quality	Price
1	Satisfaction	1	.728**	.421

Note: **. Correlation is significant at the 0.01 level (2-tailed

Source: Field Survey, 2015

Table4.8:Model 2Variables Correlations

NO	Variables	Satisfaction	Tangibility	Reliability	Responsiveness	Assurance	Empathy	Compliance
1	Satisfaction	1	.553**	.678**	.603**	.495**	.551**	.556**

Note: **. Correlation is significant at the 0.01 level (2-tailed)

Source: Field Survey, 2015

The interpretation of correlation coefficient was based on Cohen (2003) guideline as follows:

The results of the Pearson correlation analysis were shown in Table 4.8and 4.9as can be seen;

there weretwo correlations in Model 1 andsix in Model 2 which were presented as follows:

    i. Overall service quality and customer satisfaction

    ii. Price andcustomer satisfaction

iii. Tangibilityand customer satisfaction

iv. Reliability and customer satisfaction

v. Responsivenessand customer satisfaction

vi. Assurance and customer satisfaction

vii. Empathy and customer satisfaction

ix. Compliance and customer satisfaction

As predicted, in model 1, the correlation between overallservice quality and satisfaction are positively strong (r = 0.728, p <0.01).The association between price and satisfaction are negativelymoderate (r = 0.421, p <0.01). Basedon the findings above, there is high positive degree of association between customer satisfaction and service quality. However, there is moderate correlation between customer satisfaction and price.

In model 2, the correlation between tangibility and satisfactionis positively strong(r = 0.553, p <0.01).So also, the correlation between reliability and satisfaction(r = 0.553, p <0.01) indicated there is strong positive relationship between reliability and customer satisfaction. In addition, there is a strong positive correlation between responsiveness and satisfaction (r = 0.603, p <0.01),on average, strong positive correlation is exhibited in the association between assurance and satisfaction (r = 0.495, p <0.01).Finally, the next strong positive correlation is between empathyand satisfaction (r = 0.551, p <0.01).

Basedon the findings above, there is strong positive degree of association between customer satisfaction with tangibility, reliability, responsiveness, empathy, assurance and sharia compliance.

4.8 Test of Hypotheses

The hypotheses of the study were here by tested

TABLE 4.9 Regression results

Model 1	coeffecient	t-statistics	P-value	R^2	t-tab. at 1%	t-tab. at 5%	t-tab at 10%
Service quality	0.861	15.573	0.000				
Price	-0.187	-3.391	0.001	0.548	2.576	1.960	1.645
Model 2							
Tangibility	0.70	1.310	0.191				
Reliability	0.243	3.674	0.000				
Responsiveness	0.120	2.085	0.038				
Assurance	0.249	5.765	0.000	0.599			
Empathy	0.139	2.779	0.006				
Compliance	0.217	4.379	0.000				

Source: Field Survey, 2015

The study developed two hypotheses in the first model which were tested using multiple regression analysis to find the explanatory power of the model in determining customer's

satisfaction.Also, correlation analysis wasused in testing the degree of association between the variables. The following two hypotheses wereformulated in chapter one (1.4)

MODEL 1

Hypothesis 1

H_0: Overall service quality has no significant effecton customer satisfaction in Jaiz Bank

Hypothesis 2

H_0: Price has no significant impact on customer satisfaction in Jaiz Bank

The null hypothesis one in section 1.4 stated that overall service quality has no significanteffect on customer satisfaction in Jaiz Bank. To test this hypothesis, result from Table 4.10 wasused. Based on the above result,the t-statistics for overall service quality is 15.73 which is greater than the t-tabulated at 1% ($t_{tab=}$ 2.576). Hence, we do not accept the null hypothesis.This research therefore, concluded that overall service quality hassignificant positiveeffect on customers' satisfaction in Jaiz Bank.

The null hypothesis two in section 1.4 stated that price has no significant impact on customers' satisfaction in Jaiz Bank. To test this hypothesis, result from Table 4.10 was used. Based on the above result, the t-statistics for priceis -3.391 which is greater than the t-tabulated at 1% ($t_{tab=}$ 2.576). Hence, we do not accept the null hypothesis. This research therefore, concluded that price has significant negative effect/impacton customers' satisfaction in Jaiz Bank.

