

**AN EXAMINATION ON THE RELATIONSHIP BETWEEN BANK
SELECTION CRITERIA AND THE ISLAMIC BANKING CUSTOMER
SATISFACTION**

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By

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**UNIVERSITI UTARA MALAYSIA
2009**

TABLE OF CONTENT

DECLARATION	I
PERMISSION TO USE	II
ABSTRACT	III
ACKNOWLEDGEMENT	IV
LIST OF TABLES	V
LIST OF FIGURES	VI

CHAPTER 1 INTRODUCTION

1.1. INTRODUCTION	01
1.2. BACKGROUND	02
1.3. PROBLEM STATEMENT	05
1.4. RESEARCH QUESTIONS	08
1.5. RESEARCH OBJECTIVES	09
1.6. SIGNIFICANCE OF THE STUDY	09
1.7. OUTLINE OF THE THESIS	12

CHAPTER 2 LITERATURE REVIEW

2.1 INTRODUCTION	13
2.2 SELECTED STUDIES ON CUSTOMER SATISFACTION	13
2.3 REVIEW ON THE ISLAMIC BANKING SERVICES	17
2.3.1 Islamic banking in Malaysia	17
2.3.2 Islamic banking in selected countries	22
2.4 BANK SELECTION CRITERIA	25

2.5 SERVICES QUALITY	28
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CHAPTER 3 RESEARCH METHODOLOGY

3.1 INTRODUCTION	32
3.2 RESEARCH FRAMEWORK	32
3.3 RESEARCH DESIGN	36
3.3.1 POPULATION AND SAMPLE	36
3.3.2 DATA COLLECTION TECHNIQUE	37
3.4 HYPOTHESIS DEVELOPMENT	37
3.5 QUESTIONNAIRE DESIGN	38
3.6 DATA ANALYSIS TECHNIQUE	39
3.7 RELIABILITY AND ANALYSIS	39

CHAPTER 4 RESEARCH FINDING

4.1 INTRODUCTION	40
4.2 DESCRIPTIVE ANALYSIS	41
4.2.1 General information	41
4.2.2 Descriptive Static	44
4.2.3 Reliability Statistic	47
4.3 RESULT OF THE HYPOTHESIS TESTING	49
4.3.1 Test on bank selection criteria	53

4.4	FURTHER ANALYSIS	54
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CHAPTER 5 DISCUSSION AND CONCLUSION

5.1	INTRODUCTION	55
5.2	DISCUSSION ON KEY FINDINGS	56

REFERENCES

APPENDIX

DECLARATION

I certify that the substance of this thesis has not already been submitted for any degree and is not currently being submitted for any other qualification.

I certify that any assistance received in preparing this thesis and all sources used have been acknowledged.

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LIST OF TABLES

Table 4.1: Profile of the Respondents	41
Table 4.2: Awareness and Usage with Islamic Bank Products/Services	43
Table 4.3: Descriptive Statistics for Degrees of Satisfaction with Islamic Bank Products	44
Table 4.4: Descriptive Analysis for Degrees of Satisfaction with Basic Elements of Service Delivery Systems	45
Table 4.5: Descriptive Statistics on Bank Selection Criteria	46
Table 4.6: Reliability Statistic	47
Table 4.7: Tests of Hypotheses for Above-Average Preference for Bank Selection Criteria	48
Table 4.8: Hypotheses for Above-average Satisfaction with Basic Elements of Service Delivery Systems	49
Table 4.9: Results of Chi-Square Tests for Relationship between Customers' Preference for Bank Selection Criteria and Customers' Demographic Factors	50
Table 4.10: Results of Chi-square Test for Association between Awareness and Customers' Length of Relationship with Islamic Banks	52
Table 4.11: Results of Chi-square Test on Relationship between Customers' Usage of Islamic Bank Products and Customers' Demography	54

LISTE OF FIGURES

Figure 1.1: OUTLINE OF THESIS	12
Figure 3.1: RESEARCH FRAMEWORK by JOHNSTON (1995)	33
Figure 3.2: RESEARCH FRAMEWORK by Haque (2009)	34
Figure 3.3: RESEARCH FRAMEWORK	35

ABSTRACT

The study examines the relationship between the bank selection criteria and the Islamic bank customer satisfaction. The bank selection criteria is directly link to the possible good perception on the good quality of service provided by the Islamic banks which also related to the high level of bank customer satisfaction in addressing the preference of the customers . The bank selection criteria is very important for their future expansion and commitment.The bank can use such information to strengthen their services, planning for capture the markets, out of many factors being theorized to have link with bank selection criteria, it is infesting to observe that today's customers (within the context of this study) are after higher rate of return .the other factors such as Islamic principle, location and recommendation do not really effecting to bank selection criteria. it is suggestion that the Islamic bank should focus more on objective factors, such as providing competitive rate of return,in trying to attract and retain customers.

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CHAPTER 1

INTRODUCTION

1.1 Introduction.

The last quarter of the twentieth century has witnessed several financial innovations that catered to various needs of different echelons and segments of society. While most of the innovations are concentrating in the countries with developing financial markets, a couple of new ideas emerged from Muslim countries. The concepts of 'Islamic Banking' and financial institutes surfaced almost concurrently in the mid-1970s (Mansoor 2008). From the start the Islamic financial institutions have grown rapidly in terms of size and scope. Given the large size of the potential market, the non-Islamic financial institutions are also offering financial services that conform to the Islamic principles (Mansoor 2008). Currently, the Islamic banking and Islamic financing services sectors are presumed to be the fastest growing sectors in the banking industry.

Over the past few years the Islamic banking sector in Malaysia has grown steadily at the rapid pace (Mohamad ,2008) and triggered for the other Islamic finance activities. From a humble start with the pilgrimage fund (Tabung Haji), which is considered as the initial form of Islamic bank in Malaysia back in 1963 to serve Malaysian Muslims to preformed hajj, the first Islamic bank was established in 1983

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