

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

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Universiti Utara Malaysia**

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By

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Universiti Utara Malaysia

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**UNIVERSITI UTARA MALAYSIA
2009**

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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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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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