MODEL 2

The study developed six sub-hypotheses under the null hypothesis three in section 1.4 in the second model, which were tested using multiple regression analysis to find the explanatory power of the model in determining customer's satisfaction and correlation analysis was also used in testing the relationship between the variables. The main hypothesis and the sub-hypotheses were formulated as follows:

Hypothesis 3

H_0: Service quality dimensions (tangibility, reliability, responsiveness, empathy, assurance and sharia compliance) have no significant effecton customer satisfaction in Jaiz Bank

This hypothesis can be further sub divided into six sub-hypotheses as follows:

H_1: Tangibility has no significant effecton customers' satisfaction in Jaiz Bank.

H_2: Reliability has no significant effect oncustomers'satisfaction in Jaiz Bank.

H_3: Responsiveness has no significant effectoncustomers' satisfaction in Jaiz Bank.

H_4: Assurance has no significant effect on customers' satisfaction in Jaiz Bank.

H_5: Empathy has no significant effect oncustomers' satisfaction in Jaiz Bank.

H_6: Compliance has no significant effect on customers'satisfaction in Jaiz Bank.

The null hypothesis three in section 1.4 stated that tangibility has no significant effect on customers' satisfaction in Jaiz Bank. To test this hypothesis, result from Table 4.10 was used. Based on the aboveresult, the t-statistics for tangibility is 1.310 which is less than t-tabulated at 10% (t_{tab}= 1.645). Hence, wedo accept the null hypothesis. This research therefore

concludedthattangibility has no significant positive effect on customers' satisfaction in Jaiz Bank.

The null hypothesis three in section 1.4 stated that reliability has no significant effect on customers' satisfaction in Jaiz Bank. To test this hypothesis, result from Table 4.10 was used. .Based on the above result, the t-statistics for reliability is 3.674 which is greater than the t-tabulated at 1% ($t_{tab}= 2.576$). Hence, we do not accept the null hypothesis.This research therefore, concluded thatreliability has significant positive effect oncustomers' satisfaction in Jaiz Bank.

The null hypothesis three in section 1.4 stated that responsiveness has no significant effect on customers' satisfaction in Jaiz Bank.To test this hypothesis, result from Table 4.10wasused. Based on the above result, the t-statistics for responsiveness is 2.085 which is greater than the t-tabulated at 5% ($t_{tab}= 1.96$). Hence, we do not accept the null hypothesis. This research therefore, concludedthat responsiveness has significant positive effect on customers' satisfaction in Jaiz Bank.

The null hypothesis three in section 1.4 stated that assurance has no significant effect on customers' satisfaction in Jaiz Bank. To test this hypothesis, result from Table 4.10wasused. Based on the above result, the t-statistics for assurance is 5.765which is greater than the t-tabulated at 1% ($t_{tab}= 2.576$). Hence, we do not accept the null hypothesis. This research therefore, concluded thatassurance has significant positive effect on customers' satisfaction in Jaiz Bank.

The null hypothesis three in section 1.4 stated that empathy has no significant effect on customers' satisfaction in Jaiz Bank. To test this hypothesis, result from Table 4.10 was used. Based on the above result, the t-statistics for empathy is 2.779 which is greater than the t-

tabulated at 1% (t_{tab}= 2.576). Hence, we do not accept the null hypothesis.This research therefore, concludedthat empathy has significant positive effect on customers' satisfaction in Jaiz Bank.

The null hypothesis three in section 1.4 stated that compliance has no significant effect on customers' satisfaction in Jaiz Bank. To test this hypothesis, result from Table 4.10 was used.Based on the above result, the t-statistics for compliance is 4.379 which is greater than the t-tabulated at 1% (t_{tab}= 2.576). Hence, we do not accept the null hypothesis. This research therefore, concluded thatcompliance has significant positive effecton customers' satisfaction in Jaiz Bank.

4.9 Discussion of Results

From model 1, the value of R^2 is 0.548.This showed that about 55% of change in customer satisfaction in Jaiz Bank is explained by overall service quality and price. In other words, the explanatory variables determine about 55% variation in customer satisfaction. Based onF-statistics (179.195), the overall model is significant at 1% level, implying that the parameters are jointly significant in the model and play a significant role in influencing customer satisfaction towards Jaiz Bank.

Further, the findings revealed that the parameter estimates of overall service quality isstatistically significant at 1% level of significance. This means that the relationship between overall service quality with customer satisfaction is very statistically significant and this is in line with the findings of Nasser, et al.(1999), Jamal & Naser, (2002); Metawa and Almossawi, (1989); Stafford, Stafford& Wells(1988); Lévesque and Mc dougalas, (1996); Zhu,Zang &Xu(2002) where they stated that the quality of service delivered is closely related to customer satisfaction. The result also revealed that service quality has a strong positive effect or impact on customer

satisfaction. This is also consistent with the findings of Hunjra etal, (2011) which found that service quality is positively related with customer satisfaction in Islamic banking. Hence, Jaiz Bank customers are satisfied with the overall service quality of Jaiz Bank's product and services. This finding is also consistent with the findings of Muslim and Zaidi (2008) where they found that the majority of Islamic banking customers are satisfied with the overall service quality. Similarly, the finding is also consistent with Bashir's (2012)which highlight that customers of Islamic bank in Nigeria are satisfied with the products and services provided by Jaiz bank. Also, the sign of the service quality is positive which is consistent with theoretical criterion. An increase in overall service quality increases customer satisfaction in Jaiz bank. In fact, as overall service quality doubles, customer satisfaction nearly doubles. In other words, a 10% improvement (increase) in overall service quality brings about 8.61% increase in customer satisfaction, other things being equal.

Also from the table above, the findings further revealed that the parameter estimate of price is statistically significant at 1% level of significance. This means that the relationship between price and customer satisfaction is statistically significant. Also, the sign of the price is negative which is consistent with theoretical criterion. A decrease in price increases customer satisfaction in Jaiz bank. Thus, a 10% decrease in price brings about 1.87% increases in customer satisfaction, other things being equal. This is line with previous findings in both conventional and Islamic banking literature where Jamal and Nasser, et al (1999) state that "minimum price with maximum usage breeds higher satisfaction", meaning that if price is not suited to the needs of customer, dissatisfaction occurs.

This study also investigated the relative importance of the dimensions of service quality that influence customer satisfaction in Jaiz Bank. This is believed to be important since customer

perceived service quality comprised of six dimensions of service quality. As seen in table 4.10 above, the result of regressing customer satisfaction against the six service quality dimensions towards Jaiz bank's products and services showed R^2 value of 0.595. This indicated that about 60% of the variance is statistically significant in explaining customer satisfaction using the predictors which were six dimensions of service quality perceived by Jaiz bank customers. Based on F-statistics (72.594), the overall model is significant at 1% level, implying that the parameters are jointly significant in the model.

Furthermore, the findings showed thatthe parameter estimate of assurance is 0.249 which is significant at 1%. This means that 10% increase in assurance will bring about 2.49% increases in customer satisfaction. Assurance which is the knowledge and courtesy of Jaiz bank employees as well as their ability to inspire trust and confidence is the most influential factor that affects the degree of customer satisfactionregarding the services Jaiz Bank provides. This is consistent with Shabbir, Aslam, Capusneanu, Barbu & Tanveer, (2002) where they found that customer perception about service quality dimensions is relatively high on the assurance level in Islamic banking.

Similarly, Naeem and Arif (2012) also found that assurance posted higher contribution in satisfying customers. In addition, Faiz and Ali (2003) found that customer satisfaction is relatively highest on the assurance dimension of Islamic banks.

This is followed by reliability where the findings revealed that the parameter estimate of reliability is 0.243 which is significant at 1%. This means that 10% increase in reliability will bring about 2.43% increases in customer satisfaction. Reliability,which is the ability to perform the promised service dependently and accurately, is the second most influential factor that affects

the degree of customer satisfaction in Jaiz bank.Since quality of service is only known when it has been used by customers, any service disruption in terms of keeping accurate record would create dissatisfaction overtime.

In addition, the findings revealedthat the parameter estimate of Sharia compliance is 0.217 which is significant at 1%. This means that 10% increase in sharia compliance will bring about 2.17% increases in customer satisfaction. The Sharia compliance is the third important factor that influences customer satisfaction towards Jaiz bank's products and services. Since, compliance dimension plays a significant role in influencing customer satisfaction in Jaiz Bank. Hence, for Jaiz bank customers to be satisfied and loyal to the bank, the Islamic banking services should be inclined to fulfilling religious compliance and expectations of the customers. This is line with the findings of Nasser et al(1999);Gerrard and Cunningham (1997);Metawa and Almossawi(1998) which indicated that religious factors received higher degree of importance in the bank selection process. Nasser et al,(1999) found that even though some bank customers ignored specific terms due to lack of awareness of these terms, the majority continued to bank with an Islamic bank because of religious reasons.

Moreover, the findings revealed that the parameter estimate of empathy is 0.139 which is significant at 1%. This means that 10% increase in empathy will bring about 1.39% increases in customer satisfaction. Empathy which is caring and individualized attention the bank provides to its customers is the fourth factor that influences customer satisfaction in Jaiz bank.Finally, the findings revealed that the parameter estimate of responsiveness is 0.120 which is significant at 1%. This means that 10% increase in responsiveness will bring about 1.2% increases in customer satisfaction. Responsiveness which is the willingness to help customers and provide prompt service is fifth factor that influences customer satisfaction in Jaiz bank.

However, tangibility which is the nature of tools and equipment in Jaiz Bank as well as appearance of the staff does not have significant impact on customer satisfaction towards Jaiz bank's products and services. Though the sign of tangibility is positive which is consistent with a priori expectation, the parameter is not statistically significant at 10% level. Based on this, Tangibility satisfies theoretical criterion but fails statistical/econometric criterion. This confirmed the findings of El-saghier (2011) which indicated thatthe dimension of tangibility does not have significant impact on customer satisfaction in Egyptian banks.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1Summary

The study investigated the customer satisfaction of Jaiz bank's products and services in Kano state metropolis. It specifically examined the effect of Jaiz Bank overall service quality on customer satisfaction,determined the impact of price of Jaiz Bank products and services on customer satisfaction and examined the effect of service quality dimensions (tangibility, reliability, responsiveness, assurance, empathy and compliance) on its customer satisfaction.The study surveyed customers of Jaiz Bank at Bello Road, Tafawa Balewa and Kabuga/B.U.K Road branches in Kano metropolis respectively in the year 2015.

Various literatures: conceptual, theoretical and empiricalwere reviewed which enable the research to have explored and analyzed the determinants of customer satisfaction in retail banking. The population of the study consisted of thirty two thousand one hundred and eighteen

(32,118) customers of Jaiz Bank from the three branches where a sample size of 379 respondents was considered in the analysis. It also employed simple random sampling techniques in selecting the respondents from these three branches based on survey design.

Moreover, the research employed multiple regression and Pearson correlation techniques in analyzing customer satisfaction. In addition, all the variables were also examined for the accuracy of data entry, missing values, fit between their distributions and all variables were deemed normally distributed. Descriptive statistics and correlations of all variables werepresented;tests of Multicollinearityand normality tests were conducted to determine the robustness of the results of the models. From the findings, the dependent and independent variables exhibited high degree of correlation in absolute term in both two models. Further, the results of tolerance and VIF indicate there wasno Multicollinearity among the independent variables.

However, exploratory factor analysis was also applied tohave assessed the convergent validity bymaking sure that all the items were loaded well on their designed construct and the poor loaded construct were removed before carrying out reliability test and that a factor loading that is equal to or greater than 0.40 was retained for the analysis. Consequently, all the manifest indicators/items were retained for the analysis.

The study employed two models where the first model encompasses one dependent variable (customer satisfaction) and two independent variables (overall service quality and price). For the second model, customer satisfaction is thedependent variablewhile service quality dimensions (tangibility, reliability, responsiveness, empathy, assurance and sharia compliance) constituted the predictors of second model.

The findings of the first model indicated thatthe relationship between overall service quality and customer satisfaction is statistically significant and that overall service quality has a strong positive impact on customer satisfaction. Thus, a 10% improvement in Jaiz bank overall service quality will lead to increase in customer satisfaction by 8.61%. The finding also revealedthat price has a strong impact/effect on customer satisfaction. With respect to price,significant negative relationship is exhibited between price and customer satisfaction. Thus, if price increasesby one naira, customer satisfaction will decrease by 0.187 and vice versa. The findings of the second model indicated that Jaiz bank customers'satisfaction of service quality is significantly determined by assurance, compliance, responsiveness, empathy and reliability while the dimension of tangibility does not have any significant effect on customer satisfaction.

Moreover, Pearson Correlation analysis was also used to determine the correlation among the variables; that is, the degree of association among the independent variables with customer satisfaction. In conducting the correlation and regression analysis, the study used SPSS version 21. The result of the Pearson correlation in Model 1 depicted a positive and a negative correlation among the variables. Where the positive correlation depicted strongdegree of association between overall service qualityand customer satisfaction($r = 0.728$, $p < 0.01$) and that of price with customer satisfaction has a moderate negative degree of association($r = 0.421$, $p < 0.01$).

In the second model, the strongest positive correlation is between reliability and customer satisfaction ($r = 0.678$, $p < 0.01$) while that of assurance with customer satisfaction on average, depicted a strongpositive correlation($r = 0.495$, $p < 0.01$). The remaining three dimensions of service quality which are responsiveness, empathy and compliance also depicteda strong positive

correlation with customer satisfaction which has a correlation value($r = 0.603$, $p < 0.01$) ($r = 0.551$, $p < 0.01$) and($r = 0.556$, $p < 0.01$) respectively.

5.2 Conclusion

From the findings summarized above, it can be concluded that overall service qualityis a significant positive function of customer satisfaction in Jaiz Bank which implies that itplays a significant role in influencing customer satisfaction,thus, as overall service quality improves, customer satisfaction increases. On the other hand,price is a significant negative function of customer satisfaction. Thus, as price decreases, customer satisfaction increases and vice versa.

Furthermore, the study identified the service quality dimensions thatmatter most to Jaiz Bank's customer satisfaction. Hence, assurance is the most influential factor that affects the degree ofcustomer satisfaction in Jaiz Bank. This is followed by reliability, complianceand empathy with responsiveness dimension as having the lowest.

5.3 Recommendations

Based on the above findings and conclusions, the following recommendations are preferred:

i. Jaiz Bank customers are sensitive to price and in order to achieve high level of customer commitment, Jaiz Bank should charge affordable and moderate price for their product and services to avoid decrease in customer satisfaction and loyalty.

ii. Since it is more expensive to attract a new customer than it is to retain an existing one (Schlesinger and Heskett, 1991), Jaiz Bank needs to redefine its corporate image by emphasizing on overall service quality through introducing standards for service excellence, offer quality services while maintaining its Islamic credential and reputation as well as embrace good customers services policies in order to reap its potential as a strategic tool to achieve

competitive advantage which enhance reputation and secure customers allegiance. Hence, for Jaiz Bank to remain competitive,overall service level needs to be improved to either equals or supersede the conventional banking standard.

iii. It has been established from the study that service quality significantly determines customer satisfaction in the Nigerian Islamic banking industry, thus, Jaiz Bank management should consider the most influential service quality dimension that matters most to Jaiz Bank customers where assurance is the most influential factor that affects the degree of customer satisfaction in Jaiz Bank which is followed by reliability, compliance and empathy and lowest on responsiveness dimension.

5.4 Suggestion for Future Research

This research investigated customer satisfaction in Jaiz Bankof KanoMetropolis. Further research may be carried out by using greater sample to investigate customer satisfaction to cover Jaiz bank branches across the nation. Moreover, a comparative research work may also be carried out to compare the degree and magnitude of customer satisfaction betweenJaiz Bank andsomeconventional banks in the country.

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APPENDIX I

INTERNATIONAL INSTITUTE OF ISLAMIC BANKING AND FINANCE,

BAYERO UNIVERSITY,KANO.
Dear Respondent,

QUESTIONNAIRE

This is an academic survey questionnaire aimed at identifying and collecting data on "AN ASSESMENT OF CUSTOMERS' SATISFACTION OF JAIZ BANKING PRODUCTS AND SERVICES". Your kind and objective response will significantly assist in determining the extent to which Jaiz bank products and Services meet the expectation of its customers and the way forward. Anonymity of respondent is guaranteed. Information given will be strictly confidential and used solely for academic purpose.

Please tick as appropriate in the spaces provided and where necessary. Fill the blank spaces.

SECTION A: SOCIO-ECONOMIC AND DEMOGRAPHIC CHARACTERISTICS OF THE

RESPONDENT (S)

1**. GENDER**

a. Male   [ ]   b. Female   [ ]

2. **RESPONDENT'S AGE**

18- 25   [ ]   26 - 33   [ ]

34 - 41   [ ]   42 - 49   [ ]

50 - 57   [ ]   58 - 65   [ ] Above 65   [ ]

3. **MARITAL STATUS**

a. Single   [ ]   b. Married   [ ]   c. Divorced   [ ]

d. Widow   [ ]

4. **RESPONDENT'S HIGHEST EDUCATION QUALIFICATION**

a. Informal education   [ ]   b. Primary   [ ]   c. Secondary   [ ]

d. Diploma/NCE   [ ]   e. HND/University Degree [ ] f. Postgraduate Degree   [ ]

e. Others please specify   [ ]

5. **NATURE OF RESPONDENT'S OCCUPATION**

a. Unemployed   [ ] b. Self-employed   [ ] b. Wage/Salary employment   [ ] d. Others (please specify)   [ ]

6. **RESPONDENT'S MONTHLY INCOME IN NAIRA**:

a. Less than N18, 000   [ ] b. N18, 000 - 27,999   [ ] c. N28, 000 - 37,999   [ ]

d. N38, 000 - 47,999   [ ] e. N48, 000 - 57,999   [ ] f. N58, 000 - 67,999   [ ]

g. N68, 000 - 77,999   [ ] h. N78, 000 - 87,999   [ ] i. N88, 000 - 97,999   [ ]

 j. N98, 000 - 107,999   [ ] k. NI08 and above   [ ]

SECTION B

This section reflects overall assessment

Please tick the appropriate box to indicate the degree of satisfaction you have.

No	Items	1 Highly dissatisfied	2 Dissatisfied	3 Neutral	4 Satisfied	5 Highly Satisfied
7	Level of satisfaction for Jaiz Bank's service quality performance in relation to customer's expectation					

8	Efficient time management in service delivery					
9	Confidence in Jaiz bank's sharia committee					

SECTION C:

This section reflects customer assessment of excellence of the service provided to you by Jaiz bank

	The perceived level of performance in JAIZ BANK	Degrees				
		1	2	3	4	5
	DIMENSIONS	Strongly disagree	Disagree	Neutral	agree	Strongly agree
	TANGIBILITY;					
10	The bank provides equipment and tools that cope with the modern era					
11	The bank has an attractive appearance					
12	The employees are good-looking and neat appearing					
	RELIABILTY;					
13	The bank maintains accurate records					
14	When my bank promises to do something by a certain time, it does so.					
15	When I have a problem, my bank shows a sincere interest in solving it.					
16	My bank performs the service right the first time					
	RESPONSIVENESS;					
17	The staff provide you with a prompt and quick service					
18	Staff at the bank are not too busy to respond to my request					
19	Staff at the bank has a constant readiness to help me					
	ASSURANCE;					
20	Staff at the bank are trustworthy					
21	I feel safe when dealing with staff of the bank					
22	The staff of the bank are polite and friendly					
	EMPATHY;					
23	The staff gives me personal attention					
24	The staff at the bank understand my specific needs					
25	The bank provides hours of work appropriate for my circumstances					
	SHARI'A COMPLIANCE;					
26	Interest neither paid nor taken on saving and loan					
27	Profit sharing ratio exist					
28	In the event of loss of investment, the bank bears the risk in financing					

SECTION (D):

This reflects mark-up price in debt based financing i.e. Murabaha, profit/loss sharing ratio in equity financing i.e. Mudharaba saving a/c as well as bank charges on fee based services.

No	Items	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
29	The profit sharing ratio for customer's share is encouraging in Mudharaba saving or time deposit a/c					
30	The mark-up price on Murabaha is moderate					
31	The rental payment on the leased asset/service ijarah is affordable					
32	Bank charges on fee based services are reasonable **(i.e. fee based services such as ATM/Credit card, Cheque book, SMS notification, letter of credit, letter of guarantee and transfer services)**					

33. What would you say on the problems related to the products and services of Jaiz Bank?

_____

34. Please, state proper solution to the identified problems stated above

_____
_____
_____

SOCIO-ECONOMIC AND DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS

NO	Respondent Characteristics		Frequency	Percentage
1	Gender	Male	200	66.7
		Female	100	33.3
2	Age	18-25	109	36.3
		26-33	110	36.7
		34-41	32	10.7
		42-49	29	9.7
		50-57	6	2.0
		56-57	5	1.7
		Above 65	9	3.0
3	Qualification	Informal education	18	6.0
		Primary	20	6.7
		Secondary	51	17.0
		Diploma	75	25.0
		HND/University	92	30.7
		Postgraduate	38	12.7
		Others	6	2.0
4	Occupation	Unemployed	39	13
		Self-employed	118	39.3
		Wage/Salary employment	122	40.7
		Others	21	7.0
5	Monthly Income	Less than N18,000	51	17.0
		N18,000-N27,999	49	16.3
		N28,000-N37,999	49	16.3
		N38,000-N47,999	32	10.7
		N48,000-N57999	16	5.3
		N58,000-N67,999	24	8.0
		N68,000-N77999	8	2.7
		N78,000-N87,999	20	6.7
		N88,000-N97,999	9	3.0
		N98,000-N107,999	11	3.7
		N108 and above	31	10.3
6	Marital status	Single	180	60
		Married	108	36
		Divorced	9	3.0
		Widow	3	1.0

APPENDIX III

MODEL 1 REGRESSION RESULTS

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.740[a]	.548	.545	.60564377	1.888

a. Predictors: (Constant), PRICE, SERVICE QUALITY

b. Dependent Variable: SATISFACTION

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	131.459	2	65.729	179.195	.000[b]
	Residual	108.574	296	.367		
	Total	240.033	298			

a. Dependent Variable: SATISFACTION

b. Predictors: (Constant), PRICE, SERVICE QUALITY

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.003	.035		.092	.926		
	SERVICE QUALITY	.181	.012	.861	15.573	.000	.500	1.998
	PRICE	-.190	.056	-.187	-3.391	.001	.500	1.998

a. Dependent Variable: SATISFACTION

APPENDIX IV

MODEL 2 REGRESSION RESULTS

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.774[a]	.599	.590	.57438092	1.878

a. Predictors: (Constant), COMPLIANCE, ASSURANCE, EMPATHY, RESPONSIVENESS, TANGIBILITY, RELIABILITY

b. Dependent Variable: SATISFACTION

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	143.698	6	23.950	72.594	.000[b]
	Residual	96.335	292	.330		
	Total	240.033	298			

a. Dependent Variable: SATISFACTION

b. Predictors: (Constant), COMPLIANCE, ASSURANCE, EMPATHY, RESPONSIVENESS, TANGIBILITY, RELIABILITY

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.002	.033		.072	.942		
	TANGIBILITY	.067	.051	.070	1.310	.191	.482	2.076
	RELIABILITY	.241	.066	.243	3.674	.000	.315	3.176
	RESPONSIVENESS	.119	.057	.120	2.085	.038	.412	2.428
	ASSURANCE	.238	.041	.249	5.765	.000	.736	1.358
	EMPATHY	.136	.049	.139	2.779	.006	.547	1.829
	COMPLIANCE	.204	.046	.217	4.379	.000	.561	1.781

a. Dependent Variable: SATISFACTION

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: SATISFACTION
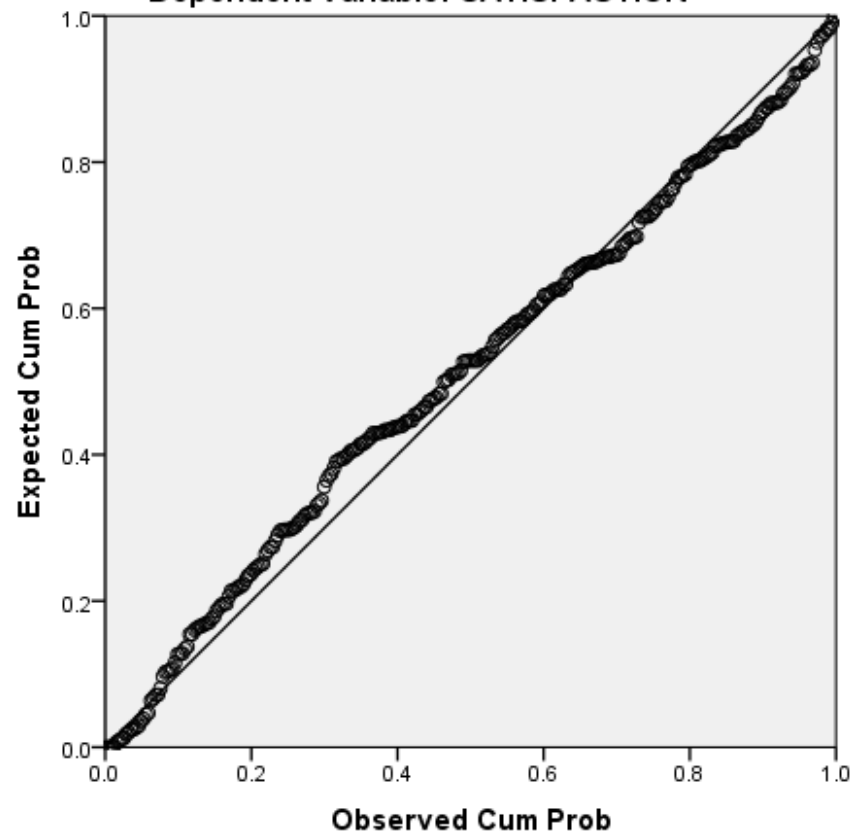
APPENDIX VI

TOTAL VARIANCE EXPLAINED

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings[a]
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	8.102	32.408	32.408	7.703	30.810	30.810	3.773
2	2.558	10.231	42.639	2.181	8.722	39.533	4.171
3	1.897	7.589	50.227	1.531	6.123	45.656	4.549
4	1.436	5.743	55.970	1.086	4.346	50.002	4.747
5	1.226	4.905	60.875	.825	3.301	53.302	4.744
6	1.028	4.113	64.988	.636	2.545	55.847	3.533
7	.916	3.666	68.654	.517	2.070	57.917	4.793
8	.870	3.481	72.135	.455	1.820	59.737	5.124
9	.723	2.890	75.025				
10	.702	2.809	77.834				
11	.616	2.462	80.297				
12	.569	2.274	82.571				
13	.530	2.119	84.690				
14	.469	1.877	86.567				
15	.441	1.766	88.332				
16	.413	1.651	89.983				
17	.366	1.465	91.449				
18	.351	1.405	92.854				
19	.335	1.341	94.195				
20	.285	1.140	95.336				
21	.272	1.089	96.424				
22	.257	1.027	97.451				
23	.240	.959	98.410				
24	.200	.799	99.209				
25	.198	.791	100.000				

Extraction Method: Principal Axis Factoring.

a. When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.